Managing Money
In Later Life

Qualitative Research
among Retirement Pensioners

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A Study carried out on behalf of the Department of Social Security
by Social and Community Planning Research

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Summary

• This study focuses on people who have reached State Pension age and are no longer in regular paid employment. It examines their financial decision making and financial management strategies, and the factors that influence them.

• It is based on 52 depth interviews undertaken in summer and autumn 1994. The interviewees were couples or people alone, living independently in the community, whose household financial assets mainly did not exceed £20,000.

• A wide cross-section of people took part, in teens of household type, age, tenure, assets, receipt of income related benefits, locality, and other variables.

The report describes in detail the many aspects of financial management. This summary presents some key themes.

• A lack of planning for retirement
Most of the pensioners had made no particular financial plans. There was an assumption that there would be 'enough' money in retirement. As retirement approached some had attempted to save money, or, more commonly, to spend it - stocking up on goods whilst still in paid employment. Similarly, few of the pensioners had formed any particular expectations of what retirement would be like.

• An uneven transition from paid employment to retirement
Circumstances such as redundancy or ill health had led to an unexpected early retirement for some, with implications for reduced savings potential in the run-up to retirement.

• Changes in retirement
Key changes in retirement that could have financial implications included: house moves, giving up driving, illness and bereavement. In early retirement, pensioners were perhaps more likely to be 'stocking up', spending a lump sum perhaps, and more active in holiday taking and other activities, including running a car. They were more likely to be living as a couple and therefore to share responsibility for money management issues. Later, the onset of health problems/frailty could dominate. The concern to retain independence became all the more pertinent. Dependence on family or others, perhaps claims for disability benefits, could become unavoidable.

• The importance of physical access to money
Physical proximity was a consideration in deciding where money should be kept. The nearest bank, building society or post office would be used. Most accessible of all, many kept sums of money at home in case of being unable to get out.

• Reluctance to run down assets
There was a strong wish to retain assets, not to run them down. This related to various factors, primarily security in the face of low income and uncertainty about how long the savings would need to last. Money in the bank provided a 'cushion' against worry that there would be no means of paying for unexpected house repairs or emergencies. Once used, there was no way of replacing it. There was concern about diminishing savings.
• **The importance of ‘burial money’**
The need to retain assets sufficient to cover funeral costs was considered crucial. The majority of the pensioners had specific insurance policies for this; some others had money in other funds allocated specifically for this purpose.

• **A wish to leave an inheritance**
The wish to leave ‘something to pass on’ -- was a view generally held despite contrary encouragement from children. It depended however on whether there were family members to leave an inheritance to, and, if so, on the family's assets and circumstances. Other factors were also pertinent, such as whether or not obligations to the family were felt to have been already discharged, and the level and type of assets involved. Implications for money management included pressures to retain assets, especially certain tangible assets ('family heirlooms'), but also house property and financial assets.

• **A wish to retain independence at all costs**
The wish for independence led to a reluctance to accept financial support and some other types of support, for example from family. Family, however, were influential in other ways and regarded by some as a safety net of help if needed. Managing money was something strived for at all cost - an aspect of independence, or point of pride in the ability to cope.

• **Acute dislike of debt**
There was hardly any debt among those interviewed, and a low use of credit. The dislike of debt was emphatic. Traditional entrenched attitudes were cited as a generational influence, acquired from parents. Debt was thought to be a particularly bad idea in retirement.

• **The right to a State Retirement Pension**
People regarded the State Retirement Pension as a universal right. It was something they felt they had worked for, had individually paid for through National Insurance, and was available to all. It was regarded rather as an insurance policy for old age. As such, it was not viewed in the same way as income related or disability benefits.

• **Negative attitudes to claiming income related benefits**
There was a common feeling that benefits other than the State Retirement Pension had not been ‘earned’ or paid for and as such were not yours by right. Needing to claim suggested a request for help, rather like begging, and was associated with the ‘needy’ and ‘greedy’ or people who fiddled the system. It was tantamount to an admission of being unable to manage, a step towards loss of independence. There was also a fear of being refused if a claim was made.

• **Income related benefits as a last resort**
Income related benefits were often claimed in response to a change in circumstances (before or after retirement), not just because State Pension age had been reached. These circumstances included: redundancy/unemployment, widowhood and illness or decreasing mobility. Income related benefits were claimed as a last resort when people felt they could no longer manage on their current income. They were however preferable to asking family for financial help.

• **Rejection of option of running down assets to qualify for benefits**
Some had considered using up their savings in order to qualify for benefits but none had or intended to. Those pensioners who had savings saw them as an important four of security in the face of the unknown and unexpected. Those pensioners who were receiving income related benefits had claimed them in response to the unexpected when they had no other resources on which to draw.

• **Home owners’ use of home equity**
Several of the pensioners were ‘housing rich and income poor’. Yet there was reluctance to move. Many factors were involved in decisions to trade down, change tenure, or purchase a
home income plan. A key consideration was whether enough money would be released for suitable alternative accommodation. Thoughts relating to loss of inheritance and emotional attachment to the property were also pertinent. A few of the pensioners had however moved to release capital but this was very rarely the sole intent. Two others had opted for a home equity scheme. There was high awareness of these types of schemes, yet people were vague about details, and tended to regard them with suspicion.

• **Money management systems**

  The pensioner couples often retained pre-retirement money management systems where, commonly, the wife was responsible for food budgeting and the husband oversaw the payment of some/all bills. But aptitude for figures/budgeting, personal preferences, and the relative state of health or confusion could also determine who was the key manager. Following bereavement, there could be problems if the key money manager had died. Widowers seemed to have a particular difficulty adjusting to money management: key problem areas were spending on food/drink and the purchase of clothes. Widows sometimes had problems with payment of bills.

• **Allocation of different components of income**

  The State Retirement Pension, including any Income Support supplement, tended to form the core of the budgeting cycle, used for everyday purchases and as far as possible for bill payments. Occupational pensions tended to be saved if possible and used to meet larger bills or for emergency spending.

• **Management of the State Retirement Pension**

  Most of the pensioners collected the State Retirement Pension in person and generally weekly, on a set day, from the post office. Other financial transactions such as the purchase of television/telephone stamps, or bill payments, would take place on the same trip, some at the same time over the post office counter. This might then be followed straightaway by shopping for food and household provisions.

• **Methodical spending**

  The pensioners tended to be aware of their income and expenditure. As far as possible, things were planned, worked out and budgeted for. This routinised spending and budgeting reflects the pensioners' relatively fixed incomes. Patterns of budgeting mirror those of other low income households even where the pensioners had higher levels of assets/income.

• **Budgeting strategies**

  Economies were made in a number of ways: by cutting down or not doing things; saving any money left over; continuing a saving method even after that item was paid for or no longer needed; attempting to ignore (i.e., not spend) an increase in income and saving the difference.

• **Spending priorities**

  Priorities for items to be **cut down** included: meals out, holidays, furniture and furnishings, clothes, food, house repairs, car (for some), hairdressing, dental visits, home contents insurance, and sometimes presents. Priorities for items to be **retained** included: funeral insurance, television, telephone, heating costs, car (for some), and presents.

• **Problems with unexpected outgoings**

  Items that were unexpected, outside the normal budgetary cycle, could be problematic, possibly incurring a drain on assets. Most frequently mentioned in this category were: appliances breaking down, spectacles, house repair/maintenance, as well as any unexpectedly high utility bill.

• **Perceptions of living standards**

  `Standard of living' tended to be described in positive or neutral terms, despite economies and cut backs. Comparisons would be made with the situation of `other' pensioners, or with pre-retirement circumstances, or before falling interest rates, or with the way things had
been before widowhood. Many of the pensioners felt that financial circumstances were now reduced in comparison with pre-retirement but there were exceptions to this. A few considered they were `no better and no worse off’ and in one or two cases were faring better. These were people who had experienced financial struggles, for a variety of reasons, prior to retirement.

• Factors affecting perceptions of living standards

The ability to `afford things you like' and `to manage' financially (even at the expense of cutting back on some items) were the key ways by which the pensioners assessed their standard of living. The level of assets, perhaps more than income, was also important: it affected perceptions of financial security and hence peace of mind.

Coverage of this study is broad and wide ranging, to such an extent that a `conclusion' is impossible. The economic `facts', for this group of pensioners, relating to the level and fixity of both income and assets, are essential background to understanding their money management strategies. Budgeting and spending behaviour is similar in many ways to that of other low income households. Yet these facts alone are insufficient background. Influential attitudes complete the picture. Perhaps one theme in particular underlies many others. The pensioners' need to maintain independence has numerous aspects - both practical and emotional. It is a factor for example in the importance attributed to retaining assets - for future (unknown) needs, for `burial money' in particular, for an inheritance. It relates to the strong dislike and avoidance of debt, reluctance to claim Social Security benefits, and unwillingness to accept family financial support. Because of it, money management strategies and decisions in older age follow more than a rational economic model.
1 Background to the Study

1.1 Background

This study focuses on people who have reached State Pension age and are no longer in regular paid employment. It examines their financial decision making and financial management strategies, and the factors that may affect these.

The research was designed as a qualitative study in order to supplement existing research evidence which is derived mainly from statistics and large scale surveys. These include DSS statistics on claims for income-related benefits, the Family Expenditure Survey, the Family Resources Survey and a review of pensioner assets. The OPCS Retirement Survey and its follow-up, conducted on behalf of the DSS in 1988/89 and 1994 respectively, will provide longitudinal data on the transition to and through retirement.

At the outset of the study a brief literature review collated existing evidence from such sources. It served as a baseline from which to conduct this exploratory research.

The study was commissioned by the Department of Social Security (DSS) and undertaken by Social & Community Planning Research (SCPR).

1.2 Aims and scope

The aims of the study were to explore pensioners’ financial decision making and management strategies, and the attitudes, personal circumstances and other influences that impinge on these; and to understand how and why decisions are taken. There was also interest in exploring pre-retirement plans and expectations and the extent to which these had been realised.

Two particular areas of focus sought to investigate the factors surrounding pensioners’ claiming or non-claiming of benefit (notably Income Support, but also Housing Benefit and Council Tax Benefit); and the determinants of the decision to retain or use capital assets, including the use of house equity.

The study was carried out among people of State Pension age (women over the age of 60, men over the age of 65), living independently in the community. The sample was mainly restricted to those with financial assets of not more than £20,000. This included those with capital just above, and below, the levels eligible for income related benefits.

1.3 The research approach

Qualitative research methods were used in order to promote an in depth understanding of the factors influencing financial decisions. The interviews were both flexible and interactive so that the questioning could be responsive to the situation of the study participants. The exploratory form of the interviews made it possible to examine how and why decisions were influenced by current or past attitudes or circumstances. The subject matter was also sensitive because it required detailed investigation of assets and other financial matters. For this older population in particular it was felt that a more exploratory fool of interview might be better suited to such coverage.

The research was carried out in two parts. First, a literature review was conducted which served to inform the design of the interview Topic Guide and to provide a reference

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document (alongside other sources) in the analysis of the data. This was followed by depth interviews with 52 pensioner households in summer and autumn 1994.

1.4 Conduct of the study

Sample selection
Potential difficulties in selecting people for the study by means of brief household screening interviews were recognised from the outset. To determine eligibility for the depth interviews, information was required about asset levels, a subject very likely to engender suspicion. For this reason, respondents were selected from a pre-existing sample for which this information was already recorded. The Family Resources Survey, undertaken jointly by SCPR and OPCS, for DSS, collects information on asset levels and other characteristics relevant to setting quotas. Approaches were made to respondents of State Pension age interviewed by SCPR on the Family Resources Survey in April, May, or June 1993. All had agreed in principle to further interviews (in response to a standard ‘permission to recall’ question at end of the survey questionnaire).

In selecting the sample, quotas were set to ensure diversity of household and other socio-demographic characteristics. These included household type, age, tenure, assets, receipt of income related benefits and type of locality. A mix was also determined in geographical area, within England and Wales (see Appendix V).

The respondents in the depth interviews had already been interviewed, at some length, for the Family Resources Survey and had agreed in principle to take part in further research. In contrast to other pensioners therefore they were perhaps more amenable to being interviewed, more likely to be in reasonable health and less likely to represent the confused elderly.

The interviews
Initial contact was made to respondents by letter (see Appendix VI), followed up by a telephone call (or by visit in the few cases uncontactable by telephone). Generally, three out of four such approaches successfully resulted in a depth interview.

The interviews took place in the respondents' homes. In the case of couples, interviews were held jointly with both partners, where this was possible.

The main part of the interview was interactive and exploratory in form based on a topic guide (see Appendix VI). The guide outlined the key areas for discussion with any follow-up questioning being responsive to what the respondents had said.

Certain factual items of information were systematically obtained from the respondents. These included sources and level of income (with detailed information about all benefits received), assets, employment history, tenure, and regular household expenditure. Previous experience has shown that the collection of such information in the course of an exploratory interview is unsatisfactory: key information is not always consistently documented. For this reason a short structured questionnaire was administered at the start of the interview to collect the information required (see Appendix VI). This ensured systematic coverage but also served as a base for the investigative questioning which followed. The interviews were tape recorded for subsequent verbatim transcription.

As the fieldwork progressed some under-reporting of assets information in the FRS interviews became apparent. Several depth interviews conducted, where asset levels were found to exceed £20,000, were therefore excluded from the analysis. Four cases with asset levels up to £30,000 have however been retained and included as they raise interesting comparative points.

In general, the respondents showed a willingness to divulge financial information, and an enjoyment of the interview. Confusion was an issue in only a very small number of cases.

1.5 The analysis

The analysis was undertaken from verbatim transcriptions of the tape recorded interviews. After an initial reading of some transcripts, a thematic framework was drawn up within
which information relating to each interview could be noted on large charts. The charted material enabled cases to be compared and contrasted, in this more accessible form, yet retained an overview of each individual case as a whole. The next stage of the analysis comprised scrutiny, and further synthesis, of all the charted material; the compiling of summary charts; and reflection on these in the context of the literature review and other related research.

1.6 The structure of the report

The material covered by the report is wide ranging. It is divided into four parts. Part One provides a profile and description of the pensioner households studied, describing first their socio-demographic and other characteristics, then transition to retirement and changes since, and then information on current assets and income. It also introduces some key attitudes which have implications for pensioners' money management decisions, relating to: inheritance, debt and family support. Part Two focuses on benefits issues including attitudes, knowledge, and use of assets. Part Three is on house property and Part Four on money management and perceptions of living standards. Many cross references are provided between the various sections.

The voices of the pensioners themselves appear throughout the report as verbatim quotations from the interviews, and case studies. These are labelled with some individual background information including level of financial assets (according to the definition below).

The Appendices serve as context. They include background information: information on Social Security benefits available to pensioners and on changes in composition of pensioner incomes; further sample profile; methodological details, and materials used in the fieldwork.

Terms used throughout the report

`Pensioners’ - the tee in used to refer to all respondents taking part in the study. (All were over State Pension age and all but two were in receipt of State Retirement Pension)

`State Pension age’ - 60 for women, 65 for men

`Financial assets’ - any cash, savings, shares or other investments (but excluding property)

`House property assets’ - refers to accommodation if owned

`Tangible assets’ - property other than house property perceived to be of value eg jewellery, heirlooms, etc.

Abbreviations used

Pensions:
RP State Retirement Pension
OP Occupational Pension
PP Personal or Private Pension

Benefits:
AA Attendance Allowance, now part of Disability Living Allowance (DLA) for under 65s
CTB Council Tax Benefit
HB Housing Benefit
IS Income Support
IVB Invalidity Benefit
MobA Mobility Allowance, now part of Disability Living Allowance (DLA)
SDA Severe Disablement Allowance
UB Unemployment Benefit
Savings/Investment Plans:
- PEPs  Personal Equity Plans
- TESSA Tax Exempt Special Savings Account

Other:
- RTB  The Right to Buy scheme for tenants to purchase public housing
Part One: Introducing the Pensioner Households

There are many aspects of `money management' and as many, or more, determinants of how people act in relation to it.

The report aims to build up the picture gradually. Part One introduces salient characteristics and attitudes of the 52 pensioner households taking part in the study. On some topics, links with money management are elaborated directly; on others, it serves as background to the subsequent parts of the report.

Part One covers:

— profile characteristics;
- some description of the transition to retirement and changes since;

— current assets and income;

- key attitudes that are influential in money management decisions and strategies.
This initial chapter locates the sample in terms of age, household type, health and mobility (including car ownership), type of locality, tenure/accommodation, occupation before retirement, and any present labour market activity. In some instances the national pensioner profile is also shown for information, but it should be noted that this qualitative study was primarily designed to cover pensioner households that had particular combinations of financial assets, incomes and housing circumstances, rather than to be representative of the pensioner population as a whole.

2.1 Age

All respondents in this study belong to a pre-war generation in the sense that they were born in the decades up to the early nineteen-thirties. They span a wide age range covering some thirty years, or two generations. Ages ranged from 61 to 94; the majority however were aged between 60 and 75.

*Figure 2.1  Age of people taking part in the study*

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Total pensioners</th>
<th>Households: age of younger partner</th>
<th>Households: age of older partner</th>
<th>National pensioner profile 1992*</th>
</tr>
</thead>
<tbody>
<tr>
<td>60-64</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>65-69</td>
<td>13</td>
<td>11</td>
<td>9</td>
<td>26</td>
</tr>
<tr>
<td>70-74</td>
<td>24</td>
<td>15</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>75-79</td>
<td>15</td>
<td>11</td>
<td>12</td>
<td>17</td>
</tr>
<tr>
<td>80-84</td>
<td>9</td>
<td>6</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>85+</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>71</td>
<td>52</td>
<td>52</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Annual Abstract of Statistics 1994

Compared with the age range of the pensioner population as a whole, the study sample contains a higher proportion in their early seventies, with relatively fewer in their sixties'.

Some of the pensioners interviewed had recently retired; retirement was a new experience, and anticipated into the future. For others, it had started a long time ago, representing as much as a third of their adult life, or longer in the case of people who had not worked in the period leading up to retirement.

*Generational and life cycle influences on attitudes and behaviour*

At points throughout the analysis, consideration has been given to whether attitudes and behaviour might relate to 'generational' or to 'life cycle' effects. The notion of a generational effect suggests that the pensioners' views/behaviour follow those of their generation in the sense that they would have been equally applicable when younger. A life cycle effect suggests that those views/behaviour relate to the stage of life that has now been reached, and would differ from those at an earlier stage.

An analysis of the data by age shows few direct differences in relation to money management issues. A large scale sample survey would be needed to tease this out. Yet it

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1  Pensioners in their sixties tended to have higher asset levels (over £200,000) in the FRS sample and a higher proportion were therefore ineligible for inclusion in this study.
can be seen that age correlates with health/frailty (section 2.3) and hence benefit issues (Part Two) and is linked in turn to prospects of retaining independence (section 5.2), including accommodation issues (Chapter 8). It also correlates with likelihood of living alone (section 9.1.2) and with expectations about standard of living (Chapter 10). These are mostly life cycle effects. Some attitudes were expressed in generational terms, regarding debt for example (section 5.3), benefits (Chapter 6), and in relation to some budgeting behaviour (Chapter 9). Yet these generally also incorporate life cycle elements, as discussed for example in section 5.3.

2.2 Household and other family

A majority of the households were of people living alone, notably widows, though including also a sub-group of widowed, divorced or single men. Married couples represented just over a third of all households.

<table>
<thead>
<tr>
<th>Figure 2.2 Household type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couples: (including one couple where the wife is long-term in hospital) 19</td>
</tr>
<tr>
<td>Women living alone: 24</td>
</tr>
<tr>
<td>- widow* 17</td>
</tr>
<tr>
<td>- divorced 3</td>
</tr>
<tr>
<td>- never married 4</td>
</tr>
<tr>
<td>Men living alone: 7</td>
</tr>
<tr>
<td>- widower* 5</td>
</tr>
<tr>
<td>- divorced</td>
</tr>
<tr>
<td>- never married</td>
</tr>
<tr>
<td>Other households: 2</td>
</tr>
<tr>
<td>- widow + son</td>
</tr>
<tr>
<td>- divorced man + son</td>
</tr>
</tbody>
</table>

*Includes:
- one widow visited twice daily by son
- one widower whose brother-in-law lives with him occasionally

A small number of the households were cross-generational, as in the case of a divorced man living with his 18 year old son. Compared with the pensioner population as a whole, there are relatively fewer couples in this study. This proportion was set by recruitment quotas in order to ensure greater representation of the various other household structures.

Differences in money management between couples, people recently widowed or divorced, and people who have never married or lived alone for a long period are noted in Chapter 9.

2.2.1 Length of time widowed

Many of the women living alone had been widowed for long periods, some up to 32 years; five had been widowed within the last ten years, most recently two years ago. Some were widowed before retirement. Among the widowers, the maximum length of widowhood was 18 years, the most recent five months.

2.2.2 Family

The role of family in relation to money management is noted in section 5.2. Most of the pensioners spoke of, and had contact with, their families. Nine had no children, including the single women, one single man and four other households. Friends, neighbours, nephews and nieces were also influential in support in some cases.

2.3 Health, mobility and getting out and about

Health is a key concern in older age. Asked what makes for a happy old age, some people specified "good health". A variety of health complaints and conditions were represented, many of which might be expected across this age group: arthritis, heart conditions,
emphysema, diabetes, etc. These were present to varying degrees of severity and did not necessarily incur additional expenses. Just less than a third of the pensioners described themselves along the lines of being fit, "nearly as good as new", or in good health. Others felt that they were now slower and tired more easily. Still others described their health as poor. These latter groups were increasingly reliant on outside help with shopping or housework. A minority of pensioners were disabled or had long term medical conditions which severely restricted their mobility both in and outside of their home and a few of these needed constant care.

The study does not include the confused elderly. All respondents were living independently in the community and had already taken part in a lengthy survey interview a year previously. Among the women living alone however, two were evidently confused during the interview: in both cases someone outside the household (a son and a friend) had taken over the financial management, wholly or in part (these carers were not interviewed). Seven other respondents were in receipt of disability-related benefits: five mentioned Attendance Allowance$^2$ (AA); two said that they had a 'Mobility Allowance'$^2$ (MobA); one Invalidity Benefit (IVB); and one Severe Disablement Allowance (SDA). A few others had tried unsuccessfully to claim a disability related benefit. This is covered in detail in Part Two.

Implications of ill health or of the diminishing physical abilities of older age were discussed by respondents in relation to various aspects of money management. A main concern was the cost of maintaining independence in the face of diminishing physical ability. The cost of mobility was mentioned, for example necessitating up-keep of a car or use of taxis; the cost of care, involving home helps, extra heating; and additional outgoings for jobs which the pensioners were no longer able to do themselves (eg cutting the grass, or repairs and renovation). The prospect of sickness/disability, as an influence on reducing independence and on life expectation, was in some cases a key consideration in relation to the use of capital and decisions about whether to spend or save money.

The physical ability to handle money (to collect the State Retirement Pension (RP) and then spend it) was another important aspect of money management and was highlighted by two pensioners who were unable to leave their homes without help. Instances of this are described in Chapter 9.

### 2.3.1 Car ownership

Cars were owned by less than half the households: 23 of the 52. They had been given up by some others, either on account of the running costs or because of pensioners' frailty or eyesight problems. Some who owned cars described them as an extravagance or luxury, but had weighed this up against the importance of the car as a source of independence and pleasure (for outings). The former was especially salient to pensioners living in rural areas where friends and family, and the nearest supermarkets and banks, were some distance away.

In some cases, the cars were by now very old (eg purchased some time ago, on retirement, perhaps with the help of a lump sum) but unable to be replaced because of the cost, or perhaps not used.

Cars as an asset are discussed in 4.3 and as an outgoing in 9.3.3.

### 2.4 Type of locality

A mix of localities was represented throughout England and South Wales, in terms of: city areas, towns, larger villages, rural villages. Also covered were some coastal districts which might be described as retirement areas.

The type of locality in which the pensioners lived had cost implications in some cases, in relation to travel costs to essential facilities: to cheaper shops, the post office, bank, hospital and hairdresser. Locality could also influence banking arrangements (Chapter 4) and was a factor in house move decisions (Chapter 8).

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$^2$ In April 1992, Disability Living Allowance (DLA) replaced AA for people aged under 65 and for anyone on MobA. AA is now only available for people who were aged 65 or over in April 1992 and MobA has been replaced with the higher rate mobility component of DLA. The two people in the sample who referred to Mobility Allowance throughout the interview had both received this benefit for some years. It is likely that this benefit was the DLA replacement for MobA, but will be referred to as MobA throughout the report.
2.5 Tenure

Owner occupiers and tenants were included in the study. Quotas were set to designate the approximate numbers to be included in each group, similar to the national picture for this pensioner age group, and with the emphasis put on seeking home owners with low levels of income or financial assets.

A total of 28 households were living in their own homes as owner occupiers. A further two were found to have taken up some type of annuity or equity release scheme on their property and were continuing to live in it. Four of the owner occupiers had outstanding mortgages; and another owed a sum of money to a relative for the house purchase. A quarter of the owners (seven cases) were in receipt of income related benefit.

*GHS 1991: Households containing at least one person age 65 or over

![Figure 2.5 Tenure]

<table>
<thead>
<tr>
<th>National pensioner profile</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner occupiers</td>
<td></td>
</tr>
<tr>
<td>Property-owned outright</td>
<td>23</td>
</tr>
<tr>
<td>-mortgage</td>
<td>4</td>
</tr>
<tr>
<td>-debt to sister</td>
<td>1</td>
</tr>
<tr>
<td>Equity release scheme</td>
<td>2</td>
</tr>
<tr>
<td>Tenants</td>
<td>22</td>
</tr>
<tr>
<td>-Local Authority</td>
<td>15</td>
</tr>
<tr>
<td>(incl. 2 in sheltered accommodation)</td>
<td></td>
</tr>
<tr>
<td>-Housing Association</td>
<td>2</td>
</tr>
<tr>
<td>-Private landlord</td>
<td>5</td>
</tr>
</tbody>
</table>
| Total                      | 52| 100%

There are clear differences in the financial commitments of tenants and owner occupiers. Most owner occupiers did not have a regular outgoing which could be equated with rent, although there were concerns about the potential use of house equity; worries about the cost of upkeep, repair, and renovation; and ineligibility for HB. Housing concerns for tenants included: ongoing and increasing rent, the wrong size property, and difficulties moving because of council waiting lists. These and other related points are mainly covered in Chapters 3, 7 and 8.

2.6 Previous occupation

The pensioners entered retirement from a wide range of previous occupations. The positions in which they had worked as their main or usual job during their working life included professional, managerial or administrative positions (such as ‘business’ people, lecturers, engineers), skilled manual work (eg printer, welder), semi-skilled manual work (eg railway/postal workers) and unskilled manual work (eg labourer, storekeeper).

A few had been self-employed. These pensioner households, about seven in all, divided into two types: those who had owned their own business (a restaurant/shops/factory/garage) and had sold this on retirement or earlier and, by doing so had added to their financial assets; and others who had done casual or ‘freelance’ work, as available (a wall tiler, fisherman, waitress) or, in the latter case, when she had needed money (“If I could not pay [bills, etc], I would work”–waitress). None of the pensioners who had been self-
employed had occupational or personal pensions though one received a small pension from her late husband's job. Most were in receipt of income-related benefits.

An approximate classification by **social class**, based on descriptions of the main type of work done by the head of household pre-retirement, is shown below. The label ‘approximate’ is given as some details were vague, for example of jobs done by a deceased partner, long ago.

**Figure 2.6 Social grade based on main occupation of head of household**

<table>
<thead>
<tr>
<th>Social Grade</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB</td>
<td>9</td>
</tr>
<tr>
<td>Cl</td>
<td>12</td>
</tr>
<tr>
<td>C2</td>
<td>18</td>
</tr>
<tr>
<td>DE</td>
<td>10</td>
</tr>
<tr>
<td>Unable to discern</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
</tr>
</tbody>
</table>

### 2.7 Present labour market activity

The majority of the pensioners were neither working nor seeking work. They now considered themselves 'too old' to work or were prevented by health or mobility problems. In the latter instance, some pensioners who had worked beyond the State Pension age had only recently given up part-time work, due to health reasons. Having to give up work due to poor health had implications for money management where pensioners had always assumed they could take on temporary or part-time work whenever they needed extra money during their retirement.

Just one of the pensioners was in full-time employment: a married woman, aged 62, who continued to work as a secretary whilst drawing her State Retirement Pension. There was also an ex-insurance broker who continued his work on a part-time consultancy basis. In both cases the earned income made a considerable impact on the household income. Another woman was considering taking up 'Network Marketing'.

A few pensioners however did occasional cleaning, gardening or knitting or made handicrafts, on an informal basis, for which they received small, sporadic payments (no more than £10 during a week).
This chapter looks at the process of becoming retired and the advice, plans and expectations that surrounded it. It also explores key changes that have occurred since that might affect money management.

3.1 The transition to retirement

Only a minority of the pensioners stopped working exactly at State Pension age. About eight of the men interviewed (out of 27) had retired at age 65, and six of the women (out of 44) had retired at age 60. Others had left paid employment earlier, others later.

For some of the pensioners, there had been little transition to make from paid employment to retirement. One group for example were women who had not worked in paid employment for some time, either because they had given up work following marriage or on starting a family (some since as young as age 24), or, rarely, had never worked in their lives, or had stopped work to look after a parent. Some in this group considered that they "didn't really retire ", or had not really thought of themselves as retired until they reached State Pension age and were in receipt of the State Retirement Pension. For some women, any notion of 'retirement' centred around the retirement age or health of other people in the household (especially their husband).

Another group (mostly men) had taken early retirement from paid employment, for a variety of reasons. Almost one in five of the pensioner households (nine cases) included men who had retired from their employment before reaching State Pension age, from their early to mid-fifties onwards. The reasons were likely to have been enforced rather than chosen: they included ill health, or the spouse's ill health, or redundancy. They were not described as retirement. The resulting lack of earning (and hence saving) potential in the period prior to retirement was a factor in their lack of planning for retirement. In one case an offer of early retirement (with immediate pension) was taken voluntarily.

For working couples, the respective retirements had either been staggered, or the couple had arranged to retire at the same time. In one couple taking part in this study one of the partners (the wife) was still in full-time employment.

There had been mixed views, as the State Pension age approached, on the prospect of retiring. Several had been reluctant to retire: they had liked their work and the opportunity it provided to be with people, or saw work as a way of getting out of the house; or they needed the income. Some had been concerned during the transition to retirement, about how they would spend time in the future. For these reasons some had worked on, past the State Pension age, finishing only when restrained by health or older age or when compelled to retire by their employer. One man, a builder, had worked on until the age of 77 "when my legs gave up". This was one of the oldest retirement ages stated; some others (including women) retired when in their late sixties up to the age of seventy, others had taken on part-time work after they had 'retired' from their main occupation and did not consider themselves to be fully retired until this work had also stopped.

A few, self-employed people, had not expected to retire at all. They had thought they would always be able to earn money through use of their particular work skills or experience.

Others of the pensioners had wanted to retire. They welcomed the change, feeling that they had "done enough", needed "a rest", or had disliked their work or an aspect of their working conditions (eg shift work or piecework). Yet there still appeared to be some
apprehension, even among this group, at the prospect of retirement. The reasons for wanting to retire were rarely expressed as looking forward to something positive. The following view, from an unmarried woman, was untypical:

"I was longing to [retire]. Just being able to please myself what I did, each day and every day” (Woman, 64, who retired when aged 59½)

3.2 A lack of planning for retirement

The majority of the pensioners said they had made no plans for their retirement. Retirement was something that had not been given much thought, perhaps just accepted as something that would happen in the future. There was an assumption, implicit or explicit in some cases, that there would be enough money. A few were additionally of the view that they would be able to provide for themselves, by continuing to work if necessary, in retirement. Also, for some, there was a feeling that they had insufficient money to warrant the need to make plans, for example "If I'd had lots of money that would have been a different matter", and "Never really able to [make financial plans]. I never had a big wage".

The following are examples of views of people who did not feel they had made plans for retirement:

"No, never made any plans ... Just knew that we had to have money to bury us ... I just thought we'd manage" (Widow, 79; tenant; £2,500 assets; no OP)

"I never thought about it. Suppose I should have done" (Married man (wife working), 66; owner with mortgage; made redundant at 63; £1,200 assets; OP)

"You don't want to know about it [retirement], you know what I mean. You put it out of your mind" (Single man, 74; tenant; £700 assets; no OP)

"You don't really think about retirement do you when you're working? I mean you think it's never going to come" (Divorced woman, 73; owner; £14,600 assets; OP)

"Didn't think about it at all. Suddenly realised I was 60 and had all this work prepared [lecturer]. I never thought I could manage without students" (Single woman, 72; owner; £5,700 assets, OP)

"I never gave it a thought really. Just took it that it would come and that was it. Never made great plans ... We always had money in the bank, put money away ... They didn't seem to think of pensions in those days. It's strange isn't it? We quite thought we would be able to manage" (Widow, 79; owner; £2,660 assets; no OP)

If plans were made they had more commonly been to do with how people would spend time rather than money, for example what they would make of the garden.

Similarly, few had concrete expectations of retirement. On the whole it seemed that they had expected in a vague sort of way that they would manage. Some had the sort of concerns described above about how they would spend their time. A few had been consciously worried about how they would manage financially.

Yet despite this apparent lack of planning, several of the pensioners did have occupational pensions and a few had made financial arrangements some years before retirement. It seemed that even these pensioners did not feel that they had planned for retirement. There were however a small number who did consciously set about making financial provision for retirement in the years just before State Pension age (this is also covered in section 3.3).

Few had worked until State Pension age, made plans and then retired. Circumstances before retirement, such as redundancy, unemployment, a long widowhood, divorce (linked, for one man, with becoming a single parent), or ill health, precluded the chance to make concrete plans.

Early retirement clearly has implications for occupational or personal pensions and endowment policies which are planned around an anticipated retirement date of 60 to 65.
People can find themselves in need of some form of income to see them through a shortfall of ten to fifteen years if they 'retire' earlier than anticipated. There is evidence, in the accounts of some of the people interviewed, that conscious plans for retirement were not made because they thought that when they stopped work they would have a RP or occupational pension, or a lump sum to see them through, but they had not anticipated that they would retire early. In some cases, disrupted employment due to redundancy or illness restricted the ability to build up financial assets prior to retirement; in others, those savings which had been accumulated were used to supplement income until State Pension age and the receipt of the RP or an occupational pension. It is during these years that people approaching retirement can have their first experiences of claiming benefits. This was the case for some of the pensioners interviewed.

3.3 Financial arrangements for retirement

The type of financial arrangements that had been made are discussed below. They cover: saving for retirement, spending for retirement, endowment/insurance funds, occupational pension schemes, private pension schemes and other ways of organising capital or income in preparation for this period of life.

3.3.1 Saving in preparation for retirement

Few of the pensioners interviewed had set about saving money in preparation for retirement. Circumstances had not allowed saving in several cases: for those not in work for example, or people prevented by existing financial commitments or low income.

"I had a good job ... but they didn't pay big wages or give a pension and you don't earn enough to save for a pension" (Couple 81/81; owner occupiers; £1,750 assets)

An expectation that there would be 'enough' money in retirement, from an occupational pension (or husband's occupational pension, about which there could be misconceptions - see 3.3.4) or from the State Retirement Pension, had also deterred further saving for some. And several people had simply not thought to save for this purpose, although they may have saved in the past, for a car perhaps, or holidays, or a house.

Some however had started to save money as retirement approached, during the last few years of employment. In one case the wife had gone back to work, for four years leading to retirement, specifically to build up assets; another had made a decision to continue in work in order to build up the occupational pension; another had saved as hard as possible in pre-retirement years, "the last years ". There were also one or two who seemingly had always been saving, as part of their lifestyle, though not necessarily with retirement in mind. A method of saving had also been instigated by some people's employers as retirement approached: by suggesting that a proportion of the salary be put aside each month. This had resulted in lump sums of savings available on retirement for some people. In retrospect, now, the pensioners who had done this welcomed the scheme.

Regrets were expressed by some of the pensioners at not saving for retirement, or not saving more.

Differences in pre-retirement saving patterns might be expected between owner occupiers and tenants. The years running up to retirement when most owner occupiers have paid off their mortgage, and therefore might have a chance to accumulate some savings for retirement, could present an opportunity unavailable to tenants whose housing costs are more likely to increase than decrease. One owner occupier in this study said that he had this strategy in mind when deciding to purchase his house. Yet the opportunity to save after the mortgage was paid off had been thwarted for him and for some others of the owner occupiers interviewed. Unexpected circumstances had intervened, whether redundancy or ill health disrupting employment, death of the spouse, reduced hours of work. In some cases, savings had been used before retirement to supplement low income. Intended asset accumulation in the run up to retirement had therefore been prevented.

3.3.2 Spending in preparation for retirement

More common than saving money was spending it in preparation for retirement. The notion of stocking up, replenishing things in the home, such as a new cooker, new suite, renewing
the bed linen and towels, appeared to be quite prevalent. In a few cases, clothes or shoes had been stocked up. This was done whilst still in paid employment, or for couples, whilst one of the partners was still working. It continued for some in early retirement: by making use of capital, or money from a lump sum, or from a gift.

"Get the stuff now while we can" (Couple, 63/62; wife still working)

"Hopefully they'll last me out my lifetime and I won't have to worry about big things ever again"

3.3.3 Endowment/life insurance policies

Despite a stated lack of financial preparation for retirement, many people had taken out endowment or insurance schemes. If these were for funeral insurance they were not regarded as usable assets. Some other policies, however, had the potential for use in retirement, though it seemed that people had not necessarily planned them with this particular purpose in mind. They might instead be allocated a specific alternative purpose, such as for passing on as an inheritance, or "for the grandchildren" or had only been used in response to unforeseen changes in circumstances (eg redundancy).

Some of the pensioners had already benefited from insurance policies: the policies had already been paid out, or cashed in prematurely, or were shortly to be paid out. The assets released had been used in retirement for specific purposes, such as moving home, or costs towards house repair or renovation, or for a holiday. For others, the policies represented a continuing outgoing, and were currently inaccessible.

Several of the insurance schemes appeared to have been set up a long time before retirement. There were a few exceptions to this however - as in the case of the single woman, now aged 64, who realised at age 54 that retirement was six years off "and I wasn't going to have much money so I took out a ten year life insurance policy [with the insurance company for which she worked]" and in another case where a number of schemes had been set up to mature at five year intervals around retirement. These were regarded as plans for retirement.

3.3.4 Occupational pension schemes

Just less than half of the households were in receipt of an occupational pension (OP): 25 out of the 52 households. (This compares with 46% of the retired British pensioner population (men aged 65 or more (69%), women age 60 or over (27%)) drawing an occupational pension (GHS 1990)). One household had two OPs. Those with OPs were of all ages and all household types. On the whole, however the households receiving OPs had higher incomes and few received income related benefits (see section 4.6). Among couples, the OPs were always from the husband's employment. Of the eight women with OPs, four were single women with their own OP, others were divorced or widowed, mostly with their own OP.

Regrets were expressed by a few people at their lack of opportunity to pay in to a pension scheme ("there weren't the schemes in those days"); or at not putting more money into a scheme of which they had been a member; or at loss of a pension scheme (for example through the company's liquidation, or redundancy). There was also a case where a wife had thought, wrongly, that her husband was paying in to an OP. Widows' expectations of their husbands' OP were not fulfilled in some cases where they found the pension reduced dramatically or even not paid at all.

In several cases it was unclear how the OP had been regarded in relation to planning for retirement. Some people did not feel they had planned for retirement despite having an OP. Others saw it more as a plan for retirement and a reason for not saving (further) for retirement or for not making other financial plans.

In nine cases it was specified that a lump sum had been received. The sums of money ranged from £2,000 to £12,000. Some commented that it was the most money they had ever had. The money had been invested (in two cases, for example, into a 1’FSSA); or spent on holidays, house repairs/improvement (eg double glazing in two cases), a house move, a car, and paying off a mortgage.

Where a decision had been required about whether to opt for a lump sum or an increased pension, a mix of reasons was described for both courses of action. It had been a difficult
decision for some but more appeared to have gone for the lump sum. High interest rates had decided one person in favour of a lump sum (about £6,000). Another rejected a lump sum (£6,400) in favour of added monthly income because, he said, he “would have bought something stupid like a car/boat”.

3.3.5 Personal pension schemes
Just two of the pensioner households were in receipt of a personal pension. The sums of money involved were very small: £1.19pw and £0.29pw. (These people had been building up retirement provision before the introduction of contracted-out personal pensions, from SERPs, in 1988).

None of the pensioners who had been self-employed had personal pensions. One received a small OP from her late husband’s employment; another (with relatively high assets) had invested in PEPs and life insurance as provision for retirement.

3.3.6 Other provision for retirement
There were very few instances of other types of financial provision for retirement. House moves which released capital and sale of a business were mentioned by a small number of pensioners, but these had not necessarily been done with retirement in mind. Intentions were unclear and often bound up with motives aside from financial plans. Rather, a business might be regarded as a potential provider of an income in retirement: there were a couple of cases where this had been the aim, though circumstances had intervened to prevent its realisation.

In two other cases a woman had sold her house in the expectation she could live on the proceeds for the rest of her life (she found now that her assets were rapidly diminishing however); and another had planned to buy a mobile home and tour with it abroad (but her husband had died).

The small number of pensioners who had received redundancy payments had not included these sums of money in any plans for retirement. The receipt of such unpredictable payments was in the context of changes in circumstances which in some cases disrupted any plans which had been made for retirement.

3.4 Advice pre-retirement
Pre-retirement advice schemes run by the employer had been available to a small number of the pensioners interviewed. These appeared to be the sort of schemes or seminars offering general preparation for retirement including some financial advice. More likely, no retirement advice had been received. There was again a feeling that this sort of thing was more for (other) people who stood to receive large pensions.

Nor had they all wanted advice. Some described non-attendance at, or not paying attention in, the advice seminars, or expressed relief that there had been none (eg “Can’t abide counselling”).

However, friends were mentioned by a few, as a source of advice at this stage.

3.5 Changes in retirement
The adjustment to being at home all the time was described by some as initially problematic, bringing boredom, loneliness and relationship difficulties. Some missed their work or work colleagues.

“I used to watch people, love, when they was pointing up or brick laying and I’d want to get up and join in” (Ex-bricklayer: unmarried man, 74, £700 assets)

“I won’t say we got on each other’s nerves but it took a while to get used to us being at home”

Several people had taken holidays on retiring. Moving house was also quite common, for example to a smaller house or nearer to family. Some of these moves had not been happy experiences, especially if they were to a new locality, and had led to further moves later on, sometimes back to the original area, for example “back to friends” (see also Chapter 8).
Other moves, during retirement, had sometimes occurred following illness (eg "When the wife fell ill"/"Heart condition precipitated move"), or following the death of the spouse (or death of parent, in the case of a single person living with a parent), or to be nearer family ("nearer to my daughter" - daughters were notably mentioned more than sons). Three of the households had realised capital on these moves. This had been used as follows: creation of financial assets (£2,000); money given to sons rather than leave as inheritance; spent (£15,000) on renovations to new home.

**Some other changes in housing** also had financial implications: the need to move out of accommodation that had come with the job had necessitated the payment of rent for the first time; or a move to sheltered housing had been very expensive. Housing issues are covered in greater detail in Chapter 8.

**Bereavement** was likely to necessitate a change to the management of financial affairs and could lead to benefit claims. It was linked with loss of income: not just the reduced RP but also the possible loss of a partner's disability benefits, and reduction or loss of occupational pensions. It could bring housekeeping difficulties, due to outstanding bills or unaccustomed money management, especially in the early stages of widowhood (see Chapter 9). Funeral insurance had been found to be insufficient in a few cases. Bereavement could also lead to the possible loss of car mobility if the deceased person had been the sole driver. House moves, or consideration of this possibility, were also likely to follow a bereavement. Some other changes in activities are described in section 3.6.

Bereavement could also lead to **benefit claims**. Two pensioners had claimed benefits after the death of their spouse. One, a widow, had not been left any money when her husband died after a long illness, but he had set up an annuity on the value of the house before he died. In the other case, the widower had been taken by surprise by the change in his circumstances. He had not anticipated being "fully retired", planning to work past retirement age, and had not expected to be living on his own. He had also expected that the State Retirement Pension would provide enough income.

**Giving up driving** was a further key change during retirement, involving increased reliance on other people for transport to shops etc. There were instances where this had happened either on grounds of ill health/frailty or on grounds of cost.

### 3.6 Life now

Some of the pensioners were very active. A wide range of activities was mentioned—whether revolving around family, friends, local clubs/organisations, voluntary or charity work, Women’s Institute, physical activities such as keep fit or swimming, gardening, fishing, choir, church activities, visits to the hairdresser etc, etc. Reflecting on this, some surprised themselves to find how active their lives were. Before retirement they had been unable to imagine what they would do with their time: "now I wonder how I found the time to work".

Several of these activities incurred regular financial expenditure. Asked to think of all their outgoings, items such as fishing bait, golf fees, bingo, church/charity giving and several other specific activity-related items might be mentioned. The costs of outings and gifts for grandchildren were also frequently mentioned.

Others of the pensioners were less active and went out little. Some were solitary, dependent on television and radio. Collection of the RP was a key outing or event in their lives, usually combined on the same trip with a shopping visit.

"When I go to the Post Office that's my day out"

"I like my radio more than anything"

"I don't go anywhere at all"

Some descriptions were given of changing activities and of giving things up with advancing age and poor health.
"Not as energetic as I used to be"
"Can't get out much now"
"Can't do the gardening now"
"I used to go swimming but now I've stopped"

Cost was also mentioned as a factor for giving up or not doing things. In general it seemed that when cutbacks had to be made in the overall budget, the incidence of holiday taking dropped or holidays with the family were substituted for holidays abroad, and outings in general were fewer. Meals out were also curtailed. This might mean a reduction in the number of evenings out or giving up what had been the sole weekly lunchtime treat.

Sometimes there were changes in activities following widowhood. In some cases there was a need to cut back on activities due to the reduced household income and perhaps greater reliance on family for help and social life. In others there was an increase in activities, involvement in local groups, or holidays abroad.

3.7 The future

Some people avoided thinking about the future.

"I don't look to the future, take a day at a time"
"I live for today"

Concerns that were expressed related mainly to the wish to maintain independence with increasing age. They notably included housing concerns such as problems of continuing to manage the home and garden, strong hopes of being able to remain living at home, or perhaps of moving into sheltered accommodation, and for one, fear of possible eviction. Of key concern for some, though painful to articulate, was whether assets would be sufficient to pay for institutional care should this be needed or for home care to avoid going into an institution.

There were also worries among some couples about which partner would die first and how the remaining partner would then manage; and, among some single people, fear of dying alone.

Not all the comments were negative - as in the case of a widower interviewed, age 72, who was wanting to marry a widow. Yet he was restrained by the fact that this would then incur the loss of her late husband's pension. He was worried that if he then died she would be widowed a second time and without that income.
4 Assets and Income

This chapter introduces details of current levels and types of assets and income. Further discussion is taken up in Part Three.

4.1 Asset levels

**Financial assets: levels**

In the selection of households to take part in this study quotas were set to ensure that a range of financial asset levels \(^1\) up to about £20,000 was represented, in particular those levels near to the capital limits for income related benefits (notably IS, HB and CTB). Four additional interviews have been included in the study which relate to households whose assets were found to exceed this level (there had been under-reporting in the FRS interviews). These proved of interest, for other reasons, in relation to aspects of money management.

Total asset levels have been calculated on the basis of all information given throughout the interview. In two cases, where the assets were estimated around £10,000-20,000, some under-reporting is likely: the respondents were unwilling to give a precise figure. Confusion was a factor in a small number of other cases. One person was unwilling to reveal this type of information. Assets in relation to benefits are discussed in Chapter 7.

The range in levels, overall and by tenure, is as follows:

*Figure 4.1 Financial assets: current levels*

<table>
<thead>
<tr>
<th>Total</th>
<th>Owners</th>
<th>Tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>nil</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Up to £1,000</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>£1,000.01-£2,000</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>£2,000.01-£3,000</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>£3,000.01-£8,000</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>£8,000.01-£16,000</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>£16,000.01-£20,000</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>£20,000.01-£30,000</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Not known</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>52</td>
<td>30</td>
</tr>
</tbody>
</table>

4.2 Financial assets: types held, access

The various types of financial assets are summarised in figure 4.2 overleaf which also provides a summary indication of how they were regarded and used.

---

1 Throughout this report, the term financial assets has been used to refer to any money kept in the house or in a bank or building society account, shares, endowment policies, unit trusts, bonds, TESSAs and PEPs etc (see figure 4.2). Respondents did not use the term financial assets, but instead described such assets as 'savings', 'policies', 'investments', using the term 'savings' to apply to cash kept in the house or money in the bank or building society.
Financial assets: types held
(Numbers are based on the 49 households for which this information was known)
(*s indicate approximate prevalence)

**** Bank accounts (34 households)
-Current, Deposit, or Savings accounts.
- Sometimes more than one account. Can be complicated transfer between accounts.
- Often registered in branches distant from where the pensioners live eg in a place where they used to live, or, if no local branch.
- Variously registered in joint or individual names.
- Some have an account but no cheque book.
- For: paying bills/other specific purpose allocated/ready cash/ease of access (cash point)/recipient of OP/get foreign currency/sole place where all money kept (this rare).

*** Building Society accounts excluding TESSAs (24 households)
-Higher Interest, Cash Withdrawal, Flex Account, Feed-in to TESSA, Capital Builder, Cash Builder.
- Daughter's name added to account, for access "If I couldn't get out, or ill"
- For: savings/emergencies/paying bills/separate from other £/acquire interest.

** Post Office accounts (7 households)
- For: savings/access if no bank nearby.

* TESSA (5 households)
- Means of saving/funeral money.

** Trusts and Bonds (9 households)
- Premium Bonds, Income Bonds, Investment Bonds, Unit Trusts.
- For: 'something to fall back on/irregular monthly income/interest to buy presents for grandchildren.

** Shares/stocks/PEPs (7 households; value approx £2,000-£11,000)
- For: funeral money/interest into bank to help with bills/capital to sell if needed/emergencies.
- One recently sold for easier access.

**** Insurance funds (33 households)
- Insurance, funeral insurance, death policy, death insurance, burial money, life insurance, endowment, life assurance.
- Some have more than one policy.
- For: funeral/emergencies if cashed in/means of saving [See text].

***** Cash at home (numerous households; in 4 cases this was the sole place where £ kept)
- Jugs, tins, drawers, under the carpet, etc ...
- For: access/allocated to specific purpose/method of saving/stepping stone to the bank or building society [See text].

4.2.1 Issues of access
The extent of access to the money was a key consideration in the pensioners' choice of where it would be deposited. Hence, some had a number of different accounts, off-setting interest rates with differing degrees of access, purposely rendering some inaccessible because of an allocated long-term use. Most of all, however, access was considered in physical terms. Physical proximity was a key consideration; money kept at home was the most accessible, followed by money in the nearest bank, building society or post office. Some people in rural areas had opened post office accounts in the local village, at walking distance, for access, as well as retaining existing accounts in banks in towns a drive or bus journey away. To a lesser extent, access for another family member in the event of illness or death was a consideration. Therefore an account would be held in joint names, or a daughter's name might be added, or a family member might hold some of the assets.

4.2.2 Types of financial assets
Financial assets were generally held in bank or building society accounts. In just four cases these types of accounts were not held: all money was kept at home. Asset levels in these households were low, ranging from nil to £700. It seemed that instant access to the money was the key reason for this. In one case the pensioner was physically unable to reach a bank and would otherwise be reliant on a relative to withdraw money. A distrust of banks was a further factor. In two cases money management was carefully controlled at home through a system of tins holding amounts allocated to different purposes.

"I like to have a holding over things."
Two other types of financial assets were particularly prevalent among the pensioners interviewed: insurance funds and cash at home:

**Insurance funds**

Insurance funds represented a continuing outgoing for many; they were also regarded as an asset. In several cases it was difficult to discern the type of policy: vague terms were used such as: "My Prudential policy thing ", "That old tuppeny policy ", "Had it for years". In a few cases they were clearly stated as, for example, a life insurance policy to a specific value.

The funds were variously described as: insurance, funeral insurance, death policy, death insurance, burial money, life insurance, endowment, life assurance. A few people had more than one policy; one respondent had five.

**Funeral policies** were not regarded as useable assets ("I won't touch that") because of their designated purpose. People found it reassuring to know that, however low their total asset levels may drop, this important item was taken care of. In the absence of such a scheme, a component of the financial assets elsewhere was generally allocated for 'burial money', for example a specific building society account, or shares. This would then be regarded as untouchable.

**Other insurance policies** were more likely to be regarded as useable assets albeit (likely to be) inaccessible at present. In some cases however they were thought of as having a designated purpose, such as assets to pass on as an inheritance, or for emergencies. A few policies had already been used, as noted in section 3.3.3. But many of the pensioners were still paying in to a policy: outgoings of £8 - 10 per month were typical (some less than this, eg £1pcm; some more). Often this payment was collected from the respondent's home (eg the money might be kept in a purse, ready for the collector); or it was sometimes paid through a relative such as a daughter.

**Cash at home**

Home was perhaps the most frequently mentioned place where sums of money were kept. Places such as a jug, a tin box, the back of a cupboard, a locked drawer, or a 'lucky bag' under the carpet and a range of different hidey-holes were described. Cash was kept at home for a variety of reasons:

- **because of difficulty in getting out to the** bank/building society/etc; it was **there if needed** or for emergencies. "If you want it over the week it's there see". This was the key reason.

- **a way of managing money for a specific purpose** - for example allocated towards Christmas presents, or to go towards a particular bill or outgoing. Council Tax, insurance money (to be collected by the insurance collector), fuel meters, the water bill, the rent money, and the church envelope - were all mentioned in this context. Or, to go towards a bill that was anticipated to be high, such as "the high gas bill". The system of separate tins, allocated for different funds, has already been described above.

- **a way of saving**

  This might be on a regular basis, for example a weekly specified amount, such as £15 per month or £12 per week; or spasmodic - as when talked of as "left over cash". It might be saving in general, or accumulating cash for bills in general.

- **a stepping stone to the bank**

  Money 'left over' which, on reaching a certain level, was then transferred to the bank "Just a little [at home] then put in the bank with cheques monthly ".

The actual amounts of money kept at home appeared to vary between respondents. There was some reluctance to divulge this item of information. Sums of hundreds of pounds were specified by some: eg £150, or "couple of hundreds".

Security fears were rarely mentioned or were spoken of with a shrug of the shoulders. "Well I'm a bit worried about it but what can you do?" Fear of burglary was however sufficient
deterrent for some of the pensioners who therefore kept `no excess' in the house. An alternative strategy was to remove the funds when the house was left empty: one widow routinely did this, taking all her cash and all her financial records with her, on regular visits to her sister, "I wouldn't leave it all here - just in case".

43 Tangible assets (other than house property)

Property (other than house property) which was perceived to have a value was generally not regarded as convertible into cash. Rather, these items were likely to be intended for passing on down the family. "To leave to the children/grandchildren". They included: jewellery, old ornaments, silver, gold, china, collectors' items (eg train set, medals), antiques, `family heirlooms'. They tended not to be spontaneously mentioned in discussion on financial matters or assets and therefore not viewed in that way. Often, people were emphatic that they would not sell or would be very reluctant to do so ("Won't sell"/ "Even if things got difficult"/"I wouldn't sell my jewellery"), and especially if the items had been within the family for some time.

No one mentioned selling assets in order to avoid inheritance tax.

A few had lost these types of assets through burglary. By claiming the insurance money they had now been converted to financial assets.

If there was no family, people were perhaps more likely to sell for cash if necessary. They encountered problems, however, not knowing where to turn to obtain valuations of the worth of these items and were vulnerable to unscrupulous dealers.

There were a small number of exceptions to these views on tangible assets. One person, a widower aged 67, regarded his furniture and all the appliances except the television as a potential source of funding if sold. Financial assets were low in his case (around £500); the need to pass on an inheritance was fulfilled by the fact that he was a home owner ("He [son] is going to get the house"). Two other pensioners had sold items, a picture and some old dolls respectively, in order to convert them into financial assets. In each case, overall asset levels were low (though both were home owners) and the sales had been in the face of financial emergency to avoid debt and to finance essential house repair.

Pensioners who owned cars were mixed in the way they regarded these `assets'. The potential to gain funds by sale of a car was generally outweighed by its convenience or other benefit. Whereas one or two pensioners saw their car as the first thing to sell if absolutely necessary, for others that would be the last thing to sell".

4.4 House property assets

House property as an asset is discussed in Chapter 8.

For all the households who owned their homes, their housing represented their greatest asset in terms of financial value.

Levels of financial assets of the home owners were mostly under £10,000, some very low (see figure 4.1). Many of the respondents could be said to be `housing rich and income poor'.

4.5 Acquisition of assets

The ways by which people had accumulated assets, either before or during retirement, included:

- inheritance
- maturity of insurance scheme (see section 3.3.3)
- pension lump sum (section 3.3.4)
- redundancy payments or early retirement incentives
- sale of property (Chapter 8)
- sale of business
- insurance money to compensate burglary (section 4.3)
- gift
- saving (section 3.3.1 and below).
4.5.1 Inheritance of house property and other assets

Several had inherited house property and/or other assets.

Some of the owners were fairly new to home ownership, having inherited property, or having bought it with inherited money.

The three types of house property inheritance identified in the Inheritance Survey 2 were all found to be represented in this study: resident inheritors (eg parent's house in which the pensioner had been living as a carer), inheritors of vacant dwellings (eg the parent's property left empty on death), inheritors of dwellings that were occupied but were not the main residence (eg let).

Inheritance of financial assets was from parents, relatives (eg siblings) and friends. The sums of money varied from £1,000 to £18,000. The money had been used to boost capital, to purchase holidays, a car, furniture and furnishings, to install central heating and in one case to pay off the mortgage.

4.5.2 Saving money

Several of the pensioner households were not currently saving money. Some, with capital or savings, bemoaned the effect of current low interest rates.

However, certain types of assets were 'saving schemes' and were regarded as such. These included: insurance policies (eg funeral money), TESSAs, or any accounts allocated for any saving, including accumulation of sums of money at home.

There were two types of current saving. Perhaps the most common was for money management purposes, saving towards a particular bill (eg telephone/TV) or for replacement of an essential item (eg. "Had to save like mad to buy some glasses"). This is described in section 9.2.1. Saving to increase assets (for security, "a cushion") though attempted, was rarely achieved among the pensioners interviewed except at the upper end of the income range.

4.6 Income

The distribution of weekly income within this sample of pensioner households is shown in figure 4.6a. The sums have been calculated after deduction of housing costs and Council Tax in order to facilitate comparison across tenure and across groups with/without CT rebates. Interest on savings has been included in these income figures, estimated on a 'weekly equivalent' basis.

Appendix IV provides details of incomes (and assets) on an individual case basis.

![Figure 4.6a Weekly household income](image)

<table>
<thead>
<tr>
<th>Total income before housing and CT costs</th>
<th>Income after housing and CT costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Single*</td>
</tr>
<tr>
<td>£20.01-£40</td>
<td>-</td>
</tr>
<tr>
<td>£40.01-£60</td>
<td>2</td>
</tr>
<tr>
<td>£60.01-£80</td>
<td>7</td>
</tr>
<tr>
<td>£80.01-£100</td>
<td>13</td>
</tr>
<tr>
<td>£100.01-£120</td>
<td>9</td>
</tr>
<tr>
<td>£120.01-£140</td>
<td>8</td>
</tr>
<tr>
<td>£140.01-£160</td>
<td>4</td>
</tr>
<tr>
<td>£160.01-£180</td>
<td>3</td>
</tr>
<tr>
<td>£200.01-£300</td>
<td>4</td>
</tr>
<tr>
<td>£300.01-£325</td>
<td>2</td>
</tr>
</tbody>
</table>

* Living with son in two cases
** Wife in hospital in one case

2 Holmans A E, Frostztega M, House Property and Inheritance in the UK. DoE, HMSO. 1994 p73
Occupational pensions

Occupational pensions provided a regular source of income for about half of the households (see section 3.3.4) and were an important addition to the RP for many of these. Income from OPs ranged from: £2.60pw (widow, aged 78, receiving her husband's OP) to £134.61pw (an ex-local government officer, aged 70). The OPs varied in their proportional contributions to total income ranging from very small levels to over half.

Figure 4.6b  OP income per week (per household)

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>£5 or less</td>
<td>1</td>
</tr>
<tr>
<td>£5.01-£20.00</td>
<td>3</td>
</tr>
<tr>
<td>£20.01-£30.00</td>
<td>5</td>
</tr>
<tr>
<td>£30.01-£40.00</td>
<td>3</td>
</tr>
<tr>
<td>£40.01-£50.00</td>
<td>2</td>
</tr>
<tr>
<td>£50.01-£60.00</td>
<td>1</td>
</tr>
<tr>
<td>£60.01-£70.00</td>
<td>1</td>
</tr>
<tr>
<td>£70.01-£80.00</td>
<td>3</td>
</tr>
<tr>
<td>£80.01-£90.00</td>
<td>4</td>
</tr>
<tr>
<td>£112.84/£134.61</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
</tr>
</tbody>
</table>

Few households received both income related benefits and OPs, as shown in figure 4.6c.

Figure 4.6c  Benefits and occupational pensions

<table>
<thead>
<tr>
<th>Benefits and benefits</th>
<th>Number of households .. .</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without OP</td>
<td>With OP</td>
</tr>
<tr>
<td>RP only</td>
<td>7</td>
</tr>
<tr>
<td>RP and income related benefits only</td>
<td>14</td>
</tr>
<tr>
<td>RP and income/disability related benefits</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27</strong></td>
</tr>
</tbody>
</table>

Personal pensions

The two households who received personal pensions (amounts of just £1.19pw and £0.29pw as described in section 3.3.5) had relatively high asset levels (around £20,000 or above). Total income after housing and CT costs was £117.79pw (couple) and £97.46pw (widow).

Income from Social Security benefits

The sample was designed to include pensioners with different financial circumstances in order to explore factors leading to benefit claims additional to the RP. Therefore, as with other characteristics of this sample, the numbers of people receiving different benefits are not indicative of the numbers of pensioners in general who receive benefits, nor of the types of Social Security benefits available to pensioners. This section serves to provide a context for the later discussion about pensioners' use of benefits in their systems of money management.

All households in the sample were in receipt of the State Retirement Pension, and in all but two cases all pensioners in the household received the RP: in one household the wife had a reduced basic State Retirement Pension and her husband (age 69) received IS and IVB; in the other, the husband received RP, and said that he had not claimed RP for his wife (age 69), who received a number of disability benefits, for tax reasons.

The value of individual RPs ranged up to £84.21pw. A number of pensioners received a reduced basic State Retirement Pension (under £57.60pw). Of the pensioners living alone, four of the women, and one of the men received a reduced basic State Retirement Pension. In most cases this was a reduction of £2 or £3, but was as low as £32.83 for a woman (never married) who also received a Mobility Allowance and income related benefits. Among the couples, none of the women received a full basic RP: fifteen women received a reduced RP of between £32pw and £39pw; another woman in hospital had an RP of £11.25; and the wife of a pensioner receiving IVB and IS had an allowance of £16.70. The remaining woman had not claimed a RP.
Social Security benefits additional to the State RP were received by 26 households. Seven of the pensioner households were receiving disability related benefits.

Benefits currently received by the pensioners are summarised in figure 4.6d. IS was always in payment together with other income or disability related benefits, as was HB in all but one household. CTB was the most common benefit in the sample; it was mentioned by all households receiving any other income related benefits and by a few who received no other income or disability related benefits.

**Figure 4.6d  Households receiving benefits additional to RP**

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>IS</td>
<td>13 (all of these were also in receipt of CTB; 10 of HB)</td>
</tr>
<tr>
<td>HB</td>
<td>16 (8 at 100%)</td>
</tr>
<tr>
<td>CTB</td>
<td>23 (13 at 100%)</td>
</tr>
<tr>
<td>AA</td>
<td>5</td>
</tr>
<tr>
<td>MobA</td>
<td>2</td>
</tr>
<tr>
<td>IVB</td>
<td>1</td>
</tr>
<tr>
<td>SDA</td>
<td>1</td>
</tr>
<tr>
<td>RP only</td>
<td>26</td>
</tr>
</tbody>
</table>

Total amounts of benefit apart from RP ranged from £4pw to £100pw per household: a few were less than £10. Income related benefits were absent among households in the sample where total income was in excess of £120pw except where AA was also in payment. Benefit recipients in this sample were mostly widows or widowers (12 in all) apart from a divorce and a woman receiving MobA who had never married. There were also six couples.

The main difference between the incomes of the households on benefit and other pensioners was the lack of an OP rather than lower State Retirement Pensions; one couple receiving benefits had one of the highest RPs in the sample (£84.21 and £31.85).

McKay reports\(^3\) that although pensioners’ incomes are still lower than those of working age, retirement incomes have been increasing over time. These increased incomes are partly derived from the increasing prevalence of financial assets and occupational pensions among the retired. Despite this increase, Social Security payments still foul the main component of pensioner income, particularly among those in the lower quintiles but these are only having a major impact on incomes in the fourth and fifth quintiles. If the presence of occupational pensions are indicative of better off pensioners, then those who are less well off appear to draw more from Social Security benefits.

**Interest from savings accounts, bonds or shares**

Interest from income bonds, building society accounts, deposit accounts, other savings accounts or from shares was received by 38 households. Levels were generally low:

**Figure 4.6e  Households receiving interest (weekly equivalents)**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to £5.00</td>
<td>18</td>
</tr>
<tr>
<td>£5.01-£10</td>
<td>9</td>
</tr>
<tr>
<td>£10.01-£15</td>
<td>4</td>
</tr>
<tr>
<td>£15.01-£20</td>
<td>3</td>
</tr>
<tr>
<td>£20.01+</td>
<td>4</td>
</tr>
</tbody>
</table>

38

These sums tended not to be regarded nor used as an income, but rather as a means to increase assets. In most cases the interest was untouched if possible and remained in the account. Some pensioners had sought out high interest accounts, including TESSAs, though demand for these was offset against reduced access.

There were a few exceptions to this pattern. Interest was allocated to a specific purpose, notably presents (for grandchildren or for general Christmas presents), in a few cases. A few of the pensioners who had income bonds were also using the income generated, for example transferring it into a current account on a regular basis.

\(^3\) McKay, 1992.
**Earnings**, on the whole, were rare and small additions to the incomes of people in this sample, as described in section 2.7. The few exceptions to this substantially increased their income. The earnings of the wife who remained in full-time work doubled one couple's retirement income (she was also drawing her RP). An ex-insurance broker could occasionally add £40-£45 to the weekly income. In another case, a one-off royalty for a book had been received (about £300) and another was due for the next book.

**Income from board and lodging** was also rare. Most of the households consisted of people over State Pension age within one benefit unit\(^4\), but two households included other nondependents. In both cases this was a son below State Pension age who contributed to the household income; one received IS in his own right and the other was employed. Few pensioners who shared their households received any board from the other members.

\(^4\) Adults in the household who are non-dependents would be in a separate benefit unit.
5 Influential Attitudes

In this chapter some attitudes are introduced that emerged as dominant throughout the pensioner interviews and had many implications for financial management. The views relate to:

- leaving an inheritance;
- the wish for independence and the role of family support;
- dislike of debt.

Attitudes to benefits are discussed in Chapter 6.

5.1 Views on leaving an inheritance

Views on leaving an inheritance are pertinent to money management strategies. The study shows how these can significantly affect decisions to spend or to save, to use or retain assets and to stay put as owner occupiers of particular house property. Attitudes can also vary, or be held for different reasons, in relation to different types of assets that would serve as components of an inheritance. Aspects of these views are described below and summarised in figure 5.1.

5.1.1 The prevalent wish to have ‘something to pass on’

Views about inheritance were mixed but there was a predominant wish to have ‘something to pass on’. It was spoken of not as ‘inheritance’ but as ‘leaving something’, or ‘looking after [the heir]’. Specifically it was a desire to pass on family wealth or possessions to future generations, most commonly to a son or daughter, or to grandchildren. A few of the respondents expressed regret about not having more for this purpose, for example regret at not having saved more money.

"I hope I'll look after them when I die"

"I'd like to have something to pass on"

"When I go it's hers [daughter's] anyway and the more I accumulate the more she'll be able to enjoy herself. She might think 'Well me Dad had thought of me, hadn't he, at the end of the day'" (Widower, 76; tenant; £8,000 assets)

"She [daughter] is the only one. I'd really like to leave her something . . . " (Couple, 66/64; owner occupiers; £7,500 assets)

The desire to leave something for the family was often held despite a contrary persuasion from their children or other people. Respondents described how they were being encouraged to spend their money now for things they needed and to think more about themselves. This experience is certainly supported by other studies which have shown that most (80% - Mintel 1994) children say they would prefer their parents to spend money on themselves rather than retain it as potential inheritance.

"People say `oh you should think of yourself'"

"But that isn't my way. I've been brought up to that." (Widow, 76; tenant; £13,000 assets)

"They've both told us 'if you want anything, spend it, don't save it just for us'. But we would like to [leave something to pass on]" (Couple, 74/72; tenants; £9,000 assets)
Figure 5.1

VIEWS ON LEAVING AN INHERITANCE
& IMPLICATIONS REGARDING MONEY MANAGEMENT

A prevalent wish to have something 'to leave' or to 'pass on'
(often despite other people urging otherwise)
Some regret having little to pass on

SOME FACTORS INFLUENCING
THIS POSITION:
- 'The way I've been brought up'
- Assets/circumstances of the inheritors
- Type of assets to bequeath:
  - house property
  - other tangible assets
  - financial assets
- Level of financial assets to bequeath
- Whether obligations fulfilled/ still indebted
- Whether inherited from own parents

Hence, wish to:
- not spend £ now
- not release property equity
- not sell 'heirlooms'

Alternative minority view:
no concern to pass anything on

Greater readiness to use assets now?

Not an issue for all:
some have no family to whom to leave an inheritance
An alternative, although much less prevalent view, was apparent in an expressed lack of concern to leave an inheritance. Some who held this view had been influenced by their children and had overcome the more entrenched position. Others appeared to attach less significance to the whole issue either because they saw their children as relatively well off, or felt they had already "done their bit" for the family in the past, for example had helped them through college, or already passed on some assets to them (in whatever form). Some noted that they themselves had not inherited.

"If I die they [step-children] can have it, but now it's mine . . . My mother left me nothing but pleasant memories and I'm quite happy with that". (Widow, 63, £6,500 assets, who had recently purchased her council flat)

"No. They have got their own homes haven't they". (Couple, 70/70, home owners, £11,200 assets, who jog along' with no financial worries)

"My daughter is comfortable" [Hence, equity release scheme - Chapter 8]. (Couple 81/81, who became home owners through inheritance, £1,750 assets - helped children enough in the past)

These people had used their assets towards house purchase, or had retained them for any needs that might arise. None were consciously running down their assets out of lack of concern to leave an inheritance.

5.1.2 Factors influencing the wish to leave an inheritance

The frequently stated wish to leave an inheritance can link, in some cases, with another less stated wish: to retain a safety net of financial security now - "something behind me"- which would additionally serve as an eventual inheritance. Yet this was only explicit in one or two cases. More commonly, the wish to leave an inheritance was just something people wanted to do. For some, it appeared to be an entrenched expectation relating for example to the 'way I've been brought up'. It was spoken of by some virtually in terms of an obligation. If the circumstances of those who stood to inherit were perceived as particularly needy then this too could be voiced as significant; the leaving of an inheritance was a way of 'looking after' them. Or, similarly, it could be seen as a way of repaying an emotional debt, relating to some past circumstance, as in the instance of the divorced father wishing to provide an inheritance for his daughter 'to make up' for his absence when she was a child.

The relative assets/circumstances of the children who stood to inherit, whether comfortable or needy, could also be pertinent. Either: (eg) "My children have both got houses" (therefore, less need to think of inheritance); or: (eg) "one of the kids has been unlucky" (therefore, particular need to think of inheritance). Similarly, the asset level to pass on could be significant. If this was low, or perceived as low, inheritance could be thought of as not worth worrying about "because to be honest, at the end of the day, it's not going to be worth much" (Divorced woman, 61; share in home; £4,652 assets).

Expressed across a wide range of respondents, the wish to leave an inheritance therefore fronted a complex mixture of factors - psychological, social and economic. It is not possible from this study to say whether the view may be changing in later generations. It was presented by several of the pensioners as a generational attitude but perhaps the next generation would say that too. A survey would be needed to examine this to compare, for example, the younger and older pensioners' views.

Views also vary in relation to different types of assets for inheritance, as described next.

5.1.3 Views in relation to different types of assets as inheritance

Despite a prevalent general wish to 'leave something to pass on/look after the children', the type of inheritance to be left can also be significant. Views can differ in relation to: financial assets, tangible assets such as jewellery or 'antiques' or objects of sentimental value, and house property.

Financial provision for the funeral:
The leaving of sufficient money to pay for the funeral is considered the most important part of an inheritance. (See also section 4.2).
Tangible assets other than house property:
This would include objects of financial or sentimental value that may have been in the family for a number of generations, such as china, gold, jewellery, ‘mother’s rings’, porcelain tea service. The objects are likely themselves to have been inherited. They tend to be regarded as a special category for passing on, often with an expressed wish that they be passed on down the generations. Interestingly, respondents often mentioned that these types of assets would go to the grandchildren, rather than the children (who were the likely recipients of other types of assets). People were therefore very resistant to making capital out of these types of assets. “Won’t sell” “Will go to my grandchildren” (See also section 4.3).

House property:
House property is regarded as a substantial asset to pass on and as such tends to be regarded as a key component of an inheritance, the item that will be of greatest financial value. Some respondents foresaw that their children would sell the property for cash and this influenced the type of property purchased if house moves were undertaken by the pensioners (choosing somewhere that could easily be sold, or would retain its value). However, it can be regarded as less important if the children already own property. (See also Chapter 8).

5.1.4 Implications (of the wish to leave an inheritance) for money management
The wish to leave an inheritance can be significant to money management in the following ways:

• in influencing a decision not to use assets: curtailing the pensioner's own lifestyle now, eg “I don’t do a lot - I’d like to keep as much as I can. I’d like to have something to pass on”, forego a holiday, or (eg) cut down expenses: “Mustn’t be extravagant because want to leave the children money therefore don’t get taxis”.

• a factor in owner occupiers' decisions not to sell the home to release assets now (property in this context is regarded as a substantial asset to pass on). See Chapter 8.

• a factor in owner occupiers' house moves. Some spoke of seeking a property that will not lose value when ultimately sold by heirs.

and (one case):

• the potential of inheritance as security against a family loan. In one interesting case the potential inheritance appeared to be used as emotional blackmail to borrow from a son:

"and he knows he's not going to get it back because he's going to get [inherit] the house . . . So sometimes I take what I want because if he doesn't give me the money then he will [have to] share the house with somebody else" (Widower; 67; owner occupier; £8,000 assets)

5.2 The wish to retain independence: and influences of family, friends or neighbours on money management
All respondents in this study were living independently in the community. A few were in poor health and depended on close family support. The sufferer of Alzheimer’s disease was visited twice daily by her son, the elderly man receiving an Attendance Allowance was supported by his son. Other pensioners interviewed were mainly in reasonable health, good enough to live entirely independently without help.

‘Family’ was likely to be children, first and foremost, but also siblings or other close relatives. Those with no family, friends or neighbours were found to fulfil some of the roles described below. In this section the term ‘family’ therefore covers all these types of people.

5.2.1 The wish for independence
This repeated theme was apparent in a number of ways. It led to some reluctance to accept children’s or others' offers of help, not wanting to ‘impose’ or ‘bother’, unless really needed.
"I don't impose on them. I'm one of them independent old people" (Widower, 76; visits daughter nearby for Sunday lunch; tenant; £8,000 assets)

"Both our children say we must tell them if we need anything but we don't really want to do that if we can help it. Never taken them up on it. We want to be independent as long as we can" (Couple 76/75; owner occupiers; £2,900 assets)

"I don't expect my family to help me . . . If I'm in need they would help me" (Widow, 79; son lives abroad; tenant; £2,860 assets)

"We never bother them you know" (Couple 73/74; tenants; £2,500 assets)

There were exceptions to this view however. One or two pensioners were indignant that they did not receive more family help.

The dominant attitude was further reflected in the importance attached to funeral insurance (section 4.2), and in some reluctance towards claiming benefit (Chapter 6).

The importance attached to the ability to give (back) help was a further feature demonstrated throughout the interviews. There were several examples of this reciprocity including, for example, the widow who sometimes ate at her daughter's house: "That saves me money . . . but at the same time I buy things [food] and put in her freezer. I do like to be able to contribute" (Widow, 75; owner occupier; £6,600 assets); and the reciprocation to neighbours for jobs done.

There was no conscious weighing up of different types of dependencies - for example of whether it would be better to depend on family support, on benefit, or to run down assets, or to get into debt. The strength of dislike of debt however (section 5.3.1) would probably put that bottom of the list and, despite a dislike of claiming benefit, this had not prevented claims being made.

5.2.2 Nevertheless, the importance of family help

Figure 5.2 shows the range of 'family' influences. The type of 'family' help received is less likely to be direct financial help, more likely presents of useful or needed items, or

Figure 5.2 Informal support: 'family' influences on the pensioners' financial situation and money management

Provision of:

- Practical support
  Eg: meals (most common), food, transport, holidays, gardening, redecorating, other jobs around the house, telephone, car

- Financial support
  Mainly potential financial support, if emergency; sometimes actual financial support (reluctance to accept this)

- Financial advice
  Family are key financial advisors

- Influence in house move decisions
  Eg move to be near family

- Holiday opportunities
  A cheap/free means of having a break: perhaps at family's house, or with family

- Encouragement to spend money
  -rather than retain as saving/inheritance. This encouragement can be effective if the family is perceived as coping well themselves

But:

- Some costs to pay out
  Eg costs of keeping in touch: telephone bill, transport; car costs (eg the car can be retained especially for visiting family); costs of reciprocating support/help given

Note: 'family' in this sense would also include close friends/neighbours
favour, such as meals (most common), food, transport, holidays, gardening, redecorating, other jobs around the house, telephone, or a car. (These items are listed in order of prevalence).

In a few cases, financial help was received from family and friends. Examples included payment of a sum of money when in difficult circumstances following widowhood; a loan to buy an income-generating bond; money towards purchase of property (through the RTB scheme); and loan of cash for a holiday.

Importantly, a feeling of support, of knowing help was there if needed was the key issue from the pensioners' point of view. It very much alleviated worry to know that there was someone there who could, say, sort out a broken washing machine if needed. Eg. "friend round the corner-If I'm ill I'll just phone her and she's round here"; and that if absolutely necessary there was a family member from whom one could obtain money eg a loan—rather than incur an outside debt.

"needed money I would ask my daughter" (Widow 78; owner occupier; £899 assets)

"I know I ain't got to worry because I've got two good sons" (Widower 85; owner occupier; £2,000 assets)

"Life is easier than it would be because of family help" (Widower 71; daughters; owner occupier; £1,000 assets)

"If not for my relations I don't know what I'd have done" (Single man, 74; tenant; £700 assets; whose niece visits when possible)

Men living alone (widowed, divorced or never married) appeared to be more likely than women living alone to need family support.

As well as providing financial support, family played a key role in the provision of social support in the pensioners' lives. Many accounts were given of visits, friendship, having someone to do things with, such as accompanying on shopping trips, outings, perhaps holidays; and importantly, someone there to help deal with emergencies, or to provide support in a crisis, eg. "Went to daughter's following bereavement. She said I could stay but if I'd have stopped I'd have stopped there for ever".

5.2.3 The benefit of knowing the children are alright
Knowledge that the children are themselves independent or are perceived as 'comfortable', 'well-off', or in 'highly paid' employment is considered a comfort. Where this was the case, it was likely to be mentioned spontaneously during the interviews in this manner. If the children owned their own homes, this was further stressed by some, in recognition that they therefore had their own substantial assets. This assurance is partly because of the feeling that, if anything was needed, the children could support the older person (though the wish for independence might hinder this). More importantly, it freed the older person from feeling that they might have to struggle to help their children. It also had a bearing on their views regarding inheritance - on whether or not they felt they could use their assets or should save them for ('to help') the children.

"It's a great benefit to know family are alright ('well off'), otherwise we'd be struggling to help them" (Couple 76/75; 2 children; owner occupiers; £2,900 assets)

5.3 Debt: attitudes and incidence
The particular aversion among older age groups towards credit and debt is well documented. Debt is less common among older people. The incidence falls steeply with age and is extremely rare among people aged over 70. Age is similarly the single most important factor associated with households' use of credit.

The current study reflects this picture. Strong views were expressed against debt. The incidence of debt and use of credit or loans was extremely low.

5 Berthoud R and Kempson E, Credit and Debt: The PSI Report. PSI 1992
5.3.1 *An emphatic dislike of debt*

These strong attitudes were a key factor explaining the low incidence of debt among the pensioners interviewed and the prompt payment of bills.

The strongly held and prevalent view was that debt should be avoided if at all possible. Instead, people felt they should economise, scrimp and save, or do without; bills should be paid promptly. There were exceptions to this common view but these were very few.

The factors behind this dislike of debt included a mix of attitudes and circumstances.

*'Inherited' attitudes*

Debt made you feel - for example - worried, depressed, tied, guilty, unable to look people in the face. The influence of *parental attitudes or parental example* on these attitudes was often specifically stated. The need to ‘not owe anybody anything’ or ‘wait until you can pay for it’ - was linked to - ‘the way we’ve been taught’, ‘way my mother/father brought me up’, ‘an inborn thing’, ‘our generation’, ‘the old system’.

The following comments were typical of many:

"I think it's an inborn thing. My Dad were the same - always believed in paying for what they get" (Widower, 76; tenant; £8,000 assets)

"No no, nothing like that love. We never owed anybody any money. Done the odd bit of HP. I don't like it. I like everything to be above board and you're free and easy. You don't want debts around your neck do you. My Mother always brought me up -if you can't afford it you don't have it. You wait till you do" (Couple, 74/72; tenants; £9,000 assets)

"If I can't afford it, I don't have it: my Dad's policy" (Single woman, 68; tenant; £400 assets)

There was also the suggestion, made by a few, that their attitudes to debt related to their life experience in the past, including wartime experience, within an accustomed tradition of going without ‘until you've worked for it’: "struggle is part of our experience".

*Debt is not for pensioners*

The attitudes described above were foremost in people's explanations of their aversion to debt. Yet there was also the view, even if not already predisposed against it, that debt was to be avoided particularly when you retire. "There is no sense in it as you have to pay it back". The different ways of dealing with debt when younger were not now possible. Limited income and limited opportunities of increasing that income meant that debt was no longer affordable in retirement. "If you can't afford it now how can you later on?" There were examples among the interviews of people having given up, or reduced, the use of credit when they retired, and avoidance of debt in retirement.

"We were never in debt ... If I could not pay I would find a job [waitressing]. Therefore now I realise that I have got no more money coming in so I have to not go out [rather than incur debt]. Mother showed it was wrong to do these things . . . Just a worry isn't it. It is a worry that is not necessary if you can get out of it. A debt is only because you are living above your station . . . I will not get in debt [in future] because I can't pay it because I've got no money coming in. I can't go out to work, not at my age." (Widow, 78; owner occupier; £899 assets;-whose children's views, she says, are the same: "It runs in the family")

There were also one or two incidences of widows making a point of avoiding credit (HP) since the death of their husband.

*Past experience of debt as a factor in current attitudes*

Despite the general aversion to debt in general, some said they had considered (and in some cases used) credit and debt when younger. Past rent arrears were mentioned and a loan to set up a business. There were examples of use of credit when first married - HP for wardrobe/ washing machine - and, later for purchase of a car or credit . . . eg "When we were first
married" "Fair enough when you're young." But HP was considered too expensive now. With just one exception HP had not been used since retirement. Less use of credit was also reported, e.g., throwing most credit cards away.

Also mentioned as leading to the dislike of debt, in one or two cases, was previous experience of debt (in the past, before retirement) and a horror of repeating the experience again.

"Oh it's terrible. [Once had a £100 debt] You had to give your wages up and have nothing to eat" (Divorced man, 66; tenant; £14,000 assets)

"Got in debt to Access and Barclaycard when in my fifties and that became troublesome . . . I've never done it since" (Couple 66/62; owner occupiers; £1,200 assets)

Figure 5.3 Factors behind the widespread dislike of debt

- Traditional entrenched attitudes
  - from parents/way been brought up/from the old system/our generation
  - from experience of struggle, e.g., wartime struggle our generation

- Not appropriate in retirement

And (minority mention):
  - Not a good idea once widowed
  - Past experience of debt confirms

In line with the emphatic dislike of debt, the incidence of debt, loans and the use of consumer credit was extremely low. Other than one debt to a family member, there were just six cases in total in the sample:

- HP for car (£123pcm) (Couple 72/71; owners; £2,400 assets)
- Credit card debt of about £100 for a bed (Couple 81/81; owners; £1,750 assets)
- Mail order catalogue £70 (Couple 74/66; tenants; £2,900 assets)
- Mail order catalogue £10pw (Couple 79/74; tenants; £8,200 assets)
- Council Tax: one month's arrears (Widow, 70; owner; £24,000 assets)
- Informal loan from sister: £2000 for house purchase (Widow 75; owner; £6,600 assets)

Wanting to pay her off "to get a clear conscience". Sister has lent her money in the past.

There were in addition some other small family loans.

Mortgage was regarded as debt. One woman who had taken out a mortgage in 1939 had "begrudged every shilling until it was hers and paid for" (Widow, 82; owner occupier; £27,000 assets). There were four mortgages outstanding in the sample (section 8.1.2) though only one of these was of any size.

5.3.2 Other attitudes regarding HP, credit in relation to debt

Overall, despite the widespread dislike of `debt', there was some range of positions in the degree to which this was felt and in whether or not it extended to the various types of consumer credit. For some, credit was debt and was therefore avoided or entered into with reluctance; for others credit was more acceptable, regarded as more controllable: "I know I've got to pay it and I know I will pay it, whatever" and was therefore not the same as debt described above which invoked an image of disgrace and the debt collector. In a few cases there was disagreement within couples: one partner might have a horror of credit or debt ("I would not owe a penny") while the other was less averse to this situation.
The range of positions in relation to credit card use was as follows:

- **Never ever used, because regarded as `debt' or `temptation'**
  
  "We're from the old system" "You can get carried away if you have plastic" (Couple 74/76; tenants; £2,900 assets)
  
  "If I had a credit card I'd go and spend unnecessarily" (Couple 79/74; tenants; £8,200 assets)

- **Used pre-retirement, when working; given up when retired**
  
  "Because when you retire your income is halved, or quartered even, and you've got to cut your coat according to your cloth and so I thought well one of these credit cards [of two] can go" (Single woman, 64; tenant; £18,000 assets)
  
  "You can't afford credit when you retire" (Couple 79/81; tenants; £2,100 assets)

- **Limited current use**
  
  About one in four of the respondent households currently possessed a Credit Card. Examples of items for which they were used included petrol/car costs, garden plants, holidays, and essentials such as a bed. Some retained their use for emergencies only, or said "But I feel guilty" about their use.

  They stressed their emphasis on prompt payment of accounts - both to avoid `debt' and to avoid payment of interest: "Absolutely!" "Nobody's ever got any interest out of me". Common use therefore appeared to be less as a Rum of credit than as a method of payment. In one household it was used as a conscious measure to be one month ahead on the interest stakes.

  Just one household had a credit card debt - £100 for payment for a bed.

Credit card use seemed to be regarded as different from `debt'. It was quite common to find the emphatic dislike of debt expressed, as in section 5.3.1, to be followed by the revelation later in the interview of credit card use. For example: "Never been in debt in my life - but use an Access Card". This was not regarded as debt because: "I know I've got to pay it and I know I will pay it whatever" (Widow 76; tenant; £11,000 assets), rather it was a money management strategy to get interest for a month.

There were a few instances of use of Mail Order catalogues.

**Payment of bills** was generally given a high priority.

To deal with debt if they had to, people said they would borrow from their family. Some already had done this. Otherwise, one pensioner had paid off an overdraft with the sale of a picture.
Part Two: Benefits Issues

One aim of this research is to examine how benefits, especially income related benefits, fit into the money management systems of pensioners. This part of the report looks at how pensioners’ attitudes and circumstances affect decisions to claim benefits in addition to the State Retirement Pension and whether or not to run down financial assets to become eligible for income related benefits.

Part Two covers:

- **attitudes** towards claiming and receiving benefits;
- **circumstances** in which claims for income related benefits are made;
- **benefit knowledge**;
- views on **running down assets** to qualify for income related benefits;
- ways in which attitudes towards claiming and receiving RP and other benefits relate to the **management of money** in retirement.
6  Claiming and Receiving Benefits

This chapter looks at the attitudes of pensioners towards the State Retirement Pension and other income or disability related benefits, including the implications of pensioners’ attitudes for the ways in which they manage their money in later life and the reasons why some pensioners decide to claim benefits in addition to the RP.

The sections focus mainly on differences in attitudes towards the RP and towards income related benefits although some reference will also be made to disability benefits. Attitudes towards disability and income related benefits can be quite different, with the former involving recognition of a disability or illness which would qualify for help (which for this age group includes recognition that the disability is not due to the effects of ageing). There are also quite different claiming procedures: claims for disability benefits sometimes involve a medical examination or completion of focus by GPs; claims for income related benefits involve providing proof of financial circumstances. Despite these differences, the attitudes (and experiences) of pensioners towards claiming and receiving disability benefits at times crossed paths with feelings about other benefits, and were in themselves illuminating about the way in which benefits in general fitted into money management systems.

6.1  Attitudes towards Social Security benefits

There was a clear distinction between the attitudes towards the State Retirement Pension and towards income related benefits. This is summarised in figure 6.1 on the next page.

6.1.1 State Retirement Pension is regarded as a universal right

There was a strong endorsement among the pensioners interviewed that the State Retirement Pension was not a ‘benefit’ as such, but a right which pensioners felt they had personally earned through the work they had done,

“I earned it, I worked for it”

“We’ve worked hard”

“We’ve done our bit for king and country”

or payments they had made,

“I’ve paid into it all my life”

“I’ve bought the stamps from the beginning”

“I put stamps on all them years”

“Retirement Pension is not a benefit, it’s paid for”.

They felt that they had contributed to the RP throughout their working life, and that their own money had been put aside for their own RP, which was seen as

“one of those things we have paid for, definite, and the money should have been put to one side to pay us later on”

“Retirement Pension you actually pay for yourself”

“Retirement Pension is like an insurance policy”.

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Figure 6.1  Attitudes towards claiming and receiving Social Security benefits

<table>
<thead>
<tr>
<th>State Retirement Pension</th>
<th>Income Support</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earned</strong> through work or payment of National Insurance contributions</td>
<td>You have <strong>not paid for</strong> it</td>
</tr>
<tr>
<td>Your <strong>right</strong>; payment in return for doing your bit for country or <strong>for working hard</strong> all your life</td>
<td>Not a <strong>right</strong>; it is only for certain people</td>
</tr>
<tr>
<td>Your own <strong>money</strong> which has been put aside for your own State Retirement Pension</td>
<td>Has to be <strong>paid for by the country</strong> or other people</td>
</tr>
<tr>
<td><strong>Not a benefit</strong>, more like an insurance policy; you do not have to claim it; it is <strong>automatic</strong>; should be higher so you do not have to claim benefits</td>
<td>Has to be <strong>applied for</strong>; you have to ask the state for a hand out; they don't come to you; it is like <strong>begging</strong>; you have to prove <strong>deserving</strong> need</td>
</tr>
<tr>
<td><strong>Universal</strong>; everyone gets the RP; paid to you when you retire</td>
<td><strong>Not everyone gets it</strong>; not everyone is entitled; only for those in real need; for families, not pensioners</td>
</tr>
<tr>
<td>Can be claimed by people who <strong>do not really need or deserve it</strong>; some people waste their money and then claim benefits</td>
<td>Some people who are not entitled or who <strong>fiddle the system</strong> get it</td>
</tr>
<tr>
<td><strong>Dislike of association with claimants who are needy or greedy; fear of refusal</strong> as refusal implies you have asked for something you did not really need</td>
<td></td>
</tr>
<tr>
<td><strong>Mainstay of day-to-day money management</strong>; for existence (food and bills), not luxuries</td>
<td>Claimed when there is <strong>no other contingency</strong> eg no or reduced OP or have not managed to save</td>
</tr>
<tr>
<td><strong>Would never run down savings</strong> on purpose to qualify; <strong>worry</strong> that when savings are used up might have to claim benefits</td>
<td><strong>Last resort</strong>, only claimed in response to changes in circumstances (bereavement, illness) not just on reaching State Pension age; <strong>not brought up to manage by asking for charity or help</strong></td>
</tr>
<tr>
<td><strong>Claimed when can no longer manage</strong>; when things really get tough; for when you are desperate</td>
<td><strong>Claiming is an admission of need</strong> and <strong>threat to independence</strong>; but can be <strong>better than asking family for help</strong> or going into a home</td>
</tr>
</tbody>
</table>

The view that the RP was not really a state benefit and that the **"RP should be higher so you don't have to claim benefits"**, was reinforced by the opinion that it was a **universal** right because it was paid to everyone in response to a life change, on reaching the State Pension age, **"everyone gets the RP"**. It was therefore seen as somehow **automatic**, **"you don't have to apply for it"**, even though at some point most pensioners would have completed a claim faun for it.

Attitudes towards the RP have also been explored in the recent British Social Attitudes survey. In response to a number of policy suggestions put to respondents of all age groups, there was almost universal disagreement that the RP should be lowered, whether in general or for high earners or those with private pensions or other private incomes. Despite strong support for personal and occupational pensions, **private pensions were seen as a supplement rather than an alternative to the State Retirement Pension**. This view was echoed by a pensioner in our study who described the RP as money for food and clothes and the OP as luxury money for holidays and entertainment. The implications for money

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management of the central role played by the RP in pension incomes is discussed in Chapter 9 which highlights the way in which it is used in day-to-day money management.

6.1.2 **Income related benefits are not a right**: If RP was seen as a universal right, in complete contrast, all pensioners felt they did not have any universal rights to income related benefits. Both current benefit recipients and non-recipients of all age groups held very negative views about claiming and receiving income related benefits.

**’Income related benefits have not been paid for’**: Just as there was a consensus that the RP was a right because it had been earned through work or National Insurance payments, income related benefits were not seen as a right because pensioners felt they had not personally contributed to them:

"Income Support, well I think it's different to a State Pension, you do pay for it in tax and everything, but the Pension you actually pay for, you pay so much a week out of your earnings for that Pension to come in." (Divorce, 69, tenant, £Q assets, income £78.95pw, IS/IB/CTB)

**’Other people have to pay for income related benefits’**: Claiming other benefits was seen as a fowl of charity, asking for a ‘hand out’, in effect asking the ‘country’ to pay or even like “like robbing” someone if the claim was not absolutely necessary. Such feelings were also present in relation to disability benefits, but not felt as strongly.

**’There has to be a genuine need before benefits are claimed’**: Pensioners felt that the need for additional benefits had to be absolutely justified, benefits were to help people out during difficult times, and not even as a permanent solution, but for "getting over that fence when it is tough in the street". Benefits were for the ’needy’ who were regarded as:

"People who are poor"

"When things really get tough"

"People who rent, families not pensioners"

"People who have not managed to save"

but pensioners also felt that the claiming process allowed other benefits to also be claimed by the greedy; by people who fiddled the system or by people considered as undeserving:

"Too many people receive benefits who should not"

... wasted their money instead of saving"

... waste their money on drink, smoking, bingo"

"People who rented when they could have bought a home".

These views also demonstrate the fine line between the needy and greedy, those who could not save, and those who chose not to. Pensioners' worries about being associated with people they considered as 'scroungers' left them at pains to stress that they would only claim something if they were really in need. Only when a genuine need for an income related benefit had been identified and justified, did pensioners feel that they could begin to justify any right to claim that benefit. ‘Need’ came up time and time again when non-recipients described why they did not claim benefits,

"I'm not desperate"

"I can manage"
"I have sufficient"

"I'm in a fortunate bracket"

and when recipients explained why they had claimed,

"I wouldn't be able to exist"

"I couldn't manage"

"Keeps the draught out"

"I needed to"

"Things were tight/desperate ".

The feeling that income related benefits should only be claimed when there was genuine need created concerns that claiming benefits could be construed as being greedy. Pensioners who worried about appearing greedy by claiming benefits they did not need included two quite different households, these are illustrated in the following cases 1 and 2.

**Case 1:** Claiming benefits when you have the means to pay yourself is greedy

Widow, 87; living in a house valued at £90,000; financial assets £20,000; income apart from interest payments is a reduced basic State Retirement Pension of £54pw; pays Council Tax of £9.60pw.

Despite her low weekly income, this widow did not want to spend her savings in case she needed to move into a nursing home and because she wanted to leave some money to her family. She did not think she would be entitled to any benefits. She felt that she would not be too proud to claim, but thought it would be "greedy" to do so in her present circumstances as she could still afford the things she needed. She also applied this philosophy to other help, not wanting a rail to be fitted along her doorsteps by the local social services because she felt she could afford to pay for one herself.

**Case 2:** Not wanting to claim anything unless you have a right to

Couple, 79 and 81; owner occupiers; financial assets £8,000; RPs £62.93 and £11.25pw.

The wife had been in hospital for some time and the husband had looked into claiming further benefits, but he had been told he was 'over the limit' because his wife had savings of £8,000 in her bank account. He described himself as being in a "bad way" financially, but did not want to claim any benefits unless he felt he had a right to.

Not all of those with income levels which appeared to qualify them were claiming Income Support. Although the sample was not systematically screened for eligible non-recipients of benefits, there were some households (with capital under £3,000) which, although they were receiving HB and CTB, did not have Income Support, but had an income after housing costs which still appeared to be under the personal allowances for their age group (see appendix II for details of personal allowances).

**Case 3:** Non-recipient of IS, income below personal allowance - single man

Widowed male, age 71, owner occupier with savings of £1,000, an RP of £71.08pw who was receiving CTB.

He still had a mortgage, and after housing and Council Tax costs his income was £56.48. He described his circumstances as "tight" and felt that without the help of his family he would find it so hard to manage that he would "not have a standard of living" at all.
Case 4: Non-recipients of IS, income below personal allowance - couple
Couple in their early seventies; renters, assets £2,500; State Retirement Pensions £64.89 and £36.16pw HB, CTB; income after housing (rent of £43.73) and Council Tax costs £59.92pw.

The husband had lost his job at age 60, but when they applied for benefits, they were advised that they would have to live on their savings of £7,000 before they qualified for benefits. Their savings were now down to £2,000 and the couple believed that they were receiving all of the benefits they were entitled to, but felt they had received conflicting advice.

Dislike of claiming benefits which are not paid automatically:
There was a strong dislike of claiming something which was not perceived to be universal or automatic. The following was expressed by the husband in case 2:

"If it was an automatic thing I would say yes thank you very much. I don't like to push myself forward cause there is that many people getting it, getting support and who are not entitled to it . . . I don't like sticking my oar in so to speak." (Couple, age 79/81, owners, assets £8,000)

Related to this was a fear of being refused a benefit claim. Pensioners' keenness to distance themselves from people who appeared to be undeserving led them to feel that being rejected for a benefit claim suggested that they were "going with a begging bowl" when they had not really needed to. Those who were rejected for claims felt "a right pair of prats" or asked "what's the point in claiming if you get turned down". In cases of unsuccessful claims for disability benefits there was more ill feeling about the rejection.

'Income related benefits are not for the independent':
Although pensioners did not feel benefit claims could be justified until there was genuine need, until they could no longer manage on their income, they linked 'need' with very negative feelings,

"Losing independence"

"Unable to pay own way"

It was important to pensioners to be able to manage and get by without help (see chapter 9 for discussion about living standards and 'managing'). Worries about losing independence led to a reluctance to admit that they were not managing and for some, claiming benefits was seen as the first step towards being unable to manage other parts of their lives independently. Benefits were therefore generally considered as a last resort, although in some cases they were seen as a form of protection against greater loss of independence and were considered "better than asking family for help ". Conversely, the RP was not seen as a threat to independence, but a way of maintaining it, as were disability benefits by some.

Current recipients of disability related benefits were more likely to admit that the benefits were a big help without having to justify a need, although some still felt that the RP should be higher so that benefits like AA did not have to be claimed. Some pensioners who had recently made unsuccessful claims for disability benefits felt angry or upset that they had not qualified because they felt they needed such benefits in order to maintain their independence. These pensioners, living on their own, were worried about how they would manage with the housework and the shopping as they found it increasingly harder to get around, and saw disability benefits as a way of paying for a home help or taxis to the shops. This was summed up by a recipient of an income related benefit:

"We are costing the country an awful lot of money and I think anyone who's responsible feels that, but supposing you had to go into a home or something, you

Differences in the ways in which the terms 'eligible' and 'entitled' are used in their technical sense and by the pensioners interviewed need to be noted here. Pensioners used the words 'eligible' and 'entitled' when they were discussing whether they had a need for a benefit or had a right to a benefit. Technically, these terms are used to refer to whether a person is eligible to qualify for benefit, and how much benefit they will be entitled to. In this section the words 'eligible' and 'entitled' will be used as they have been by pensioners, unless otherwise specified.
would cost them a lot more wouldn't you." (Widowed, then divorced, 73; tenant, financial assets £840; receives RP £60.81pw, IS and 100% HB and CTB).

‘Claiming benefits goes against the grain’:
Linked to the idea that claiming benefits involved a loss of independence was a common feeling among pensioners of all ages that claiming benefits was not part of their nature, it was against the grain to claim benefits which were seen as a form of charity. Pensioners felt that it was not how they had been brought up to manage their money as "I was brought up to save for my old age, not to rely on the country". This same pensioner agreed that the RP was also from the 'country', but it was different because she had earned and paid for it.

Claiming benefits was viewed by pensioners as an admission of failure, that they had not been as able to manage their families had; it implied an inability to stand on your own two feet as your parents had done. Such feelings were closely linked with the idea that "charity is a bad thing, my parents were the same and it's passed on to me", and these views came up as a reason for not considering qualification for benefits at all or as a barrier that had to be overcome before benefits were investigated and claimed.

‘Claiming income related benefits is like begging’:
The combined effect of pensioners' views about income related benefits, that they did not have a right to such benefits, they were not universal or automatic, they had to be applied for and were only paid to people who were really in need, or who scrounged from the system, led to very negative views about claiming such benefits.

Pensioners had felt shame and embarrassment about claiming benefits, they had felt as if they were begging. Such attitudes were not as strongly expressed by recipients of CTB alone: some felt angry that they could not also receive IS or disability benefits or said that they would claim such rebates as CTB, but "would never go for IS"; others still felt as if they were going "cap in hand" when they claimed CTB. Some views are listed below:

"Asking for a hand out"

"Embarrassed to claim in own city"

"Going on bended knee"

"Holding out a begging bowl"

"Not ashamed, not too proud, at first cautious"

Negative attitudes about claiming benefits were voiced by older and younger pensioners alike. Those with no worries about claiming benefits were the exception. They were generally people who were very unlikely to have claimed in the past or to need to claim benefits in the future. In some cases positive attitudes towards claiming arose from having had more practical experience of money management, and a better awareness of need, for example a couple who disagreed about claiming benefits: the husband said he would never claim, but the wife felt that she would, but her feelings of "entitlement" were still prefaced with identification of need:

"I'd be glad to. I wouldn't worry, if we had to go somewhere and perhaps couldn't afford the rent... you're entitled to it... I would claim if we had to, definitely... he's never had no money, that's why, I have, if he had to do a bit of handling he'd be different again." (Couple, 74, 72, tenants, assets £9,000, income £168.06pw)

6.2 Benefit claims are made in response to changes in circumstances
The RP was seen as central to money management within pensioner households. Benefits in addition to the RP were only thought appropriate as a last resort in response to changes in circumstances when pensioners could no longer manage and when there was genuine need for financial help. As such, pensioners felt additional benefits should be avoided at all costs. None of the people interviewed claimed income related benefits just because they had heard of them, or just because they had reached State Pension age. Instead
income related benefits were claimed following sometimes dramatic changes in circumstances which occurred during or before retirement.

Benefits claims were also made in the context of particular sets of circumstances. Chapter 4 has already shown that within the sample, households receiving income related benefits tended to occupy rented accommodation rather than homes owned outright, few had occupational pensions or had financial assets over £3,000, and weekly incomes after housing and Council Tax costs were mostly under £80pw. In some cases these sets of conditions were themselves the result of changes in circumstances, for example redundancy leading to loss of an OP, widowhood leading to a reduced income or a move into rented accommodation.

6.2.1 Bereavement, illness, care, redundancy, unemployment, house moves and divorce

Claims for benefit arose in response to changes in circumstances in the years approaching and following retirement. These changes in circumstances are summarised in figure 6.2 below.

Figure 6.2 Circumstances of benefit claims

- After death of husband
  - left with bills
  - husband’s OP or benefits discontinued or reduced
- Following divorce, left with care of son
- After stopping work to care for ill spouse or young son
- Following redundancy and a spell of unemployment before retirement
- After redundancy, and collapse of OP
- Wife in hospital long term
- Forced to cease work due to ill health or accident some years before retirement
- Long term illness, never worked
- Unexpected early retirement (age 62-63) due to ill health
- Unable to work past State Pension age as envisaged

Claims could be made in response to a series of changes in circumstances during retirement, as illustrated in the following case studies.

Case 5: Claim made following widowhood, family dispute and a house move

Widowed for 22 years, age 84, tenant; RP £57.85, OP from her husbands employer, at £20pw, was not among the lowest (see table 4.6b), but had reduced since her husband’s death; financial assets, just under £5,000 which generated about £2 interest per week; CTB for about two thirds of her Council Tax, and HB of £13.17pw towards a rent of £35.85 a week. After rent and Council Tax her income was £54.04pw.

She found that CTB and HB, which she had claimed some years after her husband’s death, were a big help. She had been widowed for a few years and found it difficult to manage in on her own in her home, so she sold the home to her son and shared the home with him and his wife for a while. This arrangement did not work out, so she then moved into a council house. It was not until she moved from owner occupied to rented accommodation that her existence had become "pretty hand to mouth" and she claimed Housing and Council Tax Benefit after being sent information by the council. She had not claimed IS because she assumed that if she was entitled someone would have told her about it, just as she had been informed about HB and CTB by the council.
**Case 6: Claim made following bereavement and a reduced income**

Widow of 5 years, age 78; owner occupier with financial assets of £899; IS, 100% CTB and a RP of £59.17pw. Her husband’s OP was quite low, £2.60 per week (paid monthly).

She had decided to claim benefits after the death of her husband and when she discovered that his originally larger OP would only continue at the nominal amount she now received. She had never imagined that she would claim benefits, expecting to always have had enough money during retirement. Her husband had also set up an annuity by releasing some of the equity value of the house which provided about £12 every week (see also case 7 in chapter 8). After Council Tax her income was about £79.11 per week, which was supplemented by occasional sales of small amounts of home grown produce and baking for the local Women's Institute, although payments were small and often only covered the costs.

**Case 7: Claim for benefit after losing company home**

Couple, age 79, 81; tenants, financial assets of £2,100; received HB and CTB, which contributed £18.24 to an income of £101.18pw after housing costs and Council Tax; OP of £18.85pw.

Although initially cautious about claiming benefits, they felt would claim for anything they were entitled to. They had claimed benefits after retirement which had involved a move from a company house via a spell with their daughter, to their current council flat. They felt that they are less well off now than when they were working, and that they would have been better off if they had bought their own home, but believed they would not be entitled to any more benefits because of the OR

In some cases the changes in circumstances leading to benefit claims had occurred before retirement. Some current income or disability related benefits had been initially claimed in response to illness or care responsibilities before reaching State Pension age. Some pensioners who had been ill or unemployed during the ten to fifteen years before State Pension age had received benefits (Statutory Sick Pay, Unemployment Benefit, IVB or IS) which had been replaced by the RP. The circumstances of these pensioners have been discussed in Chapter 3 covering the transition to retirement. In one household, the husband had continued with IVB which had been in payment since he had stopped work at age 54; in others, various disability benefits had been in continual payment some ten to twenty years before reaching State Pension age due to long term illness. Some widows had first claimed income related benefits after giving up work to care for their partners which had ceased following the death of their partner. One 69 year old man first claimed IS following a divorce eight years ago when he gave up work to care for his son.

Some pensioners had received benefits during retirement which were no longer in payment. These included IVB which can only be paid for five years beyond the State Pension age and CTB and its predecessors (Community Charge Benefit and Rate Rebate), which can cease following a change in financial circumstances (eg increase in capital) or changes in benefit regulations. In some cases, widows or widowers had been used to budgeting a household income which had included their spouse's State Retirement Pension and disability benefits, but they had experienced a drop in benefit income following the death of their spouse or had to reapply for IS if this had originally been claimed by their spouse. The divorced man mentioned above had until recently received an additional IS allowance for his son who had just turned 18. However, once benefits had been claimed, they had generally been in continual payment, which is not surprising given the fixed nature of pensioner incomes.

### 6.3 Free help for glasses and dental treatment

Although feelings about accepting help from the state in the form of benefits other than RP tended to be quite negative, there was a strong feeling that free help should be provided for glasses and dental treatment and it was this issue which non-recipients of benefit felt most
strongly about, rather than not receiving other benefits. Whilst people felt they could manage without state help on a day-to-day level, problems with saving to pay for eye or dental treatment were expressed,

"It's not what you have weekly, it's these glasses or teeth that takes a lot of your money." (Widow, 63; owner; assets £6,500, income £139.67pw)

These large expenditures were described as being **harder to deal with than day-to-day management** on a small income, and some felt that such items should be free because they were a necessity. This widow felt that she could manage well without benefits, but would consider claiming benefits if she knew that she would then qualify for free glasses. This was the case for other pensioners who felt that they would only claim benefits as a last resort, unless they discovered that they would qualify for free glasses or dental treatment. However, one IS recipient, who was eligible for free dental and eye treatment, tried to manage without what she considered as ‘extras’ as a way of maintaining her independence (see also 6.4).

### 6.4 Negative attitudes versus need for money: models of benefit take-up

The attitudes of pensioners towards claiming and receiving income related benefits are similar to those reported in other studies of take-up of income related benefits among both pensioners and other groups of people. Although this research did not test take-up, the models put forward by earlier studies are useful in helping to explain why pensioners do or do not claim income related benefits.

These earlier studies have put forward **two models of benefit take-up**; one based around the idea of passing a series of **thresholds**; the other based on a series of **trade-offs** between negative and positive attitudes towards claiming. The claiming process identified in this study was more akin to the ‘trade-off’ than the ‘threshold’ model. The development of these models and the differences between them have been well documented, but these models are described next in order to demonstrate their relevance to the process of making a claim for benefit present among pensioners.

The **threshold model** developed by Kerr puts forward the idea that a series of six thresholds need to be passed in sequence before a claim will be made. Elements of these were present in this study and are summarised below.

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**Figure 6.4 Six stages of Kerr's threshold model**

<table>
<thead>
<tr>
<th>Stages of Kerr's threshold model</th>
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<tbody>
<tr>
<td>1. Perceived need</td>
</tr>
<tr>
<td>Extent to which a person can make ends meet</td>
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<tr>
<td>2. Perceived knowledge</td>
</tr>
<tr>
<td>Basic knowledge about the name of the benefit</td>
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<tr>
<td>3. Perceived eligibility</td>
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<tr>
<td>Likelihood that a person thinks they will get that benefit</td>
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<tr>
<td>4. Perceived utility</td>
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<tr>
<td>How much money that benefit will provide, will it be worth claiming</td>
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<tr>
<td>5. Beliefs and feelings</td>
</tr>
<tr>
<td>Beliefs about the claiming process, how difficult will it be</td>
</tr>
<tr>
<td>6. Stability of circumstances</td>
</tr>
<tr>
<td>Are present circumstances likely to improve</td>
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</tbody>
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According to Kerr’s model, all of the thresholds need to be passed before a claim for benefit can be made. His model demonstrates that it is **not enough to provide information about benefits to encourage claims**, the other criteria need to be met too. Lack of information

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3 Craig, 1991  
4 Kerr, 1983  
5 Kerr, 1983.
alone is not a reason for non-take-up. This was clearly the case in this study where some non-recipients of benefit were very aware of the benefits they could claim, and some current recipients were unsure even of the names of the benefits they were receiving (the following section, 6.5, covers benefit knowledge in more detail). Although lack of information could hinder a claim, benefits were not unclaimed merely due to a lack of awareness or inadequate information, but due to very strong attitudes about the nature of welfare and need.

However, **Kerr's model does not adequately address the role of such attitudes.** Such attitudes and feelings about claiming income related benefits are clearly present among the pensioners involved in this study (see section 6.1), but the nearest Kerr comes to including attitudes towards welfare is in the fifth threshold which he identified as Beliefs and feelings'. This threshold is quite narrowly focused on feelings about the claiming process (will the claim forms be difficult to understand, will the claim take a long time to process) rather than attitudes towards welfare and feelings about rights to income related benefits, and its position in the sequence, fifth, implies that these attitudes do not play an important role in establishing need. Perceived need is the most important threshold in Kerr's model, but this too is subject to negative attitudes towards admitting need.

These attitudes are addressed by the second, **trade off**, model based on the idea that claiming benefits involves **weighing up positive and negative forces** which, unlike Kerr's model, are not ordinal, but are more inter-related. These forces are similar to those identified in Kerr's threshold model, but they do not have to all be passed in sequence, nor do they all have to be passed. Instead of distinct stages, there are a series of trade-offs between clusters of attitudes, so a strong score on one threshold can outweigh weaker scores on others. 

Evidence of this process can be seen in the similarity between the attitudes of some of the recipients and non-recipients of benefits in this study. What is striking about the views of recipients and non-recipients of benefits, is that both **saw these benefits as a last resort.**

**Non-recipients** either saw claiming benefits as something to be **delayed** for as long as possible, or as a course of action they would only follow if they really had to. Others just felt **relieved** that they did not need to claim benefits, as if this was proof that they were still able to manage independently. Some feelings of resentment were present among non-recipients of benefits who felt penalised for being thrifty and building up savings, or angry that other people received benefits for rent whereas they had nothing for the upkeep of a home they had bought. However, knowledge that someone they considered as a less deserving case received benefits was not enough alone to lead to a benefit claim.

Among pensioners **currently receiving** income related benefits, those who felt less negative about such benefits prefaced their views with statements about having no **shame** in claiming, that they were not too **proud** to claim, as if instead of overcoming a set of barriers to claiming benefits, pensioners **still held negative feelings about claiming**, and other influences had tipped them towards a claim. Others described claiming benefits as something they had done because they really needed to, because they were desperate and they had no other choice, but they still felt as if they were scrounging or begging.

‘Perceived need’ was defined by Kerr in terms of **making ends meet**, but pensioners’ views on their needs were not just to do with whether their income could meet their outgoings, but were very closely tied up with whether they felt they could **manage** without income related benefits or whether their level of need **entitled** them to benefits or gave them a right to benefits.

Only when pensioners established a need for benefit in this way did they feel they had any right to claim that benefit or feel able to describe themselves as entitled to a benefit. Establishing a need for benefit was therefore a difficult process, and once pensioners had established a need, they had to reconcile this with very negative attitudes towards claiming benefits and receiving welfare. This left them a very **narrow space within which to justify their need for benefit** to themselves. In pensioners’ minds, there was a **fine line dividing the 'needy' and 'greedy';** between those who had genuinely hit hard times, and those who

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could not manage because they were wasteful or claimed benefits they did not really need, or had fiddled the system.

Case 8, on the next page, is an example of how pensioners reconcile opposing influences of need against negative feelings about entitlement.

**Case 8: Not in nature to claim, but need more income**

Widow, age 79; lives in own mobile home; income after housing costs and Council Tax £66.42pw; assets £2,669

This widow first claimed benefits after her husband died nine years ago and she found that his pensions would not continue. She has lived in the mobile home for 13 years which she and her husband bought after selling their house when he retired (she gave up paid work after the birth of their son). They had about £2,000 left from the sale of the house after they had purchased the mobile home and she has since inherited £1,000 from a friend. She receives IS of £6.03pw on top of her State Retirement Pension, 100% CTB, and HB to cover the ground rent for the mobile home site.

"I've got used to it [claiming], I didn't like it at first ... I wasn't brought up that way. I was always brought up to stand on my own two feet, you know, but I think it's the age I was born in, the time I was born in . . . [I got used to it] when I knew that I couldn't manage without it and I wouldn't ask my family you see, I don't think it's right to impose yourself on your family and then I think to myself well, my husband, we've paid all those years into it, I'm not getting out what I shouldn't if you know what I mean. It's only what I'm entitled to."

However, it is not just the case that once need has been weighed up against attitudes that the other thresholds are easier to pass. The accounts of the pensioners show that negative attitudes can come into force throughout the decision making process, for example, Kerr's fifth stage, beliefs about the process of claiming; whether or not benefits were worth the paperwork was mentioned by some when the amount of benefit was small, but also when pride was at stake.

One couple had received CTB until their income had increased. They thought that they may be eligible for CTB again, but only a very small amount. They did not think such a small amount was worth claiming because they could manage without it, but also because their neighbour worked for the council and they did not want their neighbours finding out that they had to claim benefits.

Feelings about welfare and the ability to manage came into force when decisions were made about the utility of claiming. If pensioners felt they could manage without the extra benefit, they decided it was not worth the bother of claiming it. Only if there was a justified need, or an outcome which could meet a necessity would it be worth claiming small amounts of benefit.

One pensioner (mentioned in 6.3) received IS, HB and CTB, but had decided not to claim for help with dental costs or glasses. She felt that if she could afford these, she would prefer to pay her own way as far as possible. In her case, not taking up this type of help was a way of maintaining some independence.

The utility of claiming benefits was more of an issue when pensioners considered the possible advantages of running down assets in order to claim. The consensus here was that benefits could not replace the loss in security or income that financial assets provided (this is discussed in more detail in Chapter 7). Seeking information also involved a weighing up process, as approaching information sources was in part an admission of need.

### 6.5 Knowledge and information about benefits

Pensioners were very aware of the differences between the RP and other income related or disability benefits, and were aware when their benefit payments included benefits in addition to the RP (not surprising given their diametric attitudes towards the RP and income
related benefits). Yet, they were not always clear about the conditions of entitlement and names of the income and disability related benefits.

A range of information sources were called upon by pensioners: non-recipients tended to self evaluate their circumstances rather than seek official information; and among recipients varying degrees of involvement and encouragement had been needed depending on how they had weighed up their need for benefit against negative feelings about being a recipient.

6.5.1 Current levels of knowledge
There remained some confusion about benefits once they were in payment, and some pensioners still did not have a grasp of why they were receiving them, or why they were not entitled to other benefits. There was some confusion about qualifying conditions, and some people felt unsure about future entitlement.

Among some pensioners who did receive benefits, there was a general feeling that they were not entitled to any more benefits because their needs had been assessed. This was partly because they took it for granted that the correct benefits had been calculated, but also arose from an unwillingness to find out about any more benefits for fear of appearing to seek money to which they may not be entitled. Some had sought information about more benefits, but had still felt too unconfident and unsure to claim.

Some benefit questions which bothered recipients were whether a spell in hospital would affect a partner’s NB/IS, or if HB would cover the rent on a cottage. This last question was from a woman who lived in a local authority rented flat, and was planning to move to a residential care home because she could no longer get in and out of her home, but she wanted to rent a cottage for a while before making that move into care. Current levels of knowledge about capital limits are covered in Chapter 7.

6.5.2 Information used to make decisions about benefits
In general, once pensioners had decided they needed a benefit, they knew where to look for information. These pensioners did not always know the names of income related benefits and had approached official (DSS or council offices) or voluntary agencies to find out basic information when they were finding it difficult to manage or to find out if they would qualify for a benefit.

Lack of information about the existence of some benefits had created serious problems for some pensioners and had contributed to delayed claims in a few cases, particularly for disability benefits. There was some lack of knowledge about age limits for IVB or AA, and delay in finding out about these benefits led some pensioners to feel that they had missed out; in other cases, misinformation had led to unsuccessful claims. Among disabled pensioners, other relatives had been instrumental in making the claim for disability benefit by raising awareness about benefits and by obtaining or completing the claim for them. Some pensioners were still unsure of why they qualified for some benefits but not others.

There was evidence of information being sought at times of need rather than there being a reserve of general knowledge about benefits. Information had been sought about help in general rather than about eligibility to specific benefits. Among some of those who were in current receipt of income related or disability benefits, knowledge of such benefits had been minimal until retirement or until changes in circumstances during retirement led them to seek or receive advice about benefits. Few people mentioned receiving any financial advice before they retired, including any advice about benefits.

Non-recipients and recipients alike were able to provide a list of places they would go to seek further info: nation or had heard benefits mentioned, which are listed in figure 6.5a.
Figure 6.5a Sources of information on benefits

Mass media
- Heard on the radio eg ‘Jimmy Young Show’
- TV and radio reports about capital limits
- ‘News of the World’ feature on disability benefits
- Adverts by Age Concern in local press

DSS Media
- From information in benefit order book - assume all that need to know is in the benefit book
- General leaflets
- Information printed on forms about Council Tax

Approaches to agencies/organisations
- DSS offices
- Council offices
- Age Concern/Citizens Advice Bureau

Through past employment or current voluntary work
- Involved in trade union
- Involved in voluntary work with Age Concern

From other people
- Benefits could be mentioned in passing or specific advice sought
- Could know people who ‘have their rent paid’ or receive IS

Only very rarely did information picked up in passing from leaflets or the mass media lead to a claim. On some occasions such information led to confusion about benefits. A ‘News of the World’ feature had led to an unsuccessful claim for a disability benefit for example, and the pensioner in this case was not sure which benefit he had applied for. Another pensioner had heard about the capital limits on the radio, but did not consider claiming benefits until a council worker visiting her at home explained which benefits she would be entitled to (“Didn’t dawn on me that I would be entitled”). A successful claim followed an advert by Age Concern in the local paper. After seeing the advert the pensioner visited Age Concern and made a claim for a Community Care Grant. This pensioner had also seen the advert at a time when he was thinking that he would need some form of financial help.

Official sources of information were very important. If information was sent automatically about benefits, as the RP claim forms were, pensioners felt more inclined to accept that the benefit was relevant to them. Lack of information about benefits was also taken by pensioners to imply that they were not entitled to other benefits. Some pensioners receiving CTB or HB felt partly entitled to those benefits because the claim forms had been sent automatically, they had not needed to seek the information themselves. They also felt that if they had been entitled to other benefits, then these would have been assessed at the same time:

"I don't think I could be entitled to that [IS] because if I had been, from the information I gave them on the form, it would have come automatically wouldn't it ... because the Housing Benefit came, I didn't actually go and ask for it." (Widow, age 84; tenant; assets £4,949, income £54.04, receiving CTB and HB)

Because worries about the claiming process were very closely linked with worries about ‘eligibility’ (whether pensioners felt they needed the benefit or that their claim was justified), the more questions pensioners felt they were being asked, the less ‘entitled’ they felt to claim a benefit. Pensioners held very negative views about claiming and receiving welfare, and it was these feelings that increased concerns about the process of applying for benefits. These feelings did not disappear even after successful claims had been made for benefit and were present among recipients and non-recipients both during the information seeking process, and any subsequent claiming process.

Hearing about other people’s circumstances could also lead to or discourage a claim. In one case a man had been thinking about claiming a disability benefit, but had been told, when he was in hospital, by the man in the next bed that if he claimed AA he would lose it from his RP, so he decided not to claim. On the other hand, such comparisons could also lead to resentment that other pensioners received benefits whilst they did not. In some cases
pensioners were not bothered by the outcome of their enquiry, if they were not entitled "that was that". Others felt angry, especially if the claim had been in response to the advice of other pensioners who had claimed benefits successfully.

As documented in other research, the timing of the advice was also important, and again is closely associated with the point at which the need for a benefit is established. The following example shows the importance of encouragement from a relative, but also the timing of that advice.

In this case, the widow was regularly drawing £100 to £200 from her savings and was very worried about the rate at which they were decreasing. A leaflet sent to her by her niece about CTB had triggered off a telephone call to the council for more information and she was thinking about putting in a claim. She had £24,000 in financial assets, but the council had informed her that only 'available' capital was counted in the assessment for CTB, and she had calculated that, in her case, this amounted to £14,000. However she still seemed confused about the capital limits, believing the upper limit to be £18,000 rather than £16,000 (see section 9.2 for more about capital limits).

This example illustrates another process. When pensioners felt less sure as to whether their circumstances justified additional financial help, they sought further information, usually from friends or family, about benefits before deciding whether or not to submit a claim or seek 'official' information. Because of doubts about need and negative feelings about welfare, pensioners sought out information about eligibility to avoid submitting a claim or approaching official sources for information, only to be rejected. For some pensioners, the more negative they felt about benefits, the more pro-active the knowledge source had to be to lead to a claim. Some of the more pro-active sources of information are listed below:

- **Home visits from local authority, social services**
  - Rent "lady" (rent officer)
  - Social services
  - Home help

- **Approaches from health care professionals for other, related reasons**
  - Social worker in hospital
  - GP

- **Family or friends**
  - Sister, brothers who may have claimed
  - Relatives involved in care for pensioner(s) who encourage claim
  - Family with access to information.

Family or friends could facilitate a claim, not just because information had been supplied, but because such encouragement reassured pensioners that it was legitimate to claim. Legitimacy was associated with support from friends and family, although in some cases lack of support or agreement about eligibility could deter as well as encourage a claim. In one case a widower consulted his son who worked in the same building as the local DSS Benefits Agency office. His son found out that his father earned too much to qualify, the man was upset about this, but did not look for any further advice. Some of the ways in which particular information sources influence a claim for benefit included:

  - Confirm likelihood of success
  - Provide (dis)encouragement
  - Obtain and complete claim forms
  - Sort out problems

6.5.3 **Self assessment of need**

The information sources discussed above were only part of the picture. Self assessment of need for benefits also played a role in people's perceptions of whether or not they would

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Hedges and Thomas, 1994
claim benefits. Non-recipients described why they thought they would not qualify for benefits in a number of ways. They thought that they would not be eligible either because they thought they had enough money to ‘manage’, or because they thought the level of their income or assets was too high; or because they did not identify their own economic circumstances with those of other people who did receive benefits.

What was noticeable among non-recipients of benefits was the importance of **comparisons with other people** in providing them with information about whether or not they would be the sort of people who could claim benefits. Their judgements about whether they were eligible for benefits were **rarely tested by actually submitting a claim for benefits**. Most of their views were based on perceptions of who they thought benefits were for, rarely because they had made a claim or sought information from an official source. Decisions about eligibility were not based on comparing personal incomes with benefit rules, but were based on subjective judgements about whether they felt they had enough money, or felt their circumstances were ‘deserving’. Commonly expressed views are summarised in figure 6.5b.

![Figure 6.5b Views of non-recipients about eligibility](image-url)

- **Not entitled**
  - Worked it out myself
  - Always thought I wouldn’t be entitled
  - I just know I am not entitled

- **Income too high**
  - Greedy to claim with this income
  - OP cuts that out. If you just had the State Retirement Pension you would probably be eligible
  - It’s a waste of time with me, because I’ve got two pensions. As soon as they find out you’ve got a little pension you’re crossed off straight away
  - No government would give out benefits to me with our income

- **Assets too high**
  - I wouldn’t get it would I with money in bank
  - I have a house and pay tax

- **Not for people like us**
  - IS for families . . . people with rented places
  - IS/CTB are for the desperate

### 6.6 Implications of attitudes about benefits for money management

The strength of negative feelings about claiming benefits in addition to the RP implies that benefits were not part of pensioners’ initial money management strategy, and that instead, their attitudes influenced steps to avoid claiming additional benefits. **RP was central to any financial plans for retirement** (or lack of plans because it was assumed the RP would provide a sufficient income). In contrast, **income related benefits were used as a last resort** when those financial plans had been disrupted by changes in circumstances.

The majority of retired people’s plans were made on the assumption that they would have little control over changing their level of income apart from earnings; but where pension incomes are supplemented by earnings, these are more likely to decrease and diminish with age. Some pensioners wanted to continue part time work throughout their retirement and were finding it difficult to manage without the flexibility of earnings. The other way of increasing income is through financial assets, but few of the people interviewed felt able to save, and were worried about drawing on their savings to boost weekly income because they had no idea how long they would live, and how long the savings would last. This left an **unplanned and undesired alternative**, to claim additional benefits.

Pensioners’ attitudes towards income related benefits were similar to those found in other studies among pensioners and low income households, as were attitudes towards debt. The **need to maintain independence** by trying to manage without income related benefits appears to be strong among pensioners of all age groups. Although these attitudes are not just typical for pensioners, they can take on greater importance in response to fears about losing independence associated with ageing.
The aim of this chapter is to highlight the levels of knowledge about financial assets held by recipients and non-recipients of income and disability related benefits in addition to RP, and to discuss the relationship between attitudes and assets, claiming benefits, and money management.

7.1 Knowledge of capital limits

Most people knew that capital limits for such benefits as IS, HB and CTB existed, and although there was some variation on knowledge about the actual amounts pensioners' guesses were usually close to the limits (see Appendix II for details of these). On the whole, knowledge of capital limits was a mixture of fragments of truth and pieces of misinformation. There was some confusion about the significance of the lower limit; some pensioners thought that they could not claim any benefits after this limit, others thought that they could still claim smaller amounts of benefit. There was also some confusion between the different limits for IS and CTB or HB. Those who knew very little about capital limits were generally people who had already decided that they were not eligible for benefits because of their income.

A few pensioners had a very accurate knowledge of the capital limits for benefits, including some who felt quite angry about the formula used for taking capital into account. The 'tariff income' formula (for each £250 or part of £250 of capital over £3,000, £1 is deducted from weekly benefit entitlement) is used to calculate the weekly contribution towards normal living expenses expected from capital between £3,000 and the upper capital limits. Although the formula is not intended to represent the rate of return that could be obtained by investing the capital, pensioners perceived otherwise. They understood the formula to imply that each £250 of their capital over £3,000 could generate (rather than contribute) a weekly income of £1 and felt particularly aggrieved about this because they could not see how such levels of interest could be generated from their financial assets.

7.1.1 Benefit recipients' knowledge and misconceptions about capital limits

Entitlement to benefits was more likely to be thought of as based on income than on savings. Pensioners tended to think that only those on the basic RP would get help for example, or that people with an OP would not be eligible for benefits. Some reasons for not qualifying for benefits were:

"It's the occupational pension"

"If you are a penny over, in fact your old age pension is usually just that little bit above Income Support, you can't get Income Support"

"They told me £71 was over the amount"

"If you are on a flat pension you'll probably get Income Support".

There was some awareness of capital limits. These were suggested as: £3,000, £4,000, £8,000 and £16,000:

"Can have up to £3,000 before Income Support is lower"

"You are entitled to £8,000 in savings"

"Its £3,000"
"On the news it was £4,000, then it went up to £8,000".

Some people were aware they would get more help if they had fewer savings, some had previously been turned down for benefits being above the capital threshold. Those with savings nearer the lower limits for IS (£3,000) seemed to be particularly aware of the capital limits in contrast to those with no savings (also see discussion in 7.2).

7.1.2 Non-recipients' knowledge about capital limits
Non-recipients of benefits had various ideas about the capital limit for IS; suggested levels included: £6,000 for IS; £3,000 and £8,000 for some (unknown) benefits; up to £8,000 for IS; or if £8,000 or £10,000 is held, benefits cannot be claimed. Knowledge of capital limits was weaker in cases where capital had not been considered because pensioners had already assumed that they had too much income to qualify for benefits. One man thought that an £8,000 limit applied to IVB. The range of information held about capital limits is summarised below:

**Savings in the bank and the value of the house**
There was uncertainty if the value of the house was included.

**Savings in the bank, income and the interest generated by the savings**
All three were thought to be added together.

**Savings alone**
"Allowed capital up to £8,000"
"If you have less than £8,000 you can get certain things"
"£16,000 - you're out of it"
"They say we're allowed £4,000"
"£4,000 or £6,000, I think it's £4,000 before they say no"
"If you have £3,000 you are not entitled, but if you have £8,000 you might get a bit"

**Income over £100 or £130pw**
Some pensioners specified incomes which they thought placed them over the limits for eligibility for benefits rather than savings.
"I earn too much"
"I have an occupational pension".

7.2 Attitudes towards running down assets in order to qualify for benefits
Nobody interviewed said that they had run down their financial assets in order to qualify for benefits. Even recipients and non-recipients with financial assets on the borders of the capital limits would not run down their assets to qualify for more benefit.

Two pensioners had transferred their assets to another person's account:

In one case, a pensioner had moved savings of £700 into her daughter's account. Having been advised about benefits by her daughter "I said what is Social Security? ... I thought it was begging or something", she was worried that her savings would disqualify her from benefits, but she wanted to keep the savings to pay for her funeral. Moving the savings into another account was the only way she could cope with withholding information from the DSS "... I'm one that do tell them [DSS] you see, but you don't get nowhere by telling them". She had since discovered that her savings were below the limits for Income Support, but kept the money she had originally moved in her daughter's account so her daughter would have ready access to funds to cover funeral costs.

In another case, assets amounting to about £30,000 were held in an account in the daughter's name. However, this was in the case of a somewhat obsessive money manager and nobody in the household received income related benefits; the move appeared to be more for tax avoidance.

Attitudes towards running down financial assets in order to qualify for benefits were closely tied to attitudes to financial assets in general and attitudes to claiming benefits. A number of
pensioners had considered running down their financial assets in order to qualify for income related benefits, but rejected this as an option because of the combined force of their attitudes towards assets and claiming benefits (see Chapters 4 and 6). Assets were seen as integral to money management and the loss of this was weighed up against any gain from receiving benefits; invariably pensioners felt the gain in benefits would not offset the loss in income and security from their financial assets.

One person specifically mentioned that he might be penalised if he took this course of action, and that this was more of a deterrent for him, detailed below.

**Case 1: Fear of being penalised for using up savings**

*Divorced man, age 66 living in a sheltered flat with a rent of £67.00pw. RP £71.35pw, OP £29.55pw which will finish in three years, savings £14,000. He thought that he would need to claim benefits when his OP finished, but felt he might be penalised because of his savings.*

“I’ll have to reapply for another one [meeting with DSS about benefits] once I’ve spent some more. See, the idea of them is for me to spend a bit more isn’t it so once I get down to me £8,000 or something, or £6,000, I can claim benefit . . . I could give £5,000 to the daughter to help her out or I could give another £5,000 to me grandson, but they [DSS] want to know why . . . they might turn around and say well you spent the money like that, you’re entitled to keep up your payments [for rent] so therefore you shouldn’t have given your money away like that . . . they get you anyway so it don’t matter what you try”.

There was evidence of serious thought in the considered answers people gave to the question of running down their savings, some had calculated the amounts involved, but all had rejected this as an option. Some had calculated that the income gained from benefits would in no way compensate for this loss of security. The following case illustrates how such decisions were made.

**Case 2: Serious consideration given to running down assets**

*Couple age 78 and 71 living in their own home. They had an income of £7.79pw and savings worth £19,926 and had received a rate rebate until 1988.*

“Up until 1988 we qualified (for a rate rebate) … the government changed the, moved the goal posts and changed the rules so that instead of the interest on our savings counting against us, it was the capital itself . . . Above £3,000, for every £250 the government says that earns £1 a week . . . I wrote a letter to my MP asking him if he knew where I could invest £250 to earn me 21.7% interest . . . if we reduced our capital to the point where we qualify for CTB we would get . . . say £200 or £300 a year at the expense of £1,000 interest a year. So it doesn’t make any sense at all . . . we wouldn’t have that cushion of finance that was available to us to meet that eventuality . . . if I reduced that capital I will start living on a knife edge because I would be worrying myself sick all the time as . . . we haven’t got the means of meeting the problem”.

There was discontent and worry among some pensioners about the fact that capital limits did restrict access to benefits. These pensioners felt penalised for being thrifty and careful with their money, but on the whole, when they weighed up the alternatives, pensioners preferred having the independence and peace of mind they derived from their savings rather than extra benefit income. The views present among households with assets just over the upper limits (£8,000) are summarised below.

One couple with savings of £9,000 had no intention of decreasing their savings and were happy about the benefit implications.

Another couple with savings of £8,000 or just over, felt angry and worried that they could not claim IS. The savings were in the wife's name, but she was in hospital and had a much reduced State Retirement Pension, so her husband was finding it very hard to manage.
Another felt angry that they had to use their savings when other people received HB.

A single pensioner with savings in excess of the upper limits for HBICTB did not have any resentments about being excluded from benefits, she said her savings were there to prevent the situation ever arising of having to "grovel" to someone else.

Some pensioners had applied for income related benefits just before they reached State Pension age and had not qualified because of their financial assets. These pensioners had to use their savings to supplement their income (or as their sole income) and were now either receiving benefits, or considering reapplying now that their savings had decreased. They had not purposely run down their savings, or speeded up the use made of the savings in order to qualify for benefits:

"In a way it was a fair thing, 20 month before we had any help from the state" 
(Couple with assets of £2,500 and HB and CTB).

Another couple had also had to live on their assets of £7,000 for some months. They had spent down to £2,000, but did not want to spend any further so that they had something to leave their daughter.

Three households with assets over £3,000 received income related benefits, and the tariff income (see page 51) which those assets attracted would have been taken into account when the benefit was claimed. In one, a widowed tenant held financial assets worth £13,000, part of which was invested in bonds which generated a weekly income of £14. She also received around £18 per week Housing Benefit, and her income after housing and Council Tax costs was £42.65 She felt ashamed about claiming benefits, but felt she had no choice after a drop in income following the death of her husband and a rise in rent after the death of her landlady, but she also felt angry that her savings prevented her from claiming more benefits because she had worked hard to save.

There was also an alternative view that use of benefits could protect assets. One widow with assets of £17,700 greatly valued the security these assets provided, and if the situation arose that she would need another income, and she had the choice, would rather claim benefits in order to protect her assets.

7.3 House property assets and benefits

Property is another important asset, associated with higher financial asset levels. Few recipients of income related benefits in this sample were owner occupiers, particularly recipients of IS. If owner occupiers in this sample did have a benefit, it was more often than not Council Tax Benefit. Those home owners who did receive IS included pensioners with very low levels of financial assets and with experience of disrupted employment before they retired. Their decisions about retaining their home and claiming benefits had more to do with personal circumstances than views about using benefits:

A widower first claimed benefits about fifteen to twenty years ago when he stopped full-time work and later sold his business so that he could spend more time caring for his wife. He did not want to sell his house because of the memories it held about his wife. He was aware that he may lose benefits too, but this was not the main factor in his decision.

Another widow claimed IS after her husband died; she had spent what little savings she had on her husband's funeral (he had left very little money) and found herself faced with mountains of bills, but also, to her surprise, with much reduced OP from her husband's employer. Only after her husband had died had she discovered that he had not paid a full contribution for her in his OP scheme. For the first few years following his death she received financial support from her daughters. She thought that she might be better off selling her home, but her family were very much against the idea as they considered the house a family home.

The prevalence of income related benefits among tenants in this sample is notable. Generally, if any income related benefits were in payment to tenant households, IS, HB and
CTB were all paid, with 100% HB and CTB in several cases (see table 4.6d). The numbers of tenants and owner occupiers receiving benefits are summarised in the following table.

![Figure 7.3 Tenure and receipt of benefits](image)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Tenant</th>
<th>Owner Occupier</th>
</tr>
</thead>
<tbody>
<tr>
<td>RP only</td>
<td>5</td>
<td>21</td>
</tr>
<tr>
<td>RP+Income related</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>RP+Disability/Income</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>RP+Disability related</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>30</td>
</tr>
</tbody>
</table>

In nearly all cases in the sample, those pensioners living in rented accommodation had done so throughout their working lives. Some exceptions were pensioners who had lived in company houses and had either inherited property or moved into council accommodation and then claimed Housing Benefit following retirement. Such situations were the closest that benefit claims came to be associated with the actual date retirement. Two other householders were both widows who had sold their previous homes and were now living in rented accommodation (one private, one local authority) and receiving HB and CTB, but these moves were in response to personal circumstances rather than to claim benefits.

One of the women had sold her house to her son because she could not afford its upkeep once her husband had died. She had planned to remain in the house, but decided to move after disagreements with her son and his wife. The house was valued at £23,000. She gave £5,000 to her son towards the deposit and £5,000 to each of her three daughters. Her income after housing costs was £59.74pw. She was happy with the benefits she was receiving and felt that if she was entitled to any more benefits someone would have informed her, just as they had about the HB and CTB, but she also felt she would be worried if she did not have her savings of just under £5,000 behind her.

Another woman was age 64 and was very worried at the rate at which her savings of £6,000 were reducing. She had sold her home and moved into rented accommodation with the intention of living off the proceeds of the sale and it was a shock to her that she had to claim benefits. She initially had £30,000 when she sold her house six years ago and has been receiving a pension since her husband died thirteen years ago. She had CTB of around £2pw and a rent rebate, both of which began about three months ago. Her income, after housing costs and Council Tax was just under £30pw (apart from any interest payments) and she had recently sought advice about claiming more benefits.

McKay's review of pensioners' assets' discusses work about the take-up of home equity release schemes, and reports that the use of such schemes was low for a number of reasons, including whether the increase in income will adequately offset loss of State benefits. Two households in the sample had such schemes: one, a widow, also received IS; the other couple did have CTB which stopped when the scheme began. The couple were surprised, but not unhappy with this outcome as they preferred to generate their own income rather than claiming benefits. Pensioners' decisions about the take-up of these schemes had more to do with attitudes towards property than to benefits (see Chapter 8). In some cases pensioners who were already receiving benefits had thought about moving.

The assumption that people accumulate assets whilst in work, reaching a maximum on retirement and then use up these assets during retirement years would imply that benefits would only be used in later years, when people outlive their financial assets. Instead, pensioners wanted to maintain financial assets throughout retirement, with a reluctance to

McKay, 1992
wind down financial assets or housing equity. When there is less room for accumulation of financial assets just before retirement due to, for example, changes in working patterns or early retirement, then there is a greater possibility of claims for benefit.

None of the pensioners interviewed considered using up their financial assets to qualify for benefits. Those pensioners who had financial assets saw them as an important form of security in the face of the unknown and unexpected. Those pensioners who were receiving benefits had claimed them in response to the unexpected when they had no other resources to draw upon.
Part Three: House Property Issues

Assets of different types have been discussed in Chapter 4 but with one exception. House property as an asset was an area of particular policy interest behind this study. As such, it is described in greater detail here.
8 House Property Issues

Housing is the single most important source of wealth in the UK. For many pensioners who own their homes, whilst their house property may be a substantial asset, this is offset against low income and diminishing other assets. This group, who might be described as 'housing rich and income poor', were of particular interest in the study and are examined in this chapter. Any issues connected with house property that have implications for money management are covered, including outgoings/costs unique to home owners, and thoughts or actions on ways of releasing capital tied up in property equity, such as moving home, or making use of equity release schemes.

Information from the tenant interviews is included insofar as these people may have been owner occupiers in the past, and to make contrasting points.

8.1 Background

8.1.1 The owner occupiers interviewed and their property

Figure 8.1 provides background details on the number of owner occupying households. Some further details appear in section 2.5 (tenure), 3.5 (changes in retirement), 4.1 and 4.4 (assets).

Figure 8.1 The owner occupiers and their property

| Total interviewed (households) | 30 |
|Ownership status: | |
| Property-owned outright | 23 |
| -mortgage | 4 |
| -debt to sister | 1 |
| Equity release scheme | 2 |
|Property type: | |
| House | 15 (includes two equity release schemes) |
| Bungalow | 10 |
| Flat | 3 |
| Mobile home | 2 |

Property values (and owners' financial asset levels): (in £thousands)

- £10(£2.7)/£10(£5) (both mobile homes)
- £26(£6.5)
- £35(£2)
- £40(£3.8)/£45(£14.6)
- £50(£2.8)/£54(£1.7)*-equity release scheme 'Homeplan'
- £55(nil)/£55(£0.9)*-annuity on the property
- £56(£6.6)-owes sister £2,000. Also has share in other (inherited) property rented out
- £60(£4.6)-value of property shared with ex-husband who pays the mortgage £60(£8)/£60(£17.7)
- £70(£1)*-mortgage 11 years to run (£13)/£70(£50)
- £72(£7.5)*-small mortgage retained - for sale to release capital
- £80(£1.2)-mortgage ends next year (£80/£8)
- £88(£0.5)/£89(£24.2)
- £90(£2.4)/£90(£20)/£90(£27.2)
- £95(£19.9)/£99(£5.7)*for sale (mix of reasons)
- £100(£10+)/£125(£11.2)
- £180(£7.7)

*Described in case studies throughout this chapter

Property values ranged from about £10,000 (a mobile home) to £180,000 reflecting the range in property types and areas. These values are of course approximate: they are the 'best estimate' made by the researchers on the basis of the owners' own estimates, their
Council Tax band, and in some cases, interviewers’ enquiries of local estate agents. Only if
the property was currently on the market, recently valued, or recently purchased, or if there
was reliable knowledge of neighbours’ valuations (of similar property), are they likely to be
more ‘accurate’ or precise.

8.1.2 Owners with mortgages
Four households, all relatively young pensioners aged in their sixties or early seventies, had
mortgages outstanding. In two of these cases, the mortgage payments had little or no impact
on their money management situation: for one couple (aged 66/64) it was solely a
technicality, a decision to retain £300 for deeds and insurance; for a divorced woman (aged
61) the mortgage was paid by her ex-husband (she did not know how many years it had to
run).

In a further case, the mortgage was within a year of completion. The couple (aged 66/62)
currently paid £50.72pcm into it; they looked forward to the time when the house would
"become free". There were few problems at present as the wife was still in full time
employment, but with assets of just £1,200, and worries about the cost of house
maintenance, there was concern for the future.

In the final case, mortgage payments were an extra and continuing outgoing. At £40pm they
were perhaps lower than an equivalent rent payment might be; but with no eligibility for HB
and the need to pay repair and maintenance costs, ill afforded on a £71.08 weekly income: a
problem affecting money management (case 1).

<table>
<thead>
<tr>
<th>Case 1 : Continuing mortgage</th>
</tr>
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</table>
| Widower, 71; in poor health; living in a house valued at £70,000; assets £1,000; total
  weekly income £71.08; mortgage £40pm |
| The mortgage still has 11 years to run due to a mortgage extension taken out in the past
  when he was unemployed (he worked as a welder). The repayments are £40pm, paid out
  of a weekly income of £71.08 (RP). The income is supplemented a little by contributions
  from his brother-in-law who lives there now and then (towards food/TV/decorating
  costs). He knows that he ‘should sell the house ’, and has been advised to do so by his
  daughter, but finds it hard to take action having lived there 28 years, knowing the
  neighbours and the area. Importantly also it is the house in which his wife died (18
  months ago). He will not move in with his daughter who lives nearby as he values his
  independence too much. He says he is not expecting to live much longer and is in poor
  health, with emphysema, occasionally hospitalised. He “just takes things day-by-day”:
  “things are tight moneywise” |

8.1.3 Acquisition of the property
Some of the owners were fairly new to home ownership, having inherited property, or
having bought it with inherited money. Two had taken advantage of a low cost home
ownership initiative such as Right to Buy.

Others were long term owners who had bought their property with mortgages. With the
exception of the cases described above (8.1.2) these mortgages were now all paid up.

It did not appear that the mode of acquisition of the property affected decisions on whether
or not to move.

8.2 Property as a burden or a benefit in older age
Not all the owner occupiers dwelt on the negative side of home ownership. A few expressed
relief at not having to pay rent (either in a general sense; or specific to their situation, for
example if they had inherited the property, having previously been a tenant), or relief at
having reached a mortgage-free stage. On the whole, the property tended to be regarded not
so much as a financial asset as, first and foremost, your home, particularly if lived in for
many years. Though recognised technically as an asset, and the key asset, feelings of
emotional attachment to the place, or pride of ownership, were likely to predominate. This,
plus the fact that many regarded the property as a key part of an inheritance to leave to sons
or daughters, made people loath to sell to realise capital.
On the negative side however were the costs associated with home ownership and, in some cases, the bother of having to deal with it. This related to repairs/renovations in particular. To a lesser extent, the cost of property insurance was mentioned. Lack of financial help, such as Housing Benefit, available to tenants but not to owners, was also mentioned. All this was made the more poignant, some pointed out, by the assumptions of other people regarding home owners’ supposed wealth simply by virtue of the fact that they owned their homes:

"Because you own your own house [people] seem to think that you're alright. They don't seem to realise that it's a struggle to keep it. We just manage to get along don't we." (Couple 72,72; House £50,000-60,000; nil assets; £120.23pw total income)

The following sections look first at factors associated with the financial ‘burden’ of home ownership and then at factors in the decision on whether or not to attempt to realise assets from property.

8.3 Outgoings for home owners

8.3.1 Costs of repairs, renovation or maintenance

The cost of repairs/maintenance was the key problem. It was much mentioned. The following observations are notable in this context:

-This represents an additional, unaccustomed cost for some pensioners as they become physically less able to do this kind of work themselves. Diminishing physical skills or poor health can necessitate paying someone else to do a job which in earlier days they would have done themselves. Some had been in the building trade for example, others did DIY. So this item was not necessarily budgeted for when they were younger, fitter, or more able.... “I'm not doing that anymore. ”

-Potentially high levels of costs are involved, eg for a roof, porch, double glazing, replacement windows, redecoration, central heating: several hundred pounds or four-figure sums of money.

-As such, they are potentially a key drain on assets. There were several instances of pensioners breaking into assets for this type of item. Use of retirement lump sums, money from an inheritance and building society accounts were all mentioned.

-Some of the pensioners regard a component of their assets, in a particular account say, as allocated specifically for this purpose, eg "My roof account".

-It can be a worry: ("little things keep coming up") - in particular, the thought of what might/could happen and how to pay for it if it does. This could be a key trigger to considering a move. It was less of a worry for the respondents with higher assets.

-Family help with repairs/maintenance jobs was sometimes mentioned, eg brother-in-law redecorating the house. This can be a problem for those with no family.

8.3.2 Cost of house insurance

House insurance represented a substantial outgoing: sums amounting to three figures (sometimes paid jointly with contents insurance) were often paid, per annum. Some felt they were under-insured.

8.4 Moving house to release assets

Many of the owner occupiers interviewed had low financial assets and low income. Their greatest asset in terms of financial value was their home. Yet the option to sell the home in order to release capital was beset with many barriers.

Although several pensioners had moved home (or planned to) since retirement, hardly any had done this specifically to release equity. In just one, unusual case (case 2 on the next page) was this the sole and specific intent; in a small number of other cases capital had been (or hoped to be) released but a complex mix of other factors lay behind the moves. Several barriers, practical and emotional, prevented moves designed solely to increase financial
assets. Not least among these was the perceived lack of availability of alternative, lower priced, and suitable accommodation. The range of these factors is highlighted in the case studies below and discussed further at the end of this section.

The evidence from this study comes from the majority of the owner occupiers who had retained their property. Some of these owners with particularly low assets had considered the option of moving home to release assets but had so far stayed put. In addition:

- two of the owner occupiers had their property for sale at the time of the interview. The intention in one of these cases was to trade down to release capital with which to enjoy life more. The cost of repairs, maintenance and other outgoings on the property was one of several factors in the other case. (See cases 2 and 3)

- two of the tenants had been owner occupiers, had released capital through the change of tenure, and were now in receipt of HB. (See cases 4 and 5). Several other factors had however been involved in this decision to move.

- three of the owner occupiers had released some capital on previous moves but had remained owner occupiers. This money had either: created assets [£2,000]; been given in part to children, rather than be left as inheritance after death; or spent [£15,000] on renovations to the new home.

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**Case 2: Owner occupier selling to release capital**

Couple 66/64; bungalow for sale at £72,000; hoping to trade down to a £50,000 property. Financial assets £7,500 but diminishing. Total weekly income: £169.46

He retired last year (she had retired two years earlier) from their jobs as postman and machinist. They made a decision, unusual among our interviews, to continue living their lives in the same way as before, when in work, without cutting back: in effect, living above their retirement income. The plan originally was to stay put until he was 70 and then to sell the house to release capital. But eight months after he retired he discovered he had cancer. This, plus the fact that the garden is now hard to manage, has been a factor in bringing the plan forward.

They hope to buy another bungalow for about £50,000 thereby releasing about £20,000. "Then we've more capital to last us the rest of life .... to carry on our lives as we always have done".

A concern is to buy the type of property that their daughter will eventually be able to sell (when she inherits) and redeem for cash. As a fall back, they have also applied for a Corporation flat (applications have so far been turned down) though they feel that the key disadvantage of this would be the draining of their capital on rent instead of having the benefit of enjoying it.

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**Case 3: Owner occupier selling for a mix of reasons**

Single woman, 72; bungalow for sale at £99,500. Reasons for sale include: current level of outgoings, future maintenance/repair costs, and cut off in rural village (hence, travel costs and reliance on car). Assets: £5,700, diminishing. Total weekly income: £158.48

The bungalow was built to her own specification when she bought the land 23 years ago. She regards it as her key asset and is loath to sell but "All these things [above] are mounting up. I'm not getting any younger". A key concern is being cut off in a rural area as she gets older and the potential transport problems that would ensue if she gave up driving. The cost of maintenance and other outgoings on the property, eating into her assets, are further factors.

There is a great reluctance however, even to talk of selling the place. "I can't bear the thought of it at the moment ... " It has been on the market for three years and she is delaying serious thought of where she will go until a buyer is found. Ideally, she would like a property that is not cut off, has no transport problems, and is in a lower CT band. Yet she anticipates that the move will probably not release enough capital to fund this.

Having no family she feels she lacks an advisor. When an offer was made on the property, some time ago, she consulted a neighbour's advice on whether or not to accept it.
Case 4: Ex-owner occupier, now a private tenant, who sold her house to move to be near her mother and family

Widow, 64; assets £6,000; total income including HB £88.68pw

Some time after her husband died (she was widowed 13 years ago) she sold their house in the North and moved to the Midlands to be nearer her family. She also gave up working part time (as a shop assistant) at this time. She first lived with her mother for 2 years until her mother’s death. Six years ago she moved into a privately rented house.

The house was sold for £36,000. Some of the released capital went towards paying the solicitor’s fees, removal costs, and furniture and carpet for the current rented house. There was also some outstanding mortgage. The remaining capital is continuing to diminish rapidly.

She now has £6,000 left, kept in the building society. She draws £250pm from this to live on. The rent is £140pcm. She receives £52.60pw RP, £24pw HB, £2pw CTB, and interest from savings £22pcm.

The financial situation is of some concern but no great worry. “I’ve got a little I could use in an emergency . . . sufficient to see me through my days . . . [she has heart and blood pressure problems]. When my savings are gone I will have to manage on Social Security and cut down on everything like food, heating, clothes.” She says she may change her spending when her capital gets down to £3,000. She has her name on the council house waiting list and would like to be nearer her daughter (5/6 miles away). The area in which she currently lives is very rural and she has no car. Although reluctant to move because she likes the locality she says it would be more practical to live in a nearby town near shops.

Case 5: Ex-owner occupier, now a local authority tenant, who sold her house to her son.

Widow, 84; £4,949 assets, total income including HB £98.82pw

She had moved to the area with her husband and purchased the house when her husband retired. Two factors were instrumental in her decision to sell. Both followed the death of her husband.

Some time after he died her son moved in, having separated from his wife. When he later remarried (10 years ago) his new wife lived there too. This was one of the factors that triggered thoughts of moving: “The wife and I didn’t get on so well, we didn’t sort of hit it off . . . and she really upset me at times . . . So I decided I better move or I’d be miserable here”.

The other factor was the financial difficulty she experienced in running the house, following her husband’s death. Her income reduced considerably in widowhood (his OP that she received reduced by two-thirds). Problems arose over the cost of repairs and maintenance. “It wasn’t so easy when I was the owner... I was having a job to maintain it”.

The house was sold at £23,000 but she gave her son about £5,000 for the deposit, then gave her daughters £5,000 each, leaving £2,000 for herself.

She applied for local authority housing and after a year on the waiting list moved to this bungalow.

Although initially doubtful about whether to move, she is now glad she made the change.

There were many factors to weigh up before the decision to sell to release capital was taken. Unless there were other circumstances necessitating a move, it seemed that only in cases of acute financial need to release the capital might the barriers be overcome.
Key factors in the decision to sell to release assets included:

- **The suitability of the property lived in**
  eg size, stairs, cost of upkeep, type of locality (eg rural/urban-proximity to shops, etc): **whether the owner(s) could physically manage to keep it on.** "Would move to bungalow if arthritis got worse". This was likely to relate to **health/mobility** eg managing stairs. It could also relate to **bereavement (/divorce)**, eg difficulty managing after partner's death; and to **proximity to family.**

- **Emotional attachment to the property**
  Many of the owners had lived in their homes for long lengths of time. House property was thought of as a home, with memories, rather than as an asset.

- **Views on retaining the property as an inheritance for children** (see section 5.1.3).

- **Views/experiences in general in relation to moving house**
  - the potential trauma of it. "I've never been one to move about..." / "Moving house is the next worse thing to divorce". Older pensioners were especially likely to be reluctant to take on the upheaval involved unless absolutely necessary: "Too old to move now".

And, importantly:

- **The perceived differential between the price obtainable for the present property and the likely price of the next.** "What could we buy?" Many of the owners were living in low value accommodation.

- **The relative costs of living in the property (outgoings) in comparison with the perceived costs of living in other property.**

### 8.5 Home income plans: awareness, attitudes and use

Two of the pensioner households interviewed had organised some form of equity release scheme.

Among the other owner occupiers, awareness of the existence of schemes to enable home owners to convert their property into financial capital was high. Yet people tended to be very vague about the details of such schemes. While a few had seriously considered this as an option, and, often with the help of sons or daughters, had obtained details, there was a reluctance to take up this course of action, and some suspicion:

"You can then use some of the capital on the property... You take it out on insurance and it covers so much, you get so much cash out of it. And you put that back into a Building Society or something that pays the interest. I don't know how it works" (Couple 66/62; detached house valued at about £80,000-"Which is quite an amount to sit on"-with one year of mortgage still outstanding; assets £1,200. They have considered selling but say they would want somewhere bigger. Lived there 17 years. Two children abroad. Total income £315.63pw at present because she works part time.)

"My son found out about it... I definitely wouldn't do it. I've looked into it quite carefully and I'm not prepared to do that... Had all the literature about it and heard so many stories. No, I wouldn't do it. They take your money don't they and it's not really your property anymore is it? No I wouldn't do that." (Divorced woman, 73; flat valued at £45,000; £14,610 assets; total income £93.62pw)

"Wondering about a scheme where you sell the house and pay rent to live in it (and its easier to have rent paid for you by the council). But if he dies the family don't get anything." (Widower, 72; bungalow valued at £80,000; 25 yrs; son nearby; £800 assets; £89.93pw total income)

Has considered releasing house equity - but not for an income - would want the capital to invest herself - not worth doing it for £100pcm, maybe for £200 (Widow, 70; flat; £89,000; £24,000 assets; £94.97pw total income)
"[Has heard of re-mortgaging plans]

Will try not to do that. Prefer not to unless desperate. I've always had my own place." (Widow, 75; bungalow £56,000 on which she owes her sister £2,000, lived in 2 years; £6600 assets; £88.72pw total income)

There were three key reasons why, despite low and (for some) diminishing assets, this option was rejected. The reasons concerned ownership, security, and inheritance. The home would 'no longer your own place', and therefore by implication less your home ("Prefer not to. I've always had my own place"); you might become financially less secure ("they take your money"); and, importantly, the inheritance, of which the property would probably be the most substantial part, would be eroded.

Rather than take up a Home Income Plan, the suggestion was made that a more effective course of action would be to sell the house, become a tenant and claim Housing Benefit (as had happened in cases 4 and 5).

General hearsay, sometimes information from sons or daughters, were two sources of this awareness that were mentioned. Children could be an influence either in encouraging the older person to sell the property (to release capital) or, to a far lesser extent, to keep it, for example for sentimental reasons.

Of the two households taking part in this study who had made an arrangement to convert their property into financial capital, one was new to home ownership and had taken out the scheme on an inherited property that they found expensive to run (case 6); the other had needed the money to install a heating system when he became ill (case 7). Both had low levels of financial assets. The respondents in these two cases were vague on the detail of their schemes.

**Case 6: Home income scheme: 'Homeplan'**

Couple 81/81; small terraced house that originally was her father's home (valued at £54,000), which they inherited; £1,750 assets; total weekly income £120.57 which includes £20.95pw from the scheme

The couple have lived in the house 8 years, moving there first to care for the elderly father. The inherited property was the first that they had ever owned. Previous accommodation came with their work (chauffeur/van driver) which took them all over the country. They found the house expensive to run.

A TV advertisement about schemes such as this led to first thoughts of action. They obtained further information from an estate agent, and received advice from the bank manager on which scheme to choose. There are no concerns about leaving an inheritance: the children are "well off", "therefore have no need for the house". "Why should we not get the benefit from the house?". They initiated the scheme in order to release money and provide income. The value of the house was £54,000; £30,000 was raised and invested. They pay 8.5% tax and 1% administration costs.

"To tell you the truth we don't understand it [the home income arrangement] and neither does anyone else"

**Case 7: "An annuity on the house"**

Widow, 78; bungalow valued at £55,000, lived in for 35 years; £899 assets; total weekly income £81.41 which includes £12.84pw from the annuity

"I've got an annuity, so when I sell it I've got to give them back £35,000. So I don't know that you would call it that I own it [the house] or [that] it is mine . . . It is like a loan I suppose."

The arrangement was organised by her husband (who has since died, 5 years ago). He set it up, when ill, to release money to pay for the installation of central heating. She is hazy about the details of the scheme. "Everybody [large family] was saying 'get an annuity'".

She was thinking of selling the house-"thinking oh I can't deal with this" for a smaller place. The grandchildren were against this however remembering good times spent there when young [it is in a seaside town]. She is also unsure that a sale would release enough money to buy somewhere else ... "and I am comfortable here ."
Part Four: Managing Assets and Income

Part Four covers:

- **management of income and expenditure**: general management and allocative systems, patterns of expenditure;

- **perceptions of living standards**: pensioners' self-assessments of their financial situation.
9 Management of Income and Expenditure

Having looked at the pensioners’ assets and income, this chapter now turns to profiles of expenditure, outgoings, and their management in feints of handling money and decisions about allocation. It is in four sections, covering:

- general management of money, including issues in management of money for different types of households;
- allocation/use of different components of income;
- expenditure: patterns of consumption, payment and budgeting strategies and related points;

and

- perceptions of living standards.

9.1 Managing money: some general issues for different household types

This section starts to look at systems of money management. It looks at who, among pensioner couples, tended to manage the money, and how; at general systems of allocation; and changes that occurred when the household changed, for example following widowhood.

9.1.1 Money managers among couples

There was variation on who was the key money manager across the couples. Other research has identified a range of different types of allocative systems within households by examining issues of income management and control (Pahl 1988). Though not the central purpose of the current study, different allocative systems can be identified.

The following case might be labelled an ‘allowance system’ for example, with each partner having responsibilities for different items of household spending:

*He collects the State Retirement Pensions from the post office. Most of his state RP of £63.87pw, together with some of his OP of £81.69pcm, is used for bill payments, which he manages. He gives £10pw of his RP to his wife to add to her RP of £35.95pw for food shopping, which is her responsibility. Basically, they say, they have always managed money the same way: he has “always looked after the administration” and she has done the housekeeping. Anything left of the money allocated to the wife she saves towards clothes. Anything left out of his OP is “a safeguard” for future needs. (Couple 79/81, both physically active, £2,100 assets kept in a joint building society account, and a bank account in his name)*

In the following example income management was solely the domain of the wife:

*He gives his RP of £64.89pw to his wife to manage alongside her RP of £36.16pw. This is the couple’s sole income. She manages all the finances, makes up the books, and has a good idea of the state of the account. He usually has about £8pw pocket money. She has increasingly been in control of the finances since retirement. (Couple 73/74, assets £2,500 kept in a TSB account in joint names)*

-and in another case the wife controlled and managed all the finances with the exception of one income component: the husband’s army pension.

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Note: throughout this chapter, partners within couples are referred to as husband and wife, in the way all respondents referred to each other, rather than as the male and female partner.
Whole income management by the husband was rare unless the wife was incapacitated by ill health or disability. The following however is a near example of this, where the wife is described as "dreadful with figures":

*He collects the RPs, does the main shopping, organises the bills (from his OP of £489pcm) and checks the bank account every month. Her RP is described as going on haircuts, children's presents, "frivolous things". (Couple 72/71, £2,400 assets kept in building society)*

Independent management where each partner controlled and managed their own income was also rare.

Commonly, it seems, the typical pattern reflects elements of traditional, perhaps stereotypical, roles: the ex-wage-earner husband is responsible for financial matters overall and therefore organises the payment of bills, oversees bank statements and the like, and allocates an amount of money to the wife to manage for a particular purpose. This is generally for food and housekeeping, though can also include some bill payments.

But **aptitude for figures/budgeting** (or rather, notable lack of it) as perceived within the couple, can determine who is the key manager (eg: "He could not budget anytime" or "She is dreadful with figures"); also **personal preferences** ("He's never wanted to do it - never wanted the worry of it"); and "The way I was brought up" or **parental influences** are mentioned as pertinent by one or two. The **relative state of health or confusion** in each partner can also be a determinant, where this is a factor, and this can result in a change from the earlier management pattern.

**Patterns were generally retained of the pre-retirement money management system.** Some of the pensioner couples pointed out that "We've always done it this way". But there are indications in some couples of the wife becoming increasingly in control since retirement. Sometimes, the couples disagreed among themselves as to who actually managed the money or made financial decisions. Husbands and wives were interviewed together on this study; there were instances where the husband might answer first saying they made joint decisions, followed by the wife contradicting along the lines of "not really - it's me".

There was variety among the couples in the number of bank and savings accounts held and in whether these were individual, or joint accounts, or both types. The purpose of a joint account was either to pay bills or to enable ready access for either partner should the other fall ill. There were some instances where the absence of a joint account had caused problems: for example, when one partner was hospitalised, the other could not access all of the household accounts. Some couples had recently switched from individual to joint accounts after worries about not having access to funds for bills or funeral costs in the event of death of the partner or following decreasing mobility of one partner.

9.1.2 **Money management issues for widows, widowers and divorced pensioners**

The issues described here might apply to any pensioner now living alone after having been accustomed to living as a couple, especially in the early stages of adjustment. As well as widows, widowers and divorced pensioners, a further instance in this sample was a married man whose wife had spent a long period in hospital. Pensioners in this group had been living alone for periods ranging from five months to thirty two years. Some had been widowed or divorced before reaching State Pension age; others at or near retirement, or in older age.

Two key factors appeared to influence the likelihood of whether there would be changes or problems in money management following widowhood or divorce. It depended mainly on who, within the couple, had been the key money manager, how tasks had traditionally been divided up, and therefore on whether or not money management (or aspects of it) was an unaccustomed activity for the remaining partner. It also depended on the extent to which financial circumstances changed at this time and reduced income was an issue.

For virtually all the pensioners, regardless of their prior experiences of organising financial matters when living as a couple, there was likely to be a transitional adjustment period
following widowhood or divorce. For a few this was traumatic. In general however it was likely that a more careful and rigorous approach to financial matters would be adopted on becoming a single-person household. This applied also to those pensioners who had been the key money managers when living as a couple.

Yet there was a clear distinction between those "plunged into all of it", if their partner used to be the manager, and others for whom it was not a problem: "he always used to leave money matters to me anyway". Because different financial roles were likely to have been assumed by men and by women when living in a couple, men typically dealing with bills and women with day to day household expenses and shopping (section 9.1.1), their experiences tended to differ when widowed or divorced.

The following issues were reported for example by women who were widowed or divorced. They illustrate a particular difficulty in managing payment of bills, their husbands having often traditionally taken this task before.

"My husband just gave me my money for food and that sort of thing. He paid the bills, but apart from that he never bought anything. [She had done the food shopping, and reminded him to pay bills] . . . It was a hard job changing over to paying the bills after he died. I knew I could not go back to work [if things went wrong] because I would be too old" (Widow 78, widowed 5 years, home owner, now with an annuity on the house, £899 assets, total income £81.41pw)

"My husband used to say: 'You're never interested in money affairs'. And it wasn't until he died and I had to sort of pull myself together that I took any interest" (Widow 87, widowed 10 years, own house, £20,000 assets, total income £54pw)

"I never used to pay any of the bills. That wasn't my department. It was hard at first to remember". [Now writes down on a calendar when payments due] (Woman aged 61, divorced 11 years, house partly owned, £4,652 assets, total income £110.98pw)

Even after 32 years of widowhood, this dislike of handling bills lingered for one woman:

"I don't like bills. I've never had to pay no bills: let's face it, when I had a husband I never had to pay bills or rent or nothing. He used to pay it all and I just used to pay a part of the food" (Widow 85, widowed 32 years, tenant, £1,258 assets, total income £70.40pw)

The exceptions, women who had little difficulty in this area of financial management, were those who had managed bills before. Their experience may have been gained earlier in life, perhaps before this marriage, as in the case of one widow who attributed her financial acumen to her earlier struggles as a single parent. In another situation, money management had become easier after the husband's death as he used to incur debts.

"I always was a good manager . . . Managed the money when married - I had more brains - he used to give me his wage packet" (Widow 79, widowed 2 years, £2,500 assets, LA sheltered accommodation, total income £127.37pw)

"More methodical since husband died. But he always used to leave money matters to me anyway used to give me so much and I used to pay the bills. He never had any dealings with money at all - I used to take a lot of the responsibility. Same kind of system now except no longer little divisions for this and that: I just keep it in a lump sum and then pay out and pay by cheque" (Widow 79, widowed 9 years, £2,660 assets, total income £86.82pw)

The men who were widowed or divorced seemed to have particular difficulty adjusting to money management after the death or separation of their wife (suggesting perhaps that in those cases above (9.1.1) where there was disagreement among couples as to who was the money manager it was more likely to be the wife). There is evidence of the widowers

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2 These findings, for both women and men following the death of their partner, have also been found in other research: Wilson G. (1993), Money and Independence in Old Age.
becoming overdrawn, needing extra financial help (usually from family members), and, by their own account, "spending too much on drink", having a "terrible" time managing money. This was particularly the case, for some, when first living alone. Eventual adjustment was reported in most cases however.

"It's taken a while to get into handling money . . . She [wife] could handle money. I never used to check my change like my wife did. I'm getting more like a woman's way. I'd never done any shopping. My wife did all the paying of bills. She could handle money - was always looking out for a bargain - a good housekeeper. I've started to cope and I think I've done fairly well now. I'm coping alright. Used to hand pension over to her and she'd just give me the spending money: £10/12pw and I could put a fiver in the lucky bag" (Widower 76, widowed 6 years, tenant, £8,000 assets, total income £126.20pw)

A key problem for widowers or divorced men seemed to be in managing **day-to-day household expenditure**. Spending on food/drink was particularly mentioned: "Amazed at grocery prices". . . . "I'd never done any shopping". The purchase of clothes also arose as a difficulty.

"Both wives [he has been widowed twice] were good stockers-up of clothes but now they're beginning to run out. I've got to go out and buy now. That don't come very nice" (Widower, 85; owner; £2,000 assets, total income £88.40pw)

The **drop in income**, from the amount received as a couple to that received as a single person household, was noted as a problem by some of the widowed pensioners. It was noted in general terms that "two can live as cheap as one, and that's a fact". This acquired particular salience for some widows, for whom loss or reduction of the husband's occupational pension following his death had brought a real change in financial circumstances. It could result for example in the need to live solely on the State Retirement Pension for the first time and had prompted two widows to set about claiming income-related benefit.

"I didn't have his pension. That's why I had to get in touch with the DSS [re IS]" (Widow 79, widowed 9 years, £2,660 assets, total income £86.82pw)

Loss of occupational pension following the death of the husband had come as a surprise to one or two of the widows. For one of the widowers there had been a different kind of surprise when the expectation of inheriting money following the bereavement was not realised. But perhaps the greatest surprise for some widowed or divorced pensioners was that of now living alone. Many said they had just not anticipated that.

Other lifestyle changes following widowhood, such as moving house or giving up the car, have been noted at 3.5. These could result in changes in financial assets or outgoings but were not generally mentioned in this context of affecting systems of money management.

**9.1.3 Money management issues for single pensioners**

The small number of pensioners interviewed who were living alone, having never married (four women and one man), had experienced few problems with money management. A potential difficulty however was the lack of family advice or help. Clearly, this could also apply to any pensioners with no family contact. It had arisen within this small group of single pensioners in the context of lack of help in selling a house and the need for dependence on outside help (such as a home help) if ill or disabled, to do shopping or other money management tasks (see also 9.1.5).

**9.1.4 Money management issues for disabled pensioners**

Issues of dependency in money management arose for pensioners whose illness or disability rendered them physically unable to manage their money. These people were unable to collect their RP and unable to go out and spend it. For them the budgeting device mentioned by other pensioners of shopping around for cheaper food, or selecting cheaper shops (section 9.3.2), was not an option.

Among couples where one partner was disabled, the **other partner** was usually able to take on responsibility for collecting and spending pensions and for physical payment of bills.
But if the disabled partner was to be enabled to have any active physical involvement in this process the help of another person (eg a son or daughter) could also be required. Dependence on another person could bring problems and distress for the disabled person.

Widowed and single pensioners who were disabled were reliant on the help of people outside the household. Two who were in receipt of AA for example relied on their sons to collect the State Retirement Pension and do the weekly shopping. Another, receiving MobA, relied on a home help to collect the RP, do the weekly shopping, and also pay the bills and purchase telephone and television stamps. This arrangement brought its own budgeting problems:

"I write out . . . what I want, the grocery list, and usually put an alternative . . . I don't know from week to week what they [prices] are going to be until they come back. I don't know half the time what the things are . . . because I've never been to the shops to see them" (Woman, never married, age 68; tenant; total income £99.24; £400 assets)

9.2 Allocation of different components of income

This section looks at the collection, management and use of the various income components including the State Retirement Pension, occupational pensions, and any other income such as that from interest on financial assets or benefit income.

Of all the different types of income, the RP - including, for some, an Income Support supplement - tended to form the core of the budgeting cycle, used for everyday purchases and, as far as possible, for bill payments. Occupational pensions in contrast tended to be saved if possible in order to resource larger bills.

9.2.1 Collection and use of the State Retirement Pension

Most of the pensioners collected the State Retirement Pension in person, and generally weekly, on a set day, from the post office (unless sick or on holiday). Even if an occupational pension was received, paid directly into an account, it was still likely that the RP would be collected in person. Collection was made by a third party (a home help or close relative) in a few cases. A small number of the pensioners, however, actively disliked going to the post office to collect the RP. They felt they were thus labelled - for example as an "old dear" or in urgent need of money. A few avoided this by organising direct payment into an account.

Receipt of the State Retirement Pension generally set in motion the household budgeting cycle. It was common to find that other financial transactions would take place on the same trip, some at the same time, over the post office counter. Television stamps and telephone stamps might be purchased for example, the odd bill paid. This would then be followed straightforwardly by shopping, for food and household provisions (typically: "It [the pension] is taken straight to the [supermarket] which is on the next corner"), and sometimes also by payment of other outgoings such as rent. The following account, given by a pensioner couple illustrates this and also shows a fairly commonplace pattern of shared money management and division of financial responsibilities:

He: "When I go out and draw the pension Thursdays I put money in the giro account to pay the electricity and the telephone bills because if we brought it home here it may go . . . It works very well. When the bills come in like the insurance, telephone, electricity, we just make out a cheque on the giro account . . . [The rest of the State Retirement Pension money is used for shopping and ordering deliveries as the couple live in a rural area]

She: "Yes, it's planned on a weekly basis around the Thursday. By Friday evening it's all over: the groceries have arrived, the butcher's been, the milkman's been paid and by Friday evening I'm broke and we've got a houseful of food again and off we go" (Couple, 76775, £2,800 assets, total income £104.84pw; rural area)

Usually therefore the State Retirement Pension was used as cash in hand for day to day living expenses, with the intention of avoiding where possible the need to use up assets: "It takes me through the week"; "We literally live on our pension". Any money left over would
If possible be set aside towards bills, put in a bank or building society account (perhaps from where direct debit or standing order payments for bills would be drawn), or allocated to boxes or other places at home for specific purposes, or simply kept in the purse or wallet.

If the State Retirement Pension was the sole income, perhaps with additional benefit income though with no occupational (or personal) pension, then the pensioners would attempt to put away a regular amount from it towards bill payments. Such money might be kept in a variety of places - tins, wallets, perhaps the bank. Couples in this position might try to live on one component of their joint State Retirement Pension, his portion, and allocate her portion towards payment of bills. Pensioner households receiving an occupational pension were likely to delegate this OP (or part of it) to (all or some) bills and use the State Retirement Pension for weekly outgoings. Little of the RP was left over at the end of the week.

Alternative arrangements were made by the few pensioners who opted for monthly RP payment. Some, though not all, had higher asset levels. They wanted to equate the payment for example with a monthly salary, or to keep the State Retirement Pension separate from housekeeping "because it's so easy to dabble ". The money went into a bank or giro account for paying bills. Set amounts for housekeeping would be drawn out, for example with the use of a cash point card, to get money for food.

9.2.2 Use of occupational pensions

Occupational pensions were typically paid monthly (in one case, quarterly) by ACT into a bank account. The money usually remained in that account, accessed by cheque or direct debit. Among some couples, the husband transferred most of the OP into the wife's account or into a joint account which she took most responsibility for managing. One OP was collected weekly: the money was kept as cash in jugs and paying in books, for bills.

Occupational pensions tended not to be used for payment for food or day to day living expenses but for bills, paid by cheque or direct debit or standing order. The remainder (not used for bills) accumulated, or was transferred after bills had been paid, into a savings account. It tended in these cases to be regarded as emergency money for safeguards or for Christmas presents. In other cases, where the overall income was low, the OP was pooled with other monies for bills and food.

9.2.3 Use of other income

Interest on financial assets, whether from sums of money in building societies, savings bonds or shares dividends, that might have the potential to be used as income, tended not to be regarded as an input into the budgeting system. Rather, it was likely to remain untouched in the account, allowed to accrue, for emergencies. There were a small number of exceptions however: two cases (assets of around £6,000 and £25,000) in which this interest was transferred to a bank account from which bills were paid, and one other pensioner who had in the past used interest from financial assets to contribute to household payments until claiming AA.

Income from disability benefits was used in different ways. It might be used directly to pay for nursing care, or pooled together with the rest of the income for day to day living expenses, or assigned a specific use, whether for shopping, for a specific bill (eg electricity) or for bills in general. As noted in the paragraph above, AA stopped one pensioner from having to draw interest on assets.

Income from a maintenance payment received by one woman following a divorce settlement was regarded in the same way as an occupational pension, adding each month to the account from which the bills were paid.

Small and usually irregular sums of money that represented income from odd jobs (done by a few of the pensioners-section 2.7) tended to be used to add to savings or for presents.

9.3 Patterns of expenditure: payment strategies & priorities

The pensioners tended to be aware of their income and expenditure. They knew how much money was paid out and on what. Things were planned, worked out and budgeted for.
Notebooks or ledgers documenting all outgoings were kept by some. Most had an established routine of methods of payment, “We’re in the habit of knowing what we can do”.

The routinised spending and budgeting reflects the pensioners' relatively fixed income. Their pattern of budgeting however mirrored those of low income households, even where income and assets were higher.

This section first documents common methods of budgeting: ways of economising or cutting down in general. It then looks at which items were most likely to be cut out (or reduced) and which were most likely to be prioritised. Finally, payment methods and related issues are documented for specific items or types of outgoings.

9.3.1 Budgeting, economising and cutting down
Economies were made by pensioners and some items were consciously limited. The need to budget related to a number of factors. Primarily it related to this sample of pensioners having low income levels, as shown in Chapter 4. The lack of opportunity to increase income was also significant. Due to their retirement status, the pensioners lacked the flexibility of employment income. Low levels of assets which otherwise might provide a cushion for emergency spending or for an unexpectedly high bill further contributed. The other key factor was attitudes towards leaving an inheritance (section 5.1) which could significantly deter spending in favour of attempts to retain funds “to pass on”.

Asset levels and, to a lesser extent, income levels varied across the sample. Yet even those in the higher bands were likely to exhibit the same budgeting strategies. The pensioners in general tended to think before buying things, to work out if they could afford things, seek cheaper alternatives. “Being careful” was the way they often described it: “I always think before I spend” – or go without, “You look at the price and think I can’t afford that” (There were a small number of exceptions to this).

The following day-to-day strategies for economising or saving for a particular bill were described:

- cutting down or not doing things
  - “I just cut down on things that I’m buying” (woman, 65, £5,000)
  - “Pulling in a bit” (man, 76, £8,000)
  - “Not going to Basildon” [shopping centre temptation]
  __or not having holidays (Priorities for items to be cut down are itemised in 9.3.2)

- saving any ‘money left over’
  For example if there was any money left over from a planned budgetary cycle, or if a bill was lower than expected, the difference might be saved.
  “If any left over after paying the electric. Maximum [saving] would be £25 or £30 a month”
  “If anything over [from State Retirement Pension] I put that into [building society] to top up the teachers pension [OPT]”
  “I’m very careful with what I spend every week and what I’ve got left over I put in the bank so that when I’ve got a bill to pay I can pay it” (Woman, 79, £2,800)
  Loose change might similarly be saved in this way, deposited perhaps in a box or drawer. When the amount grew, say to £5 or £50 or more, it might then be transferred to the bank/building society.
  In a further example, spare money (“a few quid”) would immediately be paid in to the Electricity Board, towards the next bill, even if no money was currently owing.

- continuing a saving method (that had been implemented for a particular item) even after that item was paid off or no longer needed  eg 1  “We always used to put money away for the car so we still do (having given up the car 16 months ago)”
  egg Continuing to save money that had been allocated to the purchase of television stamps even after the license had been purchased.
• attempting to ignore (ie not spend) an increase in income, and saving the difference
  -for example, an increase in the level of the State Retirement Pension.
  Any ad hoc earnings, small sums of money from occasional work, might similarly be allocated as saving in this way.

Methods of spreading the load of payments  for a particular bill or item were also often described. Television stamps and telephone stamps were mentioned in this context, as well as regular payment for items in mail order catalogues.

9.3.2  Prioritising: economies, necessities, luxuries - and the unexpected
Choices between conflicting financial demands were resolved in the face of income and influenced by attitudes to spending. It was a question of balancing a number of factors documented in detail in chapter 5:

- the wish to avoid debt;
- the wish to retain funds for emergencies, for unknown future needs, and for an inheritance;

yet: - the wish not to seek financial help eg from family.

In contrast to other households, with people of working age, the incidence of debt was far less likely to be an issue (section 5.3) and was therefore not a factor in prioritising payment systems.

It was clear from the interviews that some types of items were more likely to be cut out or reduced, in contrast to others which were regarded as essentials. The following lists specify the priority assigned. Obviously not all items were applicable in all individual cases. It will be seen for example that some items appear on both lists.

Priorities for items to be cut down:

- meals out
- holidays
  - unless holiday with the family and/or the family pay
  - unless decision to pay from savings or from a matured life insurance policy (sometimes the case early in retirement)
  - cheaper holidays
- furniture and furnishings
  - (unless stocking up, early in retirement)
- clothes
  - (reduced need for many clothes was noted)
  - making clothes last longer
  - purchase of secondhand clothes, eg from charity shops
- food
  - shopping for reduced-cost food items
  - searching around shops to seek the best bargains
  - as a short-term economy, for example to pay an unexpected bill: eating from the freezer instead of purchase of food
  - or eat with the family
  - if purchase an expensive food item, cutting out something else to pay for it
  - cheaper food items eg powdered milk, less meat
  - sharing food (eg half a lettuce) with another household
- house repairs
- car
  - giving up the car or reduced use
- hairdressing
  - eg coping yourself, or paying for a cut but not a set
- dental visits
- contents insurance
  - no insurance, or under-insured
- presents (though rarely mentioned in this context)
  - reduced value gifts

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Priorities for items to be retained:

- funeral insurance
- telephone, though reduced use for some
- heating costs
  - television, though some switch to black and white, or to a cheaper rental company, or from renting to buying a TV (using savings)
  - Car-sometimes regarded as essential, sometimes as a luxury
- presents, especially for grandchildren

Notably, housing costs are not included in this list that prioritises items to be retained. Overall, there were few in the sample for whom this was a significant outgoing: few of the owner occupiers had mortgages, many of the tenants received HB.

The kind of items described as 'treats' provide further evidence of prioritising. Regarded as treats were: occasional meals out, food and drink items (eg chocolate, sweets, prawns, fish, cream, alcohol, fish and chips), satellite television ("because we don't go out much"), coach trips or a day out, holiday by coast, an outfit from a catalogue to go dancing, a fan in the hot weather, ornaments.

Certain items were problematic as unexpected outgoings. It was a case of keeping fingers crossed that these would not happen. Most mentioned in this category were:

- Appliances breaking down
  - eg washing machine/vacuum cleaner/fridge/television. Hence several take out insurance. Others might call on a friend/relative with technical expertise and/or funds to help out.
- Spectacles
- House repair/maintenance (though this may just be able to be put off).
- Any unexpectedly high utility bill eg fuel bill, telephone. This however was not common as use tended to be monitored with an eye to the forthcoming bill.

These types of items were paid for out of financial assets if funds were sufficient, for example from a bank or building society or post office account which in some cases might be allocated especially for this type of unplanned or emergency need. A retirement lump sum was also mentioned in this context. Otherwise, the pensioners would struggle, perhaps trying to economise on essentials (above) or would simply delay in getting the item because "to use savings is a big thing". Family help might be called on to service or mend or borrow if possible, or to help with payment.

9.3.3 Payment and budgeting methods for key items of expenditure
In this section items are grouped as follows:

- food.
- utilities.
- housing and other household costs,
- travel costs,
- other items.

Common methods of payment and budgeting for each item are described along with the prevalent source of the money used in payment for each.

Across all the items, those most commonly needing to be paid for out of financial assets rather than from the budgeting cycle included: house repairs or maintenance, furniture, repairs, holidays, shoes, certain clothes eg winter coat, household items and appliances, dental treatment, gifts and any unexpected outgoings.

i) Food shopping
This, the largest regular item of expenditure, tended to come out of the State Retirement Pension.

The couples tended to make one main shopping visit, generally once a week or once a fortnight. Often this was supplemented by additional visits to local shops. Supermarkets
tended to be preferred on cost grounds and the cheapest of the supermarket chains were the ones often mentioned. Not all couples had this regular pattern however.

Some pensioners living alone also did a regular main shop. Sometimes they were accompanied by a family member who would provide the transport and do their own shopping at the same time. Yet compared to the couples, there was perhaps more of a tendency instead to go out several times a week making several visits to local shops, sometimes on a daily basis.

Some men living alone described cooking as problematic. Hence, they said, they would on occasion eat out, with family if nearby, or at places where cheap meals were available. One for example had lunch out every day; one ate meals at a superstore. The purchase of tinned food also seemed to be a feature of their food shopping. Not all had a fixed shopping routine.

Stocking up of food provisions, including the use of a freezer, was described especially by pensioners living alone. This was in case of being unable to get out, in the event of illness for example, or, if dependent on someone (usually a family member) for transport, in the event of that person unexpectedly being unable to provide the transport.

**ii) Utilities: fuel, water, telephone, television**

**Fuel bills**

These were not described as an item on which to economise though one pensioner had invested in valves for his heating system to regulate use above a certain temperature. Methods of payment included: cheque or cash at gas/electricity office; monthly budget account; DD; card/meter. The following additional points were noted:

- There was necessarily high use, and hence high bills, for some on account of ill health or old age.

  *"I have to keep [the fire] on a lot . . . because of the arthritis"*

  An occasional need to draw on savings to pay a high bill was mentioned.

- Anger was expressed at the introduction of VAT charges.

  (In an attempt to counter this cost, one couple had purchased a new low voltage kettle).

- Some payment difficulties due to closure of local gas/electricity offices were experienced. The money may be given to a relative or friend to pay if the office is not nearby, eg money given to sister when going in to town, to pay at the Electricity Board.

**Water rates**

Payment was by SO or DD from the bank, or at the post office, or by cheque (*"so that I know I've got proof It just gives me a record if I have any doubts about paying it"*).

- Resentment was expressed at paying a high flat rate charge regardless of volume used (*"The family of four next door use more water"*).

- There had been some delays/difficulties in the installation of water meters (found to substantially reduce the charge), though few of the pensioners had organised this.

**Telephone charges**

All the pensioner households interviewed were on the telephone. They had a need for telephone access, though in two cases this had been financed by a family member and by social services respectively.

Bills were either paid in cash at the post office, or through the bank, or through the purchase of telephone stamps. Stamps in this context (just 4 cases in total) were, however, used far less frequently than television stamps. Some pensioners saved cash on a regular basis at home to pay for the bill, putting aside say £4 weekly into a box.

- This was a controllable outgoing. Strategies adopted to reduce the size of the telephone bill included: curtailing use in general, solely using at the cheap rate, or
restricting use to incoming calls ("I let people ring me, I don’t ring them" was a common refrain, and: "I’m very good with the telephone: don’t use it much. I cut down on that as much as I can . . . Normally I let people ring me; “I don’t pay much out on that”).

-Bills could be high if family were distant, eg living abroad.

-High connection charges, for example when moving house, were cause for comment (two cases), necessitating drawing on financial assets.

**Television costs**

All had a television and this was regarded as very important, for entertainment and company.

Television licenses were either paid annually ("it’s just once a year and you know you’ve done it"); or quarterly, for example by DD; or by the purchase of television stamps. The use of television stamps was quite common (mentioned by a quarter of all the pensioner households) and one or two received some television stamps as a Christmas gift. Typically, two stamps would be purchased per week (total £2) at the same time as collecting the RP.

Not all the pensioners paid for their television license themselves: in four cases (of very low assets) close family members either paid directly or provided the money to pay for the license; for a few others the license was incorporated within the sheltered accommodation costs. To save on costs, a black and white television (and therefore license) was bought by two households with very low assets.

Televsions were mainly owned rather than rented (some sets had been given as a present specifically in order to avoid rental costs). Yet at least six of the pensioners had rental charges to pay out and this included people with very low asset levels. The rental charges generally worked out at around £2pw. Satellite rental costs were incurred by one household (£239.88pa); another had cancelled this subscription on account of the cost.

**iii) Housing costs and other household items**

Fifteen of the pensioners who were tenants paid rent or money towards it, supplementing HB (other tenants were on 100% HB). This outgoing ranged from £8pw to £67pw; the average was £31.47. In one case the rent payment was a new outgoing, following retirement, as prior to then the house had come with the job.

Outgoings for home owners, including mortgages, repairs, renovation or maintenance and house insurance are discussed in Chapter 8.

**Council Tax** payment tended to be staggered rather than one-off, usually paid monthly, either at the post office, or by DD/SO out of a bank or building society or giro account. Some paid in cash out of the State Retirement Pension, saved in one case in a box at home, or adding money to a paying-in book each week.

Payment of a gardener was mentioned by a small number of the pensioners, in one case following the death of the husband who had traditionally done the gardening work.

**Contents insurance** tended to be paid once a year, from a bank account by cheque or DD. A few had organised it through Age Concern, or had no insurance cover.

**iv) Travel costs**

The 23 vehicle owners (of a car/van) were mostly aged in their sixties and seventies and tended to be those with higher asset levels. Three however had asset levels below £1,000, down to nil assets. Additionally, one pensioner owned a car which was not used, in order to avoid costs. Many more pensioners of course used to own a vehicle, but this had been given up on grounds of cost or health/frailty (see section 2.3.1). One, for example, now paid her daughter’s petrol instead - for trips to the shops.

...The need for car transport was stressed by several - either as means of getting out ("The car is a lifeline as you can go for days without speaking to people otherwise"),
or providing access to shopping, hairdressers, hospital, etc, if there were difficulties in using public transport, eg disabled/health reasons, lack of public transport, especially if in a rural area.

"My car is extravagant. If I did away with my car ... I wouldn't have much pleasure. I'd be better off if I gave it up - but I don't want to. I kept it this year, but worried about the future, yes, as eyes not so good and prices up . . . but would have to hope niece would take me shopping - only 2 shops here. [Supermarket] is 3 miles away" (Widow, 79, £2,500 assets)

"We count that [car] as our little luxury" (Couple 69/70, £25,000 assets)

-Some of the cars were now quite old having been purchased on or near retirement and not replaced, due to the cost.

-Many of the pensioners made use of concessionary travel on public transport, available for older people: bus passes, rail cards, special offers on the coach. Occasional taxi costs were also mentioned, particularly in rural areas or for specific trips such as hospital visits.

v) Other personal expenditure: household items, funeral insurance, holidays, health costs, hairdressing, clothing, gifts, etc

The cost of household items was not generally able to be incorporated in the budgeting cycle. Items such as new carpets, beds, furniture, washing machine, cooker, a kettle, television, or house decoration were paid from financial assets: one-off insurance payment/OP lump sum/gift/proceeds of sale of shares, or occasionally purchased with interest-free credit. "If/when get inheritance from father will buy a new carpet". Existing furniture was sometimes old and dilapidated.

Potential breakdown of essential appliances was a serious cause of concern for some. Insurance covering this was stressed as a worthwhile contingency.

Funeral insurance is described in section 4.2.

Holidays are described in section 9.3.2.

There was resentment about dental and opticians' charges. Payment for spectacles could be high even if the full amount did not have to be paid out, and also could be unexpected. The money tended to come from existing assets, not weekly income. Alternatively, the item might be regarded as something to do without, or the pensioners would decide to delay renewal, obtain the cheapest, await sales reduction, or perhaps consult the bank manager beforehand.

Although several of the pensioners incurred no dental costs, being in receipt of free dental treatment, there were a few who put off dental visits on account of the cost. One said he could not afford to see the dentist at the moment (£828 assets; total income £89.93pw, no IS).

"It's a worry for pensioners. You have to pay the first £70 of a claim" (£nil assets)

Hairdressing costs were paid from housekeeping money, often at the pensioners' rate, or might be regarded as a dispensable item of expenditure. Yet:

"The government don't realise that women still want to look the same as they did when they were younger ... It's: 'Once you're old that's it'" (Couple, 72/72; £nil assets; total income £120.23pw)

Clothing

This was not a frequent item of expenditure for several of the pensioners. Many said they had not bought clothes for a long time: "still wearing the same clothes as ten years ago ". They bought clothes rarely, saying they had plenty, "enough to last for years". One or two pointed to a reduced need for new clothes, due to going out less and no longer needing to wear working clothes. Others said they made their clothes last a long time: they would regard new purchases as an extravagance.
Stocking up of clothes was an activity associated with the period leading up to retirement. A couple where the wife was still in work were currently in the process of stocking up in preparation for when she retired.

There were exceptions. Shoes in particular were an item still needing to be purchased, due to wearing out. Some needed other clothes too. Purchase through mail order catalogues was described, or at charity or secondhand shops: cheap clothes or home-made clothes, not new clothes. These were an item you saved up for, bought with what's left, or with money from Christmas presents - unless paid from a one-off insurance payment for example, or if there were a sufficiently high level of assets. Credit card purchases were mentioned by this latter group but no personal loans from credit companies.

Gifts
These were regarded as important, for example for Christmas or birthdays, particularly for grandchildren ("any spare money tends to go on the grandchildren"); and for paying back, such as presents to children to pay back for their provision of transport or other help. A variety of strategies were described for financing them:

- Most commonly, the money was drawn from existing assets rather than from weekly income. Descriptions were also given of putting money away if possible, any money "left over" or "spare", "bits that I don't spend on food", eg: "I usually put my birthday and Christmas money away: £15 for birthdays plus £15 upstairs for Christmas." In one case gifts were paid for from an extra source of income: the proceeds of selling knitted items.

- The gifts were frequently described as "little things", "small items". There had been a reduction in the value of gifts given, such as sending only £5 instead of £10 for the grandchildren's presents.

- Some felt bad that they were unable to afford gifts. One woman (with numerous grandchildren) had made the decision to stop giving gifts ("Not going to do that any more. I thought this is it - I'm getting older ... ")

- An agreement not to exchange presents had been made between some siblings ("Just cards to sisters - we thought long ago it's not worth it [sending presents] really").

- Several gifts were bought from mail-order catalogues, for ease of purchase and for cost saving.

Charity or church giving was mentioned as an outgoing by nine households. Amounts ranged from about £1 to £5pw.

Other
Leisure and social activities incurring costs included: golf, gardening, allotment, bingo, theatre membership, fishing, literature course, and occasional meals out.

Other non-food items included cigarettes, newspapers or magazines, stamps, pet food, beer, football pools. Expenditure on cigarettes features as a major item in other studies among low income groups of working age (see for example Marsh & McKay, 1994). It appeared to be less significant among this pensioner age group.

9.4 Perceptions of living standards
Previous sections of this chapter have described budgeting and economising and the sort of items that were cut back on. Yet, asked about their `standard of living', many of the pensioners were inclined to say something neutral-"alright"/"okay" __ or to describe current circumstances in positive terms.

"Not bad. Reasonable."

"I find I'm living very comfortably. It's not affluence but my wants are rather few"
"We manage reasonably well."

"I'm quite happy with it [standard of living] now. I'm not poor and I'm not rich, I'm just fine. 'Comfortable' - that's the word. I'm quite comfortable."

"We never had it in the first place"

"I suppose it could be better, but I eat, I'm comfortable, I have what I want"

"A simple life"

Yet this was despite apparent financial struggle for some. Even in the face of severe cutbacks, there tended to be a reluctance to admit to not managing. Other research has shown that older people report higher standards of living than non-pensioners.

Perhaps not surprisingly for such a vague and subjective concept, living standards would often be described in relative terms. Comparisons would be made with: "other" pensioners, such as those whose sole income was the State Retirement Pension; or with the situation before retirement; or before some other change, such as before living alone as a widow; or (if financial assets were in the higher levels) before interest rates had dropped. A few compared their current circumstances with expectations they had held of how life would be in retirement, though, as we have shown in Chapter 3, not many had had any particular expectations.

For some of the pensioners, the reality of retirement had turned out to be a case of dealing with the unexpected, rather than the expected. For example, finding unexpectedly, on getting older, that one was unable to continue working, or was now living and managing alone, widowed or divorced, or now sick or disabled.

Many of the pensioners felt that their financial circumstances were now reduced in comparison with their pre-retirement circumstances. A few considered they were "no better and no worse off", and in one or two cases were faring better. These were people who had experienced financial struggles, for a variety of reasons, prior to retirement.

From the interviews, a range of factors can be seen to contribute to respondents' perceptions of living standards. They defy categorisation into groups. Objective economic 'facts' mix with personal circumstances, attitudes and other factors. Some of the key factors to emerge however included the following:

9.4.1 Affording things you like
This was a common way by which standard of living was expressed, "having what you want". It might relate to 'small' items, such as kippers for tea or a regular drop of sherry, or to larger items such as holidays or the ability to keep the car.

"I do manage and I have a holiday and I run a car"

"You can't go and buy things you want"

"I can have a drop of sherry if I want a drop of sherry. It's nice when you can do that. If I were just on basic pension I wouldn't be able to"

"Well I have what I want. If I want kippers I'll have kippers"

Two items were universally regarded as essential: a television\(^3\) and telephone\(^3\), owned by all the households in this sample. The importance of these items was emphasised.

9.4.2 Extent of 'managing' and esteem in achieving this
The set routines/systems of money management and general money management skills could lead to a feeling of managing, even at the expense of cutting back on the sort of items described in 9.3.2. This too was seen as affecting standard of living.

\(^3\) The importance of these items, seen as necessities by a greater proportion of older than younger people, is shown in Mack & Lansley (1985).
"Managing to pay the bills"

'Managing' might involve some hardship, such as the decision to put up with toothache for example rather than pay for dental treatment. Yet if this struggle was in order to avoid debt and that objective was achieved, then it might still be considered a good enough standard of living. The ability to get by without debt and without financial support from the family, thus upholding self-esteem, was particularly important. The ability to manage was linked to independence. A definition of independence was provided as follows:

"[I have] a pretty good [standard of living] because I cook my own food and I can afford to go out and have a drink. I can afford to go out with company. I can do my own shopping. I've got an ideal situation in that way"

9.4.3 Level of assets
This, perhaps more than income, strongly affected the level of financial security that was felt, "peace of mind":

"Enough money to stop you worrying"

"If I spend that money [£8,000 assets] I worry myself sick. I've peace of mind because I've just enough to carry on without having to worry"

Access to assets also affected this feeling of security.

9.4.4 Other factors
Other factors affecting perceptions of living standards, of course included general attitudes and other everyday circumstances such as extent of isolation, health and widowhood.
Appendices

REFERENCES

II SOCIAL SECURITY BENEFITS AVAILABLE TO PENSIONERS

III CHANGES IN COMPOSITION OF PENSIONER INCOMES: BACKGROUND DETAILS

IV FURTHER SAMPLE PROFILE

V FURTHER METHODOLOGICAL DETAILS

VI MATERIALS USED IN THE FIELDWORK
  Approach letter
  Background Fact Sheet
  Topic Guide
Appendix I  References


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Social Trends 24 (1994) HMSO.


Appendix II  Social Security Benefits Available to Pensioners

State Retirement Pension

The State Retirement Pension (RP) can currently be claimed by men age 65 or over and women from age 60. The RP primarily consists of a basic State Retirement Pension, and for employees who have been members of the State Earnings Related Pension Scheme (SERPS), an additional Pension. State Retirement Pension claim packs are automatically sent to people approaching State Pension age. The packs contain a claim form which needs to be completed and returned to the Benefits Agency before any State Retirement Pension can be paid. Payment of the State Retirement Pension can be deferred for up to five years. During this time people can work and enhance their RP, or claim other benefits if they are eligible.

Entitlement for the basic RP is based on an individual's National Insurance (NI) contributions, or in the case of divorced or widowed people with insufficient NI contributions of their own, on the contributions of a spouse. The basic RP is only payable with a full NI contribution record. If a person has not paid or been credited with any NI contributions at all, they will not qualify for a basic RP in their own right. The basic RP can be reduced proportionally (no lower than 25%) if the NI contribution record is incomplete.

Currently (1994195), the basic RP is £57.60 per person, with an addition of £34.50 for a spouse without a State Retirement Pension in their own right. This is paid direct to a spouse who is over State Pension age, but cannot be paid until the partner has reached State Pension age. There is a weekly addition of 25p for people age 80 and over. The RP can be paid weekly by order book or four or thirteen weeks in arrears by automatic credit transfer (ACT).

Employees paying Class 1 NI can also build up an addition to the basic State Retirement Pension from the State Earnings Related Pension Scheme. This additional Pension is paid with the basic State Retirement Pension and is based on the average earnings of employees over their working life. Employees with alternative pension arrangements (OPs or PP) can opt out of SERPS; this IS automatic if their employer's scheme is contracted out of SERPS. SERPS is payable at the same time as the RP and will be deferred along with the RP.

Income related benefits

Pensioners can also claim Income Support. The personal allowances start at £63.95 for a single pensioner aged 60-74 and at £99.25 for a couple in this age band. Older or disabled pensioners can get more (see figure Iia). IS is payable to a pensioner if, after housing costs, the household income is below their applicable amount (a combination of personal allowances and premiums) and total capital is below £8,000. Capital valued between £3,000 and £8,000 attracts a weekly tariff income of £1 for every £250 or part of £250 over £3,000. Capital includes financial assets in any form (including cash or money in bank or building society accounts), lump sums, premium bonds, unit trusts, stocks, shares, investments and property, unless it is the main residence. IS can also be claimed for mortgage interest payments. The main premiums available to pensioners are summarised in figure IIa.
HB and CTB, which are also income related benefits, are available to pensioners subject to the normal conditions of entitlement. Payment of HB is limited to the amount of rent for which the pensioner and/or his partner is actually liable, and may be further reduced in certain circumstances. CTB is similarly limited. Subject to the above, both benefits are normally paid in full if IS is in payment. If IS is not in payment, the amount payable will depend on the difference between the income and the applicable amount. Where income exceeds IS, it will reduce the amount of HB or CTB payable. As with IS, a tariff income of £1 is attracted by every £250 or part of £250 over £3,000, but up to the higher level of £16,000.

Disability and incapacity related benefits

Pensioners can also receive disability related benefits: Attendance Allowance (AA), Disability Living Allowance (DLA), Severe Disablement Allowance (SDA) or Invalid Care Allowance (ICA); or the contributory incapacity benefit, Invalidity Benefit (IVB). Claims for these benefits usually need to be made, by men and women, before the 65th birthday. AA is now only available to pensioners who were age 65 or more when AA was replaced by DLA in April 1992. Pensioners may have also received Mobility Allowance until April 1992, but this has now been replaced by the higher care component of DLA. IVB can be paid for five years beyond State Pension age instead of the RP and is due to be replaced by Incapacity Benefit in 1995. The other disability related benefits can be paid alongside RP and can qualify the recipients to higher pensioner premiums if they are eligible for IS.

Numbers of pensioners receiving income related benefits

Income related benefits (Income Support, Housing Benefit and Council Tax Benefit) make a substantial contribution to pensioners' incomes. IS is paid to around 1.7 million households containing a person age 60 or over (May 1993), just under a third of all households receiving IS. IS payments to pensioners are, on average, generally lower than those made to other groups. Most are under £20pw, but these payments are made over a far longer period of time.

There are 1.99 million households age over 60 receiving Housing Benefit (HB), 44% of the households with HB, and many more receive Council Tax Benefit (CTB) which is paid to 2.8 million households age 60 or over, half all households receiving CTB (54%) ¹. Although receipt of RP is more or less universal among pensioners, information about the level of take-up of income related and disability benefits among older people is sparse².

Contribution of Social Security benefits to pensioner incomes

On average Social Security benefits (RP and other contributory, income or disability related benefits) make up about half of pensioners' incomes. The composition of an average weekly pension income of £150 at 1991 prices is: £70 from DSS payments (including RP), £10 of earnings, £30 of investments and £40 from occupational pensions ³. The State Retirement Pension forms the core of the DSS payments.

DSS payments to pensioners also include income related benefits. The contribution made by these benefits to pensioners' incomes has been changing over the years with fewer.
pensioners receiving such payments. In 1966, 40% of pensioner households received Supplementary Pension, two decades later the corresponding figure for equivalent benefit was 25%. Pensioner incomes have also been increasing over the years. Much of this increase has been attributed to a rise in income derived from OPs and investments, and is more noticeable in the incomes of younger pensioners who have increased access to OPs and investments\(^1\). Appendix III shows changes in the composition of pensioners' incomes since 1979 in detail.

There are, however, large income differences between pensioners. Whilst benefit income including the RP makes up around half of the average pension income, it can amount to nearly 100% for those with lower incomes\(^4\). These differences in income are illustrated in Figure IIb (below) which shows average incomes for retired households dependent on benefits\(^5\) and other retired households, and the proportion of these incomes which derive from DSS payments and other sources.

\begin{figure}[h]
\centering
\begin{tabular}{lrr}
\hline
 & Normal weekly & Gross weekly \\
Head of household 65-75 & £188.36 & £211.58 \\
Head of household 75+ & £141.37 & £156.33 \\
Single -dependent on State Retirement Pensions & £68.15 & £68.55\(^1\) \\
- other retired & £150.10 & £172.77\(^2\) \\
- man age 65 or more & - & £136.83\(^3\) \\
- woman age 60 or more & - & £116.17\(^4\) \\
Couple-dependent on State Retirement Pensions & £122.50 & £123.06 \\
- other retired & £243.72 & £271.55 \\
\hline
\end{tabular}
\caption{Average weekly incomes in retired households}
\end{figure}

Source: FES 1992-'Ninety-two percent of income derives from DSS benefits, \(^2\)35% of income is from DSS, 36% occupational pensions and 28% is from investments, \(^1\) about £64 is DSS income, £70 is other and £3 is other, \(^3\)around £61 is from DSS, £50 is other income and £6 is wages.'

\(^1\) McKay (1994)
\(^2\) Walker and Hugby (1989) and McKay (1992)
\(^3\) DSS (1993) 1992 Family Expenditure Survey, London: GSS. Households dependent on Social Security benefits are defined as those where state pensions and other benefits amount to more than three-quarters of the total income.
Appendix III Changes in Composition of Pensioner Incomes: Background Details

Proportion of pensioners with any investment income

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<td>All pensioners</td>
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<td>65</td>
<td>73</td>
<td>73</td>
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<td>Recently retired</td>
<td>68</td>
<td>70</td>
<td>74</td>
<td>77</td>
<td>78</td>
<td>75</td>
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Percent of pensioner units with income from occupational pensions

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<td>All pensioners</td>
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<td>45</td>
<td>55</td>
<td>55</td>
<td>57</td>
<td>60</td>
<td>61</td>
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<tr>
<td>Recently retired</td>
<td>55</td>
<td>59</td>
<td>70</td>
<td>67</td>
<td>68</td>
<td>74</td>
<td>69</td>
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Average incomes of pensioners 1990/91 combined

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<td>Occupational pension</td>
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<td>Investment income</td>
<td>30.3</td>
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<td>Earnings</td>
<td>10.9</td>
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<td>Other income</td>
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<td>Total</td>
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Net incomes after housing costs

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<td>£</td>
<td>43.6</td>
<td>50.3</td>
<td>62.8</td>
<td>103.3</td>
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Source: DSS Statistics 1993
### Appendix IV  Further Sample Profile: Assets and Weekly Incomes

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<td>13.21</td>
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<td>(paid pcm)</td>
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<td>Mob.A</td>
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<td>occasional when stay</td>
<td>71.08 + CTB</td>
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<td>16.70</td>
<td>coal from board</td>
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<td>100%</td>
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<td>0.55</td>
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<td>103.13 + coal + HB + CTB</td>
<td>103.13 + coal</td>
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<td>Earnings</td>
<td>Annuity/Home-plan</td>
<td>Board from family</td>
<td>Family help &amp; gifts</td>
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<td>34.72</td>
<td>34.84</td>
<td>(paid pcm)</td>
<td>(pays 10.77)</td>
<td>1.62</td>
<td>161 (wife ft job 11K pa)</td>
<td>315.63</td>
<td>293.16</td>
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<td>100%</td>
<td>Xmas Birthday</td>
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**Notes:**
- RP: Retirement Pensions
- OP: Other Pensions
- PP: Personal Pensions
- IS: Income Support
- HB: Housing Benefit
- CTB: Child Trust Benefits
- AA: Additional Allowance
- Earnings: Earnings from Home
- Home-plan Board: Help from family
- Family help & gifts: Xmas Birthday, HB + CTB
- Income after housing costs/CT: Some travel tokens 68.00 pa
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<th>RP-female</th>
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<th>AA</th>
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<th>Earnings</th>
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<th>Board from family</th>
<th>Family help &amp; gifts</th>
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<th>Income after housing costs/CT</th>
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<td>100%</td>
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<td>24.65 low IS for rent</td>
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<td>c.2.00 gardening</td>
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<td>92.55 (94.55 incl. int)</td>
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<td>(c.4.60)</td>
<td>57.69 divorce maintenance + mortgage</td>
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<td>104.95 (109.55 incl. int)</td>
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<td>OP-female</td>
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<td>HB</td>
<td>CTB</td>
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<td>Interest/Share income</td>
<td>Earnings</td>
<td>Annuity/Home-plan</td>
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<td>Total income</td>
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<td>74.23</td>
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<td>Widow (21 yrs)</td>
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</table>
### Notes

i. The first column shows the household type, age of each member (male/female), the value of financial assets, and the value of property assets for owner occupiers.

ii. Amounts of OP are given in the appropriate column to show whether the OP is paid to the husband or wife, or in the case of widows whether the OP is based on the husband or wife's pension scheme ie an OP paid to a widow which was originally paid to her husband will be shown under ‘OP-male’.

iii. All amounts shown have been converted to weekly equivalents with notes to indicate whether the item is usually paid monthly or every 4 weeks etc. Weekly amounts based on pcm figures have been calculated by multiplying the monthly payment by 12 and dividing by 52.

iv. Estimated totals of weekly income are shown in brackets where the additional income from interest on savings and investments has been estimated at £1 pw per £1,000, based on incomes from similar levels of savings in the sample. Estimates of returns on savings are shown in brackets in the column headed ‘Interest’. Two total incomes are provided, the first includes all income, the final column is after housing costs, Council Tax, HB and CTB have been deducted to allow comparison.

v. * Refers to value of shares in property

vi. Amounts of benefit in payment are shown under the appropriate headings. If the benefit is in payment, but the actual amount is unknown, then this is indicated by the initials of benefit shown in the appropriate columns. The amounts in brackets in the HB and CTB benefit columns show the amounts of rent and Council Tax actually paid by the household after benefits have been taken into account. If benefits are not in payment, the amount in brackets just refers to the actual weekly amount of Council Tax paid.

vii. Council Tax payments have been estimated in some cases and these are based on payments made by respondents in property of comparable value. In cases where monthly figures for CT were collected, weekly payments have been calculated on assumptions of 10 monthly payments pa.

### Abbreviations

Appendix V Further Methodological Details

**Recruitment and interviewing experience**

Contacts were made with respondents who had been interviewed by SCPR on the J.RS in April/May/June 1993 (see chapter 1). Some summary information on the survey students who would be eligible to take part in this study was available. This related to age group; household size; tenure; income from pensions, benefits and other sources; and approximate level of financial and property assets. Selection of people to contact, was made on the basis of this information to fill essential quotas (see Chapter 1).

About 3 out of 4 contacts (77%) resulted in a productive interview. Other than those ‘Not known at address’, or who were said to have moved away or died, reasons for refusals were: "I'm too old", illness, away on holiday (most contacts were made in the summer months), or plain refusal.

There were few problems in setting up the interviews. People generally had time to spare and welcomed company. Even if initially reluctant, the respondents were likely to enjoy the interview.

Confusion was a factor in a very small number of the interviews. More prevalent was vagueness of memory. Generally, people were willing to divulge detailed financial information during the course of the interview though there were a small number of exceptions to this who hedged around certain issues (notably relating to level of assets) and in one case who did not divulge.

One key problem was encountered in filling the quotas from the available FRS information. Several interviews were set up and conducted with pensioners whose asset levels were found to exceed that indicated by the FRS and to exceed the threshold set for this study. There appeared to be some under reporting of assets levels on the FRS survey. The majority of these interviews were excluded from the analysis, with the exception of four which were included because of other elements of particular interest.

**Area and type of locality**

The sample was scattered geographically. Areas and types of localities were as follows:

- Coast: Folkestone, Bridlington
- City/suburbs: Manchester, London, Leeds, Stoke-on-Trent, Middlesex
- Towns: Worcester, Reading, Brentwood, Addlestone, Poole, South Wales
- Larger villages: Hampshire, Yorkshire
- Rural villages: Devon, North Yorkshire, Leicestershire
Appendix VI  Materials Used in the Fieldwork

Approach letter

Background Fact Sheet

Topic Guide
Dear

A Research Study among Pensioners

You may remember that about a year ago (in early summer 1993) you kindly took part in a survey. The survey was the Family Resources Survey, conducted on behalf of various government departments. It was all about the circumstances and living standards of different types of households.

When you were interviewed, you said that you would be agreeable to taking part in future research. I am writing to ask if you would help us again with an important study among pensioner households.

After retirement age, people often need to adjust their financial arrangements. The research is about ways in which people deal with money matters when retired, and how they make everyday financial decisions. The Department of Social Security have commissioned the study which is being carried out by Social & Community Planning Research, the independent institute which also undertakes the Family Resources Survey.

The interview would be informal and would take about an hour of your time. We will be making a small payment (£10 per person) to everyone who takes part in appreciation of the time given.

All information that you give will be treated in confidence and used solely for research purposes. It will not be linked with your name in any way. Nor will your name be passed on to the DSS or to anyone else.

We would be most grateful if you could spare the time to take part. Your participation is entirely voluntary, but this is an important study because it aims to fill a gap in the information available about older people in Britain today.

I will contact you by telephone within the next few days. I look forward to speaking to you.

Yours sincerely

Researcher
A Research Study among Pensioners  

July/August 1994

BACKGROUND FACT SHEET  

Serial no: Area:  
Date: 0 8 Interviewer:  

1. HOUSEHOLD AND MARITAL STATUS  
   a) Age  
   b) Sex  
   (CIRCLE)  
   RESPONDENT :  
   (RESPONDENT 2):  
   M / F  
   Couple :  
   Other -- (SPECIFY)  
   d) Marital status  
   Widowed :  
   Married :  
   Div/sep :  
   Single :  
   When widowed:  
   Age of spouse then:  
   e) Others in household?  
   No one else  
   Others (SPECIFY)  

2. ACCOMMODATION  
   a) House/flat?  
   House :  
   Flat/Maisonette :  
   Other :  
   b) Sheltered accommodation?  
   Yes :  
   No :  
   c) Owned/rented?  
   Owned outright :  
   Owned - mortgage :  
   Rented :  
   Who from?  
   Council/Local Authority :  
   Housing Association :  
   Private landlord :  
   Other :  
   How long lived here?  
   Years/Months :  
   d) Unloved in last 10 years:  
   Where lived before?  
   e) Was that owned or rented?  
   owned :  
   rented :  
   Other :  
   f) Was that...  
   ...house :  
   ...flat/maisonette :  
   ...other :  

3. EMPLOYMENT  
   a) What doing **before** reached state retirement age (60/65m)?  
   Activity status:  
   Working f/t  
   Working p/t  
   Unemployed, seeking work  
   Early retirement  
   Sick/disabled  
   Looking after home/family  
   Other (SPECIFY)  
   Hours worked:  
   b) How long for?  
   c) And before that? (Is this job different to previous/usual employment throughout working life?)  
   d) Who from? (or partner of resp. 1):  
   Job title:  
   Activity:  
   Industry:  
   Employee/Self-employed:  
   Hours worked:  
   d) How long for?  
   e) And before that? (Is this job different to previous/usual employment throughout working life?)  
   f) Was that owned or rented?  
   owned :  
   rented :  
   Other :  
   g) Was that...  
   ...house :  
   ...flat/maisonette :  
   ...other :  

REST:  
   a) Age stopped f/t employment:  
   b) How long for?  
   c) And before that? (Is this job different to previous/usual employment throughout working life?)  
   d) Who from? (or partner of rest. 1):  
   Job title:  
   Activity:  
   Industry:  
   Employee/Self-employed:  
   Hours worked:  
   d) How long for?  
   e) And before that? (Is this job different to previous/usual employment throughout working life?)  
   f) Was that owned or rented?  
   owned :  
   rented :  
   Other :  
   g) Was that...  
   ...house :  
   ...flat/maisonette :  
   ...other :  

3
### 4. CURRENT REGULAR INCOME

[S]ingle person household = Resp.1; Couple = Resp.1 and 2 as section 1

Read out each heading...

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<td>Benefit(s)</td>
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<tr>
<td>Income Support (IS)</td>
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<td>Housing Benefit (HB)</td>
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<td>Council Tax Benefit (CTB)</td>
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<td>Any other benefits (UNDERLINE &amp; RECEIVED):</td>
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<td>Invalidity Benefit</td>
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<td>Other (specify)</td>
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<td>Earnings from any employment:</td>
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<tr>
<td>[regular/occasional]</td>
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<td>Other sources:</td>
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<td>Interest from savings (Building Society/Bank/Giro/Deposit Accounts)</td>
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<td>Income from shares/investments</td>
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<td>Rents from property/subletting</td>
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<tr>
<td>Any other sources eg. from family (Pension)</td>
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NB Distinguish regular from one-off

### 5. CURRENT REGULAR OUTGOINGS

Refer to bills as necessary:

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<td>Telephone</td>
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<td>TV stamps or licence</td>
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<td>TV rental</td>
<td></td>
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<tr>
<td>Contents/building insurance</td>
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<td>Other insurances/assurances</td>
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<td>Car (motor bike):</td>
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<td>road tax</td>
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<td>insurance, MOT</td>
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<td>hire purchase</td>
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<td>regular petrol costs (if known)</td>
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<td>Travel (Any regular public transport costs)</td>
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<td>Repayment of debt/arrears/loans</td>
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<tr>
<td>Repayments of HP/mail order</td>
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<td>Maintenance payments</td>
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<tr>
<td>Other regular outgoings (specify)</td>
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</table>

NB Distinguish regular from one-off

4
PART 2: DEPTH INTERVIEW TOPICS

1. INTRODUCTION
[Fairly brief. Warm-up and background]

How spend your time nowadays...
[RECENTLY RETIRED:] General lifestyle since retirement...
[LONGER RETIRED:] How you spend your time nowadays...
Any changes in recent years... (since retirement)
Eg: Health
   Mobility (Giving up driving?)
   Social - getting out and about (key activities)
   - seeing people (who; family, others)
   (May talk about widowhood here)

Thinking back to the period around retirement...
Feelings leading up to retirement (or/and to spouse's retirement)
How expected life would be
Retiring... Feelings about retirement... (Retired when expected?...) Changes at that time - lifestyle...
How this compared to expectations

Any preparation for retirement?
Financial and other preparation
   Advice given (pre-retirement courses? / other advice + who from)
Financial decisions/plans made
   (Incl. occup. pensions decisions, eg regarding lump sum, and other ££ decisions)
How arrived at these decisions

2. FINANCES NOWADAYS: MONEY IN & OUT
[Key topic]

Coming now to the present time... Thinking of money matters specifically:
- what happens to (each bit of) money that comes in to the household, how is it dealt with, and used...

[Take each income source and trace through its distribution and uses]
COUPLES : - who receives income (if benefit, who makes the claim)
   - trace through subsequent transfers within the home
   - identify uses to which each apportioned amount is put; who spends it, and on what

INDIVIDUALS : - trace through how/where each apportioned amount is kept, and on what spent

FOR ALL, CHECK: Whether have a bank account (COUPLES: In whose name?)
What sort of Bank Account? Current vs Savings Account

Was it always done this way? Comparisons with past
[IF WIDOWED:] Changes following death of partner

3. BUDGETING: CHOICES AND CONSTRAINTS

How carefully do you have to plan your expenditure
- What have to do
- How do it
- Over what period of time
- Who decides/plans
Always done this?
- If not, when started
- Circumstances surrounding

To what extent do you have to keep a tight reign on your spending?
- Around what type of expenditure does this happen
- Who is responsible for doing this (each type)
- Are there times when this doesn't work: circumstances

Are there different choices/decisions between competing expenditure demands
- What are they
- How are they resolved

How do you deal with unforeseen expenditures
- ask for recent example(s)
- What did you do to find the money

Ever spend money on 'treats' even if know can't afford them

What are the things you consciously have to limit on your current income
- How does this affect you?
Anything you'd like to buy (or do) but just can't afford?
Anything had to give up completely that used to do regularly
Anything now able to do or have that couldn't before?

CHECK THROUGHOUT: What does this mean in terms of:
- food
- cigarettes
- fuel and electricity
- activities, clothes, spending, presents
- dental checks / eye tests / other medical treatment
- holidays, visits
- house maintenance/repairs
4. CREDIT AND DEBT

[Go through this section when/if respondent mentions debt. Otherwise introduce as approp.]

Collect details of any:
- Arrears
- Formal loans (incl. money lender, and Social Fund)
- Credit (incl credit cards, HP, catalogue)
- Other debts (incl. family, overdraft...)
- Mortgage

For each item investigate:
- original amount
- purpose and circumstances
- when and how debt incurred
- amount outstanding

How, if at all, are they managing to pay it off?

[IS CLAIMANTS.] Use of Social Fund?
- Tried for a loan/grant eg Community Care Grant
- Reasons for not using SF loan

ALL (Regardless of whether or not debt):
- Feelings about being in debt...
- Credit or debt in the past?
- Is credit different from debt? How? (When does credit become debt?)

5. KNOWLEDGE & VIEWS ABOUT CLAIMING BENEFIT

[Especially IS and HB/CTB. Also other benefits and claiming in general]

Awareness & knowledge of benefits available
- Perceived eligibility - who are the benefits for?
- What might you be eligible for? Probe knowledge of CAPITAL LIMITS for IS & HB/CTB
- What are they? What counts as capital? [SEE NOTES]

Experience of claiming (current or past- ever claimed benefit?)
- When went on benefit?
- Circumstances surrounding. Feelings. Why

Ever considered spending (reducing) capital to become eligible for IS [1HB/CTB]

Ever thought of claiming
- Why / Why not claimed
- Ever sought advice about claiming
- Why not found out more?

Would you claim if needed to?
- Might you claim in the future?

6. CURRENT SAVING

Manage to save nowadays?
- How do you go about saving? What saving systems? What income used to save?
- Regularly? / Spasmodically? How/where kept
- Amounts
- What sorts of things save for (and how) - bills
- Use of these savings? (as planned? emergencies
- Who makes decisions about use?
- Changes in these savings systems since ret.?
- one-off expenditure (what?)
- holidays
- household repairs

Changes in amounts/pattern of savings in recent years. Why

7. `ASSETS'

Saved in past? (Saving for retirement?)
- Over what period of time have savings been accumulated
- How/when money accumulated... Eg Inheritance received? How used?
- Plans for leaving an inheritance?

What level of savings [/assets] do you have?
- Probe: Where kept and How much
  - Building Society
  - Bank Accounts (Current / Deposit)
  - Shares or Bonds
  - National Savings Certificates
  - Savings
  - Other
  (How accessible?)

Use of these savings...
- recent savings
- savings accumulated pre-retirement
  - Using now (On what/ used up/ still there (Plan to use? On what) Why?
- Who decides use? How?

Reasons for non use. Why keeping savings
- Were savings built up specifically for retirement...
- How does use compare with expected use/need for savings
  - (As expected or different) (Needing more/less)
- Changes in use of savings since retirement

Other assets...
- Anything they could sell if desperate? Anything tucked away? Think of this as an asset? What [other] assets do you have? (What counts as an asset?)
Have you ever thought of using these as a means to get more money, eg to live on now?

Why? Why not?

Use as a possible way of reducing/avoiding Inheritance Tax

PROPERTY AS AN ASSET

[OWNER OCCUPIERS:] Any thoughts of using house /[flat] equity...

Aversion of this possibility

See any potential in using house /[flat] to provide income - now?

- might you in the future?

Why? / Why not? Barriers to this

If did, how would you use the money (equity)?

What do you think your house /[flat] is worth? (Source of this valuation?)

[ALL:] Ever sold property in the past to release money? Cites... How used the money?

How regard your house/flat...

Eg Whether a burden, eg repairs/maintenance, garden...?

Any thoughts of moving/selling...? Why?

Other financial support...?

- gifts in kind; who from, nature of gift, circumstances
- gifts of money; who from, circumstances
- loans; who from, circumstances
- bartering or exchange

Always done this or only since retirement?

Non financial support... [Eg Transport?! Holidays?! DIY?! Meals?]

Who from?

Any reciprocal gifts in kind/loans to people outside of household/people to whom they offer similar support to themselves. Exchanges

Any other means of generating income - a job

- taking a tenant
- cashing endowment/insurance policies
- sale of possessions
- pawning

Is there anything else they do to gain additional income/resources

Use of financial advice re use of assets or financial affairs in general?

When? Who from?

8. FUTURE CHANGES/PLANS REGARDING FINANCIAL AFFAIRS

Thinking of the future, can you think of any ways that things might change that would affect you financial affairs? - either affect your income, or your expenditure, or the way you manage your money? Eg, to do with: selling/moving home

death of partner

social/domestic support

health care

residential care

wish to leave an inheritance

Do you have any plans at all (day-to-day or long term)? Or worries?

What sort of arrangements would you make in these circumstances?

(Worries at all?)

9. PERCEPTIONS OF LIVING STANDARDS

How would you describe your standard of living at present... (Reasonable?/Good?...)

What makes you say that?

Who do you compare yourself[/-ves] to?

How does it compare with - life before you reached retirement age? (or early retirement)

- your expectations (before retirement) of what it would be like

- or with what you may have planned for

(is Better?/Worse?/As expected? In what way?)

Do you feel your standard of living is reasonable for a retired person /[couple]

- what changes would be necessary to achieve a reasonable lifestyle

How do you feel it compares with that of other pensioners

Conclusion:

We’ve talked a lot about money matters... But thinking of everything:

What makes for a happy old age?

What advice would you give to a person approaching retirement age?

(- general and re preparation, money matters, or any aspect of retirement...)

END
Other Research Reports available:

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<td>Thirty Families: Their living standards in unemployment</td>
<td>0 11 761683 4</td>
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</tbody>
</table>

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