



Understanding the importance of work histories and other life course influences in determining poverty in old age

Malcolm Nicholls

ESRC UPTAP User Fellow and Department for Work and Pensions

Karen Glaser, Debora Price and Rachel Stuchbury

Institute of Gerontology, King's College London

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Background

- Secondment from Dept for Work and Pensions.
- Based at Institute of Gerontology, King's College London from Oct 2008 to June 2009.
- Original research proposal involved use of National Insurance records, linked to survey data, but DWP review of data security meant this data was not available.



Life course and late-life poverty

- Key policy issue
- What do we know?
 - Current income and asset position of pensioners
- What don't we know?
 - Life course influences (e.g. paid work and family histories) on poverty at older ages.
 - Weaker association than expected between life course influences and poverty (Bardasi & Jenkins 2002; Sefton et al. 2008)
- What do we want to know?
 - Relative importance of paid work and family histories in determining later life poverty, taking into account the role of state



Why should life course factors matter?

- Work histories
 - Build up entitlements to state, occupational and private pensions
- Family histories
 - Closely tied to paid work histories
 - Affect nature of work (occupation, earnings and terms and conditions)
- Health histories



Data: English Longitudinal Study of Ageing (ELSA)

- Sample of people aged 50+ (c. 12,000 in 2002)
- Follows same people, interviews every 2 years
- 3 'waves' so far (2002/3, 2004/5 and 2006/7)
- Wave 3 collected detailed life histories (work, partnership, parenthood, health)
- Wide range of questions on health, employment, finances, attitudes. Includes nurse visit and other physical/mental tests



What we are trying to explain: Income category

- Benefit unit income, equivalised
- Measured relative to a poverty threshold of 60% of median whole population income (approx £139pw in 2006/7, for a single person)
- To help identify the role of state benefits and pensions in keeping people out of poverty, we defined four income categories:
 - Total income below the poverty threshold - Category 1 (the conventional measure of 'poverty')
 - Those not in category 1 whose income falls below the poverty threshold when non means-tested state benefits are removed (mainly health-related benefits) – Category 2
 - Those not in categories 1 or 2 whose income falls below the poverty threshold when state pension, means-tested support (Pension Credit) and other state benefits are removed – Category 3
 - Those who still have sufficient private income to be above the poverty threshold when all state pensions and benefits are removed – Category 4



MEN

POVERTY RATES BY INCOME CATEGORY

WOMEN

- ALL OVER 65

22%

Total income

30%

7%

Other state
benefits

7%

39%

State pension and
means-tested benefits

39%

33%

Private income (earnings, income
from savings/investments)

24%



Poverty rates by sample characteristics, all women aged 65 and over

Weighted, those over 65 in wave 3		Row percentages			
		Poverty/non-poverty rates			
		In poverty	Kept out of poverty by:		
			Benefits	State pensions	Private income
		Sample size			
WOMEN					
Characteristics in 2006					
Age					
65-69	632	21%	5%	33%	41%
70-74	596	26%	6%	43%	25%
75-79	519	32%	7%	42%	19%
80+	638	39%	10%	39%	12%
Legal Marital Status					
Single, never married	122	33%	7%	34%	27%
Married	1077	21%	7%	37%	36%
Divorced, separated	202	43%	4%	34%	20%
Widowed	984	38%	8%	43%	11%
Tenure					
Owned outright	1685	26%	6%	38%	30%
Buying with help of mortgage or loan	153	30%	5%	37%	27%
Renting	537	40%	11%	41%	7%
Social class					
Managerial and professional	527	19%	4%	32%	45%
Intermediate	525	27%	5%	39%	30%
Small employers and own-account workers	181	31%	3%	38%	29%
Lower supervisory and technical	171	27%	11%	49%	14%
Semi-routine	896	35%	9%	42%	13%
Educational qualifications					
Degree	138	13%	3%	23%	61%
A-levels and higher education	309	17%	4%	33%	45%
O-levels, CSE, Others	666	29%	3%	40%	29%
None	1236	35%	10%	41%	14%
Long-standing illness/disability/infirmity					
No	858	32%	4%	35%	29%
Yes - limiting	1066	29%	11%	43%	17%
Yes - not limiting	461	29%	3%	36%	32%
All		30%	7%	39%	24%



Poverty rates by sample characteristics, all women aged 65 and over

Weighted, those over 65 in wave 3	Sample size	Poverty/non-poverty rates			
		In poverty	Kept out of poverty by:		
			Benefits	State pensions	Private income
Row percentages					
WOMEN					
<u>Paid work histories</u>					
Percentage of working life spent in full-time work (21 to 65/60)					
Under 25%	931	33%	8%	39%	21%
25%-50%	377	27%	6%	42%	25%
50%-75%	322	24%	5%	40%	32%
75%-100%	322	27%	8%	34%	31%
Labour market exit					
Early, voluntary exit (before state pension age)	399	27%	5%	34%	34%
Early, involuntary exit (before state pension age)	618	28%	11%	41%	20%
Exit at state pension age or later	1151	31%	6%	41%	21%
Still working	92	13%	0%	26%	61%
<u>Partnership and fertility histories</u>					
Percentage of working life spent in marriage (21 to 65/60)					
Under 25%	143	31%	5%	37%	27%
25%-50%	97	27%	5%	38%	30%
50%-75%	245	34%	7%	35%	23%
75%-100%	1421	27%	7%	40%	25%
Number of children:					
0	258	30%	6%	36%	28%
1	305	36%	7%	37%	19%
2	690	26%	5%	42%	26%
3+	698	29%	9%	37%	25%
Family history					
First child born before age 20	184	34%	14%	38%	15%
First child born at age 20+	1448	29%	6%	39%	26%
<u>Health histories</u>					
Periods of ill-health/disability lasting over 1 year as an adult					
None	1165	30%	5%	36%	28%
1 period	455	28%	6%	46%	20%
2 periods	182	30%	10%	37%	23%
3 or more periods	145	28%	17%	39%	15%
Health as a child					
Excellent	516	27%	5%	40%	28%
Very good	707	31%	7%	39%	23%
Good	450	31%	8%	36%	25%
Fair, Poor or Varied a lot	273	27%	9%	41%	23%
All		30%	7%	39%	24%



Explanatory variables

- ***Paid work histories:***
 - Percentage of working life in full-time work (and same variable for partner)
 - Early voluntary exit from labour market (before state pension age)
 - Early involuntary exit from labour market (before state pension age)
- ***Partnership and fertility histories***
 - Percentage of working life in legal marriage
 - Total number of children
 - First birth before age 20
 - First widowed before/after age 45
 - First divorced before/after age 45
- ***Health histories***
 - 2+ periods of ill-health/disability as an adult (lasting 12 months+)
 - Fair or poor health as a child
- ***Characteristics in 2006***
 - Age
 - Widowed
 - Divorced or separated
 - Not own home outright, or renter
 - Manual worker
 - No educational qualifications
 - Has limiting long-term illness



Main findings

- Life course histories don't explain much of the variation in retirement incomes.
- This applies even after we take into account the role of state benefits in protecting against adverse life course events.
- Strongest influences on low income risk are:
 - Education level
 - Social class
 - Tenure type
 - Age
- Events and circumstances early in an individual's life have an enduring impact on outcomes in later life, but 'life history' variables don't fully capture this.
- Some clearer evidence that, among mothers, low incomes in retirement are also associated with early first births, experience of divorce, and widowhood.



Multinomial logistic regression models of factors associated with poverty category 2006

	Unmarried Women			Married Men & Women		
	Cat1	Cat2	Cat3	Cat1	Cat2	Cat3
% work f-t	--			-	-	
% partner work f-t	Not applicable			--	--	
Early vol. exit						--
Early invol. exit		++		+		
% legal marriage	Not included					++
No. kids				-		-
2 or more periods ill health as adult					++	
Fair or poor as kid						
Age	+	++		+++		+++
Widowed			++	Not applicable		
Divorced/Sep				NA		
Not own home	+++	+	+++	++		
Manual worker	++		++	+++	+++	+++
No educ. qualif	+++	+++	+++	+++	+++	+++
Limiting long-term illness		+++			+++	+++



Multinomial logistic regression model of factors associated with poverty category 2006

	All Mothers		
	Cat1	Cat2	Cat3
% work f-t	--		
Early vol. exit			--
Early invol. exit		++	
No. kids	--		
First birth before age 20	++	++	
Widowed after age 45	+++	+++	+++
Divorced before age 45	+		
Divorced after age 45	++		
2 or more periods ill health as adult		++	
Age	+++	+++	+++
Not own home	++		+
Manual worker	+++	++	+++
No educ. qualif	++	+++	+
Limiting long-term illness		+++	++

Also includes % working life in legal marriage (n.s.) , widowed before age 45 (n.s.), fair or poor health as kid (n.s.); Sign. + p< .05, ++ p< .01, +++ p< .001; Sign. - p<.05, -- p<.01, --- p<.001;



Policy implications?

- Interested in exploring extent to which low incomes can be predicted on basis of known life histories (e.g to help with take-up of means-tested benefits). Limited scope on this evidence, although use of NI records could help.
- Policy reforms already in place likely to lead to more equal outcomes:
 - Wider eligibility for state pension from 2010
 - Saving in personal accounts, from 2012, for those without access to an occupational pension
- Cohorts of future retirees will be different, but not clear how patterns may change:
 - Women more likely to be in labour market
 - Higher incidence of divorce/lone parenthood



Benefits of a User Fellowship

- Time to focus on single area of work
 - Full-time, located away from normal place of work
 - Not trying to juggle research alongside 'day job'
- Benefiting from academic expertise/guidance
 - Understanding what research already exists (and how to find it)
 - Extensive experience of relevant survey data sets
 - Broader perspective on ageing – not just incomes (e.g health, social contact)
 - Analytical techniques
- Gains for DWP
 - Relevant research
 - Capability in analysis of survey data, and experience in use of ELSA
 - Data set for continuing use within DWP



IoG

“The Institute of Gerontology at King's is one of the leading centres for the study of ageing worldwide. Its teaching and research have made an invaluable contribution to our understanding of old age.”

Gloria M Gutman PhD OBC
Past President , International Association of Gerontology & Geriatrics

“There can hardly be a gerontologist in the UK who is not aware of the pioneering role of King's in establishing ageing research in this country.”

Professor Alan Walker, 3 June 2008



Areas of Research

- The aim of the Institute has been to foster understanding of ageing and old age, and to develop the means of improving the well being of older people.
- Few arenas of ageing research to which Institute Research has not made a substantive contribution over its 22 year history.
- Inter- and cross- disciplinary ageing research including
 - inequality and poverty
 - pensions and finance
 - falls
 - dementia
 - medical and health services
 - community and housing
 - homelessness
 - long term care
 - geographies of ageing
 - gender and ethnicity
 - technology and new technology
 - design for old age
 - demography
 - migration
 - the living arrangements of older people
 - elder abuse
 - ethical issues in gerontology
 - consumption
 - the lives of the very old
 - the ageing brain & the ageing eye