

Promoting financial capability provision for older people

A briefing sheet for:

- Education providers and community workers;
- Organisations and services working with older people;
- Local Education Authorities and Local Learning and Skills Councils (LSCs).

This briefing sheet updates briefing sheet number 63, published in 2005. It aims to take account of the changing personal, financial, management skills required by older people. The many new products available are forcing people to make complex decisions, even for the simplest every day transactions. The 'sudden' spread of 'Chip and Pin', which requires being able to remember numbers, and its almost mandatory use in many locations, is an illustration of a new process to be understood and assimilated by older people. In addition the terms 'Individual Budgets' and 'Direct Payments' are being used to describe the process of allowing people who use public services, more choice and control. This can be a daunting process for some older people.

The Government's aim to encourage a greater take up by older people of the Pension Credit illustrates a lack of universal take up, with complex reasons, one of the factors might include confusion over financial matters. (*Encouraging take-up: awareness of and attitudes to Pension Credit. Clare Talbot, Laura Adelman and Robert Lilly.*)

This rapidly changing scenario makes it all the more vital to remind education practitioners, policy makers and funders of the financial literacy needs of older people. Especially, in the current climate, where there is a narrowing of affordable education opportunities for older people. This has partly been brought about by the Age Discrimination Regulations, which although encouraging "positive action", has actually meant the withdrawal of age related concessions from many education programmes.

In addition the push towards joined up government, sharing agendas, integrated older peoples strategies, and encouraging the voice of older people also provides opportunities for the financial literacy needs of older people to be considered in collaborative ways, embracing a range of essential agencies.

- **POPPs** is the Department of Health's Older People and Disability Division's project 'Partnerships for Older People Projects'. The aim of the project is to test and evaluate, through pilots, innovative approaches that sustain prevention work in order to improve outcomes for older people. These pilots are aimed at enabling older people to have greater personal control over their health and wellbeing, to be empowered to manage their changing needs and to remain independent wherever possible.

- **LinkAge Plus:** The LinkAge Plus Programme has set up a number of pilots to integrate services for older people, and are designed to meet the needs of each local area. It will expand the principles of joined up working and look to provide access to a wide range of services including health, social care, housing and volunteering opportunities, amongst others, as part of a seamless service. There is clearly some synergy between the LinkAge Plus pilots and the POPPs programme.
- **National Service Framework 8:** Promotion of health and active life in older age. As part of their work on promoting independence, Primary Health Care Trusts and local authorities are developing programmes to encourage health and active ageing. These are often council-wide strategies, involving transport, leisure and education services, as well as social services.

This briefing sheet highlights the experience and lessons from NIACE's work with other organisations to provide financial literacy material and support for older adults. It also provides details about the process of involving older people in identifying and addressing areas where they would benefit from updating and expanding their financial skills and knowledge. It explores a way to tackle these needs and how to continue a dialogue between agencies and older people so that identifying and addressing financial education needs is an ongoing process. It also aims to help providers target provision and older people's needs. Through this outlined approach, it is hoped that the provision of financial capability support and advice for older people will become embedded into local services.

What is financial capability?

'Financial Capability is vital to enable people to participate in a modern economy and to manage their finances effectively. People need access to information, the knowledge and skills to interpret it, and the confidence to take action.' – the Treasury, Pre-Budget Report, December 2005.

Financial capability is a complex issue, which transcends money management and the basic skills of literacy and numeracy. In 1992, the National Foundation for Education Research identified the following three core competencies for developing a financial capability curriculum:

- financial planning
- problem solving, and
- decision-making.

Therefore, a financially capable person would possess an understanding of the key concepts central to money management, which include:

- a working knowledge of financial institutions, systems and services;
- a range of skills both general and specific to areas of finance;
- a more positive awareness of the short and longer-term consequences of personal finance decisions, and ability to assess risks;
- attitudes that allow effective and responsive management of financial affairs;
- the confidence to engage in the various financial processes that are encountered on a regular basis.

Why is financial capability provision required?

“Improving people's ability to make financial decisions is in everybody's interests...if people know what they want and how to get it, the market for financial services becomes less one-sided and a lot more efficient. Consumers will be able to demand better, cheaper and more appropriate products and services. For the FSA, helping people access the education, information and advice they need to make financial decisions with confidence is central to protecting consumers, promoting public awareness and maintaining market confidence.”

John Tiner, May 2004, Chief Executive, Financial Services Authority Chair, Financial Capability Steering Group

- The management of money is becoming more sophisticated and complex, particularly with the increased reliance on Information and Communication Technology (ICT). Older people are less likely to be involved in the ICT revolution, which can then exclude them from participating in current money practices and limit their ability to access financial information available in an ICT format.
- The unauthorised or improper use of funds, property or any resources of an older person is classed as elder financial abuse. Financial Capability can assist older people to be more aware of their financial options.
- Events in later life, such as bereavement, caring responsibilities, retirement and entering residential care, can require financial knowledge in new unfamiliar areas or result in a sudden change of financial circumstances and responsibilities. Increasing stress at a difficult time.
- The increasing complexity of services – even the need to memorise PIN numbers - and the shift away from personal one-to-one services alienates many older people. This can lessen their understanding of how decisions about the provision of financial and welfare services are made and their ability to influence them.
- Some women have not previously dealt with household financial decisions and experience problems when faced with the loss of their partner. Moreover, in later life, this may necessitate the older person involving children or other family members in financial decisions which can lead to difficult new emotional and relationship challenges, where none of the parties may be very knowledgeable or skilful at personal finance decisions of the sort facing the older person.
- Women's pension entitlements are usually lower than that of men because of fewer years in the workforce and lower pay scales. This means the incidence of poverty in later life is significantly greater for women.
- Some black and ethnic minority groups can experience language barriers and have limited access to advice and information that they trust. However, there are some community based support strategies offering financial advice that they may draw on:

- ◆ there are a number of financial “systems” at work in different communities and current work on Financial Capability doesn’t really acknowledge this – with the exception of the Muslim community;
 - ◆ some aspects of our “own” financial system discriminate against the fact that some BME members may spend years out of the country, for example.
- Some older people have not been involved in any learning provision since leaving school and lack relevant literacy and numeracy skills, which can add to their problems in understanding financial situations. An ALBSU survey in 1995 found a significant large number of older people had low literacy and numeracy skills.
 - Older people are often excluded from learning opportunities as learning programmes are rarely designed to meet older people’s diverse needs.

The skills to cope and deal with today’s financial world are required by the wider population, although it can be argued that older adults with a low-income most need financial education. Therefore there is a need to develop a financial capability curriculum around the needs and experiences of individuals. To rely upon general consumer advice is not adequate, as it does not address the ‘whole’ problem. Also the extent of the shortage of skills in older people is not known.

What action has been taken?

Since 2001, NIACE has been involved in several pilots throughout England to develop financial capability material where older people are involved in the process of defining their, own needs (and the subsequent action taken by local organisations). They encourage self-development and confidence in dealing with any financial situation rather than older people relying on services, friends or others solving their financial issues. The following section highlights some of the common features of these pilot projects and the recommendations for future work of this kind.

The pilot projects aimed to:

- Provide an opportunity and environment for older people to identify and highlight their diverse range of financial capability needs.
- Involve groups of older people in reviewing and testing existing financial capability resources in terms of content, presentation, suitability and delivery.
- Trial alternative ways of meeting financial capability needs through adapting existing material or by creating new material to deliver to the group.
- Investigate the role of key financial organisations, older people’s organisations and education providers in ensuring financial advice and guidance was available. Where possible partnerships were to be developed and existing ones expanded.
- Develop ways to use the work through local structures and explore the possibility of an older people’s forum and the embedding of financial capability issues.
- Identify funding for future financial capability provision for older people.

The projects

The work involved older people from different social, cultural and geographical backgrounds recruited from a wide range of 'pensioner' and third age organisations. Relevant agencies participated in all stages of the projects. These agencies included local strands of Age Concern, the Citizen Advice Bureau (CAB), community voluntary organisations, Local Education Authorities, and adult education and basic skills providers.

Despite the connection between financial capability skills and literacy and numeracy skills, many older learners with financial capability needs did not consider themselves to have a deficiency in literacy and numeracy skills. This meant in order to maintain participation the groups concentrated on a wide range of financial capability needs, and not just numeracy and literacy skills.

Curriculum delivery

From the focus groups, it emerged that any successful delivery of financial capability curriculum is best when:

- learning is possible by doing 'hands-on' work;
- learning happens in short specifically targeted sessions, not long courses;
- practical methods are used, such as exercises, case studies, games and quizzes;
- the format and worksheet styles are relevant to the age group;
- learning with peers and sharing information is encouraged, including women only sessions;
- learning is at the pace of the learner and does not move on too quickly;
- the facilitator is non-judgemental and the environment is non-competitive;
- topics are offered when people need them, at key stages in their lives;
- the information is presented clearly;
- groups meet at appropriate times of the day, for example at lunch time with food provided;
- there is easy access to the local venue;
- the venue is a non-threatening environment;
- participation is free or affordable;
- any learning builds on previous experience;
- ICT is offered, as many older people are keen on developing their ICT skills.

Future work

The following points were highlighted as important to consider when developing financial capability learning opportunities for older people.

- Partnerships can be of great value in developing appropriate local and targeted responses to people's financial capability needs and in addressing the practical factors relating to the projects, such as recruiting participants and finding suitable venues.

- Building trust in the organisations/tutors involved and the information presented is essential to ensure participants feel they are in a non-threatening environment.
- Materials could be improved by contextualising more practical sessions based on real life, for instance whether to switch energy suppliers or not. The material should be based around participants' needs as identified by the first session.
- Any curriculum should be 'needs led' with a people-centred approach. This requires skilled and flexible tutors to adapt material and have material that is always up-to-date with a field that is often changing.
- Older people can have a prominent role in the community and be great resources through sharing coping skills, being mentors and peer educators.

What would help older people?

- Resources that have been designed appropriately with consideration to the design content, and language in all literature. Standardisation of all materials, keeping forms, language, content and layout simple. Using larger print and keeping the 'small print' to a minimum, and offering a synopsis/guided summary of key points.
- A simple guide for product comparison.
- A 'Simple English' document with every finance agreement, explaining terms and conditions.
- Information that is independent, relevant to older people, clear and if possible age and topic specific. Material about retirement and pensions also needs to be available and targeted at younger people so that they are more prepared in their later years.
- More user-friendly services and products that acknowledge ageing issues. For instance, resources about the decisions required at different life stages and recognising that older people are not a homogeneous group. ICT is often not seen as user-friendly, with face-to-face meetings being important to many older people.
- More dialogue between agencies that relate to, advocate for, and represent older people is required. Agencies need mechanisms to regularly stay informed of important issues for older people.
- Any educational programmes need to be relevant to the needs of older people. Information and advice strategies should be wrapped around the concerns of the participants. This may take the form of looking at individual problems and how to find a practical solution. Successful programs do not just inform participants but can actually influence changes in behaviour.

Other studies

Help the Aged financial exclusion programme - Some of the main findings from the Help the Aged research into experiences of older people accessing financial services were that:

- Most older people budgeted and still preferred to budget on a weekly basis, and cash was the preferred payment method for most goods and services.
- Across the sample there was a fairly heavy reliance on the local post office as both a means of accessing cash and paying bills.
- Only a minority had set up direct debits to pay their bills, probably at the instigation of children or a trusted friend. Others resisted using direct debits, mainly because they were worried about not having enough money in their account to cover any outgoings.
- There was uncertainty, lack of confidence and very little interest, in trying to use new methods of banking via the telephone or internet.

A forthcoming Help the Age publication, provisionally entitled “Why do older people refuse to access services? Practical suggestions for making services more accessible” will highlight that poor accessibility creates a significant barrier to older people’s use of services.

The 2005 study, “**Measuring financial capability: an exploratory study**, Consumer Research 37” prepared for the Financial Services Authority by Personal Finance Research Centre, University of Bristol, had three specific objectives:

- To identify the components of financial capability with input from consumers and experts, and to explore whether the components vary in different circumstances.
 - To design a questionnaire that can capture these components of financial capability in a large scale quantitative survey.
 - To design a scale against which individuals’ financial capability can be measured, taking into account their circumstances and ‘need to know’.
- www.fsa.gov.uk/pubs/consumer-research/crpr37.pdf

Examples of Web based financial literacy

APACS is the UK trade association for payments and for those institutions that deliver payment services to customers. Advice Guides and Fact Packs give advice on credit cards and financial matters. www.apacs.org.uk/

Budget Calculator - this enables users to calculate their budget and find out if they have enough money to cover their spending.
www.moneymadeclear.fsa.gov.uk/budgetcalc

Comparative Tables - compare similar products from different companies, including mortgages, annuities and savings accounts. www.fsa.gov.uk/tables

Debt Test- this helps users to identify whether they are likely to get into trouble with their borrowing. www.moneymadeclear.fsa.gov.uk/debt_test

The Financial Healthcheck - this gives users an idea of their financial needs, based on answers to some simple questions.
www.moneymadeclear.fsa.gov.uk/healthcheck

The Financial Literacy Resource Centre - designed to help you find learning materials that are right for your adult learners. You can take time to browse or go right to what you want with the aid of our powerful search tool.
<http://www.fin-lit-resources.org.uk/index.asp>

Investing in the Future: Financial Literacy: provides the foundation for saving and spending wisely. It is the basis for the responsible use of money and for making informed financial decisions that can affect our families and our future. In short, financial literacy is a fundamental tool for each of us.
www.basic-skills.co.uk/ouractivities/financialliteracy/

Learn About Money is based on learning objectives and provides a structured approach which enables users to acquire the knowledge and understanding to make sense of financial matters. I want to Learn About Money now!
www.learnaboutmoney.org/start.php

Loan Calculator - this helps users to work out repayments for different loan amounts. www.moneymadeclear.fsa.gov.uk/loancalc

Money Made Clear™ from FSA is an interactive learning website for anyone who wants to understand more about money and how we use it in everyday life. Helps you to work out the interest on your credit card, get a loan, estimate what the effects of inflation are and compares financial products.
www.moneymadeclear.fsa.gov.uk/home.html

Money matters to me - this resource will help you to understand financial matters that are relevant to you and to take control of your money on a day-to-day basis. Money matters to me is an online financial education site developed by NIACE for the purpose of: widening access to learning about money matters to people with a range of skills levels, within community environments; enabling students to develop ICT and numeracy skills through a motivating, interactive learning resource. Prudential PLC - Project Sponsor. www.moneymatterstome.co.uk/

NIACE's Financial Literacy for Older People (FLOP) (updated) Curriculum which is based on projects and policy work with older people, can be downloaded.
www.niace.org.uk/Research/older_bolder/Projects/Default.htm#FCOP

Pension Calculator - this helps users to make plans for their pension and to see the impact of different contribution levels.
www.pensioncalculator.org.uk/pages/home.php

Spondoolies: The Online Goldmine for the Adult Financial Learning

Community. Spondoolies is a forum for all those engaged in financial learning for adults. You can talk to other practitioners, find out what is going on, read reports of other people's events and much more. <http://www.niace.org.uk/spondoolies/>

Stakeholder Pension Decision Trees - these trees enable users to make their own choices about pension arrangements. www.moneymadeclear.fsa.gov.uk/tools/

References and Useful publications

Adult financial capability framework. This framework covers a broad range of money management and consumer issues. It aims to bridge the gap between personal finance education which is taught within the school curriculum and full engagement with financial services systems. 'Learn Online'. www.basicsskills.co.uk/resources/resourcesearchresults/detail.php?ResourceID=2124886057

Building Financial Capability in the UK: the role of advice, Financial Services Authority: www.fsa.gov.uk/pubs/other/role_advice.pdf

Financial Capability: A directory of activities in the CAB Service. Financial Skills for Life: Building confidence to make informed choices. (2007). At least eighty-five bureaux throughout England and Wales are now involved in financial capability work in their communities. http://www.citizensadvice.org.uk/pdf_financial_capability_guide_activities_in_cab_service.pdf

The Forum for Financial Awareness and Older People. The aim of this Scottish forum is to bring about change to improve the financial inclusion of older people. For further information contact Pat Scrutton: Tel. 0778 3339509 or Email: bgop.pscrutton@southlanarkshire.gov.uk

General advice about benefits, tax and debt can be obtained either from your local Citizens Advice: www.adviceguide.org.uk/

Confident Consumer CDROM - covers budgeting and banking, basic rights and responsibilities, making responsible choices and product information. Available from Avanti Books www.avantibooks.com

Direct Payment Resource Pack. The movements of benefits away from paper based to automated banking systems can be confusing for some people, this pack is designed to provide support. Basic Skills Agency.

Talbot, C., Adelman, L. and Lilly, R. (2005). **Encouraging take-up: Awareness of and attitudes to Pension Credit.** DWP. www.dwp.gov.uk/asd/asd5/

BMRB. (2006). **Financial Capability Baseline Survey: Methodological Report: Research 47a**". www.fsa.gov.uk/pubs/consumer-research/crpr47a.pdf

Financial Capability: Developing the Role of Generic Financial Advice www.fsa.gov.uk/pubs/other/fin_cap_gen_advice.pdf

Financial Capability in the UK : Delivering Change - Financial Services Authority: www.fsa.gov.uk/pubs/other/fincap_delivering.pdf

Financial Capability in the UK: Establishing a Baseline— download from the Financial Services Authority: www.fsa.gov.uk/pubs/other/fincap_baseline.pdf

Soulsby, J. and NIACE. (2006). **Financial literacy and older people (FLOP) curriculum.**

Coben, D., Dawes, M. and Lee, N. (2005). **Financial Literacy Education and Skills for Life.** NRDC. www.nrdc.org.uk/publications_details.asp?ID=34

The Financial Literacy Resources website— A comprehensive list of financial education resources mapped to the literacy and/or numeracy core curricula and the Adult Financial Capability Framework. www.fin-lit-resources.org.uk/

Financial Products Resource Pack— Basic Skills Agency www.basic-skills.co.uk/ouractivities/financialliteracy/inancialliteracyresources/detail.php?ResourceID=582552575

A Load of Dosh—What families say about spending, saving and managing money—for details of how to obtain a copy of the DVD please log onto: www.aloadofdosh.org.uk

MoneyscenesPhotos—to support financial Literacy programmes—a resource pack containing pictures to help stimulate learning around financial situations, available from the Basic Skills Agency: www.basic-skills.co.uk/ouractivities/financialliteracy/financialliteracyresources/detail.php?ResourceID=1932541208

Money Talk CDROM—available from the Basic Skills Agency: www.basic-skills.co.uk/ouractivities/financialliteracy/financialliteracyresources/detail.php?ResourceID=401480904

Carlton, S., Soulsby, J. and Whitelegg, D. (2002). **Old Money: financial understanding for older adult learners.** NIACE. Available from the NIACE online bookshop: www.niace.org.uk/publications/O/OldMoney.asp

Gorman, A. et. al. (2007). **Practitioners leading research: SOFT CURRENCY: Memory and Money at Exeter CVS.** A report from a personal point of view, Alan Gorman and the Soft Currency Team. NRDC. www.nrdc.org.uk/publications_details.asp?ID=94#

Useful Contacts

Age Concern England

Astral House, 1268 London Road,
London SW16 4ER
Tel: 020 8765 7200
www.ageconcern.co.uk

Citizens Advice

Myddelton House, 115-123 Pentonville Road,
London N1 9LZ
Tel: 020 7833 2181
www.citizensadvice.org.uk

Financial Services Authority

25 The North Colonnade
Canary Wharf, London E14 5HS
Tel: 020 7066 1000
Consumer Helpline Tel: 0845 606 1234
www.fsa.gov.uk

Help the Aged

207-221 Pentonville Road
London N1 9UZ
Tel: 020 7278 1114
www.helptheaged.org.uk/default.htm

Money management

Money carer, developed to provide assistance to carers, family members and local authorities tasked with managing the finances of vulnerable individuals.
www.moneymanagement.org.uk

Life Academy (formally Pre-Retirement Association)

9 Chesham Road, Guildford,
Surrey GU1 3LS
Tel: 1483 301170
www.life-academy.co.uk/

NIACE Contacts

NIACE

Older & Bolder
Lois Gladdish - Information Officer
21 De Montfort Street, Leicester , LE1 7GE
Tel: 0116 204 4200
lois.gladdish@niace.org.uk
www.niace.org.uk

This is the eighty-second in a series of briefing sheets, which aim to provide an introduction to a variety of lifelong learning issues. Many earlier titles in the series are still available including:

81. Researching and running online courses within adult and community learning
80. Indicators of fee levels charged to part time adult students
79. How to work in partnership to fund projects for older learners
78. Dyslexia and older people
77. Funding support for adult with dyslexia
76. What is dyslexia?
67. Adult education working in care settings
66. Promoting literacy, language and numeracy programmes
65. Learning and Skills Council funding for literacy, language and numeracy
64. Embedding literacy, language and numeracy

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21 De Montfort Street

Leicester, LE1 7GE

Tel: 0116 204 4289

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They are also available on the website at:

www.niace.org.uk/information

NIACE, the National Institute of Adult Continuing Education, has a broad remit to promote lifelong learning opportunities for adults. NIACE works to develop increased participation in education and training. It aims to do this for those who do not have easy access because of barriers of class, gender, age, race, language and culture, learning difficulties, or insufficient resources. Registered charity number 1002775; Company registration number 2603322.