

Financial Capability Strategy for the UK – response from Age Scotland

About Age Scotland

Age Scotland aims to help Scotland's people enjoy a better later life. We believe that everyone should have the opportunity to make the most of later life, whatever their circumstances, wants and needs.

That's why we work to make later life the best it can be. We think Scotland can and should inspire, engage, enable and support older people to change their later lives for the better and ensure there is support for those who are struggling as they live longer to achieve better, happier and healthier lives.

Our community development team provides practical support to over 900 member groups, run by and for older people, around Scotland. We work to inform and reform public policy and practice which affects older people to optimise their quality of life. Through our partnership with Silver Line Scotland, older people have ready access via a Freephone number to information and skilled advice from 8 am – 8 pm every working day, and contact and friendship 24 hours a day, 365 days a year.

We listen to older people to understand what they need to transform their lives for the better. We work to empower older people to use their own voices, and speak out on their behalf. We have a positive, forward-looking vision of our ageing society and the opportunities it brings. And we work in partnership with other charities within the Age Network – Age UK, Age Cymru and Age NI – to promote these values across the UK.

1 What time period should the Financial Capability Strategy cover?

10 years seems reasonable to allow time to monitor and evaluate a generation of young people through their academic life, monitor changing attitudes of working adults to saving and pensions and to look at the early impact of the strategy on the financial wellbeing of older people in retirement.

2 What is your view of the Financial Capability Framework?

Older people have been brought up to manage (propensity to thrift) and do not easily admit they are in financial difficulty. So they need easy access to information and advice. It will be difficult to change the mindset of older people although this may be possible through the younger generation and intergenerational capacity building; financially capable young people may influence their parents or grandparents and support them to use web-based information and to access web-based financial products.

Some older people become socially isolated and will not be open to external influences so awareness of financial capability issues needs to be widespread in support agencies.

Communication difficulties as a result of sensory or cognitive impairment can be a barrier to accessing drop-in advice services, as can transport issues. A physical or mental inability to wait in a busy waiting room or a reluctance to be seen there are also barriers. Many advice agencies no longer have the resources to answer the phone and appointments are frequently made online which is barrier to older people who are not digitally literate or are not comfortable about disclosing personal data online. The Money Advice Service has some very useful information on its website however the majority of people contacting Age Scotland for advice by phone would not access information in this way and those who do make use of computers may do this for email only.

(3) How far do you agree with the objectives of the Financial Capability Strategy?

It will be challenging to change the mindset of an older generation who are on a limited income with no prospect of change to their financial situation.

Many people on low incomes may have a “more positive attitude and motivation to manage money successfully” but do not have sufficient income to meet their needs yet alone save.

(4) What is your view of the financially capable behaviour domains?

It would be useful to make a distinction between different levels of saving and how much resilience these provide – “build resilience” includes small savings (broken appliances) and much larger savings (to cover job loss) – do these belong in the same domain? Saving for retirement and planning for care needs need to be broken down into manageable actions and recommendations.

The domains do not work well as categories for older people who have reached retirement age. Many will have reached retirement with little provision to meet their needs, will have insufficient income to build resilience, may have been managing on a limited budget for a number of years and will not see an advantage to proactively seeking advice and guidance. Callers to Age Scotland are enquiring about equity release to fund repairs to their property and do not have surplus income to save.

(5) How important is it to track financial wellbeing to help measure the impact of the Financial Capability Strategy?

Tracking a person’s wellbeing over time may prove difficult; most people will move up and down the staircase. An unexpected change, e.g. relationship breakdown, bereavement or redundancy could cause a person who has been in a secure position for many years to struggle to make ends meet. Financial wellbeing can also be tracked through the number of bankruptcies awarded, repossession, Debt Arrangement Schemes set up. We need to be careful we do not deter people from seeking advice by asking what they perceive to be intrusive questions. There may

be a difference between self-perception of “struggling” and analysis against objective criteria.

(6) What are your views on the priorities for action that have been identified as a focus for the Strategy? Should any additional areas be added?

Maybe another category of parents or young adults? Not all working age people are preparing for later life, in reality people will be juggling pressures of childcare costs, student loans, car repairs, setting up a home and enjoying leisure time. They need access to clear unbiased information on products available to suit their situation and how to avoid actions and decisions which will damage their financial resilience.

(7) How far do you support the Strategy’s aim for children and young people?

This will support inter-generational financial capability

(8) What is your view of the recommendations for action relating to children and young people? How could they be improved?

(9) How far do you support the Strategy’s aim in respect of preparing for later life?

We support the aim, but the “task” needs to be broken down into manageable steps – every good financial decision at any age is a step towards financial resilience in later life. There is more to this issue than pension saving, people need to manage housing costs and repay debts. There is a risk that with the new “pension freedom” changes and the increase in state pension age, people will have spent their pension savings before retiring.

(10) What is your view of the recommendations for action relating to preparing for later life? How could they be improved?

We agree that research is needed, and support needs to be provided in a variety of ways, through employers, advice and support agencies and through the media. Some people on low incomes opt out of “auto enrolment” as they need to afford day-to-day living costs. Supporting the transition to retirement should also include information about housing options, power of attorney etc. The age range of this target group needs to be clear for the suggested actions to be focused.

It would be useful to also recognise the intergenerational financial pressures people face, and that family members can cause financial problems ranging from not paying their way, to financial abuse including pressure to give away assets.

(11) How far do you support the Strategy's aim for older people?

There is a contradiction between the planning section (page 20 “very few people plan... ”) and this section (page 22 “many older people have planned ahead effectively....”).

The phrase “the challenges posed by physical and cognitive decline in older age” implies assumptions which will not be true for many older people – it is not wording Age Scotland would choose to employ.

It would also be useful to consider the particular financial pressures on older people who are carers, and those who need to access capital sums for housing repairs or funeral costs.

Many older people may be struggling financially, not eating properly and not heating their home adequately in order to maintain payments and honour their responsibilities.

(12) What is your view of the recommendations for action relating to older people? How could they be improved?

Trusted agencies which are in routine contact with older people need to be aware of the triggers and signs of financial problems. Care staff would be well placed to do this as they are in peoples' homes and will be aware if the house is cold and if debt collection letters are accumulating. Could a care needs assessment be a passport to a financial health check? For many, money management support will need to be face-to-face in their home.

Financial service providers should have a better awareness of the financial issues faced by older people (including capacity to contract / instruct in cases of cognitive impairment) and ensure that recommended financial products are appropriate and clearly described. Power of attorney should also be promoted as part of the preparing for later life programme of work.

Traditional generational values and pride prevent people from asking for help.

More needs to be done to encourage those services who engage with older people to work together; Allied Health Professionals, Social Work Departments, 3rd sector support groups, etc.

There need to be debt solutions for older people whose income will remain static, including those who retire with a mortgage.

Vulnerability to scams and mis-selling increases if mental capacity is impaired.

What will be the advice about Funding long term care? At present if someone seeks legal / financial advice about this it is most likely that they will be advised to set up a scheme such as a family trust to effectively protect their assets from inclusion in care fees assessments – this leads to the perverse situation where people on low

incomes and those who have had financial advice to transfer ownership of assets will not pay fees, but people who have not sought advice will have to pay. It is unrealistic to advise people to save £100,000 in case of care costs.

Older people may be loyal to their bank and their employer and trust that they will effectively look after financial issues on their behalf. They may then be reluctant to pay for financial advice.

It would be useful to also recognise the intergenerational financial pressures on older people (family can be a negative influence) and the risks of financial abuse if someone lacks financial resilience.

There are a few further issues we wish to raise about the **Older people in retirement** paper in addition to those raised by Age UK:

“Help people make informed and sustainable decisions about funding long term care” – what options are recommended?

Cognitive impairment – Power of Attorney needs to be widely understood and affordable

Funding long term care costs – this section should recognise the “Free Personal and nursing care” which is available to eligible people in Scotland and also highlight the difference between “care costs” and “hotel costs” which people need to pay. The new Care Act will not apply in Scotland, it would be good to also explain the legal differences within the UK in a UK-wide strategy - Age Scotland, Age Cymru and Age NI also provide advice services.

Age Scotland is currently adapting the Planning for Later Life” resources for use in Scotland.

The report states that 36% of carers have problems managing the money of the person they care for – it is not clear how many of these carers even have legal authority to manage those finances.

In terms of the priorities, it would be good to focus resources on older people before cognitive decline when they still have the mental capacity to grant POA, after that point it is more relevant to provide action and resources for carers of older people (who may be older people themselves).

(13) How far do you support the Strategy’s aims for people with financial difficulties?

There need to be realistic goals and options for people on low incomes who will not be able to resolve their debts quickly (if at all)

(14) What is your view of the recommendations for action relating to people with financial difficulties? How could they be improved?

Pt 10: Consideration must be given to clients in remote rural areas who are unable to access internet and may not have mobile phone reception and in many situations may not be able to access services at a local advice agency. Access to banking and post offices will be limited too. Local councils should also be involved.

Pt 11: agree & some work done on being more transparent with charges however for clients who have limited financial capability & do not understand the jargon more needs to be done to highlight charges and interest and address before these get out of hand

Pt 13: Many formal solutions are not appropriate for people on limited incomes

The new “pension freedom” rules may make it more likely that people with financial difficulties will access their pension savings before retirement to pay their debts, to assist family members who face financial problems or in response to tempting offers of alternative investment (some of which will be scams).

(15) How far do you support the Strategy’s aims in relation to the ease and accessibility of products and services?

For older people, it is important that the best products can also be available to people who are not comfortable to use the internet

(16) What is your view of the recommendations for action relating to ease and accessibility of financial services? How could they be improved?

Financial products which may not be in a person’s best interests, e.g. credit cards, payday loans, high premium insurance with few benefits are easy to access as they take up prime place on search engines and TV advertising. Finding a product that best suits someone’s needs, understanding the jargon, the benefits and penalties can be much more difficult.

There should be more transparency around life assurance policies – these may become void if a policy holder suddenly becomes ill, e.g. stroke and loses mental capacity.

(17) How far do you support the Strategy’s aims in relation to influencing social norms?

We support this aim, but it is vital for any sought change in social norms to be meaningful to people with limited financial resources. This may be a particular challenge for older people as their attitudes may have been established for 50 years or more. In the long term, financial capability needs to be as “normal” as going to the dentist.

(18) What is your view of the recommendations for action relating to influencing social norms? How could they be improved?

A multi-agency approach is needed to include 3rd sector, health, Local authorities, DWP, banks, etc. There needs to be a culture of support not blame.

For older people, and people planning for later life, we think there is scope for peer learning from people a decade or two apart in age. Much of the pension landscape is changing for people who have pension savings etc but key case studies such as “*I wish I’d stopped using my credit cards*”, “*how my budget changed when I retired*” and around mortgages could have an effective impact, as could asking older people what they wish they had known before they stopped work.

(19) How far do you support the Strategy’s aims relating to evidence and evaluation?

We agree, but the evaluation required needs to be proportionate

(20) What is your view of the recommendations for action relating to evidence and evaluation? How can they be improved?

Is there a need for a separate outcome framework for older people?

(21) How would your organisation like to be involved in further development of the strategy?

We would be interested in helping to establish the specific issues for older people and looking at how financial capability may be promoted within this group

We would be interested in looking at issues around preparing for later life (Age Scotland is starting to develop pre-retirement seminars and information)

(22) What role do you see your organisation playing in the implementation of the strategy?

Age Scotland’s Information and Advice team are already doing work towards the strategy’s goals:

- In partnership with The Silver Line, our helpline Silver Line Scotland provides information and advice to older people, their carers and families on issues including benefits and money
- We have established referral relationships with specialist organisations including Shelter, the CAS Armed Services Advice Project, Home Energy Scotland, Care and Repair Scotland and the MAS face-to-face service
- Age Scotland works with Age UK to promote benefit take-up
- We are managing a “Making Advice Work” money advice project
- We deliver presentations about *Welfare reform and older people in Scotland* to our member groups and others.
- We work with Age UK to ensure that their information resources are suitable for use in Scotland and where Scotland-specific
- We are currently running a national campaign to promote Power of Attorney

- Including financial capability information in generalist advice resources such as the Age Maze <http://www.ageuk.org.uk/documents/en-gb-sc/age%20maze%20web.pdf?dtrk=true>
- With funding from Prudential we are adapting the *Planning for Later Life* resources to be self-help resources for use in Scotland in leaflet format and on our website
- We have created factsheets on *The Scottish Welfare Fund* and *Welfare Reform and older people in Scotland*

Resources permitting, we would be interested in

- developing our capacity to include specialist benefits advice for older people and people approaching retirement
- researching older peoples' attitudes to money through our 970 Age Scotland member groups
- improving our financial capability information resources
- Working with older people to explore how they would choose to access information around financial capability
- Working with other service providers (such as care providers) to help them to better identify the money advice needs of older people
- Developing financial health checks for the decades before and after retirement.

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