



Still Soldiering On?

The Continuing Impact of the Recession on the Older Generation in 2011



Produced by Citizens Advice and LAW Social Policy Group
Working to influence change locally and nationally

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Two years ago, Citizens Advice Bureaux in Warwickshire in conjunction with Warwickshire Trading Standards undertook a survey in order to reveal the impact of the recession on the financial well-being of the over 60's throughout the county. The findings of the survey were reported in 'Soldiering On' last year and established how hard the battle for survival had become for many of our respondents in 2009: not only were they having difficulty in paying for essentials such as gas, electricity, rent and food but they were also struggling to repay their mortgage, credit cards and loans. In addition our survey also revealed the hidden costs they were incurring as parents and grandparents, as they supported family members who had also been affected by the recession.

As Elizabeth Phillips, Chief Executive of Age Concern Warwickshire then noted, new problems brought on by the recession were clearly hitting pensioners disproportionately hard and the promise of a happy retirement was being shattered by the two evils of poverty and debt.

Two years on the economic downturn continues. Our older generation have had to live through the worst winter in living memory, the stringent measures imposed in the 2010 Budget by the new coalition government and the subsequent cuts in benefits, budgets and services for the elderly. Factors which we all know have the potential to tip those who are already struggling financially into an even deeper downward spiral of debt and the consequent knock-on effect on their health.

'Soldiering On' ended on a bleak note predicting that if the over 60's were unable to withstand the impact of the recession in the short term, the long term effects could prove devastating.

To find out if this prognosis has proved to be true, another survey was undertaken across the county this summer. Building on the knowledge gained previously, additional questions were included to try and determine the level of debt our respondents had incurred and the impact that this was having on their physical and mental wellbeing.

Summary of data and findings.

A random sample of 182 people, aged 60 and over, living across the county of Warwickshire responded to the call for evidence, with a higher representation this time of those aged 80 and over. Coincidentally, this was exactly the same number of completed questionnaires returned in 2009.

- **42% were aged between 60-69**
- **36% were aged between 70-79**
- **18% were aged between 80-89**
- **4% were aged 90+**

The numbers had also increased in the take-up of benefits: out of 83 respondents, 61% were in receipt of Pension Credit and more than half (55) were receiving Disability Living Allowance or Attendance Allowance.

Demographically 63% of the questionnaires were received from residents of North Warwickshire, and 37% from residents of South Warwickshire.

Questionnaires were circulated and completed with the assistance of Citizens Advice Bureaux in Warwickshire, Age UK, Stratford District Council and other organisations in Warwickshire to whom we are most grateful.

The Economic and Social Impact

Respondents were again asked if they had difficulty in paying for specific items.

89 of the 182 respondents answered this question and the situation had clearly worsened:

- **4 out of 5 were now having difficulty in paying for gas and electricity**
- **3 out of 5 had difficulty in paying for food**
- **2 out of 5 had difficulty in paying for credit cards and loans**
- **1 in 4 were having difficulty in paying for their rent and**
- **1 in 7 were having difficulty in paying for their mortgage**

Again they were asked if they had difficulty in paying for anything else. As before the cost of running and maintaining a car drew the highest response (25%) but holidays were replaced by more practical issues – over 10% identified the cost of maintaining the home and household repairs as a cause of concern.

Respondents said:

'Petrol for my car which I consider to be my lifeline to my friends, as I find it hard to stand and wait for buses'

'Keeping a car on the road'

'Car – petrol and upkeep, insurance'

'I have to save up hard to pay for jobs to be done'

'Repairs to house'

'Clothes and car repairs and household repairs and upkeep'

The focus had noticeably shifted and was now more firmly placed on the difficulty of paying bills and this was having a more pronounced effect on the financial well being and quality of life of our respondents:

'The Council Tax bill of £164 pm is a big thing'

'Notice bills bigger but manage'

'No holiday for the past 7 years'

'During the last 4 months, council bill, food'

'Social side is being reduced. Holidays, days out etc'

'Everything'

The Cost of Supporting the Family

In the 2009 survey we identified the 'hidden costs' that were unique to the older generation in that they have an inbuilt sense of responsibility as head of the family to do whatever they can to help members of their family who are also under increased financial pressure as a result of the recession. In 2009, 118 respondents had said they were worried about the effects of the recession on a member of their family.

In 2011 this had fallen to 98 (60%) but in all but 1 instance (mortgage arrears)* the percentage of those with a family member affected by one of the following issues had increased:

- **68% had a family member affected by unemployment (64%)**
- **49% had a family member affected by debt (37%)**
- **30% had a family member affected by housing issues (18%)**
- **20% had a family member affected by child care issues (18%)**

- 14% had a family member affected by rent arrears (11%)
- 11% had a family member affected by mortgage arrears (16%)

* figures in () relate to 2009 survey

Worrying about the future prospects of those they love undoubtedly impacts on our respondents own wellbeing and this could be further exacerbated when practical help is also required. 38% confirmed that they were being relied on more for help and support:

- 76% were providing family members with financial help (84%)
- 33% were providing child care (27%)
- 22% were providing accommodation (22%)

The Impact on the Quality of Life

Respondents were then asked to provide one example of the economic downturn on their life. 25% of the 108 respondents who did so expressed concerns about their savings and how they were dwindling in the face of increased costs of living and low interest rates:

'Am trying to help my son and his daughter and finding it difficult to manage myself – have reached all my limits'

'Less interest on savings causing loss in earnings'

'Husband died so income one third of previous amount'

'Am in debt with mortgage and family also. Have never been in this situation and am worried my home will be taken away'

'No longer able to get the credit required'

'Reduced value of private pension and state pension'

'Dip into savings to "make ends meet"'

'Can't save anything'

'Money coming in doesn't match expenditure'

'Try to manage on my pension with higher prices for everything....dipping into my small savings'

'Income reduced or at best static. All outgoings rising inexorably'

'My savings are tied up and not giving me enough income now to be comfortable with'

'Pension now inflated by CPI not RP. No pay increases!'

Other replies identified that the current economic conditions are forcing older people to change their lifestyles and spend less on food, travel and socialising. A significant percentage of respondents have given up or substantially reduced the use of their cars and have given up social events such as bingo, trips, and going out.

'Food is costing so much that I find I am buying less meat and fruit and more bread to fill up on which is not good for my weight problem'

'Grocery seems to go up every week. It used to be £20 per week but now it is £40.'

'Cutting down on pub meals only once a month. No holidays for 8 years'

'Cut back on everything'

'Very little social life now'

'Cancellation of evening bus service which means I can no longer go out at night – if I do, need to find money for taxis'

'Only drive car to take people to hospital appointments etc. No pleasure driving – insurance/petrol'

The Burden of Debt and its Impact on Health

An additional question was included in this survey in an attempt to quantify the level of debt that was being carried by the older generation in 2011.

41 respondents revealed that they were struggling to repay debts. Of these:

- **49% were struggling to repay debts between £1000 and £4999**
- **1 in 5 owed £10,000 and over**
- **1 in 8 owed between £5000 and £9999**
- **1 in 8 owed under £1000**

Attempting to cope with debt has been recognized as a significant factor in precipitating debilitating mental and physical illnesses and many of our respondents in the 2009 survey were providing evidence of the impact of financial deprivation on their wellbeing. For this reason we asked if the stress of dealing with financial and other difficulties over the past couple of years had had an impact on their physical and mental health.

Out of the 157 respondents who replied to this question, **just under half (41%)** answered **'yes'**.

Out of the 47 respondents who were willing to give more details about the impact of stress on their health, **2 out of 3 were clearly experiencing problems relating to their mental health.** Their brief comments effectively demonstrated

the link between financial deprivation and mental health issues and for that reason are included in full in Appendix 1 at the end of this report.

'Worry over debts caused husband to have a heart attack'

'Permanently feeling tired from the stress of coping on my own'

'Cannot sleep with worry - physical health deteriorating'

'I am in ill health and all the amenities I need (are) in my home and (I) could lose my home - don't know what to do'

'Panic attacks'

Conclusion

Two years ago our survey established that across the county a significant number of the older generation had been dramatically hit by the recession. We predicted that the difficulty they were having in paying for the basics in life would mean that over time their savings would be depleted even further and when so many were also providing child care or feeding and housing additional family members, a limited budget would be stretched beyond its limits.

There is no doubt that our current survey has revealed that this has proved to be true. The strain of trying to make ends meet in an economic downturn whilst living on a fixed income has become clearly apparent. Finding work to supplement your pension when you are over 60 is hard enough; obtaining a rate of pay that reflects years of accumulated knowledge and experience is virtually impossible. Finding the money to pay utility bills is, without question, the straw which is breaking so many pensioners' backs. An increased number - 82% - said they now had difficulty in paying for their fuel bills whilst the number of respondents who had difficulty in paying for food had doubled. As the effect of the recession began to bite in 2009, expenditure on such items as home maintenance could be postponed: two years on it has clearly become a cause for concern.

Most disturbingly, we now have unequivocal evidence of the detrimental effect that the current economic climate is having on the health of the older generation,

particularly in relation to mental health issues. The stress caused by living with debt can only be exacerbated by the knowledge that the opportunities to repay it are limited, if not non-existent. If they have savings, minimal interest is being paid; if they own property, its value has fallen making downsizing or equity release a less viable solution. With no hope of inheritances forthcoming, promotion or pay rises to alleviate the situation and even more distressingly, nothing of value to pass on to the next generation it is unsurprising there has been such a rise in the number of elderly people suffering from illnesses related to mental health.

Isolation is also a threat to older people who are prone to ill health and depression as well as those who succumb to the many disabling medical conditions that accompany old age. Being able to get out and meet friends is an important aspect of life, particularly to those who live in the outreaches of rural Warwickshire. The county-wide reduction of public transport services is therefore a matter of extreme concern, given that so many older people have said that they are having difficulty in affording the cost of running and maintaining a car and will therefore have no other means of getting out of the house.

This report began by raising the question of whether the over-60's in Warwickshire are still soldiering on, despite their financial vulnerability in such austere times. Based on the evidence they have supplied it is fair to say that there are still a number of older people who are certainly feeling the impact of the rise in the cost of living but are continuing to cope by cutting back and 'making do'. *'Notice bills bigger but manage'* sums up the stoicism of this generation.

But herein lies the problem for all who are seeking to support the elderly in Warwickshire today; beneath this stoical attitude lies hidden the poverty and debt which so many of our older people are enduring today.

The greatest service our recent survey has provided is an opportunity for our older generation to reveal the damage that is being done to their finances in these harsh economic times, the wear and tear on their bodies and minds and on their savings and homes.

Are they still 'Soldiering On? No. Struggling On? Yes - but for how long? And at what cost to themselves, their families and the community at large? That very much depends on those of us who provide a lifeline to the elderly and not so elderly in their time of need. On this basis the following recommendations are made:

- **The development of meaningful working partnerships between agencies supporting the over 60's must become a priority in order that our older people feel *part* of the Big Society, rather than living on its margins.**

- **Regular training and updates on supporting people with mental health issues should be provided for all those who come into contact with the elderly, for both professionals and volunteers.**
- **Improved access to the elderly is needed in order to provide advice on income maximization and debt reduction. Partnership working could establish contact points throughout the county so that this service is well publicized and easily accessible, particularly for those with limited mobility.**
- **Organisations and agencies should ensure their frontline workers receive training from Warwickshire CAB Financial Capability Team on how to reduce domestic fuel bills and the new Warm Homes Discount , currently replacing social tariffs.**
- **A united approach should be made to campaigning for improved access to public transport, particularly in the more remote rural areas of Warwickshire.**

Appendix 1 Respondents who are suffering from mental health issues

Has the stress of dealing with financial and other difficulties over the past couple of years had an impact on your physical and mental health?

Please give details if you would like to:

1. Find things difficult to cope with especially the paperwork
2. Depression
3. GE money giving me stress
4. Worry over debts caused my husband to have a heart attack
5. I have been getting very depressed about things
6. Worrying how to pay
7. Stress
8. Makes me low in spirits
9. Worrying about paying debts etc
10. Lost large amount of weight and money
11. Permanently feeling tired from the stress of coping on my own
12. I have been treated by the doctor for stress and anxiety
13. Find it more difficult to cope with changes and pay for gas charges
14. Just slightly worried about future finances
15. The concerns about the above together with the general aches and pains do not help my general wellbeing
16. Anxiety
17. General stress and worry
18. No get up and go. Depressed
19. I had a breakdown over the sale of a company, but have now recovered
20. Stress caused by worry
21. Mentally stressed
22. Panic attacks
23. Cannot sleep with worry – physical health deteriorating
24. Mental health affected
25. Am just coping
26. I am in ill health and all the amenities I need (are) in my home and could lose my home – don't know what to do
27. Am under the doctor
28. With the expense of utility rising fast, find it hard to keep payments going. I have not struggled through life so why should we now be finding costs hard to manage
29. Under doctor
30. I constantly worry about money due to supporting other family members in financial difficulties
31. Unable to enjoy retirement as planned move to coast
32. Stressful
33. Find difficulty in sleeping
34. Stress