

Inequalities in Old Age:

**An exploratory study of the impact of the
recession on older people in Northern Ireland
(NI) and the Republic of Ireland (RoI)**

Inequalities in Old Age:
An exploratory study of the impact of the recession on older people
in Northern Ireland (NI) and the Republic of Ireland

A project funded by the Centre for Ageing Research and
Development in Ireland (CARDI)¹

Authors:

Professor Paddy Hillyard, Emeritus Professor Queen's University Belfast - Lead Researcher; Dr Francesca Lundström, Research Consultant; Dr Demi Patsios, Policy Research Consultant; Sarah Machniewski, Researcher; David Taylor, Chartered Accountant and Management Consultant; Dr Maureen Lyons, Research Manager, School of Social Justice, University College Dublin.

October 2010

¹ This project was funded under Call 2 of CARDI's Ageing Research Grants Programme. The content and views expressed are those of the authors.

Contents

Executive summary	vi
Findings.....	vi
Policy recommendations.....	x
Areas for future research	xi
Glossary of Terms	xiii
1. Introduction and overview of the research	1
1.1. The recession and inequality	1
1.2. Purpose and aims of the study.....	2
1.3. Contents of the report	3
2. Poverty and Older People in NI and RoI	4
2.1. Defining Poverty	5
2.2. Measuring Poverty	6
2.3. Risk of Poverty among older people in the EU	9
2.4. Risk of Poverty and deprivation among Older People NI.....	11
2.5. Minimum Income Standards (MIS) for NI/GB	14
2.6. Risk of poverty and deprivation among older people in RoI.....	15
2.7. Conclusions	17
3. Mapping policies for Older People, NI and RoI	18
3.1. United Kingdom	18
3.2. Northern Ireland.....	23
3.3. Republic of Ireland.....	27
3.4. Recent Developments.....	33
3.5. Comparison of anti-poverty strategies: RoI, NI and UK	34
4. Income in older age – pension policy, state benefits and taxation	36
4.1. Key population, labour force and earnings data	36
4.2. Pension policies in NI.....	38
4.2.1. The basic State Pension.....	38
4.2.2. Pension Credit.....	39
4.2.3. The reforms.....	39
4.2.4. Public Service Pensions	40
4.2.5. Tax treatment of occupational pension schemes.....	45
4.3. Pension policies in RoI.....	45
4.3.1. State pensions	45
4.3.2. Occupational Pension Schemes.....	46

4.3.3.	Personal Retirement Savings Accounts (PRSA).....	49
4.3.4.	Tax treatment of occupational pension schemes.....	50
4.3.5.	Health, health care related and other benefits	51
4.4.	Comparison of state provision in NI and RoI	52
4.5.	Conclusions	52
5.	Inequalities in pension provision, NI and RoI	57
5.1.	Inequalities between the haves and have-nots in pension provision	57
5.2.	Inequalities between public and private sector pension provision.....	58
5.3.	Inequalities between the employed and self-employed	61
5.4.	Inequalities in pension provision within the public and private sectors	62
5.5.	Inequalities in pension subsidies.....	63
5.6.	Gender inequalities in pension provision.....	64
5.7.	Age inequalities	65
5.8.	Conclusions	65
6.	Data sources and the recession	67
6.1.	A conceptual model of the impact of the recession on older people	67
6.2.	Audit of existing surveys and datasets: The ‘crosswalk’	69
6.3.	Overlap between survey information and the recession: The ‘crosslink’	69
6.4.	Vetting candidate measures/variables.....	72
6.5.	Synthetic approach to modelling the impact of recession	76
6.6.	Pre-recession comparisons between NI and RoI	78
6.7.	Conclusions	79
7.	Survey of financial advisors and retirement planners.....	85
7.1.	Methods.....	85
7.2.	Findings from the online surveys.....	87
7.2.1.	Independent Financial Advisors’ Survey (NI) summary	87
7.2.2.	Independent Financial Advisors’ Survey (ROI) summary.....	88
7.2.3.	Independent Advice Centre Advisors’ Survey (NI) summary	94
7.2.4.	Citizens Advice Bureau Advisor’s Survey (NI) summary.....	97
7.2.5.	Money, Advice and Budgeting Service Advisor’s Survey (ROI) summary... ..	98
7.3.	Comparisons of emerging challenges in financial planning and retirement for older people in NI and ROI	101
7.4.	Comparison of advice provided to older people in NI and ROI	102
7.5.	Conclusions	103
8.	The Focus Groups	104

8.1. Methods.....	104
8.2. Northern Ireland.....	105
8.2.1. The Quantitative Results	105
8.2.2. The Qualitative Results	110
8.2.3. Conclusions.....	123
8.3. The Republic of Ireland.....	123
8.3.1. The Quantitative Results	124
8.3.2. The Qualitative Results	129
8.3.3. Conclusions.....	142
8.4. Comparing NI and RoI	143
8.4.1. Quantitative Results	143
8.4.2. Qualitative Results	144
8.4.3. Discussion.....	146
8.5. Conclusions	147
9. Summary and Conclusions	148
10. References	151

Executive summary

The aim of the research was to consider the impact of the recession on older people. It consisted of a number of different components: a feasibility study of comparative datasets (chapter 6), a survey of financial advisors and planners (Chapter 7) and focus groups (Chapter 8). In addition, extensive desk based research was conducted to provide a contextual background. This included examining definitions, measurement of and the extent of poverty, North and South (Chapter 2); mapping the range of social policies and strategies aimed at older people in the two jurisdictions (Chapter 3), assessing pensions policy, state benefits and taxation in the North and South (Chapter 4), and exploring the issue of inequality and ageing (Chapter 5).

Findings

A. Desk based research

Findings on Poverty and Deprivation among older people, NI and RoI

The North has much higher rates of pensioner poverty than the South.

Whereas the proportion of pensioners in poverty has declined rapidly in recent years in the South, the proportion of pensioners in poverty has increased in the North. Whilst the proportional increase has not been that large, the increase in the actual numbers of both single and pensioner couples living in poverty has increased considerably.

Older people who live alone are shown to be at much greater risk than those who live with someone else.

A far higher number of women pensioners are likely to be in poverty than men. The older women get, the more likely this is to be the case.

Findings on social policy for older people, NI and RoI

Both countries developed multi-pronged, life cycle anti-poverty strategies in the late 1990s, with bespoke measures, indicators and targets forming the backbone of measuring progress with multi-year action plans,.

Whereas the RoI focused on reducing and eliminating consistent poverty, the UK chose to focus on children. NI developed its own set of policies and strategies.

Anti-poverty strategies in general have been couched strongly in terms of social exclusion, with a key objective being increasing labour market participation. Both the UK and RoI governments have supplemented their strategies with resources

designed to meet their targets but with specific commitments to improve the quality of life of older people.

Prior to the recession, the RoI and the UK made progress in reducing poverty and social exclusion with some types of households. The RoI has been particularly successful, surpassing some of the targets it had set in its original 1997 strategy.

Strong economic growth, low levels of unemployment, improved tax benefits and income support, pensions reform, and an array of policies and programmes to increase a return to paid employment have played a large part in both countries to either reduce poverty among older people, as in the South, or to restrict its growth as in the North.

Many challenges remain, however, particularly in terms of alleviating poverty and social exclusion for single older people (particularly single pensioners), those under pensionable age not in paid employment, and people with disabilities. These challenges are going to be even more difficult in the face of the recession.

Findings on pension provision, state benefits and taxation, NI and ROI

There are many similarities but also differences between the form of pension provision and benefit packages for older citizens in the North and South of Ireland.

The most important difference lies in the size of the state pension. The basic state pension for a single person in the North is £97.65 per week compared with £191.60 (€230.30 at £1=€1.20)² in the South.

The absence, however, of a system in the South comparable to the UK's National Health Service means that many older people have to pay considerable sums of money for medical attention (e.g. for GP visits, specialist medical attention). Any comparison of the living standards of older people will have to measure and take this into account.

Both countries have good quality public sector occupational pensions with wide variations in employer and employee contributions. The total contributions are insufficient to cover payments to current pensioners and seriously inadequate to meet the costs of their longer term obligations.

The total deficit on almost all of the public sector pension schemes in NI - excluding only fire-fighters and the judiciary - totals £32.5 billion measured on the Treasury calculations which have been shown to underestimate the size of the deficit. In the South the deficit for all public schemes is estimated at €100 billion. The implications of these deficits are of major concern.

² As at 9 August 2010, see: http://www.exchangerates.org.uk/EUR-GBP-09_08_2010-exchange-rate-history.html

Findings on inequalities and ageing, NI and RoI

There is a large divide between those who have occupational and personal pension schemes and those who do not. Two fifths of single pensioners and one fifth of pensioner couples in NI have no pension other than the state retirement pension and benefits. The numbers have increased over recent years. Comparable figures are not available for RoI. However, the number of people with retirement pensions has been in the opposite direction to that in NI with a steady upward growth.

Considerable inequalities exist between public sector and private sector pension schemes. All the former are Defined Benefit (DB) schemes while the latter are mainly Defined Contribution (DC) schemes and employees are increasingly being moved onto DC schemes. In the UK as a whole only 11% of private sector workers are now in a DB pension scheme (compared with 94% of public sector workers).

Many workers, particularly the self-employed, have no pension. Yet, those with no pension provision or those in a DC scheme are having to contribute through their taxes towards the good quality pensions of a minority in the public sector.

Another important inequality is the differential tax relief given for pension provision. Tax relief on pension contributions in both the UK and the Republic is heavily skewed towards the better off.

Perhaps the most pervasive inequality in pension provision is between men and women. Men are much more likely to have a pension and much more likely to have a more substantial one compared with women.

B. Secondary analysis and surveys

Findings on the Data Feasibility Analysis

The feasibility data analysis of the pre- and intra-recession periods showed that there was limited overlap in the publicly available datasets. It also revealed that data from key periods of the intra-recession period were not available for analysis, and that both the North and South were equally affected in terms of lack of available data.

The available datasets are useful for getting a clearer picture of the assets, income, living standards and wellbeing of older people prior to the onset of the recession, but they are less informative for the intra-recession period. Crucially, at the time of the research there was little, if any, data available for the post-recession period.

The analysis of the available datasets showed that while there are a range of individual, family, and household variables available, only 25 out of the 124 candidate measures could be used to inform the conceptual model and synthetic

analysis because of different definitions, types of questions, units of analysis and aggregations.

The pre-recession comparison between the North and the South highlighted the considerable differences in the standard of living of older people in the two jurisdictions.

Northern pensioners, in general, are less well off than their Southern counterparts: their pensions are smaller; they experience more enforced deprivation - that is, they cannot afford to buy essential items or participate in social activities; and a higher proportion of them are at risk of poverty. There are therefore, literally and metaphorically, two older person nations on the island of Ireland.

Findings from the financial advisors

Online surveys with the various financial advisors showed the recession has already had an impact on some older people, both North and South.

There is a strong feeling of financial insecurity on both sides of the border. People are very cautious about investing whilst at the same time experiencing a drop in income from their savings.

Older people are approaching retirement with greater levels of debt, reduced asset values, a fall in returns on their pensions and savings, and loss of investments through the property crash.

In the North and the South, older people are concerned about the effects of spending cuts on health and transport services. They are anxious about the future of their own financial security and that of their children. There was an indication that older people are providing financial assistance to their children as a result of the recession. The results suggest that this can cause considerable financial strain.

Findings from the focus groups

The focus groups revealed that older people pre-retirement, retired, active older people and older people who, for whatever reason, are confined to their homes (which this study did and could not access) have very different experiences of the recession.

The current effects of the recession were somewhat cushioned for older people in the South because of generous State pensions and benefits. However, the state of the health services caused considerable concern in both jurisdictions.

Many respondents in the RoI were worried about the future because of the perception that the Government, rather than reducing pensions, were using stealth taxes to reduce the pension incomes of older people.

State bureaucracy on both sides of the border hampered and distressed older people when attempting to obtain benefits (e.g. pension credit in NI and a renewal of their Medical Card in the RoI).

Policy recommendations

Standardising and harmonising surveys and data

There is a strong need to standardise and harmonise sampling, surveying, definitions and data collection on inequalities experienced by older people at the individual, family (benefit unit) and household level, North and South.

There should be regular meetings between Northern Ireland Statistics and Research Agency (NISRA) and the RoI Central Statistics Office (CSO). In addition a cross border standing working group should be established to drive cooperation so that more comparative analysis is possible in the future.

Improving the living standards and wellbeing of older people in the North

Increase the state pension to help older people cope with the rise in the cost of living and other expenses.

The link between earnings and the state pension in the UK should be introduced immediately and not postponed until 2012 as promised by the Labour Government (and confirmed by the Coalition Government).

New rules concerning women and carers should be applied retrospectively and not apply only to those reaching retirement age after 6 April 2010.

Cuts should not be made to health, community, transport and care services for older people.

Make access to benefits more user-friendly so that people can seek financial support from the State if needed, and obtain the benefits to which they are entitled.

Develop an anti-poverty strategy for older people similar to the strategy adopted for children in the UK Child Poverty Act, 2010.

Develop a comprehensive strategy for the provision of social care to give older people a sense of security for the future.

Develop a set of policies to tackle inequalities in older age.

Improving the living standards and wellbeing of older people in the South

The Government should live up to its promise that: "Every older person would have access to an income which is sufficient to sustain an acceptable standard of living" (RoI, 2007, p 48).

The Government should develop a strategy to allay the fears of older people that their pensions are going to be reduced or diluted by stealth taxes, and that they will thus descend into poverty.

The Health Service Executive (HSE) should rescind its strategy of forcing older people to apply for a renewal of their medical card every two years. It should also ensure that frail older people are not left sitting on chairs in A&E over several days in order to get emergency medical attention.

Although it is wise to warn older people to be vigilant in order to avoid becoming victims of crime, the authorities and the media should avoid exaggerated, lurid and frightening reports suggesting that older people are more likely to be the victims of crime than other segments of the population.

Insurance companies should offer reduced house and car insurance packages to older people.

Expand community services for older people so that those who are currently marginalised and are forced to live in isolation can get the chance to socialise at least once a week in their own homes or in a community centre.

Provide drop-in community crèches for grandparents who have full or part-time care of their young grandchildren.

Consider having a Government Department solely for older people to safeguard their interests and monitor their concerns.

Develop an anti-poverty strategy for older people with targets, actions and indicators.

Develop a set of policies to tackle inequalities in older age.

Areas for future research

Build on this research and carry out further analysis of the comparative datasets once they become available to assess the continuing impact of the recession. This should include aggregating individual and benefit unit data to the household level (or the reverse) in order to study the impact of the recession on older individuals and families not simply households.

Re-visit and update the research on financial advisors and retirement planners with the focus on older people to assess the continuing impact of the recession on their living standards and wellbeing.

Extend the blueprint developed for the analysis of official datasets and extend it to include GB.

Examine the effects of the recession on older people confined in their homes and those in nursing homes to expand our knowledge in this area.

Glossary of Terms

Benefit Unit: A 'benefit unit' comprises an adult plus their spouse (if applicable) plus any dependent children. Therefore, there can potentially be more than one benefit unit per household, e.g. an adult child living with his/her parents would constitute two benefit units but one household.

COICOP: The Classification Of Individual Consumption by Purpose is a classification of both individual consumption expenditure and actual individual consumption. It has been adopted for major economic statistics such as Household Expenditure (National Accounts) data, the Harmonised Index of Consumer Prices (HICP) and the Living Costs and Food Survey in the UK. The COICOP categories cover net rent; household maintenance and repair; water and other service charges; and household insurances but does not include mortgage interest payments, mortgage protection premiums, council tax, domestic rates for main residence, council tax, mortgage and insurance for second dwelling.

Crosslink: A crosslink is a visual or tabular presentation of overlapping data sources and measures used in the study. Crosslinks were created to assist the researchers obtain key information needed for coding the data from the several data sets used in the meta analyses.

Crosswalk: A crosswalk provides a mapping of metadata elements from one metadata standard (or harmonisation) to another. The prerequisite to a meaningful mapping requires a clear and precise definition of the elements in each standard (e.g. unit of analysis, measure/variable groupings).

Households: A household includes everyone living behind the same 'front door' and is defined as one person living alone or a group of people, who may or may not be related, living in the same dwelling who share at least one living or sitting room and/or have a regular arrangement to share at least one meal a day.

Household Reference Person: From 2001/02, the concept of household reference person (HRP) was adopted on all government-sponsored surveys, in place of head of household. The household reference person is the householder i.e. the person who:

- a. owns the household accommodation, or
- b. is legally responsible for the rent of the accommodation, or
- c. has the household accommodation as an emolument or perquisite, or
- d. has the household accommodation by virtue of some relationship to the owner who is not a member of the household.

If there are joint householders the household reference person will be the one with the higher income. If the income is the same, then the eldest householder is taken.

Households versus Benefit Units: We have chosen to focus on households for the most part, and benefit units where important information was more readily comparable. Using the example of the debt/arrears in the Family Resources Survey (FRS) and EU-Survey of Income and Living Conditions (EU-SILC) data sets, we found that in the FRS one household could contain more than one benefit unit (thereby providing multiple debt/arrears measures for one household), whereas in the EU-SILC the household was the level of measurement.

Ireland: Since the Republic of Ireland is now officially called Ireland, it is confusing to use the terms ‘Ireland’ and ‘Northern Ireland’ to describe the two jurisdictions. To an outsider Ireland appears to cover the whole of the island of Ireland. We have therefore adopted the nomenclature of either referring to the North and South to cover ‘Ireland’ and ‘Northern Ireland’ or use the old term ‘Republic of Ireland and ‘Northern Ireland’ or ‘RoI’ and ‘NI’ to describe the two jurisdictions.

Pensioners: In this study we wished to compare pensioners North and South, but even such an apparently simple task is problematic. In the North, women reach pension age at 60 and men at 65. In the South, men and women reach pension age at 66. While it is possible to identify pensioners in the North through their ages, EU-SILC uses 65 plus as the cut-off point in the household variable and hence pensioners cannot easily be identified. We considered comparing older households defined as those over 66 in both jurisdictions but this was not possible. We have therefore compared pensioners in the North and the South but defined slightly differently. In the North they are defined as women over 60 and men over 65 and in the South as anyone 65 and older.

Recession: The technical definition of a recession is a decline in GDP for two or more consecutive quarters.

Synthetic Analysis: ‘Synthetic’ as defined for the purposes of this research refers to the combination of a number of publicly available datasets in the North and South and using the data in a way that it was not originally designed for.

1. Introduction and overview of the research

1.1. *The recession and inequality*

Dubbed the Celtic Tiger during the late 1990s, the economy of the Republic of Ireland (RoI) now faces its toughest time since being hit by high unemployment and emigration in the 1980s. The RoI was the first country in the Eurozone to slip into recession. According to the RoI Central Statistics Office (CSO), the country's once-booming economy shrank in the first two quarters of 2008 (CSO, June 2010). Official figures showed that the economy of the RoI grew between July and September 2009 (CSO, June 2010), putting an end - technically speaking - to the recession. Northern Ireland (along with Great Britain) also entered into recession during the second quarter of 2008 and, according to a recent report, exited the recession around the same time as the RoI (Q3 2009). Great Britain only just crept out of recession in Q4 2009 (ONS, 2010).

What started as a shortage of credit for inter-bank lending in the financial markets in the summer of 2007 turned out to be a global financial crisis. While many major banks have been saved from collapse, house prices, interest rates, levels of lending and, more importantly, the value of pension funds affected by stock markets, have all been hit hard by the recession. In addition, higher than inflation rises in food and fuel prices will have eaten into fixed incomes particularly of the oldest and poorest pensioners.

Older people getting close to retirement have faced the stark reality of steadily reducing annuity and savings rates and a massive fall in asset values (Age UK, 2009: 1). Those not yet retired almost certainly will have to live on less - and/or have to carry on working for longer than they had originally planned. Others may not have the luxury of this choice and may have been made redundant or affected otherwise by the contracting labour market (Age UK, 2009).

There have been a number of reports on the impact of the recession on older people. In June 2009 the OECD warned that the strains on pension systems threatened to turn the financial crisis of the last two years into a social crisis (OECD, 2009). It noted that pension plans in general had lost 23% of their value in 2008. In the RoI the corresponding figure was a staggering 38% (OECD, 2009). In the UK, AON Consulting has reported regularly on the decline in the value of pension savings (see Bennett, 2009).

All of these changes have taken place against a backdrop of significant inequalities among older people. In the UK there is growing concern about two nations in old age (Cann and Dean, 2009). The causes are complex (Walker 2009). But one important factor is the growing divide between public sector employees, who retire

with inflation proof *unfunded* final salary schemes³, and those, including the self-employed, in the private sector, who either have poor occupational pension provision or have to build their own pension portfolios in volatile financial markets. These divisions are likely to be acute in Northern Ireland where there is high proportion of the workforce employed in the public sector - 31% compared with 25.9% in the UK as a whole (Gibson and Hewitt, 2010).

Moreover, sizeable proportions of older people already live in poverty - North and South. The recession has severely weakened the financial circumstances of older people (retired and those nearing retirement) and has had a knock-on effect on their standard of living. Expected savings may have been significantly reduced or lost and some older people have been forced to continue working (if they can), full or part-time.

1.2. Purpose and aims of the study

The overall purpose of the study is to carry out the first, systematic, comparative, mixed-methods analysis on the impact of the recession on older people in the North and South and the extent to which inequalities within the older population and retirees have been exacerbated by the economic crisis.

The first aim of the study is to set the context for interpreting the results of the comparative data analysis, survey of financial advisors and planners, and focus groups. As poverty and social exclusion is such a feature of older age, we begin with an examination of definitions and measurement of poverty and the extent of the problem North and South (Chapter 2). We then map the range of social policies and strategies aimed at older people in the two jurisdictions (Chapter 3). In Chapter 4 we examine income in older age and consider pensions policy, state benefits and taxation. Finally, we consider the topic of inequality and ageing. We examine inequalities between those with a pension and those without, the inequalities between different sectors of workers, inequalities in government subsidies to the retired and, most importantly, gender inequalities in pension provision. These four chapters hopefully, provide a detailed contextual backdrop to the analysis of the recession on older people.

The second aim of the study is to explore the feasibility of using existing data sources to assess the impact of the recession on older people, and the extent to which existing inequalities may have been increased. This involved developing a conceptual model of the impact of the recession on older people. It examined what datasets exist to model the impact of the recession using assets, income, living standards and wellbeing data. Where appropriate data were available, we carried out univariate and bivariate statistical analysis using a synthetic approach involving the specific datasets. The analysis also identified the extent to which there were

³ Also known as Pay-As-You-Go schemes (PAYG).

gaps in the data and the effect this had on our ability to determine the impact of the recession on older people.

The third aim of the study is to carry out interviews with individuals in organisations which provide financial advice and retirement planning services to older people defined for the purposes of this study as those 50 years of age and over, North and the South. This element of the study involved a series of online surveys of financial planners and advisors in the North and South. In total, 36 surveys were completed by a range of bodies such as Independent Advice Centres (IAC) and Citizens' Advice Bureau (CAB) in the North and the Money Advice and Budgeting Service (MABS) in the South, and other organisations and individuals who provide financial advice and consultancy North and South.

The survey objectives were to:

- chart and document the emerging challenges in financial planning and retirement of older people;
- describe the advice which is provided to older people;
- explore the policies and practices which structure the divisions in pension provision and their impact on living standards in older age and retirement.

The final aim of the study is to conduct focus groups with older people with different incomes and standards of living to obtain their views and attitudes towards; the recession; their coping strategies, if any; and their views on emerging challenges to retiring into a decent standard of living. This element of the study involved six focus groups - three in the North and three in the South. The groups were drawn, as far as possible, to reflect different benefit, income and asset portfolios, as well as the source of their pension provision (public or private sector).

This study therefore used a four-pronged approach to discover the impact of the recession on older people in NI and the RoI. Several different research methods, both quantitative and qualitative, were used, which Babbie (2010) suggested is a valuable research strategy. According to Golafshani (2003), the use of different data collection approaches in research design will lead to more valid, reliable and diverse construction of realities.

1.3. *Contents of the report*

The report is divided into three main parts. Chapter 1 is an introduction. Chapters 2-5 provide a wealth of evidence on poverty, policies, pension provision and inequalities prior to the recession. Chapter 6-8 provide the findings of our research and Chapter 9 provides a number of conclusions on the research.

2. Poverty and Older People in NI and RoI

This year, 2010, is the European Year for Combating Poverty and Social Exclusion. According to the European Commission (2010):

*Europe is one of the most prosperous regions in the world. And yet poverty remains a huge problem, affecting an estimated 84 million people. This means that one in every six Europeans lives below the poverty threshold, with some 7 million people surviving on less than €5 a day. A similar proportion suffers what is known as 'material deprivation': money is so tight that they cannot keep their homes warm enough or meet unforeseen expenses, for example. Roughly one person out of ten across the EU lives in a household where no-one has work. Some groups in society are more vulnerable than others, and they include women, children, disabled, unemployed and **older people**, migrants and single parents (p 1, emphasis added).*

The Republic of Ireland (RoI) and the UK rank among the most affluent nations in the world. In 2008 according to the International Monetary Fund the Republic of Ireland's Gross Domestic Product (GDP) per head was US \$60,509 - one of the highest. The UK's stood at \$43,736 - slightly higher than the USA. Notwithstanding the credit crunch and the recession, which saw the RoI's GDP in 2010 drop to \$48,578, and the UK's to \$35,720, both countries remain among the richest.⁴ Yet in Britain, Northern Ireland (NI) and the RoI a significant number of people live in poverty and social isolation. In particular, lack of income and other resources severely restrict and damage the lives of many older people in their retirement and there is a strong gender component, with women experiencing greater poverty and material disadvantage than men. This chapter considers the extent of poverty among older people. It begins by considering the different definitions and measures of poverty before assessing the prevalence of poverty among older people in the UK as a whole, NI and the RoI.

⁴ See IMF website: <http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/index.aspx>

2.1. Defining Poverty

Two different types of poverty were identified by the European Anti-Poverty Network (EAPN, 2009). These are 'absolute poverty' and 'relative poverty'. However, in 2006 another dimension to measuring poverty within the EU was developed - the European Union Survey of Income and Living Conditions (EU-SILC) - which contains measures of material deprivation. The definition, however, is soon to change again. At the European Council meeting on 17 June 2010, five 'Europe 2020' headline targets were agreed including: "Promoting social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion". A footnote expanded on the definition of poverty and social exclusion:

The population is defined as the number of persons who are at risk-of-poverty and exclusion according to three indicators (at-risk-of poverty; material deprivation; jobless household), leaving Member States free to set their national targets on the basis of the most appropriate indicators, taking into account their national circumstances and priorities (European Council, 2010).

Additionally, in GB and NI the Joseph Rowntree Foundation (JRF) has developed a Minimum Income Standards (MIS) approach and in the RoI the Vincentian Partnership for Social Justice employs a Minimum Essential Budgets (MEB) approach to measuring poverty.

Absolute Poverty

This condition exists when people lack the basic necessities for survival (i.e. they are starving, lack clean water, housing, sufficient clothing and are struggling to stay alive). This type of poverty is most common in developing countries but some people in the European Union (EU), for instance, homeless people or the Roma in some settlements, still experience this type of extreme poverty (EAPN, 2009).

Relative Poverty

According to the European Commission Joint Report on Social Inclusion (2004):

People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalised from participating in activities (economic, social and cultural) that are the norm for

other people and their access to fundamental rights may be restricted. (cited in EAPN, 2009, p 5).

Material Deprivation

The EAPN (2009) recommended a multi-dimensional approach to measuring poverty which is reflected in the EU-SILC approach, launched in 2003. This survey is currently conducted on an annual basis across the EU, except in the UK. According to Zaidi (2010):

This indicator offers a more absolute approach to reflect on incapacity to afford some items which are considered desirable or even necessary by most people to have adequate living standards (p 14).

Fuel Poverty

McAvoy (2007) identified this important element of poverty on the island of Ireland which she claimed has “among the highest levels of excess winter mortality in Europe, with an estimated 2,800 excess deaths on the island over the winter months” (p 1). This author found that older people were more likely to experience fuel poverty because their houses were of a lower standard and had less insulation. Furthermore, because of low incomes, they were also less likely to be able to afford to heat their homes. Fuel poverty is most prevalent in NI among older people living alone. According to this author, “in rural areas of Northern Ireland, 33% of pensioners live in households experiencing income poverty and in the RoI, rural older people have similar amenities to the working population except that they are twice as likely to lack central heating” (p 4).

2.2. Measuring Poverty

Relative Poverty

The measurement of the risk of poverty within the EU is usually undertaken by using relative income poverty lines, which is calculating average or median equivalised household incomes in a country. A poverty line is then set which is a percentage of that average income. In the EU, people falling below 60% of median income are said to be at risk of poverty. This approach, according to the EAPN, does not fully describe the complexity of poverty. Zaidi (2010) claimed that poverty lines are country-specific, therefore using the national median income as their basis leads to differences across countries because of different levels of purchasing power.

Material Deprivation

Using the EU-SILC approach to this aspect of poverty, Zaidi (2010) claimed that if an individual has an 'enforced' lack of at least three of the following nine items they are deemed to be materially deprived:

- Ability to face unexpected expenses;
- Ability to pay for one week annual holiday away from home;
- Existence of arrears (mortgage or rent payments, utility bills, or hire purchase instalments or other loan payments);
- Capacity to have a meal with meat, chicken or fish every second day;
- Capacity to keep home adequately warm; and
- Possession of a washing machine, a colour TV, a telephone or a personal car (4 items) (Zaidi, 2010).

The Minimum Income Standard/Minimum Essential Budget Approach

The Minimum Income Standard approach to poverty developed from work carried out at the Centre for Research in Social Policy at Loughborough University and the Family Budget Unit at the University of York. It combines the evidence and judgement of experts on budgets with those of ordinary people, who are asked to reach a consensus through negotiations in specially formed panels. A Minimum Income Standard is defined as:

The income that people need in order to reach a minimum socially acceptable standard of living in the United Kingdom today, based on what members of the public think. It is calculated by specifying baskets of goods and services required by different types of household in order to meet these needs and to participate in society (Davis, Hirsch and Smith, 2010).

The programme is funded by the Joseph Rowntree Foundation and a MIS was first constructed for Great Britain (Bradshaw et al., 2008) and then for Northern Ireland (Smith et al., 2009). The standard has since been updated for the whole of the UK for 2010. Table 2.1 notes the results.

Table 2.1: MIS for the UK

	Single working age	Pensioner couple	Couple plus 2 children	Lone parent + 1 Child
Weekly budget excluding rent and child care	£175.34	£222.22	£402.83	£233.73
Percentage of median income after housing costs, required for MIS (2008/09)	72%	53%	73%	72%

Source: Davis et al. (2010)

As can be seen, a pensioner couple needs a budget of £222 to reach a minimum acceptable standard of living and to participate fully in the life of the society. While the budget for working age households are above the 60% median threshold, the budget for pensioner couples is below the threshold on an after housing cost measure. In other words, if a pensioner couple has 60% median income it is well above MIS.

The Vincentian Partnership for Social Justice, which worked closely with the Family Budget Unit and the Centre for Research in Social Policy, developed a similar approach in the RoI to construct a low cost but acceptable (LCBA) budget reflecting shopping patterns of specific household types. In 2006 the EAPN attempted to devise minimum income standards on a Europe-wide basis (EAPN, 2007). Unfortunately consensus was not achieved. However these authors reported:

There was general agreement that a step by step process is most useful, building consensus with public debates and social impact assessments, rather than presenting a complete set of social standards from the project (EAPN, 2007, p 38).

In its examination of minimum essential budgets (MEBS) the Vincentian Partnership for Social Justice (2006 updated in 2009) designed budgets for six specific household types, two of which were: a woman 70+ years of age; and a pensioner couple⁵. The MEBs in the RoI for a Pensioner Couple aged 66 - 69 and a lone female pensioner aged 70+ are shown in Table 2.2.

⁵ The couple are in receipt of a non-contributory pension and do not own a car and the woman 70+ living alone is in receipt of a non-contributory widows pension and does not own a car.

Table 2.2: MEBs for Pensioner Couple and Female Aged 70+ in € per week⁶

Type of Pensioner	Actual Pensions	MEB	Difference
Couple	€436.60 ⁷	€342.29	+€93.31
Single female 70+	€238.00 ⁸	€267.36	-€29.36

Source: Vincentian Partnership for Social Justice (2009).

This table shows that the pensioner couple have €93.31 'discretionary income' when comparing their actual pension with the MEB whereas the single female pensioner has a shortfall of €29.36. The MEB for a single female 70+ is 82% of the MEB of a pensioner couple.

2.3. Risk of Poverty among older people in the EU

In an analysis of the at risk of poverty rates and restricting himself to relative income poverty, using the 60% of median income measure, Zaidi (2010) claimed the average at risk of poverty for older people in EU27 in 2008 was 19%. This author identified Latvia as the country with the highest rate of at risk of poverty for those 65+ at 51%, the UK came fifth highest in ranking at 30% and the RoI fourteenth at 21%. This is in stark contrast to Zaidi's (2006) figures for 2003 when the EU25 at risk of poverty rate was 19%, the UK's 24% (ranked sixth highest) and RoI's 40% (ranked second highest after Cyprus at 52%). Zaidi (2010) explained the difference in the ranking of the RoI between 2004 and 2008 was because this country had gone through "a drastic decline in the poverty risk for the elderly" (p 11). He continued:

This trend is a direct result of the fact that all forms of state pensions increased substantially over this period, in excess of growth in gross earnings. In particular, non-contributory and widowers' pensions increased considerably, reaching close to 32% of average earnings in 2007 and closing the gap between the contributory and non-contributory pension to only about 4.5% (p 11).

However caution is advised in interpreting these data as Callan et al. (2008) noted that the at risk of poverty rates for older people are 'quite volatile' (p 74). The reason for this is:

The volatility of the risk relates in part to the fact that many older people are heavily dependent on the state pensions, contributory and non-contributory. If

⁶ Calculated without entitlements to secondary benefit, housing and car costs excluded.

⁷ Personal rate of €230.30 plus €206.30 for qualified adult = €436.60.

⁸ Personal rate of €230.30 plus €7.70 Living Alone Allowance = €238.00

these payment rates are close to the poverty threshold then a small change either way (or a small additional income) can move many people above or below the threshold (Callan et al., 2008, p 74).

They also found that older people have lower than average risks of consistent poverty and deprivation because of home ownership, drawing on financial assets and family support. However, the *Government of Ireland* (2007) warned that:

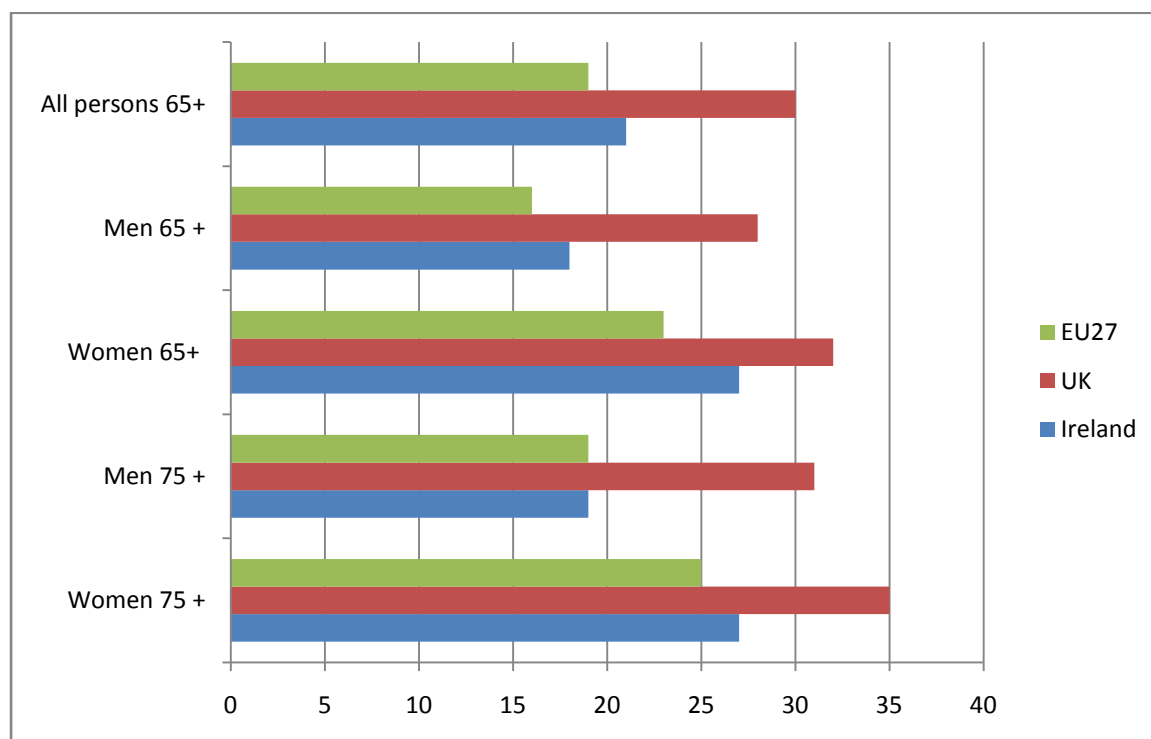
Pensioners do not have the same level of opportunities as people of working age to supplement their incomes, since their scope for savings or participation in the workforce is likely to be more limited (p 47).

In the EU15, women, especially those 75 years of age and over are at greater risk of poverty than men in that age bracket. When data for NI and the RoI are compared to those for EU15 the at risk of poverty rate for both men and women is considerably greater and the at risk of poverty rate for women aged 75 years of age and over in both jurisdictions was considerable (Zaidi, 2006).

Zaidi (2010) has explored gender differences in the at risk of poverty rate, in the EU27 in general and also in the UK and RoI. These data are summarised in Figure 2.1 (below). This figure clearly shows that the risk of poverty, particularly for women 65+ in the UK and RoI, compared to the EU 27 is considerably higher and a similar pattern emerges to a greater extent for women 75+ with at risk of poverty rates for women overall in the UK higher than for those in the RoI. Zaidi (2006) further claimed: "Since women live longer than men, the erosion of the value of pensions during old age will affect women more than men" (p 9). He went on to argue that women who interrupt their employment to rear children or care for family members will need special attention in relation to pension provision because by engaging in these unremunerated tasks they suffer a reduction in their pensions. He believes women should be 'given pension credits for their contribution to society in bearing and caring for children' (p 2). In relation to widowhood Zaidi suggested:

In the absence of one's own pension rights, adequate survivors benefits are to be guaranteed so as to avoid poverty entry for older women on widowhood (p 7).

Figure 2.1: At Risk of Poverty Rates for Older People (in percentages) EU, UK and the RoI in 2008



Source: Zaidi (2010)

2.4. Risk of Poverty and deprivation among Older People NI

The Household Below Average Income series is published annually and presents a wide range of income and other information on pensioners in Northern Ireland. In particular, it presents a series of statistics of the risk of pensioners falling into poverty. Statistics are presented for various OECD equivalised income thresholds - 50%, 60% and 70% of the mean and median - both before and after housing costs. Data on the risk of poverty for various types of pensioner at the 60% median threshold after housing costs are presented in Figure 2.2 for the years 2002/03 to 2008/2009.

Figure 2.2: Pensioners at risk of poverty (60% of median income AHC) in NI 2002/03 to 2008/09.

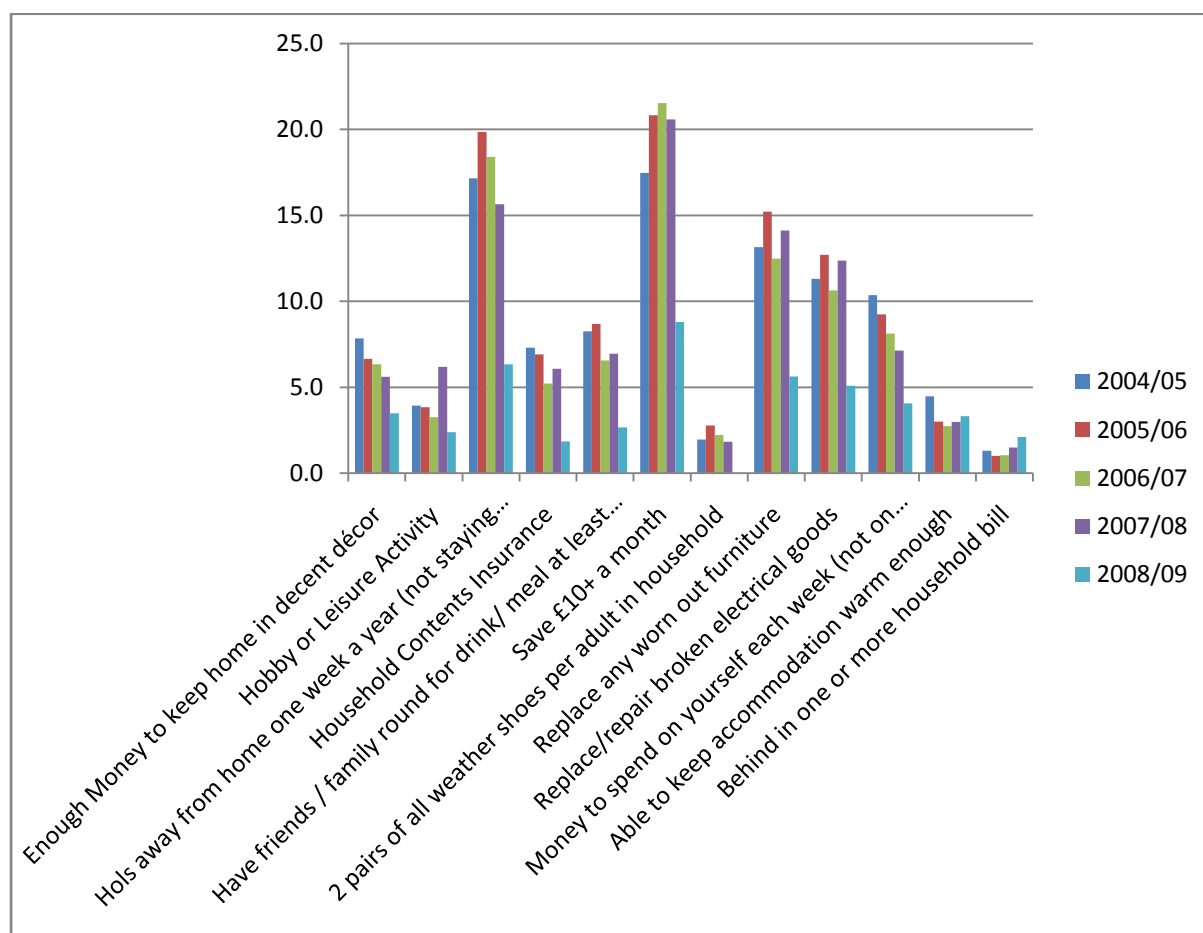


Source: Households Below Average Income Series for Northern Ireland.

The figures suggest that pensioner income poverty has been increasing over the last seven years. As can be seen, the number of pensioner couples at risk has increased from under 27,000 to nearly 35,000 in the period - a 26% increase. At the same time the number of single pensioners at risk has increased from just under 18,000 to over 28,000 in the period - a 57% increase. Pensioner poverty among single male pensioners has increased at a higher rate than for single female pensioners - 54% compared with 27% - but there are between 3 and 4 times as many female pensioners as male pensioners. Age NI (2009) argue that the HBAI figures are likely to be an underestimate of poverty as the current methods fail to take into consideration the particular circumstances of older people who receive disability benefits. These benefits are treated as income rather than additional costs required to cover the extra expense of the disability. When not treated as income, research by Evason (2007) shows that poverty levels rise.

Since 2003/2004 statistics have been collected on the extent of deprivation among the population. Survey respondents are asked if they possess a particular item or do carry out a selected activity and if they answer no, they are then asked if it is because they cannot afford it. A standard list of 12 items is used annually. Figure 2.3 notes the percentage of pensioners who are deprived on each of the items for the period 2003/2004 to 2008/2009.

Figure 2.3: Percentage of Pensioners deprived on selected items, 2002/03 to 2008/09



Source: HBAI series for Northern Ireland, Table 6.3.

The figure shows at a glance the percentage of pensioners who are deprived on each of the items. Around about a fifth are unable to save £10 or more per month and between one sixth and one fifth are unable to take a holiday away from home for one week a year. Over one in ten are unable to replace worn out furniture or replace broken electrical goods. There is no set pattern in the percentage each year who are deprived of a particular item. For example, the percentage who are unable to keep their home in decent repair has declined in the period whereas the percentage who are behind in one or more household bills has increased.

2.5. Minimum Income Standards (MIS) for NI/GB

Smith et al. (2009) calculated the amount of money pensioner couples and single pensioners would need to achieve a Minimum Income Standard (MIS) in NI and compared this with their pensioner counterparts in Great Britain (GB). These amounts are shown in Table 2.3 below:

Table 2.3: Actual Pension Amounts and MIS for NI and GB Budget Totals⁹ in £ per week for 2009.

Type of Pensioner	Actual Pensions	MIS		
		NI	GB	Difference MIS/NI
Couple	190.50	206.43	213.08	-15.93
Single male	95.25	130.17	131.47	-34.92
Single female	95.25	150.71	144.93	-55.46

Source: Smith et al. (2009). *A Minimum Income Standard for Northern Ireland*.

This table shows that there is a shortfall of £15.93 for couples, £34.92 for a single male, and a staggering £55.46 for single female pensioners compared with the MIS calculation. Additionally, except for the single female pensioner the MISs are lower than in GB. It is notable that in NI the MIS for a single female pensioner is 73% and for single male pensioner is 63% of the MIS for a pensioner couple.

In a more detailed breakdown of MIS for NI and GB, Smith et al. (2009) showed differences in the cost of particular categories between NI and GB, especially in relation to: council taxes/domestic rates and household insurances - higher in GB; fuel - higher in NI, which explain the lower MISs for couples and single male pensioners in NI. They explained that the differences between male and female budgets “reflect differences in requirements for food, clothes and personal goods and services (for example, toiletries and hairdressing)” (p 12).

⁹ Excluding housing and childcare costs.

2.6. Risk of poverty and deprivation among older people in Rol

The annual Survey on Income and Living Conditions (SILC) provides a range of information on income and living conditions of people in the Rol, including older people. Unfortunately, the presentation of the data varies year by year and it is therefore impossible to present a consistent time series Table 2.4 presents information on the risk of poverty and consistent poverty for older people.

Table 2.4: Poverty rates for those aged 65+ in Rol, 2004 to 2008.

	2004	2005	2006	2007	2008
At risk of poverty	24.7	18.2	12.6	16.6	11.0
Consistent poverty	3.2	3.8	1.9	1.5	1.3

Source: CSO (November 2009). *Survey on Income and Living Conditions (SILC)*.

As can be seen, in the five year period the proportion at risk of poverty has more than halved from 24.7% to 11%. The percentage in consistent poverty has followed a similar trend, declining from 3.2% in 2004 to 1.3% in 2008. It should be noted that from 2007 the definition of consistent poverty was revised. Prior to this date the measure defined a person as experiencing enforced deprivation based on the lack of one or more of the basic 8-item index. From 2007, the definition requires persons to report experiencing 2 or more items from a new 11-item index to be classified as experiencing enforced deprivation.

As a result of the change in definition and changes in the presentation of the annual statistics it is possible only to show the percentage of the older population reporting on each type of deprivation for 2007 and 2008. As can be seen from Table 2.5 there has been an increase in reporting of deprivation on all items by both single adults aged 65+ and for 2 adults where one at least is aged 65+. The only item on which both groups report an improvement is in relation to their ability to afford to replace any worn out furniture.

Table 2.5: Percentage of the older population reporting each type of deprivation, 2007 and 2008.

	1 adult aged 65+		2 adults at least 1 aged 65+	
	2007	2008	2007	2008
Without heating at some stage in the last year	3.7	5.5	2.8	6.0
Unable to afford a morning, afternoon or evening out in the last fortnight	3.4	4.5	3.9	5.0
Unable to afford two pairs of strong shoes	1.7	2.9	1.5	0.9
Unable to afford a roast once a week	2.2	3.9	2.2	4.5
Unable to afford a meal with meat, chicken or fish every second day	1.3	2.0	0.6	3.5
Unable to afford new (not second-hand) clothes	3.4	5.2	3.2	4.1
Unable to afford a warm waterproof coat	0.8	1.7	1.1	0.9
Unable to afford to keep the home adequately warm	2.4	4.3	1.4	3.4
Unable to afford to replace any worn out furniture	15.7	14.8	11	11.2
Unable to afford to have family or friends for a drink or meal once a month	4.6	5.4	5.2	5.3
Unable to afford to buy presents for family or friends at least once a year	2.1	3.1	3.0	1.6

Source: CSO (November 2009). *Survey of Income and Living Conditions in Ireland 2008*.

Evidence that older people who live alone are at greater risk of poverty than older people who live with someone else is well documented for RoI (Callan et al., 2008; Layte, 2001; Lundström, 2009; McAvoy, 2007; Prunty, 2007; Stratton, 2005; Stratton, 2004, Vincentian Partnership for Social Justice, 2006). Prunty (2007), in a re-analysis of the EU-SILC data for 2006, showed that on a measure of relative income poverty 37.1% of older people who live alone as opposed to 21.4% of those who live with others experience income poverty. She also demonstrated that “people who live alone have twice the rate of poverty of those who live with someone else” (p 30).

In the RoI in 2006 121,157 older people lived alone which is 26% of this cohort of the population. Additionally, over two-thirds of older people living alone are women, which is not surprising given life expectancy data in most western countries. For

example, in the RoI, at 65 years of age women have a life expectancy of 19.8 years whereas men of the same age have a life expectancy of 16.6 years.¹⁰ The longer a person lives, especially women, the greater the risk of poverty (Zaidi, 2007).

Prunty (2007) also found that deprivation rates in the RoI were higher for those who lived alone than for those who lived with someone else. For example, 16.2% of those living alone could not afford to replace worn-out furniture compared to 8.7% of those who lived with one or more people. However, those living alone tend to have lower rates of deprivation and consistent poverty than other age groups (i.e. those in the 0-14 and 15-64 age groups). But rates of consistent poverty are higher among older people who live alone than those who live with someone else (5.3% as opposed to 2.2%) (Prunty, 2007).

2.7. Conclusions

This chapter has outlined the three main methods used to measure the at risk of poverty rates for the population sub-group of older people. The consistent poverty and deprivation method uses both economic and social indicators giving a more in-depth picture of at risk of poverty rates among older people than the relative income poverty measure that uses solely a monetary indicator. The MIS and MEB approaches to measuring poverty gave a more concrete picture of what income was required by different groups of people, including older people, in both jurisdictions to have a minimum socially acceptable standard of living.

A number of points stand out. First, the North has much higher rates of pensioner poverty than the South. Second, whereas the proportion of pensioners in poverty has declined rapidly in recent years in the South, the proportion of pensioners in poverty has increased in the North. Whilst the proportional increase has not been that large, the actual numbers of both single and pensioner couples living in poverty have increased considerably. Third, older people who live alone are shown to be at much greater risk than those who live with someone else. Fourth, a far higher number of women pensioners are likely to be in poverty than men. The older women get, the more likely this is to be the case.

¹⁰ See CSO, Irish Life Tables No 15, 2005-2007:

http://www.cso.ie/releasespublications/documents/births_d_m/current/irishlife.pdf

3. Mapping policies for Older People, NI and RoI

This chapter will outline the key policies and legislation, focusing on that which relates directly to older people (aged 50 plus and aged 65 plus), as well as highlighting major developments (and successes) in the past decade in the UK as a whole, Northern Ireland and the Republic of Ireland. The aim is to provide a picture of the social policy for the aged sector prior to the recession.¹¹

The Lisbon and Nice European Councils (in March and December 2000 respectively) set out a strategy for combating poverty and social exclusion in Europe. It was agreed that all member states of the European Union (EU) should aim to make a 'decisive impact' on social exclusion by 2010. The strategy is built on the Open Method of Co-ordination, which requires member states to produce their own policies within EU-level guidelines. In 2006, all EU countries, including the UK, produced annual national reports on strategies for social protection and social inclusion. These reports covered the period from 2006 to 2008, 2008-2010.¹²

Both the UK and the RoI have adopted multi-pronged approaches to combating poverty and promoting social inclusion.

3.1. United Kingdom

Since 1999, when the UK Prime Minister, Tony Blair, declared an end to child poverty within a generation, the UK strategy to combat poverty and promote social inclusion focused on the most disadvantaged or 'at risk' of poverty and social exclusion including children, lone parents, people with disabilities, older people, members of black and minority ethnic groups, people with low skills, people with multiple needs and older workers. The UK government has introduced policies to increase labour force participation for those who can work, to reward a return to work for those currently on income benefits, to support the financial security of families with children, to protect the most vulnerable (people with disabilities, older people), to improve access to statutory services and to foster collaboration on poverty and social exclusion reduction strategies between national and local bodies. It has also implemented changes to its taxation and benefits policies, established a national minimum wage, introduced tax credits for low income earners and working families, and provided additional pension support and community support to older people and

¹¹ For a more detailed analysis see Cross, J. (2009). *Stocktake of Ageing Public Policy Initiatives in Ireland, North and South*. Belfast: CARDI. Available at: http://www.cardi.ie/userfiles/Government%20Structure_N_S.pdf

¹² DWP, background to National Action Plan, see <http://www.dwp.gov.uk/publications/policy-publications/opportunity-for-all/indicators/>

those living with disabilities. In the past decade, this has led to large increases in expenditure on education, employment schemes, health and housing. Although the UK has benefited from strong economic and employment growth over the last decade or so, which likely has had an impact on reducing poverty and social exclusion rates, employment rates for lone parents, older workers and people with disabilities have been rising.

Social exclusion has a number of different meanings. The UK government define it in broad terms:

Social exclusion is about more than income poverty. It is a short-hand term for what can happen when people or areas face a combination of linked problems, such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime and family breakdown. These problems are linked and mutually reinforcing. Social exclusion is an extreme consequence of what happens when people don't get a fair deal throughout their lives, often because of the disadvantage they face at birth. Since this disadvantage can be transmitted from one generation to the next, it is important to consider social exclusion within the context of wider social inequality and intergenerational disadvantage. (Social Exclusion Unit, 2004, p 13)

In 2006, the UK government appointed a Minister for Social Exclusion which headed up the Social Exclusion Task Force (SETF) (replacing the SEU) and was based in the Cabinet Office. The goal of the SETF was to work closely with all government departments to ensure that actions taken to meet the goals of combating poverty and promoting social inclusions were integrated across all government departments.

The government closely monitors its progress towards these goals and since 1999 has published an annual report that sets out its current approach and measures its effectiveness against a set of indicators, *Opportunity for All*.

Opportunity for All - Tackling Poverty and Social Exclusion

In September 1999, following the Prime Minister's pledge to eradicate child poverty, the government published the first *Opportunity for All: Tackling poverty and social exclusion* report. This began a series of annual reports describing the government's strategy and progress in addressing poverty and social exclusion. The reports include contributions from almost all government departments. They also include a wide range of indicators of poverty and social exclusion (59 in total, 7 of which relate to older people: Indicators 28-34) and allow scrutiny of the progress against those indicators.¹³ The latest OFA report shows that:

¹³ <http://www.dwp.gov.uk/publications/policy-publications/opportunity-for-all/>

- **Indicator 28: Low income** - below thresholds has fallen, proportion of older people living in persistent low income has decreased over the last decade but have a higher risk of persistent poverty than children or working age adults:
- **Indicator 29: Non-state pensions** - slight decline in the number of people contributing towards non-state pensions, particularly self-employed:
- **Indicator 30: Non-state pensions** - a slight increase in the number of women who have contributed to a non-state pension in three out of the last four years:
- **Indicator 31: Life expectancy** - life expectancy has increased, as has healthy life expectancy at age 65- (men) 12.5 and (women) 14.4 years:
- **Indicator 32: Being helped to live independently** - has increased :
- **Indicator 33: Housing that falls below set standard of decency-**improving:
- **Indicator 34: Fear of crime** - much more common than actual crime and has decreased slightly over time (DWP, January 2009).

In 1998 as part of the Comprehensive Spending Review the government introduced Public Service Agreements (PSAs) which set around 600 performance targets for around 35 areas of government. Whilst the *Opportunity for All* indicators differ from the existing PSAs, there are some close links between them¹⁴. Following the formation of a new government on 11 May 2010, the status of the *Opportunity for All* indicators is not known.

Opportunity Age - Meeting the Challenges of Ageing in the 21st Century

In April 2005, the UK government set out its strategy for older people and the ageing society in *Opportunity Age - meeting the challenges of ageing in the 21st century*¹⁵ including specific commitments for legislative change and innovation in service delivery. Thirty-three indicators (which, according to the Department for Work and Pensions should not be construed as targets, but indicators of where policy could be improved) are used to monitor older people's well-being and independence, with the aim of measuring improvements in overall quality of life.¹⁶

The strategy also sets out how all parts of government, central and local, are organising themselves more effectively to deliver a wide range of initiatives - not only to improve financial security and extend working life, but also to combat discrimination, promote active ageing and improve services to promote the well-

¹⁴ These links are outlined in: <http://www.dwp.gov.uk/docs/annex-psas2008-2011.pdf>

¹⁵ First report can be downloaded from: <http://www.dwp.gov.uk/policy/ageing-society/strategy-and-publications/opportunity-age-first-report/>

¹⁶ Latest report can be found at: <http://www.dwp.gov.uk/docs/indicators-update-2008.pdf>

being and independence of older people. The geographical coverage of the indicators is set out for each individual indicator. Some cover England only, while others (such as those for employment and low income) cover Great Britain. The indicators reported here concentrate on those matters that continue to be reserved to the UK Parliament. The devolved administrations of Scotland, Northern Ireland and Wales report on their devolved strategies separately.

The strategy is coordinated and led by the DWP Minister of State for Pensions and the Ageing Society, and focuses on three key areas:

- **Work and income** - to achieve higher employment rates overall and greater flexibility for over 50s in continuing careers, managing any health conditions and combining work with family (and other) commitments;
- **Active ageing** - to enable older people to play a full and active role in society;
- **Services** - that allow us all to keep independence and control over our lives as we grow older, even if we are constrained by the health problems which can occur in old age.

According to the UK government, the majority of the commitments made in *Opportunity Age* have now been delivered, including:

- **Age discrimination** - introduction of legislation in employment and training in 2006;
- **Equality and human rights** - creation of the Equalities and Human Rights Commission (EHRC) in 2007 and passage of current Equalities Bill in 2006 (which makes reference to Public Duty and Goods, Facilities and Services);
- **Employment and benefits** - reforms made to the Incapacity Benefit; Employment and Support Allowance introduced in October 2008; Train to Gain programme introduced; also, a range of measures to improve work incentives, including changes to pension rules (e.g. working and receiving pension, pension deferral).
- **Housing** - Government made a commitment to Lifetime Home Standards as part of 2008 strategy "Lifetime Homes, Lifetime Neighbourhoods";
- **Transport** - accessibility planning introduced; free bus travel for over 60s introduced locally 2006 and then nationally 2008;
- **Leisure activities** - measures include free swimming for over 60s in over 80% of local authorities from April 2009;
- **Volunteering in the Third Age** - programme concluded 2007;
- **Health and Social Care** - *Our Health, Our Care, Our Say* White Paper published in 2006. *Putting People First* social care transformation programme introduced which provided £500m for 2008/9-10/11;
- **Individual (Personalised) Budget** - report of the pilots published in October 2008. Personalised Budgets then rolled out nationally;

- **Pensioner Poverty** - Pension Service established and then developed as Pensions Disability and Carers' Service in April 2008;
- **Joined up working** - pilot programmes and preventative services (Link Age Plus, Partnership for Older People Projects - POPPS) completed and being rolled out;
- **Governance framework** - Public Service Agreement 17 for the first time set older people's wellbeing as a top government priority. (DWP, August 2009)

In July 2008, the government announced it would be refreshing its strategy for an ageing society. The first stage was the publication of a discussion paper in November 2008 setting out the key themes. Ministers also hosted a series of regional public discussion events, which were attended by around 600 people. These events informed *Building a Society for all Ages* (HM Government, July 2009), which sets out the government's vision for a society for all ages. There was then a consultation process, the results of which were published on 2 February 2010¹⁷. The consultation process provides an update on how the initiatives set out in the strategy have developed as a result of this feedback. Following the formation of a new government on 11 May 2010, the status of the Opportunity Age indicators is not known.

'Working Together' - United Kingdom National Action Plan on Social Inclusion 2008-2010

The *National Action Plan on Social Exclusion* (DWP, September 2008) sets out an account of action to tackle poverty and social exclusion across the UK. In addition to policies and services developed at UK national government level, the National Action Plan provides an account of work at the level of devolved and local government. The contribution of the voluntary and community sector, and the views of people experiencing poverty also form an important part of the National Action Plan. Continuing engagement with people at grass-roots level and with people across government provides a significant contribution to the development of the anti-poverty strategy. The national action plans include a set of indicators which are common to all EU member states and which allow direct comparison of key poverty and social inclusion outcomes across the EU. The UK National Action Plan also includes UK-specific indicators to highlight areas of particular interest. While some of the National Action Plan indicators are similar to the indicators reported in *Opportunity for All*, the sources are often different and, as a result, the data cannot always be directly compared¹⁸.

¹⁷ http://www.hmg.gov.uk/buildingasocietyforallages/consultation_response.aspx

¹⁸ <http://www.dwp.gov.uk/publications/policy-publications/opportunity-for-all/indicators/>.

Working Together is the fourth UK National Action Plan (NAP) on social exclusion (or NAPincl). It explains how people from across the UK will be co-operating from 2008 to 2010 to tackle social exclusion and make a decisive impact on poverty. *Working Together* follows an agreed format for NAPincl and addresses social inclusion objectives shared across the EU. The title of the NAP reflects the vital contribution that people at all levels of UK society - and in particular people experiencing poverty - have made to the development of UK government social inclusion strategy.

The PSAs in the 2008-2011 *Comprehensive Spending Review* (Cabinet Office, December 2009) include, for the first time, a specific PSA for older people - PSA17: "tackle poverty and promote greater independence and wellbeing in later life"- aimed at ensuring that the needs of the older population are given due priority. The PSA's target group is everyone over 50, around one third of the population. This group has diverse needs and aspirations, which will change during the life course. However, five key aspects of independence and well-being have emerged from research and from discussion with older people themselves. These are: making a contribution to society, in particular through employment; material well-being, in particular the need to continue tackling pensioner poverty; the level of health experienced in later life; satisfaction with home and neighbourhood including, for example, the impact of factors such as access to services, transport and crime, and social contacts; and the ability to maintain independent living, while being supported with health and care services where needed. These are to be measured by five key indicators:

- **Indicator 1:** The employment rate of those aged 50-69 and difference between this and the overall employment rate;
- **Indicator 2:** The percentage of pensioners on low income;
- **Indicator 3:** Healthy life expectancy at age 65;
- **Indicator 4:** The proportion of people over 65 who are satisfied with their home and their neighbourhood;
- **Indicator 5:** The extent to which people over 65 receive the support they need to live independently at home (HM Government, January 2010).

The new coalition government has introduced an emergency Comprehensive Spending Review (CSR) which will conclude in October 2010. The outcome of the CSR will have implications for PSA 17 indicators as government has suggested budget cuts across most departments of 25% or more over the next five years.

3.2. Northern Ireland

Under Direct Rule and since the establishment of the Northern Ireland Executive in 1998, Northern Ireland has developed its own anti-poverty strategies and policies for older people. The Executive currently has a budget of around £10 billion. While it

has no control over taxation and social security payments, which are reserved Westminster matters, it is free to decide on how the £10 billion is spent. Over the years a number of key documents have been published setting out policies to tackle poverty and social exclusion for older people. These are considered below.

Lifetime Opportunities: Towards an Anti-Poverty Strategy 2005

The Lifetime Opportunities Strategy (OFMDFM, 2006) was launched by the Secretary of State in November 2006 and replaced 'New Targeting Social Need'¹⁹. It made two explicit commitments, to end child poverty by 2020 and work towards eliminating poverty and social exclusion in Northern Ireland by the same year. It took a life cycle approach and explored the issues affecting people at different stages of their life. It also set out broad goals to be achieved. For older citizens the goal was "to ensure older people are valued and respected, remain independent, participate as active citizens and enjoy a good quality of life in a safe and shared community". (OFMDFM, 2006, p 53)

It noted a number of aims:

- Reduce gap in life expectancy between those living in the fifth most deprived areas and the Northern Ireland average by two thirds for both men and women between 2000 and 2025;
- By 2020, all older people will enjoy security and financial independence through increased provision of opportunity to remain in work and maximum uptake of their eligibility to pensions and benefits;
- By 2020, flexibility of choice over retirement age, including flexibility of working patterns and helping older people remain in employment if they wish;
- By 2020, ensure that every pensioner lives in a decent, warm, secure home in a community where they experience reduced levels of isolation and loneliness;
- By 2020, through integrated partnerships, every older person has access to the full range of support services, social networks and cultural and sporting activities available in their area, to ensure they have a satisfactory standard of living and guaranteed financial inclusion;
- By March 2010, improve the quality of life and independence of people in need, so that 45% of all who require community services are supported, as necessary, in their own homes;
- By 2020, to provide opportunities for older people in rural areas to benefit from the Rural Development Programme by increasing accessibility through rural transport routes, projects that encourage social participation and

¹⁹ <http://www.niassembly.gov.uk/io/research/0401.pdf>

inclusion and aim to positively benefit the lives of older farmers and their families;

- By 2020, government will support every local authority to identify and address gaps in provision of services for older people in rural areas. (OFMDFM, 2006)

Under Section 16 of the Northern Ireland (St Andrew's Agreement) Act 2006 the Executive has a statutory obligation to adopt a strategy setting out how they propose to tackle poverty, social exclusion and patterns of deprivation based on objective need. In November 2009 the Executive adopted Lifetime Opportunities as its strategy and in 2010 re-established the Ministerial led Northern Ireland Poverty and Social Inclusion Forum.

Ageing in an Inclusive Society (2005)

This document sets out the government's strategic vision and objectives and the key recommendations to improve the lives of older people in Northern Ireland. It develops an Implementation Plan, which sets out how the recommendations will be taken forward in the future. It begins by pointing out that the total number of people aged 70 over is likely to increase from 158,000 in 2001 to 327,000 by 2041 - a doubling in 40 years (OFMDFM, March 2005).

The vision is "to ensure that age related policies and practices create an enabling environment, which offers everyone the opportunity to make informed choices so that they may pursue healthy, active and positive ageing" (OFMDFM, March 2005, p 13). To achieve this it proposed six strategic objectives:

1. To ensure that older people have access to financial and economic resources to lift them out of exclusion and isolation;
2. To deliver integrated services that improves the health and quality of life of older people;
3. To ensure that older people have a decent and secure life in their home and community;
4. To ensure that older people have access to services and facilities that meets their needs and priorities;
5. To promote equality of opportunity for older people and their full participation in civic life, and challenge ageism wherever it is found;
6. To ensure that government works in a coordinated way interdepartmentally and with social partners to deliver effective services for older people (OFMDFM, March 2005).

The strategy acknowledged that a key issue which emerged from the consultation process was that older people needed to have a decent and affordable quality of later life. Those consulted had expressed concern about shortfalls in their income as a result of the possible introduction of water charges and a rise in domestic rates and having to use savings for health and care - factors which would put unbearable pressure on older people and push some deeper into poverty.

AgeNI (Sept 2009) published a comprehensive review of the performance of the strategy. It took each objective and assessed progress against a basket of available indicators. It concluded that the strategy is currently not meeting its objectives. It then proceeded to set out a vision of what the strategy needs to succeed in the future. It argued that the strategy must address two distinct, yet interlinked elements. First, it should focus on 'positive ageing' and embrace a 'rights-based approach'. Second, the strategy must be reframed and matched with measures to support effective implementation. Aged Concern and Help the Aged NI, or AgeNI, following the merger of the two organisations, will publish an annual report monitoring the strategy. The first, 'One Voice,' was published last year (Savage and Veale, 2009).

Building a Better Future: Northern Ireland Programme for Government 2008-2011

In 2008 the Northern Ireland Executive published its Programme for Government covering the period from 2008 to 2011 (Northern Ireland Executive, 2008). It set out its strategic priorities and key plans, which were then used to determine the Budget and Investment Strategy. It acknowledged that addressing poverty, disadvantage and exclusion will require co-ordinated action to support the most vulnerable and to create strong, vibrant sustainable communities. To this end, it stated that it would develop a strategic delivery plan to ensure our anti-poverty strategy has maximum impact. It included a goal to end child poverty by 2020, but there was no such commitment to ending poverty among older people. It included 23 Public Service Agreements (PSAs). PSA 7 - Drive a programme across government to reduce poverty and address inequality and disadvantage - provided for measurable reductions in the levels of poverty and particularly child poverty and a co-ordinated strategic action to promote social inclusion of a number of groups including older people. It also included commitment to reduce the levels of fuel poverty.

In order to provide a coherent and independent voice for older people in Northern Ireland, the Office of the First Minister and deputy First Minister (OFMDFM) appointed an Interim Older People's Advocate, Dame Joan Harbison 'to provide a focus for older peoples issues across government'²⁰. Primary legislation has been

²⁰ http://www.ofmdfmi.gov.uk/consultation_pack_nv.doc

prepared dealing with the Commissioner's functions and providing powers to carry out informal and formal investigations and to review the adequacy and effectiveness of the law, practice and services relating to the interests of older people.²¹

3.3. Republic of Ireland

Rol social policy, outlined in the social partnership agreement *Towards 2016* (Department of the Taoiseach, 2006), is committed to the ideal that:

Every older person would have access to an income which is sufficient to sustain an acceptable standard of living (Gol, 2007, p 48).

Additionally, in recognition of the risk of poverty faced by older people living alone, the second *National Action Plan against Poverty and Social Exclusion 2003-2005* (Gol, OSI, undated) stated that older people require special measures, especially those living alone.

The government's *Green Paper on Pensions* (Gol, 2007) claimed:

Social Welfare pensions are the main source of income for Irish pensioners; they account for 53% of overall gross income (before taxes) (p 36).

and furthermore that:

A key objective of the pensions system is to ensure people have an adequate replacement income in retirement. For some, the Social Welfare pension will provide an adequate replacement income and the main policy objective for this group is alleviation of the risk of poverty (p 46).

The National Economic and Social Council (May 2005), citing the Joint Report by the Commission and the Council on Adequate and Sustainable Pensions (2003), stated:

The state takes direct responsibility for setting a floor to pensioners' incomes and alleviating poverty among them; it takes only indirect responsibility for shielding people from a drop in their accustomed living standards on retirement (income replacement). Ireland [Rol], in fact, is the only EU 15 Member State with no mandatory, income-related pension scheme (p 57).

In the last decade, the Rol government developed and implemented national action plans against poverty with specific poverty reduction targets and indicators to monitor progress. Several institutional structures were created to ensure that all departments worked collaboratively to meet the dual objectives of reducing poverty and social exclusion. All relevant departments involved are required to submit annual progress reports to the Inter-departmental Policy Committee. The Combat

²¹ See: http://www.niassembly.gov.uk/legislation/primary/2009/niabill21_09_efm.htm

Poverty Agency was asked to oversee the evaluation of the national anti-poverty strategy and to provide advice to individual government departments and local or regional bodies in the development of anti-poverty strategies.

Similar to other countries that have implemented anti-poverty strategies, the RoI government focuses these targets on those population groups found to be consistently poor or 'at risk' of poverty, including the unemployed (particularly the long-term unemployed), children and their families; single working age adults; lone parents; older people and people with disabilities.

Information to date suggests that the RoI has more than surpassed its poverty targets for a number of its most at risk groups. The RoI's economy enjoyed great economic success in the decade leading up to the recession, resulting in low levels of unemployment, allowing for additional investment to be made into its system of social security. Income support, education and training, employment assistance, health care, housing and transport all benefited from increased funding. For the period between 1996 and 2007, for example, the total number of employed people grew by more than one third. In addition, between 1997 and 2006, the basic rate of social welfare payment increased by 99.7%, well ahead of the 34.2% increase in the Consumer Price Index (CPI) and the 67.7% increase in gross average industrial earnings (Collin, 2007). Overall, improvements in social welfare rates have led to substantially increased spending from €5.7 billion in 1997 to almost €14 billion in 2006 (GOI, OSI 2006: 1). However, it is also important to keep in mind that in 2008 the RoI had the lowest proportion of persons aged 65 and over in the EU (11.1% in RoI; NI 14%; UK 16% as opposed to the EU average of 16.9%; McGill, 2009), which has an effect on social expenditure (GOI, OSI, September 2006).

Sharing in Progress - National Anti-Poverty Strategy

In 1997, the RoI launched its anti-poverty strategy (GOI, 1997) following the commitments it made at the UN World Summit for Social Development held in Copenhagen in 1995. The government considered poverty and social exclusion to be multi-faceted and as such required a multi-policy response, which is reflected in its definition of poverty and social exclusion first adopted in 1997:

People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities which are considered the norm for other people in society (Office for Social Exclusion, What is poverty?²²).

²² <http://www.socialinclusion.ie/poverty.html>

This definition continues to be valid and underpins the government's strategic response to tackling poverty and social exclusion as set out in the fourth National Action Plan for Social Inclusion 2007-2016 (NAPinclusion) (GoI, OSI, February 2007).

National Action Plan for Social Inclusion 2007-2016

The NAPinclusion, complemented by the social inclusion elements of the National Development Plan 2007-2013 (see below), sets out how the social inclusion strategy will be achieved over the period 2007-2016 (GoI, OSI, February 2007). The overall goal of the plan is to reduce the number of those experiencing consistent poverty to between 2% and 4% by 2012, with the aim of eliminating 'consistent poverty' by 2016, under the revised definition, which is measured as the proportion of people on a low income (under 60% of median income) and experiencing one or more basic deprivations, such as not having food, clothes, heat or falling into debt on everyday expenses.

The NAPinclusion has a strong focus on actions and targets, which are clearly defined and measurable. It adopts the lifecycle approach and supports the development of a more joined-up and multidisciplinary approach to policy making in relation to older people, with coordinated inputs from a wide range of actors. For example, long-term community care is essential to enable older people maintain their health and well-being, while living at home, independently, for as long as possible. Income also plays a major role in alleviating poverty and maintaining living standards. The two goals related to older people in the NAPinclusion are;

Goal 7: Community Care

Continue to increase investment in community care services for older people, including home care packages and enhanced day care services, to support them to live independently in the community for as long as possible;

Goal 8: Income Support

Maintain a minimum payment rate of €200 per week, in 2007 terms, for all social welfare pensions over the course of this Plan and, if possible, having regard to available resources and the government's commitment in Towards 2016, to enhance this provision. The overall pension structures and system to provide income supports for pensioners will be reviewed in the light of the forthcoming Green Paper on Pensions, to be finalised at end March 2007. This will review all the pillars of pension provision. (GoI, OSI, February 2007: 14)

National Development Plan 2007-2013

The Irish Government also developed the National Development Plan (GoI, 2006), which sets out the resourcing commitments necessary to give effect to major policy developments over the medium term, including those put forward under the life cycle approach outlined in *Towards 2016* (see below). The NDP lays out plans to continue to increase investment to €9.8 billion. in community care services for older people, including home care packages, enhanced day care and respite services to support them to live independently in the community for as long as possible. In particular, it will help deliver the goals for each stage of the life cycle as set out in the NAPinclusion.

Towards 2016: Ten-Year Framework Social Partnership Agreement 2006-2015

Towards 2016 can be described as “a ten year framework agreement.” (Department of the Taoiseach, June 2006). It is the seventh social partnership agreement and outlines a number of key objectives for economic and social development in the RoI between 2006 and 2015. The framework aims to address key social challenges which the individual faces at each stage of life. This means a focus on the needs of children, young adults, people of working age, older people and people with disabilities. Priority areas identified for attention for older people include pensions/income supports, long-term care services, housing and accommodation, ensuring mobility, ensuring quality health services and promoting education and employment opportunities.

The parties to this social partnership agreement share a vision of an RoI which provides the supports, where necessary, to enable older people to maintain their health and well-being, as well as to live active and full lives, in an independent way in their own homes and communities for as long as possible. According to the framework, to achieve this vision, the government and social partners will work together over the next ten years towards the following long-term goals for older people in the context of increased longevity and greater possibilities and expectations for quality of life of older people:

- *Every older person would be encouraged and supported to participate to the greatest extent possible in social and civic life;*
- *Every older person would have access to an income which is sufficient to sustain an acceptable standard of living;*
- *Every older person would have adequate support to enable them to remain living independently in their own homes for as long as possible. This will involve access to good quality services in the community, including: health, education, transport, housing and security, and;*

- *Every older person would, in conformity with their needs and conscious of the high level of disability and disabling conditions amongst this group, have access to a spectrum of care services stretching from support for self-care through support for family and informal carers to formal care in the home, the community or in residential settings. Such care services should ensure the person has opportunities for civic and social engagement at community level* (Department of the Taoiseach, 2006, p 60).

Measuring the RoI's Progress

The social partnership agreement 2003-2005 (the forerunner to *Towards 2106*) requested the CSO to support a move towards more evidence-based policy-making by developing a set of national progress indicators. The resulting *Measuring Ireland's Progress* (CSO, 2009) indicators are designed to measure the RoI's progress in a number of areas, classified according to domains and sub-domains. The 107 indicators in 49 domains provide an analysis of the economic, social and environment situation in the RoI. The indicators are presented as national time series and also in an international context to permit benchmarking over time and across countries. Annual reports have been published since 2003²³, covering the following:

- **Economy**
- **Innovation and technology**
- **Employment and unemployment**
- **Education:**
- **Health**
- **Population**
- **Housing**
- **Environment** (CSO, 2009, pp 11-12).

Only two indicators are specifically designed for people 65 years of age or older:

- **Indicator 6.3:** Life expectancy at birth and at age 65 by sex, 1925-2007:
- **Indicator 7.12:** Persons aged 65 and over living alone by sex, 1999-2008.

However, there is one indicator in relation to consistent poverty which is broken down by age and sex groupings,

- **Indicator 4.6:** Persons in consistent poverty by age and sex, 2006-2007.

And one which looks at older workers:

- **Indicator 3.11:** Employment rate of workers aged 55-64 by sex, 2007 (CSO, 2009).

²³ All of the *Measuring Ireland's Progress* reports can be downloaded at: http://www.cso.ie/releasespublications/other_publications.htm

Results from *Measuring Ireland's Progress 2008* (CSO, 2009) show that life expectancy has increased for both men and women, with the gender gap slowly closing in the past decade. Although the total number of people 65+ living alone increased between 1999 and 2008 (from 138,900 to 151,600), the percentage fell from 32.9% to 31.5% (CSO, 2009). The number of older people living in consistent poverty has more than halved between 2003 and 2008 (5.8% versus 2.0%) and the gender gap in consistent poverty has decreased (CSO, 2009). In the RoI, 68.1% of men aged 55-64 were employed in 2007 compared with 39.8% of women, placing it eighth highest for employment rates in this age group in the EU (CSO, 2009).

The social partnership agreement 2003-2005 also resulted in the *Ageing in Ireland*²⁴ indicators relating to older people, which were informed by a number of surveys in the RoI. There are five main domains and 48 key indicators:

- **Population:** age distribution; population projections; persons aged 80 & over; proportion of males to females; marital status:
- **Health and Care:** life expectancy; hospital activity; health status; smoking; death rates; disability; carers:
- **Accommodation:** living arrangements; nursing homes and hospitals; long-stay units:
- **Economic situation:** employment rates; state pensions; at risk of poverty; Deprivation; consistent poverty:
- **Lifestyles:** travel; voter participation; crime and victimisation; educational attainment; internet connection; voluntary work (CSO, August 2007, p 7).

A summary of the first *Ageing in Ireland* report shows that:

- The RoI had the lowest proportion of older people in the EU27 (11.0% versus 16.8%);
- Dependency ratios are projected to increase up until 2026;
- Life expectancy has risen for both men and women, but the gender gap is closing;
- Age specific death rates for males have decreased from 77 to 51 per 1,000 between 1980 and 2005; for women, the rate decreased from 60 to 44 per 1,000, indicating a significant narrowing between men and women;
- The proportion of persons with a disability increased with age, particularly for the older age groups (29.5% of persons aged 65 and over compared to 9.3% of all persons). Disability rates varied from 18.7% for the 65-69 age group to 58.6% for the 85 & over age group;
- Compared to the EU average, in the RoI men were less likely and women were more likely to be living alone;

²⁴ http://www.cso.ie/releasespublications/documents/other_releases/2007/ageinginireland.pdf

- Between 1996 and 2005 there was a considerable shift from State non-contributory pensions to State contributory pensions. In 1996, 57.5% of State pensions were contributory. By 2005 this proportion had risen to 71.9%;
- In 2005, around 20% of persons aged 65 and over were at risk of poverty, which was substantially lower than the 2004 rate of 27.1%. This decrease was due mainly to an increase in the old age pension in 2005. (CSO, August 2007, p 10).

3.4. Recent Developments

Because of the change from a Labour to Conservative-Liberal Democrat government in the UK in May 2010 the status of many of the anti-poverty and social exclusion initiatives is currently unknown. These are:

- *Opportunity for All* - Tackling Poverty and Social Exclusion;
- *Opportunity Age* – Meeting the Challenges of Ageing in the 21st Century;
- *Working Together* – UK National Action Plan on Social Inclusion 2008-2010.

In the RoI, because of the recession, many of the initiatives have been or are in the process of being dismantled. These include:

- The Combat Poverty Agency has been disbanded and subsumed into the now Department of Social Protection (formerly Department of Social and Family Affairs);
- The Christmas Bonus given to Social Welfare recipients, which amounted to a double week's payment, was cancelled in 2009;
- Community Care has deteriorated with Home Help services reduced to 10 minutes for getting people up and dressed and 15 minutes for showering them. There is a maximum of 7.5 hours a client may have home help per week, no matter what their needs are²⁵;
- There have been cuts in spending on hospital care and many hospitals have been downgraded throughout the country, especially in the west²⁶;
- Hospital and consultant waiting lists grow and grow²⁷;
- There is now a means test for Medical Cards every two years for people 70+ and those entitled to free medication now have to pay 50c per item on their prescriptions;
- Many of the social welfare payments (e.g. lone parents' allowance; unemployment benefit, etc.) have been cut and there is a threat that state pensions will also be cut in the forthcoming budget in October²⁸;

²⁵ *Irish Times*, 11 August, 2010.

²⁶ *Irish Independent*, 7 May, 2010.

²⁷ *Irish Health*, 11 August, 2010.

- The Social Partnership 2006-2015 ended when public sector talks with the government collapsed on 4 December 2009 (EIROnline, December 2009).

3.5. Comparison of anti-poverty strategies: Rol, NI and UK

Both countries developed their multi-pronged, anti-poverty strategies in the late 1990s, with bespoke measures, indicators and targets forming the backbone of measuring progress. Whereas the Rol focused on reducing and eliminating consistent poverty, the UK chose to focus on children. Both have been successful in reducing poverty rates for some types of households, but the Rol has surpassed many of its initial targets, with the UK lagging behind in reducing child poverty. Another similarity is that the UK and the Rol anti-poverty strategies are couched strongly in terms of social exclusion, with a key objective being increasing labour market participation. Both governments have taken steps across a number of areas to combat poverty and promote social inclusion, including early years education and child care, affordable housing, health, income and benefit supports, and high-quality education and training.

Both governments supplement their anti-poverty strategies with multi-year action plans, which detail the programmes and resources necessary to meet their targets. In addition, both have to a large extent taken a lifecycle approach to anti-poverty (children, working age adults, older people) but also identified groups of people most 'at risk' of being impoverished or socially excluded, i.e. children, lone parents, older people, people with disabilities, ethnic minorities, people living in disadvantaged communities and people who do limited paid work or who are unemployed (particularly the long-term unemployed).

Moreover, both have monitoring (entire population, supplemented older age specific indicators) and accountability systems in place to gauge progress towards the measures/indicators. There are also built-in processes for ensuring national and local bodies work together effectively to implement their national action plans. Public consultations are used in both countries to solicit views from the non-statutory sector as well as those who are living in poverty, which are then used to inform national actions plans.

Prior to the recession, the Rol and the UK made significant progress in reducing poverty and social exclusion. The Rol has been relatively more successful, surpassing some of the targets it had set in its original 1997 strategy. Granted the UK fell short of its child poverty target set in 1999, it appears to have made greater strides since the 2005 benchmark. However, as the latest Opportunity for All report

²⁸ <http://www.citizensinformation.ie/categories/social-welfare/social-welfare-payments>

suggests, almost all key indicators of poverty and social exclusion for the population in general and for older people specifically appear to be moving in the right direction.

Strong economic growth, low levels of unemployment, improved tax benefits and income support, pensions reform (see chapter 4), and an array of policies and programmes to increase a return to paid employment have played a large part in both countries meeting, getting close, and in some cases surpassing their poverty and social exclusion targets. Prior to the recession there were still great challenges which needed to be addressed by both countries in terms of alleviating poverty and social exclusion for single older people (particularly single pensioners), those under pensionable age not in paid employment and people with disabilities. These challenges are going to be even more difficult in the face of the recession.

4. Income in older age - pension policy, state benefits and taxation

Pension policy and a range of social assistance schemes are now well-established features of modern welfare states. Pensions have been developed to provide adequate incomes in older age and social assistance programmes exist to supplement pension income. Pension provision in Northern Ireland and the Republic of Ireland is broadly similar with a basic state pension and a range of occupational and private pension schemes. This chapter provides an overview of the current provision, North and South. We draw out the similarities and differences with respect to welfare state provision and assess the extent to which they reveal inequalities. We comment at some length on the issue of increasing concern relating to the costs and benefits of occupational pension provision in the public sector compared with those in the private sector. We begin by comparing the two jurisdictions on a number of key statistics to provide a context for the analysis of pensions.

4.1. *Key population, labour force and earnings data*

Table 4.1 summarises the key similarities and differences between the size of the population and the labour force and earnings.

- There is a higher proportion of the total population who are over 65 in the North (14%) than in the South (11%).
- The proportion of the total population who are working varies in each jurisdiction. In 2009, in the RoI it was 49.4% (falling to 47.8 in Q1 2010) and in NI it was 41.6%.
- The self-employed, as a proportion of the labour force, at 15.0% in the South is higher by 2.5% than in the North, where it is 12.5%
- The proportion of the labour force who are unemployed, at 12.4% in the South, is virtually twice the level in the North, where it is 6.3%
- Each public sector worker in the South 'supports' 11.7 citizens; in the North the number is only 7.9. The number of citizens per private sector worker, on the other hand, is very similar at 2.8 and 3.0 respectively.
- Numbers employed in the public sector in the South have increased by 4.2%, 2.5% and 1.5% year on year between 2007-2009.²⁹

²⁹ Finance.gov.ie: *Analysis of Exchequer Pay & Pensions*, Table VIII (July '09). Available at: <http://www.finance.gov.ie/documents/publications/reports/2009/payanaljul09.pdf>

- Average weekly earnings in the public sector in the South, at €968 exceed those in the North by some €270 - nearly 40% higher. The difference is even greater for private sector workers: here, the South's average (all industrial workers) earned €812 per week compared with the Northern counterpart's €550, a similar pay packet difference at €262, but in percentage terms almost 48% higher.
- The *average* public sector pay differential (public sector pay differential being the amount by which gross pay in the public sector exceeds that in the private sector) is very significant in both territories at 19.2% (South) but even more so in the North at 27.7%

Table 4.1: Population and labour market, comparison between public and private sector

SECTOR		NI		RoI	
		('000's)		('000's)	
ALL	Total population	(2009 estimate)		(2006 census)	
	0 - 54	1,338.3	75.4%	3,364.9	79.4%
	55 - 64	187.9	10.6%	407.1	9.6%
	Over 65	248.7	14.0%	467.9	11.0%
	Total	1,774.9	100%	4,239.8	100%
	Labour force				
	Employed (Dec 09)	701.5	81.2%	1,564.5	72.6%
	Self-employed (Jun 09)	108.3	12.5%	323.2	15.0%
	Sub-total	809.8	93.7%	1,887.7	87.6%
	Unemployed (Nov 09)	54.0	6.3%	267.4	12.4%
	Total	863.8	100%	2,155.1	100%
	Working - %age of total population		45.6%		44.5%
PUBLIC	Numbers employed	225.2	27.8%	360.9	19.1%
	Number of citizens per public employee	7.9		11.7	
	Average weekly earnings (Dec 2008 - € / £ per week)				
	All public sector (excl Health)	£583.40 (€701.25)	(5)	€968.00	
	Highest - Gardai			€1,159.00	
	Lowest - Defence			€826.00	
PRIVATE	Numbers employed	584.6	72.2%	1,526.8	80.9%
	Number of citizens per private sector worker	3.0		2.8	
	Average weekly earnings (Dec 2008 - € / £ per week)				
	All Industrial workers	£456.80 (€549.07)	(5)	€812.00	
	Public sector pay differential (premium)	27.7%		19.2%	

Sources: DFP, Northern Ireland Public Sector Pay and Workforce Technical Annex, April 2010; Finance.gov.ie: Analysis of Exchequer Pay & Pensions, Table VIII (July '09); Exchange rate- -£1 = €1.2020 as on 9 August 2010.

4.2. Pension policies in NI³⁰

4.2.1. The basic State Pension³¹

The basic State Pension is a pension paid by the government on reaching State Pension age. It is based on the number of qualifying years gained through National Insurance contributions (NICs) paid, treated as having been paid or credited throughout a working life. The State Pension age for men is 65, but this will rise in the future. From 6 April 2010 women's State Pension age started to increase gradually from age 60 to 65 so that by 2020 it will be the same as men's State Pension age. This change will affect all women born on or after 6 April 1950. For instance: women born on or after 6 April 1950 but before 6 April 1955 will have a State Pension age between 60 years and one month and 64 years and 11 months and women born on or after 6 April 1955 but before 6 April 1959 will have a State Pension age of 65. As a result of the Pensions Act (NI) 2008 the State Pension age for both men and women will increase further from 65 to 68 between 2024 and 2046. The new government is committed to spending up the timetable.

Qualification for a State Pension accrues by building up enough 'qualifying years' before the State Pension age. A qualifying year is a tax year in which sufficient income is earned to pay National Insurance Contributions or National Insurance Contributions are treated as having been paid or credited. In 2010-2011, income of £5,044 or more - if the person is an employee - or £5,075 or more if the person is self-employed, is required. To qualify for some basic State Pension a person who reaches State Pension age on or after 6 April 2010 needs just one qualifying year in their working life. From 6 April 2010, the number of qualifying years needed for a full basic State pension was reduced from 39 for women and 44 for men to 30 for both men and women. For people reaching State Pension age on or after 6 April 2010, the two existing contribution conditions will be replaced by a new single contribution condition.

The new condition is that in a working life, enough Class 1, 2 or 3 contributions to achieve 30 qualifying years must have been paid or be treated as having been paid, or have been credited. If the condition is not met in full, entitlement will be 1/30th of the full basic State Pension for each qualifying year achieved with entitlement being expressed as a fraction between 1/30th and 30/30ths, depending on the number of

³⁰ For a short succinct analysis, see: CARDI Briefing: Pensions policy in Ireland, North and South. <http://www.cardi.ie/userfiles/CARDI%20Pension%20Briefing%20June%202010.pdf>

³¹ For details see: <http://www.nidirect.gov.uk/index/pensions-and-retirement-planning/pensions-and-retirement/state-pension/basic-state-pension/understanding-the-basic-state-pension.htm>

qualifying years. If more than 30 qualifying years are achieved, entitlement will be restricted to 30/30ths.

In 2010-2011, the full basic State Pension is £97.65 a week for a single person and £156.15 a week for a couple. However, individual circumstances will affect the amount paid. For those who reached State Pension Age before 6 April 2010, who didn't qualify for the full basic State Pension, but have 25% or more of the qualifying years, they get a weekly basic State Pension between the minimum (£24.41 in 2010-2011) and the maximum (£97.65 in 2010-2011). Those who reached State Pension Age before 6 April 2010 with fewer than 25% of the qualifying years are not normally entitled to receive any basic State Pension. However, a 'non-contributory' or 'Over 80 Pension' can be paid if aged 80 or more and meeting the residency conditions. This is £58.50 a week for 2010-2011. For those reaching State Pension Age on or after 6 April 2010 who don't qualify for the full basic State Pension but have some qualifying years, one thirtieth of the full amount (of pension) will be paid for each qualifying year.

The Joseph Rowntree Foundation (2009) found that two-fifths of single pensioners and a fifth of pensioner couples in NI have no income other than the state retirement pension and state benefits - more than double the proportions of those in Great Britain.

4.2.2. Pension Credit

Pension credit is means tested, complicated and opaque. Little information regarding entitlements and/or calculation is easily or readily available, and the application process is intimidating and technically challenging. For a pensioner living in Northern Ireland, Pension Credit could top up their weekly income to a guaranteed minimum of £132.60 for a single person and £202.40 for a couple. The age from which Pension Credit can be paid is gradually increasing from 60 to 65 between April 2010 and 2020.³² As at August 2009, there were 98,220 people in receipt of pension credit.³³

4.2.3. The reforms

The current state pension system is extremely complex and there are many aspects, for example, the additional State Pension, the State Second Pension and SERPS,

³² Pension Funds Online – United Kingdom.

<http://www.pensionfundsonline.co.uk/countryprofiles/uk.aspx>

³³ See: http://www.dsdni.gov.uk/index/stats_and_research/stats-publications/stats-benefit-publications/pension_credit.htm

which are beyond the scope of this chapter. In 2006 the government introduced a range of proposals to make the system simpler as well as more generous to ensure that pensioners share in the then rising national prosperity (DWP, 2006a). The most important change is to re-link the Basic State Pension (BSP) to earnings by 2012. A key objective of the reform was to deliver fairer outcomes for women and carers and to make progress towards narrowing the gender gap in pension outcomes (DWP, 2006b). Other changes include:

- Pension Credit will continue to increase in line with earnings.
- From 2010, the number of contributory years required for the BSP are reduced to 30 and Home Responsibilities Protection will be replaced with a new weekly credit for those caring for children aged under 12.
- A new contributory credit will also be introduced in both the BSP and the Second State Pension (“S2P”) and for those caring for severely disabled people for 20 hours or more per week. Initial contributions conditions to the BSP will be abolished so that every year of credits and contributions will count towards entitlement to the BSP. These measures mean that, by 2025, over 90% of women and men will be entitled to the full BSP on retirement.
- For employees, there will be a new low cost ‘personal accounts scheme’ (National Pensions and Savings Scheme). Employees earning over £5000 will be auto-enrolled with the right to opt out. Employees will contribute 4%, employers will contribute 3% and a further 1% will be contributed in the form of tax relief. Non-employees, including the self-employed and non-workers, will be able to opt into the scheme and receive tax relief on their savings.
- The state pension age (SPA) will rise in line with gains in average life expectancy. SPA will be equalised for women and men at 65 between 2010 and 2020. SPA will then rise to 66 over two years between 2024 and 2026, from 66 to 67 between 2034 and 2036 and then to 68 in 2044 to 2046.

4.2.4. Public Service Pensions

Public sector workers in the North are beneficiaries of a range of different pension schemes. Some of the more important schemes are as follows³⁴:

- **For civil servants:** Principal Civil Service Pension Scheme (Northern Ireland)
- **For NHS employees:** Health and Personal Social Services Northern Ireland Superannuation Scheme
- **For teachers:** Northern Ireland Teachers’ Superannuation Scheme
- **For Local Government:** Northern Ireland Local Government Pension Scheme
- **Armed Forces Pension Scheme**

³⁴ The Public Sector Pensions Commission, <http://www.public-sector-pensions-commission.org.uk/>

- **Police Pension Scheme (administered locally)**
- **Firefighters' Pension Scheme (administered locally)**
- **Judicial Pensions Scheme**

Table 4.2 provides details of the main public sector pensions in Northern Ireland for Ministers and MLAs, the Civil Service, NHS, Teachers, NI Local Government Officials and the Police. It details the numbers in each scheme and sets out a summary of the main provisions and key financial data all of which is extracted from the schemes' published reports and accounts. The largest pension scheme is in the NHS which has over 106,000 members with 52% who are actively employed and 14% drawing pensions. These selected schemes cover over 333,000 individuals with over 93,000 currently drawing a pension.

Taking the schemes as a whole, for each member entitled to a pension there are only 1.4 scheme members still actively working. This ratio would reduce significantly in the event of any reduction in the public sector workforce.

The contributions paid by employers and employees vary widely between the schemes. The highest contributions by employees are paid by teachers and NHS workers at 6.4% of their salary going towards their pension. The lowest is paid by civil servants who contribute 3.5%. The highest contribution paid by an employer is paid for Ministers and MLAs at 21.3% and the lowest paid for teachers at 13.6%. Despite recent increases, contributions by both employees and employers are unrealistic in terms of the true costs of benefits secured. The balance (of true cost) has to be borne by the general taxpayer.

The table also shows the liabilities, assets and the deficit or surplus of the funds. These figures seldom receive any attention but they form an important element of public expenditure as the employer contributions are paid out of the public purse. In addition, the deficit or surplus of the scheme is central to the future prosperity of those in the schemes. In times of economic growth, these sums may pose little problem but in the context of a recession and extensive public expenditure cuts they take on a new significance. It can be seen that all the schemes on which there is information are in substantial deficit. For example, the NHS scheme has a deficit of £8.5 billion. In total the deficit of all schemes, excluding the Local Authority scheme, comes to a total of £32.5 billion. This is three times the total annual public expenditure in Northern Ireland. How such a deficit will be managed in the future is of central importance for the future of Northern Ireland.

Table 4.2: Main provision of public sector pensions in NI

	Ministers/ MLAs	Civil Service		NHS		Teachers		LA's		Police (PSNI)		Totals
	PCSPS	PCSPS NI						NI LGPS		NPSPS		
<i>Information source</i>	1		2		3		4		5		6	
Data as at	31/03/2004		31/03/2009		31/03/2008		31/12/2008		31/03/2008		31/03/2009	
Funded?	Yes		No		No		No		Yes		No	
Employer bodies (number)									204			
Number of Schemes	1		3		1		1		1		2	
Number of members												
Active employed	98	50%	33,898	52%	55,276	43%	24,156	52%	43,280	38%	7,786	164,494
Deferred	30	13%	8,743	11%	11,424	25%	13,870	19%	15,953	5%	1,122	51,142
Pensioners in payment (incl dependants)	14	37%	24,645	14%	15,400	33%	18,527	28%	23,483	57%	11,803	93,872
Others (<i>note A</i>)				23%	24,137							24,137
Total	142		67,286		106,237		56,553		82,716		20,711	333,645
Accrual rate	50		60		60		60		80		35 yrs	
Contributions (% of salary)												
Employee	6.0%		3.5%		5%- 8.5% (avg= 6.5%)		6.4%		6.0%		<i>Information not accessible</i>	
Employer	21.30%		19.0%		15.7%		13.6%		16.0%			
Employer's share of	27.3%		22.5%		22.0%		20.0%		<i>Not disclosed</i>			

	Ministers/ MLAs	Civil Service		NHS		Teachers		LA's		Police (PSNI)		Totals
	PCSPS	PCSPS NI						NI LGPS		NPSPS		
current service cost												
Current service cost			27.7%		28.5%		27.3%				52.3%	
Actuarial gains/(losses) in 2007/8 & 2008/9			+£1. 23 Bn		+£780 Mn		+£910 Mn		<i>Not disclosed</i>		+£600 Mn	+£3.52 Bn
Liabilities	£5.3 Mn		£5.7 Bn				£7.3 Bn		<i>Not disclosed</i>		£4.5 Bn	
Assets	£5.3 Mn		0		0		0		£3.115 Bn		0	
Deficit/surplus	-		£5.7 Bn		£8.5 Bn		£7.3 Bn		<i>Not disclosed</i> (say £6.5 Bn)		£4.5 Bn	- £32.5 Bn
Lump sum					3 x ann pension				3 x ann pension			
Pension based on					Best x last 3 yrs pay							
Normal pension age			60 ---> 65 (01/04/2007)		60 ---> 65		60 ---> 65 (01/04/2007)		65		60/65	
Indexation	RPI	RPI	3.9% (08/09)	RPI	RPI		3.9% (08/09)		RPI		5% (on 6/04/09)	

Notes:

A Receiving compensation = 2,055, retired on ill-health grounds = 8,132, "undecided" = 13,950: Total other = 24,137

B Covers all public sector schemes in NI except fire-fighters, armed forces and judiciary (data not readily available)

Sources:

1. The Assembly Members Pension Scheme (Northern Ireland) 2000: Annual Report 31 March 2004,

http://www.niassembly.gov.uk/pension/reports/report_apr03_mar04.htm

2. Department of Finance and Personnel. Superannuation and Other Allowances Resource Accounts. 31 March 2009, http://www.dfpni.gov.uk/pcspns_ni_-_resource-accounts.pdf
3. DHSSP - HSC Pension Scheme Resource Accounts Y/E 31 March 2009, <http://www.dhsspsni.gov.uk/ssra2008-09.pdf>
4. Department of Education - Teachers Superannuation. Annual Scheme Statements 31 March 2009, http://www.deni.gov.uk/ni_teachers_superannuation_scheme_accounts_2008-09.pdf
5. NI Local Government Officers Superannuation Committee - Annual report 2008, http://www.nilgosc.org.uk/NILGOSC_Annual_Report_2008.pdf

4.2.5. Tax treatment of occupational pension schemes

The Finance Act 2004 changed the taxation of occupational and private pension savings by removing the complexity of many separate taxation regimes. The new taxation scheme was launched on April 6, 2006, formally known as “A-Day”. The old regime was replaced by a universal lifetime allowance on the aggregate value of tax-favoured benefits, with a universal maximum accrual in every year. The lifetime allowance is defined as the maximum amount of pension savings that can benefit from tax relief and was initially set at £1.5 million. In addition an annual limit of £215,000 applies. Individuals will pay tax at 55% for amounts exceeding the annual allowance. The limits will be adjusted regularly. The value of individual pension assets will be tested when the pension becomes payable, which is easy for defined contribution plans. Applying a multiplier of 20 to the annual pension payment will assess the worth of a defined benefit pension.

The new rules also provide more flexibility in withdrawing benefits. Supplementary pension payments can begin at any time between the age of 50 (55 from 2010) and 75, or earlier on incapacity. Twenty-five per cent of the entire pension amount can be withdrawn as a tax-free lump sum.³⁵

4.3. *Pension policies in Rol*

4.3.1. State pensions

There are three types of state pension in the Republic of Ireland. The State Pension (Transition) is paid to people reaching the age of 65 who are retired and who satisfy certain social insurance conditions. The pension is not means tested or affected by other income which the person may have, such as an occupational scheme. The second type is the State Pension (Contributory). This is paid to people age 66 or over who satisfy certain social insurance contribution conditions. Again, the pension is not means-tested or affected by other income. The third type is the State Pension (Non-Contributory). This is a means tested pension for people aged 66 or over who do not qualify for the State Pension (Contributory).

In April 1994, the government introduced the Homemaker’s scheme for people who leave the workforce for periods to undertake caring responsibilities and, as a consequence, have gaps in their insurance records which can affect their entitlement to a State Pension (Contributory) at age 66. The scheme allows for periods spent

³⁵ Pension Funds Online - United Kingdom
<http://www.pensionfundsonline.co.uk/countryprofiles/uk.aspx>

providing full-time care to children up to 12 years of age or an incapacitated person to be taken into account for pension purposes.

Between 2004 and 2009, the Irish Government treated its pensioners generously. The State Pension (Contributory) was raised from €167.30 to €230.30 per week - an increase of 38%. Similarly, the State Pension (Non-Contributory) was increased from €154 to €219 per week - an increase of 42%. During the period average industrial earnings rose by only 15.5% and the Consumer Price Index increased by 10% (Gol, DSFA, 2010).

4.3.2. Occupational Pension Schemes

As in the North, there are a range of public service pension schemes which provide pension benefits for staff in: the Civil Service, Local Authorities, Garda Síochána, the Permanent Defence Forces, the Health and Education Sectors and non-commercial State Bodies. They cover up to 300,000 staff and about 90,000 pensioners. They are mainly statutory schemes, set up by or under Acts of the Oireachtas. In general, only schemes for Commercial State Bodies have a dedicated fund to meet pension liabilities. The vast majority of public service schemes are financed (as they are in the North) on a Pay-As-You-Go (PAYG) basis, that is, as part of current expenditure, voted in the annual estimates. In effect, the liabilities are met as they arise.

Public service schemes generally are made up of a main superannuation scheme which may be contributory or non - contributory, but which, for staff recruited since April 1995, are generally contributory. Typically there is an associated contributory spouses' and children's scheme. Most schemes in the public service are *Defined Benefit* schemes - the pension benefits are specified or defined in the rules of the scheme. Thus the scheme member knows the calculation formulae which will determine the level of benefits due at retirement. Furthermore, public service schemes are *Final Salary* defined benefit schemes - the benefits formulae are based on the level of pensionable pay at retirement. The formulae are set out in Table 4.3 below.

Since the enactment of the Public Service Superannuation (Miscellaneous Provisions) Act 2004, the minimum age at which pensions will be payable to new entrants to the public service, from 1 April 2004, is age 65 and there is no compulsory retirement age. For staff who are not 'New Entrants' as defined in that Act, their pension is generally payable from age 60 with a compulsory retirement age of 65. There are some exceptions to the above, such as the schemes for the Garda Síochána, Prison Officers and the Judiciary.

Most schemes provide members with an option to purchase additional years of service, on an actuarial basis, to meet a shortfall in the maximum pensionable

service of 40 years. An Additional Voluntary Contribution scheme distinct from the main superannuation scheme may be available in some organisations to allow members to make additional contributions toward additional retirement benefit within Revenue limits. The public service Transfer Network enables an employee who transfers from one participating public sector employer to another to choose to transfer the earlier service and so be given the full pension credit by the new employer.

Table 4.3 sets out a summary of the pension terms applying generally in public service pension schemes. There are, however, variations in terms between different groups: these are described in detail in the report of the Commission on Public Service Pensions (Nov. 2000)³⁶. Changes to the schemes since its publication are set out in this note and in the table below. More detail on the changes can be found in the Circulars³⁷ announcing them.

Table 4.3: Standard public service pension term*

Element	Summary
Access	Automatic scheme membership for all permanent and most atypical employees i.e. people working part-time or on a temporary basis
Eligibility for benefits	2 years' service (no minimum for death-in-service)
Pensionable service	Whole-time, temporary, part-time and work-sharing (pro rata), transferred, notional, and purchased service
Maximum reckonable service	Limit of 40 years
Retirement age and Pension Age	Age 65, optional from age 60 up to April 2004. New entrants from that date have no compulsory retirement age. Minimum Pension age - generally 60 if recruited before April 2004 and 65 after that date.
Pensionable remuneration	Final pay (averaged over final 3 years, if recently promoted) plus pensionable allowances (averaged best 3 years in final 10)
Retirement pension	1/80th of pensionable remuneration per year of pensionable service up to a maximum of ½ pensionable remuneration
Retirement lump sum	3/80ths of pensionable remuneration per year up to a maximum of 1½ times pensionable remuneration
Integration (if full PRSI)	1/200th of pensionable remuneration below 3 1/3 times Old Age Contributory Pension (OACP) and 1/80 thereafter
Part-time employees	Based on notional full-time salary and actual service [Pro-Rata]

³⁶ <http://www.finance.gov.ie/viewdoc.asp?fn=/documents/psp/part2.pdf>

³⁷ <http://www.cspensions.gov.ie/circulars.asp>

Element	Summary
Spouses' and Children's Scheme (S&C)	Spouse receives ½ of member's pension (½ of potential pension to age 65 if death-in-service or following ill health retirement); children's pensions.
Ill health benefits	Immediate benefits based on actual service plus generally up to 6 2/3 added years
Death-in-service	Gratuity of 1-1½ times pensionable remuneration, plus S&C pensions, if applicable
Contributions	5% main scheme, 1½% S&C scheme (if full PRSI, contribution is based on remuneration less OACP offset)
Early leaver (having 2 years' service)	Benefits preserved and payable from age 60 (or 65 as the case May be), <i>up-rated in line with salary increases</i>
Transfer of service	Between participating public sector organisations/groups
Early retirement	An option of actuarially reduced benefits if leaving within 10 years of the minimum pension age i.e. age 60 (or 65 for post- 2004 New Recruits)
Retention beyond age 65	Infrequent; no reckoning of service beyond age 65 except for post-2004 New Entrants
Options to individual to enhance pension	(i) Purchase of notional service at full actuarial cost; (ii) union-sponsored AVC schemes
Pension increases	As provided in individual schemes; generally, <i>broadly in line with increases paid to serving staff (pay parity)</i> . ³⁸
Financing of schemes	Pay-as-you-go. Cost met from annual revenues

Note: * It is assumed that this is a public service scheme where an explicit main scheme contribution applies, and that the individual concerned is a member of the relevant spouses' and children's contributory pension scheme (Irish Civil Service Pensions Information Centre, 2005).

In the 2010 Budget, the government announced that a new single public service pension scheme will be introduced for new employees "in order to bring public service pension terms more in line with private sector norms".³⁹ It proposed that pensions will be based on "career average earnings", rather than final salary on retirement as at present. The minimum retirement age for new public servants will also be increased from 65 to 66 and then linked to increases in the State pension age.

The Minister noted that the government is to consider removing the link to earnings or "pay parity" (see below) for post-retirement pension increases and instead basing

³⁸ For more information, see <http://www.cspensions.gov.ie/faq1.asp#12>

³⁹ Financial Statement of the Minister for Finance Mr Brian Lenihan, T.D. 9 December, 2009. Available from <http://www.budget.gov.ie/budgets/2010/Documents/FINAL%20Speech.pdf>

post-retirement increases on the Consumer Price Index for both existing and future public service pensioners. This change would reduce the actuarial cost of public service pensions from an estimated €108 billion to €87 billion.

A review of the budget by Mercer, an international human resources consultancy, noted that the proposed new approach to public sector pensions “represents a balance between preserving the highly-prized defined benefit basis, whilst putting pension provision for public servants on a more financially sustainable footing. Many private sector employers have already made, or are considering, changes to their pension schemes, and the proposed new public sector scheme might well provide a model for future defined benefit provision generally”.⁴⁰ The commentary went on to point out that “only around one third of private sector schemes provide any guaranteed pension increases, and many such schemes are currently considering withdrawing such guarantees on cost grounds”.

The challenges ahead for pension schemes are considerable. Life expectancy rates have been increasing and the forecasts suggest that this will continue. In October 2007 the government published a Green Paper on Pensions which noted the challenges and questioned the sustainability of the system over the coming years. This was followed by the publication of the National Pensions Framework (Gol, DSFA, 2010).

4.3.3. Personal Retirement Savings Accounts (PRSA)

In 2003 the government introduced a scheme to encourage savings through low-cost, flexible Personal Retirement Savings Accounts (PRSAs) - a defined contribution type pension plan offered by investment managers, insurance companies and credit institutions.⁴¹ The target was to increase occupational pension coverage from 51.5% to around 70%, particularly amongst low to middle income earning groups. PRSAs have seen strong growth. In its Annual Report for 2009 the Pension Board reports that by December 2009 170,862 contracts had been taken out. This was an increase of 40% compared to September 2007. Assets in these accounts amounted to €2.05 billion, almost double the value at September 2007.

Since September 2003, employers who do not provide access to an occupational pension scheme are obliged to allow access to a group PRSA arrangement and establish a payroll deduction facility for employees who wish to participate - although

⁴⁰ Mercer's Budget 2010 Review – Ireland (December 2009). Available from: <http://uk.mercer.com/summary.htm?siteLanguage=1008&idContent=1366135>

⁴¹ Pension Funds Online – Ireland. Available from: <http://www.pensionfundsonline.co.uk/countryprofiles/ireland.aspx>

neither the employer is obliged to contribute, nor the employee to join. PRSAs generally offer several investment options, of which one must be a default investment option. Individual PRSA contracts must be approved by the Pensions Board and by the Revenue Commissioners. Only private companies registered in the Rol - either financial institutions or insurance companies - that are licensed by the Pensions Board are allowed to offer PRSAs. There is no legal distinction between group PRSAs and individual PRSAs although the distinction may be drawn by providers as a marketing tool and people typically refer to PRSAs arranged by the employer as “group PRSAs” even if there is only one employee.

4.3.4. Tax treatment of occupational pension schemes

The income and capital gains of occupational pension funds are exempt from tax and thus accrue gross inside the funds for the benefit of their members. The percentage of income on which a person receives tax relief for pension contributions is calculated on a sliding scale which increases according to age - higher relief for higher age, as shown in Table 4.4.

Table 4.4: Percentage of tax relief by age, Rol⁴²

Age	% of income on which there is tax relief
Under 30	15%
30 to 39	20%
40 to 49	25%
50 to 54	30%
55 to 59	35%
60 or over	40%

The strategy behind the progressive scale of this relief is difficult to understand. It is well known that pension savings early in a working life are of the greatest value. They have the greatest length of time (a) in which to grow, and (b) over which to smooth the effects of the peaks and troughs of the several economic cycles to which they will be subject, and thus maximise the investment returns. For the same reasons, the later in a working life that pension savings are made, the less they will contribute to the amount of pension income eventually produced - and the more they will be exposed to the short term risks of investment loss and/or economic downturn(s).

Governments have been striving for many years to persuade people to start saving earlier for retirement, but largely without success. If the table of tax reliefs shown

⁴² <http://www.taxation.ie/guide-to-irish-tax/retirement-pensions/>

above were to be inverted, there would be a very clear fiscal incentive to younger working members of the community to maximise their early years' pension savings. That incentive – and its cost to the Exchequer - is of significantly less value when its maximum amounts are provided to older workers.

The National Pension Framework has put forward a clear set of principles for pension reform including two principles relating to tax relief. First it proposes that there should be an auto-enrolment system for employees, with mandatory employer contributions and a matching State contribution equal to 33% tax relief. Second, the current system of marginal tax relief should be changed for all existing occupational and personal pensions to a more transparent State contribution equal to 33% relief (Gol, DSFA, 2010).

4.3.5. Health, health care related and other benefits

The absence of a system in the South comparable to the UK's National Health Service means that many older people have to pay considerable sums of money for medical attention (e.g. for GP visits, specialist medical attention). Additionally, under the revised (2010) Drug Payments Scheme persons have to pay €120 per month before the scheme becomes operational. This situation in relation to health care in the South has been exacerbated by new regulations concerning the provision of a medical card which is now means tested bi-annually, even for those over 70 years of age. Furthermore, those in receipt of a medical card - who used to have free access to prescription medication - now have to pay 50c for every item on a prescription. Older people in the South are also entitled to a range of other welfare benefits including the Household Benefits Package⁴³, free transport, free passport, free driving licence.

⁴³ The Household Benefits Package consists of three separate allowances: a fuel allowance; a telephone allowance and a free television licence.

4.4. Comparison of state provision in NI and RoI

There are major differences between the state pension and benefit packages for older citizens of the NI and RoI. Tables 4.5 to 4.7 summarise these differences. However, it is important to note that a simple quantitative comparison of state pensions is not necessarily valid because of the difference in treatment of the cost of healthcare, provision of which is free for everyone in the North under the UK's National Health Service, but is the responsibility of the individual in the South.

In the South, between 2001 and 2008 everyone aged over 70 was entitled to a medical card (allowing free healthcare) without a means test. In 2007, 38% of 65-69 year olds and 62% of 70+ year olds had a medical card (NESC, 2009, p 221). From January 2009 a means test has been in force that restricts entitlement to the medical card to those having gross weekly incomes below €700 (single person) and €1,400 for a married or cohabiting couple. No standard deductions (e.g. income tax) apply. State pensions are comfortably below these limits (€254 - single pensioner and €437 - married couple). However, the single person's income limit is set at a sum only marginally below the average weekly (private sector) industrial wage of €812 (see Table 4.1).

That having been said, the differential between the amounts of state pension is still significant. The single pensioner in the South receives, with allowances, €254 per week, €92 (57%) a week more than his/her counterpart in the North (€162, the €-equivalent of £132). For the married couple the difference is even greater: the couple in the South receive €437 per week and are therefore €188 per week, or 75%, better off than their counterparts in the North on €249 (£203).

On the assumption that all those over 70 in the South whose only income is the state pension and benefits package will have a medical card (see comment above on income limits), it is fair to conclude that they are significantly (by 60%-79%) better provided for than their counterparts in the North. It has not been possible to make a similar comparison between older people below 70 because of the impact of healthcare costs, and the restricted availability in this age group of the medical card in the South.

4.5. Conclusions

This chapter comprises a great deal of detail about older-age income, and on the overall population and labour force context, in the two jurisdictions. A somewhat superficial summary of this material, by way of comparison of the two, indicates that when compared to Northern Ireland, The Republic of Ireland:

- has a much smaller proportion of older people;

- has a higher proportion of self-employed workers;
- has double the proportion of unemployed people;
- has a better paid workforce (but the public sector pay differential is significantly lower than in the North);
- provides much higher state pensions;
- has a public sector workforce, as a proportion of total population one third smaller than that in the North.

Table 4.5: Comparative summary of healthcare and state pensions/benefits for persons living alone in the North and South

	UK, INCL NORTHERN IRELAND				REPUBLIC OF IRELAND			
Healthcare					Healthcare			
NB. FREE HEALTHCARE IN UK					NB. <u>NO</u> FREE HEALTHCARE IN RoI			
State Pension, Single Person Living Alone					Contributory State Pension Single Person Living Alone			
	Weekly £	Annual £	Yearly £	€		Benefits	Annual Amount	Total
Exchange rate (as at 9.8.10)				1.202				
Basic Pension	97.65		5077.8					€ 11,975.60
Winter fuel allowance		125				Gas allowance	€ 378.00	
Telephone							€ 311.00	
TV Licence*							€ 160.00	
Living Alone Increase							€ 400.40	
Pension Credit - up to	34.95	1817.4						
			1942.4				€ 1,249.40	€ 1,249.40
	132.6		£7,020.20					
Total Annual Income				€ 8,438.28				€ 13,225.00
Total Weekly Income				€ 162.27				€ 254.33
					Over 80 years		€ 520.00	€ 520.00
					Total Annual Income			€ 13,999.33

* TV licensing fee refunded for those 75 years of age and older in the UK (annual amount=£145).

Table 4.6: Comparative summary of healthcare and state pensions/benefits for couples in the North and South

	UK, INCL NORTHERN IRELAND				REPUBLIC OF IRELAND			
	State Pension, Couple Male > 65 Female > 60 Years				Contributory State Pension Couple Both > 66 and < 70 Years			
	Weekly	Annual	Yearly				Annual Amount	Yearly
Basic Pension	156.15		8119.8					€ 11,975.60
Qualified Adult								€ 10,727.60
Winter fuel allowance		250						
Pension Credit - up to	46.25	2405	2655					
	202.4		£10,774.80					
Total Annual Income				€ 12,951.31				€ 22,703.20
Total Weekly Income				€ 249.06				€ 436.60
	State Pension, Couple Both > 70 Years				Contributory State Pension Couple Both > 70 Years			
Basic Pension	156.15		8119.8					€ 11,975.60
Qualified Adult								€ 10,727.60
Winter fuel allowance		250				Gas allowance	€ 378.00	
Telephone							€ 311.00	
TV Licence*							€ 160.00	
Living Alone Increase							€ 400.40	
Pension Credit - up to	46.25	2405	2655					
	202.4		£10,774.80				€ 1,249.40	€ 1,249.40
Total Annual Income				€ 12,951.31				€ 23,952.60

* TV licensing fee refunded for those 75 years of age and older in the UK (annual amount=£145).

Table 4.7: Comparative summary of non-contributory state pensions/benefits for single persons living alone in the North and South

	UK, INCL NORTHERN IRELAND				REPUBLIC OF IRELAND			
	Non-Contributory State Pension Single Person Living Alone - No comparable category in UK				Non-Contributory State Pension Single Person Living Alone			
							Annual Amount	Total
Basic Pension								€ 11,388.00
Gas allowance							€ 378.00	
Telephone							€ 311.00	
TV Licence*							€ 160.00	
Living Alone Increase							€ 400.40	
							€ 1,249.40	€ 1,249.40
Total Annual Income								€ 12,637.40
Over 80 years							€ 520.00	€ 520.00
Total Annual Income								€ 13,157.40
	Non-Contributory State Pension Couple Both > 66 and < 70 Years - No comparable category in UK				Non-Contributory State Pension Couple Both > 66 and < 70 Years			
Basic Pension								€ 11,388.00
Qualified Adult								€ 7,524.40
Total Annual Income								€ 18,912.40

* TV licensing fee refunded for those 75 years of age and older in the UK (annual amount=£145).

5. Inequalities in pension provision, NI and RoI

During the 2007 financial crisis, which subsequently pushed the UK and RoI into recession, the Royal Bank of Scotland, of which the Ulster Bank is a subsidiary, recorded the largest loss in British corporate history of £24 million and had to be rescued by the government. The Directors of the Bank had approved a pension pot for the Chief Executive at the time, Sir Fred Goodwin, of £16 million, giving him a pension of £650,000 a year. 'Fred the Shred', as the popular press called him, became the focus of the public's anger at the gross inequalities which exist between the very rich and the majority of older people who retire on a state pension of under £100 per week. A further high profile instance of gross inequality, this time in the public sector, was widely publicised in mid-2009, when Open Europe, an independent think tank, drew attention to the comfortable retirement packages accumulated by Lord Kinnock and his wife.⁴⁴ Between them they have five separate, publicly funded (by the UK and EU governments) pension entitlements that will bring them some £185,000 per annum: this entitlement is estimated to be equivalent to a pension pot of some £4.4 million.

The gross inequality between the pensions enjoyed by the Goodwins and the Kinnocks and those on a state pension, however, is only one of a number of inequalities which exist in pension provision. In Chapter 2 we explored at some length the inequality in our societies between those who are poor and those who are not. This chapter examines a number of other forms of inequality to provide the final contextual aspect before considering the impact of the recession. We begin by considering the division between those who have pensions and those who do not.

5.1. *Inequalities between the haves and have-nots in pension provision*

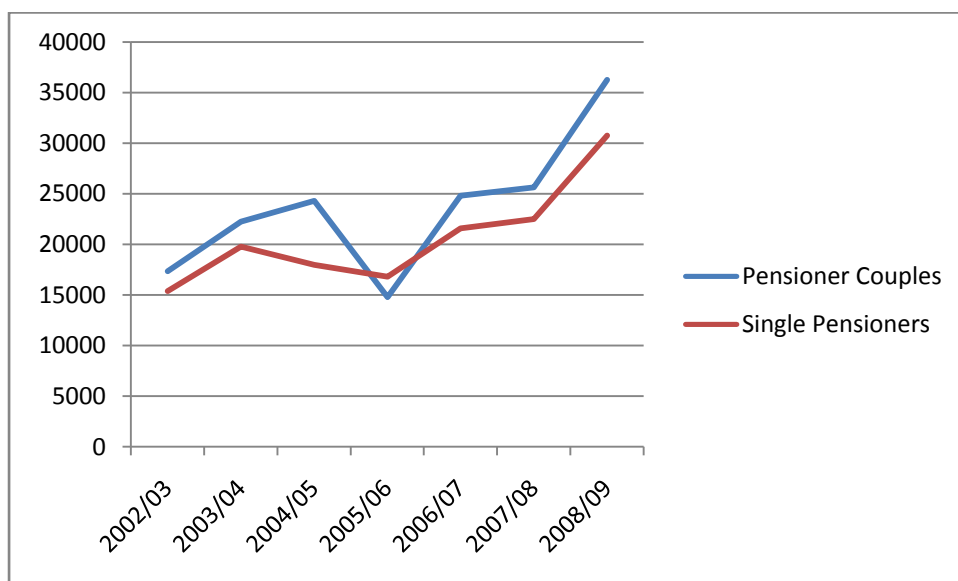
In chapter 2 we presented data on the nature and extent of poverty in older age. About a fifth (20%) of older people in Northern Ireland and 11% in the Republic live in poverty. The reason is simple: in the majority of cases they have no private or occupational pension. The statistics are stark for NI.⁴⁵ Two fifths of single pensioners and one fifth of pensioner couples have no pension other than the state retirement pension and benefits. These numbers are double those in Great Britain. Over 70% of those in the lowest income quintile have no pension. It drops to just over 60% for the second quintile and 55% for the middle quintiles. At the younger age range very few have pensions and from 35 to 65 some two fifths of all age groups have no pension.

⁴⁴ <http://www.openeurope.org.uk/media-centre/bulletin.aspx?bulletinid=98>

⁴⁵ See *The Poverty* website: <http://www.poverty.org.uk/i65/index.shtml>

Figure 5.1 shows the number of pensioner couples and single pensioners who are at risk of poverty and who do not have any occupational or private pension for the period 2003/04 to 2008/09. It shows that for both types of pensioners the numbers are increasing. The number of pensioner couples without an occupational or personal pension has increased from 17,000 to over 36,000 and for single pensioners from 15,000 to over 30,000.

Figure 5.1: Numbers of pensioners at risk of poverty and without pension provision 2003/04 to 2008/09.



Source: Households Below Average Income Series for Northern Ireland.

Comparable figures for RoI are not available. However, the number of people with retirement pensions has been in the opposite direction to that in NI with a steady upward growth. In 1993, 58,400 people had a retirement pension, by 2005 this had increased to over 91,000.⁴⁶

5.2. *Inequalities between public and private sector pension provision*

The rising cost of pension provision is of critical significance to all citizens, young, old and unborn in both Northern Ireland and the Republic. But for the most part the problem was largely ignored until the effects of the recession brought the issue to the forefront of public and political debate. The recession had a dramatic effect on privately funded pension schemes, which depend on the value of each scheme's liabilities - actuarially assessed - being matched by sufficient assets. Falls in asset values at the onset of the recession caused the majority of these schemes to fall into

⁴⁶ http://www.cso.ie/statistics/oap_recipients.htm

substantial deficit. The employers' response was to close their Defined Benefit (DB) schemes to new members, offering new employees pension benefits in Defined Contribution (DC) schemes.

The difference between the two types of scheme is quite simple, but stark in its effect. In a DB scheme, the employee retires on a pension calculated as a proportion of their earnings at, or leading up to, retirement. The trustees are legally bound to provide that pension, and to manage the fund and its assets to enable them to do so. All investment risk is thus carried by the employer, who has to vary his or her contributions from time to time to match the fund's assets to the 3-yearly actuarial evaluation of the scheme's liabilities for future pensions to members. A DC scheme, by contrast, is based on the employer and employee agreeing the terms (respective percentages of gross salary) on which they will each contribute cash into a 'pension pot' for the benefit of the employee. All of an employer's 'pots' are managed together as a collective investment fund by the scheme trustees. The pension payable on retirement is entirely dependent on the value of the pension pot assets on that day, and on the annuity terms and rates available in the market on that day.

In a DB scheme, the scheme/employer carries all the investment risk. The amount of pension is defined by the level of earnings at retirement and is guaranteed. Any shortfall in assets is adjusted by variations in contributions after retirement. The near absolute certainty of the DB promise contrasts sharply with the considerable uncertainty about the value of a DC pension that carries a degree of inherent financial risk.

At the same time, a growing body of attention has begun to address the risks posed by the true and increasing costs of unfunded DB/final salary schemes for employees in the public sector - a sector which has expanded over the decade in both NI and RoI increasing the financial cost, both present and future, of that liability and its attendant guarantees. Whereas all private sector schemes - DB or DC - have to be funded i.e. assets held to match all liabilities, all public sector schemes with the exception of those for workers in Local Government, are unfunded Pay As You Go (PAYG) schemes.

In the UK as a whole there is a growing disparity between the public and private sectors in DB schemes as can be seen from Table 5.1.

Table 5.1: Defined Benefit (DB) Schemes in the public and private sectors in the UK, 2008 ('000's) ⁴⁷

	Public sector	Private sector
Employees (headcount)	5,750	23,741
DB Pension scheme members	5,400	2,600
% of workforce in DB pension scheme	93.9%	10.9%

The table shows that while nearly 94% of the workforce in the public sector is in DB schemes, only 11% have a similar type pension in the private sector. The disparity today is now probably worse as a consequence of more private sector employees moving from a DB to a DC pension.

The central equality issue which the divide between public and private pension provisions raises is the fairness of a significant majority of the workforce paying through their taxes for the good quality pensions, which they cannot afford to provide for themselves, for the remaining minority of the workforce. It is not suggested that there should be a levelling down, only to draw attention to the considerable anomaly. At one time, the more generous pensions in the public sector were justified on the grounds that pay in the sector was considerably lower than in the private sector. This, however, is no longer the case. The public sector pay differential in RoI is 19.2% and 27.7% (See Table 4.1).⁴⁸

There is another inequality in the private/public divide that is currently receiving more attention and that is the cost of the subsidy needed to underpin public sector pensions already in payment - a subsidy which has to be paid for by existing taxpayers, the majority of whom either have no pension or an inferior one compared to the public sector employees. The size of the subsidy both in the UK and RoI is a matter of dispute. The UK government estimates that the cost is around £18 billion, comprising £13.5 billion of employer contributions and £4.5 billion Treasury subsidy to meet shortfalls. However, the Public Sector Pension Commission argues that the actual cost is nearer to £35 billion because the discount rates used by HM Treasury in computing these subsidies are overly optimistic (Public Sector Pensions Commission, July 2010).

At the moment the government asks employees in the public sector for a contribution, on average, of 6% of pay and employers for an additional 14% in order to help meet the pension promises it has made, i.e. 20% of total employee pay. But

⁴⁷ The Report of the Public Sector Pensions Commission (July 2010); table 3.1 p 30.

⁴⁸ The figure for the differential for Northern Ireland given in the technical annex differs substantially from the differential calculated from the published figures. These suggest that median weekly earnings for full-time employees in the public sector were almost 40% higher than in the private sector. See: Annual Survey of Hours and Earnings, 2009, Table 2.6: <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-hours-and-earnings.htm>

the Public Sector Pensions Commission argues that over 40 years a typical public sector worker needs to have 48% of his or her salary paid into their scheme in every year of their career in order to pay for the pension payouts at the end of it - a gap which the Treasury must cover (Policy Exchange, June 2009).

In the Republic the government estimates that the cost of public occupational schemes totals €75 billion. But Moloney and Whelan (January, 2009) argue that this figure too underestimates the true cost. On what they term a 'fair value basis', they estimate the cost to be over €100 billion. These figures suggest that public sector workers in both the North and the South are receiving a subsidy that is rapidly inflating the liability that future taxpayers will have to meet and part of the problem stems from the very large pension pots built up by top public and civil servants.

5.3. *Inequalities between the employed and self-employed*

The self-employed are at a particular disadvantage as they must make their own provision for retirement. It is estimated that there are some 300,000 in the South, 109,000 in the North and 3.93 million in the UK as a whole (ONS, 2010). If the self-employed have a pension fund at all, it will probably comprise only cash savings made by themselves. There will be no contribution from the state (apart from tax relief on their own contributions, as for employees) or from an employer. Their contributions, like all other workers in pension schemes, do attract income tax relief which, for most of this group, will be at their top marginal rate of tax. Their savings can only be accumulated in a DC fund, with its attendant exposure to investment risk.

Those in this sector who approach retirement with pension savings - a significant minority of the self-employed - are faced with exceedingly difficult choices, made much more difficult by the regulatory and present recessionary economic climates. At retirement, they are forced to purchase an annuity and must make a choice between a level payment contract, with no guarantee (beyond their own life) and no indexation, or protect their income against inflation. The difference in cost is considerable. For a 65 year old male retiring today, a level payment contract would provide about £6,500 pa per £100,000 of pension pot for a single life, or £5,800 pa for joint lives. The same contract with escalation to match RPI and a 5 year guarantee will produce annual income of only £4,000 (single life) and £3,400 (joint lives).

For the financially more sophisticated with larger pension pots, it is currently possible (in the UK) to defer the purchase of an annuity while drawing income from a (self invested) pension fund. However under present rules, an annuity has to be purchased no later than age 75 some 7 to 8 years short of currently predicted (male) life expectancy - otherwise any residual savings left at death are subject to a penal

tax charge of 84%. It is widely expected that these rules are likely to be revised in time.

Nowhere in the course of our review of work in this area has it become apparent that the self-employed - a significant contributor group to the economic workforce - has any voice drawing attention to the inequity of the pension environment applicable to this group relative to employed workers. It is even difficult to establish what the numbers of the workforce in this category are, and where and how they are reported in official data.

5.4. *Inequalities in pension provision within the public and private sectors*

Northern Ireland and the Republic of Ireland are very unequal societies. The UK became very unequal during the Conservative Government between 1979 and 1997 with the standard measure of inequality - the Gini coefficient increasing from 23% in 1979 to 33% in 1997. Put another way, the post-tax income of the top tenth of the population was five times as much as the bottom tenth in 1979 but by 1997 it was 10 times as much. Hills and Stewart (2009) commented:

Unlike every other post-war decade, in which the gains of economic growth were shared across income groups, growth in the 1980s benefited the richest most and the poorest least. Indeed, on one measure the poorest were lower in real terms in 1994/5 than they had been in 1979. (p 2)

In both NI and RoI figures on the longer term trend in inequality do not exist. Over the shorter term some figures are available. In RoI in 2005 the Gini coefficient stood at 32.5% since when it has dropped slightly to 30.7 in 2008 (CSO, 2009). In the UK in 2007/08 it stood at 40%. It is now at the highest level than at any previous time in the last thirty years. Looked at another way, the poorest tenth in the UK possessed 1% of the total income and the richest tenth, 31%.⁴⁹

These inequalities in income during people's working lives are replicated in both the public and private sectors in the income from pensions. The pensions of top civil servants in both the North and the South illustrate this point well. A recent report in the Irish News provided information on top civil servants' pensions in the North. It pointed out that just 118 people working in the 11 executive departments and the NIO will share very generous pensions including six figure golden handshakes. The head of the Northern Ireland Civil Service has a pension pot of £1.76 million which will produce an annual pension of between £70,000 and £75,000 and provide a lump sum of £220,000 to £225,000. The Head of OFMDFM will receive similarly generous

⁴⁹ See the Poverty Site: <http://www.poverty.org.uk/09/index.shtml>

pension benefits. In total the report estimated that the top civil servants will share a taxpayer-funded pension pot of £75 million.⁵⁰

In the Republic top civil servants also receive generous pensions and these pensions are being enhanced by the “pay parity” anomaly, where any pay increase awarded to successor workers is also added on to pensions of those retired from the same job. This has led to a situation whereby pensions of public servants have almost doubled in eight years, now matching the wage they earned when they retired. A top official retiring in 2000 would, under normal conditions, be receiving about 50% of their salary in 2008. However, as a result of the pay-parity principle, they now receive 95% of their 2000 salary. In the past a secretary-general who made €113,960 before retirement could expect a pension of €56,980. But he or she now receives €108,258, more than three times the average industrial wage.⁵¹

5.5. *Inequalities in pension subsidies*

Another important inequality in pension provision is the differential tax relief given for pension provision. Tax relief on pension contributions in both the UK and the Republic is heavily skewed towards the better off. Treasury figures show that of the £37 billion of tax relief, some 60% goes to higher rate taxpayers, with 25% - nearly £10bn a year - going to the top 1% of earners. In the Republic Callan et al. (2009) found that changes to tax relief on pensions would save public money and be fairer, and that tax relief at a standard rate could help to achieve the overall objectives of public pension policy in a more efficient and equitable way. Currently, over €8 out of every €10 of tax relief goes to taxpayers in the top one-fifth of the income distribution. In a paper to the Royal Statistical and Enquiry Society of Ireland Moloney and Whelan (2009) have also drawn attention to the pension subsidy and point out that it “is not spread evenly over the different income levels but is highest to the highest earners, in both percentage terms and overall amounts” (p 79).

The inequality arises not only because of inequality in salaries but also because high income earners are more likely to participate in pension schemes, more likely to make higher contributions, and the value of tax relief at the top rate of income tax is about double that for the standard rate taxpayer. There is a strong incentive for high earners to contribute to pension schemes, but a weaker incentive for those with low and middle incomes.

⁵⁰ The Irish News, 11 August, 2010.

⁵¹ CARDI Press Release: “Pensions review to judge value for money”, May 27, 2008.

5.6. *Gender inequalities in pension provision*

One of the most pervasive inequalities in pension provision is in terms of gender which arises for a number of reasons. First, historically pension systems have been built around the inequalities in the labour market and the notion that the man is the main breadwinner. Women are far less likely to reach the higher levels in either the public or the private sectors and the pay differential, notwithstanding equal pay legislation in both jurisdictions, remains substantial. These features will be reflected in pensions. Second, women still carry out most of the child caring responsibilities and, as a consequence, have interrupted earnings or else elect to work part-time. Third, pension provision makes little or no allowance for the fact that women have taken on most of the caring responsibilities unpaid and therefore earn less and have substantial gaps in their employment records. Fourth, the marriage bar operated in Rol between 1932 and 1972 and women were required to resign from public sector when they married.

Ginn and Arber (1996) showed how older women's likelihood of receiving non-state pension income, as well as the actual amount received, was closely related to their employment patterns. The key element was whether employment was mainly full time or not. But these authors also pointed out that even older women with full time and mainly continuous employment did worse than men in their non-state pension provision. The 'pension gaps' remain and appear to be widening. Around 30 per cent of women reaching State Pension age currently are entitled to a full basic State Pension compared with around 85 per cent of men (DWP, 2006b). In a report by Scottish Widows (2007) , it was found that 35% of women of working age do not have a pension scheme compared to just 22% of men - a 13% gap. This compared with an 8% gap the previous year. It argued that the principal problem was the gender pay gap; women simply do not earn enough to contribute to a pension. In addition, they tend to prioritise their families' needs over their own. A study by the Prudential showed that women planning to retire in 2010 can expect to receive an average annual pension of £12,169, while men can expect £19,593 - an average of £7,424 less than their male counterparts. As with the Scottish Widow's study the gap is increasing. In the previous year the gap was only £6,642.⁵²

Zaidi (2010) demonstrated the extent of gender differences in the at risk of poverty in the EU27 in general and also in the UK and the Rol (see Chapter 4) noting that: "Since women live longer than men, the erosion of the value of pensions during old age will affect women more than men" (p 9). He argued that women who interrupt their employment to rear children or care for family members will need special attention in relation to pension provision because by engaging in these unremunerated tasks they suffer a reduction in their pensions. He believes women

⁵² [http://www.inthenews.co.uk/news/employment/pension-gender-gap-continues-to-grow-survey-finds-\\$1360383.htm](http://www.inthenews.co.uk/news/employment/pension-gender-gap-continues-to-grow-survey-finds-$1360383.htm)

should be 'given pension credits for their contribution to society in bearing and caring for children' (p 2).

5.7. *Age inequalities*

A final inequality which needs to be mentioned in pension provision is age inequality. Put simply, people retire at very different ages, some through choice and others because they are forced out of the labour market. Various changes to retirement age, both for state pensions and within occupational pension schemes, are creating new inequalities even within a single employer's workforce. As an example, consider the Civil Service and NHS in the North, which together have almost 175,000 members in their pension schemes and some 90,000 actively employed. Most of the 84,000 retired workers drawing their pensions have been doing so since age 60. Because of changes to retirement age effective from 1 April 2007, a strange situation occurs. A new employee joining the pension scheme on (say) 30 March 2007 at age 20 would be entitled to retire and draw pension at age 60: another new employee, also aged 20, joining the pension scheme on (say) 2 April 2007 would have to wait until reaching 65 to retire and draw their pension.

During recent years, many workers of 50 years and over in both the private and public sectors have opted to take early retirement - some as a financially attractive alternative to redundancy, some for the simple reason that, because of their pension scheme, it was financially feasible to do so. These older people are now living in relative comfort in their communities alongside other older people with far less financial security and certainty: and, as we have shown in this report, those still in work in the private sector or self-employed, or reliant on state benefits alone, are much worse off as a result of the recession.

5.8. *Conclusions*

In 1955, Richard Titmuss, who was Professor of Social Policy at the London School of Economics argued, that there were two nations in old age: one group relying on state pensions and means tested benefits and the other drawing on occupational and personal pensions and savings which had received special tax treatment. There were, he argued, "greater inequalities in living standards after work than in work" (Titmuss, 1955, p 166). Little has changed in the fifty years since he wrote these reflections. The divide between those with occupational and personal pensions and those without still is the major division among older people. But as we have shown in this chapter this is not the only inequality. Inequalities exist between and within the public and private sectors, between the employed and self-employed, in pension subsidies and between men and women. One question which this research attempts to answer is how far these inequalities have been exacerbated by the recession.

This study has produced detail on a number of important inequalities but, within the confines of its objectives, it has not been possible to study them in greater depth, or

the extent to which these inequalities have been exacerbated by the recession - but it is clear that many of them have.

For example, those workers in the private sector with occupational pension schemes, as well as the self-employed, will have suffered depletion in asset values in their pension funds, and from the increased uncertainty and shift of financial risk that inevitably follows the conversion of an employer's pension scheme from a DB to a DC basis. No such considerations have affected public sector workers; the degree of inequality for older people (particularly those still working in the 55-65 age group) has consequently and inevitably widened.

It is already clear that the recession will cause substantial cuts to the size of the public sector workforce. Because of their over-representation (numerically) in that workforce, especially in part time posts, it would seem inevitable that women will fare worse than men in terms of resultant job and income losses. Existing inequalities will thus be exacerbated further.

6. Data sources and the recession

The aim of this part of the research is to assess the feasibility of using existing data sources to assess the impact of the recession on the living standards and well-being of older people older people in both the North and the South. A key element involved assessing the extent to which survey data in the two jurisdictions could be linked. To proceed, we first needed to be as clear as possible about which survey periods, datasets and measures/variables, and could provide the important information needed for this research; we did this by developing a conceptual model of the impact of the recession on older people. Secondly, we carried out a systematic search (audit) of key datasets which might contain the necessary measures/variables, identifying those which were common across the datasets (as well as any 'gaps') via the creation of a dataset/measure 'crosswalk'. Thirdly, using a synthetic approach, we attempted to carry out univariate and where appropriate (and valid) bivariate statistical analysis in order to assess the impact of the recession on older people.

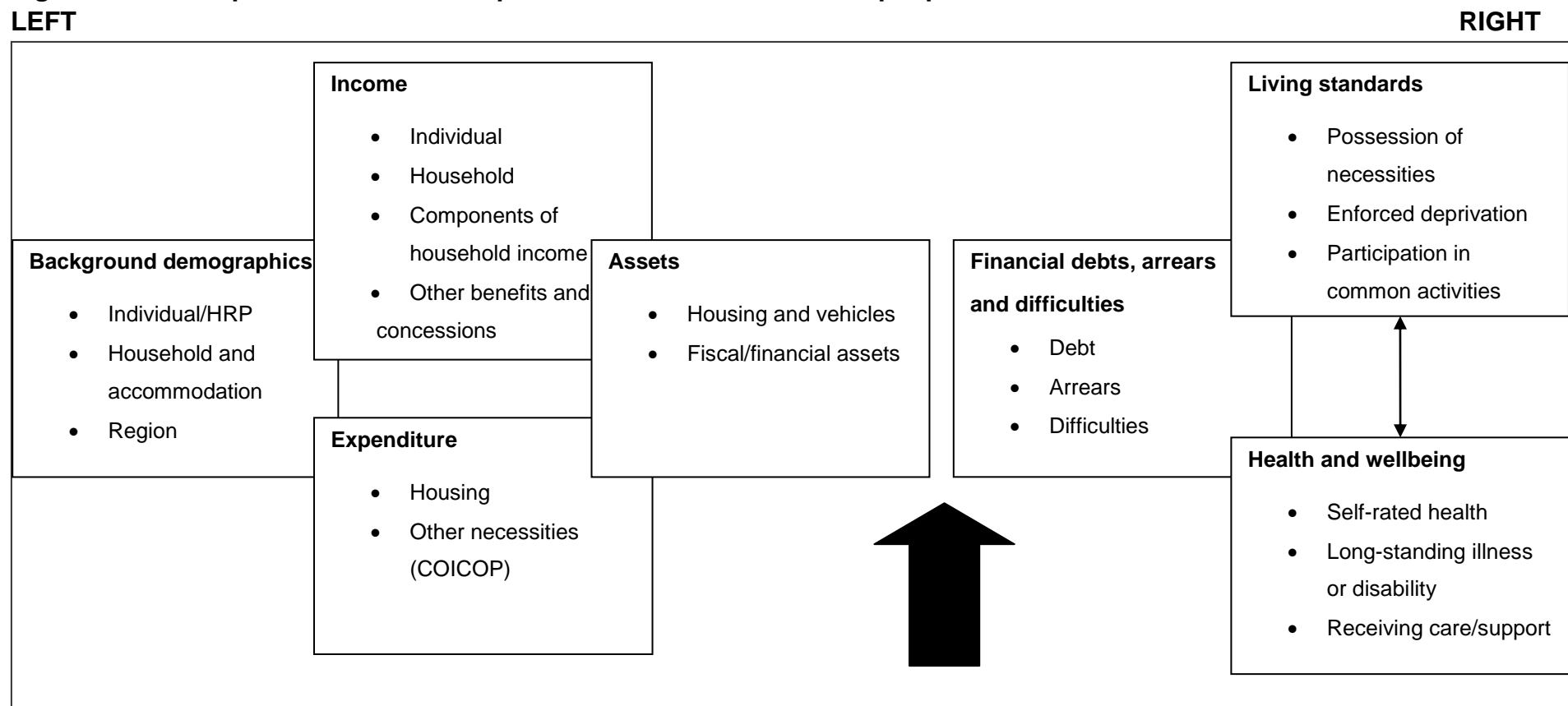
6.1. *A conceptual model of the impact of the recession on older people*

In order to be able to assess the extent to which the recession has impacted upon the assets, income, living standards and wellbeing of older people, we developed a conceptual model (or explanatory paradigm) which was then used as the basis for a search of available measures/variables and datasets. This served to focus our search on specific datasets and measure/variables for the analysis.

Based on a review of the literature on income and living standards of older people, key 'drivers' and 'outcomes' were used to develop the model found in Figure 6.1. On the left side of model, the 'drivers', suggest that background demographics influence (or are associated with) income and expenditure, all of which are also tied into assets and wealth (these can be referred to as key drivers). On the right side of the model, the 'outcomes' suggest that living standards and wellbeing are affected by financial problems (debt and arrears) but also that assets play a moderating or 'cushioning' role when critical events - such as a recession - occur (indicated by the black arrow).

After having decided that this conceptually simple (in terms of interpretability, that is) model might be useful for assessing the impact of the recession on older people, we then began the process of trying to find the datasets / surveys and measures / variables which would inform our key drivers and outcomes. The model also shows the main sub-drivers and sub-outcomes for each of the components of the model.

Figure 6.1: Conceptual model of the impact of the recession on older people



6.2. *Audit of existing surveys and datasets: the ‘crosswalk’*

Having established the main components and sub-components of the conceptual/explanatory model, a search was carried out of publicly available datasets which might contain these measures/variables. The principal researchers in the North and South took responsibility for identifying the key datasets and measures/variables in each jurisdiction which could be used in the synthetic analysis stage. This was not an easy task as it involved going through each of the possible datasets and identifying not only the data file (and level, i.e. household, person, benefit unit) but also the file name, variable name, definition, and its operationalisation. This work resulted in a series of survey summaries and identification of publications relevant to older people, which can be found in Appendix 1; the Assets, Income, Living Standards and Wellbeing (AILSW) ‘crosswalk’, which can be found in full in Appendix 2; and, Crosswalk Summary which can be found in Appendix 3.

Assessing the suitability and usefulness of the various publicly available datasets (and the measures/variables within each) was based on a number of criteria: overlap between survey data and the research period, and the extent to which the measures/variables provided information on the drivers and/or outcomes of the conceptual model.

6.3. *Overlap between survey information and the recession: The ‘crosslink’*

First, we needed to make sure that the data were available for the period of interest in this research. Survey data gathered in 2005-06, for example, do little to tell us about what was happening during the recession (the intra-recession period), but can give us some baseline data from which to examine changes. Ideally, we would have liked to have data that covers the period of the recession and a year or so before (and after), but releases of public data during the research period precluded this.

Some might argue that the baseline/reference period is arbitrary and should be extended back further in time, given that recession is said to have started technically speaking in the second quarter of 2008, which would mean that the first period of actual economic downturn was Q1 of 2008, - January to March 2008. Therefore, if we wanted to assess the situation prior to the recession, we would need to go back in time. For the purposes of this research, we have chosen a period of 12 months: Q1 - Q4 2007. Taken together, the period of investigation will span a three year period, from January 2007 to December 2009.

Figure 6.2 Link between recession period and collection and release of publicly-available survey data

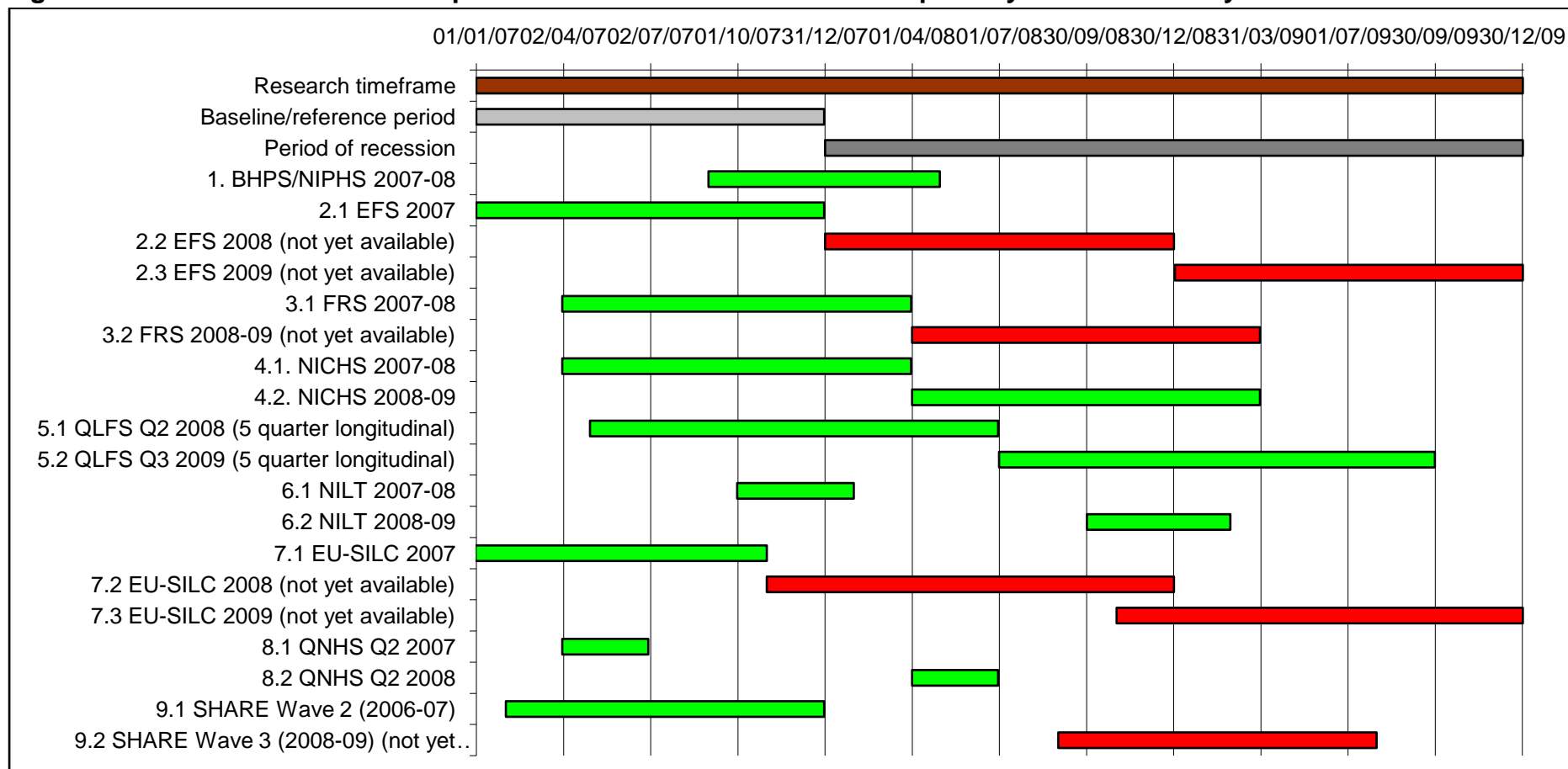


Figure 6.2 superimposes the nine key datasets onto the period of investigation. The top bar shows the period of investigation whilst the light and dark grey bars show the baseline/reference period and the intra-recession period respectively. Then each of the nine key datasets falling within the period of investigation are denoted by a green bar (data publicly available) and red bar (data not yet publicly available).

As the figure shows, the extents to which necessary data are publicly available (via the UK Data Archive, for example) and have the potential to provide information for this research varies widely depending on the survey (and the purposes for which it was funded, designed and carried out). For example, Wave 17 of the British Household Panel Survey (BHPS) straddles the baseline/reference period (pre-recession) and the intra-recession period, but Wave 18 has not yet been released, so we are left with a somewhat incomplete picture of the recessionary period, until such time as new data becomes available.

The availability of the Expenditure and Food Survey (EFS) data presents another major challenge in being able to assess the impact of the recession on older people. EFS data are very informative in terms of household income and expenditure, so not having access to EFS 2008⁵³ and EFS 2009 affects how much we can say about changes in the expenditure (and consumption) patterns of older people and any impact the recession has had. However, having access to EFS 2007 does allow us to say something about expenditure/consumption prior to the onset of the recession, i.e., the pre-recession period.

Equally problematic, we find that the Family Resources Survey (FRS) data for 2008-09 are not yet available, which prevented us from assessing, for example, changes in debt/arrears (behind in gas, electricity bills), possession of necessities (washing machine, telephone, etc.) and enforced deprivation (unable to keep home adequately warm, have family/friends over one a month for a meal) immediately prior to the onset of the recession, but also to make comparisons where similar data were available in other key datasets, such as EU-Survey on Income and Living Conditions (EU-SILC).

The Northern Ireland Continuous Household Survey (NICHHS), on the other hand, provides an example of a dataset for which we have coverage over most of the period of investigation, which would allow us to say something about changes following the onset of the recession. Similarly, the (QLFS) 5-quarter longitudinal datasets appear to have great potential in providing some key information, even

⁵³ EFS 2008 (now called the Living Costs and Food Survey) public data was released 25 March 2010. All the data analysis, however, was carried out at the beginning of the project and they were insufficient resources to analyse these data when published.

though the data do not extend past the end period of the investigation (i.e. post-recession).

The EU-SILC is a key dataset for measuring (and comparing) income and living conditions in Europe, but as we will see neither 2008 nor 2009 datasets were available at the time of carrying out the data analysis. Needless to say, this hampers our ability to make any definitive statements about the impact of the recession on older people, although much like the availability of other key datasets, it does allow us to develop a baseline or reference 'picture' of the income and living standards (debt/arrears, possession of necessities, enforced deprivation) of older people in the pre-recession period.

The Quarterly National Household Survey (QNHS) provides us with small pockets of information, both pre- and intra-recession (3 months for each respectively). Finally, the Survey of Health, Ageing and Retirement in Europe (SHARE) dataset also contains important information on those aged 50 and older in the Republic of Ireland, but only Wave 2⁵⁴ is currently available, which only covers the pre-recessionary period.

6.4. *Vetting candidate measures/variables*

Secondly, after having established which measures/variables were available for subsequent analysis (based on carrying out a comparison of the crosswalk versus crosslink) we needed to ensure that measures/variables (and the definition of each) which appeared to be good candidates for use in the synthetic analysis were as comparable as possible, not only between datasets, but additionally between the North and South. To do this, we ran preliminary frequencies on unweighted and weighted data in order to identify similarities and differences (skewed distributions; outliers, etc.) in the measures/variables under each key driver and outcome heading. However, given that the final crosswalk included 124 potential measures/variables, carrying out an exhaustive comparison was beyond the time allotted for the current research project. Thus, the research team carried out a preliminary matching exercise across all nine datasets to determine the extent to which each had similar measures/variables across the various drivers and outcomes. The results of this matching exercise can be found in the summary sheet of the crosswalk in Appendix 2. The variables highlighted in green are those which showed enough similarity at the preliminary and audit stages (i.e. were shown to fall within the research timeframe and provide information for the drivers/outcomes) to warrant further consideration for inclusion in the synthetic analysis (which is described in more detail below).

⁵⁴ Wave 3 data including retrospective life histories (SHARELIFE) will be published in November 2010.

Having identified possible candidate measures/variables, we then needed to establish a procedure for choosing which would be used for the synthetic analysis. The criteria for inclusion were:

- the measures/variables had to overlap the recession periods of interest (i.e. pre-recession or intra-recession period);
- the measure had to be represented in at least two surveys (one of each in the North and South);
- the measures needed to represent the same (or a similar) unit of analysis (person, household, benefit unit); and
- the definitions and values of the measures/variables needed to be equivalent (or similar enough), so as to result in valid comparisons between surveys and between North and South.

Based on these criteria, a final basket of driver and outcome measures (**25** out of the **124** candidate variables) from 3 surveys were retained for the synthetic analysis stage (see Table 6.1). For the purposes of presentation, we have only included those variables which are comparable (or similar) at the household/benefit unit level of analysis.

When the summary table of the crosswalk (see Appendix 3) and Table 6.1 are compared, the most important finding is that notwithstanding the huge amount of information which is collected by the two governments through social surveys in the North and in the South, very little of the information is directly comparable. The questions asked are seldom identical even when considering the same phenomenon, such as low income or poverty. There are two very different 'social administrations' on the island of Ireland which construct and define social problems and issues in very different ways. Although two households may live only fifty yards apart on either side of the border, one will be defined and classified in one way and the other in another. Long established patterns of settlements and forms of relationships are now constituted very differently in the two jurisdictions and there appears to be no mechanisms in place which would encourage the production of more comparative data.

Table 6.1: Final basket of candidate variables available for synthetic analysis

Jurisdiction	UK				NI			ROI		
Title of survey	BHPS/ NIHPS	EFSS	FRS	NICHS	NILFS	NILT	EU-SILC	QNHS	SHARE	
BACKGROUND DEMOGRAPHICS										
<u>Household and accommodation</u>										
Household type			x				x			
Housing tenure			x				x			
Dwelling type			x				x			
Has second home		x					x			
ASSETS										
<u>Housing and vehicles</u>										
<u>Fiscal/financial assets (amount)</u>										
INCOME										
<u>Household</u>										
Gross household income			x				x			
Equivalised household income		x					x			
<u>Individual</u>										
<u>Components of household income</u>										
<u>Other benefits and concessions</u>										
EXPENDITURE										
<u>Housing</u>										
<u>Other necessities (COICOP)</u>										
FINANCIAL DEBTS, ARREARS AND DIFFICULTIES										
<u>Debt</u>										
<u>Arrears</u>										
Behind with the electricity bill			x				x			
Behind with the gas bill			x				x			
Behind with other HP payments			x				x			
<u>Difficulties</u>										
LIVING STANDARDS										
<u>Possession of necessities</u>										
Washing machine in household		x					x			
Possession of video recorder		x					x			

Jurisdiction	UK			NI			ROI		
Title of survey	BHPS/ NIHPS	EFS	FRS	NICHS	NILFS	NILT	EU-SILC	QNHS	SHARE
Fridge-freezer or deep freezer in household		x					x		
Home computer in household		x					x		
Tumble dryer in household		x					x		
Microwave oven in household		x					x		
Dishwasher in household		x					x		
Compact disc player in household		x					x		
Colour TV in household		x					x		
Fixed-line telephone in household		x					x		
<u>Enforced deprivation (adult)</u>									
Unable to afford to keep the home adequately warm			x				x		
Unable to afford to replace any worn out furniture			x				x		
Unable to afford to have family or friends for a drink or meal once a month			x				x		
Hobby or leisure activity			x				x		
Holidays away from home one week a year			x				x		
<u>Participation in common activities</u>									
<u>Poverty</u>									
Income poverty (60% median disposable household income)		x					x		
HEALTH & WELLBEING									

In this study we sought to compare pensioners in NI and the RoI, but even such an apparently simple task, is problematic. In the North, women reach pension age at 60 and men at 65. In the South, men and women reach pension age at 65 but are not entitled to a full state pension until age 66. While it is possible to identify pensioners in the North through their ages, EU-SILC uses 65 plus as the cut-off point in the household variable and hence pensioners cannot easily be identified. We had considered comparing older households defined as those over 66 in both jurisdictions but this was not possible. We have therefore compared pensioners in the North and the South but defined slightly differently. In the North they are defined as women over 60 and men over 65 and in the South as anyone 65 and over.

Both the UK and the RoI are in the EU and are required to collect a set of standard data for EU comparisons. But even here the two jurisdictions choose different variables to measure the same phenomenon. For example, there are now over a

dozen items which are routinely used to measure social deprivation in studying poverty and social exclusion. However, instead of selecting the same variables, the two jurisdictions choose different variables apart from five which are the same. Similarly, in terms of assessing whether 'households' are in arrears, the FRS asks if *benefit units* are behind on paying their electricity and their gas bill, while EU-SILC asks if *households* are behind with their utility bills.

Differences in the unit of measurement (person, benefit unit/family, household) of any the candidate measure/variable needed to be taken into consideration when selecting the final basket of candidate variables. For example, there is a large amount of information, particularly on outcomes at the level of the individual (e.g. self-rated health, limiting illness or disability) which ideally should be aggregated to the household level in order to give some indication of the impact of the recession on the older households. Given both limitations in time and the complexity of aggregating (and interpreting) multiple measures/variable across various datasets, we have chosen to focus on households for the most part, and benefit units where important information was more readily comparable. Using the example of the debt/arrears in the FRS and EU-SILC, we found that in the FRS one household could contain more than one benefit unit⁵⁵ (thereby providing multiple debt/arrears measures for one household), whereas in the EU-SILC the household was the level of measurement. These caveats should be taken into account when interpreting the results of the comparative, synthetic analysis of this research.

6.5. Synthetic approach to modelling the impact of recession

The synthetic model (i.e. the conceptual model/explanatory framework) and synthetic data (i.e. the final basket of driver and outcome candidate variables) have been generated to meet the specific needs of this research. As stated in the introduction, there are currently no data/measures which allowed us directly to measure the impact of the recession on older people, so we have chosen to draw upon a number of different surveys for the relevant information. 'Synthetic' as defined for the purposes of this research refers to the use of the combination of a number of publicly available datasets in the North and South then analysing the data in a way for which it was not originally designed. Neither FRS nor EU-SILC, for example, ask specific questions about the impact of the recession on living standards and wellbeing, and the nature and extent of inequalities *per se*, but we have used measures/variables from each dataset to inform both pre-recession and intra-recession periods.

⁵⁵ Whereas a household includes everyone living behind the same 'front door', a 'benefit unit' is an adult plus their spouse (if applicable) plus any dependent children. Therefore, there can potentially be more than one benefit unit per household, e.g. an adult child living with his/her parents would constitute two benefit units but one household.

The preceding discussion has shown that there were a number of driver and outcome variables which initially met our inclusion criteria for candidate variable status. Although at first this appeared very promising in allowing us to assess the impact of the recession on older people and determine the nature and extent of inequalities North and South, when we looked more closely, several problems arose.

First, as the crosslink has showed, not all survey data were publicly available during the period this research was carried out. This is likely due to the nature of the funder, fieldwork, data cleaning and depositing for use by researchers. There is often considerable delay between the fieldwork being carried out and the data being made publicly available. With the routine nature of data collection and the use of modern technology to capture and validate the information at the time of the interview, it is difficult to understand why it takes so long for the data to be put in the public domain. For example, the fieldwork is conducted on a continuous basis throughout the year, but the data are not made available until nearly a year and a half later.

Second, when the survey period of available data was compared with the period under investigation, we found that the UK datasets could only be used to inform the pre-recessionary period, while little or no information was available on the intra-recession period, not to mention the complete lack of any data for the post-recession period (despite this not being the primary focus of our research). The available datasets in the North, on the other hand, were quite timely in terms of the survey period, but did not contain much information that was useful on the drivers and outcomes of interest for this research. The data in the South was very thin in terms of the intra-recession period but included some very useful information of the pre-recession period.

Third, even where there appeared to be scope for synthetically combining a number of different datasets and the measures between North and South, we found that many important drivers are missing and/or incomparable either between surveys or - more importantly - between the North and South. As was noted above, there are two very different social administrations in the two jurisdictions collecting large amounts of social data, yet very little is comparable. Even where Eurostat requires comparable data for measuring the same phenomenon for countries within the EU, the North and the South adopt slightly different measures.

With sufficient time and resources some of the data in the various datasets in the North and the South could be harmonised (and necessary work to aggregate person/benefit unit data up to the level of the household could be undertaken). But a better approach would be for the Northern Ireland Statistical and Research Agency (NISRA) and the Central Statistical Office (CSO) to meet on a regular basis to decide on the use of identical questions and the construction of identical variables to use in the different surveys. While it is recognised that the surveys serve different

purposes in the two jurisdictions, this should not prevent a range of standardised questions being asked in the North and the South.

What this research has highlighted is the extent of the difficulties (and frustrations) of comparative research in Ireland North and South. Notwithstanding these difficulties (and the caveats noted earlier), we have produced, using a synthetic model, a comparative baseline of the circumstances of older people in the North and the South for the pre-recession period which is presented in the next section. When the data become available for the recession period, it will be possible to carry out a quantitative analysis of the impact of the recession taking account of the context of social and economic policy.

6.6. Pre-recession comparisons between NI and RoI

Table 6.2 below shows the frequencies for the 25 comparable measures/variables for a single pensioner, pensioner couples and other households in the North and older person households in the South in 2007. As can be seen there are considerable differences between the pensioners in the North and older persons in the South. All the evidence suggests that the living standards of older people in the South are higher than those of pensioners in the North.

Household and Accommodation: To begin with, a far higher proportion of older person households in the South own their own homes and conversely a smaller proportion, in some capacity, rent. Some 83% of single older persons and 94% of older person couples own their own homes in the South, compared with 62% and 85% respectively in the North. In terms of dwelling type, a far higher proportion of southern older persons live in flats or maisonettes compared with northern pensioners.

Income: There are major differences in income. The gross median household income for a single pensioner in the North in 2007 was £11,196 compared with €19,839 (£14,425) - a difference of £3,229 at the exchange rate on 24 December 2007⁵⁶. The difference between the incomes of pensioner/older person couples was less: (£1,321) with pensioner couples having an annual gross household income of £24,021 in the North compared with €34,853 (£25,342) for older person couples in the South.

Living Standards: Similarly, a larger proportion of older persons in the South are likely to own standard household items. For example, 4% more single older persons in the South own a washing machine, 10% more a video recorder, and 13% more a fridge/freezer than their counterparts in the North.

⁵⁶ €1 = £0.7271 on 24th December 2007. Source: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2007:316:0041:0041:EN:PDF>

Financial Debts, Arrears and Difficulties: At the same time, Northern pensioners have more difficulties in paying bills and affording basic necessities. For example, although the variables, as noted above, are not directly comparable, some 4.7% of single pensioners and 3.3% of pensioner couples in the North are behind with their electricity bill and slightly smaller proportions are behind in paying their gas bills. In the South, only 2.7% of single older persons and 1.3% of older person couples report being behind with their utility bills in the last 12 months. Some 9.4% of single pensioners and 11.4% of pensioner couples in the North report that they cannot afford to keep their home warm compared with 4.7% and 1.4% respectively in the South.

Enforced Deprivation: Similarly, in terms of participating in the social activities available to the rest of society, some 36% of single pensioners and 34% of pensioner couples in the North say that they cannot afford one week annual holiday away from home each year compared with less than half these proportions in the South. In relation to having friends and family around for a drink or a meal once a month, the differences are more stark with three times more pensioners in the North reporting they cannot afford to entertain family and friends compared with older persons in the South.

Risk of Poverty: The risk of poverty for both single pensioners/older persons and pensioner/older person couples remains high in both jurisdictions. Using the OECD equivalence scale and the 60% median cut-off point, a very similar proportion of single pensioners in the North and the South are at risk of poverty - 51% and 53%, respectively. There is, however, a major difference in the proportion of pensioner/older couples who are at risk of poverty. In the North, some 25% are at risk compared with 14% in the South - almost a twofold difference.

6.7. Conclusions

The feasibility analysis of using existing data sources to assess the impact of the recession on the living standards and well-being of older people in the North and the South revealed that although there are rich pockets of information on inequalities in both jurisdictions, a somewhat incomplete picture of the recessionary period (and its impact on inequalities in older age) emerged when data was harmonised and compared.

Although 25 relevant areas for comparative research were identified (as were the 'data gaps' between North and South), very little information was directly comparable due to the purpose of the surveys, nature of the funder, fieldwork, data cleaning and depositing of the data for use by researchers .

The univariate and bivariate statistical analysis carried out in this research highlight (and confirm) the difficulties of carrying out comparative research in the North and

South. Despite these challenges, the synthetic analyses employed attempted to show for the first time (without great success we might add) the extent to which the recession has exacerbated inequalities in old age North and South.

The comparative analyses did reveal, however, baseline differences between the pensioners in the North and older persons in the South. Living standards of older people in the South were higher (pre-recession) than those of pensioners in the North. Thus, the recession was likely to have a greater impact in the North than the South because northern pensioners have a lower standard of living than their southern counterparts and therefore are potentially more vulnerable. The extent to which this actually materialised will be examined in the chapters which follow.

Table 6.2: Comparison of final basket of synthetic model variables

NORTHERN IRELAND				REPUBLIC OF IRELAND			
	Single Pensioner	Pensioner Couple	Other Households		Single Older (65+)	Older Couple (one, both 65+)	Other Households (<65)
BACKGROUND DEMOGRAPHICS				BACKGROUND DEMOGRAPHICS			
Household type	12.4%	13.6%	74.1%		11.5%	10.2%	78.3%
<u>Housing Tenure</u>				<u>Housing Tenure</u>			
Owns it outright	59.2%	74.1%	20.9%	Owned outright	75.0%	92.6%	40.5%
Buying with the help of a mortgage	3.0%	10.7%	48.8%	Owned with a mortgage/tenant purchase scheme	7.7%	2.1%	33.9%
Rents	32.1%	12.9%	29.4%	Rented at market price or from local authority	11.1%	8.5%	21.8%
<u>Dwelling type (detached, flat, etc.)</u>				<u>Dwelling type (detached, flat, etc.)</u>			
House	82.3%	96.0%	94.6%	House	70.3%	77.5%	71.7%
Purpose-built flat or maisonette	15.0%	3.2%	4.4%	Flat, apartment or bedsit	29.5%	22.2%	28.2%
Has second home	0.0%	5.6%	6.7%		2.8%	5.0%	7.5%

NORTHERN IRELAND				REPUBLIC OF IRELAND			
	Single Pensioner	Pensioner Couple	Other Households		Single Older (65+)	Older Couple (one, both 65+)	Other Households (<65)
ASSETS	na	na	na	ASSETS	na	na	na
INCOME				INCOME			
Household				Household			
Gross Household Income: median	£ 11,196	£ 24,021	£ 35,021	Total gross household income after social transfers using national definition of income: median	€ 19,839 (£14,425)	€ 34,854 (£26,069)	€ 68,957 (£50,139)
Equivalised gross household income OECD equivalence scale	£ 8,806	£ 11,920	£ 16,667	Equivalised income after social transfers using EU definition of income and OECD equivalence scale	€ 12,932 (£9,403)	€ 16,857 (£12,257)	€ 23,207 (£16,878)
EXPENDITURE	na	na	na	EXPENDITURE	na	na	na
FINANCIAL DEBTS, ARREARS AND DIFFICULTIES				FINANCIAL DEBTS, ARREARS AND DIFFICULTIES			
<u>Arrears</u>							
Behind with the electricity bill	4.7%	3.3%	1.9%	Household been in arrears for payment of utility bills in the last 12 months	2.7%	1.3%	6.4%
Behind with the gas bill	2.5%	2.1%	3.4%				

NORTHERN IRELAND				REPUBLIC OF IRELAND			
	Single Pensioner	Pensioner Couple	Other Households		Single Older (65+)	Older Couple (one, both 65+)	Other Households (<65)
Behind with other hire purchase (HP) payments	1.4%	.6%	1.5%	Household been in arrears for hire purchase or loan payments in the last 12 months	.0%	.6%	2.4%
LIVING STANDARDS				LIVING STANDARDS			
<u>Possession of necessities</u>				<u>Possession of necessities</u>			
Washing machine in the household	83.4%	98.0%	96.7%	Washing machine in the household	87.8%	100.0%	98.8%
Video recorder in the household	51.2%	75.7%	84.5%	Video Recorder	61.3%	90.7%	79.5%
Fridge with separate freezer section in the household	74.9%	80.3%	82.8%	Fridge-freezer or deep freezer in household	87.8%	94.4%	96.1%
Computer in the household	17.7%	33.1%	72.6%	Home computer present	17.3%	34.0%	71.5%
Clothes dryer in the household	38.4%	57.9%	70.9%	Tumble driver	17.3%	34.0%	71.5%
Microwave in the household	70.4%	81.3%	91.4%	Microwave	87.8%	83.3%	93.2%
Dishwasher in the household	23.0%	40.9%	57.7%	Dishwasher	18.9%	33.3%	51.0%
CD player in the household	40.7%	65.5%	91.2%	Compact Disk Player in household	40.5%	64.8%	86.4%
TV (B/W, colour) in the household	94.6%	100.0%	98.8%	Colour TV in the household	98.6%	99.8%	98.8%
Fixed line telephone in the household	91.2%	96.7%	81.1%	Fixed telephone line	66.2%	61.1%	38.6%

NORTHERN IRELAND				REPUBLIC OF IRELAND			
	Single Pensioner	Pensioner Couple	Other Households		Single Older (65+)	Older Couple (one, both 65+)	Other Households (<65)
<u>Enforced deprivation</u>				<u>Enforced deprivation</u>			
Are you able to keep this accommodation warm: No	9.4%	11.4%	8.3%	Inability of household to afford to keep the house adequately warm	4.7%	1.4%	3.8%
Can't afford to have: Friends/family round for drink or meal at least once a month	21.0%	15.0%	14.1%	Inability of household to afford to have family or friends for a drink or a meal once a month	8.4%	5.1%	9.0%
Can't afford to be: away from home one week a year+ not staying with relatives at their home	36.1%	33.9%	30.2%	Inability of household to afford a week's annual holiday	14.7%	14.9%	22.4%
Can't afford to: Replace any worn out furniture	27.0%	22.3%	22.7%	Inability of household to afford to replace worn out furniture	15.1%	11.0%	13.1%
Can't afford: Hobby or leisure activity	15.6%	11.0%	11.9%	Can't afford: Hobby or leisure activity	2.9%	5.0%	7.3%
<u>Poverty</u>				<u>Poverty</u>			
At risk of poverty 60% median, using OECD equivalence scale, before housing costs (BHC)	37.7%	24.8%	18.9%	At risk of poverty at 60% level using EU definition of income and OECD equivalence scale	52.9%	13.9%	17.5%
HEALTH AND WELL-BEING	na	na	na	HEALTH AND WELL-BEING	na	na	na

Note: Weighted data
na= no valid comparisons available

7. Survey of financial advisors and retirement planners

The aim of this part of the study was to carry out interviews with individuals in organisations which provide financial advice (and retirement planning services) to older people (defined as those 50 years of age and over) in Northern Ireland and the Republic. It was hoped that those working close to individuals and households most affected by the recession would be able to provide the best overall insight into the recession's impact on the income and living standards of older people.

7.1. *Methods*

Five separate online surveys were developed for this research for the following groups: Financial planners and advisors in agencies/organisations; Independent financial advisors; NI Independent advice centres (IAC); NI Citizens' Advice Bureau; The RoI Money Advice and Budgeting Service (MABS).

Lists of potential participants were downloaded from the internet or requested from managers of the relevant agencies/organisations and independent financial advisors. Once lists for all financial advisors in the North and South were completed, the researcher responsible for this task contacted potential participants by telephone and requested that they take part in the study. A similar process was followed for the independent advice centres (IACs). The study was explained and confidentiality was ensured. If an advisor agreed to take part an e-mail was sent to their personal e-mail account with a link to the on-line survey. In relation to the CAB and MABS surveys, after initial contact with their head offices, an invitation to participate was sent from the head office of both organisations to their advisors asking them to participate. Then links to the MAB and CAB surveys were distributed to regional offices.

Table 7.1 provides a summary of the key target groups, the number of invitations sent out and response rates. The table shows that a total of 35 advisors completed the online survey (a response rate of 17%).

Table 7.1 Summary of surveys of financial advisors and retirement planners

Survey	No. of invitations	No. who responded	No. who agreed to follow-up interview
Northern Ireland			
1. Independent financial advisors	38	6	1
2. Independent Advice Centre advisors	43	7	2
3. Citizens Advice Bureau advisors	28	4	1
Republic of Ireland			
4. Independent financial advisors ROI	41	7	5
5 .Money, Advice and Budgeting Service advisors	56	11	3
Total	206	35	12

The key areas covered in the surveys were as follows:

Independent financial advisors in NI and RoI

- Estimate of older client-base;
- Impact of the recession on older people generally;
- Increase in requests for advice and help from older people;
- Financial catastrophes among the older client-base;
- Recession-linked financial problems;
- Increase in financial uncertainty;
- Negative returns on investment income;
- Increase in financial uncertainty;
- Impact of the recession on the financial services planning sector;
- Advice for older people approaching retirement.

IAC, CAB (NI) and MABS (RoI) advisors:

- Estimate of older client-base;
- Increasing/decreasing requests for financial advice and guidance;
- Changes in advice-seeking areas;
- Changes in biggest recession-linked financial problems;
- Change in the type of advice provided by the agency/organisation;
- Increase/decrease in employment-related advice;
- Increases in financial insecurity brought about by the recession;
- Additional government assistance to older people affected by the recession.

7.2. Findings from the online surveys

7.2.1. Independent Financial Advisors' Survey (NI) summary

Sample and responses

Thirty-eight potential respondents were sent an invitation to complete the online survey. Six responded in total (16%).

Older client-base

When asked what type of older client-base (aged 50 plus) they have, IFAs reported that just over half (53%) of their clients were still working. Of their remaining clients, 16% were retired with occupational pensions and 13% each were retired on a state pension only or self-employed.

Impact of the recession on older clients

The IFAs in Northern Ireland commented that the recession was not impacting on older people any more than their younger clients. However, the ways in which the recession impacted on their clients differed when compared to other age groups. For example, it was reported that older clients were more wary of reinvesting their money. In other words, they are much more cautious with their money and of financial institutions in general. It was also reported that older people have suffered a significant drop in their savings accounts.

The IFAs did not report a significant increase in the volume of older people requesting advice. Those that are seeking advice appear to be those who are approaching retirement with significant debt.

Neither have they come across any major financial catastrophes as a direct result of the recession. However, one IFA did suggest that paying for long term care is a source of concern among older people.

As local authorities have to find the funding for residential long term care they are more determined in their calculations to get the funding they require. This is quite understandable. But they do not give the elderly clients the time to understand the process or questions that are being asked of them. In many cases the means testing interview takes more than 30 minutes. I have found that the elderly clients are very amenable to civil servants and health service officials and trust them. Elderly clients will usually sign anything put in front of them by this group of officials (IFA, NI).

There also appears to be a lack of clarity among older people regarding government policies on long term care and death taxes. Support from family or friends are often necessary to take action. Furthermore, the benefit system, in particular the issue of pension credit, presents a source of difficulty. One IFA commented that in particular cases it was necessary to re-arrange a person's capital accounts or investments before they were able to receive pension credit. This process was described as

time-consuming and therefore very expensive and difficult for the older client. On a related note, this issue has particularly come up in the NI focus groups. The process of applying for pension credit and other benefits puts people off. Older people are particularly worried about long term care and are angry at the prospect of losing their home.

IFAs were also asked what were the biggest financial problems older clients had to deal with. Only a few of the IFAs responded to this question, so results should be interpreted with caution. It was reported that whilst debt was not a problem before the recession (n=2), it is presenting a medium problem post-recession (n=2). There was also an agreement among those who answered the question that income reduction was the greatest problem for older people post-recession (n=2). The increase in cost in cost of living, although presenting a problem among older people, has been an issue before and after the recession.

None of the IFAs stated that their older clients' lives have been affected by any increase in uncertainty regarding the remainder of their lives as a result of change (already experienced or anticipated) in their financial expectations.

When asked how they were advising older clients in dealing with the prospect of several years of continuing low rates of interest income, and possible increases in inflation, leading to net negative returns on conventional savings, only one IFA stated that he was "trying to educate clients on investment reward and inflation risk." The same IFA added,

IFA's have a major concern with this market group How long do you take to educate and explain this to our elderly clients? (IFA, NI)

and that:

Even IFA's retired in the last 5 years are having difficulty in understanding the investment instruments that are available on the market. From 2012 all IFA's have to charge fees for their services. (IFA, NI)

Reduced confidence in investment means that that the recession has also impacted on IFAs. Many clients have lost confidence in borrowing and lending and as a result new business has fallen.

7.2.2. Independent Financial Advisors' Survey (ROI) summary

Sample and responses

Forty-one potential respondents were sent an invitation to complete the online survey. Seven responded in total (17%).

Older client-base

When asked what type of older client-base (aged 50 plus) they have, IFAs reported that just under half (43%) of their clients were still working. Of their remaining clients, just over one quarter (27%) were self-employed, 20% were retired with occupational pensions and 12% were retired on a state pension only.

Impact of the recession on older people

When asked if the impact of the recession had affected both older and younger clients alike, one IFA stated that,

Yes a massive impact on all clients. I have never seen the public as nervous in 25 years in the industry. (IFA, ROI)

Another IFA in the ROI commented that the impact of the recession is most prominent among their younger clients.

The younger clients are having problems with their mortgage as many have gone from two incomes to one and in some cases none. (IFA, ROI)

More prominent with younger people but need financial help from parents. (IFA, ROI)

The main impact has really been on my younger clients due to unexpected job losses in the PAYE sector and also among the self-employed construction sector. (IFA, ROI)

Other IFAs commented that the recession has affected their older clients through poor performance of their pension funds, diminution in the net worth of their bank shares and others resulting in a wish for guaranteed returns, fear and uncertainty in spending and investment, and for those who have purchased property, making mortgage repayments.

Yes, much more cautious with money & investment decisions. Looking for more secure investments, but probably slightly more resilient to the current environment as they have seen it before. (IFA, ROI)

For the older clients still working many who bought second and third properties are finding it hard to make repayments to mortgages because rents have dropped. (IFA, ROI)

Older clients less affected by recession than younger clients. Older client would not have got involved in the property bubble and their more conservative investment approach would have them relatively unscathed. (IFA, ROI)

One summed up the impact the recession has had on older clients quite unequivocally,

The fear is definitely worse in the older clients. They have stopped spending in general other than for essential items. More importantly they are the sector that is most worried about the solvency of the Banks. A great number have moved their money from conventional deposit accounts where they used to earn a little interest to the post office where they will make little or nothing. Indeed a number have taken their money from the Banks and probably now hold it in cash in their homes which is clearly very dangerous. I would suggest that this generation of elderly will never have the confidence to invest in anything ever again and a great number will pass this on to their middle aged children. The economic outcome of this being that the world will shortly recover but this country will not have the confidence to create a full recovery for around 10 years. Don't forget it is today's elderly that firstly looked to bricks and mortar for their investment and of course passed this concept on to their children. We now know that it was this idea that has fundamentally caused the collapse in this country. (IFA, ROI)

However, it was noted that older people now have little or no debt and may be better off due to the fall in prices of certain consumer goods.

For those who are retired and have little or no borrowings and have a pension they are better off in some cases as prices of consumer goods are dropping and while cost of fuels may have risen the impact doesn't seem to be as big as it would if consumer goods (food) had not dropped in price.(IFA, ROI)

There was a mixed response in regards to the increase in advice to older people. One reported that there had been an increase in calls for advice at the time of the crash.

It initially led to a flood of enquiries from all sectors and in particular the elderly. At least 2/3rds of all calls were from the elderly. At its height, around the time of the Anglo collapse, I was getting around 100 phone calls per day. However that has now gone to nil. They have sought advice and then ran to safe guaranteed homes for their cash or 'put it in the mattress'. The fact that I now get no calls from this sector leads me draw the conclusion that this money will never be invested in our economy again. (IFA, ROI)

Another suggested that there were more older people seeking advice regarding retirement funds and savings.

The majority of advice given to my older clients has been in the areas of retirement and savings advice. A lot of them have been anxious over their retirement funds and also there are numerous clients with money on deposits receiving little or no interest and who have money invested in 4/5 year bonds with no capital guarantees which again have performed badly. (IFA, ROI)

Others commented that there had not been an increase in advice, and instead older people were no more likely to ask for advice compared to other age groups.

Similar to Northern Ireland, older clients who had invested in bank shares have suffered a significant loss. This was described as a catastrophic and devastating event for several clients of two IFAs.

Older client sold business & invested substantial proceeds into Irish bank shares - wiping out a lifetime's work...Other client sold property at the top of the markets & invested similarly - with equally devastating consequences...Other high net worth client was given an endless supply of credit & is in severe difficulty as a result of falling property values. (IFA, ROI)

One IFA commented that one of his clients, due to poor advice from the banks, had lost significant investments through the property crash.

As I do a lot of fee paying work I am now picking up the pieces for poor advice given by a lot of Banks. I am currently working on a potential complaint case to the regulator where a 62 year old was told to put all of his various personal pensions into a property pension plan. If he left his money where it was it would have gone down in the slump in equities but by now would nearly be back to par again. The property development investment was never completed and will probably never be finished and is therefore worth zero. His funds were worth around 600K before the collapse. The more typical scenario I now see is clients who were advised by either a stockbroker or indeed dreamt up the idea themselves of buying Bank Shares with their savings as they thought they would get capital growth and a dividend income. Most of these shares are or will be worthless. (IFA, ROI)

Two of the IFAs did not have any professional, working knowledge of any financial catastrophes suffered by their older clients as a direct result of the recession.

There was a mixed response from IFAs regarding the biggest and smallest financial problems facing older people when pre- and post-recession periods are compared. Debt/arrears and a loss in income appear to be the two problems which have increased among older people post-recession. Additionally, increases in the costs of day-to-day living appear to be a bigger problem post-recession. One IFA commented that the cost of oil is also causing problems for older people post-recession.

There was mixed opinion in terms of the outlook of older people post-recession. Some IFAs did not feel that the recession has had any impact on the outlook of their older clientele.

I don't think that their future outlook has become significantly different in many aspects as they probably would have been involved in probably three previous recessions in their lifetime. (IFA, ROI)

Another comment was made that many older people will never recover their wealth and will have to live frugally on a daily basis.

Absolutely. In the main they will live very frugal lives on a day to day basis and their one time wealth, though eroded, will never come back into the

economy. These people have been damaged for the rest of their lives. I would argue that a younger person will forget the pain of recession after a period of two good years, the elderly will never forget this recession (IFA, ROI)

One commented that older people may worry more for their children as they will not be able to assist them financially.

There will probably be a few concerns maybe involving their children and their financial difficulties i.e. maybe helping them out financially with their savings. (IFA, ROI)

Others commented that for many their future outlook is poor, particularly for those who have lost shares, pensions and investments.

... people in their fifties who were hoping to retire before 60 have had to put those plans on ice. (IFA, ROI)

IFAs were asked how they were advising clients in dealing with the prospect of several years of continuing low rates of interest income, and possible increases in inflation, leading to net negative returns on conventional savings. Minimising or paying down debt was a key issue.

Paying down debt is very important, as is properly identifying real attitudes to risk. This was too casual beforehand and is now managed more formally by our business. IFA, ROI)

...the feedback from most is to try and get through this period without losing any money and to come out the 'other side' with little or no extra debt (IFA, ROI)

Some IFAs suggested that more older people are seeking ways to minimise risk in investment and securing their investment post-recession.

There are many 'investment' products out there that should keep pace with inflation and offer a capital guarantee but I can't envisage most elderly clients going in to them. They will remain on deposit for some time. For the first time in my working life they don't care about inflation or the best interest rate, it is all about security. (IFA, ROI)

The online survey showed that IFAs have been significantly affected by the recession.

Very much so. Many advisors have been let go, mortgage activity is a fraction of what it once was. People had far too much cheap credit & this is no longer available, with consequences. There is a fundamental reappraisal of spending habits, discretionary spending is well down. Attitude to risk is also effected, leading to people investing in cash deposits more than before. (IFA, ROI)

Furthermore, although advice is needed now more than ever, for many seeking the cost of an IFA is too much. Put simply, people are spending less, including spending on pension plans.

Very much so. People need your advice now more than ever but are not willing or can't afford to pay for it. A great number have stopped their personal pensions because they can't pay and a large number of investment clients have encashed and put their money under the bed. (IFA, ROI)

We are mortgage brokers so we have seen business drop by 80 to 90% in this area. With regard to other services we have seen many clients reduce their contributions to pensions and in many cases cancel their cover plans so it is a case of fire fighting rather than planning for future. Many people see the future as next day or next week. Even a month is too long. (IFA, ROI)

Advisors added that fewer people are seeking advice due to their loss in confidence to invest, particularly in the property sector.

Yes, new business has significantly reduced younger generation 35 to 55 under pressure to stay in business, big mortgages and other commitments. Little money left for pension provision and no confidence to invest (IFA, ROI)

IFAs were asked how they are advising older clients to invest savings for those planning to retire within 5-10 years. Risk plays a major role. Some were advising their clients to spread their risk by having a mix of property, equities, cash and bonds,

We constantly advise people to spread their risk and nearing retirement we would tell them to move their investments towards guaranteed funds. (IFA, ROI)

A typical Balanced Managed Fund would be fine, 60 per cent equity, 20 per cent property, 20 per cent Government Bonds and cash BUT within five years this mix has to be changed to safe and preferably guaranteed funds. (IFA, ROI)

Others were less sure and felt that this depended on the risk appetite of the clients,

Very hard to give a generic answer, we are more guided by individual attitudes to risk. Probably fair to say that exposure to property & equities is down, while cash & bonds are up More clients opting for secure investments - e.g. capital secure bonds. (IFA, ROI)

7.2.3. Independent Advice Centre Advisors' Survey (NI) summary

Sample and responses

Forty-three IAC advisors were sent an invitation to complete the online survey. Seven responded in total (16%).

Background

Of the seven IAC advisors who responded, four were from an urban setting, one from a rural setting, one from an IAC providing province-wide advice, and one other from another agency.

Older client-base

Four out of ten clients were retired on a state pension only, two out of 10 were retired on an occupational pension only, and roughly two out 10 older clients were still working or self-employed.

Impact of the recession on older people

Those IACs who commented reported a significant increase in the number of older people seeking advice, particularly about debt and heating the home.

We have seen an increase in requests for help from older people with debt and this is a subject which they appear to be more open about in seeking help. There seems to be an increasing number of older people moving into retirement with credit card debt. People are telling us that they need to choose between heating and eating. The changes in the way in which the Warm Homes Scheme is delivered means that an increasing number of older home owners are challenged to find the means to replace faulty systems. (IAC adviser, NI)

Experience of debt is growing amongst older people. This escalation is being reflected in the increased demand on debt services. Age NI have experienced an increase in their current debt caseload. We are currently dealing with over £1,000,000 of debt, despite being a service which has never been formally advertised. (IAC adviser, NI)

IAC advisers were given a list of 28 possible areas of advice, and asked to comment on the extent to which older people have increased or decreased their advice-seeking behaviour following the recession. The areas where they have seen the biggest increase in advice-seeking behaviours are:

- Mortgage arrears
- Council tax/rates

- Credit card arrears
- Bankruptcy
- Paying for fuel

The IACs also reported that since the recession there has been an increase in advice offered to older people in regard to pensions, benefits (widow's, disability, housing), consumer and legal advice and mortgages, rent arrears, paying for food and other financial debts. One IAC commented that since the recession they have noticed an increase in queries about informal lending between family members.

The IACs have noted that since the recession, debt has moved from being the smallest financial problem among older people to the biggest. Additionally, although reduced income and an increase in the cost of living was a financial problem among older people pre-recession these problems have increased among older people post-recession. One adviser added that some older clients have difficulties paying for unexpected expenses.

Paying for major household expenditure which arises unexpectedly e.g. boiler breaks down, household repair not covered by household insurance (which older people often do not have anyway). Budgeting on a restricted income. (IAC adviser, NI)

Several advisers had noticed changes in the types of advice the IAC has been giving to older people since the recession started. Credit cards were one example.

Increasing requirement for advice on how to manage credit card debt. Some of this has been caused by older people on fixed income 'spoiling' family members in a way they cannot afford. (IAC adviser, NI)

Additionally, one IAC commented that since the recession they have noticed an increase in financial abuse among older people through being forced to help their children financially or else lose contact with their grandchildren.

IACs commented that since the recession there has been an increase in employment-related advice, in particular an increase in advice regarding redundancy (n = 4), early retirement (n = 3), and looking for a new job (n = 3).

The review of public administration has highlighted an increase in those who have voluntarily accepted early retirement, this has increased the figures with regard to the recession. (IAC adviser, NI)

A marked increase in redundancy advice requests, often linked to firms in financial difficulty. (IAC adviser, NI)

One IAC also commented that older people are experiencing age discrimination.

Increase in people querying issues re age discrimination - wishing to work on beyond retirement age - feeling that their age is a barrier to progression or in getting employment (IAC adviser, NI)

Those IACs who commented agreed that there has been an increased level of anxiety regarding future financial security among older people as a result of the recession.

Yes most certainly, there is a great degree of uncertainty and fear amongst our client group regarding financial matters of late. (IAC adviser, NI)

One added that this anxiety is not solely for older people, but for their children as well.

It is my opinion that not only are they more worried about themselves but the added worry for their children. (IAC adviser, NI)

Another indicated that this anxiety is linked with an increase in fear of crime directly related to the recession, something which was also brought up in one of the focus groups in the ROI.

The IACs made a number of suggestions that the government need to do to assist older people post-recession. These include increasing the state pension, automatic delivery of pension credit, improving financial literacy, introduction of extra allowances, ring fencing heating costs in replacement of winter fuel payments, and a comprehensive study of debt among older people.

The government should trial automatic payment of Pension credit; link pensions to earnings; provide clearer information to people on their rights and entitlements; encourage the provision of financial literacy sessions for older people. Pre retirement classes for financial planning and pension provision would also help those in their 40s and 50s realise what provision they needed to make for retirement and encourage better planning. (IAC adviser, NI)

One simple measure would be to ring fence heating costs, oil, coal, gas, electric. Government could instigate a policy of a subsidy for these heating costs, NOT paid directly to each individual but to the service provider. They currently subsidise travel. It is well known in Northern Ireland that most older people spend their winter fuel allowance on their children and grandchildren, because they are very proud people they would live with the cold rather than deny their children and grandchildren a Christmas or birthday present, this allowance should be maintained for the purposes that older people decide upon. (IAC adviser, NI)

A more comprehensive study of older people's debt issues would be useful, indeed from the NI perspective, there has been insufficient research examining the relationship between debt and age in Northern Ireland alone. Studies which have attempted to address this question are limited in that they have not examined the growth of debt amongst older people or older people have been under-represented in the sample. (IAC adviser, NI)

7.2.4. Citizens Advice Bureau Advisors' Survey (NI) summary

Sample and responses

Twenty-eight CAB advisors were asked to complete the online survey. Four responded in total (14%).

Background

Of the four CAB advisors who responded, three were from an urban setting and one was from another setting.

Older client-base

Four of ten CAB older clients were either retired on an occupational pension only or retired on a state pension only. Roughly 13% were still working and a very small number were self-employed (2%).

Impact of the recession on older people

All advisers commented that the recession had not led to an increase in requests for their advice from older people.

No, more enquiries from the working age group, they are the age group who are at risk of redundancy, repossession, etc. (CAB adviser, NI)

However, CAB advisers did state that there has been an increase in requests in different areas than those identified either by IAC and MABS advisers:

- Disability benefits and allowances;
- Carer's benefits and allowances;
- Housing benefits / household benefits package.

Comparing pre- and post-recession periods, advisers did not find that the biggest financial problems of older people had changed, which was an increase in the costs of daily living. Unlike IAC and MABS advisers, CAB advisers did not feel that debt/arrears or reduced income were the biggest financial problems following the recession. Only one adviser commented that they had noticed any changes in the type of advice CABs were giving to older clients, which was in relation to debt advice and fuel poverty. Nor did there appear to be any significant changes in advice relating to employment. When asked if the future outlook of older people became significantly different from pre-recession times as a result of the recession, only one adviser commented that older clients had to now use more of their savings. Two advisers commented that government should be taking additional steps to assist older people who have been hardest hit by the recession, but did not provide much detail.

7.2.5. Money, Advice and Budgeting Service Advisors' Survey (ROI) summary

Sample and responses

Fifty-six MABS advisors were sent invitations to complete the online survey. Eleven responded in total (20%).

Background

Of the 11 MABS advisors who responded, four were from an urban setting, six were from a rural setting and one was from another agency/organisation (the Citizen's Information Board).

Older client-base

Those retired on a state pension only make up 56% of MABS older clients. Roughly 20% are retired on an occupational pension only, and the remaining one-quarter are still working (15%) or self-employed (11%).

Impact of the recession on older people

MABS advisers agreed that there had not been a noticeable increase in requests for advice from older people since the recession. One MAB commented that proportionally they appear to be less affected by the recession than younger people (i.e. jobseekers). However, one commented that they were giving advice to those who were having difficulty seeking employment and another to those who were in a poor financial position following the financial assistance they had given to their family.

I feel that we are getting requests from lots of people in their 50s + who have been helping their family out financially and are now in a much worse position than they were 10 - 15 years ago. They have re-mortgaged, set up business with sons/daughters and are now left with the debts. And the risk of losing their homes. (MABS adviser, ROI)

There were mixed views regarding the extent to which older people had increased or decreased advice-seeking in certain areas. Whilst many areas of advice-seeking had stayed the same some MAB officers indicated that advice-seeking had increased most in the following areas:

- Income support / Supplementary welfare allowances;
- Jobseeker's benefits and allowances;
- Paying for fuel.

There were also increases for advice on state pensions, widow's pension, carer's benefits and allowances, housing benefits / household benefits package, consumer and legal advice, mortgage and rent arrears, credit card arrears, employment and paying for food. One MAB officer commented that there had been an increase in

advice-seeking because children had moved back home, which caused financial strain on older people, especially if it caused them to lose their living alone allowance or housing benefits. Another commented that medical expenses, car expenses and paying for confirmations and communions were also a source of difficulty for older people since the recession.

The biggest financial problem pre-recession was the increase in cost of living, but was replaced by debt/arrears post-recession. Reduced income was also noted as a bigger problem post-recession, compared with pre-recession. This parallels findings from NI, which showed debt/arrears and reduced income as the biggest financial problems being faced by older clients post-recession.

Most MABS officers stated that they have not noticed any changes in the type(s) of advice given to older clients since the recession started. They believed that this was due to the way older people had 'recession proofed' themselves having survived the previous recession.

We have not really seen a change in the advice being given to older people. Many of them have survived previous recessions and therefore have 'recession-proofed' themselves even during the boom.

They also believed that many older people do not extend themselves financially.

Older people tend not to extend themselves too much financially and therefore do not find themselves in as much difficulty as other sections of society. (MABS officer, ROI)

Furthermore, a reduction in fuel costs mean that many older people can manage on their pension.

The few that commented that there has been a change in the type of advice given to older clients believed this was due to an increase in mortgage debt, other forms of debt, loss of employment, and delays in public services.

Mortgage debt is a huge problem and potential loss of home. Also have come across older client who is dealing with huge mortgage arrears and unlicensed moneylender - we can't deal with this client but advised him to go to Gardai. Also advised him to get in touch with healthcare professional as he is suicidal - gentleman in his 60s who is about to lose everything. (MABS advisor, ROI)

Since the recession I have had to tell clients that they may lose their home whereas before the recession there was always a solution to be found. People have borrowed too much and will never be able to afford to repay the debt ever and may have lost their employment to boot. (MABS advisor, ROI)

Delays in the public services is causing problems across the board and this requires more advocacy by our services to ensure that clients receive their entitlements. (MABS officer, ROI)

One MABS officer added that a potential problem could be older people taking out sub-prime mortgages to help their children purchase a home.

The only way in which there has been change is perhaps where some older people had mortgaged their properties to assist children in purchasing their homes. Many of these mortgages were taken out with sub-prime lenders and as a consequence the client was unable to retire as early as they would have liked, having to pay off the mortgage perhaps into their 70's. But we have not experienced many of these. (MABS officer, ROI)

Like IAC advisers in Northern Ireland, the MABS officers commented that they were experiencing an increase in older people seeking advice regarding redundancy and voluntary early retirement, as well as an increase in advice being sought on looking for a new job. One suggested that older people were seeking early retirement in fear of the company closing down.

People are afraid that the company will close and they will get nothing so they may think early retirement or voluntary would be their best option. (MABS officer, ROI)

Another commented that many of those made redundant had now spent their redundancy money and now faced mortgage repayments, with some facing the prospect of debt well into later life.

We have had clients contacting the service 6 - 7 months after being made redundant - all the redundancy money now spent and they still have mortgage to deal with. (MABS officer, ROI)

Some have invested in property or shares for their retirement and this is a worry for them. Others have had to re-mortgage and this leave them in debt right up to their 70th year. (MABS officer, ROI)

Some will have the debt until they die in some cases. (MABS officer, ROI)

Regarding the future outlook among older people some commented that for many a bleak retirement was imminent. A loss in private pensions means that many will have to rely on social welfare.

Have had a number of clients who would have been self-employed and looking forward to retirement - now have no other income except social welfare. Huge expectations and hard work put into securing their retirement and now facing a bleak retirement. (MABS officer, ROI)

One commented that like many others, there is resentment among older people towards financial institutions.

In terms of what the government should be doing for older people post-recession, two MAB officers suggested that the government should not do any more or less for older people than any other age group, particularly young families.

All sectors require equal assistance. Older people have less financial need than families. (MABS officer, ROI)

However, one commented that pensions should be increased and linked with earnings. Another suggested that homes should not be taken from people. One indicated that it was worrying that the government were not guaranteeing returns on auto-enrolment pensions. The same person commented that there needs to be a fairer health system and controls should be placed on property speculation.

Finally, one person suggested that a programme should be put in place to help people repay their mortgage/debt.

The main issues that this age group bring to us is difficulty with a re-mortgage that they used to finance a business and now due to illness or economics, the business is no longer viable and they are struggling with the repayments and time is not on their side. Realistically it is difficult to see all of the loan being repaid in total. Some Programme that can assess what can be repaid over a period of time needs to be put in place. Bankruptcy laws also need to be looked at. (MABS officer, ROI)

Their homes should not be allowed to be put at risk due to their debt and income reduction. There should be a time period put on the repayment of the debts at a affordable and sustainable amount and after this time has elapsed maybe the government should step in for support. (MABS officer, ROI)

7.3. Comparisons of emerging challenges in financial planning and retirement for older people in NI and ROI

In both NI and ROI advisors considered that the economic crisis had affected young and old alike but probably had a more severe impact on the young. Both groups (young and old) were facing new challenges depending on their economic circumstances. Older people are seeking advice related to financial security rather than investment. In ROI, in particular, older people have lost faith in banks and other financial institutions. Clients had either reduced their contributions to personal pension schemes or stopped altogether and, as one advisor stated 'put it (their money) under their bed'. There is considerable fear and uncertainty concerning spending and investment and clients are calling for guaranteed returns. One advisor in the South summed up the impact by saying that this generation of elderly people will never have the confidence to invest in anything ever again. IACs in the North indicated that older people may now be facing the prospect of debt well into later life.

In NI older people face a complex benefits system together with confusion and ignorance about long-term care and taxes. These are problems which are very time-consuming and therefore expensive to resolve. In NI it was commented upon that it takes considerable time to educate clients on investment reward and inflation risk and is thus costly to clients. Other time consuming issues include an increasingly complex benefits system and confusion and ignorance about long-term care and taxes.

In both NI and ROI advisors reported that since the recession older people are facing increased debt when entering retirement, combined with reduced incomes and an increase in the cost of living, especially for fuel. The crash in the property market in the South had impacted adversely on a number of clients who had invested heavily in property companies or who had purchased houses expecting a steady rental income, which has not materialised.

IACs in NI and the MAB advisors in the ROI pointed out that age discrimination was becoming more apparent since the recession and affected decisions concerning redundancy, early retirement and recruitment.

MAB advisors and IACs pointed to a variety of ways the recession was impacting on older people:

- Increased financial strain because children had moved back home especially if it impacted on their living alone allowance or housing benefits;
- Re-mortgaging their home to help their family who were struggling with their mortgages;
- Increased cost of medical expenses, car expenses and helping to pay for grandchildren's confirmations and communions;
- An increased level of anxiety about their and their children's future financial security.

7.4. *Comparison of advice provided to older people in NI and ROI*

The principal advice given North and South was to reduce risk and spread the risk by having a mix of property, equities, cash and bonds while at the same time minimising or paying off debt. The type of advice sought was also changing. In both NI and ROI an increasing number of people were approaching retirement with considerable debt and hence people were increasingly seeking advice from voluntary organisations on:

- Mortgage arrears;
- Rates;
- Credit card arrears;
- Bankruptcy;
- Paying for fuel.

The future for financial advisors themselves is far from rosy. Although advice is needed more than ever, people are not willing or are unable to pay for it and others are no longer making use of financial products to save.

7.5. Conclusions

Evidence from the surveys suggests that the impact of the recession on older people has been very unequal. Those that saved and invested in property or had bank shares have been hardest hit. Others who had balanced portfolios in the stock market have lost considerable sums. Those who only have state pensions perhaps have been the least affected by the recession. The reduced confidence in financial institutions is likely to have long-term consequences. Many people no longer consider it worthwhile to save. Some, as noted above, have reduced their contributions to personal pensions or withdrawn their funds. Without security in occupational and private pensions more people will be relying on state pensions in the future. However, in the NI, at least, the state pension is far from adequate and the standard of living of a significant proportion of pensioners is low and many are at risk of poverty as we showed in Chapter 2. The existing divide between those who have good quality occupational schemes and those who rely only on a state pension is likely to increase. At the same time, if older people have withdrawn their savings and 'put them under the bed' then the security implications are considerable.

The benefit system particularly in NI is extremely complex and there is evidence that many pensioners do not take up the benefits to which they are entitled. Those who are able to work their way through the system and claim the benefits to which they are entitled are then better off than those who are unwilling or unable to claim. Some advisors said that there should be automatic delivery of pension credit.

In both NI and ROI the cost of long term care is a major issue. Currently, the system is a lottery in NI. Those who need long term care are required to sell their home to pay for it if no other funds are available. Older people who remain in reasonable health and can live out their lives in their own homes are able to transfer considerable assets to their children. This is therefore leading to considerable inequalities in wealth. In the ROI, MABS advisors were more inclined to comment that policies needed to be put in place to protect people, including support to pay back debt, changes in bankruptcy laws and controls placed on property speculation. Furthermore they suggested that improvements in the health system would create better living standards for older people.

8. The Focus Groups

This chapter provides the information, both quantitative and qualitative from the six focus groups held in Northern Ireland (NI) and the Republic of Ireland (RoI) - three in each jurisdiction. The results from the two jurisdictions are provided separately, followed by a section comparing the responses of the participants from the two jurisdictions and finishing with a discussion and conclusions.

8.1. *Methods*

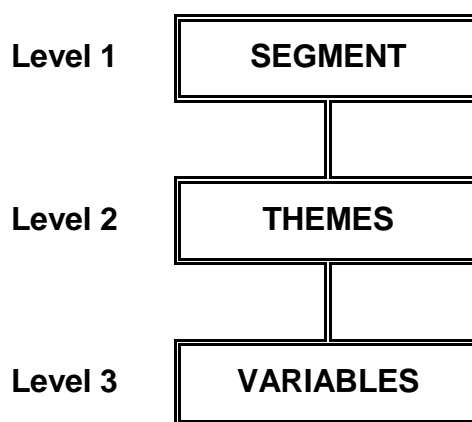
It was agreed that three focus groups in the RoI and three in NI would be held to gain insights into the impact of the recession on older people. Organisations of older people were contacted in both jurisdictions. A flyer describing the study, requesting volunteers to take part and the criteria for inclusion in the focus groups was sent to the prospective organisations

Protocols and accessories for the conduct of the focus groups were designed including:

1. A hand-out for participants describing the study and giving assurances of privacy, anonymity and how the data emerging from the group would be treated. Participants were also asked for their permission to record the session;
2. Prompts to generate information on the impact the recession may have had on participants;
3. Coloured pages with large numbers from 1 - N printed on them so that participants could be recognised but not identified;
4. A demographic questionnaire with the deprivation questions from the EU-SILC Survey was used when the focus groups had finished debating the issues under consideration.

The data from the focus groups were transcribed onto computer text files and analysed using a three-step data classification procedure. This entails identifying: (a) segments, (b) themes and (c) variables. Figure 1 shows the structure of the data analysis.

Figure 8.1: Structure of the qualitative data analysis



This framework was used heuristically to impose structure on the free-flowing, open-ended nature of the data within the different parts of the interview schedule. Analysis was conducted in three steps: the first defines 'segments' - general headings in the data. These headings reflect the prompts described in Appendix C to this document. The second step in the analysis identified 'themes'- more specific headings in the emerging data; and the third and final step identified 'variables' within themes where the nuanced information emerged. In analysing the data using this method, it was possible to create a logical structure and thereby identify elements common to all respondents and those specific to the different groups of respondents.

8.2. Northern Ireland

In NI one focus group was held in a rural community in Co. Derry, one was held in East Belfast and one was held in Belfast city centre. Some participants in the East Belfast focus group were currently residing in sheltered housing. The results from these focus groups consist of two different elements: (a) the results from the questionnaire - the quantitative results; and (b) the results from the focus group discussions - the qualitative results.

8.2.1. The Quantitative Results

Two questionnaires elicited two different types of data about the participants: (a) their demographic details and (b) their experience of consistent poverty and deprivation using *EU-SILC* questions.

Demographic Details

These data consist of descriptions by gender, age, marital status, pension type, benefits and accommodation.

Gender: Table 8.1 gives a breakdown by gender of the composition of the three groups.

Table 8.1: Composition of three focus groups by place and gender

Place	Male	Female	Total
Belfast A	1	3	4
Belfast B	5	5	10
Co. Derry	2	9	11
Total	8	17	25

The table reveals that men were under-represented in the focus groups perhaps reflecting their reluctance to be a member of a community centre.

Age: The average age and age range of the three groups is contained in Table 8.2.

Table 8.2: Average age and age range of focus group members

Place	X	Range	N
Belfast A	61	50 – 83	9
Belfast B	72	65 – 81	4
Co. Derry	77	74 – 85	11
All	73	56 – 88	24

One participant did not provide data on their age. However, all could be classified as 'older people' as defined by this study (i.e. 50 years of age and over).

Domicile: All members of the Co. Derry focus group (n=11) resided in a rural area. Those who attended the Belfast focus groups (n=14) were all living in or close to Belfast city.

Marital Status: Table 8.3 gives a breakdown by gender and marital status of the participants.

Table 8.3: Marital Status of Participants by Gender

Marital Status	Men	Women	Total	
			N	%
Never Married	0	0	0	0
Married	3	1	4	40
Widowed	0	4	4	40
Divorced	2	0	2	20
Separated	0	0	0	0
Total	5	5	10	100

Table 8.3 reveals that overall participants tended to be married or widowed. Men are more likely to be married, whereas widowhood was the most prevalent marital status among the women. However it is likely that the low response rate has biased this result.

Pension Type: Twenty of the 25 participants who completed the questionnaire reported their pension type (two of these 25 participants were below the NI pension age). These two participants were in employment and therefore were not in receipt of pensions. Table 8.4 gives a breakdown of the types of pension by gender.

Table 8.4: Pension Types of Participants by Gender

Pension Type	Men	Women	Total	
			N	%
State	1	8	9	45
Final Salary	1	3	4	20
Defined Contribution	1	1	2	10
Civil Service	3	1	4	20
Public Service plus 'other'	1	0	1	5
Total	7	13	20	100

This table shows that 45% (9/20) of participants were solely in receipt of a State pension.

Additional Pensions: Eleven participants were in receipt of two pensions. One man and three woman were in receipt of a final salary occupational pension, one woman and one man a defined contribution pension, three men and one women had civil

service pensions and one man had a public service pension and ‘other’ pension (post office pension). No participant reported having three or more pensions.

Benefits: Participants were asked to report if they were in receipt of Pension credit and housing benefit (see Chapter 4 for a description of benefits in the North and South). Table 8.5 gives a breakdown by gender of recipients of these benefits.

Table 8.5: Participants’ Benefits by Gender

Benefit Type	Men	Women	Total	
			N	%
Pension Credit	2	6	8	50
Housing Benefits	3	4	7	47
Other Benefits	1	1	2	3

Overall 40% (8/20) of participants were in receipt of Pension Credit (two men and six women), 35% (7/20) of participants were in receipt of Housing Benefits. As these benefits are means tested, they may not be available to some participants in receipt of lucrative pensions. Although two participants reported they were in receipt of ‘other’ benefits only one mentioned what it was - the Carer’s Allowance.

Accommodation: Of the 22 participants who responded to this question, fourteen owned their own home outright (no mortgage). None of those who responded had a mortgage. Three rented privately and four rented from local authority. One of the participants stated they lived in sheltered accommodation. However, it is likely this figure would have been higher if there was a full response to this question. Table 8.6 gives a breakdown of housing tenure by gender.

Table 8.6: Housing Tenure by Gender

Housing Type	Men	Women	Total	
			N	%
Own outright	2	12	14	64
With a mortgage	0	0	0	0
Rented privately	2	1	3	14
Rented local authority	2	2	4	18
Other	1	0	1	4
Total	7	15	22	100

This table shows that the majority of participants (64% - 14/22) owned their own homes, and relatively few lived in other housing types.

Summary: From these demographic data it is evident that participants varied in their background. Although overall there were more men than women in Belfast A and Co.

Derry, there were equal numbers of men and women in Belfast B. The State pension was the most common source of income and it was mostly women who were solely in receipt of this payment.

Consistent Poverty and Deprivation

This section provides information on responses to the questions measuring consistent poverty and deprivation. This information was derived by using the updated EU-SILC items as outlined above.

Measures of Consistent Poverty

Car Ownership: Overall 10 of the 21 participants who responded to this question had a car available for use in their household. Of these, three were men and seven were women. There was no difference in car ownership between those who lived in a rural and urban area.

Other Measures of Poverty: Table 8.7 gives a breakdown of four of the initial questions concerning poverty in the questionnaire.

Table 8.7: Focus Group Participants and Deprivation Items by Gender

Item	Men	Women	Total	
			N	%
Having difficulty paying fuel bills	2	7	9	20
Unable to have a substantial meal each day	1	1	2	11
Unable to afford heating when needed	1	1	2	12
Experiencing debt problems	2	3	5	21

Those documented in this table as experiencing consistent poverty are not the same over all these four variables.

Fuel Bills: Nine of the 23 participants - seven of them women - who answered this question were having difficulty paying their fuel bills.

Substantial Meal Each Day: Two of the 25 participants - one man and one woman - who answered this question were not able to have at least one substantial meal each day.

Able to Afford Heating When Needed: Two of the participants - one man and one woman reported they were not able to afford heating when needed.

Experiencing Debt Problems: Five of the 24 participants - two men and three women - who answered this question have experienced or currently are experiencing debt problems arising from day-to-day living expenses.

Measures of Deprivation

There are 11 additional measures of deprivation in the questionnaire. Table 8.8 gives a breakdown by gender of those participants who reported they were unable to afford these items, indicating deprivation.

Table 8.8: Focus Group Participants Unable to Afford Items by Gender

Item	Men	Women	Total	
			N	%
Two pairs of strong shoes	1	5	6	26
A roast once a week	2	3	5	20
A meal with meat every second day	2	7	9	38
New (not second hand) clothes	3	4	7	29
A warm waterproof coat	1	3	4	16
Keep house comfortably warm	0	2	2	8
Buy presents for friends and family	0	7	7	28
Replace worn out furniture	3	11	14	56
Have family or friends for a meal	5	11	16	66
Have an afternoon/evening entertainment	5	6	11	50
Visit the hairdresser/barber	1	2	3	13

A number of participants were not able to afford multiple items. These were (in descending order): entertain once a month; replace worn out furniture and to have an afternoon/evening entertainment.

Summary: It is evident that a number of participants experience a degree of consistent poverty and deprivation. Whilst most were able to keep their home comfortably warm there were a number of participants who could not afford to pay for certain goods or to socialise.

8.2.2. The Qualitative Results

In analysing the free-flowing data from the focus groups, three segments emerged: (a) current neutral/ positive effects of the recession; (b) current negative effects of the recession; and (c) the policies participants, as Government Ministers, would implement to assist older people in recessionary times (Becoming a Government Minister).

Current neutral/ positive effects of the recession

Participants did not express any positive effects of the recession. However their comments indicated that having lived through a previous recession they had the skills to budget during the current one which placed them at an advantage to the younger generation.

Betty⁵⁷ pointed out that one advantage they had was that:

... us oldies can cope with it a bit better. The youngster won't be able to cope with it at all.

Vivienne reiterated this view and said:

No matter how bad it gets in the future we tend to think it never will be any worse than what it was in those early days.

Mark felt that even though they were experiencing tough times they were relatively well off compared to the time when they grew up He said:

I suppose as far as we're concerned we must think we're well off at the moment considering like you know [the way it was in the past].

Some participants with two pensions recognised that the income they received significantly reduced their concern over affording items or making provisions for the future. Those who had more than one pension described themselves as 'lucky'. Anne commented that:

You certainly need two pensions, it makes life...well you don't worry the same. You know you'll have the money to make the ends meet...Well I'm lucky I do have a works pension and a state pension. So I've always watched my money I suppose.

Current negative effects of the recession

Whilst there were few neutral comments regarding the recession, many of the participants recounted its negative impact on them in relation to: income, savings and benefits, expenses, health care, transport, psychological impact, social support from family and providing social support for the family.

Income, Savings and Benefits

Pension Provision: Those on occupational pensions have noticed a change in their income since the recession. One participant on a civil service pension commented that their pension was no longer increasing. The rise in the cost of living made the situation more difficult. Peter pointed out that:

⁵⁷ All names are fictitious.

... you suddenly realise that this year you're running on a pension that you were on last year but the prices have gone up ..., it is going to hit you and your money isn't going to go as far.

Frank commented that since the recession he has become aware of:

rumours of cuts to pension payments especially to public service pensions and that this is worrying.

Those approaching retirement are also affected by the recession. One participant used an example of a friend who, due to the lack of returns on his pension savings, was unable to retire:

A friend of mine who had a works pension and planned on retiring at 60 as I did, he had to put off his retirement for five years because he simply couldn't afford to retire on the returns he was getting. That is significant.

Those approaching retirement were worried for the future due to their lack of opportunity to contribute to an appropriate pension scheme. David was one of those people:

I'm not so worried about now because I'm working now but I'm worried about the future because I've moved from contract to contract where there weren't pensions and because you're trying to survive in between periods, so any savings you have to use in between those periods between one contract and another contract but when it does hit pension age I won't have a private pension. The only one I had was for four years and I haven't accessed it at all, which will be worth buttons by the time it does mature if you like.

Although the state pension has not been cut in NI those living on the state pension found it increasingly difficult to afford the essentials on this income. The rise in the cost of living (as discussed below) since the recession will only serve to exacerbate this problem.

Maureen commented that:

They're talking about two pensions. I live on one pension and I'm on my own so I suppose you don't have to buy in as much as other people but you do have to buy in the necessities. And I would be aware when I'm lifting my pension that I have to provide for the electricity bill, the phone bill and the heating bill so that would curtail a lot with what you would do with your money.

Savings: There were few but significant comments regarding savings or loss of them. Frank commented that he noticed a drop in income from his savings although he felt it wasn't currently a large percentage for him as he was also receiving an occupational pension:

... it is significant for anybody who is relying on income from their savings to live.

In NI, older people who have less than £16,000 in savings are entitled to help with dental treatment, glasses, and travel costs to hospitals and housing benefits. Jackie pointed out that:

[This restriction is] holding so many people back because it had been £10,000 and now is increased that to £15,000. So anyone falling in between, even the 10 to 15 is no longer eligible.

Hence the results indicate that those relying on savings in retirement are experiencing a drop in levels of income and this will often be in conjunction with losing out on means-tested benefits.

Access to benefits: If older people are experiencing a drop in income combined with an increase in the cost of living then the help from the state is even more important. Yet a common theme among all focus groups was the difficulty in accessing benefits. The benefit forms were deemed too difficult by many of the participants. Mark agreed and said:

it was very difficult If only someone done it for me I wouldn't have known how to do it. [It is] very difficult.

In another group Eugene also raised this point. He commented:

I went for pension credit and they sent me out a sheet. It wasn't actually a sheet, it was a booklet of A4 paper, there must have been 30 pages on it where I had to fill it in. And I didn't know half the things they were talking about. Now I'm not silly in any way. I'm an educated man. But I couldn't understand it.

Although the government does provide various types of financial support for older people many cannot access this support because of the difficulty of the forms. Sarah felt that:

... it's actually made difficult to keep people off benefits.

She went on to comment that:

... if the pension was suitable to their needs then there would be no need for people to feel that they were begging.

Summary: Financial assistance from the state is more important than ever to help older people cope with the recession. However from these comments by focus group participants it is evident that overall there was a considerable degree of dissatisfaction with state pension provisions and access to benefits. For those approaching retirement, living on such an income was a source of worry for them. Occupational pension have also ceased to increase in line with earnings. Reduced returns on savings were also highlighted as a significant problem for anyone relying on this form of income.

Expenses

To reduce the debt accumulated since the recession the government has introduced an increase in VAT to 20% effective from January 2011. Those who live on a State pension were concerned that although the cost of living was increasing, their pension was not. This was also true for those on an occupational or civil service pension where their pension was no longer increasing. Eugene stated:

You know, why is everything else rising, all food products are rising but we're not getting any more money?

Bridget commented that:

I just notice every week when I'm doing my shopping its getting more and more [expensive] even though I'm getting less and less for it.

A recurrent theme across all focus groups was the rise in the cost of food and energy. The cost of clothing, socialising, and funerals was also discussed among the groups, though not as frequently.

Food: All focus groups were very aware and angry at the rise in the cost of food. Katherine exemplified this when she commented that:

... everything's gotten more expensive. You find everything in the food line has gotten very much dearer; it's gone up by the week.

Heating: National Energy Action has reported that fuel poverty is increasing in Northern Ireland, with older people in the high risk category. A number of comments were made in all the focus groups that many older people, including themselves, were struggling to pay the rising fuel costs. Anne stated that:

... the heating is the big problem. A big big problem is the heating.

John also commented that the prices of fuel are increasing but they have no choice but to pay it:

Well we notice our oil. Now it's nearly – what is it for 900? – 100 ... It's nearly a thousand pound for 900. You know what I mean; the oil has just went up and up and up... [Interviewer: How do you cope with that then?] Well you just have to pay it don't you. And there's nothing else for it because you have no choice.

Due to a particularly cold winter in 2009-2010 Maureen found that fuel has been the biggest cost to her. She commented:

... you never seemed to get cleared. I mean you only had one paid and you were ordering one [fill of oil] again.

Clothing: Eugene pointed out that clothes are an essential part of living yet the price of clothing has also gone up:

Clothing is part of the upkeep too. You have to buy clothes you know. You like to see yourself looking a wee bit respectable. But the price of clothing now has even gone sky high.

This point was also picked up by John who wished to know if a clothing grant was available.

Socialising: A number of participants commented on how older people's groups have to increase their membership charge. For many this increase in price is too much. David stated that 'a lot of people cut back on the socialising'. He went on to explain:

... the older people's group, now there was a lot of them who would have charged maybe 50p or a pound, they can't afford to do that anymore, and they're having to put up the prices of you know the membership where they come every week, some of them to two pounds.

Funerals: The cost of funerals was a source of concern for some of the participants. Jackie stated:

This is all being terribly pessimistic ... even the cost of funerals and the cost of a burial plot.

David gave an example of a man who spent a lot of money from his pension to pay for his wife's funeral:

One of the member's partner died and because of something to do with the address she put down he couldn't get any money towards the funeral and had to find all the money from his pension. There's some horrific stories you'll never hear.

Summary: Participants have noticed that their pensions have not been increasing in line with the cost of living since recessionary times. This means they are getting less for their money and unexpected costs such as funerals or a particularly cold winter can make a significant impact on their financial resources.

Transport

Transport was a common concern among all three focus groups particularly those living in rural areas. Anne spoke for those who had little access to transport. She said:

... when you can't drive you're up against it and we don't have any rural buses or anything. I mean you can get a bus [from the town] into the city, but we have no way to get into town.

Vivienne agreed and stated that she'd be "totally lost without conveyance". Similar concerns were found among those living in urban areas. David pointed out that

A lot of them [neighbours, friends] would have provided transport but the people who have transported older people to and from the groups have died or are not able to drive anymore and the younger people aren't

willing to do it so therefore people are having to pay transport to the older people's groups and they become more and more isolated because the bills just stack up

A number of participants feared that funding for transport would be cut due to the effects of the recession. Mark commented that:

...they'll take it [free-transport pass] away, wait, you'll see. They'll try to anyway.

Jackie also believed that although their free pass has not been cut yet:

... there have been threats of a government cut including the smart pass [free transport pass].

However, she thought

it would be very difficult (laughs) to take our smart passes off us.

Summary: The groups were concerned that that free public transport for older people would be taken away because of government cuts since the recession. This would be serious for many older people who rely on such services. Those who live in rural areas are particularly at risk from isolation due to a lack of available transport.

Health

Issues in relation to the health services in NI were commented upon negatively by participants. These included waiting lists, the provision of long-term care, quality of care and home help services. Although problems with health care are not necessarily due to the recession the participants felt that they would get worse because of the recession.

Waiting Lists: Some participants had personally experienced long waiting periods to receive healthcare including visits to GPs. Vivienne felt that:

... the waiting lists for everything is too long.

Peter stated that people should not have to wait for surgery. He recounted that his friend is still waiting after a period of five weeks for an operation. He stated that his friend is:

... home now without the operation and she's going to have to go back in [to hospital] again.

Quality of Care: Participants from two focus groups indicated that they felt the quality of care older people receive may be reduced due to the strain placed on the healthcare system during the recession combined with the higher proportion of older service users. Anne commented that she got the impression that:

... when you reach a certain age they can't get rid of you quick enough because they want the bed [even though] people aren't really ready to go home.

In another focus group Katherine was also worried that the quality of care for older people would get worse if cuts are introduced into the health service. She said:

That's a bit frightening. Because you know when you come to a certain age, they'll say well she's getting too old she'll not get this or you know.

Home Help Services: There were a number of accounts from the participants regarding the difficulty in obtaining home help Mark stated that:

When I was in hospital there wasn't one person who came to see how I would manage at home. And I'm 76 and they never even asked me.

Those under the age of 75 often have to pay for home help if needed and this was deemed as unfair by Sarah:

One of the hidden costs that nobody really talks about and that not everyone would know about, but someone who maybe has a private pension, ... if he needed care, any type of home help care, if you're under 75 you have to pay for that yourself which I think is a disgrace.

Furthermore, when home help was received, the amount of time spent in the house was criticised by some participants.

To get home help service now apparently, well you have to be ill. Even if you get them, it's ten, fifteen minutes.

Long-Term Care: There was an agreement across the three focus groups that due to the high cost of long-term care for many older people it should be provided free of charge, without the threat of losing their assets, especially their homes. Anne stated that:

I would like to think we would get more help if we need it to go into care.

Vivienne went further to suggest that everyone should get long-term care for free and that older people should be allowed to keep their assets:

... everybody should get it for free. But I definitely don't think they should be able to go take your house or your belongings or you know your assets.

Jackie was concerned about how long they would be able to afford care using the cost of their house.

... the cost of residential care as opposed to what you get for it is actually frightening. You know the value of a house is obviously taken into consideration, that taken off you and it wouldn't take too long going through the value of your house.

Cost of Prescriptions: There was concern among some members of the focus groups regarding the cost of providing free prescriptions for older people. They wondered if the government could afford such a service and that it may be reasonable to charge a small fee. Sarah commented that "Yes it's lovely to get free

prescriptions but we can't really afford it". Vivienne also wondered "where are you going to get the money"?

Summary: With the NHS expected to make significant savings over the next two years it is no surprise that older people are concerned about the effect this will have on their healthcare. It is evident that overall there was a considerable degree of worry regarding the provision of long-term care. It is also evident that older people in need of health services are already faced with long waiting lists, poor quality of care, charges for home help and a poor home help service. With impending cuts it is difficult to see these services improving.

Psychological Impact

Worry about children and grandchildren: Some participants indicated that one of the biggest impacts of the recession in their lives is the worry that the recession will financially and psychologically affect their children and grandchildren if they are not able to find work. Frank pointed out that:

One of the big worries at the moment is looking ahead and the context of not so much, not even my children who are now in their forties, but their children, my grandchildren and what the prospects for them are for the future when their parents are going to have to work longer to get the sort of occupational pensions that you can get now. If there is a significant reduction in the public service in Northern Ireland which is obviously a threat there's obviously a much greater prospect of them having to leave Northern Ireland to find employment, or if they are here then there are no jobs for them. But then there's always a danger that they fall into other problems you know associated with unemployment".

Vivienne stated that:

Psychologically you know, they [family] say 'don't worry', but you can't help it. Say your son in law where is the next work coming from. You may have work now for a few weeks, where is the next? Your sons ...you worry that they may be out of work and the fact that they're out of work you worry about what that could do to them psychologically".

Concerns over Public Spending Cuts: Although many of the participants felt that they were currently coping with the recession, four people were worried that the impending cuts would make the situation worse. Mark commented that:

There's going to be severe cuts in Northern Ireland and they're going to pull money back

John was concerned where these cuts would come from and questioned if:

it is going to cut our benefits?

Anne believed that:

... they're going to cut public services, you go to hospital and you have to wait.

Maureen was worried that the government would introduce cuts while at the same time introduce new bills. She stated:

What frightens me too that if they do decide, the government and that, that they cut things you know. If they cut my money now as it is and say I had to pay rates I honestly don't know how I would do it.

Summary: It is evident from the comments of the focus groups that the recession has made a psychological impact. Older people were worried that impending cuts and the possible introduction of new bills would affect them. They were also concerned that the recession would impact on their children and grandchildren in terms of unemployment.

Support from Family and Friends

The importance of the support from family and friends was recognised among a number of participants especially for those living a lower income and those who did not have access to transport. Vivienne commented that many older people had to rely on family and friends for transport. She said that to get to the doctors, to get to the shops, to get to the church you “*just have to depend on somebody else, some of your family or friends*”.

Vivienne and Maureen expressed gratitude to their family and friends for the assistance they provided. Vivienne commented:

... if it wasn't for the help of my good friends, I always say I get by with a lot of help from my friends [laugh] a couple of them sitting there [laughs].

Maureen pointed out:

you just don't know what way you'd end up but thank God I've family you know too.

Betty commented that when the recession makes a financial impact on their family then it has a knock-on effect on them. She felt that:

... then they [family] can't help you out. They have to have the money themselves.

However, Vivienne questioned whether or not it is fair that older people must rely on the support of family. She believes that:

... if a family collects money and supports a certain cause then the government doesn't have to worry about that. If family and friends are supporting you then they're really easing the government which is not really fair.

Summary: Comments from the focus groups suggest that support from family and friends acts as a barrier against the negative aspects of the recession. However, participants questioned whether this was fair as it reduces government responsibility.

Support for the Family

There were indications from the groups that because of the recession older people have to support their family in new ways. Frank questioned if children are “*going to be staying with their parents longer because they can’t afford to move out*”? Maureen stated her daughter “*can’t buy a house she just can’t get on the property ladder*” and was living at home. David recalled that for many older people:

... their bank accounts are emptying to help their family.

He provided an example to illustrate this:

There’s one man in particular who lent his son so much money that he’s in a lot of trouble. He’s lent him a lot of money, a thousand to do this, a thousand to do that and he can never get it back because his son can never get in the position to pay him back.

There was also an indication that since the recession older people have taken on more childminding duties. Katherine said that she would:

... mind them [her grandchildren occasionally] because [her daughter in law] had to take on extra hours on a Thursday and Friday because [her son] is self-employed.

Although this was a ‘pleasure’ to her, there were those who did not like the idea of childminding responsibilities. Betty stated that:

... when you become a granny you don’t want to be bothered, you’re not able.

Summary: It is evident that some participants have been helped by their families and are engaged in helping their children to cope with the impact of the recession. However, participants were also aware that this was not always possible.

Becoming a Government Minister

As Government Ministers the participants used the opportunity to comment on the key issues which they believe affect older people in NI. Their policies reflected much of what they commented on before that they considered negative in relation to the effects of the recession on older people in general and society in NI in particular:

Ministers for Finance: Becoming minister of finance was the most popular choice. As finance ministers a number of the participants would raise the state pension. In fact Katherine wanted to:

Double the pension.

John also wanted to raise the state pension. When asked by the interviewer what level he would raise it to he stated:

Well to whatever would be suitable, say between £180 and £200. That's the first I'd do.

Sarah would improve the financial situation of older people in three ways. First by making the benefits more accessible to older people and would do this by introducing:

A more user friendly way of doing the form.

Second she stated that:

If they've noticed that you can't fill it out they should send someone out.

Third, regarding tax credits, Sarah stated that:

I don't think everybody up to 50 odd should get the tax credit, you know keep it for the ones who really need it.

Betty stated that older people should be told what they're entitled to as benefits are going "unclaimed". Anne agreed and stated that "forms could be a lot simpler". Peter agreed with improving the benefits systems for older people and suggested:

[there should be a] one stop shop for queries and issues relating to tax and benefits.

Peter also felt that to improve the financial situation of older people the government should simply give people £200 instead of making them go through the benefits system. He stated:

They tell you, you should have £200 so you apply for pension credit. But why not just give you the £200. You wouldn't have to worry about pension credit you'd cut out all these civil servants that you need to deal with it.

Another participant commented that means testing meant that those who had even a little bit over £1,000 do not receive full entitlements which she feels is unfair. She felt that to improve this:

... a means test should be, I won't say abolished but there must be a simpler way of just filling out a form without disclosing your innermost savings.

There were also a number of participants who felt that those running the country did not know what it is like to live in poverty. One participant suggested that:

If you put them in a small house and give them a pension..they would see it totally different. The people who run the country they're up in there with the elite and they don't know what poverty is.

Some also suggested making changes to the wages of government ministers. Betty thought that ministers:

... shouldn't give themselves a whacking great rise [in wages] after the general election is over.

Minister for Health: Nine participants would like to make policies in this ministry concerning hospital waiting lists, home help and provision of long-term care. Maureen felt that:

Everybody should be entitled to it [free long-term care].

Anne and Bridget stated that older people should not be at risk of losing their home or assets if they needed long-term care. Sarah would like to make sure that:

... all hidden charges [for home help] that people aren't aware of I think that should be stopped.

Regarding waiting lists Peter felt that:

Doctors, hospitals, they [older people] should be able to access them.

He also wanted to make sure that:

... they should have enough theatres that they should be able to operate on patients that they have prepared for.

Minister for Transport: As transport was a problem for many of the participants, especially those in the rural focus group a number of them felt that transport should be made available to all. As Minister of Transport Vivienne stated “*the free transport is great. If you had the transport*”.

David felt that buses should be made safer for older people as he was aware of incidents where older people had sustained injuries on buses. He stated:

A lot of people wouldn't use the bus because they know if they have a broken ankle that's it.

Hence alternative options for transportation should be made by the government for older people. Sarah stated that:

A bus pass is a good idea but it's not suitable for everyone.

Minister for the Regional Development: A number of older people were concerned about the cost of water charges. As Minister for Regional Development some participants would introduce meters if water charges are introduced. Anne stated:

Water rates, someone living on their own would really need a metre.

Summary: It is evident from participants' policies as government ministers that the alleviation of their concerns over pension provision, benefits, healthcare and the introduction of water charges are important issues. Policies surrounding pensions, benefits and healthcare were common among the group, suggesting these are of primary concern. Policies less common among the group were those surrounding transport and water charges. However, they remained important items on the agenda as these issues were raised among all groups and at earlier stages of the focus group discussions.

8.2.3. Conclusions

The questionnaire indicated that the majority of participants were in receipt of two pensions. However a large proportion were also solely in receipt of the state pension and these people were more likely to be women. It is evident that a degree of consistent poverty and deprivation is experienced by a number of participants, again mostly women, in this study. Whilst most were able to keep their home comfortably warm there were a number of participants who could not afford to pay for certain goods or to socialise.

Although participants initially indicated that they were better able to cope with the recession than the younger generation, the results indicate that the recession has made a significant impact on them. Small or frozen pensions, reduced income from savings and an inadequate benefit system, combined with the rise in the cost of living and possible introduction of new household costs such as water charges means that many older people will struggle financially. There was a considerable degree of dissatisfaction with the health service, in particular waiting lists, home help and quality of care, all of which they felt would get worse, pending public spending cuts. Long term care was an issue which prompted much debate. The participants felt strongly that the government should provide free long term care for all older people.

The recession has also made a psychological impact on the participants in the form of concern over public spending cuts and new bills. They were also worried about the future for the children and grandchildren. Additionally, the results indicate that a number of older people rely on the financial and social support of family and friends. Losing this support as a result of the recession means that, for some, their situation will become worse. At the same time some participants are having to provide new forms of support for their family such as childminding and financial aid.

Participants' policies as Government Ministers reflected the most popular issues raised in the groups. They felt that intervention should come in the form of increased state pensions, an improved benefits system, free long-term care, shorter hospital waiting lists, better transport and the introduction of water metres.

8.3. *The Republic of Ireland*

In the RoI two of the focus groups were held in Community Centres in Dublin and one in Cork. The results from these focus groups consist of two different elements: (a) the results from the questionnaire - the quantitative results; and (b) the results from the focus group discussions - the qualitative results.

8.3.1. The Quantitative Results

Two different types of data about the participants were collected using the questionnaire⁵⁸: (a) their demographic details and (b) their experience of consistent poverty and deprivation using the EU-SILC questions (described above).

Demographic Details

These data consist of demographic descriptions by gender, age, marital status, pension type, benefits and accommodation.

Gender: Table 8.9 gives a breakdown by gender of the composition of the three groups.

Table 8.9: Composition of three focus groups by place and gender

Place	Male	Female	Total
Dublin A	0	9	9
Dublin B	2	7	9
Cork	2	9	11
Total	4	25	29

This table reveals that men were in short supply, possibly again reflecting their reluctance to be a member of a community centre.

Age: The average age and age range of the three groups is contained in Table 8.10.

Table 8.10: Average age and age range of focus group members

Place	X	Range	N
Dublin A	74	56 – 84	9
Dublin B	73	67 – 76	7
Cork	71	58 – 88	7
All	73	56 – 88	23

Five participants did not provide data on their age. However, all could be classified as 'older people' as defined by this study (i.e. 50 years of age and over).

⁵⁸ Unfortunately, two participants in the Cork group had to leave the session before the questionnaire was distributed and therefore the number of participants who completed the questionnaire in Cork is nine and overall is 27.

Domicile: All but two of the participants lived in urban areas. The other two travelled in excess of 30 miles to take part in the focus groups they attended, one in Cork and one in Dublin.

Marital Status: Table 8.11 gives a breakdown by gender and marital status of the participants.

Table 8.11: Marital Status of Participants by Gender

Marital Status	Men	Women	Total	
			N	%
Never Married	0	3	3	12
Married	3	7	10	38
Widowed	1	9	10	38
Divorced	0	2	2	8
Separated	0	1	1	4
Total	4	22	26	100

Table 8.11 reveals that overall participants tended to be married or widowed. All but one of the four men was married, whereas widowhood was the most prevalent marital status among the women.

Pension Type: Twenty-five of the 27 participants who completed the questionnaire reported their pension type (two of these 25 participants were below the RoI pension age 66 - but one of these had a final salary occupational pension, the other an invalidity pension). Two participants were in employment and were not in receipt of pensions. Table 4 gives a breakdown of the types of pension by gender.

Table 8.12: Pension Types of Participants by Gender

Pension Type	Men	Women	Total	
			N	%
State	2	17	19	76
Final Salary	0	2	2	8
Defined Contribution	0	0	0	0
Civil Service	1	1	2	8
Public Service	1	0	1	4
Other	0	1	1	4
Total	4	21	25	100

This table shows that 76% (19/25) of participants were in receipt of a State pension. The 'other' pension reported in this table is an invalidity pension. Of the 25

participants above, 17 were solely in receipt of a State pension (either contributory or non-contributory) and one was solely in receipt of a civil service pension.

Additional Pensions: Seven participants were in receipt of two pensions. One man and one woman were in receipt of a final salary occupational pension, one woman a defined contribution pension, two women had civil service pensions and two women had 'other' pensions (salary protection and a small UK pension). No participant reported having three or more pensions.

Benefits: Participants were asked to report if they were in receipt of the Living Alone Allowance and the Household Benefits Package. Table 8.13 gives a breakdown by gender of recipients of these benefits.

Table 8.13: Participants' Benefits by Gender

Benefit Type	Men	Women	Total	
			N	%
Living Alone Allowance	1	12	13	48
Household Benefits Package	1	10	11	41
Other Benefits	0	3	3	11

Overall 48% (13/ 27) of participants were in receipt of the Living Alone Allowance (one man and 12 women). Forty-one per cent (11/27) of participants were in receipt of the Household Benefits Package. As this latter benefit is means tested, it may not be available to some participants in receipt of pensions above the means-tested level. Although three participants reported they were in receipt of 'other' benefits only one mentioned what it was - the Carer's Allowance.

Accommodation: Of the 24 participants who responded to this question, all but one owned their own home outright (no mortgage). One participant was renting private accommodation.

Summary: From these demographic data it is evident that the focus group participants, albeit coming from three different locations, are quite homogenous (i.e., the majority were women, most were solely in receipt of State pensions and there were no participants living in local authority housing).

Consistent Poverty and Deprivation

This section provides information on responses to the questions measuring consistent poverty and deprivation. This information was derived by using the updated *EU-SILC* items as outlined above.

Measures of Consistent Poverty

Car Ownership: Overall 20 of the 27 participants who responded to this question had a car available for use in their household. Of these, three were men and 17 were women.

Other Measures of Poverty: Table 8.14 gives a breakdown of the other initial questions concerning poverty in the questionnaire.

Table 8.14: Focus Group Participants and Deprivation Items by Gender

Item	Men	Women	Total	
			N	%
Having difficulty paying fuel bills	0	5	5	20
Unable to have a substantial meal each day	0	3	3	11
Unable to afford heating when needed	0	3	3	12
Experiencing debt problems	0	5	5	21

Having Difficulty Paying Fuel Bills: Five of the 24 respondents who answered this question - all women - were having difficulty paying their fuel bills.

Able to have a Substantial Meal Each Day: Three of the 26 participants who answered this question - all women - were not able to have at least one substantial meal each day.

Able to afford Heating when Needed: Again, three of the 24 participants who answered this question - all women - are unable to afford heating when needed.

Experiencing Debt Problems: Five of the 24 participants, again all women, have experienced or currently are experiencing debt problems arising from day-to-day living expenses.

The women documented in this table as experiencing consistent poverty are not the same over all these five variables.

Measures of Deprivation

There are 11 measures of deprivation in the questionnaire. Table 8.15 gives a breakdown by gender of those participants who reported they were unable to afford these items, indicating deprivation.

Table 8.15: Focus Group Participants Unable to Afford Items by Gender

Item	Men	Women	Total	
			N	%
Two pairs of strong shoes	0	2	2	8
A roast once a week	0	3	3	12
A meal with meat every second day	0	1	1	4
New (not second hand) clothes	1	3	4	17
A warm waterproof coat	1	2	3	12
Keep house comfortably warm	1	4	5	20
Buy presents for friends and family	2	2	4	17
Replace worn out furniture	1	5	6	24
Have family or friends for a meal	1	5	6	24
Have an afternoon/evening entertainment	1	2	3	12
Visit the hairdresser/barber	1	3	4	17

The items participants were least likely to be able to afford are (in descending order): entertain once a month; replace worn out furniture and keep the house comfortably warm. There appears to be gender differences in this table, however caution is advised given the small number of male participants. These results are quite similar to those found in Lundström (2009) in which the data were collected in 2008, except in relation to having an afternoon/evening out for entertainment in the last two weeks. Over half of all participants in Lundström were unable to do so. A possible explanation for this difference is that all the participants in the current focus groups were members of active retirement groups whereas those in the abovementioned study were not.

Summary: It is evident that a degree of consistent poverty and deprivation is experienced by a number of participants, mostly women, in this study. However, the results suggest that the majority were able to afford to keep warm, feed and clothe themselves.

8.3.2. The Qualitative Results

In analysing the free-flowing data from the focus groups, three Segments emerged: (a) Current neutral/ positive effects of the recession; (b) Current negative effects of the recession and (c) The policies participants, as Government Ministers, would implement to assist older people in recessionary times (Becoming a Government Minister).

Current Neutral/Positive Effects

All but one participant over the three focus groups reported that the recession was not really affecting them, especially in relation to being well looked after because they were being provided with a reasonable pension. Additionally, the ancillary benefits in existence in the RoI for older people, with one exception, were appreciated by them.

Pensions: According to Beata⁵⁹:

We are well looked after here. Our pensions are fairly good you know. We get the concessions and things like that....

Kristina also reported a neutral effect of the recession:

I don't see any difference in it. I'm still getting the one pension and prices have decreased a bit in the shops. ... I don't think we are hard done by – not in the Republic.

Statutory Benefits: Statutory benefits available for older people were the Household Benefits Package (HBP), the Free Travel Pass (FTP) and the Living Alone Allowance. In relation to the HBP Eugenia said:

We have good perks and that makes all the difference.

Julia considered having the FTP is “like winning the lotto”.

The Living Alone Allowance was only mentioned in one focus group and at €7.70 a week was considered by Beata to be ‘an insult’.

Other, Non-Statutory Benefits: Age Action Ireland’s Care and Repair programme came in for praise in one of the Dublin groups. Frida mentioned a scheme being administered by Alone for *Bórd Gáis*:

... if people run into arrears - elderly people on social welfare living alone - if they run into arrears with their gas bill Alone will help them out - pay so much of it.

⁵⁹ All participants have been given fictitious and untypical names to protect their identities.

Accommodation: All but one of the participants owned their own house and had paid off their mortgage. Martha had this to say:

Anybody who has a mortgage to pay now, out of an old age pension, is very hard hit.

Lundström (2009) found that people living in local authority housing had a particular problem. Every time their pension was increased their rent was also increased, the outcome of which was they never experienced any financial benefits when their pension was increased. As no participant lived in local authority housing and in recessionary times an increase in the State pension is not imminent, this matter was not raised by participants in the three focus groups. Overall, Evelina commented:

We have a lot to be thankful for.

Summary: Participants were aware that at the moment in certain areas of their lives, the effects of the recession were negligible and they seemed to be quite happy with their current lot.

Current Negative Effects

However, upon reflection, participants identified negative effects the recession was having on them in relation to: lifestyle change, health issues; safety and security and crime; fears for the future; expenses and the effects on others.

Lifestyle Change: Laura, who still has children living at home, has an experience of the recession that was unique over the three focus groups:

...my husband, due to the recession, stopped giving maintenance for the children...I would have a lot less disposable income...so my lifestyle would have changed a lot in every way.

Health Issues

Many issues in relation to the health services in the RoI were commented upon negatively by participants. These are: the medical card means test; prescription charges; hospital and specialist medical services; waiting lists; making an appointment and home help services.

Medical Card Means Test: Until recently RoI citizens over 70 years of age were entitled to a medical card irrespective of their income. As a result of the recession a means test was introduced. Additionally, starting in 2010, those in receipt of medical cards must apply for their renewal annually. According to Ernst:

[People over 70] are entitled to a medical card...The latest now is you must do a means test now every year. ...I think that's totally wrong altogether.

Part of the yearly application process for the medical card involves providing the authorities with evidence in the form of a bank statement for the previous year. Participants were outraged, especially Beata who commented:

I got a four page form the other day and it had to be filled in ... But what I totally object to was having to send in a bank statement ... now that is an intrusion into your affairs.

Ingrid pointed out in relation to means testing people over 70 years of age:

Nobody over 70 would be out earning. I think that's ridiculous. Whatever savings they would have, they would have....

Regina referred to the cost to the government of means testing recipients of the medical card:

If you think of all the paperwork and the wages they are going to have to pay for people to look over all these forms - they are being penny wise and pound foolish I think. What they hope to gain from it they are going to be paying out in salaries - even the paper. It seems a bit ridiculous really.

The whole issue of medical card means testing annually; especially for people over 70 generated many negative comments and criticisms.

Prescription Charges: The government has initiated a scheme whereby pensioners in receipt of medical cards will be forced to pay a fee of 50c per item on their prescription. Felix remarked:

The 50c for every prescription could be a lot for some people.

These charges have a monthly ceiling of €10 per family. However, this ceiling applies whether the household has a single or multiple occupants. Participants considered this unfair. Sara commented:

... there's an unfairness in that ceiling ... it's a bit hard on those who are single or widowed because they would have all the same expenses as two people ...

Hospital and Specialist Medical Services: These services, which in recessionary times are becoming increasingly unable to cope with the medical needs of the population in general, and older people in particular, came in for considerable criticism. Julia stated:

They keep throwing money at it [the health service] but it won't get any better and there's corruption somewhere because corruption stops things getting done.

Waiting Lists: Some participants had personally experienced waiting for days in A&E departments without being admitted to the hospital. Dorothea was one of these:

I spent from Monday to Thursday ... in A&E with a fractured wrist and I sat on a hard chair for two nights...

There are also waiting lists for specialist medical services. Regina recounted what happened to one of her friends:

She has rheumatics in her hands and legs and she went the other day to get an appointment – it is in six months. Sure, like she's 70 years of age, so she could be dead by then, you know.

Making an Appointment: Waiting lists are long but even making an appointment can be difficult at times and people can be treated with discourtesy. The negative and dangerous effect of doctors' secretaries acting as gatekeepers was a topic which arose in one focus group.

Another friend of Regina's had an unpleasant encounter in this regard:

Another friend of mine had multiple sclerosis and she got very sick one night and she rang the doctor and of course she got on to the secretary and she [secretary] said: Oh, what's wrong with you? And she [friend] told her and she [secretary] said: Oh, for God's sake, you don't need the doctor, you can do without him.

Home Help Services: These services have been severely impacted by the recession and although none of the participants required this service, they were aware of neighbours and friends who were experiencing difficulties looking after themselves in the absence of an adequate Home Help Service. Beata recounted what happened to a neighbour of hers:

Now I've a neighbour ... she was terribly ill ... she's home [from hospital] but three weeks and she's barely able to get around. .. And we tried to get her Home Help - once a week the Home Help is only allowed in because the HSE [Health Service Executive] have made cuts again - and it's crazy.

Regina also commented on this service, or lack of it:

My friend got a home help for 15 minutes - sure she'd only get in the door, put on the kettle and out the door again. Fifteen minutes to look after an old person. That's what they are doing now.

Summary: From these comments by focus group participants it is evident that overall there was a considerable degree of dissatisfaction with the running of the health services. It is also evident that for older people in need of these services, there is disillusion, and despair.

Safety, Security and Crime

Participants in two of the groups (Dublin and Cork), spoke at length about: safety and security and fear of crime;

Safety and Security: The participants in these two groups were aware of having to be vigilant in relation to their personal safety and security and they believe that because of the recession they will have to be even more so in the future. This phenomenon is even more pertinent for women living on their own as Beata explained:

I'm living on my own and my house is like Fort Knox I've so many things like that [locks on all doors]. But once it got dark I wouldn't open the door - no way would I open the door.

Frida was aware that people's lives were being limited because of feelings of insecurity:

Lots of people are afraid to go into town [Dublin]. They won't go into O'Connell Street because of all the hassle they get ... and they definitely won't go out to any functions after six o'clock in the evening, so their social activity is confined.

Beata shared this strategy for being safe while driving:

... people should be very careful in their cars. ... I always lock myself in the car and I carry my mobile with me.

One Dublin group has been able to avail of a grant for security devices from a firm in Fermanagh. Sara got a light outside her door; Kristina got a security pendant. All who got devices were very happy with them and the peace of mind they provide. For example Kristina, who got the pendant claimed:

It's a marvellous thing.

Fear of Crime: There was a palpable fear of crime among the two groups who discussed this matter. For example, as Sara explained:

I find it has stopped you dressing up to go to things. You won't go out except in shoes that you could walk very quickly in and you won't go out without wearing something that has a load of pockets so that you can put everything into the pockets. And that restricts what you can wear.

Ingrid a Cork participant is afraid of becoming the victim of crime and claimed:

When you lock yourself in at night, as you do, you are really in the lap of the gods then. Because we don't ever hear or see a Garda Patrol car around our parks at night, there's no foot Gardaí around and a woman is in a very, very vulnerable position. A man can make some kind of a struggle and a fight ... If anybody came into me I'd probably just pass out.

Isabella has a fear of even calling the Gardaí because:

At one stage there was men going around disguised as policemen getting into people's homes and robbing them and they got away with it. So who do you trust after that – call the police?

Felix believes that crime:

... will get worse because of the recession, because the people aren't working. They have to get their kicks [drugs] and they'll get their money somewhere.

Summary: It is evident that there is considerable safety and security concerns and fear of crime and becoming a victim of crime for the focus group participants. Overall six participants, all women, reported having been the victim of a crime, albeit a petty crime.

Fears for the Future

Many participants were afraid of what might happen in the future to affect their financial security including: stealth taxes and savings. Sara explained:

It's the fear of what you don't know yet. I think that's the biggest worry. It's the unknown - and there's all this talk of the IMF [International Monetary Fund] and they may put conditions on giving us money. but the biggest worry is what's going to be next and particularly for those of us whose only income is from the State. Are we going to waken up one morning and find there's nothing left and nothing coming either?

Stealth Taxes: Many expressed fears that in the future the government, instead of reducing the State pension, would continue to erode pensions by introducing stealth taxes such as what has currently happened by the removal of the waiver for bin charges for older people, prescription charges (as described above) and the imminent introduction of carbon taxes, property taxes and water charges. Beata stated:

I feel bit by bit they are moving in on us.

Savings: There was concern that any savings older people may have accrued would be lost. Isabella commented:

... a lot of Senior Citizens who have made provisions for their old age, for a few bob, paid their bills, got through life - they are afraid their money is going to be swallowed up in the bank. This is a big fear with old people.

Hugo advised:

There's nothing in this life that is 110 per cent secure. But you know the banks; you know the building societies, so you have to take a decision. But people want to cover their bets and in life you can't always do that.

Whereas Julia recommended:

People tend to hold on to their money 'just in case' - what might happen - a war might break out or something? Just keep a certain little amount and spend the rest - have a quality of life and don't be waiting to leave it to the children or the grandchildren.

Summary: There was considerable fear among focus group participants that the future uncertain financial situation for citizens in general and older people in particular could catapult them into a state of poverty and deprivation.

Expenses

Although some household expenses have diminished, others have increased or are scheduled to increase in the near future including. heating, eating, budgeting, insurance, transport and entertainment.

Heating: Agata chose to eat rather than to heat:

I still eat properly and I turned down the radiators...

Many of the participants in all three groups commented on the increasing cost of heating their homes. However, all seemed to be coping with the increases in their own way. Felix remarked:

I know that last winter there were six pullovers and cardigans because they hadn't money for heating - they just had to wear extra clothes. And it's going to be harder again for next winter.

Eating: Laura, because of her unique circumstances, has made the most changes in her eating habits:

I've switched to vegetarian food, so I would use lots of beans and tofu and you can make huge stews with lentils, beans and barley. So that would be a complete change of diet.

Budgeting: Because of the recession shopping habits have changed and budgeting has become a necessity. Agata's strategy is:

...you don't store the cupboards anymore; you just shop as you go. I cut down on the things I need.

Evelina complained that people who live alone are not catered for:

...we always have to buy a pound of this and it's very, very difficult to economise like that. And then all these special offers that they give is two for the price of one and they are always huge big jars that you wouldn't finish in a month of Sundays.

However, Laura finds that the price of goods has decreased:

Tesco's prices have come down considerably since the recession. I think people realise they can live on less since the recession.

Insurance: Many participants in all three groups commented on the increasing costs of house and car insurance. Asked if this was as a result of the recession they were more inclined to think the increases were the result of flooding in the autumn and winter of 2009. Felix had trouble after his house was flooded:

Perhaps it got worse [since the recession] with all the flooding and everything that happened throughout the year. The insurance companies are very slow to pay up now, they will pay, but I could not get my house insured and it was just the very last day that I got it from an English company at double the price.

Transport: One of the two participants who do not live in an urban environment commented on the need for and the high cost of running a car. Agata commented:

I live in the country and the cost of running a car and the petrol and oil prices going up - I feel that a big strain.

Additionally, in the country public transport is an issue. According to Julia:

Even apart from the recession, public transport tends to be bad especially around the country... They built satellite cities around the country which people are living in and have no life.

Laura has also changed her means of transportation but has a positive attitude towards it:

I would take the bus rather than use the car. I hardly ever use the car now, only for places I can't access by bus. ... Its different taking the bus. It's a completely new way of seeing the city.

Entertainment: Commenting on entertainment Frida claimed:

Entertainment went out the door [when the recession started] it's too expensive - like the cinema - you have to wait until someone invites you or pays for you.

Being a member of an active retirement club or other initiative for older people was seen by many participants to be an important part of their lives and assisted them in socialising. According to Beata:

We have our own social life and activities in the club. We do have holidays which we are going on in May and the majority of them [members] are going with us. ...and what Frida said about cinemas and theatres, yes, they do work out expensive but as a group we are able to manage to run all these and have a thoroughly good enjoyment.

Summary: Participants have made changes in how they manage their expenses in recessionary times but are resilient and have developed strategies for coping with the need for managing their money wisely.

The Effects of the Recession on Others

The issues variables mentioned are: marginalised people; grandparents: the younger generation and their perceptions that the RoI is a two-tier society.

Marginalised People: Participants in two of the groups, one in Dublin and one in Cork; were aware that they all were members of a somewhat privileged group because of their membership of active retirement clubs and associations. Other older people, those who are housebound and those who are not members of some sort of a group are considered marginalised by them. Hugo explained:

I think that what you have to remember is that the people you are talking to here are all fairly active ... and they are involved, so they can put their worries behind them. It's the housebound - people who can't get out - they are the ones that are worrying.

Beata described the conditions under which one marginalised man was living:

There's a house not very far from here and a man living in one room...and he had one wardrobe, he had a table with a burner on it and that's all he had to cook on. Everything else he had was in plastic bags all around the wall.

Felix delivered meals on wheels to a woman who:

... used to walk around the table of the only room she had for an hour for exercise. She walked around the table every day...she didn't go out, she

depended on neighbours to bring her whatever groceries she needed. ...She's still alive and she is still walking around the table.

Eva explained that there is a great need for Community Development Projects, especially to enrich the lives of older people who are marginalised. Frida compared her group's experiences with those of marginalised older people:

Like while we are very vibrant and everything, there's a whole area there that's not so vibrant and cuts would be affecting them. They literally have nothing - they just get up in the morning and go to bed in the evening. They wouldn't have entertainment - unless there's someone out there supplying it for them, they are not able to do it themselves.

Grandparents: Rosa commented on the plight of grandparents in recessionary times.

... quite a lot of older people who would have reared their families and were just getting time for themselves are now going back into childminding their grandchildren and some of them are not in good health. Grandchildren are being dropped off at seven o'clock in the morning and they are having them till six o'clock in the evening five days a week. And it's happening because people are losing their jobs, taking up lower paid jobs and can't afford to pay for childcare. ...There are more and more grandparents looking for support to give them time out during the day because they haven't the capacity, they haven't the health and they haven't the energy to be looking after their grandchildren.

The Younger Generation: All three groups were aware that the recession was having an enormous effect on the younger generation. Viola remarked:

My mortgage is paid for, it's our children really...we have moderate lifestyles. You would manage with a pension. It's the youngsters - our children - today are finding it hard really.

Herbert worries about his children:

First of all, at this time in our lives our families are all that worry us really - our health and our families.

Eva gave an example of how the effects of the recession on families are also affecting the older generation:

I know a particular lady who had savings, but because her children's circumstances have changed - she wants to help her children and her own savings are dwindling away because she is helping her children out because they have lost jobs or helping them make mortgage repayments or help with

childcare and things like that. So her security is dwindling away and she's not as comfortable as she was....It's very hard to see your children in a bad way and if you have some money, automatically it will go to help them out.

Herbert also made sacrifices for his family:

I had to do without my holidays because my son couldn't pay his mortgage. And I've my pension now and apart from a few bob you've saved and you'd like to hang on to it. But still and all it's dwindling away - you have to help them with the mortgage.

Rol is a Two-Tier Society: During the time while the focus groups were being held mid-May 2010 - news was breaking that former Government Ministers who had returned to being ordinary TDs and Senators, in addition to their salaries for these 'jobs', were in receipt of pensions for their time spent as Government Ministers. Considerable comment and anger was generated by this news. Many participants considered the Rol had become a two-tier society. Hugo made this comment:

...When you look at the criteria they apply to the means testing and when you look at the position in the Dáil, where after 50 years of age you can draw a pension and still work - it's a bloody disgrace. If you work out the mathematics of it, if you go into the Dáil at 25 and you do 25 years you can draw your pension. If you are a worker and you start maybe 15 or 16 and you work till you are 65....

Anger was also expressed in relation to a two-tier health system where private hospitals are being built and those who can afford to pay for their medical treatment can get it almost immediately whereas those who can't must wait an inordinately long time. Regina gave an example of what is being experienced by one segment of society:

So there's two kinds of laws now. If you can pay €100 you can go straight away [for medical treatment] but if you haven't got the €100, you have to wait three or four months.

Julia commented:

I'd like older people to be treated with respect when they go to hospital and not have a two-tier health service - private health care like VHI (Voluntary Health Insurance) or Quinn Direct. I think everybody should be entitled to a proper health service.

Another source of anger arose because the Governor of the Dóchas Centre, the Women's Prison, had resigned, again around the same time as the focus groups

were taking place, because of her reaction to some of the practices which were being forced on the prison because of the recession. Hanna commented thus:

Why should women have to go to gaol for not paying their credit cards when the likes of [a property developer with a large amount of debt] ...are living it up...what kind of a country have we and why do we stand for it?

The remedy for this situation as recommended by Hugo is:

...a friendly dictator with a terminal illness.

Summary: It is evident from the concerned comments of the focus group participants that from their perspective all was and is not well in many sectors and levels of society in the RoI. Indeed Ingrid expressed the views of many members of the three focus groups when she commented angrily:

And I do think...the sooner this crowd are got out the better, not soon enough for me.... [The current government] ...are appalling really. There's no humanity in them. They have no moral standards as far as I can see as well. Their standards are gone into the gutter. And, please God, sooner rather than later we will get some people with very high standards because their standards have gone away down. That's all I have to say.

Becoming a Government Minister

The chance of promotion to a Government Minister, if only for a few minutes (and without a pension at the end of it), was embraced with enthusiasm by most members of the focus groups. Naturally, their policies reflected much of what they commented on before, specifically that which they considered negative in relation to the effects of the recession on older people in particular and society in the RoI in general.

Minister for Older People: Nine participants wanted this ministry. The services they would provide to older people could be loosely classified into: the provision of information **to** older people; the provision of resource and other centres **for** older people, especially for those who are marginalised; and the provision of information **about** older people to government departments.

Agata would increase the number of organisations that provide information on growing old. Sara would provide information for older people to "let them know what they are entitled to and make what is available accessible. Felix wanted to "let the people know what the future will be for them". Isabella would inform senior citizens what the government is about and "what we are going to lose out and not have us wondering and worrying and fretting over things that may never happen or could happen tomorrow". Eva would have some kind of a system where "people would have one-to-ones with people and find out what their needs are and...try to keep them in contact with what is going on".

Kristina would provide more resources and drop-in centres where older people can meet; Ingrid would increase the size and number of resource centres for older people, especially those who are marginalised, whereas Karin would do something for *“the people who are housebound”*. Eva would make policies for older people who are lonely and put a human face and personal contact back into government departments rather than the current system of being asked by an automated voice to press numbers on the phone.

Ernst considered that there is a need for *“somebody to talk to government about the problems experienced by older people”*.

Minister for Health: Six participants would like to make policies in this ministry concerning medical cards, hospital waiting lists and hospitals in general and have a junior ministry for holistic health. Agata would ensure that older people could: *“keep our medical card if you are over 70, without any questions”*. Julia would like to make sure that *“when we go to hospital we are not 24/7 sitting in a corridor”* and that *“older people would be treated with respect”*. She would also upgrade the hospitals and provide nurses for older people who can communicate with them in fluent English.

Beata would ensure that if acute hospital beds are to be vacated by elderly people who are then sent home, they should be provided with adequate services in the community, especially Home Helps to assist them. Viola would shorten waiting lists in the hospitals and give everybody over 66 a medical card without a means test. Martha would *“revamp the whole system”* and would *“open all those wards that they closed down”*. Laura would like to hold a junior ministry for holistic health and:

... make sure that every old person took part in preventative measures for their health like dancing and dietary advice and have people to come and visit them...

Minister for Justice: Five participants promoted themselves to this position. Agata wanted more security for older people, whereas Laura *“would make sure that no old person in the country was afraid at night”*. Eugenia believed *“in giving the Garda more power to deal with criminals and drug dealers”*

Herbert would punish the people who put the RoI in the mess it is in at the moment. He would bring them back from abroad and put them in gaol and Elsa would pursue and punish the bankers who transferred all their assets over to their wives.

Ministers for Finance: Two participants wanted to be this Minister. Hanna wanted to:

...make sure that all the benefits for older people would remain the same as they were or improve them.

Flora would make TDs give back their ministerial pensions (as described above) because they don't need them.

Minister for the Environment: Two participants wanted this ministry. Evelina considered litter is *“a hazard for older people and I think there should be much more emphasis on clearing up all areas”*. Sylvia would also like to see the environment cleaned up.

Minister for Education: Frida wanted *“courses available for older persons so that they would be able to work within the community with special skills and achievements and that would make a ripple effect”*.

Minister for Local Government: Elsa would not reduce the money paid to the public service but would *“tighten up the public service”* by redeploying people who are not busy and look after the roads which are dangerous for older people.

Minister for “Destruction”: Hugo promoted himself to this imaginary government department in order to bring in means testing on a graduated scale. He considers it unfair if the limit is €1,000 and someone has €1,001 and is denied the benefit. He also considers this strategy would stop people ‘fiddling’.

Summary: It is evident from participants’ policies as government ministers that information to older people concerning their fears, the alleviation of these fears and information about their entitlements is an important issue. Intervention in what they considered is the chaotic nature of the health services was also considered important. Policies surrounding the safety and security of older people also emerged as did those concerning the mismanagement of the economy. Policies from ministries less popular with participants were Education, the Environment, Local Government and “Destruction”.

8.3.3. Conclusions

The questionnaire used after the conclusion of the focus groups revealed that participants, albeit coming from three different locations, are quite homogenous (i.e. the majority were women, most were solely in receipt of State pensions and no participants lived in local authority housing).

Some consistent poverty, including fuel poverty and deprivation, was experienced by a number of participants, mostly women. However, the results suggest that the majority were able to afford to keep them warm, fed and clothed.

Participants’ were aware that at the moment in certain areas of their lives, especially because of the pensions and benefits they receive, the effects of the recession were negligible. However, there was a considerable degree of dissatisfaction with the running of the health services. Furthermore, there were safety and security concerns, fear of crime and fear of becoming a victim of crime. Additionally, six participants, all women, reported having been the victim of a petty crime. Another source of fear for participants was the uncertain future financial situation in the RoI,

which could send them into a state of poverty and deprivation. Participants have made changes in how they manage their expenses in recessionary times and have developed strategies for managing their money wisely. Many of these findings are similar to those in Costello and O'Hare (2009).

There were concerned and angry comments that all is not well in many sectors and at many levels of society in the RoI, these, again are similar to Costello and O'Hare.

Participants' policies as Government Ministers reflected their perceived need for a separate Minister for Older People to provide information, to look after and address the fears of senior citizens about their incomes, entitlements, safety, security and crime.

Intervention in what participants considered is the chaotic nature of the health services is also important as is the provision of more resource centres to address the needs of older people in general and particularly those who are marginalised.

8.4. *Comparing NI and RoI*

8.4.1. Quantitative Results

Two different types of data about the participants were collected using the questionnaire: (a) their demographic details and (b) their experience of consistent poverty and deprivation using the EU-SILC questions.

Demographic Details

In both jurisdictions the participants were predominantly women, possibly reflecting the demographics of people of this generation. In NI, 11 participants were from a rural area whereas only two of those in the three focus groups in ROI could be considered to come from a rural area. The average age of participants in both jurisdictions was 73.

Consistent Poverty and Deprivation

In both jurisdictions there were indications of fuel poverty together with a degree of consistent poverty and deprivation. The number of people reporting inability to afford the various items on the questionnaire was somewhat higher in NI, which is possibly a reflection of the lower cash value of their State pension. Their deprivation could also be exacerbated by difficulties in accessing benefits because of the difficulty of completing complex application forms. Some respondents in the RoI, mostly women on State pensions, did show some indications of poverty and deprivation but not as many as in NI.

8.4.2. Qualitative Results

Views and attitudes towards the recession

In both jurisdictions there were fears for the future and concerns about current health care, waiting lists, community care and the future of this service given the current economic climate. This diminution of quality of care in the health service is particularly worrying for older people facing into frail old age when they will have a greater need for a comprehensive and well run health service whether in NI or RoI. Those in NI were particularly concerned about the cost of long term care and the possibility of losing their home to pay for it.

Coping strategies

NI: Some participants were suffering from reduced incomes from savings and/or pensions, or through trying to pay for goods and services which had risen in price. Participants initially indicated that they were better able to cope with the recession than the younger generation as they were used to living on smaller incomes. However through further discussion it emerged that many were reliant on financial and social support from family and friends. A number of participants suggested that they were reliant on family to supplement their income and that they required their friends to assist them with travel. Losing financial support from the family as a result of job losses meant that for some their situation will become worse. Participants questioned whether relying on family assistance is fair as it eases government responsibility. Additionally, since the recession some participants are providing support to their family such as childminding and financial aid which places further strain on their financial resources.

RoI: Participants have made changes in how they manage their expenses in recessionary times and have developed strategies for managing their money wisely. According to one respondent: *"People tend to hold on to their money 'just in case' - what might happen - a war might break out or something? Just keep a certain little amount and spend the rest - have a quality of life and don't be waiting to leave it to the children or the grandchildren"*. This coping strategy was borne out by the results of the survey of financial advisors and CABS/MABS respondents. Additionally, participants in one focus group expressed worry for their children's future and some had contributed part of their meagre savings to help their struggling families. The over-use of grandparents in providing care for grandchildren was also a topic for this group.

Summary: It would seem that goods and services are increasing in price in NI, whereas participants in the RoI reported that the price war in supermarkets was driving down the cost of groceries. This finding indicates that participants in NI have, at the moment, to be more vigilant in husbanding their resources than their counterparts in the RoI. However, in both jurisdictions there were worries about the increasing cost of fuel for home heating and how they would cope if the following winter is as cold as the one in 2009-10. There is an additional burden on older

people when they see their families struggling financially and feel obliged to offer their savings or forego holidays to help in difficult situations.

Emerging challenges and strategies of retiring into a decent standard of living

NI: The prospect of retiring into a decent standard of living is diminishing, which can be attributed to the recession. The reason for this includes small or frozen pensions and reduced income from savings. For those already living on low incomes such as State pensions, paying for essentials such as fuel and clothes is presenting problems. Contributing to these problems is a rise in the cost of living and the possible introduction of new household expenses such as water charges. Although such a challenge is not necessarily a result of the recession, pension rates which do not keep up with inflation will cause serious problems.

Furthermore accessing benefits is creating barriers for older people to obtain a decent standard of living. Confusing forms, difficult to complete, result in many people being put off applying for financial assistance. Again, although this is not necessarily a result of the recession, not being able to access financial support will exacerbate the problem for those who are now facing retirement on a reduced income.

For those approaching retirement, the loss of pensions through diminishing equities or savings means that some have to continue working to make suitable provision. Others approaching retirement were concerned for the future as opportunities to make suitable pension provision have not been available to them.

Rol: Almost all participants had already retired and the four who were below retirement age did not mention the challenges or strategies they might engage in, in order to retire into a decent standard of living. However, participants' fears about the erosion of their State pensions by the imposition of stealth taxes, inflation and other government measures to dilute their spending power was a consistent theme running through the three focus groups. Additionally, the burden of applying for a medical card on a two yearly basis in the face of increasing age and frailty was causing alarm and problems for the participants.

Summary: Participants in NI seem to be struggling to maintain a decent standard of living and at times losing the battle. Their counterparts in the Rol, at present, are slightly more affluent. However, all participants in both jurisdictions have palpable fears for the future because of their diminishing resources. It would seem that being forced to complete forms to access benefits in both jurisdictions is putting a burden on older people that is difficult for them to shoulder.

The concern in NI about approaching retirement with diminishing pension provision was not replicated in the focus groups in the Rol, because all but two participants were living on pensions or other social welfare payments. However similar issues have arisen in Rol as has been reported in the results of the research with financial advisors.

8.4.3. Discussion

Although in many ways the NI and RoI are poles apart some of the demographics and measures of deprivation reported in the focus groups reflect the demographics of this cohort of the population on both sides of the border as demonstrated in Chapter 2:

Based on the comments of the participants on both sides of the border, we can now ask: are their governments' social policies on the eradication of poverty and deprivation in the two jurisdictions successful or are they merely rhetoric?

The experience of the recession as recounted by participants in both jurisdictions was quite similar. Many participants, mostly women, were living solely on State pensions and some were experiencing degrees of poverty and social exclusion in NI and poverty deprivation in the RoI.

The state of the health services and care in the community were worrying issues for participants on both sides of the border. Although the UK government's NAPinclusion Action Plan 2007-216 Goal 7 made provision for adequate community care to older people to assist them to live independently in the community for as long as possible, this goal does not seem to be being met, according to NI focus group participants. In the RoI Government's National Development Plan 2007-2013 made provision to continue to increase investment in community care services for older people, including home care packages, enhanced day care and respite services to support them to live independently in the community for as long as possible. Again, this policy was not considered to be working by RoI focus group participants.

It is striking that the fear of crime and security issues only arose in the RoI. One of the UK Government's *Opportunity for All - Tackling Poverty and Social Exclusion* (published annually since 1999) indicators: Indicator 34: Fear of Crime, monitored the diminution in the fear and experience of crime. These aspects of crime, according to the latest report, have diminished. It would seem that this strategy may be working in NI as participants did not mention fear about or experience of crime as part of their overall concerns. Additionally, except for robbery, extortion and hijacking offences all categories of crime have diminished (CSO, July 2010). However, several participants had experienced crime which may have triggered the stated concerns and fear of becoming a victim of crime.

Another worry experienced in both jurisdictions was fears that rising fuel costs and additional taxes would erode pensions. Fuel poverty has been identified as a serious issue for older people on the island of Ireland (McAvoy, 2007). Social policy in the UK and RoI does not overtly acknowledge this issue. However, in NI there is a Warm Homes Scheme for which people on benefits are eligible. In the RoI part of the Household Benefits Package has a fuel allowance for which people living alone over the age of 66 and couples, one of whom is over 70 years of age, qualify (this initiative is described in Chapter 3 above).

The completion of complex forms to access benefits was an issue for all focus group participants. This is another serious problem not addressed by social policy initiatives on either side of the border. Older people, many with failing sight and limited access to help often give up the task of completing complex forms and therefore miss out on benefits (including in NI: Pension Credits and the Warm Home Scheme and RoI the Medical Card for people over 70 years) which could help to make their lives a little easier.

8.5. *Conclusions*

We can say therefore that in spite of the lofty ideals in relation to the eradication of poverty and social exclusion/deprivation in the EU, UK and RoI, many of the participants, especially women solely in receipt of state pensions in the six focus groups North and South, appear to be teetering on the verge of poverty. It is very evident that the recession has had a negative impact on all participants because it has generated a fear for the future in them which at this stage in a person's life, with limited resources and failing health, cannot be easily alleviated.

9. Summary and Conclusions

The financial crisis of 2007 and the subsequent credit crunch have had a profound effect on economies around the world. Many countries experienced a recession in the early part of 2008 including the UK, Northern Ireland and the Republic of Ireland and there has been much research assessing its impact on different sections of the population. The recessions in both the North and the South have been beset by cuts in public expenditure. Some commentators are of the view that these cuts are too deep and too soon and they will lead to a 'double-dip' recession by late 2010 or early 2011, others disagree.

This research focused specifically on the impact of the recession on older people and used a number of different methods to explore how older people have been affected. Some methods were more successful than others. The assessment of the feasibility of using different datasets in the North and the South was both surprising and disappointing. It was a surprise to discover that so little could be compared across the border. Surveys differed in their purpose, and different units of analysis were used in surveys measuring the same phenomena. It was disappointing because it was possible only to present a pre-recession comparative base-line of the living standards of older people. It was not possible, because of the unavailability of post-recession data, due to the length of time it takes to analyse and publish the data, to carry out a quantitative assessment of the impact of the recession on older people. This, however, can now be easily carried out once the data become available. More positively it has provided a basket of measures that can be used to assess future change.

The comparative data analyses revealed considerable baseline differences between older people in the North and older persons in the South. Principally, Northern pensioners have a lower standard of living than their southern counterparts. As a consequence the recession is likely to have a greater impact in the North than the South. The surveys of financial advisors and retirement planners and the focus groups confirmed this and teased out more precisely the impact of recession on older people. Together with the contextual analysis six broad conclusions emerged from the study. They are presented in no particular order.

First, the recession is having a differential material impact on older people depending on how they are funding their retirement. All the pensioners, whether on state pensions or occupational and private pensions, with savings in deposit accounts have seen the returns drop to zero and now inflation is eroding the value of the savings. Pensioners already living in poverty have experienced little change in their overall circumstances, although in the North food and fuel prices have increased while in the South food prices have declined. Struggling on inadequate income is not a new experience and choices are often made between 'heat or eat'. Those

recently retired or are near retirement with private pensions have been badly affected because the value of the investments in their 'pension pots' have been severely eroded because of the drop in the value of shares in contrast to those who had already brought an annuity. The crash in the property market in the South had impacted adversely on a number of clients who had invested heavily in property companies or who had purchased houses expecting a steady rental income, which has not occurred and they are left with negative equity, high mortgages and low rental incomes. Those older people approaching retirement age have to cope with a considerably increased degree of doubt and uncertainty regarding their - and their families' - futures.

Second, the evidence suggests that there is an indirect material impact of the recession on older people. This has taken a number of different forms. For some older people, children have moved back home to live. One of the negative consequences of this is that in both RoI and NI pensioners may lose benefits or have them reduced, such as the living alone allowance and the household benefits package in the South or Housing Benefit in the North. For other older people, the children have failed to get jobs and still have not yet moved out of the family home placing a continuing financial strain on their ageing parents. In other cases families have re-mortgaged their homes to help their children who are struggling with their own mortgages or to provide considerable financial help to their children who are unemployed or struggling financially. While many of these features existed before the recession, the evidence suggests that these aspects of family life have been exacerbated by the recession - especially for older people.

Third, the recession has had a strong and fairly uniform psychological impact on pensioners and, indeed, on their families, which will have long-lasting implications on the next generation's pension provision. An intense feeling of financial insecurity exists within both the already pensioner and approaching retirement population - both members of our older people study group. The survey of financial advisors showed clearly that older people were seeking advice related to financial security rather than investment. In RoI, in particular, older people have unsurprisingly lost faith in banks and other financial institutions. There is considerable fear and uncertainty concerning spending and investment and clients are seeking guaranteed security even if returns are small. There is even a suspicion in the South that this lack of confidence in financial institutions will mean that people will again resort to using the mattress under which to deposit their money.

Financial insecurity is wider than concerns about investment. The focus groups showed that there is considerable financial insecurity about the future. In particular, a number of older people are concerned about rising fuel costs, additional taxes, food price rises, and, in the case of Northern Ireland, the possible introduction of water charges. Those who are coping now are worried that any change would make life very difficult. These worries are compounded by the necessity to complete complex

forms to access benefits to which they are entitled, adding further to their sense of financial insecurity.

Fourth, the welfare strategies for older people in both the North and the South, despite their lofty ideals, look very different from the perspective of those who live close to the poverty line. The experience of the recession as recounted by participants in both jurisdictions was quite similar. Many people were concerned about the health services and care in the community despite increases in investment by both governments in these areas. One participant gave the example of transport to illustrate the difference between the policy and reality. Free transport is now available in both jurisdictions but he pointed out that many older people can not avail of it either because there is no bus route close to them or the buses are too infrequent for them to make use of a wider transport network.

Fifth, age discrimination against older people in work was reported by both CAB advisors in NI and the MAB advisors in the RoI. It was suggested that this was affecting decisions concerning redundancy, early retirement and recruitment.

Sixth, the recession is likely to exacerbate some but not all inequalities which existed prior to the recession and which are discussed fully in the report. Many more people are unlikely to be able to afford to save for a pension - a trend already observed by one financial advisor. Hence the number of people and the proportion of the population dependent on a state pension will continue to increase. This will do little to eradicate the existing two nations in older age. Job losses in the public and private sectors will increase the number of people unable to provide for a pension but will leave unaltered the existing inequalities between the public and private sectors. The considerable differentials between older people within the public and private sectors, similarly are likely to be unaffected at best but more probably widened by the recession.

Perhaps the most important impact of the recession on inequalities will be in relation to women and will further disadvantage them in older age. More women than men are likely to lose their jobs because of the impact of the recession on the service sector and the government's decisions in regard to the public sector - two areas in which there are proportionately more women than men. This will affect their contributions and their ability to build up a personal pension. In addition, women rely much more on public services than men and any curtailment will again adversely affect women particularly in older age as women outlive men.

10. References

AgeNI (2009). *Positive Ageing – is the Government’s Strategy fit for purpose.* Belfast: Age Concern and Help the Aged.

Age UK (July 2009). *Coping with the crunch: the consequences for older people.* London: Age UK. Available at: http://policy.helptheaged.org.uk/NR/rdonlyres/81925E83-426E-441A-B0E8-4666E05A62EE/0/coping_with_the_crunch_160709.pdf

Babbie, E. (2010). *The Practice of Social Research* (12th ed.). Belmont, CA: Wadsworth.

Baker, S. (2009). *UK Workers to Retire on Less than the Average Wage.* PensionsAge. Available at: <http://www.pensionsage.com/pa/UK-workers-to-retire-on-less-than-the-average-wage.php>

Bennett, E. (2009). *Recession Postponing Retirement.* Pensions Age. Available at: <http://www.pensionsage.com/pa/Recession-postponing-retirement.php>

Bradshaw, J., Middleton, S., Davis, A., Oldfield, N., Smith, N., Cusworth, L. and Williams, J. (2008). *A Minimum Income Standard for Britain: What People Think.* York: Joseph Rowntree Foundation.

Cabinet Office (2009). *2009 Autumn Performance Report.* London: Stationary Office. Available at: <http://webarchive.nationalarchives.gov.uk/20100416132449/http://www.cabinetoffice.gov.uk/media/319667/apr2009.pdf>

Callan, T., Nolan, B., Walsh, J.R., Whelan, C.T., and Maître, B. (2008). *Tackling Low Income and Deprivation: Developing Effective Policies.* Dublin: ESRI. Available at: <http://www.esri.ie/UserFiles/publications/20080617141815/RS001.pdf>

Cann, P. and Dean, M. (2009). *Unequal Ageing: the untold story of exclusion in old age,* Bristol: Polity Press.

Central Statistics Office (August 2007). *Ageing in Ireland 2007.* Dublin: Stationery Office. Available at: http://www.cso.ie/releasespublications/documents/other_releases/2007/ageinginireland.pdf

Central Statistics Office (2009). *Measuring Ireland’s Progress 2008.* Dublin: Stationery Office. Available at: http://www.cso.ie/releasespublications/documents/other_releases/2008/progress2008/measuringirelandsprogress.pdf

Central Statistics Office (November 2009). *Survey on Income and Living Conditions (SILC) 2008*. Dublin: The Stationery Office. Available at: <http://www.cso.ie/releasespublications/documents/silc/Current/silc.pdf>

Central Statistics Office (June 2010). *Quarterly National Accounts Quarter 1 2010*. Available at: <http://www.cso.ie/releasespublications/documents/economy/current/qna.pdf>

Central Statistics Office (July 2010). *Recorded Crime: Quarter 1, 2010*. Dublin: Author. Available at: <http://www.cso.ie/statistics/CrimeandJustice.htm>

Central Statistics Office (February 2010). *Women and Men in Ireland 2009*. Dublin: Stationery Office. Available at: http://www.cso.ie/releasespublications/documents/other_releases/2009/womenandmen2009.pdf

Collin, C. (2007). *Poverty Reduction Strategies in the United Kingdom and Ireland*. Ottawa: Library of Parliament. Available at: <http://www2.parl.gc.ca/content/lop/researchpublications/prb0728-e.pdf>

Costello, E. And O'Hare, S. (2009). *Feeling the Pinch: Older People's Experience of the Recession in Ireland*. Dublin: Older and Bolder. Available at: http://www.olderandbolder.ie/sites/default/files/feeling_the_pinch_Nov_2009.pdf

Cross, J (2009). *Stocktake of ageing public policy initiatives in Ireland, North and South*. Belfast: CARDI. Available at: http://www.cardi.ie/userfiles/Government%20Structure_N_S.pdf

Davis, A., Hirsch, D. and Smith, N. (2010). *A minimum income standard for the UK in 2010*. York: Joseph Rowntree Foundation. Available at: http://www.minimumincomestandard.org/downloads/2010_launch/MIS_findings_2010.pdf

Department for Work and Pensions (2006a). *Security in retirement: towards a new pension system*. London: Stationary Office. Available at: <http://www.dwp.gov.uk/policy/pensions-reform/security-in-retirement/white-paper>

Department for Work and Pensions (2006b). *The Gender Impact of Pension Reform*. London: Stationery Office. Available at: <http://www.dwp.gov.uk/docs/genderimpactassessment.pdf>

Department for Work and Pensions (September 2008). *Working Together: UK National Action Plan on Social Exclusion*. London: DWP. Available at: <http://www.dwp.gov.uk/docs/uknationalactionplan.pdf>

Department for Work and Pensions (May 2009). *The Pensioners' Income Series, 2007-08*. London: DWP. Available at: http://research.dwp.gov.uk/asd/asd6/PI_series_0708.pdf.

Department for Work and Pensions (January 2009). *Opportunity Age Indicators: 2008 Update*. Available at: <http://www.dwp.gov.uk/docs/indicators-update-2008.pdf>

Department for Work and Pensions (August 2009). *Report on Implementation of Opportunity Age Indicators*. Available at: <http://www.dwp.gov.uk/docs/opp-age-commitments-pres.pdf>

Department of the Taoiseach (June 2006). *Towards 2016 Ten-Year Framework Social Partnership Agreement 2006-2015*. Dublin: Stationery Office. Available at: http://www.taoiseach.gov.ie/attached_files/Pdf%20files/Towards2016PartnershipAgreement.pdf

EIROnline (2009). *End of social partnership as public sector talks collapse*. Available at <http://www.eurofound.europa.eu/eiro/2009/12/articles/ie0912019i.htm>

European Anti Poverty Network (2007). *Making a Decisive Impact on the Eradication of Poverty: Towards an EU Initiative on Social Standard, Summary*. Retrieved 23rd December 2008 from: http://www.eapn.ie/documents.english_summary.doc

European Anti Poverty Network (2009). *Poverty and inequality in the European Union*. Brussels: Author. Available at: http://www.eapn.eu/images/docs/poverty%20explainer_web_en.pdf

European Commission DG Employment, Social Affairs & Equal Opportunities Communications Unit (2010). *The European Social Fund: a cornerstone in the fight against poverty and social exclusion*. Brussels: Author. Available at: http://ec.europa.eu/employment_social/esf/docs/socialinclusion_en.pdf

European Council (2010) *EUCO 13/10*, Brussels, 17 June 2010. [Electronic version available at: <http://register.consilium.europa.eu/pdf/en/10/st00/st00013.en10.pdf>

Evason, E. Lloyd, K. and McKee, P. (2009). *The Truth About Poverty in Northern Ireland*, Belfast: Aged Concern Helped the Aged.

Gibson, N. and Hewitt, V. (July 2010). *Cutting carefully – how repairing UK finances will impact NI. A report for NICVA*. Northern Ireland Council for Voluntary Action. Available at: http://www.donegallpass.org/Oxford_Economics_Report_-_impact_on_NI_July_2010.pdf

Ginn, J. and Arber, S. (1996). Patterns of Employment, Gender and Pensions: The Effect of Work History on Older Women's Non-State Pensions. *Work, Employment and Society*, 10(3), pp 469-490.

Golafshani, N. (2006). Understanding reliability and validity in qualitative research. *The Qualitative Report*, 8 (4), 597-607. Available at:
<http://peoplelearn.homestead.com/MEdHOME/QUALITATIVE/Reliab.VALIDITY.pdf>

Gol, OSI (undated). National Action Plan against Poverty and Social Exclusion 2003–2005. Dublin: Author. Available at:
http://www.socialinclusion.ie/publications/napincl_plan0305.pdf

Gol, OSI (February 2007). *National Action Plan for Social Inclusion 2007 - 2016*. Dublin: The Stationery Office. Available at:
<http://www.socialinclusion.ie/documents/NAPinclusionReportPDF.pdf>

Government of Ireland (2007). *National Action Plan for Social Inclusion 2007 - 2016*. Dublin: The Stationery Office.

Government of Ireland (2006). National Development Plan 2007-2013, *Transforming Ireland – A Better Quality of Life for All*. Available at:
<http://www.ndp.ie/documents/ndp2007-2013/NDP-2007-2013-English.pdf>

Government of Ireland, Department of Social and Family Affairs (2007) *Green Paper on Pensions*. Dublin: The Stationery Office. Retrieved 20th September from
<http://www.pensionsgreenpaper.ie/downloads/GreenPaper.pdf>

Government of Ireland, Department of Social and Family Affairs (2010). *The National Pension Framework, 2010*. Dublin: The Stationery Office. Available at:
<http://www.pensionsgreenpaper.ie/downloads/NationalPensionsFramework.pdf>

Government of Ireland, Department of Social, Community and Family Affairs (1997). *Sharing in Progress – National anti-poverty strategy*, Dublin: the Stationery Office.

Government of Ireland (2010) *National Pensions Framework*. Dublin: The Stationery Office. Available at
<http://www.pensionsgreenpaper.ie/downloads/NationalPensionsFramework.pdf>

Government of Ireland, Office for Social Inclusion (September 2006). *National Report for Ireland on Strategies for Social Protection and Social Inclusion. 2006 - 2008*. Dublin: Office for Social Inclusion. Available at:
<http://www.socialinclusion.ie/publications/natrepspsi06081.pdf>

Hills, J. and Stewart, K. (eds.) (2005) *A more equal society? New Labour, poverty, inequality and exclusion*. Bristol: The Policy Press.

HM Government (July 2009). *Building a society for all ages [Cm 7655]*. London: OPSI. Available at: <http://www.hmg.gov.uk/media/33830/fullreport.pdf>

HM Government (January 2010). *PSA Delivery Agreement 17: Tackle poverty and promote greater independence and wellbeing in later life*. London: Author. Available at: http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/d/pbr_csr07_psa17.pdf

House of Commons Works and Pensions Committee (2009). *Tackling Pensioner Poverty: Fifth Report of Session 2008-09*, London: Stationery Office. Volumes I & II Available at:
<http://www.publications.parliament.uk/pa/cm200809/cmselect/cmworpen/411/411i.pdf>
<http://www.publications.parliament.uk/pa/cm200809/cmselect/cmworpen/411/411ii.pdf>

Irish Civil Service Pensions Information Centre (2005). *Overview of Public Service Pension Schemes*. Retrieved 2nd March, 2010 from <http://www.cspensions.gov.ie/OverviewofPublicServicePensionSchemes.pdf>

Joseph Rowntree Foundation (2009). *Monitoring Poverty and Social Exclusion in Northern Ireland September 2009*. London: Author. Available at: <http://www.poverty.org.uk/reports/ni%202009%20findings.pdf>

Layte, R. (2001). Poverty and Deprivation among Older Irish People. In Y. McGivern (Ed.). *Towards a Society for All Ages: Conference Proceeding*, pp 13 - 17. Dublin: National Council for Ageing and Older People.

Lewis, D. I. (2004). *Potential Sources for Longitudinal Analysis: paper presented to the Pension Review Committee*, London: DWP.

Lundström, F. (2009). *The Living Alone Allowance as a Policy Response to Tackling Poverty: A Sociological Perspective*. Dublin: Combat Poverty Agency.

McAvoy, H. (2007). *All-Ireland Policy Paper on Fuel Poverty and Health*. Dublin: Institute of Public Health in Ireland.

McGill, P. (2009). *Illustrating Ageing in Ireland North and South*. Dublin: CARDI.

Moloney, M. and Whelan, S. (January 2009). Pension insecurity in Ireland. *Journal of the Statistical and Social Inquiry Society of Ireland*, Vol. 38, 2008/09, pp.75-104.

National Economic and Social Council (May 2005). *The Developmental Welfare State*. Dublin: NESI. Available at: http://www.nesc.ie/dynamic/docs/NESI%20DWS_RZ%20Text+Cover.pdf

National Economic and Social Council (2009). *Well-being Matters: A Social Report for Ireland, Volume II, no. 119* October 2009. Dublin: NESC. Available at: http://www.nesc.ie/dynamic/docs/NESC_WB_Volume_II.pdf

Northern Ireland Executive (2008). *Building a Better Future: Northern Ireland Programme for Government 2008-2011*. Belfast: Author. Available at <http://cain.ulst.ac.uk/issues/politics/programme/pfg251007.pdf>

Office for National Statistics (2010). *GDP and unemployment: Recessions compared*. Available at: <http://www.statistics.gov.uk/cci/nugget.asp?ID=2294>

Office of the First Minister and Deputy First Minister (March 2005). *Ageing in an inclusive society*. Belfast: Author. Available at: <http://www.ofmdfmni.gov.uk/ageing-strategy.pdf>

Office of the First Minister and Deputy First Minister (November 2006). *Lifetime Opportunities: Governments Anti-Poverty and Social Inclusion Strategy for Northern Ireland*. Belfast: Author. Available at <http://www.ofmdfmni.gov.uk/antipovertyandsocialinclusion.pdf>

OECD (2009). *Ageing at a Glance 2009: Retirement-Income Systems in OECD Countries*. Paris: OECD.

Policy Exchange (June 2009). *Public Sector Pensions: The UK's Second National Debt*. London: Author. Available at http://www.policyexchange.org.uk/images/publications/pdfs/Public_Pensions_Final_Jun_09.pdf

Prunty, M. (2007). *Older People in Poverty in Ireland: An Analysis of EU-SILC 2004*. Dublin: Combat Poverty Agency.

Public Sector Pensions Commission (July 2010). *Reforming Public Sector Pensions: Solutions to a Growing Challenge*. London: Authors. Available at <http://www.public-sector-pensions-commission.org.uk/wp-content/themes/pspc/images/Public-Sector-Pensions-Commission-Report.pdf>

Savage D. and Veale, Amy (2009). *One Voice: Shaping our Ageing Society in Northern Ireland*, Belfast: Age Concern and Help the AgedNI.

Scottish Widows (2007). *What women need: pension provision for Today and Tomorrow*. Edinburgh: Scottish Widows.

Scullion, F. and Hillyard, P. (2005). *Pensioner Households in Northern Ireland*, OFMDFM Bulletin No 2. Available at: <http://www.ofmdfmni.gov.uk/pensioners.pdf>

Smith, N., Phung, V-H., Davis, A. & Hirsch, D. (2009). *A Minimum Income Standard for Northern Ireland*. York: Joseph Rowntree Foundation. Available at: <http://www.jrf.org.uk/sites/files/jrf/minimum-income-northern-ireland-full.pdf>

Social Exclusion Unit (2004). *Breaking the cycle: taking stock of progress and priorities for the future*. London: ODPM. Available at: http://www.cabinetoffice.gov.uk/media/cabinetoffice/social_exclusion_task_force/assets/publications_1997_to_2006/breaking_report.pdf

Stratton, D. (2004). *The Housing Needs of Older People*. Dublin: Age Action Ireland.

Stratton, D. (2005). *Uptake of Social Welfare Benefits by Older People*. Dublin: Age Action Ireland.

Titmuss, R. (1955). The social division of welfare: some reflections on the search for equity, in P. Alcock, H. Glennerster, A. Oakley and A. Sinfield, *Welfare and Well-being: Richard Titmuss's Contribution to Social Policy*. Bristol: Policy Press.

Vincentian Partnership for Social Justice (2006). *Minimum Essential Budgets for Six Households*. Dublin: Author.

Vincentian Partnership for Social Justice (2009). *Minimum Essential Budgets for Six Households*. Dublin: Author. Available at: http://www.budgeting.ie/index.php?option=com_content&view=article&id=39&Itemid=44

Walker, A. (2009). Why Ageing is so unequal. in P. Cann and M. Dean (eds.), *Unequal Ageing: the untold story of exclusion in old age*, Bristol: Policy Press.

Zaidi, A. (2007). *Challenges in Guaranteeing Adequate Pension Incomes for Women*. Vienna: European Centre for Social Welfare Policy and Research. Retrieved 29th September, 2008 from http://www.euro.centre.org/detail.php?xml_id=886

Zaidi, A. (2006). *Poverty of Elderly People in EU25*. Vienna: European Centre for Social Welfare Policy and Research. . Retrieved 29th September, 2008 from http://www.euro.centre.org/detail.php?xml_id=715

Zaidi A. (2010). *Poverty Risks for Older People in EU Countries – An Update*. Vienna: European Centre for Social Welfare Policy and Research. Available at: http://www.euro.centre.org/data/1264603415_56681.pdf