Overarching Themes

Privatisation/familialisation of welfare.

The importance of personal assets for welfare and familisation of welfare is evidenced across all work streams. Housing equity had been withdrawn to support family members in financial difficulties and there were expectations that children would or do support parents in later life.

Motivations for giving were often explained in terms of family roles - *"that's what families are all about"* - or to some extent duties, although parents are mindful of not spoiling their children:

"I felt it was my duty as a father to support my son and to ensure that they are self-sufficient"

"So I don't want to make it too easy for her… but I would never see her go short of anything"

- Many older participants (65 and over) had not envisaged using housing wealth in later life despite ending up doing so. For a few however using equity release was part of a long-term plan to compensate for low pensions income. Financial services providers also reported a shift in equity release away from being used for lifestyle purposes towards essential needs.
- Among adults (35-65 years) in the current neo-liberal context building assets/pensions via homeownership was perceived not just as the best but the only lucrative strategy. These owners were however reluctant to use housing wealth as a welfare safety net in the event of illness or unemployment.
- Among younger people (aged 18-35), uncertainties and insecurities in the labour market (temporary contracts, underemployment, low wages) was the most critical issue. Among those aged 18-25 homeownership was outside their radar and for 26-35 year olds homeownership was still an aspiration. The interconnection with labour and housing markets however points to the geography of these issues with some very specific, local pressures.

Intra and inter-generational wealth inequality.

The focus on cohorts in policy and the media masks the real inequalities in society. There is overwhelming evidence for intra- rather than inter-generational wealth inequality. That is greater disparity within rather than between different age cohorts. Indeed, some baby boomers – deemed to be the most wealthy generation - will be facing retirement with debts rather than assets. Analysis shows in 2012 average secured debt of £76,000 among 50-64 year olds, £70,000 among 65-79 year old and £30,000 among those aged 80 and above.[1]

- Analysis of the British Household Panel Survey (see WS5) shows that 17% of the population are permanently excluded from home ownership, whilst low income, separation and having children can account for the 6% who fall out of ownership after a period of mortgaging.
- Our own Survey[2] shows only a fifth (22%) have ever received a lifetime gift (£500 or more). Working class respondents were more likely to have difficulty finding the money for gifts than

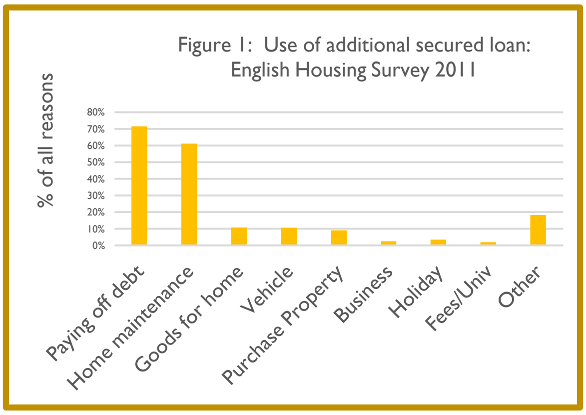
[1] Analysis of English Housing Survey 2012. This is an underestimation of secured debt as the amount of equity release mortgages is not recorded.
[2] An Omnibus Survey of 2,000 British Adults (See WS1).

middle-class respondents. Subsequently, gifts were not only much more likely to be received by the middle classes, but the amounts received were also higher.

- Among older people housing wealth differences were significant both in terms of the decision to use equity release and how people felt about it afterwards. For example those with lower levels of wealth were more likely to feel insecure, both psychologically and financially, after releasing equity compared to those who were better off.
- Family 'capital' is the key to the transmission of advantage and disadvantage. Those who inherit are more likely to become owners,[3] whilst transfers to younger people compounds the benefits across the life course, from education to employment, accumulating savings and housing pathways. The transfer of human capital also increases financial awareness, saving and property-owning mentalities. For example, five participants age 28-35 were already landlords.

Indebtedness

Debt possessed a dual identity between acceptable debt and the stigma around indebtedness. Mortgage debt and student loans were both deemed more acceptable than other forms of consumer credit. The acceptable face of mortgage debt also gave rise to the notion of 'debt amnesia' – where owners are prone to ignore the cost of debt repayment when considering indebtedness or housing wealth gains.



Using housing equity to clear other debts (own and family members) is prominent across interviews and national survey data (see Figure 1) and is a reflection of the increase difficulty of meeting everyday living expenses. Debt repayment strategies varied from practical solutions such as clearing business debt to avoid bankruptcy or repossession, to solving past irresponsibility: *"I mean I wish I had the common sense not to build up the unsecured debt, but the fact you have the ability to pay it off is good"* (m, 58).

Despite the dominance of using housing wealth for debt clearance, there remains a stigma around indebtedness. People were not always keen to ask for help when in debt (housing or non-housing related), and did not want other family members to know of their difficulties. Although parents were willing to support children, some marginal older owners were concerned where this had depleted the store of wealth available to meet their own future needs. Some adults were also reluctant to go into debt in order to help children:

> *"where my children are concerned, I would help them out. But that doesn't mean I would… I certainly wouldn't put myself in debt to help them out!"* (m, 50)

Among young people there is evidence of a demand for free and independent financial advice – rather than from agencies with vested interests such as banks or other lenders. There is a need among young people for a better understanding of the short and long-term implications of savings or credit, and their eligibility for public support.

[3] Analysis of the BHPS, see WS5.

Risk and uncertainty

The changing demography (ageing populations), economic environment (financial, labour and housing markets) and dominance of finance in everyday lives (financialisation) are acknowledged as causing greater uncertainty in people's lives.

- Among older people increasing life expectancy brings uncertainties over managing savings and income over a longer period than previous generations. Many had not envisaged drawing on housing wealth but the fact that this was the only solution to bridge the gap between income and needs in later life suggest that some older people are unable to rely on the risk pooling once operated by the state.
- Adults mitigated risk or uncertain pension or labour prospects by a variety of means including: <u>Property-investment</u> – preferably as landlord; and protecting equity through buying in 'good' locations; <u>Increasing employment</u> – reluctantly working for longer than planned; <u>Alternative savings/investments</u> - the most affluent being able to have a more balanced wealth portfolio; and for some the expectation of welfare support or family inheritance.
- Young people faced the challenge of 'multiple uncertainty' with a strong link between labour opportunities and housing markets, with some living in undesirable places or circumstances in order to reduce housing costs. There is also a trade-off for young people between living with parents longer in order to get on the housing ladder, or moving out and renting in areas with better job prospects. Again this dilemma reflects inequalities in society, in terms of 'locational 'capital' resulting from parents living in economically prosperous or marginal /regions and places.

Inter-generational conflict/fairness

There has been a lot of attention on the relative positions of different generations/cohorts and the possibility for conflict given the inequalities between them. We found little evidence of inter-generational conflict - if anything, solidarity within families:

- Our Survey (WS1) shows lifetime gifts overwhelmingly flow down generations rather than horizontal or up. The baby boomer (37%) and older (29%) generations are much more likely to give gifts than younger cohorts. The majority said the gift received had made a great difference to them – particularly so among younger recipients (85% of 25-34 year olds).
- Evidence of financial support to family members includes funds for house purchase, repairs or maintenance, and debt clearance as noted above. Evidence of in-kind support, usually to children, includes child care, DIY, rent-free accommodation and filling the fridge. Strong cultural norms also emerged with a desire to support children equally. Thus a need from one child could trigger gifts to other children, or the gift being discounted in any inheritance.

There was a strong sense of gratefulness rather than a sense of entitlement to support, or gifts/ inheritance. Many were unselfish in their considerations. Children prefer parents use their wealth rather than save it so they can pass it on; equally parents gain a sense of pride and want to leave an inheritance rather than use all their wealth on themselves.

> *"I'd rather she was here, ... And I think she is very pleased to be able to help when she's not here anymore. But you know, mixed feelings"* (f, 46)

Parents do not want to be a burden to children in old age, equally children do not want to depend on or be a burden to their parents. Young people expressed concern about being given significant financial support in case they may be unable to 'pay it back', thus jeopardising their parents' future welfare.

There is a strong sense across older people and some adults of the privilege position of their own generations. Participants commented on the difficulties faced by younger generations in securing long-term stable employment, access to home ownership and pensions. Although some blamed 'young people' for their lifestyle this tends to be towards an imaginary 'other' group of younger people, rather than their own children. Younger cohorts on the other hand recognised the opportunities they had compared to their parents or grandparents generations including technological advancements and gendered freedoms. They generally do not 'blame' the baby boomers for having enjoyed stable employment and good housing options.

The main conflict to emerge is the dilemma around paying for care. A sense of fairness/unfairness was expressed with a particular focus on a sense of 'deservingness'. The assumption being that those who had reached later life with high levels of income and assets had done so through thrift and individual responsibility, compared to those with lower levels or no housing wealth or savings who were deemed to have been irresponsible and wasting money.

Intergenerational Justice and Family Welfare

Intergenerational justice is an opaque term that would benefit from greater transparency and clarity within policy discourse. The overwhelming evidence on intergenerational justice points towards the continued inequalities and the widening gap between rich and poor within cohorts, which are then transmitted down the generations through family support. The means to address this lie within the political will to tax wealth and inheritance in progressive and life-cycle appreciative ways.

The dominant use of housing wealth to clear other debts is of great concern, particularly among those with modest amounts of housing equity, or where older people are still engaged in this practice, as this reduces the resources available for income for welfare and care needs in later life. Policy attention needs to be given to addressing insecurities and inadequacies in labour markets as well as in the provision of secure and affordable housing across all tenures.

The idealised housing pathway of renting, mortgaging and outright ownership is still valid for the majority, even though this comes with new uncertainties and risks in mortgage management. Whilst the ethos of ownership is likely to be transmitted across generations, housing wealth is less so. Most gifts or financial support comes from existing savings (58%) or incomes (32%) rather than from selling/downsizing (4%) or re-mortgaging (1%)[4].

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[4] Omnibus Survey (see WS1).