

# LIFETIME POVERTY AND ATTITUDES TO RETIREMENT AMONG A COHORT BORN IN 1958

Increasing longevity and recent rises in State Pension Age (SPA), especially for women, mean that many so-called 'Baby-boomers' are expecting to work for longer than did previous generations. This report shows that among a cohort in their mid-50s, men and women who have experienced persistent poverty and worklessness across their working lives were both the least likely to be in work at age 55, and had lower expectations of working to or beyond the SPA than the better off among their generation. However, amongst this group of poorest cohort members, those who *were* in work had relatively high expectations of working beyond both age 60 and SPA.

## Key points

- More than four in ten had some experience of income poverty, and around a quarter had been in a workless family at some point during their adult lives. The relationship between the two is strong. More than eight in ten who have been part of a workless family also have experience of poverty; half of those with experience of poverty also have experience of being in a workless family.
- Those who were in the poorest fifth of lifetime income were the least likely to expect to work past the ages of 60 or 66 (the SPA for this cohort), while those in the middle (2<sup>nd</sup> and 3<sup>rd</sup> quintiles) of the lifetime income distribution were the most likely to report a strong expectation of working past 60 and past 66.
- The poorest members of this cohort were more likely to be in poor self-rated health by the time they reached their mid-50s, and had lower mental well-being. They were also less likely to currently be in work, compared to cohort members who had higher lifetime incomes and fewer experiences of income poverty. All these factors help to explain the poorest group's overall lower expectations for working past 60 or SPA.
- Cohort members who had experience of being out of work had the lowest expectations for longer working lives. Those who had been in work but on low incomes often had higher expectations for working longer than the better-off.
- Men and women who had experienced income poverty during their working life were the most likely to have left the labour market between ages 50 and 55, compared to those who had not experienced income poverty. Poor health was the strongest predictor of labour market exits between 50 and 55.

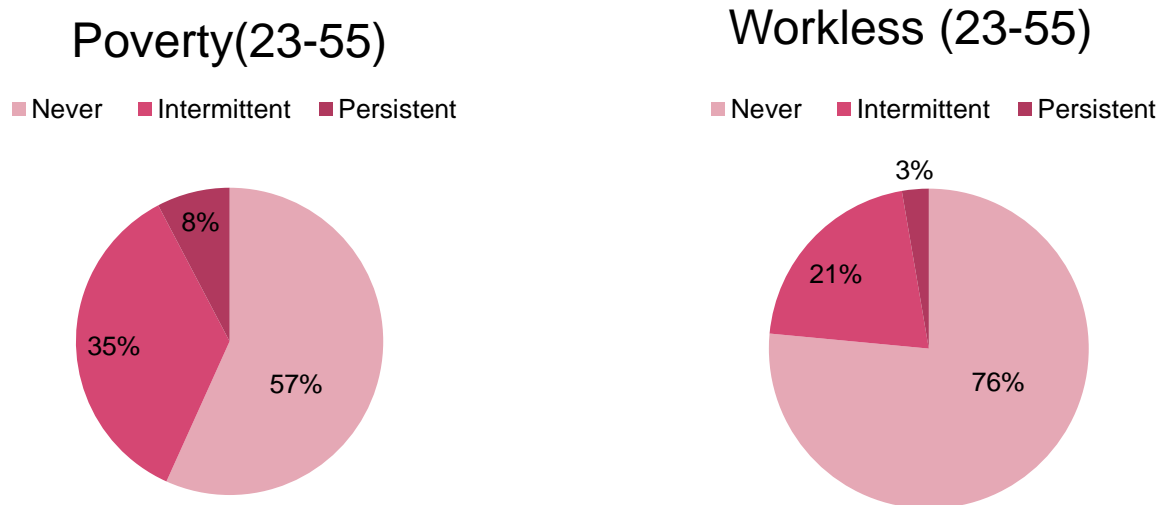
# BACKGROUND

This project has explored attitudes to and plans for retirement among a cohort of British men and women born in 1958, with a particular focus on those who have experienced poverty during their working lives. This cohort, part of the so-called baby boomer generation, is now in its late 50s, and can expect a longer life expectancy than previous generations. With increased longevity comes the need either to save more money over the life course, or to work longer in order to finance a given standard of living in retirement. There is thus considerable policy interest in understanding retirement expectations among this cohort, in order to inform policies to support longer working lives.

## Lifetime histories of worklessness and poverty

The predominant working status for men of this generation has been full-time work, while women have combined full-time and part-time work with caring roles. In general, the living standards (measured by income) of this cohort have risen with age, but more than four in ten cohort members have had some experience of low-income, and around a quarter have been in a workless family at some point during their adult lives (Figure 1).

**Figure 1: Rates of poverty and worklessness over a lifetime: defined according to persistent or intermittent poverty**



## Lifetime poverty and disadvantage at age 55

Study members who have experienced persistent poverty have typically been multiply disadvantaged. By age 55, only around half of this group were living with a partner (53% vs. 79% overall), many lived in rented housing (59% vs. 19% overall), few had a degree (14% vs. 36% overall), 41% (vs. 18% overall) were not currently employed, and the majority (59% vs. 35% overall) had never paid into a pension scheme. In terms of health and well-being, 45% (vs. 21% overall) reported poor or fair general health, 42% (vs. 21% overall) were disabled and nearly a third (32% vs. 15% overall) experienced poor mental well-being.

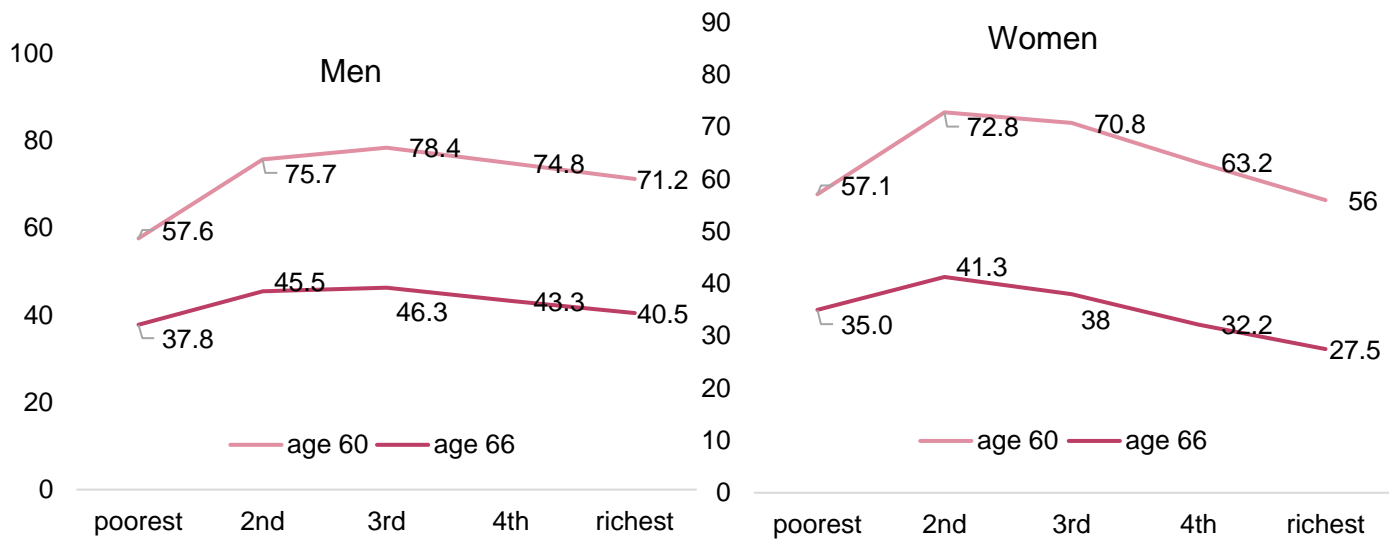
*'They've changed it [the State Pension Age] so what can you do? There's nothing you can do about it is there? So just go with the flow.'*

## Expectations for retirement at age 55

There are very strong expectations among this cohort of working beyond the age of 60. Almost half (46%) of men and 39% of women reported being absolutely (100%) certain that they would be working after age 60. A considerable proportion of men and women in this cohort also expect to be working past age 66, the current SPA for this generation: 19% of men and 14% of women were certain that they would remain in employment after age 66, and more than a third of men (35%) and a quarter of women (26%) thought it more likely than not that they would still be working. Only 31% of men and 42% of women reported that they were certain that they would not be in paid employment after the SPA of 66.

Those who were in the poorest fifth of lifetime income were the least likely to expect to work past the age of 60 or 66 (men only), while those in the middle (2<sup>nd</sup> and 3<sup>rd</sup> quintiles) of the lifetime income distribution were the most likely to report a strong expectation of working past 60 and past 66 (Figure 2). For women, those in the richest quintile were the least likely to expect to work past 66.

**Figure 2: Likelihood of working after age 60 and 66 by lifetime income quintiles**



Cohort members who were currently out of work had the lowest expectations for longer working lives. Those who were in work but on low incomes often had higher expectations for working longer, compared to better-off cohort members.

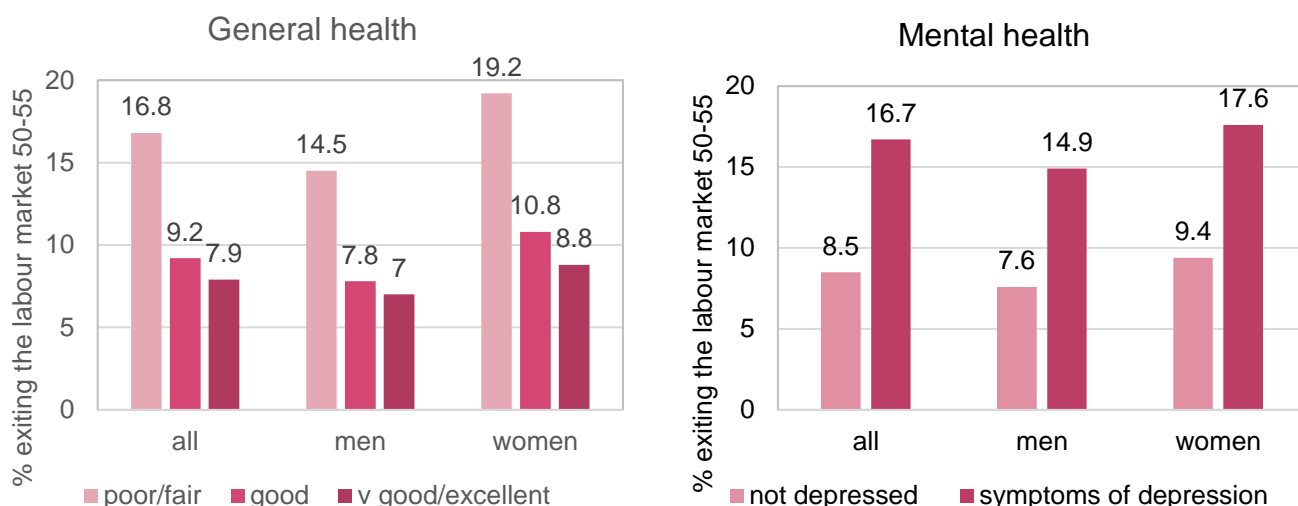
A number of other factors were associated with a likelihood of working longer; these included socio-economic factors such as longer lifetime labour market attachment, being self-employed, and not owning one's home outright. Health and partnerships were also important: good self-rated health, not being disabled and not being depressed were all associated with expectations of working longer. Having a partner and children under 18 in the household were also associated with expectations of longer working lives.

Living standards and other attitudes to retirement were closely interrelated: cohort members who had experienced poverty or worklessness across their adult lives were the most worried about how much they would have to live on in retirement and the most likely to state that they could not afford to put any money aside for retirement. When asked at age 50 if retirement was too far off to worry about, most of the cohort said no; however, study members who had been poorest across their working lives were more likely to agree with this statement.

Men and women who had experienced poverty during their working lives were the most likely to have left the labour market between ages 50 and 55, compared to those who had not experienced poverty. Poor health was the strongest predictor of labour market exits between 50 and 55 (Figure 3).

*'I mean everybody says "Oh retirement's wonderful". [But for me] when will that day happen? I'll probably be dead before it gets here.'*

**Figure 3: Health status at age 50 and labour market exit by 55**



*'To think that you've come to this... You don't really want to be on the dole, you don't want to be unemployed. [But] sometimes your body puts you through these things and it's... annoying and upsetting... I could still be at work if it wasn't for [my health].'*

## Conclusion

This study has shown that, among a generation in their mid-50s, attitudes towards retirement are strongly associated with experiences of income poverty and worklessness across adult life. Poverty and worklessness each reduce expectations of working beyond retirement age and being able to afford to save for retirement, whilst increasing worries about finances after retirement. These factors also increase early exits from the labour market.

## About the project

This project is based on data from the National Child Development Study (also known as the 1958 British birth cohort study). The project comprised of both quantitative and qualitative research. The quantitative element involved analysis of survey responses from the full sample of study members participating in the age 50 and age 55 interviews. The qualitative element was specifically designed and undertaken as part of this project. This involved in-depth analysis of information gathered from semi-structured interviews conducted with 36 purposively sampled study members.

## FOR FURTHER INFORMATION

The full report, **Lifetime poverty and attitudes to retirement among a cohort born in 1958** by JD Carpentieri, Alissa Goodman, Samantha Parsons, Praveetha Patalay and Jon Swain, is available as a free download at [www.cls.ioe.ac.uk](http://www.cls.ioe.ac.uk).

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