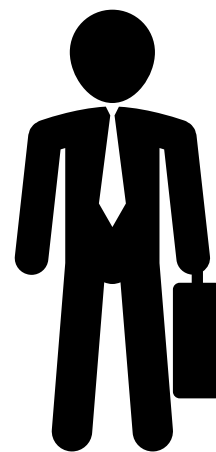
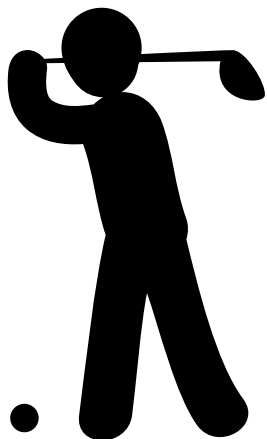
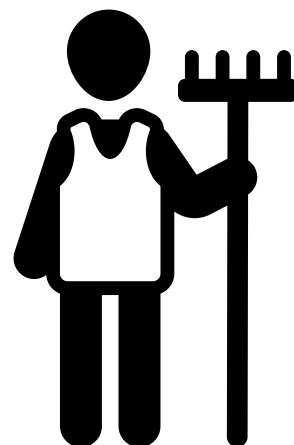


The myth of the baby boomer

ready
for
ageing
alliance



Who are the baby boomers?

The term “baby boomers” emerged in the US to describe the group of the population born between the end of the second world war and the early 1960s,

There has been less consensus in the UK as to who the baby boomers actually are. There is some debate about the accuracy and relevance of the term in the UK, partly because we had two not one post war baby booms.



For the purpose of this report we adopt the American definition and consider “boomers” as those aged broadly between about 55 and 70 today.

Introduction

The Ready for Ageing Alliance is a group of major national charities, set up to urge the Government and all political parties to face up to the challenge and opportunity of our rapidly ageing society.

“The richest, most powerful generation that ever lived is embarking on a comfortable retirement. But why does it feel like they’ve pulled up the ladder with them?”

BBC¹

Across the UK and internationally, there is a growing media perception that all boomers have it good at the expense of the younger population.² The term “baby boomer” is increasingly used as a term of abuse. The picture often painted is one of a group who are ageing well. They are wealthy demanding consumers who are demanding Government resources and stealing from the young.

But painting this picture has the potential to result in worse outcomes for both young and old.

We have produced this briefing to challenge the sometimes lazy assumptions being made about the group of our population described as “boomers”.

This short briefing does not seek to compare young with old. We are simply highlighting that amongst the boomer population there is significantly more diversity than is often recognised.

¹ <http://www.ons.gov.uk/ons/rel/disability-and-health-measurement/inequality-in-healthy-life-expectancy-at-birth-by-national-deciles-of-area-deprivation--england/2011-13/index.htm>

² <http://www.theatlantic.com/business/archive/2012/10/who-destroyed-the-economy-the-case-against-the-baby-boomers/263291/>; How baby boomers screwed their kids — and created millennial impatience http://www.salon.com/2014/01/04/how_baby_boomers_screwed_their_kids_%E2%80%94_and_created_millennial_impatience/

Why do we care?

Our ageing society presents major challenges and opportunities for our society and our economy. Yet too much of the debate assumes that all older people are the same.

It is vital that policymakers do not make the mistake of falling into the trap of designing policy based on an image of ageing which is not representative.

If our society is to become “Ready for Ageing”, we must ensure that the diversity of ageing is not ignored. It is important that we embrace and understand ageing, rather than deny it.

We have painted a picture below of a boomer generation which is more diverse than is often seen. But, if we are to ensure that future generations experience ageing better, policy makers cannot use the “myth of the baby boomer” as an excuse for inaction.

It is in the interests of both younger and older people that we find a way of ensuring more older people today and tomorrow retire well.

Inequalities across all ages matter most:

The inequalities that really matter are those which can affect someone of any age: inequalities in health, income and wealth, educational opportunities, housing, and the ability to contribute and get ahead in work.

Inequalities in health³

- Males in the most deprived areas could expect to live 52.2 years in ‘good’ health, compared with males in the least deprived areas who could expect to live 70.5 years in ‘good’ health. And they spend a smaller proportion of their shorter lives in ‘good’ health (70.5% compared to 84.9%).
- Females in the most deprived areas could also expect to live less of their lives (52.4 years) in ‘good’ health, compared with females in the least deprived areas (71.3 years). They could also expect to spend a smaller proportion of their shorter lives in ‘good’ health (66.2% compared to 82.9%).

³ <http://www.ons.gov.uk/ons/rel/disability-and-health-measurement/inequality-in-healthy-life-expectancy-at-birth-by-national-deciles-of-area-deprivation--en-gland/2011-13/index.html>

Diversity among the boomers

Male boomers in the UK can expect to live another 18-20 years in good health. For females, it's about 20-22⁴.

Fewer than half (48 per cent) aged 55-64⁵ own their property outright and nearly a quarter (24 per cent) are still renting.

87.5% use the internet. 887,000 never been online⁶.

At the last Census, there were over 566,000 baby boomers of non-white ethnicity (over six and a half per cent of all aged 55-69 in England and Wales)⁷.

49 per cent of baby boomers in England are men.

Over 52,000 baby boomers (55-69) describe themselves as gay or lesbian.



⁴ Depending on their current age. Estimates from ONS Health Expectancies 2009-11 <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tc-3A77-380530>

⁵ English Housing Survey 2013-14, annex Table 1.4. <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report>

⁶ Figures are again for 55-64: Internet access Quarterly Updates q1 2014 (Latest available), ONS <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tc-3A77-336652>

⁷ Census 2011 analysis by Age UK

The claim: the Baby Boomers got a free university education

The reality: just over 13% of those aged 65-69 have a degree

While there were no fees for those who went to university in the 60s and 70s participation rates were considerably lower than today, meaning that far fewer people enjoyed this privilege than among today's young people.

Among 55-64 year olds, just under 20 per cent have a degree as their highest level of qualification. This proportion declines still further among 65-69 year olds, among whom just over 13 per cent attained a degree.⁸

Furthermore, older people are more likely to have either no qualifications or only those of a low level.



The claim “The Baby Boomers can look forward to security in retirement thanks to their generous pensions”

The reality: Nearly 2 million people aged 55-64 do not have any private pension savings

As would be expected, on average those in the 55-64 year age bracket have the highest wealth – they have built up assets over their working life but generally have not started to draw on these for their retirement.

28% of people in GB aged 55-64 have no private pension wealth at all (19% of men and 37% of women)⁹.

For women in this age group the median private pension wealth is £26,200. This means half of women in this group have pension savings of £26,200 or less and the other half have that amount or more. A pension fund of £26,200 would provide a lump sum of around £6,550 plus a fixed income of a little over £1,000 a year to someone approaching 65 now.

Amongst the 55-64 age cohort, total median pension wealth is £135,900 after excluding all individuals who have saved nothing. Using the L&G annuity calculator in 2014, ILC-UK projected that that could deliver an annual income of £7,638 - woefully short of what is needed to secure an adequate income in retirement.¹⁰

37% of women amongst the 55-64 age group have no private pension wealth compared to 19% of men.¹¹

The housing wealth held by older people in England is £1.4tn¹². However, this is not evenly distributed nor easy to draw down. Looking across all older people, there are an estimated 2.6 million people with assets of greater than £100,000 but incomes of less than £15,000.

ILC-UK research on mortgage debt published in 2013 revealed that two in ten households aged 60-64 year olds¹³ had outstanding mortgage borrowing on their main residence. 60-69 year old households with mortgage debt still owed on average over £50,000¹⁴.

⁸ Age UK analysis of Understanding Society Wave 3, 2012/13 data (UK)

⁹ Wealth and Assets Survey Chapter 6, Private Pension Wealth 2010-12, table 6.10 ONS 2014. A median of £26,200 means that half have no private pension wealth or less than this level and half have more. (GB) Plus mid-2013 population estimates for Great Britain, ONS 2014 (base 7,097,914 aged 55-64)

¹⁰ ILC-UK Four things we learnt from the Wealth and Assets Survey, 2014 http://www.ilcuk.org.uk/index.php/publications/publication_details/four_things_we_learned_from_the_wealth_and_assets_survey

¹¹ ILC-UK Four things we learnt from the Wealth and Assets Survey, 2014 http://www.ilcuk.org.uk/index.php/publications/publication_details/four_things_we_learned_from_the_wealth_and_assets_survey

¹² The UK Equity Bank - Towards income security in old age, (2014) ILC-UK

¹³ By age of household reference person or their partner.

¹⁴ Housing/mortgage debt report.

The Claim: “Baby Boomers are so well off they can afford to retire early”

The Reality: More than seven out of ten people in their 50s and early 60s are in work

While some people in this generation are able to retire early, the vast majority (72 per cent) of people aged between 50 and State Pension age are in employment. A further 14 per cent are either inactive because of health reasons, or because they are caring for family or looking after their home. Only 7 per cent are inactive because they have retired – and even for these people, it is far from clear that they have stopped working because they are financially comfortable.¹⁵

The Pensions Policy Institute calculated that half of those aged 50-state pension age age would have to keep working for at least five years past their State Pension age in order to maintain their standard of living in retirement¹⁶.

The Claim: the baby boomers bought cheap housing and are now sitting on a fortune

The reality: Not all baby boomers are homeowners and those who bought their homes had to pay high interest rates

Among households headed by someone aged 55-64¹⁷:

- Just under a half (48 per cent) own their property outright.
- Nearly a quarter (24 per cent) are renting. Ten years earlier the proportion of tenants in this age group was lower at 18 per cent.

While there are people who have benefited greatly from rises in house prices the price of lending was high – often 10 per cent or more - during the 1970s and 1980s. One in ten of those aged 65+ still have outstanding mortgage borrowing. 40% of those aged 75+ who still have a mortgage, have an unlinked interest-only one.¹⁸

Table 1 Amount owed and percentage loan-to-value among older households with any outstanding mortgage borrowing on the main residence, by age of HRP or their partner



Age of HRP or partner	Amount outstanding (Mean £)	Amount outstanding (Mean £)	Loan-to-value (%)	Unweighted base
50 to 54	72,000	50,000	33	916
55 to 59	59,700	40,000	27	687
60 to 64	53,200	31,200	25	419
65 to 69	55,200	40,000	44	145
70 to 74*	45,900	22,700	21	91
75 and over*	30,900	21,000	19	75
All aged over 50	62,200	40,000	30	2,333

Source: Wealth and Assets Survey 2008-10 Base is all mortgaged households headed by someone aged 50 and over. Figures are rounded to the nearest £100. *Treat with caution due to small base size (<100 cases).

¹⁵ Department for Work and Pensions, the labour market position of people aged 50-SPA, 2013

¹⁶ Pensions Policy Institute: Retirement income and assets: the implications for retirement income of Government policies to extend working lives

¹⁷ English Housing Survey 2013-14, annex Table 1.4. <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report>

¹⁸ The Mortgage Debt of Older Households, ILC-UK http://www.ilcuk.org.uk/index.php/publications/publication_details/the_mortgage_debt_of_older_households_and_the_effect_of_age

The Claim: The boomers are spending their children's inheritance

The reality: Some have limited wealth whilst others say they will pass wealth down to their children

Just over 50% of people aged 50 and above are relatively confident of leaving more than £50,000 in inheritance¹⁹. However, this is based on individuals' own views of their likely wealth and assets by the time they die, which is likely to be highly uncertain. For example, for some of these individuals, entering into a care home is likely to wipe out a significant proportion of their wealth.

On average, around one in three women and one in five men aged 65 will enter a care home at some point in the future and the chances of needing care increase with age²⁰. The average cost in England for a residential home is £29,016 per annum compared with £38,376 per annum for a nursing home²¹.

One-fifth of grandparents in England aged 50+ gave money to grandchildren – totalling over £647 million in 2010

Across England, grandparents gave a cumulative total of almost £333.8 million to their grandchildren in 2010. Contributions to Child Trust Funds were of a similar amount, at £313.8 million in total.²²

The claim: baby boomers are all fit and healthy

The reality: About 6.7 million people aged 45-64 in GB have a long standing illness or a disability

Great Britain

- 42% or 6.67 million people aged 45-64 in GB have a long-standing illness or disability.
- This rises to 58% for 65-74 year olds (3.4 million).
- The all-age average is 32%²³

There are significant health inequalities across the UK. In England for example:

- Men in Richmond live on average a third longer (33.3%) or an extra 17.5 years in good health compared to Tower Hamlets.
- Women in Wokingham live an average of 15.5 years longer than women in Manchester (27.9% more)²⁴



42% aged
45-64 in GB have
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illness or disability.

¹⁹ Author's calculations based on analysis of the English Longitudinal Study of Ageing

²⁰ The Commission on Funding of Care and Support (Dec 2010), Call for evidence on the future funding of Care and Support. We think this figure is probably out of date now and that the proportion of people likely to enter a care home has probably risen.

²¹ Figures as at mid-2014, Laing and Buisson (2014) Care of Older People – UK Market Report

²² http://www.ilcuk.org.uk/index.php/publications/publication_details/grandparental_generosity

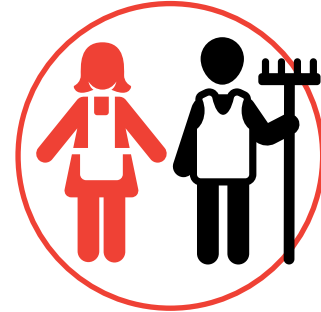
²³ General Lifestyle Survey, ONS 2013 <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-289713> and mid-2013 population estimates for Great Britain, ONS 2014 (45-64 = 15,8 Source: Healthy life expectancy at birth UT LAs, 2010-12, ONS, July 2014 <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-367716> 71,999, 65-74 = 5,875,302).

²⁴ www.tcpa.org.uk/data/files/Health_and_planning/.../7_Allen.pdf

The Claim: “Those Baby Boomers who are still working are taking jobs that younger people would otherwise be able to do”

The reality: The “lump of labour” has been completely disproven.

The notion that older people remaining in work prevent young people from entering and getting on in the workplace is widespread, but is one that has been completely disproven. It is one derivation of the ‘lump of labour fallacy’, which refutes the idea that there is only a fixed amount of work in the economy to be shared out.



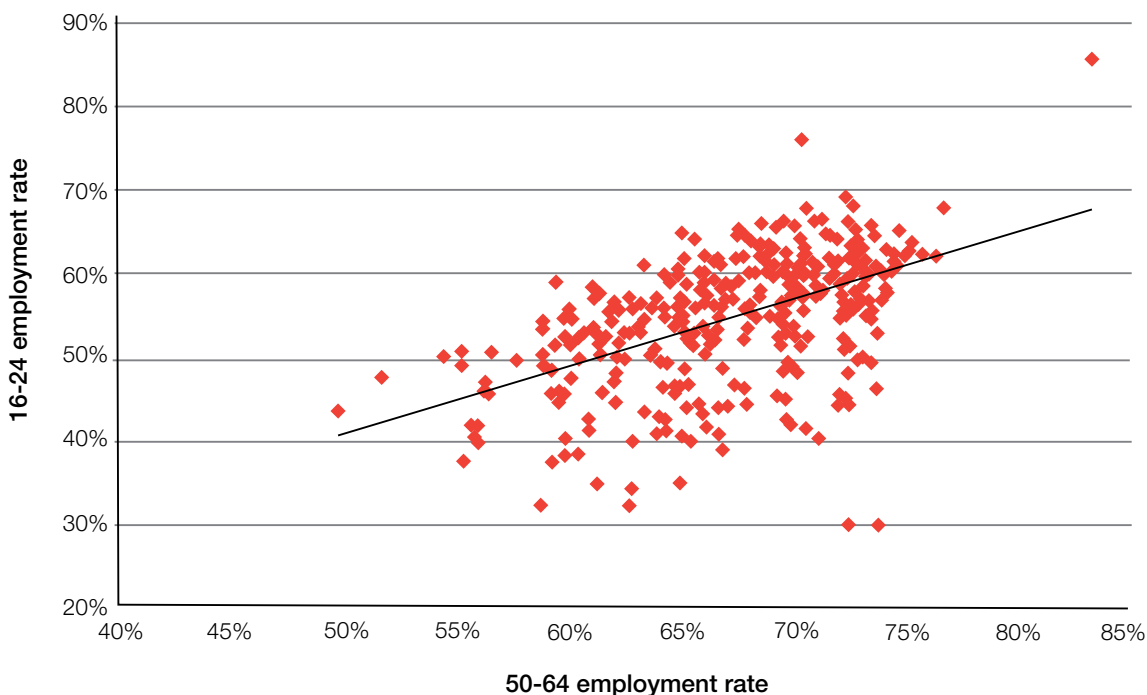
As the Economist put:

‘Some fret that there will not be enough jobs to go around. This misapprehension, known to economists as the “lump of labour fallacy”, was once used to argue that women should stay at home and leave all the jobs for breadwinning males. Now lump-of-labourites say that keeping the old at work would deprive the young of employment. The idea that society can become more prosperous by paying more of its citizens to be idle is clearly nonsensical. On that reasoning, if the retirement age came down to 25 we would all be as rich as Croesus’

[The Economist, 9 April 2011].

ILC-UK analysis shows that, on average, those local authorities that do well with regard to the employment of older workers also do well in terms of employing younger workers.²⁵

Table 2 Relationship between older and younger employment rates by local authority



¹⁹ The Missing Million (2014) ILC-UK

The claim “Compared to other age groups, baby boomers are especially selfish and self-interested people”

The reality: There are 3.3 million volunteers aged 45 to 64 in England

There are currently nearly 3.3 million volunteers aged 45-64 in England (24% of 45-64 age group = 3.26 million people take part in formal volunteering).

29% or nearly 1.5 people aged 65-74 in England volunteer²⁶. About 575,000 people aged 50 to 64 provide unpaid care in England. 232, 965 (16.8% of) men aged 50-64 provide unpaid care. 342,165 (23.5% of) women aged 50-64 provide unpaid care²⁷.

50 to 64 is the peak age when people start to take on caring responsibilities for someone else who becomes frail or disabled. Nearly one in four people in this age group are caring²⁸.

The over 65s contribute £17 billion to society in caring and volunteering²⁹.

The claim: baby boomers who have retired spend their life taking cruises and playing golf

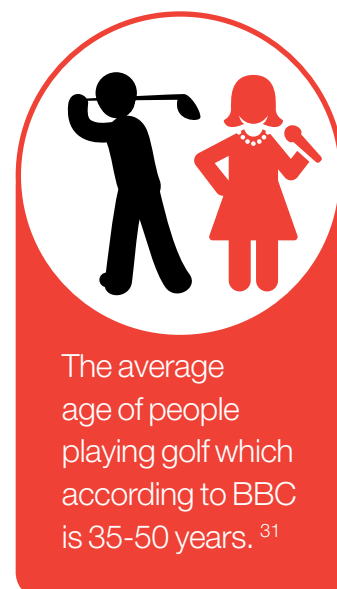
The reality: People in their 50s and early 60s are no more likely to be planning a cruise than younger people. In fact, they are slightly less likely to do so than the average age.

People aged 50 and over play less golf than people in their thirties and forties

Table 3 Planning a cruise

Age range	Percentage
20-24	23%
25-34	26%
35-44	24%
45-54	22%
55-64	23%
All ages	24%

Percentage of people surveyed who said they are likely to take a cruise in the next two years (aged 20-64)³⁰



²⁶ Taking Part Survey quarterly update, quarter 2 2014/15 DCLG 2015 50 to 64 is the peak age when (people are most likely to take on caring) people start to take on caring responsibilities for someone else who becomes frail or disabled with nearly one in four people in this age group caring. Source Census 2011

²⁷ Source: Census 2011 <http://www.ons.gov.uk/ons/guide-method/census/2011/carers-week/index.html> ONS 2013 and mid-2013 population estimates for England, ONS 2014 (base 1,386,697 males aged 50-64 and 1,456,023 females)

²⁸ Source: Census 2011

²⁹ Chief Economist's Report, Iparraguirre, J, Age UK, 2014

³⁰ BDRG Continental, 2014

³¹ <http://www.totalsportek.com/list/popular-sports-united-kingdom/> (no BBC stats found online)

In conclusion

The boomers are not all the same. There is significant diversity in our experiences of old age.

Over recent years there has been an increasingly polarised public debate pitching the “boomers” against the young.

We do not believe this approach is helpful. As a group of charities we want all people, young and old to have a good retirement.

We need younger and older people work together better to achieve this goal.



About the Ready for Ageing Alliance

Members of the Ready for Ageing Alliance (R4AA) are: Age UK, Alzheimer's Society, Anchor, Carers UK, Centre for Policy on Ageing, the International Longevity Centre - UK (ILC-UK), Independent Age, Joseph Rowntree Foundation.

The Ready for Ageing Alliance is a coalition of independent organisations based in England. We formed in 2013, following publication of 'the Filkin report'. We came together in order to make the case for action to ensure that our society is ready for our ageing world.

Most of us are organisations that are known to have a special interest in understanding and meeting the needs of older people. But 'ready for ageing' is not just about today's older people. It is about everyone alive now as well as those who are yet to come.

Indeed, 'ready for ageing' is even more important for younger generations than for those who have already reached later life. It is future generations who stand to lose out the most if we are too slow, individually and collectively, to recognise the need for change in response to longer life spans.



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