



Institute for  
Fiscal Studies

## The Changing Face of Retirement

Mortality and future health, care receipt, care provision, working status and disability benefit receipt among older people

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# The headline

- Older women are changing
- In the future:
  - they are healthier
  - they are more likely to be in work, if they are healthy
  - they are more likely to have a surviving husband
  - they are less likely to receive care but more likely to provide it
  - they remain relatively unlikely to combine care provision with paid work

# Data: English Longitudinal Study of Ageing

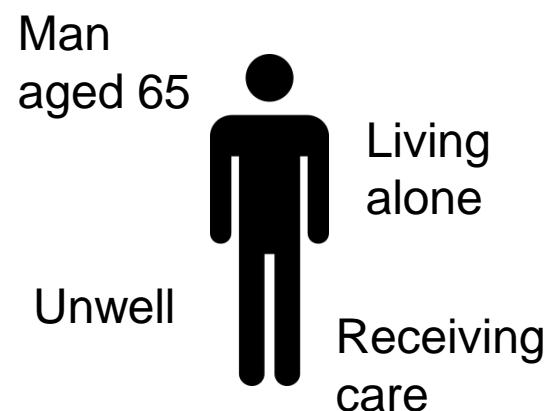
- Most comprehensive data on the population and characteristics we're interested in
- Around 10,000 respondents per wave, in 7,000 households
- Longitudinal: surveys the same people in multiple years
- Allows us to estimate models on about 34,000 transitions
- Biennial survey, so we model two-year transitions
  - five waves of data from 2002-03 to 2010-11
  - projections to 2022-23

# Using ELSA data to model

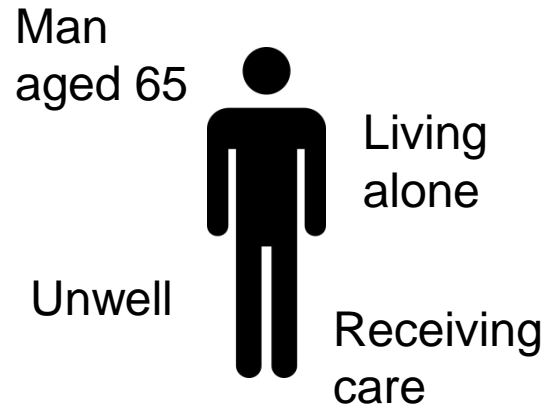
- Look at relationships between outcomes and characteristics over time
- Formalise these relationships in regression models
- Assume relationships continue to hold over time
- Simulate circumstances to 2022-23
  - start with people aged 52+ in 2010-11
  - look at outputs for people aged 65+ through to 2022-23

## Example: mortality

- Predict chance of surviving to next simulation period
- Use relationship between deaths and other characteristics in ELSA

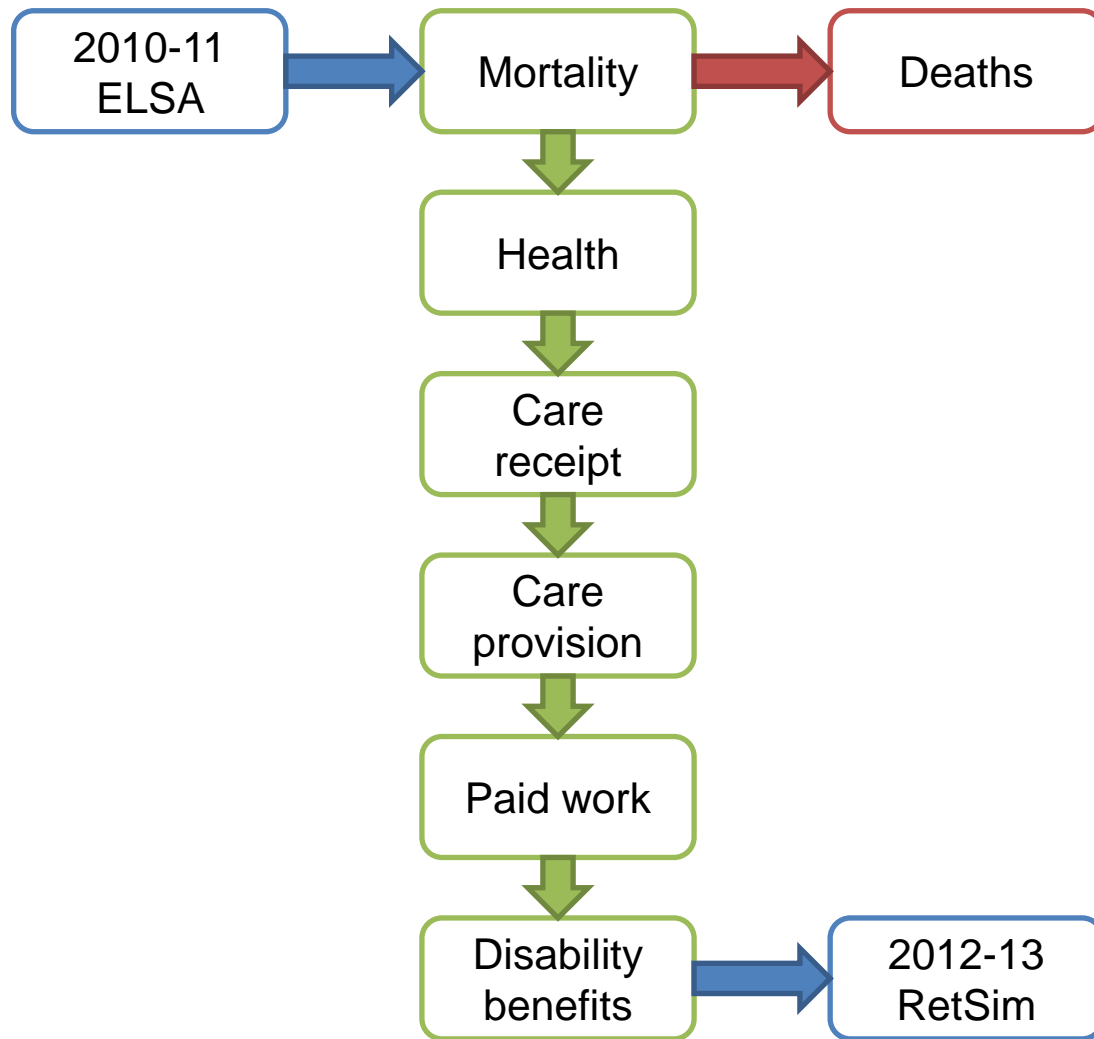


# Example: mortality



- Probability of dying predicted from model
- Flip a weighted coin
- Repeat for everyone in model

# The structure of RetSim (and the presentation)

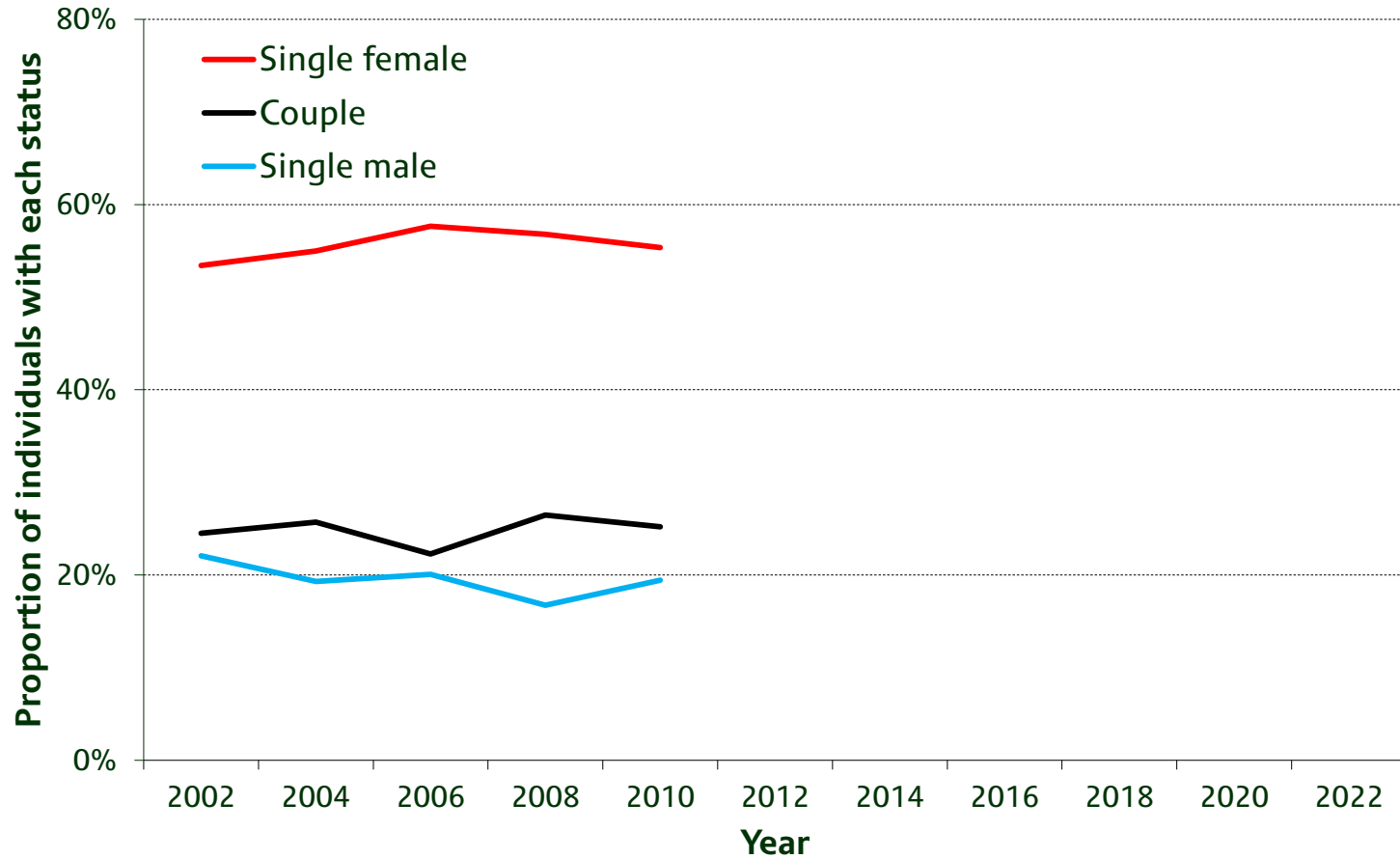


# Mortality

- Both men and women are living longer

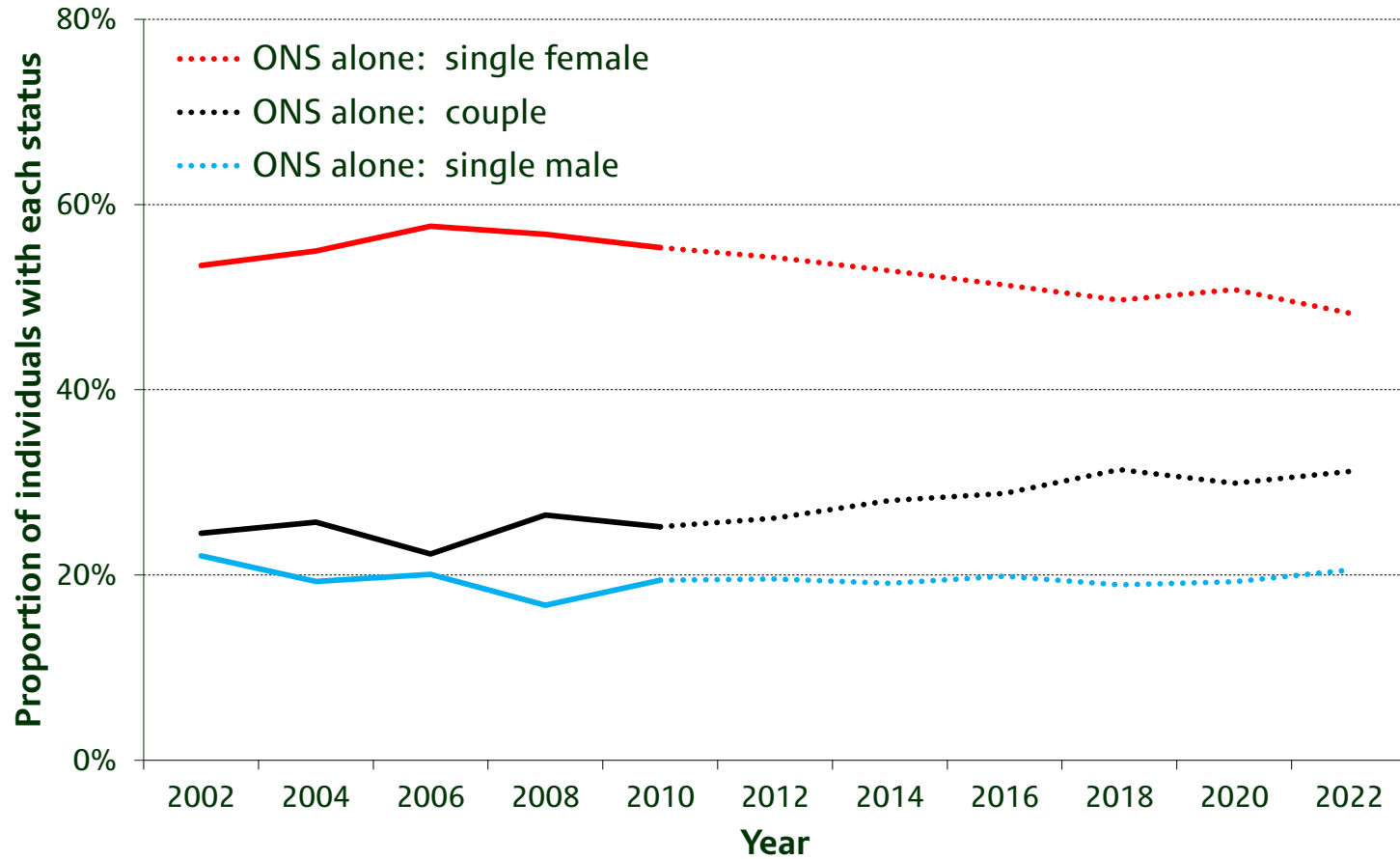


# Family type (85+)



Source: Figure 3.5

# Family type (85+)



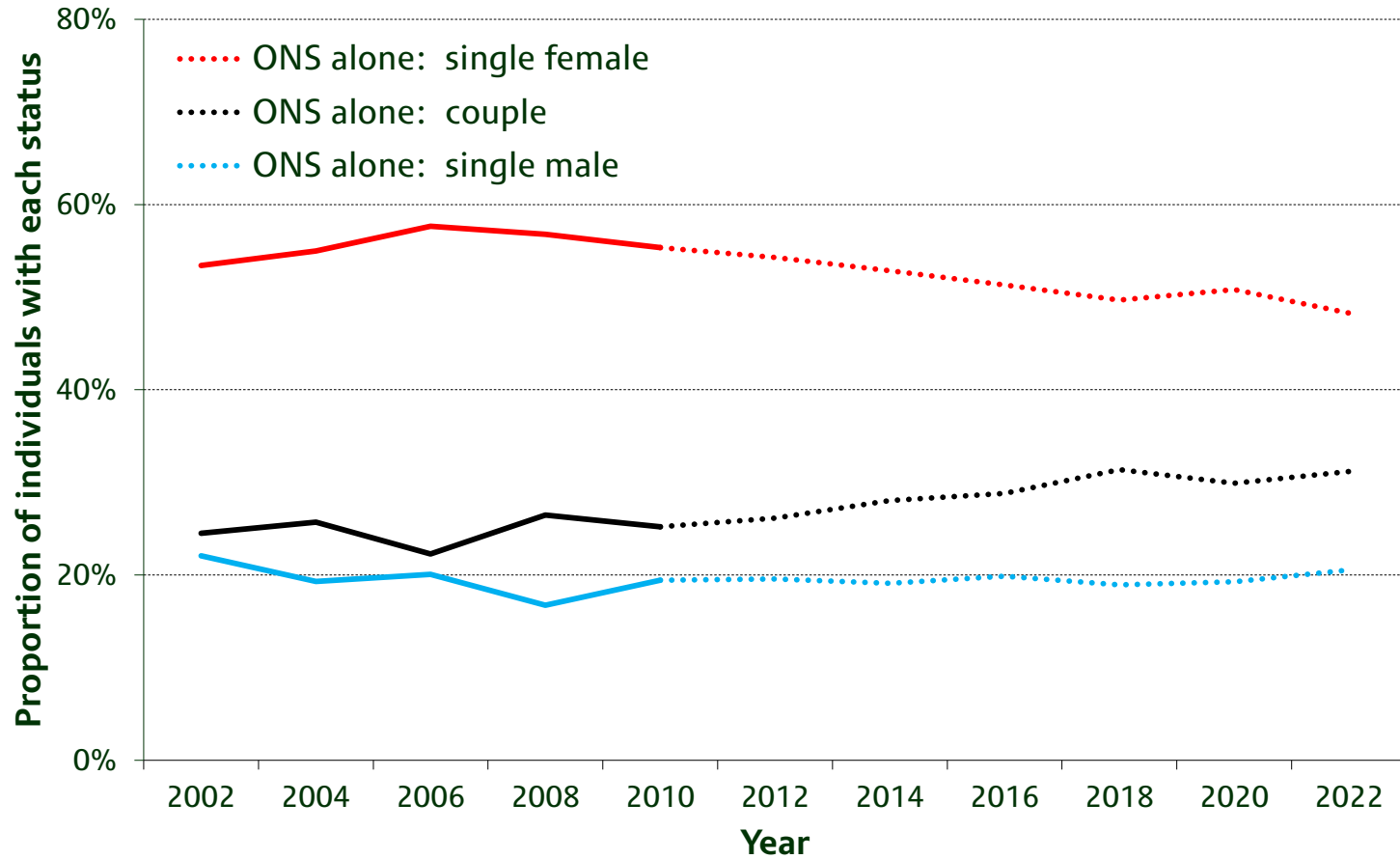
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# Mortality

- Both men and women are living longer
- An increasing proportion of pensioners will live in couples in the future
- The chance of dying in a given period is lower for people in couples than for single people

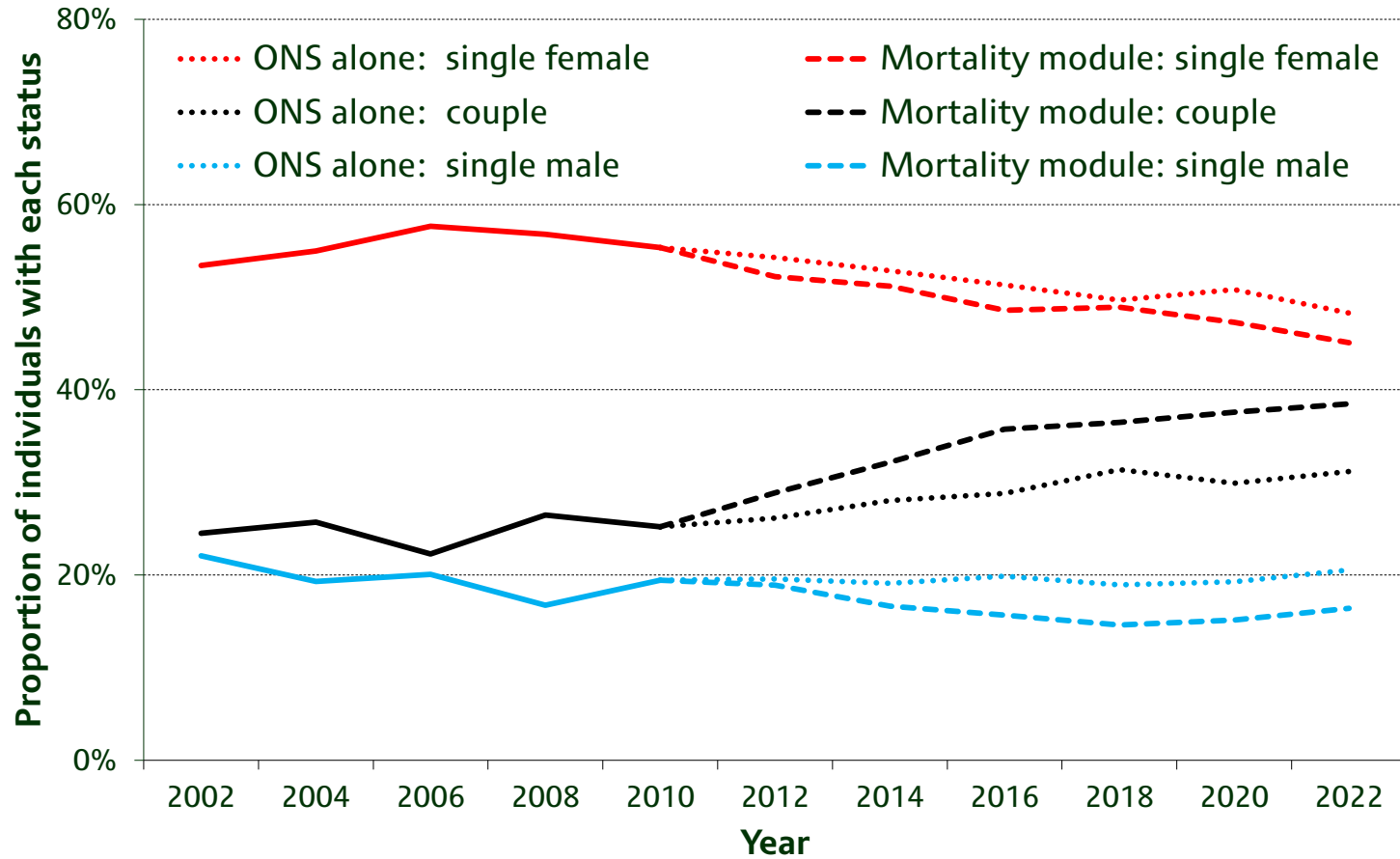


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# Mortality

- Both men and women are living longer
- An increasing proportion of pensioners will live in couples in the future
- The chance of dying in a given period is lower for people in couples than for single people
- Our model shows:
  - 25% of people aged 85+ lived in couples in 2010-11
  - 38% of people aged 85+ will live in couples in 2022-23



# Measuring health

- Objective health index
- Counts reported health problems
  - mobility
  - eyesight and hearing
  - continence
  - mental health
- Groups people into five health categories
- Not equally sized groups

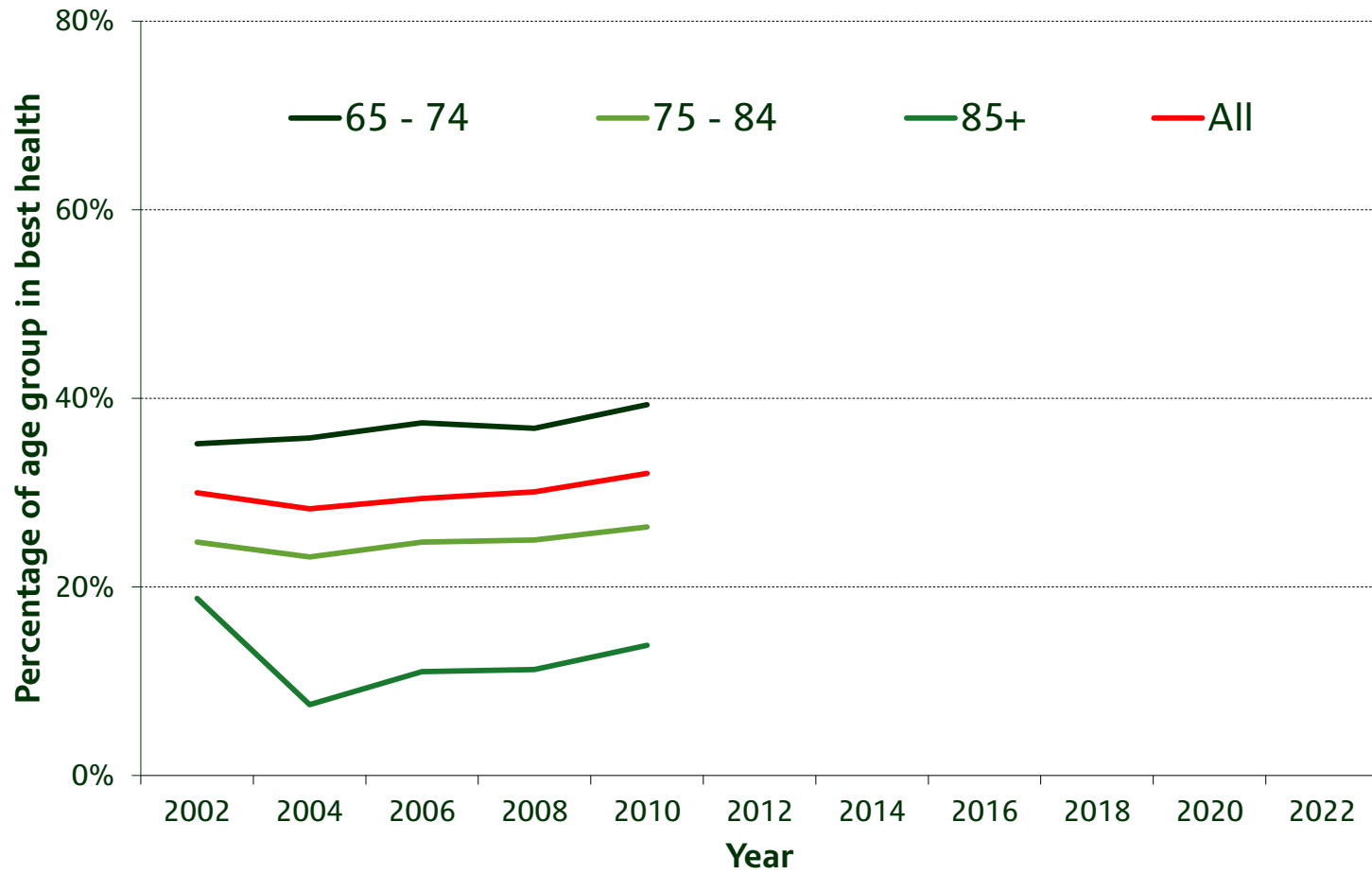


# Health

- Health is poorer among older people

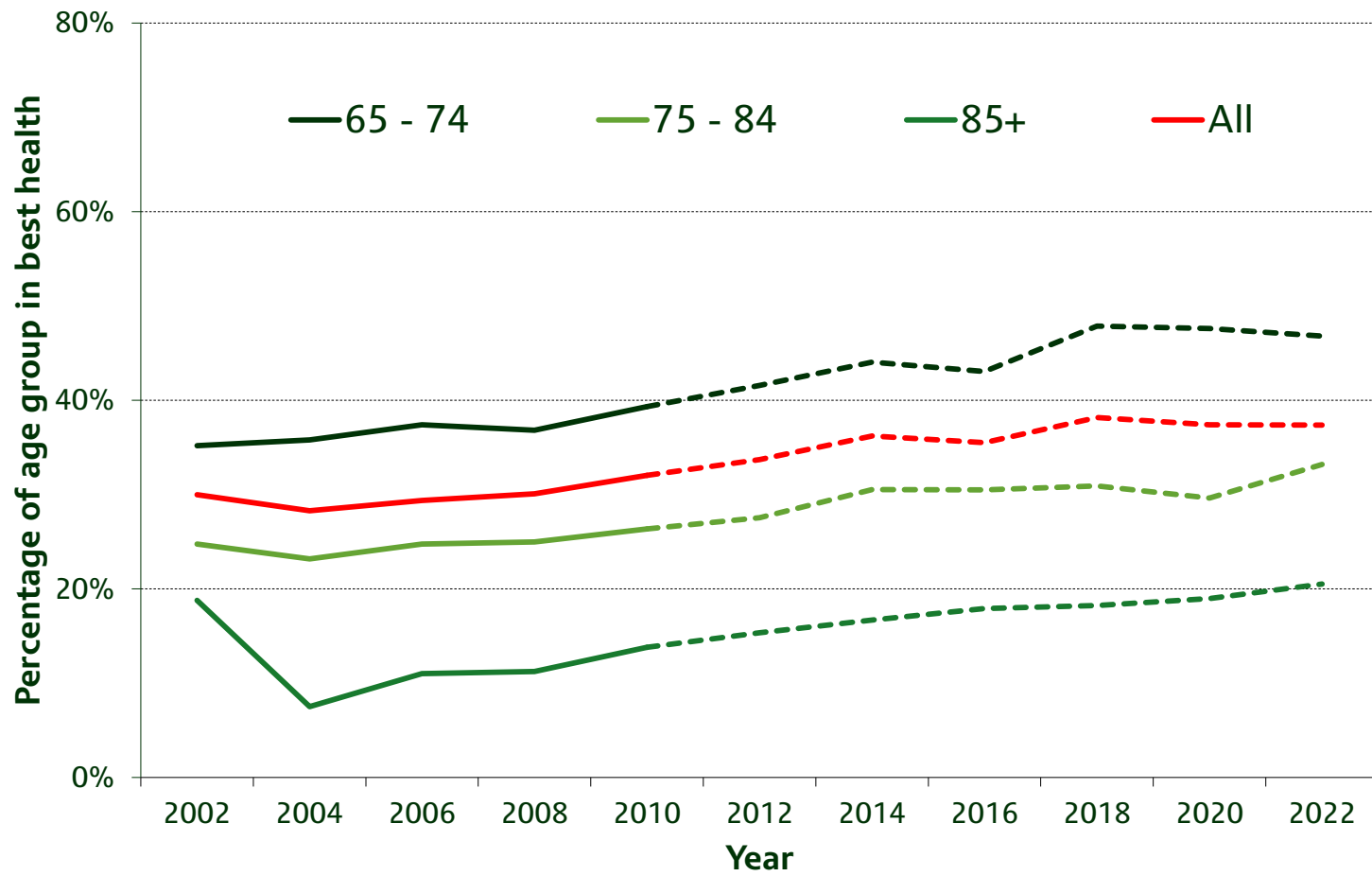


# Trends in health (women)



Source: Figure 3.7

# Trends in health (women)

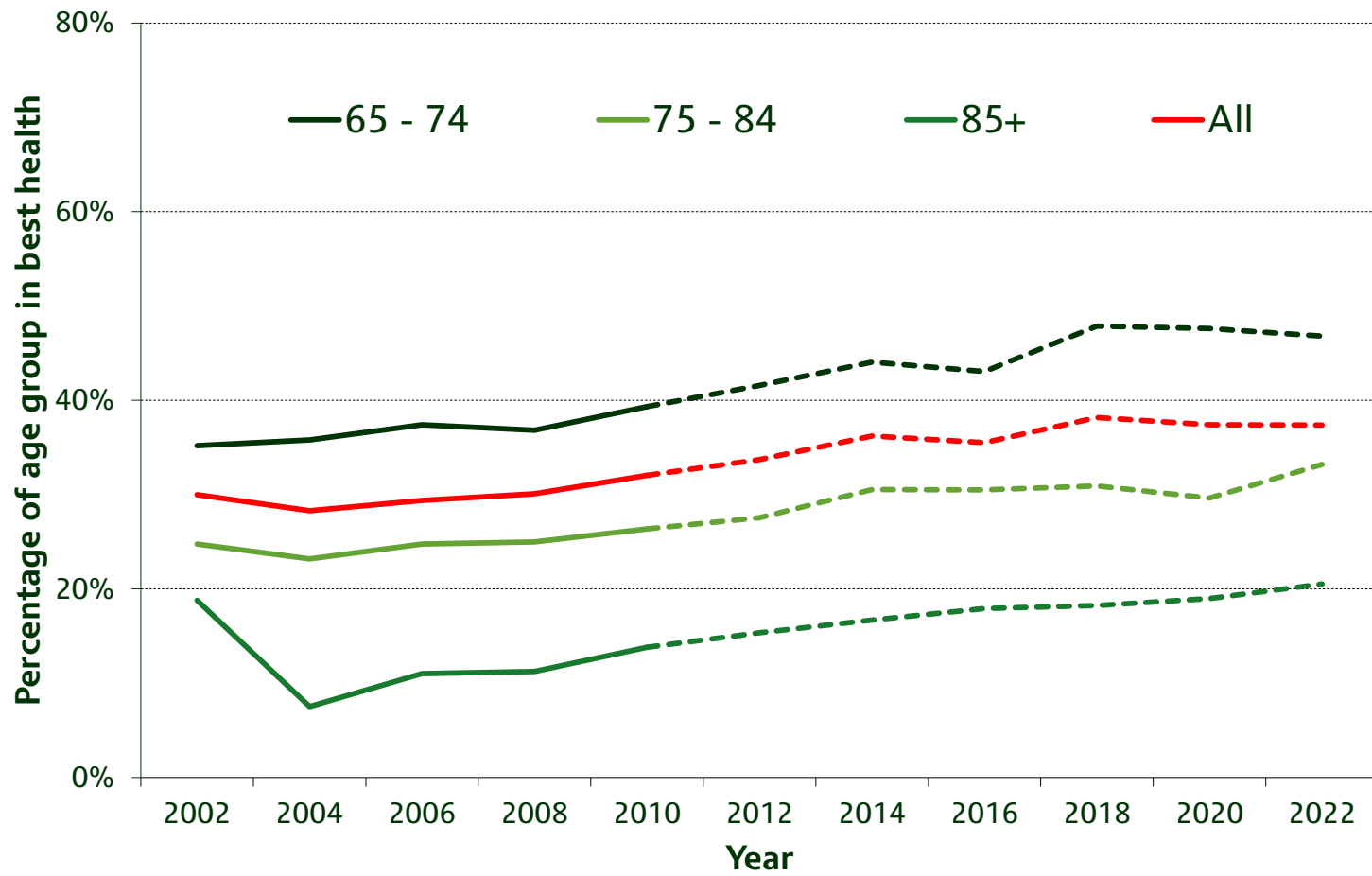


Source: Figure 3.7

# Health

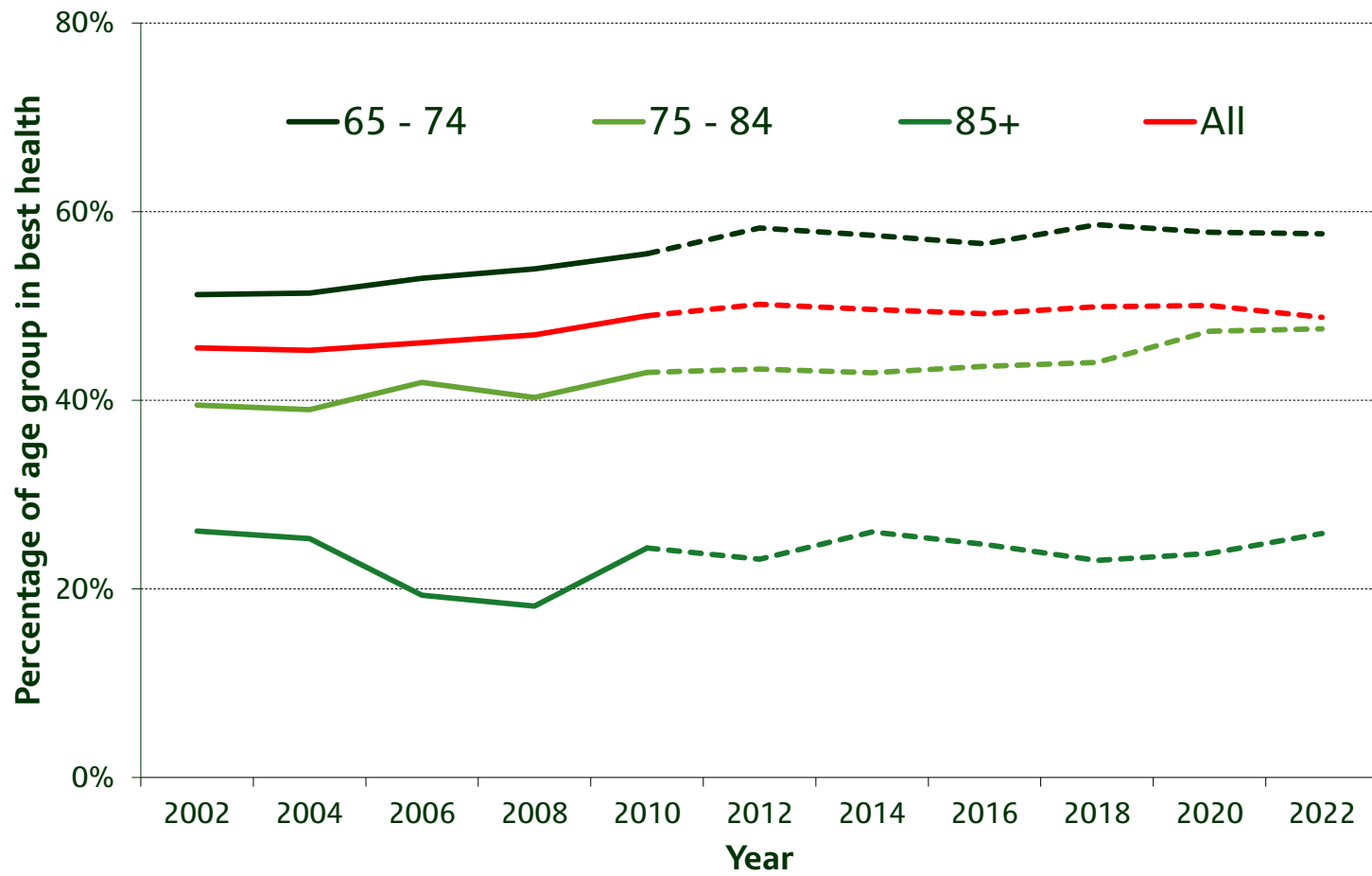
- Health is poorer among older people
- The proportion of women in the best health increases by around 7% within each age group between 2010-11 and 2022-23
- The improving health of women influences a lot of our results
- Men report better health than women

# Trends in health (women)



Source: Figure 3.7

# Trends in health (men)



Source: Figure 3.6

# Health

- Health is poorer among older people
- The proportion of women in the best health increases by around 7% within each age group between 2010-11 and 2022-23
- The improving health of women drives a lot of our results
- Men report better health than women
- Improvements in health for men are more modest
  - 5ppts for 75-84 year olds, 2ppts for 65-74 and 85+

# Care receipt

- Can be informal (by a family member or friend) or formal (from a professional)
- Any help with day-to-day tasks



# Care receipt in 2010

- Likelihood of receiving care increases with age:
  - 18% of men and 29% of women aged 65-74 get care in 2010
  - 49% of men and 65% of women aged 85+ get care in 2010
- Women receive more care than men at all ages
- Most care provided to people living at home is informal
  - only about a fifth of care received by people aged 65+ in 2010 was formal care
  - but more of the oldest (85+) women received formal care than informal care in 2010 (35% compared to 30%)



# Care provision

- People are asked about ‘active provision’ of care
- We split care provision by intensity (whether fewer than or at least 35 hours per week)
- Caring for anyone counts: e.g. partner, parent, grandchild



# Care provision in 2010

- Likelihood of providing care decreases with age:
  - about 20% of people aged 65+ provide care in 2010
  - 25% of 65-74 year old men and 16% of 85+ men
  - 19% of 65 to 74 year old women and 4% of 85+ women
- Most care is provided by people in couples:
  - 32% of men in couples and 3% of single men
  - 26% of women in couples and 6% of single women
- In couples, men report giving more care than women
- Among single people, women report giving more care than men

# Care projections: 2010 to 2022

- Improvements in life expectancy mean:
  - Some less healthy men will live longer and need care from their wives
  - Some less healthy women will live longer and need care from their husbands
  - More people in couples in later life means a shift from formal to informal care for the oldest women

Providing care: age 85+			Receiving care: women 85+		
	2010	2022		2010	2022
<b>Men</b>	16%	21%	<b>Informal</b>	30%	31%
<b>Women</b>	4%	7%	<b>Formal</b>	35%	32%
			<b>Any</b>	65%	63%

# Care projections: 2010 to 2022

- Improvements in female health mean:
  - More women will be well enough to provide care
  - Fewer women will need care, especially at younger ages

Providing care: women		
	2010	2022
<b>65-74</b>	19%	21%
<b>75-84</b>	15%	17%
<b>85+</b>	4%	7%

Receiving care: women		
	2010	2022
<b>65-74</b>	29%	24%
<b>75-84</b>	43%	40%
<b>85+</b>	65%	63%

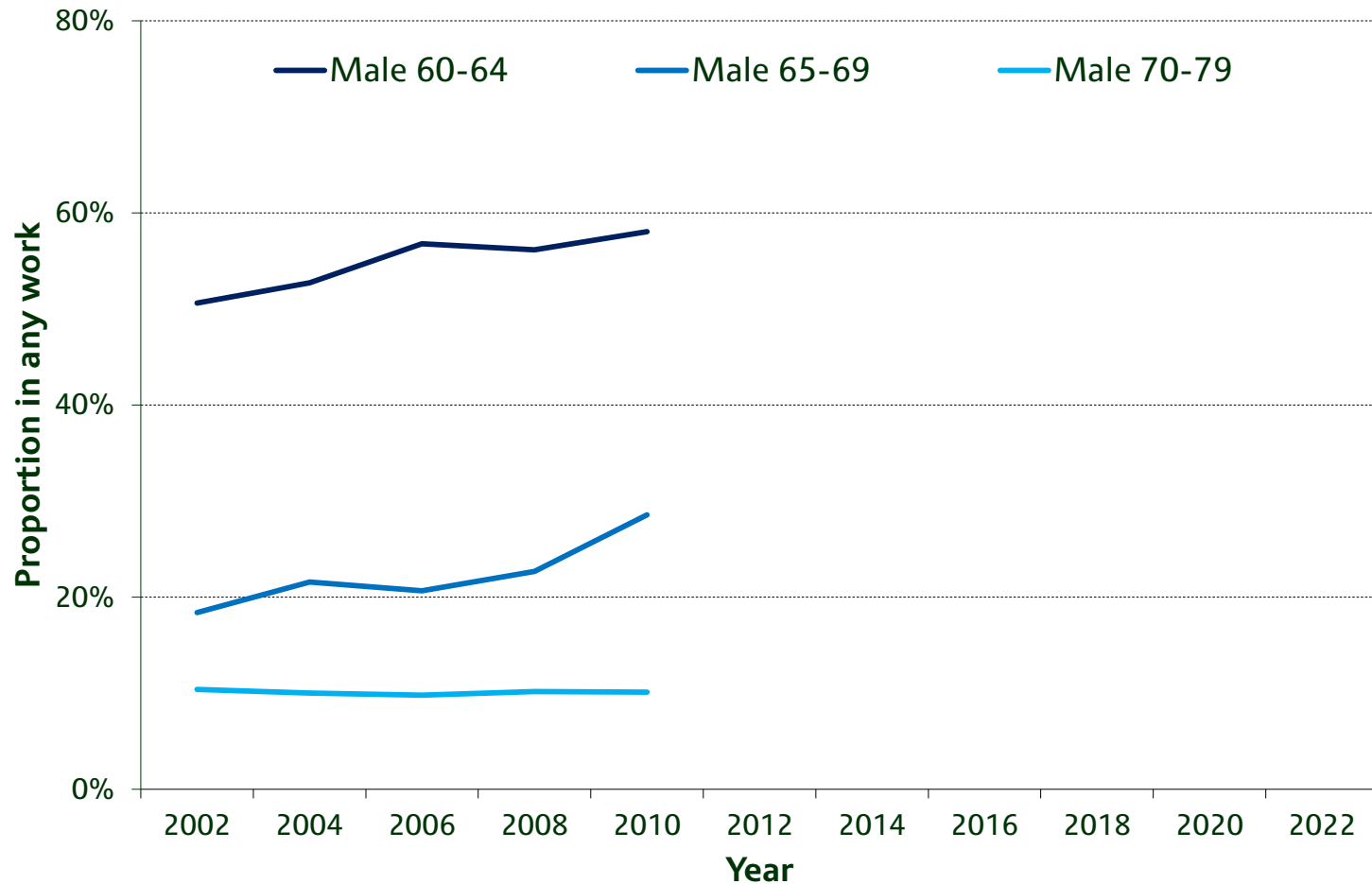
# Modelling paid work and retirement

- People can work part-time, full-time, or not at all
  - People can move from no work to some work until they are 69
  - People can move between full- and part-time work, and stay in work, until they are 79
  - Everyone must be retired by age 80
- Factors that have a significant effect on being in full time work:
  - Being in poor health
  - Receiving informal care
  - Providing high-intensity care
  - Being below state pension age, or having a partner below SPA
  - Having an outstanding mortgage
  - Contributing to a private pension

# Trends in working status

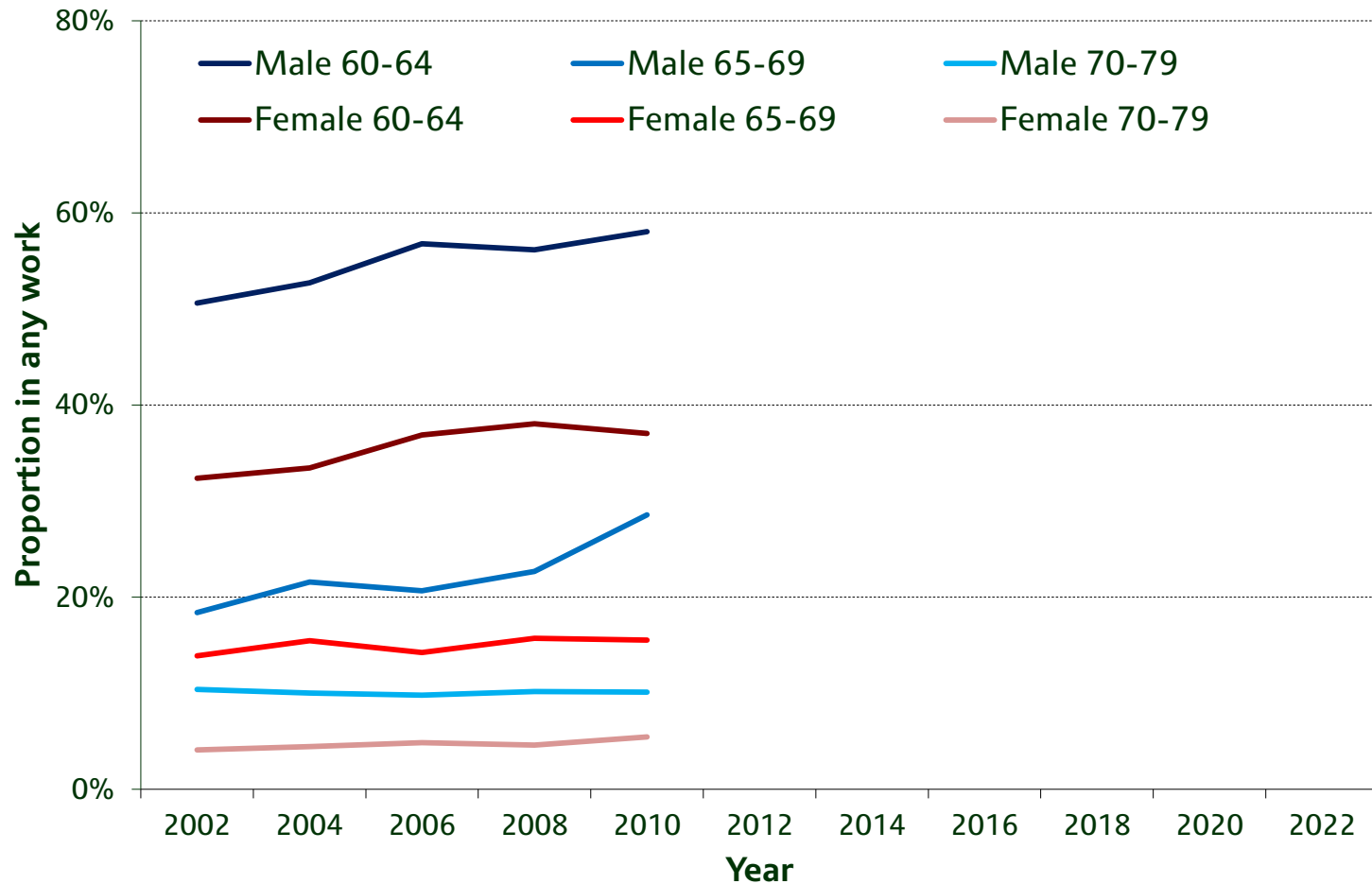
- Among 65 to 69 year old men:
  - over 33% were in work in 1970
  - this fell to a low of 11% in 1987
  - it recovered to 22% in 2010
- Among 60 to 64 year old women
  - employment rates have risen substantially in the recent past
  - 17% were in work in 1985
  - this rose to 31% by 2010
- Female SPA rises from 60 in 2010 to 65 by 2018
- Male and female SPA both rise to 66 by 2020

# People in paid work: ELSA data



Source: Figure 3.10

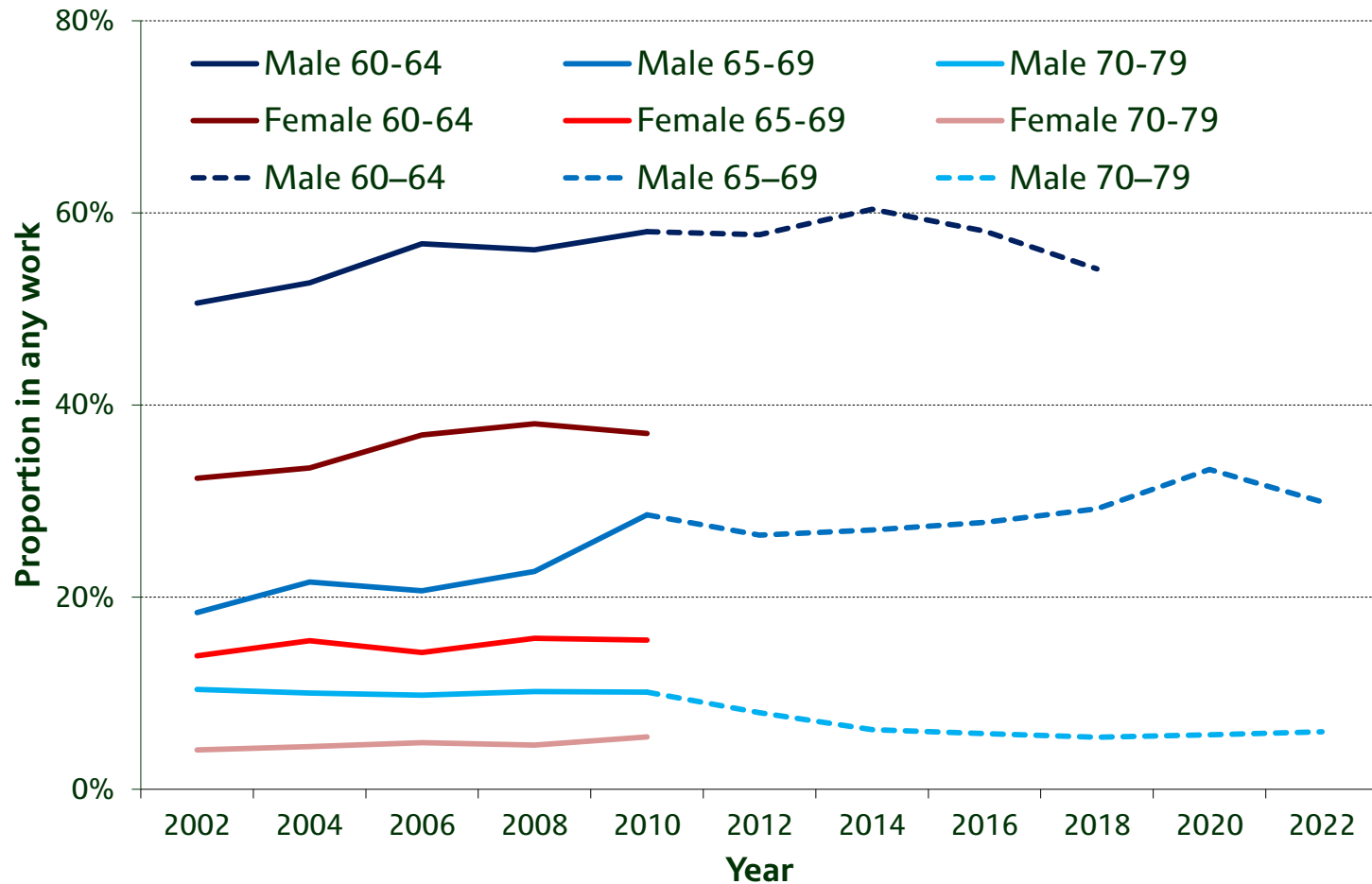
# People in paid work: ELSA data



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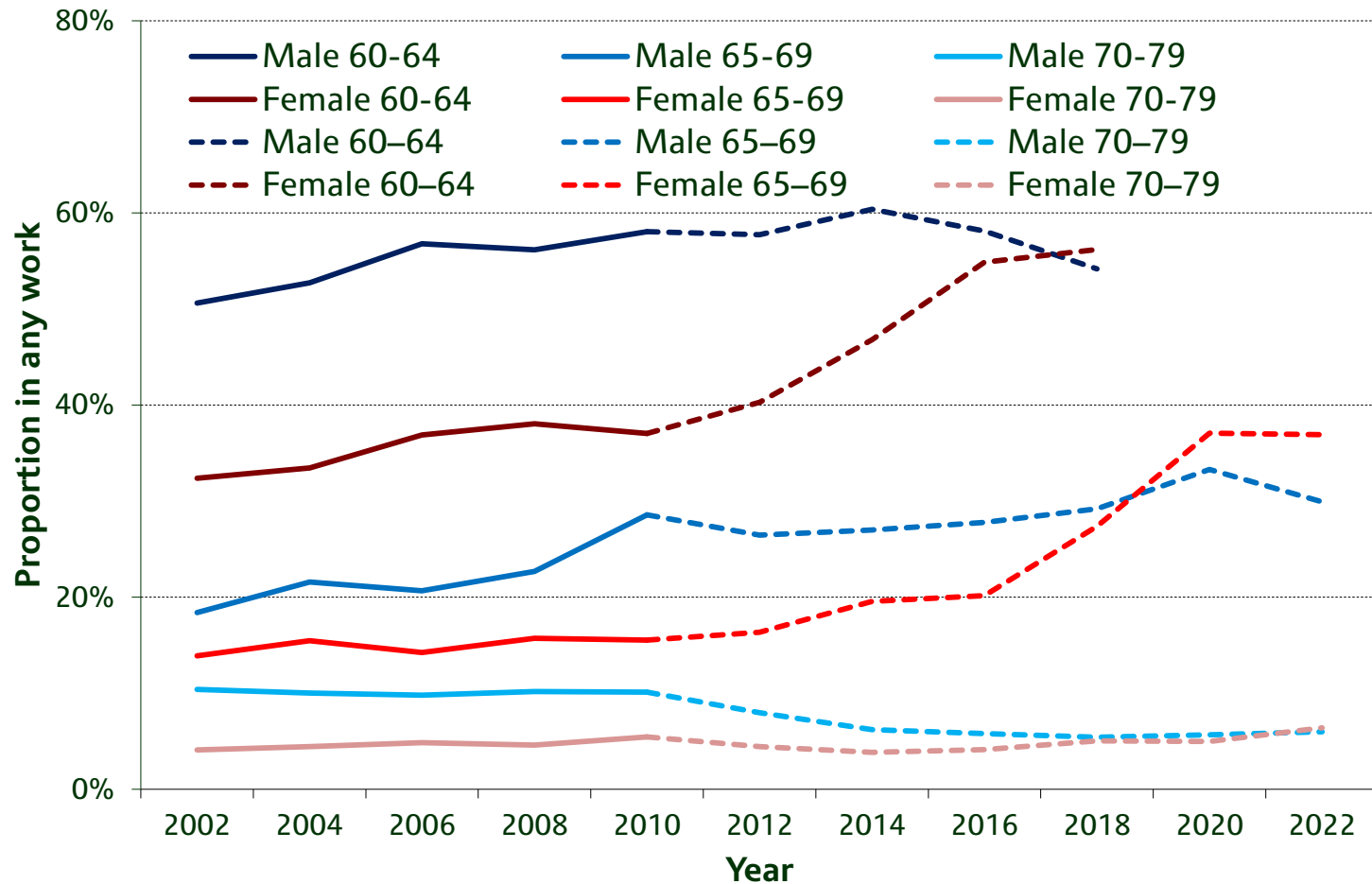


# People in paid work: projections



Source: Figure 3.10

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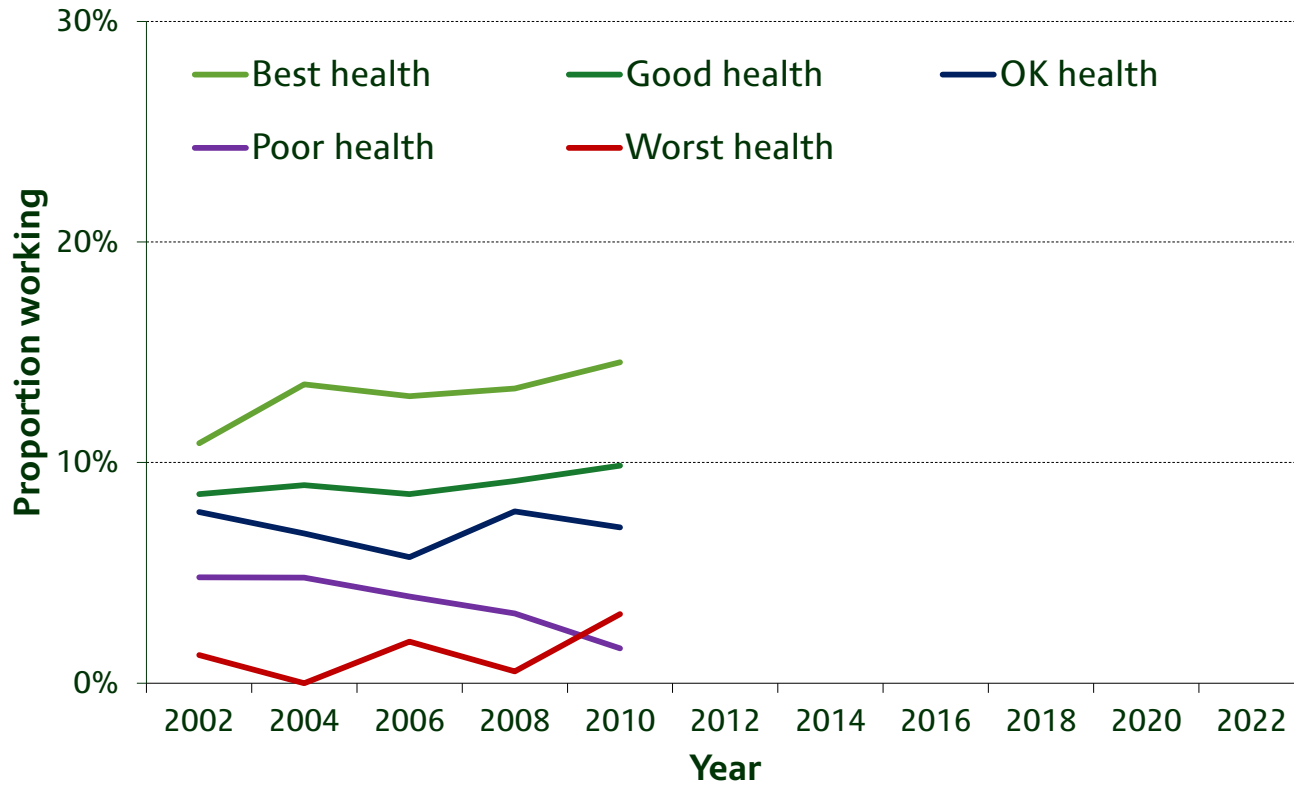
# Results from the labour supply model

- The proportion of women in work increases dramatically
  - 16% of women aged 65 to 69 are in paid work in 2010
  - we project that this will rise to 37% in 2020
- Women in their 60s are as likely to be in work as men in the early 2020s
- This is because of improving health, and in response to the rising state pension age
- This has big impacts on family incomes and on poverty rates

# Results from the labour supply model

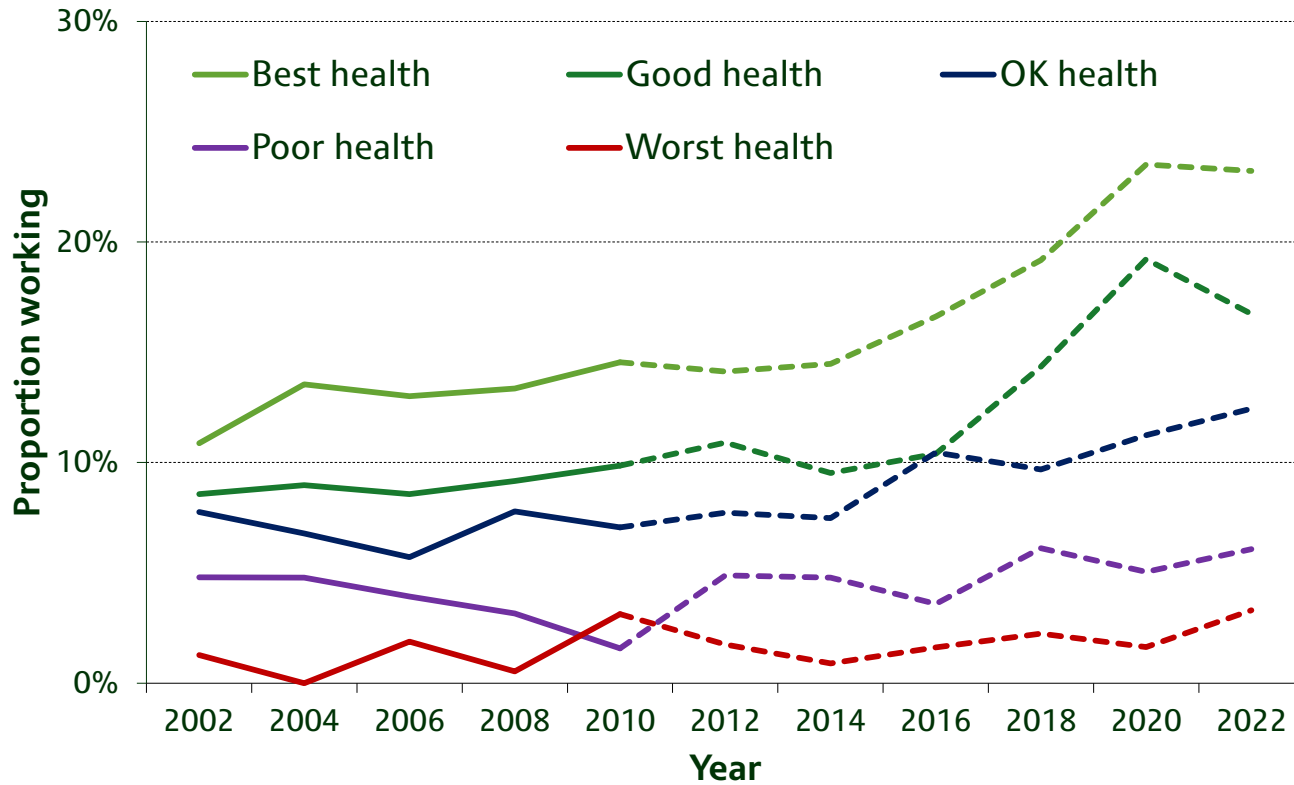
- The rise in female employment:
  - is split between full-time and part-time work
  - is concentrated among the healthiest women

# Women in paid work by health status



Source: Figure 3.19

# Women in paid work by health status

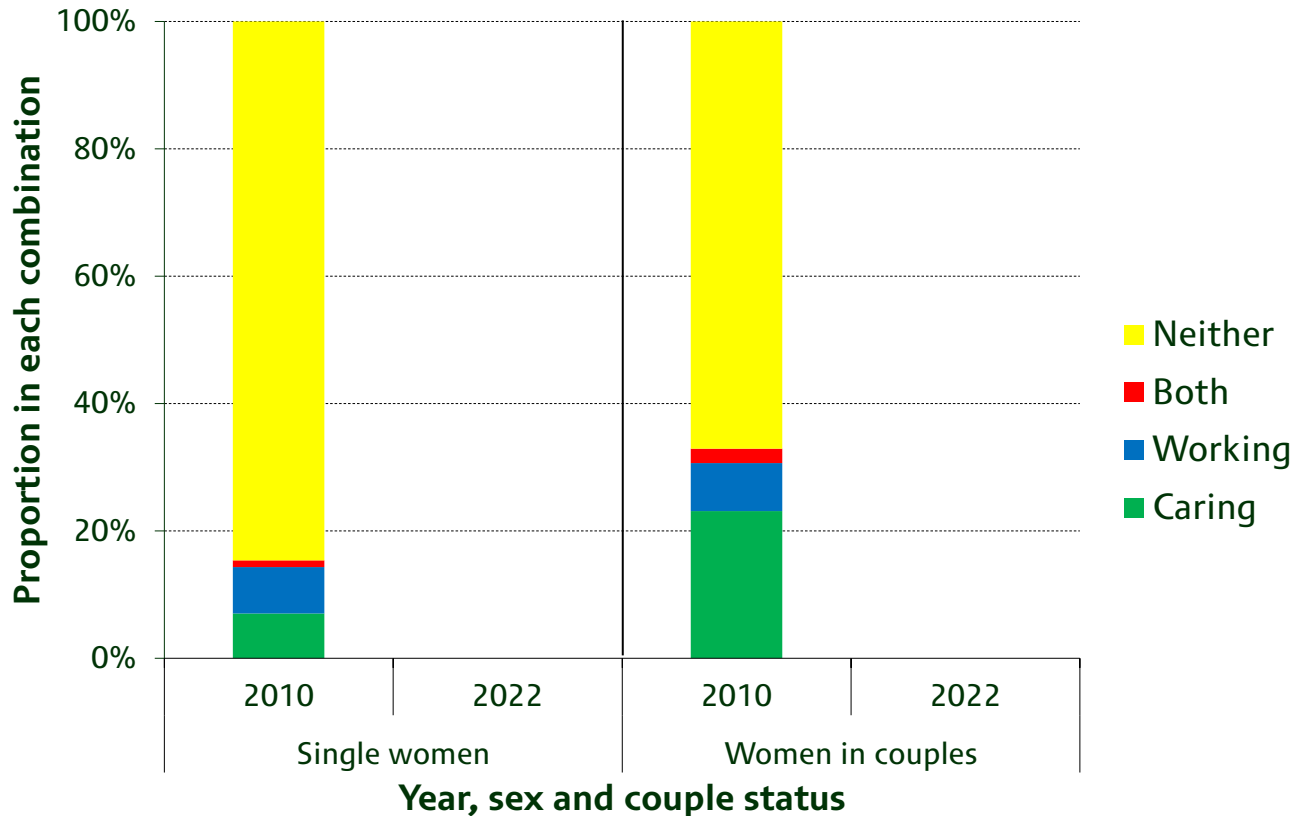


Source: Figure 3.19

# Results from the labour supply model

- The rise in female employment:
  - is split between full-time and part-time work
  - is concentrated among the healthiest women
  - doesn't mean more women are juggling work and care provision

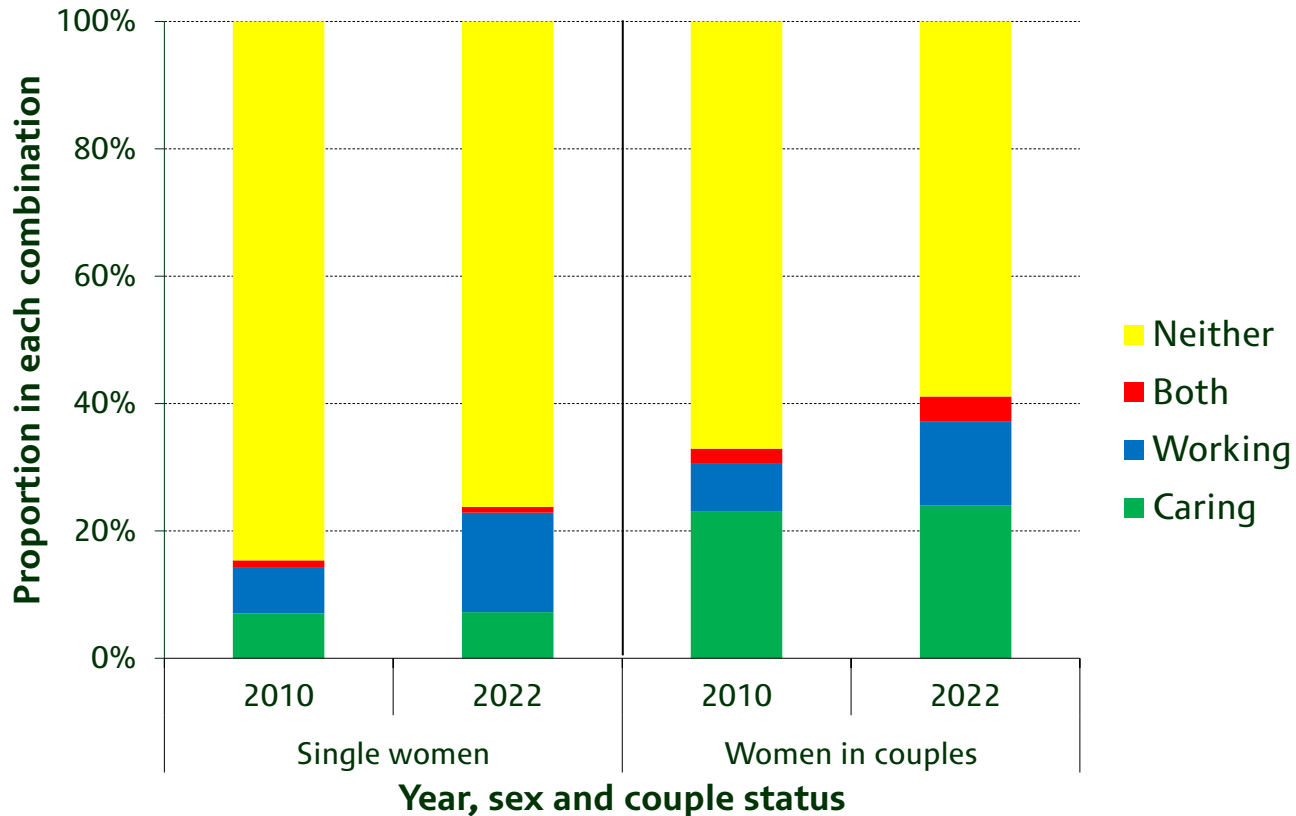
# Work and care provision among women 65+



Source: Figure 3.17



# Work and care provision among women 65+



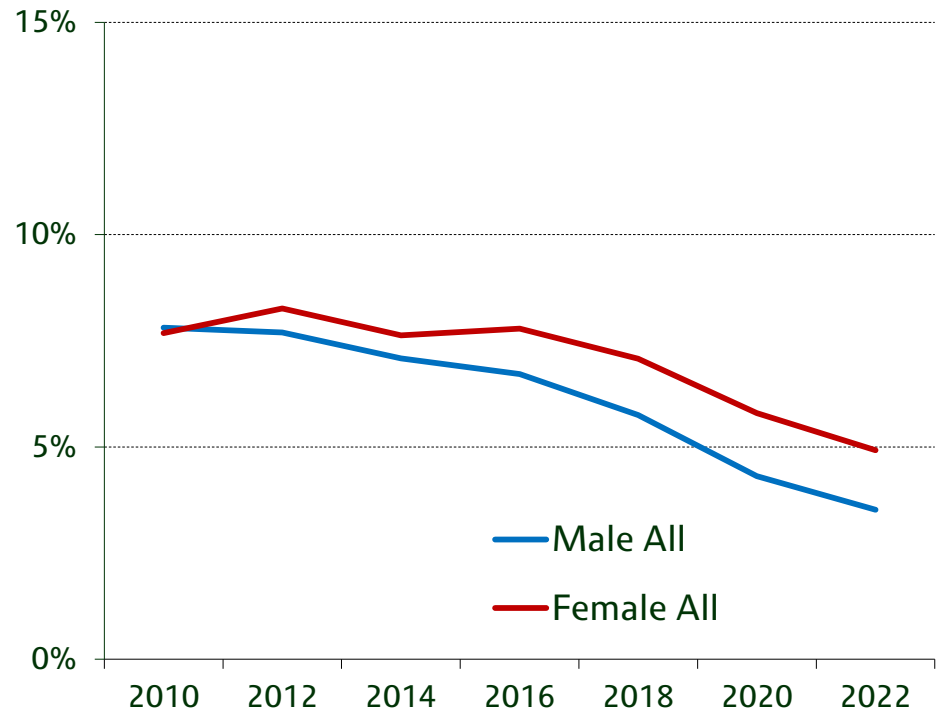
Source: Figure 3.17

# Disability living allowance (and PIP)

- For people with mobility problems or care needs
- No new claims from age 65
- Being replaced by personal independence payments for under 65s
- Model reform as partly in place in 2016 and fully in 2018

# Disability living allowance (and PIP)

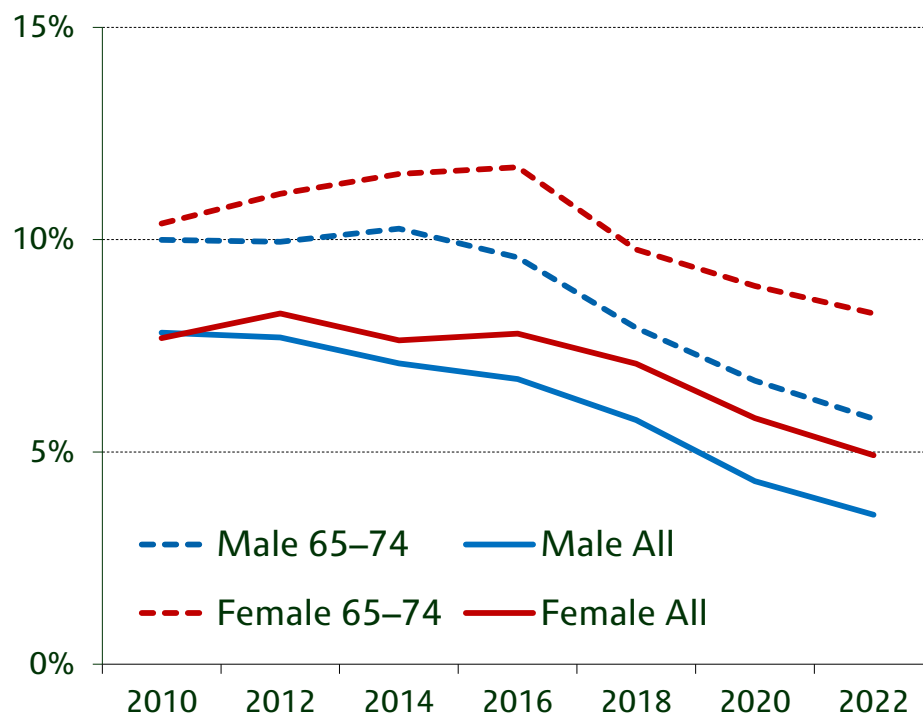
- Women are more likely to receive DLA than men



Source: Figures 3.14 & 3.15

# Disability living allowance (and PIP)

- Women are more likely to receive DLA than men
- Older people are less likely to receive DLA than younger people
- DLA receipt falls:
  - health improves
  - more people in work
  - effects of the reform to PIP



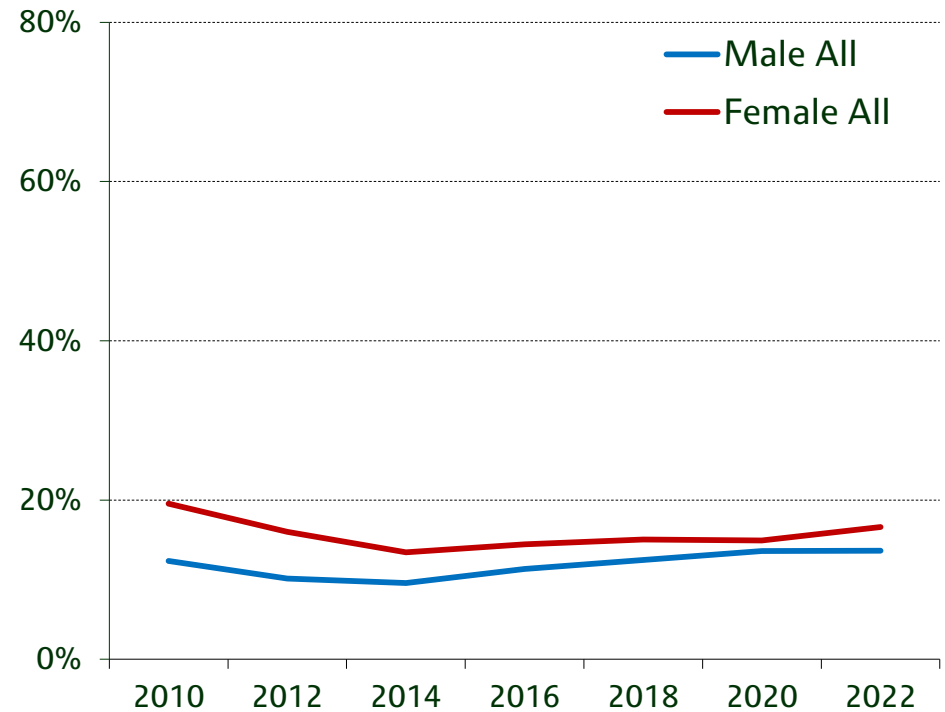
Source: Figures 3.14 & 3.15

# Attendance allowance

- For new claimants aged 65+ with care needs
- Can't claim alongside DLA
- No plans for reform

# Attendance allowance

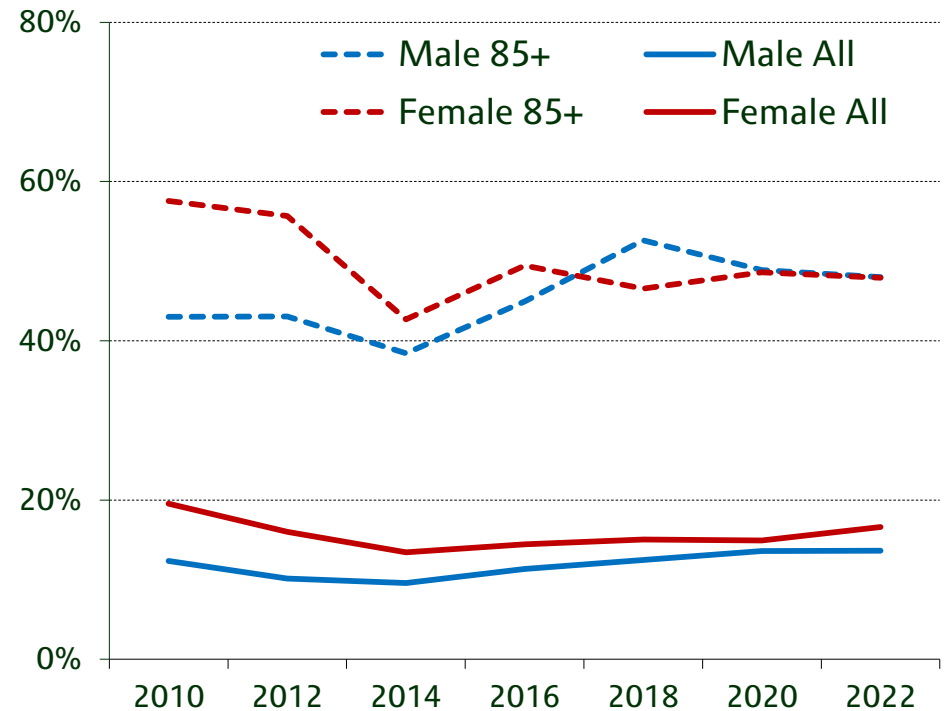
- Again, more women than men claim



Source: Figure 3.16

# Attendance allowance

- Again, more women than men claim
- Almost 60% of 85+ women and over 40% of 85+ men claim in 2010
- About 50% of 85+ people of both sexes claim in 2022
- Claimant rates for women fall as health improves



Source: Figure 3.16

# Key findings

- Rising SPA and improving health for women means more older people in work in the future
- Women in particular will be healthier in future:
  - Better able to work or provide care
  - Less likely to need to receive care or disability benefits
- Longer life expectancy means people living in couples for longer:
  - Better outcomes in lots of ways
  - Implications for care provision and receipt