

Retirement: charting the way

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Aegon seminar

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My world – individual attitudes and perspectives

Concerns around ‘making the money last’

‘Most of us were brought up to save for a rainy day – now it’s starting to drizzle – most of us have been careful and saved and it’s difficult to break the habit.’

Loss aversion – or calculated risk?

F1 “Because I feel if there’s only perhaps a maximum of two in ten people go into residential care or whatever, nursing home care, I’ve got an eighty percent chance of not going in, so you know the odds are fine for me, I wouldn’t go for it.”

F2 “Yes but it’s a heck of a gamble isn’t?”

Our world – social norms

‘The culture I live in makes me feel I don’t exist – I don’t see myself reflected anywhere.’*

- Collectively we discount the second half of adulthood... 1 in 5 over SPA
 - Youth orientated society; career trajectories ‘in a hurry’; politics of social justice
 - ‘Creeping exclusion’ – e.g. only 36% of people 65+ have ever used the internet
- Ageism - caused by and reinforces older people’s ‘outsider’ status
 - Overt: speaking to the helper not the client, neglect in institutions
 - Hidden: ‘benevolent’ prejudice ‘doddery but dear’
 - Internalised: diminished expectations, reluctance to complain

**Too Old: older people’s accounts of discrimination, exclusion and rejection Help the Aged, 2007*

The world – the wider context

Modest savings and investments

- 28 per cent of pensioner couples have less than £1,500 in savings. For single pensioners, the figure is 40% (M), 45% (F)

‘My finances aren’t at the level that I need a financial adviser – if I was David Beckham I would have a financial adviser’

Defining people purely by age increasingly inappropriate

- Current UK life expectancy *at 65* is 85.0 for women and 82.4 for men.
- But someone born in Glasgow City can expect to live 11.7 (F) or 13.6 (M) years less than one born in Kensington and Chelsea.

‘It’s not length of time – it’s if your health changes.’

The world – the wider context

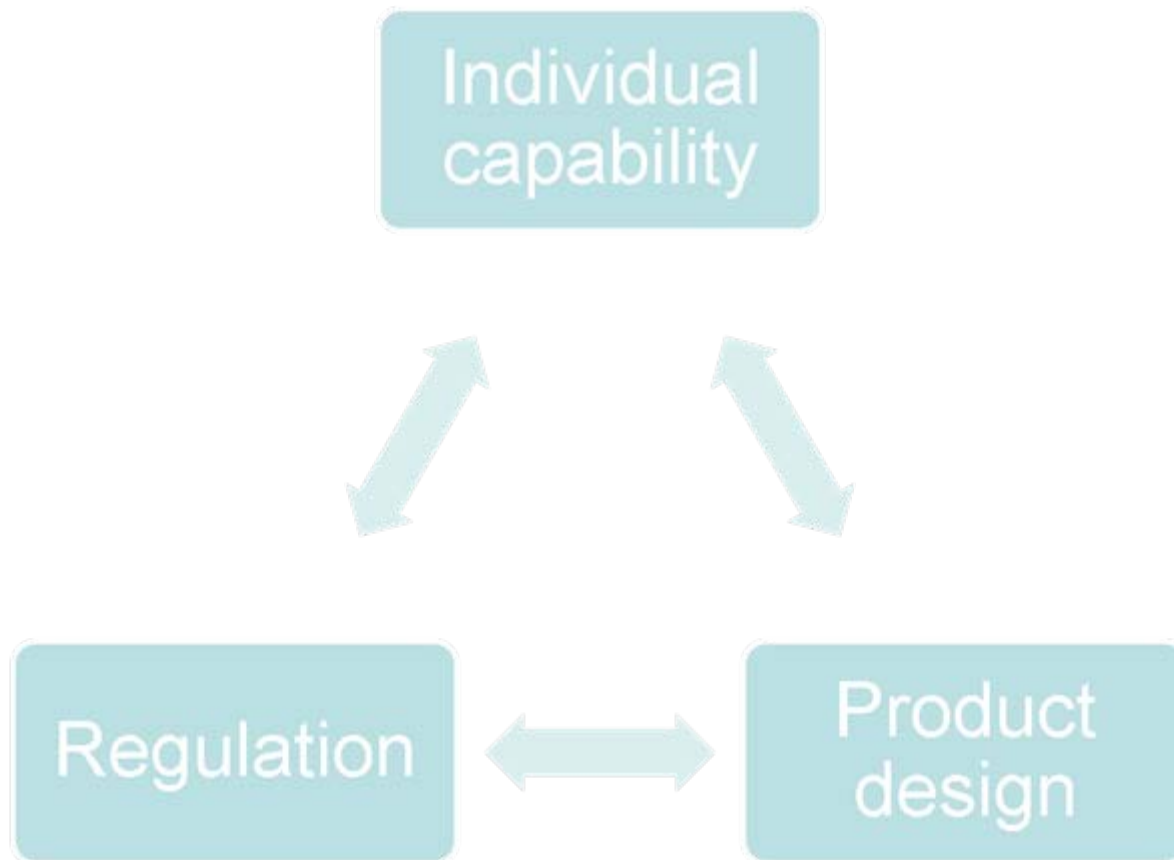
- Major gaps in information – e.g. only a quarter of adults knew their correct state pension age

‘Sandra (54) said that she was unaware that she would be able to draw her state pension until she is 64 which was a bit of a shock to her’

- Legacy issues –

‘Brian and Alice are both in their 50s and work in a shopping centre. Money Trail enabled Brian to trace his six previous DC plans and his Forces pension.’

Financial capability cannot do it alone



Individual capability

- ‘Drip, drip, drip’ transmission of key concepts (e.g. accurate and personal state pension ages, life expectancies and how much you can spend)
- Enabling people look across all their assets and consolidate/keep track of them
- Rebrand annuities?
- Finding triggers for action
- Need for advice after retirement – e.g. around bereavement
- Multi-channel approach to Money Guidance

Product design

- Learning from financial capability initiatives – a virtuous circle

‘Follow up information regarding investments. Don’t walk out and claim commission and leave customers without any further information.’

- Solutions for modest amounts (e.g. automated annuity brokerage)
- Balance flexibility with simplicity (paradox of choice)
- Inclusive design – adaptability, accessibility, fairness, useable information and minimising hazards
- Need to re-assess some key concepts of financial planning, e.g. ‘long-term’
‘Once upon a time I would have said 20 years – now it’s one year.’

Regulation/Government

- Facilitate staged retirement – end default retirement ages and unjustified age discrimination
- Remove penalties for small savers – e.g. around trivial commutation
- Implement pensions reform
- Cross-departmental strategy on advice

A continuous process

Message to the financial services industry from an Age Concern Forum Member:

‘Listen (really listen) to older people. Take time with their needs. Respect for older people is a must (you will be older yourself some day).’