PEOPLE

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MIND THE £££ WEALTH GAP
Intergenerational Justice and Family Welfare
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WS1. Patterns of family welfare: past, present, future

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WS2. Housing wealth and household welfare

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WS3. Equity release and older owners: the paradox of law and policy

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WS4. Young people: tenure choices and welfare

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WS5. Intergenerational risk sharing

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Research design

WS1: Lifetime gifts, inter-generational relationships and inequality

In-depth interviews (on average 60-90 minutes) were conducted with 42 people in 15 families (cover 2 and 3 generations) between November 2012 and December 2013. Family members were interviewed separately. Baby-boomers (born 1945-65) represent the 'pivot' generation with interviews conducted with one adult child (the 'younger generation') and one parent (the 'older generation') (see Table 1). Interviewing three generations within a family presented many challenges in terms of recruitment, ethics and confidentiality.

Table 1: Work Steam 1 participant characteristics

Family	Name of family*	Ages	Social class	Gender
1	Allen	86-55-20	C1-AB- student	M-F-F
2	Bennett	86-57-21	C2-AB-C1	M-M-M
3	Sharma	86-48	AB-AB	M-M
4	Kapoor	83-60-38	?-C1-A	F-M-F
5	Connelly	82-57-21	C1-AB- student	F-F-M
6	Edwards	81-54-18	C2-C1- student	F-F-F
7	Jacobs	77-51-26	C2-AB-AB	F-F-M
8	Frederick	76-49-23	C2-C1-C1	F-M-F
9	George	74-50-18	C2-C1-student	F-F-F
10	Evans	73-44-28	D-C2-E	F-F-F
11	Docherty	69-49-18	C2-C2- student	F-M-M
12	Simmonds	69-47-21	C1-AB-student	F-F-M
13	Irvine	67-33	AB-AB	M-M
14	Rodgers	67-47-18	?-C2-D	F-M-M
15	Henry	49-19	AB-student	F-F

Notes:
*Names are pseudonyms to ensure confidentiality
? denotes that the older generation member was retired and we did not collect enough information to categorise their social class while working

We also conducted a nationally-representative quantitative survey of approximately 2,000 members of the general public aged 16 and over.[1] Many of the questions in the 2014 survey were the same as in a 2004 study of Attitudes to Inheritance (Rowlingson and McKay 2004) to highlight any changes over the decade.

WS2. Housing wealth and household welfare

We conducted 112 semi-structured phone interviews with outright owners, (re)-mortgagors, social and private tenants from a mix of socioeconomic and demographic profile. The sample was nested in the 2012 Family Resources Survey and fieldwork was conducted during June-December 2013 (response rate 34%; on average 56 min). Our sample includes two particular cohorts referred to as 'generation x' and 'baby-boomers'. At the time of data collection these comprised individuals aged 35-49 and 50-65, respectively. Table 2 shows that sampled social tenants had the lowest household incomes, followed by private tenants whereas among homeowners, household income was spread from very marginal to very affluent levels. Homeowners' equity and debt were:

- 35-49 (n=25): equity from -£46,000 to £400,000 and mortgage debt from null to £220,000
- 50-65 (n=55): equity from £14,000 to £500,000 and mortgage debt from null to £300,000

[1] The survey was conducted by Taylor Nelson Softres and ran in two waves covering separate themes: 1) attitudes to intergenerational family support and 2) Exchange of lifetime gifts.

Research design

Table 2. Work Stream 2 participant characteristics

	Outright by cash	Outright by mortgage	Mortgagors paying off	Re-mortgagors	Social tenants	Private tenants	**Total**
Cohort							
35-49	5	0	11	9	7	12	44
50-65	12	21	11	11	11	2	68
Subjective financial situation							
Comfortable / alright	14	18	14	14	3	5	68
Just about getting by	1	3	6	4	7	4	25
Finding it (Very) difficult	2	0	1	1	8	5	19

WS3. Equity Release and Older Owners

We conducted 70 semi-structured, in-depth, interviews with equity release consumers in January and February 2013. Interviewees were recruited via a previous equity release survey (Overton, 2010)[2] from participants who had agreed to take part in future equity release research. We aimed for a socio-economic mix of participants as we were keen to explore potential differences in the experiences of poorer and better off consumers (see Table 3). Definitions of socio-economic status are wide ranging, but for the purpose of this study we used participants' self-reported financial situation before taking out their equity release plan (captured in the 2009 survey) as an indicator. The sample was made up of 34 consumers who stated that before taking out their equity release plan they were '*finding it very difficult to get by*', '*finding it quite difficult*' or '*just about getting by*' (lower socio-economic status); and 36 consumers who reported that they were either '*doing alright*' or '*living comfortably*' (higher socio-economic status).

Table 3: Work stream 3 participant characteristics

	Number
Equity release plan type	
Mortgage	42
Reversion	28
Socio-economic status	
Lower	34
Higher	36
Household type	
Couples	30
Single female	22
Single male	18
Age	
66-70	5
71-75	16
76-80	20
81-85	24
85+	5
House value	
Under £100,000	6
£100,000 - £149,999	10
£150,000 - £199,999	21
£200,000 - £299,999	21
£300,000 or more	12

We also carried out a follow-up stakeholder study, to explore the views of industry and other professional equity release stakeholders on the future direction of the market. Our stakeholder study captured the views and experiences of 14 professionals engaged in the equity release arena. Participants were unanimous in their view that financial advice is essential to help consumers to make good decisions, although some questioned the effectiveness of advice in enabling consumers to think ahead. Many stakeholders suggested that current product offerings do not meet the changing needs and preferences of successive generations of retirees. We also explored stakeholders' views on demand- and supply-side barriers to market growth.

[2] Overton, L. (2010) *Housing and Finance in Later Life: A Study of UK Equity Release Consumers*, London: Age UK

Research design

WS4. Young people: tenure choices and welfare

We conducted 10 synchronous on-line focus groups (April 2013 - April 2014) and 31 semi-structured phone interviews (April 2013 – July 2014) in 8 case study locations across rural and urban areas: Northern Ireland (Belfast), Wales (Merthyr), England (Cornwall, Surrey and Sheffield) and Scotland (North Lanarkshire, the Scottish Borders, and Edinburgh). We interviewed 62 young people and 18 housing and financial experts across the UK. On average interviews lasted one hour. Financial circumstances and housing arrangements varied considerably among young people (Table 4).

Table 4. Work Stream 4 participant characteristics

	With parents	Private tenants	Social tenants	Shared equity	Mortgagors	**Total**
Age group						
18-24	10	5	1	1	2	19
25-35	6	20	3	0	14	43
Subjective financial situation*						
Comfortable / alright	10	11	1	0	9	31
Just about getting by	2	11	1	0	5	19
Finding it (very) difficult	2	3	2	1	2	10

*Information missing for 2 cases

WS5. Intergenerational Risk Sharing

The analysis is based on the British Household Panel Survey (1991-2008). It covers a representative sample of around 3,000 individuals. However, as we focus on respondents with full housing pathways, we acknowledge a selection bias towards stable tenure types as movers are more likely to drop out of the sample. For all estimations sequence analysis has been applied. It enables following individual housing wealth pathways over the observation period and record changes between six housing statuses: living with parents, renting, mortgaging, owning outright, increasing housing wealth and decreasing housing wealth. An increase means either moving into a more expensive house or taking out a mortgage to maintain the house or build an extension. A decrease refers to moving into a cheaper home (downsize) or withdrawing equity through remortgaging (e.g. for home repairs, car, etc). These strings of individual housing wealth pathways are clustered into typical groups through optimal matching analysis. Based on these clusters we can identify the most typical housing wealth pathways. These typical groups also form the basis for further logistic regression analyses to identify the key social driving factors behind these housing wealth pathways.