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Dr Elaine Argyle
ESRC Postdoctoral Research Fellow
Department of Sociological Studies
University of Sheffield
Elmfield
Northumberland Road
Sheffield S10 2TU
Email: e.argyle@sheffield.ac.uk and e.argyle@btopenworld.com

# MONEY AND RESOURCES IN OLDER AGE

## Introduction

Issues of money and resources in older age were highlighted during the 1980s with the emergence of political economy perspectives challenging previously predominant pathological approaches to older age (Phillipson, 1982; Walker, 1987). It was thus argued that the social disadvantage and marginality experienced by older people was not the result of physical decline, as had been previously maintained (Cumming and Henry, 1961), but was instead exacerbated by their likelihood to be relatively poor. It was further argued that this poverty was itself socially constructed due to such things as inadequate pension and welfare provision as well as age restrictive retirement policies. In spite of recent postmodernist claims of increasing affluence and consumerism in later life (Gilleard and Higgs, 2000), others maintain that political economy perspectives remain valid and that older age is still characterised by relative material deprivation with older people continuing to experience social marginality and exclusion as a consequence of this. Drawing on the secondary analysis official statistics obtained from the National Data Archive in Essex, this research explores these issues of money and resources in older age, the way in which they are perceived and managed and the implications of these management strategies for welfare policy.

**Access to material resources**

In accordance with political economy perspectives, the Family Expenditure Survey reveals that older people continue to have incomes significantly lower than younger counterparts (table 1):

**Table 1: Average income of respondents (by age group)**

| AGE GROUP | 20-29 | 30-39 | 40-49 | 50-59 | 60-69 | 70-79 | 80 + |
|---|---|---|---|---|---|---|---|
| Gross weekly income | £257 | £351 | £354 | £324 | £200 | £162 | £143 |

Source: Family Expenditure Survey, 2000-2001

They are also much less likely than non-retired counterparts to be home or car owners or to have access to material goods such as home computers (table 2):

**Table 2: Non-ownership of goods by household type (percentage)**

| Household Type | No home computer | No car | Non home owner | No video recorder | No microwave | No deep freezer |
|---|---|---|---|---|---|---|
| Pensioner | 94.8 | 71.7 | 54.7 | 40.6 | 33.3 | 14 |
| Non pensioner | 52.7 | 22.9 | 29.4 | 8.7 | 13.7 | 5.4 |

Source: Family Expenditure Survey, 2000-2001

While this means that older people may be successful in avoiding money problems, it can also give rise to a great diversity in lifestyles and living standards compared to those experienced by younger people and to reduced levels of participation as consumers. Moreover, contrary to the postmodernist claim that older age can lead to the dissolution of class divisions (Gilleard and Higgs, 2000), others maintain that retirement is increasingly more likely to give rise to a transmission and exacerbation pre-existing inequalities (Argyle and Warren, 2005). This is due, amongst other things, to the growth of occupational pensions and private insurance schemes serving to compound the disadvantage of those people previously categorised as poor and giving rise to increasing polarity in the material situation of different groups of older people.

**Financial attitudes and strategies**

In spite of the widespread recognition of the socially constructed nature of poverty in older age, little corresponding attention has been given to their financial attitudes and management strategies with older people often being portrayed as being passive victims of adverse circumstances rather than active social participants. In pursuance of this neglected theme, researchers from the Economic and Social Research Council's Growing Older Programme have found that, despite growing levels of debt in the general population (BBC News, 2003), older people tend to be characterised by attitudes and strategies of financial caution and low material expectations (Baldock, 2003). This is illustrated by the British Social Attitudes Survey, which shows that people aged over sixty are much less likely than other groups to believe in borrowing money (table 3).

**Table 3: Attitudes to money management by age group (percentage)**

| AGE GROUP | 20-49 | 50-59 | 60-69 | 70-79 | 80-89 |
|---|---|---|---|---|---|
| People should never borrow money | 6.7 | 11.5 | 16.1 | 27.2 | 46.2 |
| It should be much harder to borrow | 43.6 | 58.7 | 61.3 | 61.9 | 65.3 |
| Tries to keep some money put by | 59.6 | 78.3 | 86.8 | 92.1 | 86.9 |

Source: British Social Attitudes Survey, 2002

However, what is less clear is the extent to which these cautious strategies are generationally specific and held by older people throughout their lives or are progressively acquired only in later life. Thus on one hand, the current generation of older people are likely to have been brought up during times of material constraint and austerity when attitudes of frugality, self denial and self reliance rather than consumerist ideals, were predominant. These cultural and attitudinal issues may render them more able and willing to adapt to adverse financial situations. On the other hand, age specific factors such as the gradual onset of physical pathology and reduced post retirement incomes may form a barrier to full participation in consumer society (Baldock, 2003). While older people's generationally-based aversion to credit and debt may be compounded by their limited life expectancy and subsequent lack of attractiveness to retailers (Carrigan and Szmigin, 2000).

### Welfare implications

The persisting incidence of relative material deprivation in older age serves to undermine postmodernist perspectives and their emphasis on increasing affluence. While the potential impact of physical pathology, culture and attitude on the financial behaviour of older people and its subsequent diversity to that exhibited by younger people serves to highlight the omissions of political economy perspectives. For in their rejection of the pathological theories that preceded them and their socially constructive accounts of poverty in older age, such perspectives fail to take full and explicit account of the way in which older people actively manage and perceive their financial situation. In spite of rhetoric towards culturally sensitive service provision and ongoing trends towards an ageing population, these issues have also been neglected in the policy arena. A recent example of this is the attempt by the Department of Work and Pensions to persuade older people to have their pensions paid directly into a bank account. This has met with huge resistance from pensioners groups as well as from older people themselves. For many older people, due to traditional attitudes towards money management prefer to have their pensions paid in cash. In spite of recent government proposals to promote access to such payments (Department of Health, 2005), direct payments for the purchase of care also have a low take up rate by older people. This poor take up may be partly because of lack of knowledge and the relatively poor resourcing of such payments to older people. But it may also be due to the fact that older people do not want the hassle of setting up such payments or becoming an employer. As such trends towards a consumerised welfare market may be incompatible with the financially cautious attitudes of older people. They are also more likely than younger counterparts to have traditional expectations of practical and accessible support from the cradle to the grave in preference to user led participatory approaches. If state welfare provision is to be truly inclusive, the recognition and exploration of these attitudes and strategies and the extent to which they are linked to generational or age specific issues has never been more relevant. For it will help to ensure that the current generation of older people receive a service that is compatible with their needs. It will also help to address the extent to which younger people when they themselves become older will exhibit similar needs, or whether they will have different demands both as consumers and as welfare recipients.

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