



Older People's Commissioner for Wales
Comisiynydd Pobl Hŷn Cymru

**Response from the Older People's
Commissioner for Wales**
to the
**Financial Capability Strategy for the UK
consultation**

October 2014

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About the Commissioner

The Older People's Commissioner for Wales is an independent voice and champion for older people across Wales, standing up and speaking out on their behalf. She works to ensure that those who are vulnerable and at risk are kept safe and ensures that all older people have a voice that is heard, that they have choice and control, that they don't feel isolated or discriminated against and that they receive the support and services they need. The Commissioner's work is driven by what older people say matters most to them and their voices are at the heart of all that she does. The Commissioner works to make Wales a good place to grow older - not just for some but for everyone.

The Older People's Commissioner:

- Promotes awareness of the rights and interests of older people in Wales.
- Challenges discrimination against older people in Wales.
- Encourages best practice in the treatment of older people in Wales.
- Reviews the law affecting the interests of older people in Wales.

Financial Capability Strategy for the UK consultation

1. As the Older People's Commissioner for Wales I welcome the opportunity to respond to the consultation on the draft Financial Capability Strategy for the UK. I will respond to the sections on 'Preparing for later life' and 'Older people in retirement'¹.

Preparing for later life

2. I support the Strategy's overall aim to improve people's financial capability, so that everyone reaching retirement is at least able to make ends meet, and furthermore achieve higher levels of financial resilience and security.
3. It must be recognised that traditional models of retirement are increasingly irrelevant for a number of older people across Wales. Due to the economic downturn, increased living costs and changing life circumstances, an increasing number of older people are unable to afford retirement at State Pension age and will need to work for longer.
4. In reference to the fact that fewer working-age people are planning and preparing adequately for a financially secure retirement, although some people may not plan for later life due to factors such as inertia and short termism, it must be recognised that an increasing number of older people are unable to plan ahead due to financial urgencies and pressures 'here and now'. Unexpected events such as bereavement, unemployment, divorce and illness mean that many 'younger' older people are unable to prepare adequately for retirement and turn to credit to help make ends meet². I therefore welcome the reference to the complications of planning ahead 'because it involves so many uncertainties over such a long time period' as a key insight³.
5. The recommendations for action, as outlined under building on 'the success of automatic enrolment' and building on 'landscape

¹ http://www.fincap.org.uk/the_strategy

² <https://www.moneyadviceservice.org.uk/en/static/publications>

³ http://www.fincap.org.uk/preparing_for_older_life

changes announced in the Budget 2014' seem appropriate. Overcoming attitudinal and motivational barriers to long term planning is a key challenge to reduce the estimated 12.2 million people facing inadequate incomes in retirement across the UK.

6. I chair the Ageing Well in Wales Programme 2014-19⁴, the national partnership programme to improve the wellbeing of people aged 50+ in Wales. As people will need, or want, to work for longer, it is crucial that they can access learning and skills development opportunities to improve their employment prospects. Further support and advice is required for people aged 50-64, for example, the Welsh Government's Strategy for Older People 2013-23⁵ states that older people who are unemployed are more likely to be long-term unemployed: around 45% of unemployed people aged 50-64 have been unemployed for a year or more compared to 30% of 18-24 year olds and 38% for 25-49 year olds.
7. As a result, 'Opportunities for Learning and Employment' has been identified as one of the Programme's five priority themes. Older people are currently worth over £1bn to the Welsh economy every year⁶, and the Programme will aim to unlock the potential of older people through further learning, employment and volunteering opportunities. Such an approach will help ensure that the individual, community and the wider economy benefit.
8. Providing older people with learning and skills opportunities to remain in or re-enter the labour market is crucial to their financial wellbeing. Such opportunities in turn promote full economic and societal participation, ensuring that older people are able to remain engaged with the community and maintain their health and independence for longer. As outlined in the Welsh Government's Declaration of Rights for Older People, older people have the right

⁴ <http://www.olderpeoplewales.com/en/Ageingwell/The-programme.aspx>

⁵ <http://wales.gov.uk/topics/health/publications/socialcare/strategies/older/?lang=en>

⁶ http://www.olderpeoplewales.com/en/Publications/pub-story/14-02-25/The_Importance_and_Impact_of_Community_Services_within_Wales.aspx

to work and must be provided with the same opportunities as everyone else in order to better support themselves in later life⁷.

9. Working with key partners in Wales to provide advice, support and information, I will be working to ensure that older people are better prepared for later life, are able to plan ahead more effectively, and are more resilient. Driven by key Welsh Government legislation such as the Financial Education and Inclusion (Wales) Bill⁸ and the Well-being of Future Generations (Wales) Bill⁹, and building on the Welsh Government's 2009 Financial inclusion strategy¹⁰, the Strategy can support people approaching and transitioning into retirement.

Older people in retirement

10. I support the Strategy's overall aim to improve the financial capability of older people so that a strong and independent older, retired population is able to maintain the highest level of financial wellbeing possible, given personal financial means and pressures, and in the face of the challenges posed by physical and cognitive decline in older age. This is particularly important as we adapt to an ageing population: there are almost 800,000 people aged 60 and over in Wales, over a quarter of the population, and, in the next twenty years, this is expected to exceed one million people. The fact that Wales is a nation of older people should be seen as something positive¹¹.
11. I support the recommendations for action. Supporting the 1 in 3 older people who find managing their day to day finances difficult to become more effective money managers is crucial. Ensuring that financial products and services are easy to use and accessible for older people is crucial, as is focusing resources on the key risks to financial wellbeing in later life.

⁷ <http://wales.gov.uk/docs/dhss/publications/140716olderen.pdf>

⁸ <http://www.senedd.assemblywales.org/mglIssueHistoryHome.aspx?lId=9333>

⁹ <http://www.senedd.assemblywales.org/mglIssueHistoryHome.aspx?lId=010103>

¹⁰ <http://wales.gov.uk/topics/people-and-communities/regeneration/publications/fistrategy/?lang=en>

¹¹ [http://www.olderpeoplewales.com/Libraries/Uploads/The Importance and Impact of Community Services within Wales.sflb.ashx](http://www.olderpeoplewales.com/Libraries/Uploads/The%20Importance%20and%20Impact%20of%20Community%20Services%20within%20Wales.sflb.ashx)

12. Improving the financial resilience of older people is one of my key priorities. Since early 2014 I have chaired a working group with partners to look at improving the uptake of financial entitlements amongst older people in Wales.
13. As highlighted in a recent Age Cymru report on poverty¹², whilst the incomes of many older people have remained static their finances have become increasingly pressurised in recent years due to a number of factors e.g. rising costs of essential goods such as food and fuel, historically low interest rates on savings, and declining annuity rates for those reaching retirement with private pensions. With rises in the cost of living predicted to increase, I agree with the Money Advice Service' assessment that without adequate support there is a real danger that more and more people will be unable to cope financially in old age¹³.
14. As outlined in the Welsh Government Strategy for Older People 2013-23, older people are among those at highest risk of financial exclusion and least likely to claim their financial entitlements. It is estimated that 84,000 older people in Wales (14% of those aged 65 or over) are living in poverty¹⁴. This means older people living on a weekly household income of £220 or less after their housing costs are deducted¹⁵. Approximately 90,000 pensioners in Wales are reliant on state benefits alone, with more than half of older people in Wales relying on the £110 weekly State Pension as their main source of income¹⁶. Relatively small numbers of older people in Wales have additional income from occupational or personal pensions.
15. Given these alarming statistics, unclaimed financial entitlements are therefore a key issue. In Wales, unclaimed

¹² <http://www.ageuk.org.uk/PageFiles/41168/Life%20on%20a%20low%20income%20-%20FINAL%20-%20E.pdf?dtrk=true>

¹³ <https://www.moneyadviceservice.org.uk/en/static/publications>

¹⁴ <http://www.ageuk.org.uk/PageFiles/41168/Life%20on%20a%20low%20income%20-%20FINAL%20-%20E.pdf?dtrk=true>

¹⁵ Relative poverty defined as households with an income below 60% of the median UK household income. UK poverty line is £220 per week, severe poverty line is £183-50

¹⁶ http://www.consumerfocus.org.uk/wales/files/2010/10/older_peoples_finances-FOR-WEB-2.pdf

Pension Credit alone is worth £168m each year: around one-third of eligible older people (some 94,800 people) do not claim or receive it¹⁷. Claiming would mean an average additional income of £34 per week, or £1772 a year, money which could significantly improve the lives of many older people¹⁸. It is estimated that 70% of pensioner households in poverty and 80% of households in severe poverty are not in receipt of any major state benefits. Full take-up of income related benefits could reduce poverty among older people by a third¹⁹.

16. My working group, including key partners such as Citizens Advice, Welsh Local Government Association, Age Cymru and the Department for Work and Pensions, is now working with the Welsh Government to discuss what can be done to improve the uptake of entitlements amongst older people in Wales. Inspired by the successful 'Make the Call' campaign in Northern Ireland²⁰ and considering the changes to the State Pension in 2016, partners have agreed that urgent action is required to improve uptake.
17. My working group agrees that older people face significant barriers that exclude them from financial services and advice. Improving the financial resilience of older people means tackling the root causes of under claiming, including the complexity of applying and the 'intimidation' of form-filling; a lack of information about the support available with many older people unaware of their eligibility; the stigma around entitlements and the perceived 'shame' of means-tested benefits; and the lack of support to apply. Whilst digital services are increasingly important, it must be recognised that other methods of engagement are required to reach those seldom reached in society: it is estimated that 38% of people aged 50 and over in Wales are digitally excluded²¹.

¹⁷ <http://www.ageuk.org.uk/money-matters/claiming-benefits/pension-credit/what-is-pension-credit/>

¹⁸ <http://www.ageuk.org.uk/PageFiles/41168/Life%20on%20a%20low%20income%20-%20FINAL%20-%20E.pdf?dtrk=true>

¹⁹ <http://www.bevanfoundation.org/publications/poverty-and-social-exclusion-in-wales-2/>

²⁰ <http://www.nidirect.gov.uk/i-made-the-call>

²¹ Welsh Government Digital Inclusion Delivery Plan – Update 2014

18. As identified in the Wales Strategy for the Money Advice Service 2014-15²², I will work with key partners to improve people's understanding and knowledge of financial matters. I will work with the Money Advice Service, other key partners and the 50+ Forums across Local Authorities in Wales to highlight the help available to older people via face-to-face advice, telephony and digital services.

Conclusion

19. I welcome collaboration and linkages between my financial entitlements work and the Financial Capability Strategy, and further encourage partnership working via other networks such as the Independent Advice Providers Forum. In order to maximise impact on the ground, it is essential that the new Strategy complements existing schemes such as Citizens Advice' 'Better Advice: Better Lives'²³, Community Housing Cymru's 'Your Benefits are Changing'²⁴ and Age Cymru/UK's 'Let's Talk Money' and 'Planning for Later Life' campaigns²⁵²⁶. Such an approach can only strengthen the financial resilience of older people across Wales and help maintain their health, independence and wellbeing.
20. At a time when an increasing number of older people will require support with their finances and austerity measures resulting in reduced front-line advice and information service provision, it is crucial that the progress that has been made to date to promote financial inclusion and improve financial capability is not lost. Preventative support and early interventions are required to help older people develop and maintain their financial wellbeing. The Strategy can help coordinate delivery, avoid duplication,

²² <https://www.moneyadviceservice.org.uk/en/static/publications>

²³ <http://wales.gov.uk/topics/people-and-communities/regeneration/debt/advice/?lang=en>

²⁴ <http://www.yourbenefitsarechanging.co.uk/default.htm>

²⁵ <http://www.ageuk.org.uk/cymru/money-matters/lets-talk-money2/>

²⁶ <http://www.ageuk.org.uk/cymru/gwent/information--advice/planning-for-later-life/>

maximise the impact of resources and ensure a consistent pan-UK approach towards financial inclusion.

21. All efforts must be undertaken to address the worrying potential for increasing levels of over-indebtedness and poverty among the older population in future years²⁷, and I look forward to working with the Welsh Government and others to address the lack of financial skills amongst older people to manage their changing financial circumstances effectively. It is encouraging that older people have been identified as a priority group in the draft Strategy, and I look forward to seeing the finalised version of the Strategy in early 2015.

²⁷ <https://www.moneyadviceservice.org.uk/en/static/publications>