

## Living through later life - Launch Write-up

The Pensions Policy Institute (PPI) held a policy seminar on 17<sup>th</sup> July 2019 to launch *Living through later life*, sponsored by Age UK, DWP, The People's Pensions, and Wealth at Work. The event was kindly hosted by Travers Smith. Living through later life is the first of two reports and identifies three phases of later life (Independent, Decline and Dependent), according to levels of physical limitation, and explores the various challenges which are associated with each phase.

Over 50 people representing a broad range of interests within Government, the investment industry, the pensions industry and the third sector attended the seminar.

**Michelle Cracknell, PPI Governor**, chaired the event.

**Lauren Wilkinson, Senior Policy Researcher, PPI**, presented the findings of the research.

**Lis Robinson, Head of Fuller Working Lives, DWP**, said that labour market behaviour is not keeping pace with changes in life, and healthy life expectancy. A substantial group of people are continuing to leave the labour market prematurely as a result of, for example, health problems or, mostly for women, the need to provide care. Mid-life financial M.O.T.s could help prevent premature exits through getting people to think about what they might need to do to prepare for health or care needs, for example, by changing jobs or re-skilling. It's important that people with health conditions are given support to stay in work.

**Teresa Fritz, Senior Policy Manager, Money and Pensions Service (MaPS)**, praised the way the research brought the different phases of retirement to life and said it was a high standard report. She confirmed that MaPS brings together the high quality services previously supplied by The Pensions Advisory Service, Money Advice Service and Pension Wise and said that while MaPS currently offers good support for those of working age and going through the transition to retirement, it recognises that it needs to strengthen its offering to older people during retirement. MaPS currently receives calls from older people or their family members many of which relate to issues relating to power of attorney or what action can be taken to act on someone's behalf if no power of attorney is in place when the help it can give is limited. There needs to be more support for people facing these issues and a mid-retirement financial M.O.T. may be helpful in addition to mid-life M.O.T.s. Any stage or transition in a person's life which can be used to give a nudge towards help and guidance should be taken advantage of. The more we use teachable moments, the better prepared people will be for retirement events.

**Tish Hanifan, Founder & Joint Chair, SOLLA**, said that the research highlights the interrelation and impact of retirement phases. There needs to

be a concurrent approach to support people which provides nudges and information strategically so that by the time people get to older age they are prepared and understand the issues they may face. This approach needs to ensure that family members are aware of where they can turn for guidance or advice. This research highlights the importance of ensuring that power of attorney is in place. If problems occur without power of attorney in place then you can end up starting out on the wrong foot, and there may be delays to processes at a point when doing things in a timely manner is critical.

People avoid thinking and talking about care. People can put off requiring care if they are given support to remain in the independent phase but currently services only engage at the point at which you have a high level of care needs.

### **Panel discussion and Q&A**

The following points were raised during the panel discussion and Q&A session, held under the Chatham House rule. They do not necessarily reflect the views of the Pensions Policy Institute or all panellists.

#### **Talking about care**

- It is difficult to start initial conversations about potential future care needs. People tend to actively avoid these conversations because they are scary and emotionally difficult. It might be easier for children to initiate care conversations than parents. Work could be done with carers and family members to encourage them to initiate conversations. Once the conversation starts it becomes easier and people start to feel more empowered and in control of transitions. People are actually, on the whole, better at talking about death and dying than may be feared.
- It is important to understand the wishes of people before they reach the point of needing care as people may be particular about what they do or do not want. It is also important to understand the needs and wishes of the potential carer.
- Financial advisers, providers of guidance, attorneys and service providers may all be in a position to initiate conversations about care and ensuring power of attorney is in place, or to encourage people to have these conversations with their families. As an example, Lloyd's bank has launched an initiative to get families discussing money matters.
- Older people are often users of social media. It might be worthwhile intervening in the social media space and refer people to services and information who are talking about debt, health or care needs. Digital marketing tricks can be harnessed in order to ensure that the information which is given is very clear and easy to understand – this might not be easy, but it is doable in this digital age.
- Words like “dependent” and “decline” to describe the different phases in retirement may be off-putting to older people. The word frailty was traditionally used but people found it scary and alienating. It might be worth focussing instead on triggers that indicate decline, for example, if people find they can no longer do the vacuuming.

- Within discussions about care it is important to understand what people expect to receive in terms of income and services, for example, State and private pension income, benefits and care services from the council.
- In the same way that the pensions dashboard could encourage people to think about retirement, can prompts about preparing for future health needs be given throughout working life to help people become more familiar with these?
- Conversations don't need to be framed negatively. People are often proud to feel that they have control and are managing their future.

#### Support for those going through transitions

- The social care system is too complex for individuals to understand and navigate without support and guidance. Family members and carers need more information about where to go for guidance and advice.
- There needs to be research on how a household member's transition may affect the transitions of others. There is a clear bereavement effect on the independence of household members, and one member going into a dependent phase is likely to lead to another member becoming a carer. It is worth exploring other correlations.
- "Preparedness" and "conversation" were two key themes arising from the research. People need to prepare, not just financially but in other ways for their parents' transitions. For example, people may want to sort through their family home and ensure that papers are in order, insurance policies are up to date, and that their parents do not have a surfeit of possessions that may be complex to dispose of or store during a transition.
- Many people are unprepared to become carers and may not realise that they are carers until they are already providing care. These people are often mystified about where to turn. It would be helpful to prepare people early by getting them to understand that there is a high likelihood that they will one day become a carer. If people are more aware of what might be coming, they are less likely to become too overwhelmed with the clash of emotion and the need for practicality which generally accompanies health transitions and bereavement.
- There could be designated people within workplaces who have provided care and can give information and support to others.
- People in households which had clear divisions of labour may need support to manage household or financial matters if their partner becomes incapacitated.

#### Financial guidance and advice

- Financial resilience is not just about money. There needs to be more alignment between the financial world and the healthcare world.
- People like talking about money. Nudges, such as a mid-life financial M.O.T. could really help engage people and reduce the numbers who only reach out for help when they are in a crisis.
- Perhaps regulated advice should be made more accessible? However, if it were cheaper many people may still not access it. People are not motivated by price so much as good outcomes. People may be willing to spend a lot

of money on advice if they believe it will deliver a good value. Reducing cost may reduce the quality of advice.

- The majority of people who don't use advice say that it is because they feel confident in their own decision making or because they don't know what their options are/cannot find an adviser. Expense is usually the third most popular reason for not accessing advice. There needs to be more work on why people don't use advice and guidance.
- A menu of fees may help dispel myths about financial advice. Many people think it is more expensive than it is.
- While financial advice can be delivered through the workplace, only large employers are likely to engage with these types of services. More work needs to be done to help smaller employers see the value of offering financial education to their employees.
- Could pension savings and state pension entitlement be displayed next to bank accounts, amazon or google accounts? Would this help promote engagement with financial planning?
- Can more be done to ensure that older people, who may have declining health, are not in drawdown arrangements which will result in a significant reduction in retirement income? Should there be a push towards regulated financial advice?

#### Health

- There needs to be a greater focus on maintaining health in order to avoid or postpone the need for care.
- Work is an ideal medium for influencing people's outcomes as the vast majority of people spend time in a workplace. Workplaces need to be made healthier and more flexible in order to promote and maintain health and to accommodate those with failing health.