



# Tales of the Tallyman

Debt and problem debt among older people

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Any errors or inaccuracies are solely the responsibility of the authors.

# Foreword by Baroness Sally Greengross

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Using data from large surveys, in particular the English Longitudinal Study of Ageing, this current study explores the level of debt among older people, and examines how this has changed over the past decade. Commonly, debt is assumed to be a problem mainly for younger people. However, the current research shows that debt can become unmanageable and problematic for almost one-in-twenty older people. It also shows problem debt is experienced unequally among older people, with some at higher risk than others of developing problem debt. Living with high levels of debt also poses challenges for older people in maintaining their quality of life and relationships.

The research shows that the amount older debtors owed increased over much of the past decade. It can be very difficult for older people to clear debt, particular if they are living on a low fixed income. This can lead to worse outcomes in later life which in turn is likely to have considerable cost implications, for older people themselves and society more widely. We are now beginning to understand the wider societal benefits, including fiscal benefits, of ageing well. This research highlights the way that problem debt prevents many older people from ageing well; for some the consequences are likely to be severe and long-lasting.

Whether we see these trends continuing into the future depends to a large extent on government policy, lending practices in the financial sector, and the support available to prevent manageable debt from becoming problematic in the lives of older people. It is essential that older people have access to the right support and that there is funding for targeted advice services that can help older debtors manage their debts and take control of their financial circumstances. Lenders must offer credit safely and on reasonable terms to all debtors and need to base their decisions on an individual's ability to manage repayments not on an arbitrary age limit. We hope that the results of this study will be used to inform strategies for targeted debt advice. We also hope that this report stimulates further research to understand the pathways into, and outcomes of, debt among older people, as well as the financial circumstances of older people more generally.

Understanding the changing characteristics of older people is essential if we are to adapt to the challenge of population ageing, as well as to capitalise on the benefits. The ILC-UK is grateful for Age UK's support in producing this report as part of a fellowship programme. Together, Age UK and the ILC-UK will continue to work in partnership to ensure future policies are based on evidence that explores new challenges facing older people, as well as debunking myths about older people and ageing.

A handwritten signature in black ink that reads "Sally Greengross". The signature is written in a cursive, flowing style.

**Baroness Sally Greengross, Chief Executive ILC-UK**

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# Chapter 1: Debt, Problem Debt among Older People

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Debt is commonly assumed to be a problem of the young and not of the old. This research will examine the validity of this assumption and set out the extent to which debt impacts on the lives of older people.

Over recent years, older people, in common with other age groups, have faced significant financial challenges. For older people, lower than expected returns on savings and decreases in annuity rates have reduced the income many retirees were expecting in later life. Increases in energy and food costs are also hitting older people on fixed incomes hard, while older workers are faced with unprecedented job and income insecurity. Could these new challenges have influenced the attitudes and behaviours of older people towards credit usage? And just how accurate are cosy depictions of older people as savers who shun credit compared to the reality?

This research will explore the way in which attitudes towards borrowing vary by age before presenting new findings on levels of problem debt among older people. The characteristics associated with entering problem debt are explored in this research, as well as the outcomes of living with problem debt on the lives of older people.

## The current study

To find out the latest information on debt and older people, Age UK commissioned the International Longevity Centre–UK (ILC-UK) to analyse recent data on older people and debt.

The study uses data from three sources – the British Social Attitudes survey (BSA which covers Great Britain, Chapter 3), the Family and Resources Survey (FRS which covers the UK, Chapter 3) and the English Longitudinal Study of Ageing (ELSA which covers England, Chapters 4-6). In particular, we have gained valuable insight from analysis of the English Longitudinal Survey of Ageing (ELSA) which has tracked the same people over time, and covers 2008 when overall household debt in the UK peaked before starting to fall as people took advantage of low interest rates to pay off loans. These data did not enable us to carry out sufficient analysis of individuals' exposure to interest-only mortgages to estimate the impact of mortgage debt although, as explained in Chapter 5, people with mortgages were more likely to be in problem debt.

Most of the analysis in this report is from ELSA, which has been carried out every two years since 2002 and tracks individuals aged 50 and over. There are currently five 'waves' of available data covering the years from 2002 to 2010.

Our chapters from here on in are generally structured around the broad research questions used to frame the study:

- a. Do older people have different attitudes to younger people to credit and borrowing?***
- b. How do older people accumulate debts?***
- c. How many older people fail to keep their debts to a manageable level and fall into problem debt?***

*d. Who is most likely to fall into problem debt among the older population?*

*e. What are the impacts of living in problem debt on older people?*

**Chapter 3** begins by examining whether older people have different views on credit and borrowing than younger people and if these different views are accounted for by the different characteristics of older people. **Chapter 4** outlines patterns of debt among older people (50+) between 2002 and 2010 by age and the way in which problem debt is measured in the remainder of the analyses. **Chapter 5** examines the characteristics of older people that place them at greater vulnerability of falling into problem debt. While Chapter 5 examined some of the antecedent characteristics of falling into problem debt, **Chapter 6** examines how living in problem debt can influence older peoples outcomes and experiences.

In addition, **Chapter 2** gives a further overview of the data and methods used to address our research questions and **Chapter 7** presents our conclusions and recommendations.

In the remainder of this chapter, we define some of the terminology that we use in the remainder of the report as well as an overview of some of the trends around debt.

## Defining debt

A debt is created when a creditor agrees to lend a sum of assets to a debtor. The dictionary definition of debt sets out the relationship between the party that lends the money, goods or services, the creditor, and the recipient of who incurs the debt, the debtor. The obligation of repayment rests with the debtor who takes a commitment to make the repayment(s).

Most often, under formal arrangements, the repayment of the original sum includes interest. Kempson et al (2004) draw a distinction between debt associated with falling into arrears on payments (for example household bills), and debt associated with consumer credit. In this report, due to the nature of our data, we mostly focus on the latter, although the possibility remains that consumer credit is used to service debts from arrears.

In the past, researchers have also wrangled with the distinction between credit and debt. Berthoud and Kempson applied a useful distinction in defining credit as something that people want and that people borrow and debt as unwanted representing financial commitments that may be causing problems for individuals and households (Berthoud and Kempson 1992). This distinction may not necessarily be recognised by those who would be ordinarily be defined as being in debt - those with debts (debtors) may be reluctant to classify themselves as 'in debt' deeming arrangements in which they were making regular repayments on credit cards, for example, as entirely normal (Brennan et al 2011).

## Do age restrictions apply to certain forms of debt and credit?

Financial Services Authority (FSA) regulations oblige lenders to consider a potential customer's ability to meet repayments throughout the course of the loan period. Regulation MCOB 11.2.1R states that affordability assessments for potential lenders cannot be limited according to certain categories (including age), MCOB 11.3.5R(1) and (2) state that when assessing the ability of a debtor to meet the specified repayments, lenders should consider affordability both at the start and end of the loan. Therefore, if retirement can be expected within the duration of a loan, then a fall in income

might well occur and this should be taken into account (FSA 2007).

These rules therefore suggest that while excluding access to sources of credit on the basis of age explicitly would mean a failure to comply with the regulations; older people may be routinely denied access to many credit products because of difficulties in demonstrating the affordability of repayments.

### Box 1: Types of debt

There are two broad categories of debts - secured and unsecured. **Secured debts** represent arrangements where there is collateral against the amount that has been borrowed. Thus if the agreed repayments are not maintained, the specific asset can be reclaimed. The most common form of secured credit is a mortgage loan. **Unsecured debts** lack this collateral, and the credit agreement is instead issued on a basis of trust rather than an asset against which debtors can reclaim their outlay. For this reason, unsecured credit is usually obtained with higher rates of interest.

### Levels of personal debt in the UK

Data compiled by Credit Action shows that average household unsecured debt in the UK has dropped following the financial crisis beginning in 2007/8. In 2008 it reached its peak at an average of £9,600 per household, and dropped to £5,914 per household by January 2012.



Figure 1 Average household debt in the UK (excluding mortgages)

Source: Credit Action

### Levels of debt according to age

Few government or industry-produced statistics exist specifically on levels of personal debt by age, however through analyses of survey data we can understand the way in which age influences levels of debt. Disney et al (2008) show that it is among those aged 30-49 years old that personal (total) debt is highest, and levels of debt tail off significantly with age thereafter. In 2005, average levels of personal debt for those aged 30-39 years stood at £75,000, but reduced to £54,000 among those aged 40-49 years, £29,500 among those aged 50-59 years, £8,000 among those aged 60-69 years and £3,500 among the oldest group in the study (70-79 years) (Disney et al 2008). Mortgage uptake is likely to represent a significant portion of this total debt, particularly among those aged 30-49 years. In addition, younger people are substantially more likely to fall into problem debt, where indebtedness is of a scale or is causing severe impairment to quality of life (see Chapter 4), than is the case for older people (see BERR 2007, Kempson 2002, Disney et al 2008).

Because of this tendency of older people to have fewer debts than younger people, conventional wisdom overlooks debt as problematic among older people - this research explores and challenges this standpoint.

### Patterns of debt among older people

Some evidence exists that suggests that baby boomers approaching retirement are less spendthrift compared with previous cohorts, and are entering into pensionable years with ever higher levels of debt. Research undertaken by Prudential into the finances of retirees has shown that one in five will retire into debt this year. Fifty-six per cent of those retiring into debt owe money on credit cards and 43 per cent on mortgages. Average monthly debt payments were estimated to reach £215 (Prudential 2013). Other evidence also supports the argument that debt is becoming increasingly problematic among poorer pensioners – for example the poorest 10% of retirees included in a recent survey possessed average debts of £4,616 (excluding mortgage debt) (MGM Advantage 2012). However, little is known about the types of debts held by older people and the characteristics of older debtors – our analyses of the English Longitudinal Study of Ageing (ELSA) contained in later chapters aim to redress this gap in evidence.

### Age and Attitudes to Consumption

Possibly linked to usage behaviours, substantial differences in attitudes towards consumption are also found by age, with older people expressing more cautious attitudes to consumption than those of younger people. Evidence from a study undertaken by McAteer et al looking into attitudes towards debt shows that 14% of the 24-39 age group participating in the study viewed themselves as having a strong or very strong spending orientation, compared with 5% of the over-55 age

group (McAteer et al 2011). Previous results from the Family Resources Survey found that four-in-ten of participants aged under 30 viewed themselves as impulsive buyers who make purchases even when they cannot afford to, compared to one-in-ten of older people aged 60+ (McKay et al 2008). Further evidence from Wales shows that those aged 65+ are more likely to save than borrow before making a purchase, with 94% aged 65+ reporting doing so, compared to 87% across all age groups combined (Consumer Focus Wales 2010).

### Age and Adapting Attitudes to Recession Years

Although the long term implications of the recession are yet to reverberate fully, evidence is beginning to emerge that the financial crisis of 2007/8 and sluggish recovery is impacting upon people's attitudes towards debt and credit, forcing many to fundamentally re-evaluate their financial behaviours including their approach to credit. Recent research revealed that an increasing number of consumers are planning to restrict or even disable their credit facilities altogether - over one million credit cards were discarded throughout 2011 and around one in three consumers no longer plan to use a credit card, overdraft, or personal loan in the future (Price Waterhouse Cooper 2012). Qualitative research has suggested that younger groups, especially those aged 18-25 years, were adapting their financial behaviours more than others. Moreover, younger people were also more likely to claim that they had strengthened their savings behaviour than older people (Social Issues Research Centre 2009). With economic opportunities appearing most bleak for the young, this may be the group that are prone to adjusting their behaviour and throttling back on the use of credit most. In contrast, we may expect older people to



have relatively static attitudes to credit and debt.

### **Which types of older people enter into debt, why and what are the outcomes?**

In their study of poverty and deprivation among older people, Dominy and Kempson (2006) identified certain groups of individuals that may not have saved sufficiently for retirement and were at higher risk of experiencing poverty:

- people who had always been in low paid employment
- people who were divorced or widowed when they were young
- people who had to stop work before the State Pension Age because of ill health
- people who had been made redundant before the State Pension Age

Although the above indicators relate to poverty, we may assume that these experiences are shared with those at higher risk of entering into debt. There is also evidence to suggest that reduced financial literacy among older people can also be a cause of indebtedness (Lusardi and Tufano 2009, Kim and Kim 2010). Drawing on data from the US, Loonin and Renault (2007) emphasise the increasingly crowded and complex nature of the consumer credit market to navigate. This could theoretically place older people in particular at greater risk of taking up unfavourable arrangements due to lower levels of financial literacy. In the UK, the Family Care Trust (FCT) estimated that more than half of mortgages and loans that are taken out by over-50s are either 'reckless or irresponsible' and cite the example of an illiterate pensioner being advised to take out a long-term, interest-only mortgage with close to no

understanding of what it entailed (Dryburgh 2008).

In addition to financial hardship, some of the outcomes of being in problem debt include increased risk of adverse physical and mental health outcomes (for example Brown et al 2005), relationship breakdown and family stress (for example Ryan 1992) and financial and social exclusion including legal penalties resulting from severe cases of over-indebtedness (Sharp and Bostock 2002). However, most of the literature has been concerned with the outcomes of problem debt among young people. In this analysis, we examine the likely impacts of living with problem debt on older people between 2002 and 2010.

Our next chapter is concerned with the data that we use to address our research questions and the methods we used to analyse these data.

# Chapter 2: Data and Methods

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## Data

Our analyses in this report use data from the British Social Attitudes Survey (BSA, Chapter 3), the Family and Resources Survey (FRS, Chapter 3) and the English Longitudinal Study of Ageing (ELSA, Chapters 4-6). These studies are outlined below.

### British Social Attitudes Survey

Data on attitudes to credit and borrowing were obtained from the British Social Attitudes survey (BSA). The BSA is an annual cross-sectional survey conducted by the National Centre for Social Research (NatCen) and funded by the Economic and Social Research Council and other sources including government. Respondents are selected through a multistage design based on postcode sector; these design effects and the unequal probabilities of selection into the survey are taken into account in the analyses, as are the effects of non-response, in order for estimates to be representative of British households. In this analysis, we explore data from the 2007 and 2009 sweeps, containing our variables of interest. The 2009 sweep interviewed a total of 3,421 respondents, with a potential sample size of 2,942 answering questions on attitudes to debt and credit. The 2007 sweep interviewed a total of 4,124 respondents, of which 2,672 were asked questions on attitudes towards borrowing and credit (see Stafford 2007 and Stafford 2009 for more information on the survey).

In these analyses we primarily focus on the results from three questions which asked respondents to strongly agree

through to strongly disagree with the following statements:

1. Credit makes it easier to plan finances
2. Credit encourages people to spend more than they can afford
3. It should be made much harder to borrow money

While no question on attitudes towards indebtedness per se were asked in the British Social Attitudes survey, the responses to questions 2 and 3 in particular highlight older people's awareness and assessment of the negative consequences of credit in terms of debt.

The data are weighted to reflect non-response (including to the self-completion questionnaire) and other sample factors, with estimates also accounting for the sample design of the survey. In addition to data from the 2009 sweep of the BSA, we also analyse some supplementary data from the 2007 sweep of the BSA that includes the three dependent variables of interest.

### Family Resources Survey

The Family Resources Survey (FRS) is a large survey collected on behalf of the Department for Work and Pensions (by NatCen and the Office for National Statistics) of approximately 24,000 households. Its main focus is the collection of up to date and accurate information on income and to provide an accurate picture of the socioeconomic circumstances of private households in the UK. Its large sample size means that over 10,000 older people aged 65 and over are included in the survey. We use data from the FRS to examine what options older people say they will take in the event of an unexpected £200 expense, and particularly to understand the characteristics of those who say they would turn to credit. Responses to this

question also form part of an indicator of pensioner material poverty for Households Below Average Income (HBAI) report (see DWP 2012). Missing data was not a significant problem in the FRS data with the exception of ethnicity, where missing responses were modelled explicitly as a separate category.

## English Longitudinal Study of Ageing

The English Longitudinal Study of Ageing (ELSA) is a longitudinal study focussed on older people aged 50 and above. The study originally recruited around 12,000 respondents who were originally members of the Health Survey for England (HSE), with the first full wave of data collection under the auspices of ELSA occurring in 2002. Since the original recruitment of study members in 2002, two additional waves of study members have been recruited to replenish study numbers (see Hussey et al 2010 for further information). The ELSA study collects a range of topics including household and individual demographics, income and wealth, social participation, work and economic activity, housing, cognitive functioning, expectations, relationships, and access to services and amenities. In this chapter we focus only on those variables related to debt (and income) although we bring in a range of other variables in the next chapter. Since the original 2002 sweep of data collection, further sweeps were collected in 2004, 2006, 2008, 2010 and 2012 allowing observation of ageing in England across a decade, with data up to 2010 available for use at the time of writing. All analyses in Chapter 4 use cross-sectional weights while analyses in Chapters 5 and 6 use a combination of cross-sectional and longitudinal weights.

## Sample composition in ELSA

Our sample for all analyses includes only core study members (not partners) who were aged 50 and above. For a more accurate depiction of the numbers of older people with credit arrangements, we only include all those with complete information on the different sources of debt in our tables on sources of credit. However, our analytical sample thereafter only includes those sample members with full information for our variables of interest; these include variables on the type and amount of each form of debt, the amount respondents pay to service those debts, the respondent's perception of financial circumstances and the respondent's income. Given that these variables are used to construct our dependent variables we do not attempt to impute these, although we do impute controlling variables in later chapters.

Given that it may be more complex for those with debts to provide full information on the amount of debt and income, the amount of income paid to service these debts, our working sample may represent an underestimate of the numbers in debt and/or problem debt. This represents a caveat to the results presented. In addition, even in the cross-sectional analyses presented in this chapter, attrition will also influence the results. To account for the differential patterns of attrition in the survey by socioeconomic characteristics, the study depositors of ELSA constructed longitudinal attrition weights for individuals who were present throughout the study. The usage of weights in the analysis of ELSA data is designed to minimise the impact of attrition.

We also encountered a number of other issues with the data, for example finding that data on the value of mortgages respondents held and payments towards mortgages was not suitable for use in the study. However, this has limited impact on this study, where we are more concerned with unsecured debts. For 2004 and 2006, data on the type of mortgage held was also unavailable, and we impute this from wave 1. The data available lacked detail in places that would have been of interest – for example while we had access to information on whether a respondent had outstanding payments on a credit card, we did not have access to information on the number of credit cards respondents held. This meant that we were unable to explore the number of credit commitments older people held, although would have been able to explore the number of different types.

### **Box 2: A note on the 50+ population in ELSA**

In this study we commonly refer to the ELSA study as a study of 50+ old people, and present the results grouped around this. A number of the comparisons we make are between the 50+ population in 2002 and the 50+ population in 2010. Because of the design of the study, the 50+ population in 2010 actually represents a population aged 52+. For simplicity, we tend to refer to both points as the 50+ populations, and present information in this way regardless. However, we also occasionally add in a column for the 52+ population in 2002 at certain points to facilitate comparisons between the two points where relevant.

## **Methods**

### **Overall approach**

Many of the analyses we present are bivariate analyses where we examine a

certain factor related to debt by age group. However, as a large portion of the differences we observe by age group may be a reflection of other characteristics that differ by age, such as income or education, we also construct regression models. The majority of our models are varieties of logistic regression models, where we examine how characteristics influence the probability of being in one group (for example in problem debt) compared to another (not in problem debt). Most of the frequency tables of debt characteristics by age as well as the regression output are presented in tables in the appendix – our results chapter typically pulls out any interesting trends from these.

Chapters 3 and 4 present cross-sectional results from the three surveys used. Cross-sectional evidence can be considered an assessment of the current situation among the population for any given year. Cross-sectional evidence helps us to understand how levels of debt changed among the (older) population as a whole, or in the case of the BSA, how attitudes to debt changed. However, in Chapters 5 and 6 we also present longitudinal results – these help us to understand how levels of debt and problem debt changed among individuals over time – so for example whether individuals stayed in debt or moved in or out of debt, and the characteristics associated with this movement.

### **Missing data**

The introduction of control variables potentially compromises the sample size further due to missing variables. As we are mainly interested in problem debt, we do not impute information on this as there are issues around whether this is appropriate methodologically (see von Hippel 2007 for a discussion). However, we do employ multiple imputation models to generate

missing values for control variables and preserve the sample size where we employ regression modelling. We constructed five replicate sets for each cross-sectional and longitudinal dataset we build (see Royston 2004 for an overview of multiple imputation).

## Modelling Strategies

### Age and Attitudes to Data (Chapter 3)

For data from the BSA, we adopt a modelling strategy reflective of our Likert-scaled attitudinal variables through constructing weighted ordinal logistic regression models from our multiply imputed models. The output from ordinal regression models exhibit the odds of being in a higher category of dependent variable (for example, more credit negative). We use Factor Analysis to explore whether the three variables of interest in the BSA can be summarised by a single variable. For data from the FRS, after bivariate analysis we progress to construct multinomial logistic regression models to examine the impact of different characteristics on the relative risk ratio of using credit to paying an unexpected £200 expense versus not being able to pay.

### Interpreting output

In several chapters we use a combination of descriptive and regression techniques, mainly logistic regression, on weighted and multiply-imputed data. The results presented from binary logistic regression models often represent odds ratios (referred to as OR in the text at times). These represent the relative probability of experiencing versus not experiencing a given condition in one group versus another. An odds ratio above 1 suggests that a group is more likely to experience a condition than is the case in a comparison group (the baseline), while an odds ratio below 1 suggests a lower relative probability of experiencing an event. It

should be noted that odds ratios reflect the relative probability in one group versus another, but do not reflect the risk in the population of experiencing a given condition.

### Longitudinal approaches and caveats (Chapter 5 and 6)

Cross-sectional analyses (as used in Chapter 4) can be considered an assessment of over-indebtedness among the older population as a whole (although maintaining the usual caveats around sample composition). However, we also examine patterns of over-indebtedness longitudinally through examining trends among individuals. This sample is a naturally less representative sample, despite the use of compensatory weights, due to attrition and wave non-response.

Attrition occurs when individuals drop out of the study. Many studies of attrition find that those with disadvantaged characteristics are most likely to drop out (Hawkes and Plewis 2006, Banks et al 2010). To account for the differential patterns of attrition in the survey the study depositors of ELSA constructed longitudinal attrition weights for individuals who were present throughout the study. The usage of weights in the analysis of ELSA data is designed to minimise the impact of attrition, although may not fully account for this effect.

Attrition is therefore a caveat of all of the results presented here, but particularly longitudinal analyses.

We also present results from fixed effects models. In longitudinal analyses, even after controlling for individuals' prior experiences, there may be observable or unobservable variables omitted from the models, which may be correlated with one or more of the explanatory variables, as well as the outcome variable. These omitted variables can have a pernicious effect leading to spurious results in our

model estimates. We attempt to overcome this potential source of bias through imposing a fixed effects framework, and make the assumption that these unobserved effects are time invariant. In this case it is changes over time among individuals that our models aim to identify through examining how a change in status (for example health) between the 2002 and 2010 sweeps impacts a change in debt status, with unobserved heterogeneity that is fixed over time being controlled for through fixed effects. While none of our analyses in this report attempt to establish causality in terms of the associations we identify, imposing a fixed effects framework can be analogous to taking a 'step closer' to causality.

# Chapter 3: Age and Attitudes to Credit and Borrowing

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## Headline findings

- Age is significantly associated with more negative attitudes towards credit and borrowing that is not explained by the different observable characteristics of older people compared to younger people.
- Among older people (aged 55+), women and those who are married/cohabiting have more negative attitudes to credit and borrowing. There was also evidence that those who have higher household incomes may have more positive attitudes to credit and borrowing.
- Just three per cent of older people (65+) would turn to credit in the event of an unexpected £200 expense – four times as many simply couldn't pay.
- Older people from ethnic minorities, who had lower incomes, and who lived in rented housing, were particularly unlikely to turn to credit in order to pay an unexpected £200 expense (potentially leading to a different form of debt).

## Introduction

For years, we have conventionally subscribed to a view of older people as being avid savers, and younger people being much less secure in their finances leading to different attitudes towards credit usage and behaviours. Based on their debt and credit usage behaviours, older people are characterised as being more

spendthrift, frugal and steeped in habits of saving compared to younger age groups, having lower levels of unsecured credit (Kempson 2002, Atkinson et al 2006) - findings which are also said to be indicative of attitudes (Kempson et al 2004).

Older people are thought to hold more negative attitudes to credit usage compared to younger people for reasons including (i) generational scepticism towards and inexperience of being in debt; (ii) having a more static income stream than younger people that reduces the potential need for credit usage; (iii) ageism/age restrictions in accessing some sources of credit; and (iv) psychological factors including greater self-control.

In the current context, the financial crisis has both reduced the interest paid to savers, and the interest charged to borrowers. Consequently, some older savers may have become disillusioned with the gains to be made from saving; could this influence the attitudes towards (and need for) credit and borrowing of older people? In addition, just how accurate are the depictions of older people as savers shunning credit compared to the reality? How equally distributed is a suspicious attitude towards borrowing among older people – could new cohorts of baby boomers, who during their working lives have experienced periods of greater national and household reliance on credit, hold more sympathetic attitudes towards credit? Finally, which types of older people are most likely to have sympathetic attitudes towards using credit?

Exploring attitudes to credit and debt is important as more tolerant attitudes towards debt are known to be associated with higher levels of personal debt (for example Lea et al 1993); some have even gone as far as to suggest that being in debt can form something of a social

identity, with those in debt sympathising with fellow debtors (Mewse et al 2010). If older people are developing more relaxed attitudes towards credit usage and being in debt, then we could expect this to translate into higher levels of personal debt. The questions raised above are some of the issues we explore in this chapter, using data from the British Social Attitudes Survey ((BSA) 2007, 2009) and the Family Resources Survey ((FRS) 2010/11).

## Old and debt averse? What does the literature actually say?

### Age and Attitudes to Credit and Debt

Where attitudes explicitly have been explored, a definitive age gradient exists in the literature, with 'credit positive' orientations switching to 'credit negative' with age. Younger people are found to be more predisposed to fund a specific lifestyle by accessing credit including the purchase of certain luxury items. Recent results from Wales found a quarter of respondents aged 18-34 agreed that they were 'happy to borrow money' to fund the lifestyle they wanted compared to 7% of respondents aged 65+ (Consumer Focus Wales 2010). The same study found older people are more likely to hold the opinion that access to credit is too readily available, with 77% of people aged 65+ agreeing 'it's too easy to borrow money these days' compared 67% of those between the ages of 18-49. Earlier work by Rowlingson and McKay (2002), looking at Great Britain as a whole, also found older people were more likely to think that credit should be much harder to obtain when compared to younger age groups (Rowlingson and McKay 2002).

Qualitative evidence from Australia found that young people under the age of thirty were almost indifferent about entering into debt; in comparison, older people were far more negative towards debt and went to

much greater lengths to avoid entering into credit arrangements (Brennan et al 2011). Much of the age continuum around attitudes to credit may stem from the reason for accessing credit. In the UK, Finney and colleagues' (2007) qualitative research revealed that those in their 50s and 60s held a much more restricted range of items for which they would willingly enter into debt than younger people, based on more essential, one-off purchases such as the purchase of a car. Despite this overall trend, the authors also highlight the existence of a small group of older people heavily reliant on and willing to access credit. Younger people on the other hand were said to view 'credit' and 'cash' interchangeably so that credit was used to access dispensable short-term items (Finney et al 2007). Other sources also support arguments that young people view loans as acceptable when monthly repayments can be met and the debt is not becoming unmanageable (FSA 2004).

However, young people also utilise credit for more essential life purposes as well, perhaps more so in recent years, with results from a 2012 poll indicating that an increasing number of young people are using credit to make essential purchases, said to be reflective of both necessity and lifestyle (PricewaterhouseCoopers 2012). For young people, taking on debt at earlier stages of the life course is far more normalised and part of a consumer culture reliant on credit (Harkness et al 2012). Policy changes to higher education funding have been fundamental in driving this cultural shift. In a decade since 1997, average student debt rose by 70%, while the estimated average length of time taken to repay student debt rose from six to eleven years (Bosanquet et al 2008). These rises took place over a period in which university admissions increased unyieldingly, meaning that student debts are a reality for greater numbers of young



people. The current 'state sanctioning' of debt in return for an education may be expected to soften any resolve on the usage of credit even further among young people.

Among older people (65+) differences in attitudes exist, with those over 80 being markedly more conservative in their attitudes towards debt than their younger peers (Blythe 2011). Broadly speaking, those aged 50-64, sometimes called the 'baby-boomer' generation, are not thought to share the same, instinctive, aversion to debt of older age groups (for example Consumer Focus Wales 2010, McKay et al 2008), although whether differences within the older population are the result of age or cohort effects is unclear based on the available evidence. Additionally, homeowners among the baby-boom generation benefited from a housing windfall more so than earlier generations (for example Willetts 2010), much of which was originally purchased through mortgages and loans; consequently such social changes may have affected their attitudes towards credit (see Elsinga et al 2010).

### **Where are the gaps in evidence?**

While previous research has mainly focussed on debt and credit utilisation behaviour (for example McKay et al 2008), there has been comparatively less focus on attitudes towards credit and debt. In particular four unresolved issues exist in terms of attitudes towards debt and the relationship with age. Firstly, while older people's views may appear more credit (and thereby debt) averse than those of younger people, there has been comparatively little exploration as to the extent to which the differing characteristics of older people compared to younger people account for these differences in attitudes. Secondly, there is growing recognition within social gerontology that

older people do not represent a homogeneous age group, with some theories that people grow ever more divergent with increasing age (Dannefer 2003). However, many empirical studies, particularly those comparing the experiences of older people with younger people, fail to make this distinction. Consequently, many of the studies that examine differences in attitudes to credit and debt between the ages do not fully explore heterogeneity among older people. Thirdly, although some studies construct regression models exploring the impact of age on attitudes and control for possible mitigating factors, this often occurs at the expense of understanding the characteristics that are associated with debt averse or positive attitudes among older people themselves. A final fourth avenue that remains unexplored is the impact of the financial crisis and resultant recession on attitudes to debt and credit, and how this may vary by age. These are issues we address in the remainder of the chapter.

Other gaps in the evidence exist which are beyond the scope of the analysis here but are worthy of mention. Firstly, the persistent challenge in social science of disentangling period, cohort and age effects is perhaps especially pertinent in considering attitudes towards credit, and indeed credit usage behaviour. Given the rapid growth in the size of consumer credit market in recent decades, changes in attitudes may be symptomatic of multiple effects; Kempson (2002) argued that both cohort effects and period effects were responsible for the relaxing of attitudes towards indebtedness. Secondly, while strong ties exist between attitudes to credit usage and subsequent behaviours (for example Lea et al 1993, Mewes et al 2010), it is important to emphasise that a gulf nevertheless exists between attitudes and behaviours. An ever-increasing

proportion of people are thought to be 'ageing into debt', with the Consumer Credit Counselling Service reporting that the number of over-60s seeking debt advice had increased by more than 15% over three years (CCCS Statistical Yearbook 2012). Based on the indicative evidence presented here, some of the increase may be attributed to those who reluctantly enter into debt because of necessity, despite holding negative attitudes; however, could some of the increase also be attributed to 'credit positive' attitudes seeping through the older population as the baby boomers, with more credit positive attitudes, join the ranks of pensioners?

Through adopting age as our focus, we seek to address the following research questions in the remainder of this chapter (using the methods and data outlined in Chapter 2):

1. How do attitudes to debt and the use of credit vary by age?
  - a. To what extent can variation be attributed to differences in other characteristics?
2. How do attitudes to debt vary by age *among* older people?
3. What are the characteristics of debt positive older people?
4. How have attitudes to debt and the use of credit changed over the period of the financial crisis?
5. To what extent do other life course factors for older people help to shape attitudes?

## Results

### How does age influence attitudes to borrowing and credit?

There is a clear, unwavering linear trend indicating that older age is associated with less positive attitudes to credit usage in 2009. Young people, regardless of the question wording, are more likely to view credit and borrowing as a means of planning finances and are less likely to see the negative aspects of credit usage or to think that further restrictions are needed on the personal credit market. For example, under a third of young people aged 16-24 disagree that credit makes it easier to plan finances; in contrast, over half of older people aged 75+ do so (figure 2). Similarly, 45 per cent of young people aged 16-24 think that it should be made harder to borrow money; in contrast over 80 per cent of people aged 75+ think it should be made harder to borrow money (see Appendix 2 for full output).

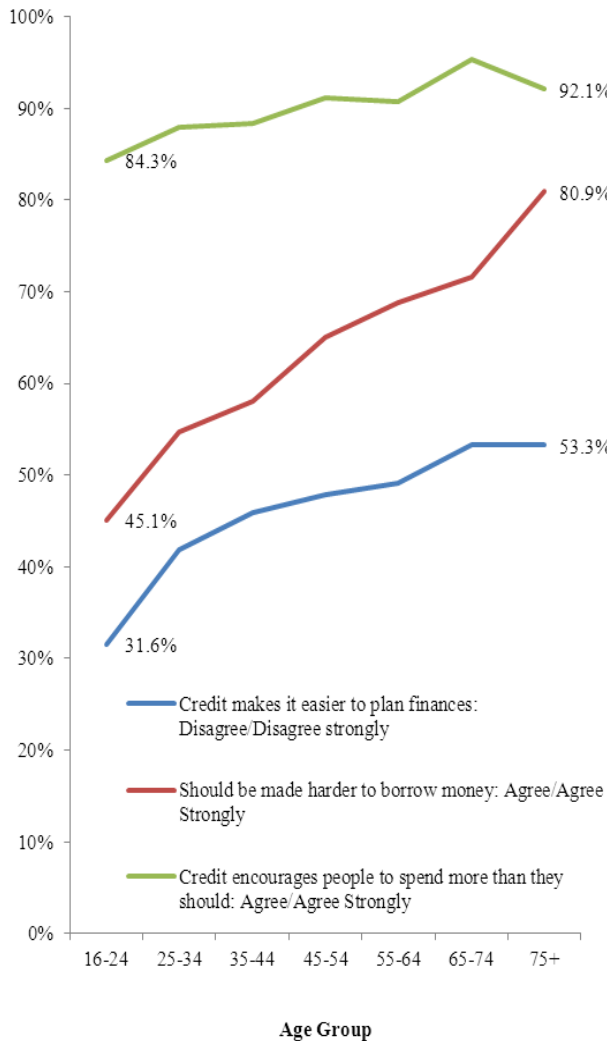
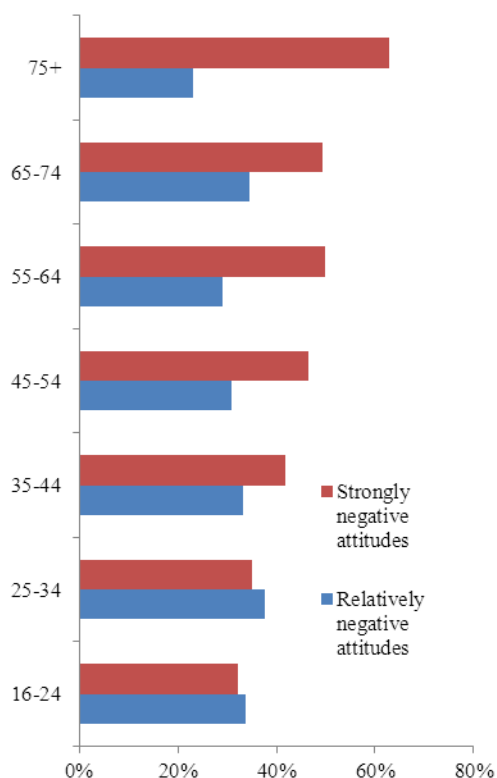


Figure 2: Attitudes to credit and borrowing by age group (data from British Social Attitudes Survey 2009)

The overwhelming majority of respondents, regardless of age, also agree that credit encourages people to spend more than they can afford - over four-fifths across all age groups. The influence of age is less pronounced here because this viewpoint is widely held by younger and older people alike, although differences by age, with older people expressing higher levels of 'credit negativity', are still statistically significant at the 5% level.

When we combine the information from all three indicators through exploratory factor analysis, we find that one underlying variable can be used to summarise the responses (see appendix table for full outline)<sup>1</sup>. In analysing this variable, we find most people's attitudes tend towards the negative, which is unsurprising given the responses outlined in figure 2 – those with credit positive attitudes across all age groups are in the minority, although credit positive attitudes are concentrated among younger people. Respondents with strongly credit positive attitudes – those respondents who were strongly in favour across all three attitudinal variables – comprised only a small minority of the sample at 1.5%.

<sup>1</sup> Use of the Kaiser criteria suggests that one underlying variable of 'credit positivity attitudes' can be used to summarise the responses across all three variables. This one summary variable accounts for 55% of the variance observed across all three variables. Unsurprisingly, given results above, the variable measuring attitudes to 'credit encourages people to spend more than they can afford' is 'more unique' than the other two, with responses to the other two variables being more similar.



**Figure 3: Strongly and relatively negative attitudes to credit by age group (data from BSA 2009)**

Respondents with strongly negative attitudes to credit - those who tended to agree or agree strongly that it should be harder to borrow money, that credit encourages people to spend more than they can afford, and tended to disagree or disagree strongly that credit makes it easier to plan finances - comprised over two-fifths of the population (figure 3). However, respondents with strongly negative attitudes were over-represented among older age groups and under-represented among younger age groups relative to the population average.

### Which other characteristics pattern attitudes to credit?

When we look at characteristics of respondents of all ages, and their

association with their credit attitudes, we find a number of characteristics are statistically significantly associated with credit attitudes using our summary variable<sup>2</sup>.

- Men have more credit positive attitudes than women
- People with long-standing illnesses had more credit negative attitudes than those without
- Retired people had the most credit negative attitudes compared to those who were working, studying or unemployed
- People with no qualifications had the most credit negative attitudes, followed by people with a degree<sup>3</sup>
- Conservative and Liberal Democrat voters had the most credit negative attitudes<sup>3</sup>
- Urban residents had more credit positive than those in rural areas<sup>3</sup>

There was no statistically significant or distinguishable pattern by income, receipt of benefits, or the respondent's perception of financial circumstances. However, these are the results from bivariate analysis only – other factors (including age) may be underlying these associations.

When we restrict the analyses to those aged 50 and above, we find that attitudes to credit (positive and negative) dispersed fairly evenly across the older people regardless of characteristics. However, interestingly, attitudes to credit and borrowing are patterned by income so that people with lower household incomes are statistically significantly less likely to be

<sup>2</sup> Tables available on request.

<sup>3</sup> While there was a discernible trend, this was not statistically significant at the 5% level.

classified as having ‘credit positive’ – credit positive attitudes were more likely to be found among older people in households with higher incomes (this achieved borderline statistical significance ( $p < 0.06$ ), see table 1). When we restrict the same analysis to those aged 65 and over, the same pattern emerges (significant at the 10% level).

**Table 1: Attitudes to credit among those aged 50+ by household income**

Overall Attitudes	less than £15k	£15k-£25.9k	£26k-£43.9k	£44k or more	Total
<b>Strongly Positive Attitudes</b>	1 (0.3%)	2 (0.6%)	2 (1.1%)	5 (4.6%)	10 (1.2%)
<b>Relatively positive</b>	5 (2.1%)	6 (1.4%)	5 (4.0%)	8 (7.0%)	24 (2.9%)
<b>Relatively neutral</b>	48 (16%)	40 (12%)	26 (17%)	15 (15%)	129 (14%)
<b>Relatively negative</b>	69 (24%)	114 (33%)	46 (28%)	33 (29%)	262 (29%)
<b>Strongly Negative Attitudes</b>	161 (57%)	172 (53%)	81 (50%)	49 (44%)	463 (53%)
<b>Total</b>	284 100%	334 100%	160 100%	110 100%	888 100%
<b>P</b>	0.0517				

It is unclear whether the results in table 1 are driven by access to credit or experience of credit usage. Older people with higher household incomes may find accessing credit easier, which in turn influences their behaviour and their attitudes. However, data that collects both attitudes to credit and borrowing behaviours was unavailable at the time of writing. The results in table 1 could be interpreted in a positive light if those with lower incomes are less inclined to access credit, and consequently fall into debt.

Alternatively the results could indicate that older people with lower incomes have less positive experiences of accessing credit and/or only access credit in times of emergency, increasing the likelihood of entering into credit agreements on unfavourable terms.

### Is age responsible for patterning attitudes to credit?

We next explored whether the apparently more negative attitudes of older people to credit and borrowing, compared to younger people, remained after controlling for their differential characteristics. When we include a number of possible controlling factors, including gender, ethnicity, household income, region, employment status and education; we find that the age effect remains in our multivariate model (see appendix for full output and list of controls). In table 2, we present these results from ordinal regression models as odds ratios – an odds ratio above one indicates that a factor is associated with an increasingly negative attitude towards credit or borrowing. In our multivariate model we find that age and ethnicity are the only factors that remain statistically significantly associated with attitudes to credit<sup>4</sup>. Compared to people aged 35-44 years, those aged 75+ and above are significantly more likely to possess credit negative attitudes; those aged 16-24 years are significantly less likely; people from ethnic minority groups are less likely than white people to have credit negative attitudes.

<sup>4</sup> Our analysis using our summary variable combined two categories – ‘agree’ and ‘neither agree or disagree’ - in order to satisfy the proportional odds assumption, which was tested on unweighted data with no multiple imputation.

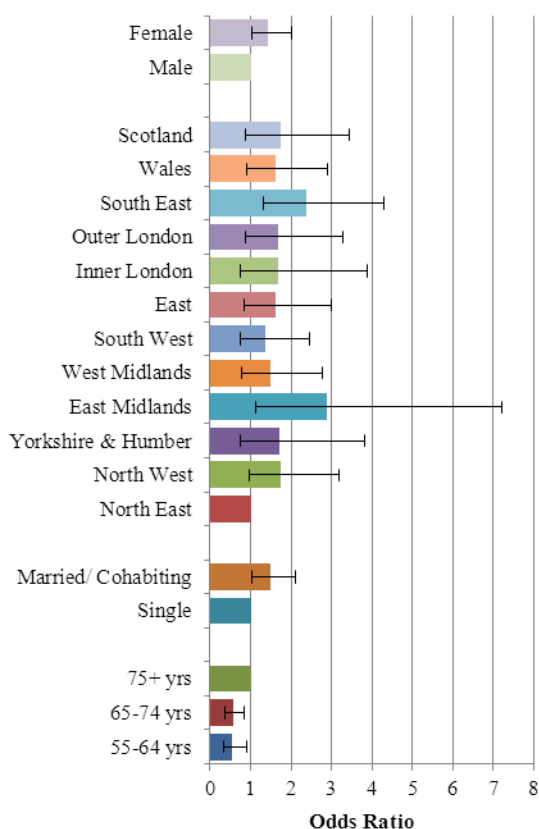
**Table 2: Odds ratios from ordinal logistic regression models of attitudes to credit (and ranges) (data from BSA, annotated output with full models in appendix)**

	Overall Attitudes to Credit and Borrowing: Increasingly Negative (Model 1: Age Only)	Overall Attitudes to Credit and Borrowing: Increasingly Negative (Model 2: Age and Socioeconomic Ctrls)	Overall Attitudes to Credit and Borrowing: Increasingly Negative (Model 3: All Ctrls)
<b>Age Group: Baseline 35-44 yrs</b>			
<b>16-24 yrs</b>	0.657 <sup>*</sup>	0.783	0.900
	[0.448,0.964]	[0.497,1.232]	[0.591,1.369]
<b>25-34 yrs</b>	0.811	0.828	0.818
	[0.593,1.110]	[0.613,1.119]	[0.617,1.085]
<b>45-54 yrs</b>	1.203	1.187	1.156
	[0.910,1.591]	[0.899,1.569]	[0.870,1.536]
<b>55-64 yrs</b>	1.356 <sup>*</sup>	1.291	1.252
	[1.031,1.782]	[0.949,1.757]	[0.905,1.731]
<b>65-74 yrs</b>	1.457 <sup>**</sup>	1.346	1.385
	[1.103,1.924]	[0.914,1.982]	[0.922,2.081]
<b>75+ yrs</b>	2.316 <sup>***</sup>	2.113 <sup>**</sup>	2.405 <sup>**</sup>
	[1.593,3.365]	[1.251,3.569]	[1.363,4.244]
<b>N</b>	2710	2710	2710

When we look at the variables separately in multivariate models (output available on request), agreeing or disagreeing with the statement that ‘it should be made harder to borrow money’ in particular appears to be strongly patterned by age; older people were much less likely to disagree that it should be harder to borrow money even after controlling for other characteristics.

## What are the characteristics of older people who have credit positive attitudes?

When we examine the characteristics of older people (aged 50+) in a multivariate framework, we find that older people who are married or cohabiting, women, and those aged 65-74 and 75+ (compared to 50-64 years) are more likely to have credit negative attitudes. We also encounter a number of statistically significant regional effects displayed in figure 4 as odds ratios, with an odds ratio above one indicating an increasingly negative attitude to credit and borrowing (full output in Appendix 2). An income effect was observed, with respondents from households with higher incomes possessing more positive attitudes to credit, although this was not statistically significant, even at the 10% level.



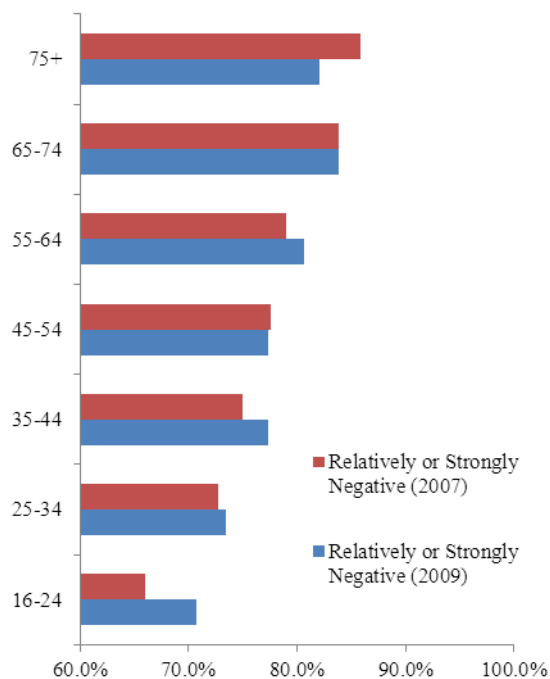
**Figure 4: Annotated output from ordinal regression models displaying the odds of increasingly negative attitudes towards credit and borrowing**

We also went further and restricted the output to those aged 65 and over. Some regional effects persisted and older women aged 65+ were also more likely than older men to hold more negative attitudes to credit (significant at the 10% level: 1.643 [0.995-2.713]). Because attitudes to credit and behaviour were not both available in the same dataset, we are unable to ascertain the extent to which negative attitudes to credit protect women from entering retirement in debt compared to men.

### How have attitudes changed since 2007?

The BSA is not longitudinal in design, so a full assessment of the way in which attitudes to credit have changed over the

recession period is not possible with these data. However, looking at cross-sectional changes, only small differences can be observed. Looking at a variable that combined attitudes across the three variables of focus in 2009, and comparing with 2007, little change can be observed between sweeps. If attitudes to credit have become more negative between 2007 and 2009, then it is among younger people that this is most likely to have occurred, if at all (figure 5, descriptive tables also found in appendix). The relatively moderate level of change between 2007 and 2009 may be unexpected given that the financial crisis, partly driven by levels of household and consumer debt, began in 2007 and that lending policies would have tightened by 2009 (see Chapter 1). However, it should be borne in mind that part of the reason for the lack of systematic differences between the values for 2009 and 2007 may be due to consumer borrowing already having dropped by the time the data we analyse for 2007 was collected, or that the tighter lending policies were not perceived as having had an effect on consumer lending. It should also be remembered that these data are cross-sectional – responses collected through a longitudinal design may have been reflective of a shift over this period.



**Figure 5: Overall attitudes to credit – Relatively or strongly negative attitudes by age in 2007 and 2009 (BSA data)**

### How do older people view the use of credit in the event of unexpected expenses?

Using data from the BSA, we have found that older people have more negative attitudes to credit usage and borrowing that cannot be explained by their pre-existing characteristics. While these attitudes may reflect the perceptions of older people, actual behaviour is likely to differ, particularly in the event of an unexpected expense of financial shock. In this section, using data from the Family Resources Survey (FRS) from 2010/11, we explore how older people regard the usage of credit in the event of an unforeseen expense – in this case a £200 expense – compared with other options. Unfortunately, comparisons of older people’s (aged 65+) perceptions of credit in the event of an unforeseen expense, with the perceptions of younger age

groups, was not possible in these data. Nevertheless, the results suggest that four times as many older people would not pay (“could not pay”) an unexpected £200 expense as would rely on the use of credit (table 3); around 3% of older people would turn to credit in the event of an unexpected expense while 12% couldn’t pay such an expense.

**Table 3: Usage of credit in the event of an unexpected £200 expense (FRS data 2010/11)**

How would you pay for an unexpected £200 expense?	Age 65 to 69	Age 70 to 74	Age 75 or over	Total
<b>Use credit</b>	140 (4.6%)	108 (3.8%)	105 (2.1%)	353 (3.2%)
<b>Pay by other means</b>	2660 (82.0%)	2400 (82.1%)	4223 (88.5%)	9283 (85.1%)
<b>Couldn’t pay</b>	439 (13.4%)	412 (14.1%)	449 (9.3%)	1300 (11.6%)
<b>Total</b>	3239 (100.0%)	2920 (100.0%)	4777 (100.0%)	10936 (100.0%)
<b>Observations</b>	10936			
<b>P</b>	<0.01			

The usage of credit varies modestly by household income. Older people in households receiving incomes of £200 a week or less were the least likely to turn to credit in the event of a £200 unexpected event; here while 1.4% would turn to credit, ten times as many responded that they couldn’t pay for such an expense. Among households with incomes of £600 a week or more, similar proportions of older people responded that they would turn to credit as responded that they couldn’t pay (around 4%; table 4).



**Table 4: Usage of credit in the event of an unexpected £200 expense among respondents aged 65+, by household income (FRS data 2010/11)**

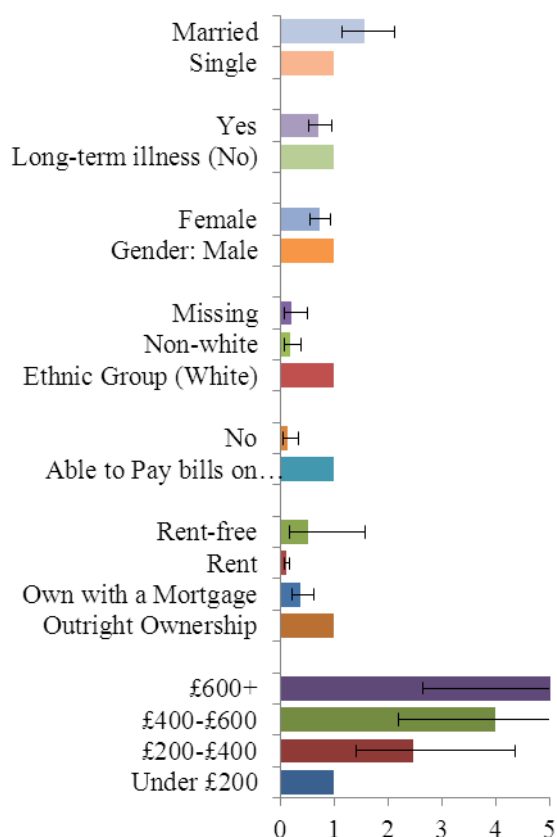
How would you pay for an unexpected £200 expense?	Weekly Income				Total
	under £200	£200-£400	£400-£600	£600+	
<b>Use credit</b>	18 (1.4)	157 (3.2)	100 (3.8)	78 (3.6)	353 (3.2)
<b>Pay by other means</b>	970 (83.4)	4017 (80.9)	2293 (88.3)	2003 (92.0)	9283 (85.1)
<b>Couldn't pay</b>	199 (15.2)	801 (15.9)	214 (7.9)	86 (4.3)	1300 (11.6)
<b>Total</b>	1187 (100.0)	4975 (100.0)	2607 (100.0)	2167 (100.0)	10936 (100.0)
<b>Observations</b>	10936				
<b>P</b>	<0.01				

These results could suggest that much of the money lending market is not reaching older people sufficiently – or certainly the majority of older people would rather not pay an unexpected expense of £200 than use credit. This is especially true for those on lower incomes. This is a hypothetical question posed to older people, and it is unclear whether it is more fiscally (or legally) prudent to pay the expense than not. Some may interpret and respond to this question from a ‘do without’ mentality, while others may interpret the expense as an unavoidable expense where the consequences of non-payment may be severe, for example payment of a utility bill.

## Which older people turn to credit in the event of unexpected expenses?

When we examine the characteristics of older people who turn to credit in the event of an unexpected £200 expense, and compare their characteristics with those who would pay by other means, we find that relatively few factors predict usage of credit compared to paying by other means (full output in appendix table). However, we do find evidence that corroborates some of our earlier findings that older people (among those aged 65+), as well as those on lowest incomes are less likely to turn to credit; those with longstanding illnesses are more likely to turn to credit. However, if we change our comparison category, and compare the characteristics of those who would turn to credit with those who couldn't pay the expense, our results differ substantially. We find that (summarised in figure 6) that the relative risk of using credit compared to not paying is much higher for those in higher income households compared to lower income households – around five times higher when comparing the lowest income group with the highest. Married people are also more likely to turn to credit. However, those from non-white ethnic groups, those with longstanding illnesses, women, those in rented housing and those who were unable to keep up with bills were much less likely to turn to credit than their counterfactual categories. The findings around housing tenure and ethnic group in particular appear to corroborate other findings around financial exclusion, in that non-white older people and those from rented housing were at higher risk of exclusion from financial products, including credit and savings products (see Kneale 2012). Interestingly, age (among those aged 65+) did not appear to significantly pattern the risk of turning to

credit versus not paying an unexpected expense.



**Figure 6: Relative risk ratios by selected characteristics of using credit relative to not paying in the event of encountering an unexpected £200 expense (FRS data)**

The findings from our analyses of the FRS data suggest that poverty, ill-health and possible issues in accessing credit all contribute to some older people being unwilling or unable to turn to credit in the event of an unexpected expense of £200. Consequently, such a decision could lead to further debt among older people.

## Conclusions

We began this chapter through asking five questions, the first of which was ‘how does age influence attitudes to credit and borrowing?’. We find conclusive evidence that older age is associated with a more

negative standpoint towards credit and borrowing that is not explained by the different characteristics older people possess. Even when we examine the impact of age, comparing those aged 75+ with those aged 35-44 years in a fully controlled model, we find that those aged 75+ are over twice as likely to possess ‘more’ negative attitudes. We find that a linear pattern of increasing negativity in attitude towards credit and borrowing persists among older people, so that those aged 75+ hold more negative viewpoints than those aged 65-74, who in turn hold more negative viewpoints than those aged 55-64 years.

However, what we also find is that authors who aim to characterise young people as feckless when it comes to their attitudes on credit and debt present an over-simplistic depiction. Across all age groups, most people hold relatively or strongly negative views on credit and borrowing – although credit positive attitudes are more commonly found among younger age groups, few people of any age are found to be strongly ‘credit positive’ in attitudes, which could suggest that the credit usage of patterns of younger people are driven more by necessity than choice. For example, the majority of young people (over two-fifths) agreed or agreed strongly that credit encouraged people to spend more than they could afford, suggesting some degree of reluctance in credit usage.

Among older people, we found an interesting association between attitudes to credit/borrowing and household income, which differed in nature from other age groups and may have achieved statistical significance with a larger sample size. We found that those who had higher household incomes were less likely to have ‘credit negative’ attitudes. We found that older women were significantly more likely to be likely to be ‘credit negative’ than older men, as were those who were

married/cohabiting compared to single people.

Interestingly, we found little systematic change in attitudes to credit and borrowing between 2007 and 2009 among older or younger people, despite the changing financial climate; although, as discussed, this could be due to a number of factors related to the sample and not necessarily reflective of static attitudes among the public more widely.

Our analysis of the FRS, where older people were asked about their use of credit in the hypothetical situation that they faced an unexpected £200 expense, further revealed the caution that older people exercised in regarding credit as an option. We found that only 3% of older people aged 65+ would turn to credit in the event of an unforeseen £200 expense, while four times as many would say that they 'couldn't pay'. This varied by income so that ten times as many households on the lowest level of income (under £200 per week) said that they couldn't pay as would turn to credit. When we further compared the characteristics of those who couldn't pay with those who would use credit to pay an unexpected £200 expense, we found that many of the characteristics associated with exclusion from financial products in earlier work (see Kneale 2012), such as older people from ethnic minorities or older people in rented housing, were also associated with a lower odds of using credit compared to not paying the expense. Furthermore, older people from households with higher levels of income were more likely to turn to credit than not pay an unexpected expense than those in lower income households. Perhaps in the case of the latter group especially, the usage of credit is unwise, although not paying a £200 expense could lead to a different form of debt. It is therefore perhaps equally concerning that 12 per cent of older people couldn't pay an

unexpected expense and were not able to turn to credit - these FRS results reinforce earlier findings that many older people may be shut off from credit sources, which in turn may make the ability to deal with relatively small financial shocks, difficult.

In the next chapter we progress to explore the usage of credit products, using data from the English Longitudinal Study of Ageing, and examine different conceptualisations of when credit usage becomes problematic for older people.

# How do older people access credit and when does this become a problem?

## Headline findings

- Credit usage dropped among those aged 50+ between 2002 and 2010. The number of older people 65+ with unsecured debts dropped slightly from 15.5% in 2002 to 13.8% in 2010.
- The drop in credit usage was most pronounced among 'younger' older age groups (50-64 years). For example, the proportion aged 60-64 years with unsecured credit dropped by 6.2% between 2002 and 2010.
- Among older people with debts, the amount owed increased substantially between 2002 and 2010, and exceeded the level of inflation. In 2002, those with unsecured debts owed a median amount of £1,500; by 2010 this amount stood at £2,500. Therefore, debt is becoming concentrated to a greater degree among fewer people.
- In 2010, 10% of older people with unsecured debts were repaying over £85 a week towards these.
- Age is associated with a greater likelihood of non-payment of debts, although a lower likelihood of taking on debts initially.
- There was an overall decrease in the number of people with debts between 2002 and 2010 but problem debt fell by less. As a consequence, among debtors the proportion who were in problem debt increased.

## Introduction

Older people are thought to utilise credit less frequently than younger people. A myriad of explanations can be put forward to account for age effects on borrowing patterns, which can be grouped into five main themes. Firstly, as was explored in the previous chapter, one explanatory factor is the reticence of older people to turn to sources of credit compared to younger people. Secondly, older people may have less knowledge of the credit that is available to them, having spent most of their working lives in a period when sources of credit were more limited. Thirdly, age restrictions may apply on some credit products meaning that many older people may be ineligible. Fourth is the stigma of utilising credit among older people; among many younger people credit usage is viewed as a normalised feature of gaining independence during young adulthood. Finally, and perhaps most crucially, credit usage is simply less compatible with the life course of older people. Many older people will have accumulated assets during their working lives that reduce the need to turn to sources of credit – people save during working lives so that their retirement is free of the need to turn to sources of credit. In addition, older people's incomes have traditionally been more fixed, and less vulnerable to financial shocks following, for example, unemployment, starting a family or buying a house, than those of younger people; this increases the capacity to plan finances precluding the need for using credit.

Many of these factors are changing rapidly; people are reaching retirement age with very different biographical experiences compared to those of their predecessors, even those 10-20 years older. Those reaching retirement age now may not enjoy the same independence

from financial commitments, for example through having started in the labour force later, embarking on family-building later, and have access to less generous pension pots of the past. Opposing arguments, however, pitch the baby boom generation in particular as having amassed unprecedented wealth, particularly from housing (for example Willets 2010), lowering the actual need to access credit, although this generation is also the first to have been exposed to an era of widespread growth in consumer credit, which conversely raised the acceptability (if not need) for accessing credit. Women now reaching retirement age are much more likely to have engaged in paid work and have greater financial independence than their predecessors which could alter their borrowing patterns.

Our previous analyses (chapter 3) suggest that 'younger' older people (50-64 years) have more moderate views on accessing credit and borrowing. However, because of the study design of the data we used, we were unable to ascertain how these attitudes had changed (whether they represented age or cohort or period effects). In this chapter, we examine how patterns of borrowing have changed across almost a decade (2002-2010) in terms of the level of credit usage, the type of credit usage and the amount borrowed. Our analyses will give a first glimpse of changes in terms of the likelihood of reaching retirement age with some form of debt. We take this analysis further to examine the transition of when accessing credit and taking on 'manageable debt' becomes 'problem debt'. By this we mean the point at which the access of credit has transitioned to become a long-term debt, the payment (or non-payment) of which has become a major strain on an individual's financial resources or quality of life, a situation we refer to

interchangeably as 'problem debt' or 'over-indebtedness'.

## When does manageable debt become problem debt?

Older people are less likely to access credit products. But when does credit usage become unsustainable for older people and manageable debt become problem debt? There exists no single, commonly accepted definition of problem debt and this lack of consistency has been noted in several studies (D'Alessio and Lezzi 2012, Russell et al 2011, Raijas et al 2010, Betti et al 2007, Kempson 2002). Here we set out some of the different approaches that are applied in the literature upon which we base our own definition of problem debt for older people.

### Conceptualising when debt is a problem

Persson (2010) refers to a definition of problem debt as, "when they [debtors] are unable to meet their financial commitments and their available income over a certain length of time does not cover expenditure and borrowing". Betti et al (2001) put forward a measure of consumer problem debt as "A person is over-indebted if he or she considers that he or she has difficulties in repaying debts, whether consumer debt or a mortgage" (Betti et al 2001). The Citizens Advice Bureau define problem debt as a set of circumstances in which an individual is "unable to pay their current credit repayments and other commitments without reducing other expenditure below normal minimum levels" (CAB 2011).

### **Box 3: What does the literature say about where do older people access credit?**

#### **Credit Cards**

In terms of unsecured credit (see earlier definition in chapter 1), credit cards are one of the most frequently accessed sources of credit for older people, although are used differently compared to younger people, with older people holding fewer outstanding balances on their cards (McKay et al 2008). Further data from the same study suggest older people use credit cards as a payment mechanism rather than as a source of credit (McKay et al 2008); older people are more likely to use credit cards for times of emergency, rather than operating them for everyday purchases.

#### **Overdraft**

The take-up of overdraft facilities is far lower among older people compared to younger people. Data from 2002, for example, suggested that only 1% of householders aged over 60 were overdrawn (Kempson 2002).

#### **Mail order catalogues**

Mail order catalogues are an attractive and familiar form of credit for older people. A Welsh study found that people over the age of 50 were slightly more likely to have a mail order catalogue credit agreement in place compared to younger people (25% vs 23% respectively), one of the few credit sources older people were equally likely to access as younger people (Consumer Focus Wales 2010).

#### **Personal loans from friends or family**

Welsh research also suggests that older people are less likely to borrow money from friends or family. While 9% of survey respondents 18 and above had taken a loan from family or friends, this dropped to 4% among those aged 50 and above (Consumer Focus Wales 2010). Part of this may be due to older people's personal networks diminishing as they age. Familial patterns of lending tend to cascade from senior to younger generations and there may also be stigma attached to older people who borrow from younger family

members.

#### **Payday and doorstep (tallyman) loans**

Payday loans are used to a far higher degree by working age people than older people. A report on payday loans in the UK by Burton refers to research conducted on the UK payday loan market conducted by IRN Research, that found 55% of UK borrowers are under the age of 35 (Burton 2010). Similarly, older people use doorstep loans to more limited extent than younger people (Consumer Focus Wales 2010).

#### **Mortgages**

Older people are much more likely than younger people to own their property outright. However, a number do still owe money on mortgages well above State Pension Age. One in twenty households are estimated to have mortgage debt into their 80s (Price 2008). Data from 2010/11 suggests that 269,000 households in England were headed by householders aged 65+ that were buying their property with a mortgage (DCLG 2012).

#### **Interest-only mortgages**

Wells and Gostelow (2009) comment on indicative data that suggests that many older people may have been sold mortgages that they could not afford, including interest only mortgages; however, up-to-date and reliable statistics on interest only mortgage uptake by age are hard to come by. Some borrowers may have switched mortgage types from repayment to interest only as a response to financial difficulties over the recession period.

#### **Summary**

While in comparison to younger people debt appears less problematic for older people, this may not be the case when we take into account the way in which debt and credit impacts upon older people's lives and the risk of problem debt. Overall, the literature marks a dearth of UK studies that aim to examine older people debt patterns in their own right, as opposed to in comparison with younger people.

Others emphasise that problem debt occurs among individuals and households that are in arrears on a structural basis, or who are at significant risk of falling into arrears on a structural basis (Oxera 2004)<sup>5</sup>. For example the European Commission defines over-indebtedness as an “inability to meet recurrent expenses and therefore should be seen as a structural rather than a temporary state” (Davydoff et al 2008). Most studies tend to vary between using subjective indicators (how people feel about debt) and objective indicators (the financial impact/value of debt), or a combination of both; we review the indicators used for these in the next sections.

### Objective indicators of problem debt

Some definitions of problem debt use indicators derived from administrative data to measure over-indebtedness, such as the levels of bankruptcy or credit provider’s information on credit delinquencies. While these administrative indicators may have merits in terms of their objectivity, they actually say relatively little about the impact of debt on individual’s lives; in addition, such administrative data, for the most part, represent a ‘last resort’ – people generally will have experienced over-indebtedness for extended periods before bankruptcy proceedings are issued against them.

In their study on the different measures of over-indebtedness in the EU, Betti et al (2007) provide a list of objective indicators including: (i) consumption to income ratio; (ii) debt to income ratio; (iii) debt to asset ratio; and (iv) bankruptcies and arrears. Some of the specific indicators used in

studies (non-exhaustive) are summarised in box 4 below.

<b>Box 4: Indicators of over-indebtedness used in the literature</b>	
	<b>Indicator</b>
<b>Variations of debt: income ratios</b>	Household spending more than 30% (or 50%) of their gross monthly income on total borrowing repayments (secured and unsecured) (D'Alessio and Lezzi 2012) (DTI 2005) (OFDM Research Branch 2006)
	Household spending more than 25% of their gross monthly income on unsecured repayments (D'Alessio and Lezzi 2012) (DTI 2005) (OFDM Research Branch 2006)
	Households whose spending on total borrowing repayments takes them below the poverty line (D'Alessio and Lezzi 2012; Russell et al 2011)
	Credit to disposable income (also called household debt-service burden); for example proportion of households that run a household debt burden of 30% of income as the threshold of over-indebtedness (Anderloni and Vandone 2008)
<b>Assets ratios</b>	Illiquidity – the household is unable to remedy the situation by recourse to assets or other resources (an inability to meet an unexpected expense) (Russell 2011)
<b>Credit products</b>	Being overdrawn on a bank account due to financial difficulties, with interest being charged on the amount concerned but with no fixed schedule of payments (Fondeville 2010)
	Arrears on any financial commitment including mortgages, unsecured loans/credit, rent, utility services bills (water, gas, electricity), tax payments (Davydoff et al 2008; Fondeville 2010)
	The number of registered payment defaults relating to instalment sales (Anderloni and Vandone 2008)
	Structural arrears on at least one financial commitment (these include all

<sup>5</sup> Structural debt arrangement is contrasted with being in arrears only temporarily, or having the capacity to meet credit repayments but choosing not to.

	types of credit commitments but also other recurring bills such as utilities, etc.) (Rusell et al 2011)
	Having an uncleared balance on a credit or store card at the end of the month for at least the last 3 months specifically because of financial difficulties rather than because of using the credit as a means of smoothing expenditure in relation to income (Fondeville 2010)
No. loans	Households with four or more credit commitments (D'Alessio and Lezzi 2012) (DTI 2005)
Indicators based on legal process	Debt write-offs by creditors (number/values) (Davydoff et al 2008)
	People assisted with repayment plans by debt advice agencies or administrative bodies (Davydoff et al 2008)
	Court-arranged solutions to debt (for example personal insolvencies, bankruptcies etc) (Davydoff et al 2008)
	The percentage of over-indebted persons asking for a legal procedure for re-scheduling their debts (Anderloni and Vandone 2008)
	Users of debt advice agencies (Davydoff et al 2008)

Some have argued that defining over-indebtedness in the same way for all ages is misleading and overlooks young people's greater willingness to enter into debt, even apparent 'problem debt' because of their expected future income, referred to by some as the 'lifetime/permanent income assumption' (Betti et al 2001). Should such an assumption be adopted, this would in theory see lower thresholds being set for older people for defining problem debt.

### Subjective approach

Subjective definitions of over-indebtedness are based on reports from individuals on the way in which having debt impacts upon their lives. Subjective definitions of over-indebtedness might

include individuals referring to their debt commitments representing a 'heavy burden' (Dearden et al 2010, Keese et al 2009).

### Towards a consensus in defining problem debt

Most studies utilise a combination of objective indicators of debt alongside a subjective measure. One example from the then Department of Trade and Industry (2005), presented four objective indicators of over-indebtedness and one subjective measure:

- Individuals spending more than 25% of their gross monthly income on unsecured repayments;
- Individuals spending more than 50% of their gross monthly income on total borrowing repayments (secured and unsecured);
- Individuals with 4 or more credit commitments;
- Individuals in arrears on a credit commitment and/or domestic bill for more than 3 months; and
- Individuals declaring their household's borrowing repayments to be a 'heavy burden' (DTI 2005)

The DTI themselves cautiously emphasised that these are indicators not exact measures, although are likely to provide a good indication of the levels of over-indebtedness (DTI 2005, for a more recent example of a study that utilises a combination of objective indicators alongside a subjective measure see Bryan et al 2010). When analyses explore the impact of age on problem debt (using the indicators above), the results consistently show that the older people are less likely to experience problem debt than younger people. Data from 2010 found that very few households headed by an older



person were classified as being ‘over-indebted’ using any measure (BIS 2010, table 5).

**Table 5: Proportion of population with problem debt (BIS 2010)**

All households	In arrears on a credit commitment and/or bill over 3 months (%)	Over 50% of monthly income on total repayments (%)	Over 25% of gross monthly income on unsecured repayments (%)	Heavy burden indicator (%)	4 or more credit commitments (%)
All households	7	4	3	13	12
Age (oldest person in hh)					
16-24 (n=168)	24	3	5	23	15
25-34 (n=900)	13	4	3	21	23
35-44 (n=1437)	11	7	5	22	18
45-54 (n=1312)	8	5	5	18	16
55-64 (n=1371)	4	4	3	10	8
65-74 (n=1176)	2	1	1	5	3
75-84 (n=821)	<1	1	<1	2	1
85+ (n=258)	<1	<1	<1	2	1

However, while problem debt may be less prevalent among older people it is still important to learn more about how over-indebtedness impacts on the lives of older people. These are some of the issues we explore in the remainder of this chapter.

## Data and Methods

### Data

In this chapter, and those from this point onwards, we use data from the English Longitudinal Study of Ageing (ELSA, see chapter 2 for an overview of the data and the sample we use).

### Indicators of problem debt

As is the consensus in the literature, we use different indicators to assess whether respondents are over-indebted.

1. Our first indicator is a variation in assessing the debt to income ratio. Here we assess how much older people pay to service their unsecured debts as a proportion of their weekly equivalised income. As is the case in the literature, we do not explicitly consider those who do not pay anything towards their debts as being over-indebted, although this may well be the case, and we explore this group separately. Unlike the literature, we do vary the threshold of being in problem debt by the equivalised income quintile of the respondents. Respondents with lower incomes will be considered as being in problem debt at lower thresholds than those with higher incomes. Despite the proportional approach of this method being intended to be relative across all groups, we feel that, for example, spending 20% of one’s income when in receipt of a very low income will have a much more severe impact on quality of life than for respondents on higher incomes. Therefore, the following thresholds for being in problem debt are imposed:
  - a. Lowest Quintile: 10%
  - b. Quintile 2: 15%
  - c. Quintile 3: 20%
  - d. Quintile 4: 25%
  - e. Highest Quintile: 30%
2. Our second indicator of problem debt is a subjective indicator and is intended to measure whether older people with unsecured debts feel that this is having a negative impact on

their lives. We define people with problem debt as being those with unsecured debts and who, when asked how they are getting along financially, feel that they are either 'not getting along very well', that they have 'some financial difficulties' or that they have 'severe financial difficulties'.

3. Our third indicator of problem debt measures whether older people have debts of £10,000 or more. We use this value as a base in 2002 and apply RPI inflation rates for each wave afterwards, so that the threshold for different years stand as: 2004 (£10,599), 2006 (£11,277), 2008 (£12,302), 2010 (£12,688).

## Results

*Note: See tables in Appendix 3 for a full output of all data described in this chapter.*

### Has there been a rise in the number of older people with credit arrangements?

Our results find that there has been an overall decrease in the proportion of older people with any form of credit agreement, particularly a drop in the proportion with unsecured credit arrangements, over the period 2002 to 2010. Among those aged 50+, around a third (32.2%)<sup>6</sup> of people had unsecured credit arrangements in 2002, dropping to around a quarter in 2010 (23.8%) – for older people aged 65+ 15.5% held unsecured debt in 2002 falling to 13.8% in 2010. We also see a drop in the proportion with any form of debt (unsecured and secured debt) from over two-fifths (42.2%)<sup>7</sup> of older people in 2002

to less than a third in 2010 (32.4%). This drop in credit usage among the 50+ population began before the recession years, and in fact there was a slight rise in the proportion aged 50+ with credit arrangements in 2008 compared to 2006 (see figure 7). This latter trend may reflect the boost to the sample in 2008, which included those aged 50-54 who are most likely to be users of credit.

Figure 8 displays patterns of credit usage in 2002 and 2010 by age group. This shows the way in which credit usage has dropped across all age groups, although this drop is especially pronounced among younger age groups. For example, among those aged 55-59 years, the proportion with any form of debt dropped by 7.3% and the proportion with unsecured debt dropped by 5.6%; among those aged 60-64 years the proportions dropped by 7.3% and 6.2% respectively. However, among those aged 70-74 in 2002, there was little change in patterns of credit usage compared to those aged 70-74 in 2010.

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<sup>6</sup> 30.1% of those aged 52+ in 2002, see Box 2.

<sup>7</sup> 40% of those aged 52+ in 2002, see Box 2.

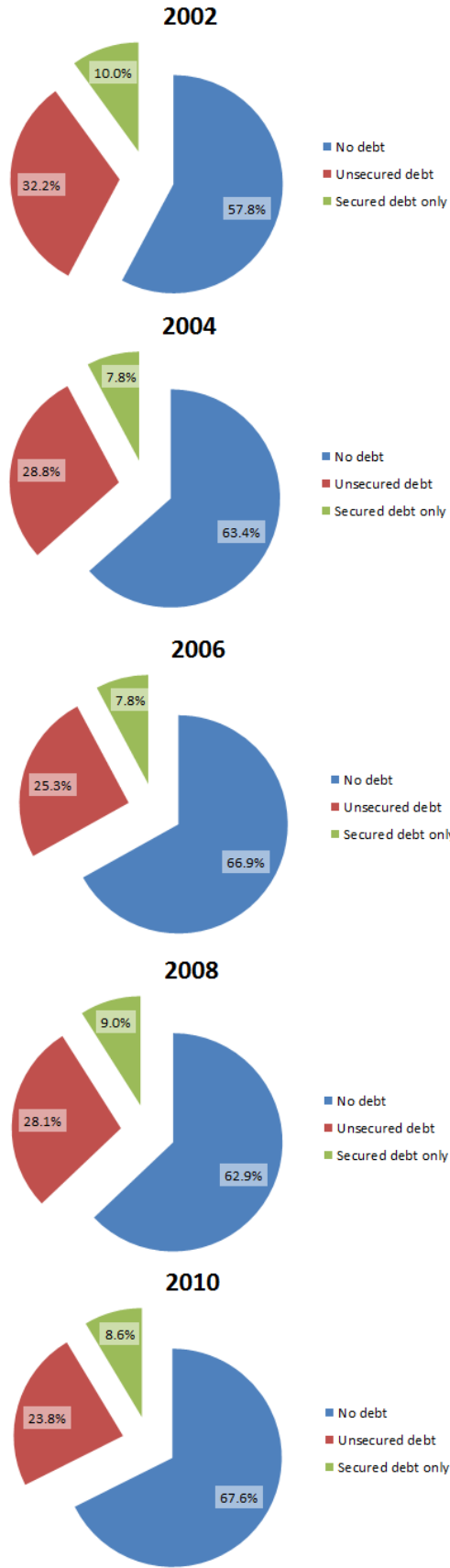


Figure 7: Unsecured and secured debts among those aged 50+ (based on ELSA data)

Table 6: Proportions with different forms of debt by survey year (ELSA weighted data)

		2002	2004	2006	2008	2010
50+	Unsecured Debt	32.20%	28.80%	25.30%	28.10%	23.80%
	Secured Debt Only	10.00%	7.80%	7.80%	9.00%	8.60%
	No debt	57.80%	63.40%	66.90%	62.90%	67.60%
52+	Unsecured Debt	30.10%	28.20%	25.30%	27.10%	23.80%
	Secured Debt Only	9.80%	8.50%	7.80%	9.20%	8.60%
	No debt	60.10%	63.30%	66.90%	63.80%	67.60%

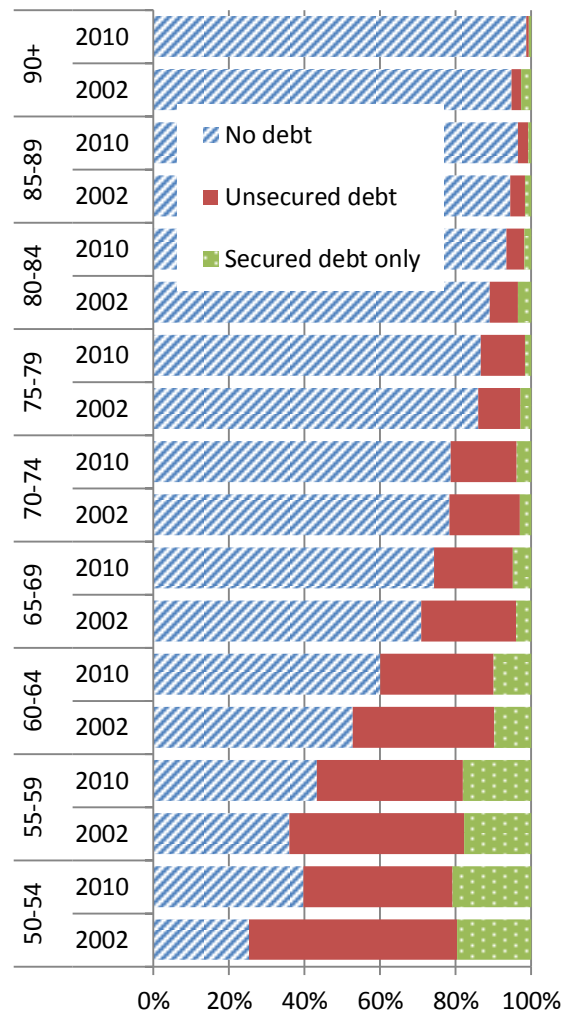


Figure 8: Unsecured and secured debts among those aged 50+ in 2002 and 2010 by age (based on ELSA data)

### Do older people owe more than they used to?

When we examine the amount that older people aged 50+ in 2002 owed on

unsecured credit arrangements, and compare this to the amount owed by older people in 2010, we find large rises in these amounts. For example, in 2002, among those aged 55-59 with some form of unsecured credit arrangement, an average of £4,448.26 was owed, representing an average of £1,797.29 among all 55-59 year olds; by 2010 these values had risen to £7,558.69 and £2,577.24 respectively. This level of increase far exceeded the level of inflation across this period. Therefore although fewer people had credit arrangements in place, greater amounts were owed on credit (figure 9).



**Figure 9: Mean amount owed on unsecured credit – all respondents (based on ELSA data)**

When we explore whether the rise in the average amounts owed was due to disproportionate increases among one or two debtors through exploring rises in

median amounts, we find that this is not the case. In 2002, the median amount owed was £1500<sup>8</sup> (table 4); if this amount was to rise only by the rate of inflation, the equivalent median amount we could expect owed by 2010 would stand at £1900 and not at the actual £2500. Therefore, while the number of people with unsecured credit arrangements has declined, the amounts owed have risen substantially.

**Table 7: Median amount owed among those with any form of unsecured credit (50+)**

Year	Mean Amount Owed	Median Amount
2002	£4,069.84	£1500
2004	£4,291.98	£2000
2006	£4553.53	£2000
2008	£6,088.59	£3000
2010	£6,192.08	£2500

When we explore the mean amount owed on unsecured credit arrangements by equivalised household income quintile, we find that there is very little difference among respondents in the bottom three household income quintiles (looking at 2010 data). However, those with higher equivalised incomes did have greater levels of unsecured debts. The absence of greater variation in the amount owed among the lowest three quintiles is especially concerning, suggesting that the impact of debt for those with the lowest incomes may be relatively greater, and provides justification for our income-linked

<sup>8</sup> For those aged 52+ in 2002 the median amount stood at £1,350 and the mean at £3,898.

definition of problem debt discussed earlier (see data and methods section).

**Table 8: Mean and median amount owed among those with any form of unsecured credit by income quintile (ELSA weighted data 2010)**

Income Quintile	Mean Owed	Median Amount Owed
Lowest Quintile	£4,290.95	£1,500
2	£4,521.69	£2,000
3	£5,027.31	£2,500
4	£6,851.39	£3,060
Highest Quintile	£9,014.72	£5,000

These results on the amount owed on unsecured credit arrangements indicate that debt has become more concentrated and deeper among a smaller population of older people.

We also find that this occurs among all age groups. The median level of debt among debtors rose between 2002 and 2010:

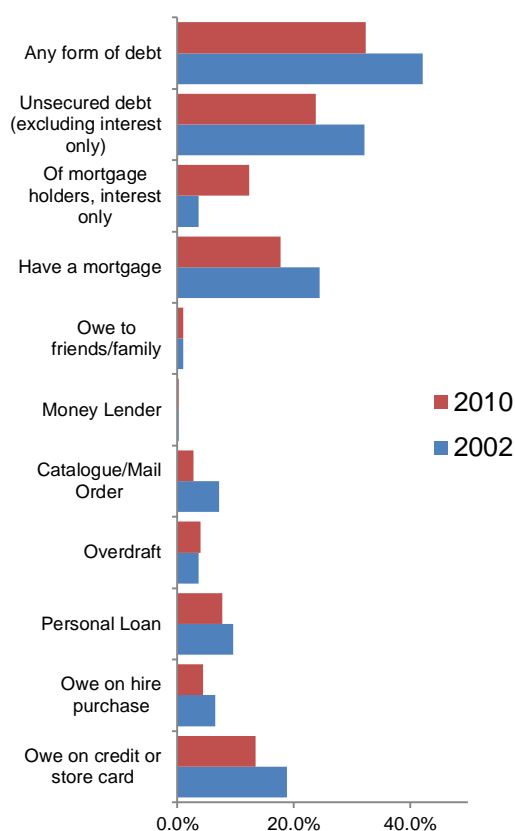
	Median Amount 2002	Median Amount 2010
55-64	£1600	£3450
65-74	£700	£2000
75-84	£300	£1100

By 2010, 10 per cent of (unsecured) debtors owed £15,000 or more.

### Where are older people accessing credit from?

Our results show that, apart from mortgages, older people (50+) are most likely to owe money on credit/store cards, followed by personal loans, hire-purchase agreements and catalogue and mail order arrangements. Other sources of credit account for the credit arrangements of

very few older people, typically less than five per cent. All sources of credit showed a decline in usage among older people in 2010 compared to an equivalent population in 2002 (figure 10<sup>9</sup>). The one clear exception to this is the number of people with interest only mortgages, which increased between 2002 and 2010 (although we typically do not include these in our definition of unsecured credit in these analyses). However, other differences were apparent when we looked in greater depth at specific credit products.



**Figure 10: Proportion of respondents aged 50+ with different credit arrangements (based on ELSA data)**

<sup>9</sup> Regardless of whether we look at the 50+ or 52+ population.

### Credit and store cards

Between 2002 and 2010, we observed a decline in the proportion of older people with unpaid balances on credit and store cards. However, this decline was most prominent among older people aged 55-69<sup>10</sup>; among people aged 70+, the decline was much less prominent; for example over the five sweeps there was only a 1% decline in credit/store card debt among those aged 70-74 years.

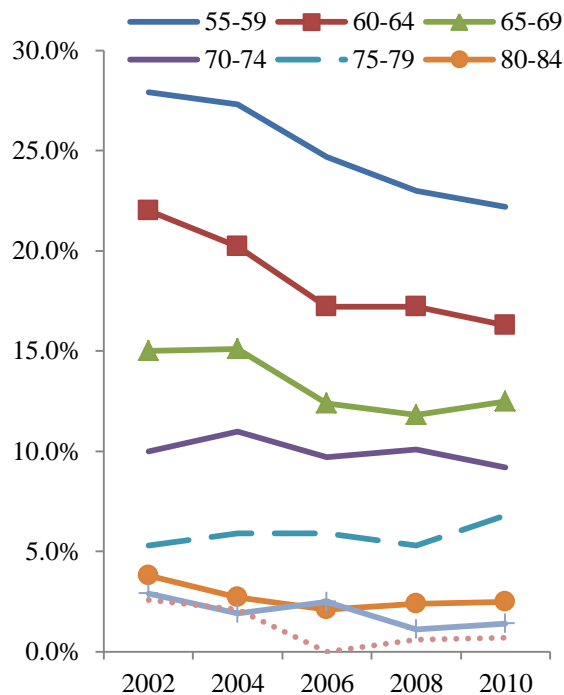


Figure 11: Proportion of respondents aged 50+ with credit or store card debt (based on ELSA data)

However, reflective of the increased amounts owed through unsecured credit in general, we found that despite the decline in usage of credit cards, the average amount owed increased substantially. Almost £4000 was owed on average on credit/store cards among debtors aged 50-

64 in 2010 – almost double the average amount in 2002; the amount owed among credit card debtors aged 75-84, a relatively small group, almost tripled.

Table 9: Mean amount owed among those with credit card debt by age (2002 and 2010 ELSA data)

	2002	2010
50-64	£2,075.91	£3,982.34
65-74	£1,301.38	£2,242.79
75-84	£791.18	£2,232.95

### Mortgages

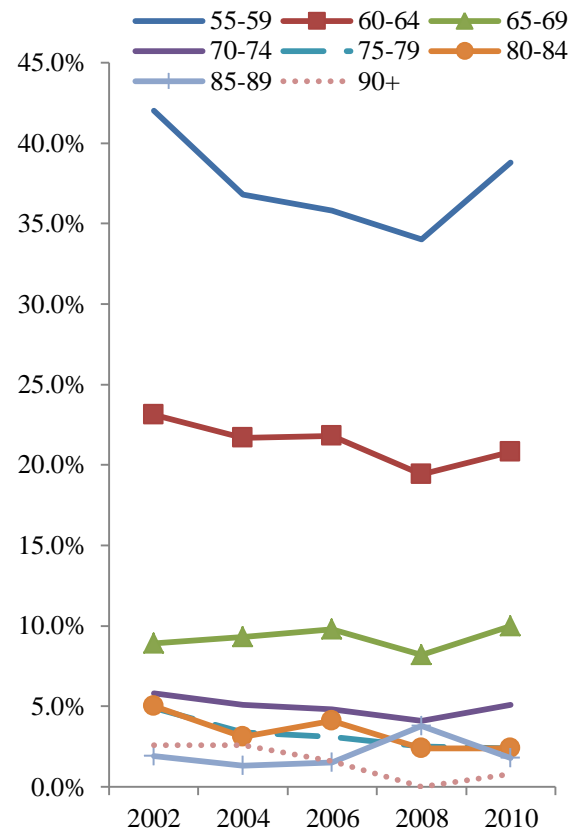


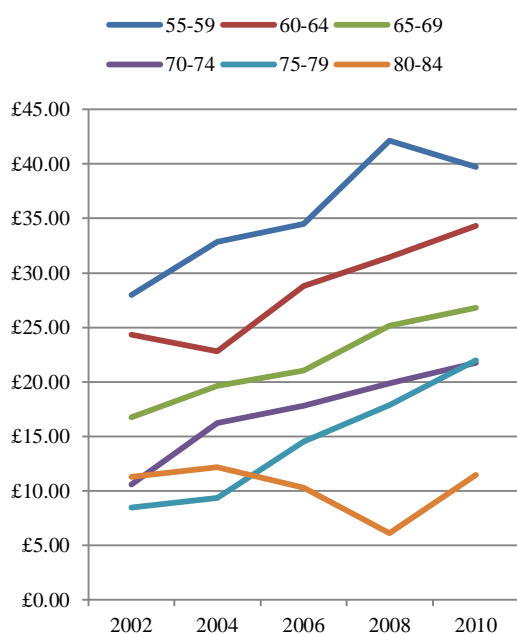
Figure 12: Proportion of respondents with mortgages by age group 2002-2010 (based on ELSA data)

<sup>10</sup> Because of the sample composition in certain waves with low/no numbers of 50-52 year olds, we omit the 50-54 age group in some analyses to facilitate comparisons (see box 2).

When we examine the proportion of older people who were mortgage holders, we find that between 2002 and 2008 there was a consistent decrease in the proportion of older people with a mortgage, particularly apparent among those aged 55-64; however across most age groups there was a slight rise in the level reporting having an outstanding mortgage between 2008 and 2010. Although this rise did not take the level of mortgages back up to the levels observed in 2002, this rise between waves may be one manifestation of the impact of the financial crisis on the financial circumstances of older people.

When we examined the uptake of credit in the form of mail-order/catalogue debts, we observed a decrease in the proportions of older people reporting these debts between 2002 and 2010 across all age groups; however, levels of credit through hire-purchase schemes appear to have remained fairly constant over the same period as have levels of personal loans.

### How much do older people spend on repaying their debts?



**Figure 13: Mean amount spent on repaying debt weekly 2002-2010 among those with debts (based on ELSA data)**

The mean amount older people spend on repaying debts on a weekly basis increased substantially, from average of £26 per week to £32 per week (among debtors). Those in younger age groups (who also had higher levels of debt) were paying significantly higher amounts than older people (figure 13).

Among those with unsecured debts, the median amount spent repaying these debts reached £15 per week in 2010 – almost a 50% increase on 2002 median value<sup>11</sup>. By 2010, 10% of people with unsecured debts were paying over £85 per week on their debts; among those in the lowest income quintile, 10% were spending over £55 a week repaying their debts, with 50% spending £5 a week or more (table 11).

**Table 10: Median amount repaid weekly among those with unsecured debts by year (ELSA data)**

Year	Median Amount
2002	£10.38
2004	£11.53
2006	£11.54
2008	£16.85
2010	£15.00

**Table 11: Median amount repaid weekly among those with unsecured debts by income quintile (ELSA 2010 data)**

Year	Median Amount	Sample size (debtors, unweighted)
Lowest quintile	£5.00	271

<sup>11</sup> The 2002 value for those aged 52+ was £9.23.

2	£4.62	270
3	£11.54	305
4	£33.00	372
Highest quintile	£35.76	394

### Are older people good debtors?

Our results show that the proportion of people with a debt who do not repay anything towards this debt appears to rise with age (figure 14). While age may make people more cautious towards taking on credit arrangements at older age, the evidence here suggests it is also associated with a great probability of non-payment. Sample size and reporting errors are caveats to this trend, as is the type of credit arrangement which older people have in place<sup>12</sup>.

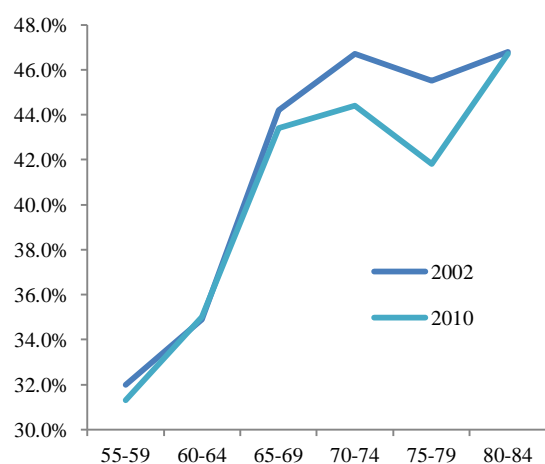


Figure 14: Proportion of older people with unsecured debts paying zero amounts repaying debt by age group for 2002 and 2010 (based on ELSA data)

<sup>12</sup> We are cautious in presenting this finding, particularly around the numbers who do not pay anything. Some people who were asked about their repayments on loans may not consider servicing interest only as repaying a loan as the actual amount owed does not reduce (in this case is serviced but not repaid), while others may consider any form of payment towards a loan as 'repaying'. Future researchers would benefit from further clarification in the wording of this question as it is presented to respondents, and specifically questions that ask about 'total payments' and 'repayments'.

One clear difference between the group who did pay an amount to repay or clear their debt and those who did not was the amount owed, with the amount substantially higher in the former group.

Table 12: Mean amount of unsecured debt owed by payment group and age (ELSA 2010 data)

	Repaying towards debt	Not paying off any debt
50-64	£8,575.59	£3,889.77
65-74	£6,482.21	£2,135.74
75-84	£7,089.30	£1,677.40

### How many older people fall into problem debt?

The proportion of older people (50+) as a whole who were in problem debt had been declining between 2002 and 2006 (from 6.5% to 5%); in 2008 it reached 7.1% before declining once more to 5.9% (figure 15)<sup>13</sup>. For older people aged 65 and over, levels of problem debt remained relatively static, ranging from 2.1% in 2002 and 2.3% in 2010. However, given that our earlier results showed that fewer people had unsecured debts, this indicates that having unsecured debt is becoming more synonymous with having problem debt.

<sup>13</sup> In 2002 the proportion reached 6.1% for those aged 52+ (see Box 2).



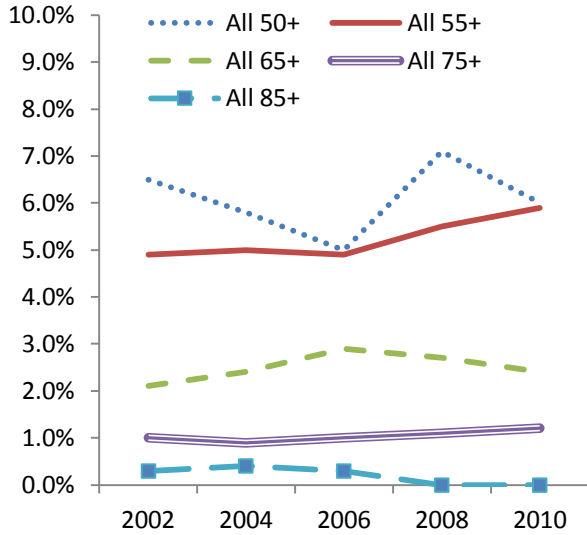


Figure 15: Indicators of problem debt by year among people aged 50+ (based on ELSA data)

When we restrict our population of interest only to those with unsecured debts, looking across all three indicators of over-indebtedness, a trend emerges and it appears that problem debt increased, particularly during 2008.

Looking first at over-indebtedness through the income to debt ratio, the proportion of debtors classified as being in problem debt increased by approximately 4% across all age groups between 2002 and 2010, generally peaking in 2008 (figure 16). For example in 2002, one-in-twenty (5%) of debtors aged 65-69 were spending excess proportions of their income in servicing these debts; by 2010 this had almost tripled to 14%.

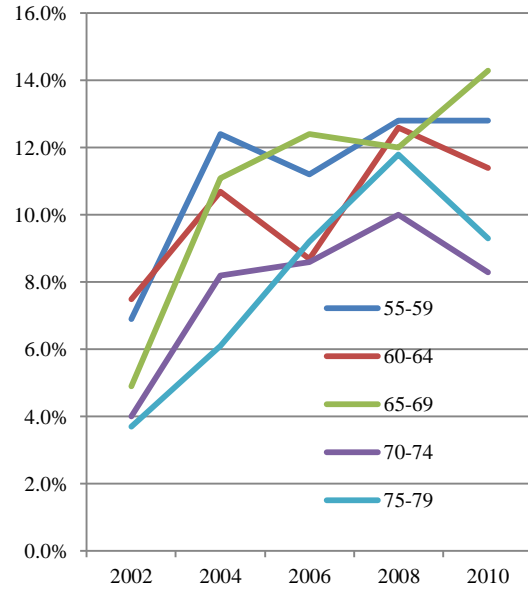


Figure 16: Indicators of problem debt by year (debt: income ratio) among debtors (based on ELSA data)

Similarly, among older debtors the proportions who reported experiencing difficulties managing financially increased between 2002 and 2008 across all age groups (figure 17), but especially so among older debtors. Finally, the proportion of older debtors with debts of over £10,000 increased between 2002 and 2010, despite our indicator applying the inflation (RPI) rate onto this (figure 18). For example 7% of older people aged 60-64 years with debts had debts exceeding £10,000; by 2010 this proportion for those aged 60-64 was over twice as high at 16%.

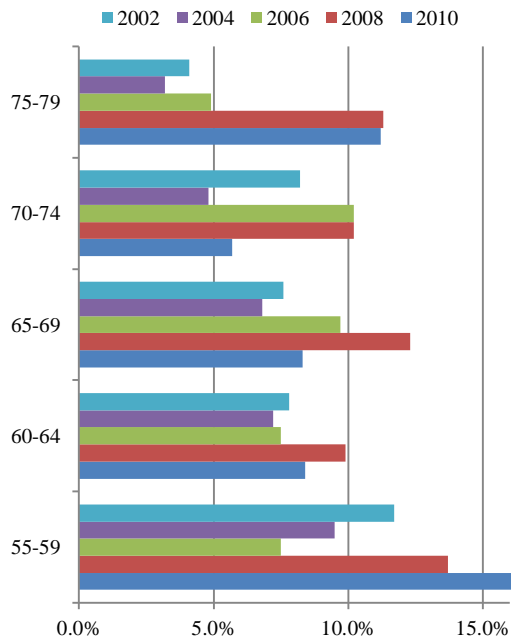


Figure 17: Indicators of problem debt by year (subjective indicator of problem debt) (based on ELSA data)

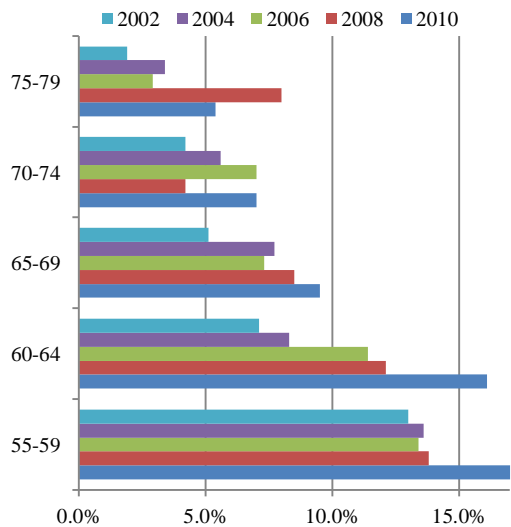


Figure 18: Indicators of problem debt by year (over £10k accounting for inflation after 2002) (based on ELSA data)

is a greater likelihood of this falling into the category of ‘problem debt’ (figure 19).

Perhaps most worrying is our evidence that shows that the risk of falling into the category of problem debt varies significantly by income group – with over half of those in the bottom income quintile who held unsecured debts being classed as being in problem debt, compared to a quarter of those in the highest income quartile (figure 20). We investigated whether this was entirely an artefact of linking our threshold for the indicator of excessive debt-to-income ratio with household income by setting a flat threshold of 25% of income being spent on debts for all households – this resulted in two-fifths of those in the lowest income quintile being classed as over-indebted. This was substantially higher than was the case for those in households with higher incomes, indicating that problem debt was a greater risk for poorer older people regardless of which threshold was applied. We explore this relationship further in our next chapter when we examine the impact of income and other characteristics on the risk of falling into problem debt.

Taken together, these results suggest that while the numbers of older people with debts has declined the numbers with problem debts has fallen by less so that among those older people with debts there

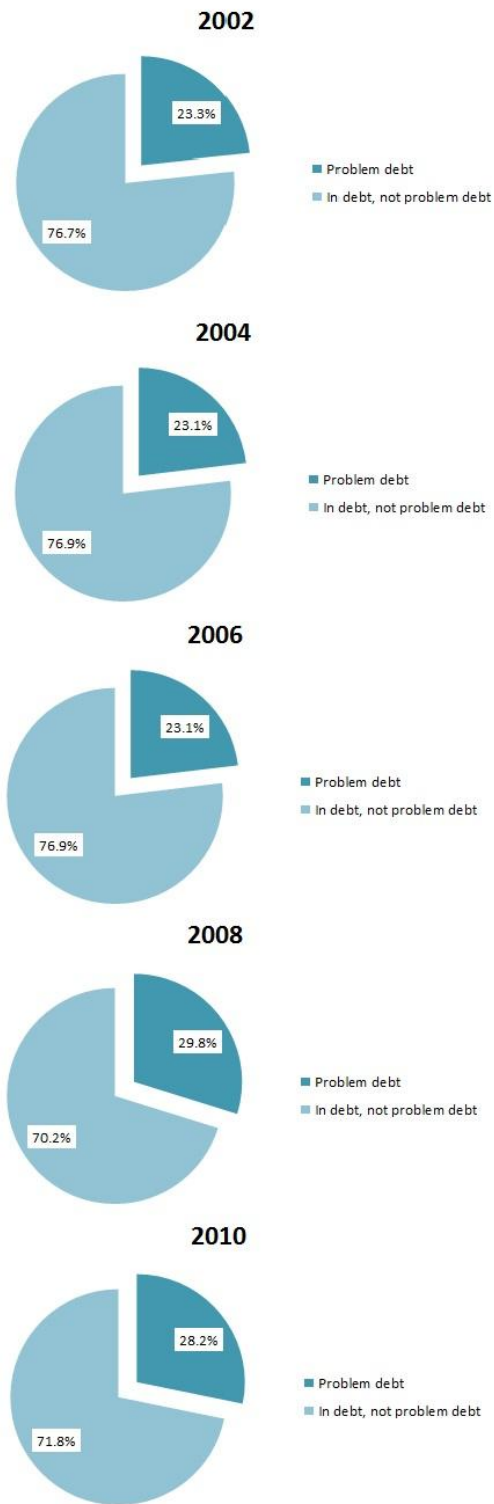


Figure 19: Problem debt by year among unsecured debtors<sup>14</sup> (ELSA data)

<sup>14</sup> The equivalent figure for the 52+ population in 2002 is 23.1%

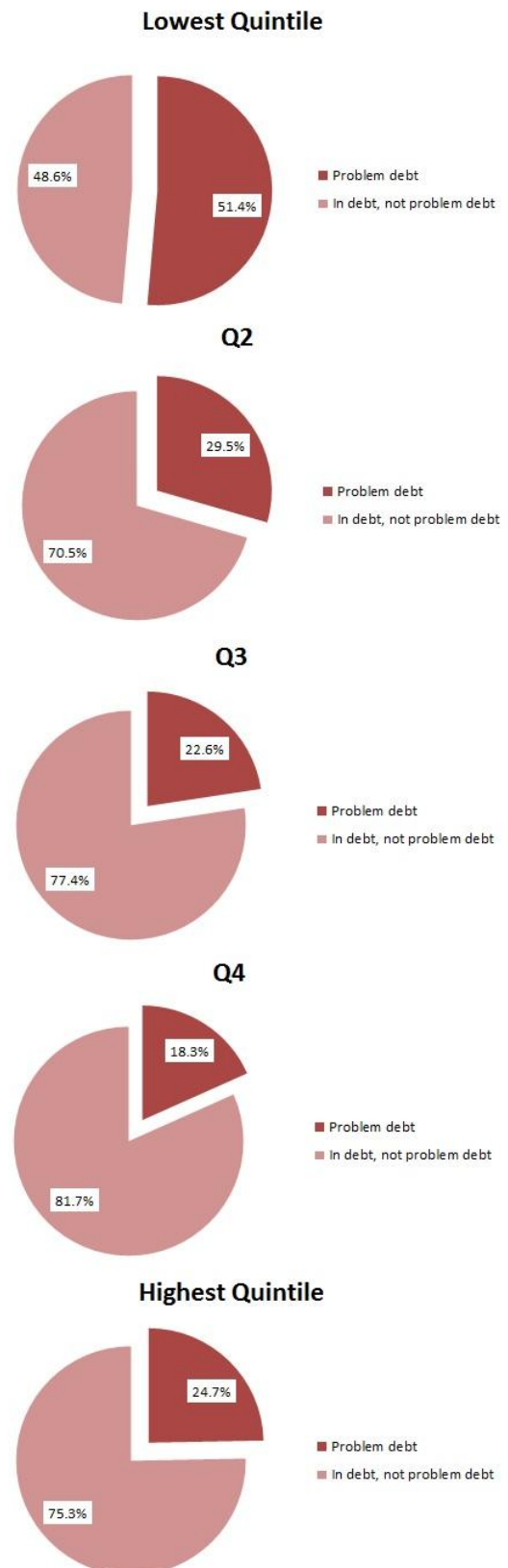


Figure 20: Problem debt by income quintile among unsecured debtors (base includes only those with unsecured debt) (ELSA 2010 data)

## Conclusions

Across time, our results have shown that the number of older people with unsecured credit declined between 2002 and 2010. This evidence stands in contrast to evidence collected in earlier periods, for example 1995-2005 (McKay et al 2008) and US evidence exploring changes between 1995 and 2004 (Anguelov and Tamborini 2009) which indicates that there was little change in the proportions of older people with unsecured debt. However, other sources also suggest that changes occurred in credit usage and levels of debt especially between 2002 and 2010. For example, among the population as a whole data from the British Bankers Association of credit cards (2013) shows that close to four-fifths of accounts incurred interest on balances in 2002 (so that credit cards were being used as more than a means of payment), but this had dropped to around two-thirds in 2010; similar results were observed also in both the number of cards in issue and the overall value of balances outstanding.

On the one hand, our results therefore appear to contradict evidence around the expansion of the consumer credit market which marked the early part of the last decade. In particular, our results found that those approaching retirement appeared to increasingly shun the use of credit. However, in another way, our results also corroborated the evidence around the expansion of consumer credit (and debt) in that the amount that those with unsecured credit owed increased rapidly, at a pace that far exceeded the rate of inflation between 2002 and 2010. Such was the pace of increased borrowing that despite an overall 7% decline in the proportion with unsecured credit between 2002 and 2010, the average amount owed per debtors aged 50+ increased by over

£2,000. Unsurprisingly therefore, among those who held unsecured debts, the proportion who fell into problem debt increased by 5 per cent overall.

These results also mirror in part data from the US collected between 2007 and 2010 levels of personal debt (including housing debt) increased as a percentage of assets from 7.5% to 8.5% in 2010 (Copeland 2013). Another study, also from the US found high levels of debt 'illiteracy' (or low levels of debt literacy) among the population as a whole – for example, only a third of Americans understood how credit card debt is calculated, with age being negatively associated with measures of debt literacy (Lusardi and Tufano 2009). Data on older people who became bankrupt in the US also found that debtors were highly likely to cite credit card interest and fees and a lack of knowledge around these, as reasons for moving into bankruptcy. Given that the results in our study show that despite a falling level of unsecured debts among the 50+ population, levels of problem debt stayed constant. This could indicate that while older people's financial literacy and ability to stay out of debt improved, levels of debt literacy and the ability to safely manage credit has not.

From our work on the ELSA data, we conclude that while the number with unsecured credit arrangements declined between 2002 and 2010, the nature of these arrangements involved borrowing greater amounts of money pushing a higher proportion of those with 'manageable debt' into 'problem debt'. The decline in the overall level of unsecured debt, and the increase in misuse, mis-selling or exploitation of unsecured credit is expected to have altered the social profile of those with problem debt – we observed evidence of this with our latter set of results when we saw the elevated

risk of problem debt for those on low incomes.

Our next chapter examines other characteristics of older people associated with problem debt.

# Chapter 5: Who accesses credit and for whom does this become a problem?

## Headline findings

- Among people aged 50+, the older they are, the less likely they are to experience problem debt, a trend not explained by their different (observed) characteristics.
- Self-employment and unemployment are associated with over-indebtedness. In 2010, 13 per cent of older people with problem debt were self-employed; in 2010 self-employed people were twice as likely as retired people to be in problem debt while unemployed people were three-times as likely.
- A third of older people in 2010 with problem debt were depressed, a substantially higher proportion than was the case for 2002.
- Income is strongly related with the risk of over-indebtedness – being in the highest income quintile halved the risk in 2010 relative to being in the lowest income quintile.
- Owner occupiers with mortgages were increasingly more likely between 2002 and 2010 to be in problem debt than older people who owned their property outright – they were five times as likely in 2010.
- Fixed effects models showed that moving to self-employment, unemployment or looking after a

home/family were associated with higher risks of problem debt between 2002 and 2010, as was a decreasing household income.

- Thirteen per cent of the longitudinal sample experienced problem debt on at least one point between 2002 and 2010 – for 27% of this group usage of unsecured debt was not observed in the previous sweep suggesting the transition to problem debt was rapid.
- Health or partnership changes did not appear to predict transitions to problem debt in these data.

## Introduction

A number of characteristics have been associated with higher levels of problem debt in previous studies, although less is known about whether the same characteristics are associated with problem debt among older people. In the population as a whole however, older age is often found to be associated with a lower risk of being in problem debt (for example DTI 2005, BERR 2007, BIS 2010). Results reported by Bryan et al (2010), using data from the Wealth and Assets Survey, show that typically less than two per cent of households headed by someone aged 65+ are in problem debt, regardless of the specific indicator used – similar results are found across a number of studies and our own analyses in the preceding chapter also found similar levels (see Atkinson et al 2006, Berthoud and Kempson 1992, Bridges and Disney 2004, Kempson et al 2004, Webley and Nyhus 2001, Betti et al 2007, Tuleda and Young 2003). More accepting attitudes towards borrowing and credit usage are also identified as precursors to problem

debt in some studies (see Kempson 2002, Balmer et al 2006) – and our own results in chapter 2 showed how attitudes are strongly correlated with age.

Other characteristics have also been linked with problem debt. A 2005 government study found that women were far more likely than men to be over-indebted (DTI 2005). This finding was attributed to the fact that women usually take on a greater proportion of the care responsibilities within households, and are more likely to work part time compared to men (DTI 2005). Bryan et al also find evidence that women are at greater risk of experiencing problem debt – through their analysis of the Wealth and Assets Survey – with results showing that women were far more likely to report experiencing unsecured debt as a heavy burden, and were also more likely to hold significant credit commitments than men (Bryan et al 2010). Households that include children under 16 and particularly lone parent households are also over-represented across all measures of problem debt (BIS 2010). Housing tenure was found to be a marker of problem debt – those in rented accommodation in particular were at highest risk of being in problem debt – almost a quarter of households in rented accommodation reported that keeping up with their debts was a heavy burden while just six per cent of respondents from owner occupied did so (BIS 2010). Results from Bryan et al (2010) suggest that socially rented households, compared to privately rented, are particularly vulnerable to problem debt.

Low income is a common marker for higher risk of problem debt across studies found in the literature (see Kempson et al 2004). Fitch et al comment on a DTI finding that 64% of people with an income of less than £9,500 report outstanding debt or arrears (Fitch et al 2007). Low

income households are especially vulnerable to be paying excess amounts of income on servicing debts; recent evidence suggests that a fifth of people in households with low household incomes (under £13,500) pay out 30% or more of their income to servicing their debts compared to one-in-ten of households in the next income bracket (£13,500-£25,000) (BIS 2010).

Lee and colleagues (2007) also found that among older people (65+) in the US, low income was associated with lower amounts of debt. Marshall (2011) examined this link further and found that among older people in Canada (55+), people with higher income and higher levels of education were more likely to have higher levels of debt, but lower debt-to-income and debt-to-asset ratios. This suggests that low income may be associated with lower credit usage in the population as a whole, but is associated with a greater risk of problem debt among debtors, corroborating our earlier evidence (Chapter 4). However, Marshall's study also found that being employed after the age of 65 was positively associated with greater amounts of debt, which could suggest that employment status may be a marker of problem debt, and that debt may delay retirement, particularly among those of pensionable age.

Overall, the evidence in the literature suggests that a higher income may facilitate access to debt, a lower income may be associated with a higher risk that manageable debt becomes problematic, and that employment status and particularly post-(state) pensionable age employment may be a marker of those whose financial circumstances and debts make retirement at earlier ages difficult.

People who live with a disability or who suffer from long term illness are more likely to experience problem debt than

those that do not. Balmer and colleagues (2006) found that long-term illness and disability were two of the strongest predictors of problem debt. In other research, Fitch and colleagues (2007) found that one in four people with mental health issues are in debt, three times the level of those that do not. Del Rio and Young (2008) also find that poor health is linked to the likelihood of reporting debt problems through their analyses of the British Household Panel Survey. However, the evidence on health is by no means conclusive; for example in US data Lee et al (2007) found that self-reported health was not significantly associated with the amount of unsecured debt held, once other factors had been accounted for.

In our review of the literature, the characteristics associated with higher risks of problem debt are also those generally synonymous with facing financial difficulties in general. People that are on low-incomes, who rent their homes, who have to provide for children, and those that suffer from poorer health that constrains earning potential, are more likely to be classed as in problem debt than others. As described earlier however, less attention has been paid to the characteristics of older people specifically who fall into problem debt. In this chapter we address this gap as we explore those characteristics that are associated with problem debt, and progress from cross-sectional approaches to the analysis to examining longitudinal patterns of who, among older people, is more likely to live in problem debt.

## Approach

In this chapter, not only are we interested in the level of problem debt, and how this may have changed between sweeps of the ELSA survey, but we are also interested in the characteristics of those

who are most at risk of being over-indebted. The previous chapter has already begun to explore the impact of age on the risk of being in problem debt and we extend this analysis to explore the impact of other characteristics. For example, we know that many of the relationships we have examined from the context of age are likely to be confounded by other factors, for example differences in working status or health. Therefore, we explore these relationships simultaneously in multivariate analyses, so that we are able to describe and identify the association between a single characteristic and the risk of over-indebtedness, holding constant other potentially confounding characteristics. Our choice of characteristics that we include in these analyses reflects those factors known to be associated with higher risks of disadvantage, particularly among older people (for example Kneale 2012, Barnes et al 2006).

## Results

*Note: See Appendix 4 for the full output for this chapter.*

### Who is most likely to fall into problem debt? (cross-sectional analyses)

In this section, we first examine the occurrence of problem debt among different social groups in the population based on their socioeconomic, demographic and health characteristics. Full descriptive output is presented in table 13, which displays the frequency of problem debt among older people in 2002 and 2010, the occurrence of other forms of debt (both unsecured and secured), as



well as not having a record of any form of debt<sup>15</sup>.

### Age and problem debt

Our results in the previous chapter suggested a strong link between the occurrence of problem debt and age, summarised below in table 1. Our results confirm that despite controlling for an extensive range of socioeconomic, demographic and health factors, an association between older age and statistically significantly lower likelihood of entering problem debt persists. Those aged 50-59 years, among those aged 50+, are most likely to be in problem debt. This association is similar when we construct models for cross-sectional data either from 2002 or 2010 – figure 21 displays the odds ratios of being in problem debt by broad age group, with the older groups at significantly lower risk of being over-indebted compared to those in younger age groups. It should be borne in mind that problem debt (using our definition of choice, see Chapter 4) is relatively rare across the older population as a whole (around 6% in both 2002 and 2010 for those aged 50+); nevertheless an age effect persists - for example, the 70 per cent lower risk for those aged 70-79 years of being in problem debt compared to those aged 55-59 years cannot be explained by their observed characteristics. This persistent age effect could be linked to more credit-negative attitudes of older people (see Chapter 2), or could involve more restricted access to financial products for older respondents.

**Table 13: Cross-sectional frequencies of problem debt by ages group (2002 and 2010 weighted proportions)**

2002				
	Problem debt (debt: income ratio)	Problem debt (subjective)	Problem debt (over £10k)	Problem debt (Any indicator)
<b>50-54</b> <sup>16</sup>	4.9%	4.5%	8.1%	13.6%
<b>55-59</b>	4.8%	4.7%	5.2%	11.3%
<b>60-69</b>	2.4%	2.1%	1.7%	5.0%
<b>70-79</b>	1.2%	0.9%	0.4%	2.1%
<b>80+</b>	0.4%	0.1%	0.2%	0.7%
2010				
	Problem debt (debt: income ratio)	Problem debt (subjective)	Problem debt (over £10k)	Problem debt (Any indicator)
<b>52-54</b>	2.1%	5.0%	4.3%	8.7%
<b>55-59</b>	4.6%	5.6%	5.9%	12.6%
<b>60-69</b>	2.9%	1.9%	3.2%	6.0%
<b>70-79</b>	1.1%	1.0%	0.9%	2.1%
<b>80+</b>	0.2%	0.2%	0.1%	0.5%

<sup>15</sup> For parsimony, we do not summarise the full output or present this initial cross-sectional descriptive output for all years. This information is available on request.

<sup>16</sup> The equivalent proportions for the 52+ group are: 4.9%, 4.4%, 8.2% and 13.7% respectively.

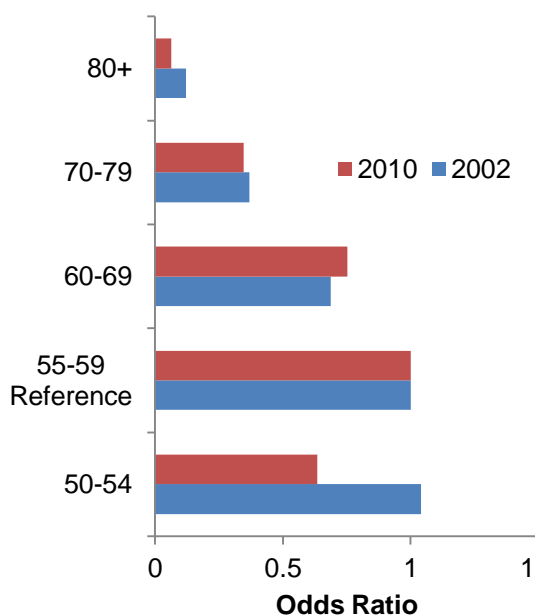


Figure 21: Odds ratios for the odds of over-indebtedness by age for fully adjusted logistic regression models – annotated output (55-59 used as the baseline), see Appendix 4 for full output

### The association between having children and problem debt

Having a greater number of children is significantly associated with a greater likelihood of being over-indebted in bivariate analyses – for example in 2010, almost 20% of older people in problem debt reported four or more children (18.5%) compared to 15 per cent in the sample as a whole; for those with no children the converse was observed (10.5% of older people who are over-indebted having no children compared to 13% in the sample as a whole). In 2002, this relationship was even more prominent and persisted even in the presence of several other potential confounding variables (including many reflective of socioeconomic position, often associated with family size)<sup>17</sup>. By 2010 however, this

<sup>17</sup> Limiting the 2002 sample to 52+ made negligible difference to the value of coefficients (see Box 2).

relationship was no longer significant in cross-sectional models; given that these models were constructed identically this suggests that family size was less associated with the risk of over-indebtedness in the most recent sweep.

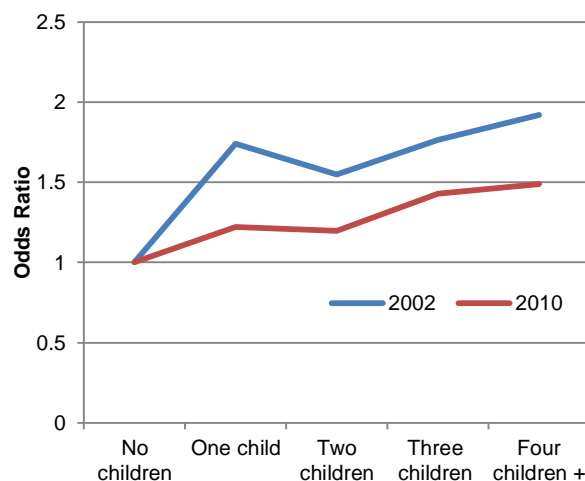


Figure 22: Odds ratios for the odds of over-indebtedness by number of children for fully adjusted logistic regression models – annotated output

### Self-employment and the risk of problem debt

Economic activity was significantly associated with the risk of over-indebtedness at both 2002 and 2010 (and sweeps in between these points). Self-employment and unemployment were both particularly associated with an increased risk of problem debt among those aged 50+ – for example 13% and 5% of those in problem debt were self-employed and unemployed respectively (figure 23) compared to six per cent and one per cent of all respondents aged 50+ respectively. This association remained after controlling for other characteristics including age, so that in 2010, those older people who were self-employed were twice as likely as those who were retired to be in problem

debt (OR: 2.313) and those who were unemployed almost three times as likely (OR: 2.717). When we restricted the analysis to those aged 60 and over, we obtained the same results, although in this latter model being unemployed (OR: 4.3), employed (OR: 1.9) or self-employed (OR: 2.3) were all associated with a significantly higher odds of being in problem debt relative to being retired. In this case, it is unlikely that self-employment or unemployment causes problem debt, but that employment status represents a marker for those with financial problems who may have difficulty engaging with the labour market in later life.

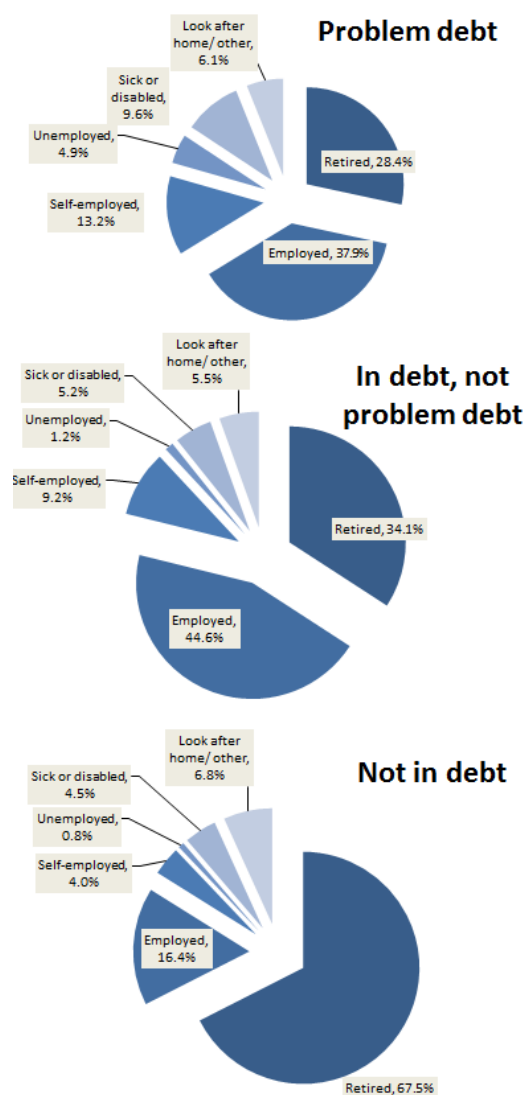


Figure 23: Categories of over-indebtedness by economic activity – 2010 data

Pre-existing unobserved characteristics, for example money management skills, attitudes and perceptions of risk, or negotiation skills may account for some of these differences. Our later fixed effects models presented later in this chapter attempt to account for unobserved fixed effects.

### Changing association with depression?

Older people who were depressed were more likely to be over-indebted than those who lived without depression. For example in 2002, 29 per cent of older people who

were over-indebted were depressed while in 2010 37 per cent were<sup>18</sup>. When the association between the likelihood of being in problem debt and being depressed was tested while controlling for other factors, we found that those who were depressed were over 60 per cent more likely to be in debt than those who were not; in 2002, depressed people were 23 per cent more likely to be over-indebted than those who were not<sup>19</sup>. Between these two points therefore, depression appears to have become more strongly associated with the risk of over-indebtedness.

### Higher income and problem debt

Older people with higher levels of equivalised household incomes are more likely to be users of credit, but are less likely to experience problem debt.

When we divide equivalised income into quintiles, we find that over three-quarters of those in the bottom income quintile (75.6%) had no credit agreement in place whatsoever in 2010, compared with 61 per cent of older people in the top income quintile (figure 24); when we look at unsecured debts, over four-fifths of those in the bottom income quintile did not have unsecured debts (81.3%) compared to three-quarters in the top quartile (75.3%). However, almost one-in-ten in the bottom income quintile were in problem debt, a higher proportion than among those in the highest income quintile (5.6%), despite the more extensive credit usage behaviour in the latter group.

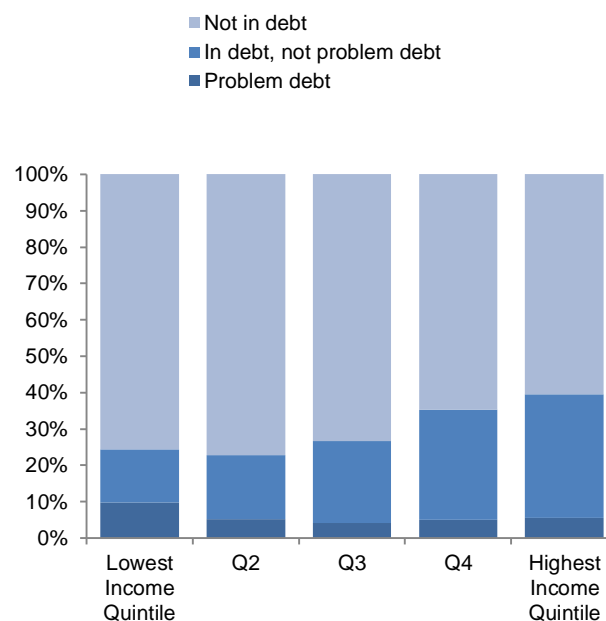


Figure 24: Categories of over-indebtedness by household income quintile – 2010 data

When we account for the different characteristics across income groups, we find that the earlier pattern changes slightly in that although levels of problem debt were comparable in earlier analyses between older people in the highest and lowest income quintiles, the risk of problem debt after controlling for potential confounders is much lower in the highest income quintile relative to the lowest. Those in the highest income quintile were over 60 per cent less likely than those in the bottom income quintile to be in problem debt in 2010 (odds ratio of 0.364) – a similar result to 2002 (odds ratio of 0.351<sup>20</sup>). These results suggest that although those with lower incomes may be less likely to access credit and owe debts (or be granted access to credit products), those with lower incomes are much more likely to be in problem debt.

<sup>18</sup> In 2002, the value for the 52+ population was 30.3% (see Box 2).

<sup>19</sup> In 2002, depressed people were 25% more likely to be in problem debt than those who were not depressed (see Box 2).

<sup>20</sup> For a model for 2002 data that includes only those aged 52+, the same odds ratio stood at 0.338 (see Box 2).

**Table 14: Annotated output from fully adjusted logistic regression models showing odds of being over-indebted by equivalised household income quintile (full output in appendix)**

Odds of being over-indebted		
Equivalised Household Income Quintile (Base: Lowest Quintile)	2002	2010
Quintile 2	0.826 [0.602,1.134]	0.599** [0.410,0.876]
Quintile 3	0.418** [0.289,0.605]	0.377*** [0.248,0.574]
Quintile 4	0.328** [0.224,0.482]	0.357*** [0.234,0.544]
Highest Quintile	0.351** [0.237,0.520]	0.364*** [0.235,0.564]

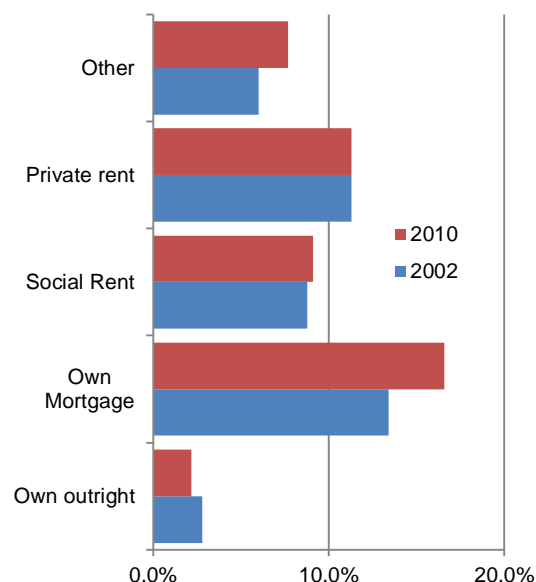
### Housing tenure and problem debt – a worsening picture?

The analysis in Chapter 3 suggested that levels of problem debt had changed little between 2002 and 2010, although overall levels of credit usage had fallen, indicating that accessing credit had become increasingly synonymous with problem debt. Our results suggest that in particular, housing tenure may be a stronger marker of over-indebtedness in 2002 compared to 2010, and particularly owning a home with a mortgage, which for some may represent a second or re-mortgage.

In 2010, 16.6 per cent of older people who owned homes with a mortgage were in problem debt, up on the 2002 value of 13.4%. This compared with only three per cent for those who owned their home outright both for 2002 and 2010 (figure 25). It should be borne in mind that mortgage debt is not included in our definition of over-indebtedness, and could suggest that those struggling financially may be using capital from their homes and unsecured credit sources to make ends meet.

This trend remained after controlling for potentially mitigating factors so that those who owned their home with a mortgage

were almost five times as likely to be in problem debt in 2010 compared to those who owned their homes outright; this was an increase from 2.6 times more likely in 2002 (figure 26)<sup>21</sup>.



**Figure 25: Categories of over-indebtedness by household tenure**

<sup>21</sup> These estimates were virtually unchanged for data that only included those aged 52+ in 2002 (see Box 2).

**Odds of being in problem debt by housing tenure**

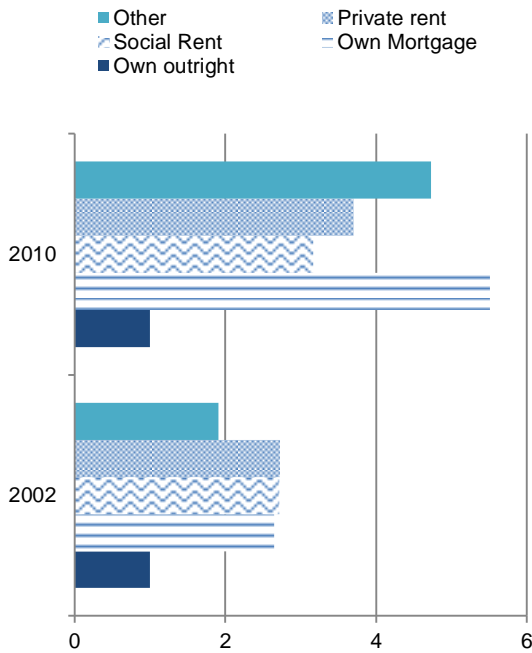


Figure 26: Odds ratios for the odds of over-indebtedness by housing tenure for fully adjusted logistic regression models (baseline: own outright) – annotated output

**Do the same characteristics differentiate between ‘problem debt’ and ‘safe use’ of credit?**

While the earlier analyses examined the likelihood of problem debt among the older population as a whole in 2002 and 2010, we were also particularly interested in whether older people who were over-indebted possessed a distinctive social profile compared to those who accessed unsecured credit but were not in problem debt. To this end, we examined the likelihood of over-indebtedness among only those who had existing unsecured credit arrangements (full output in Appendix 4).

Our results, based once again on cross-sectional analyses, suggest that the transition to problem debt from accessing

unsecured credit is dependent mainly on a more limited set of socioeconomic factors, namely household income, housing tenure and economic activity.

We find that among those with unsecured debt, those in the highest income quintile were 75-80 per cent less likely to be in problem debt than those in the lowest income quintile at both 2002 and 2010 (odds ratio 0.248 and 0.187 respectively, figure 27)<sup>22</sup>. This adds weight to the argument that among those with low incomes, for many accessing unsecured debt is synonymous with over-indebtedness.

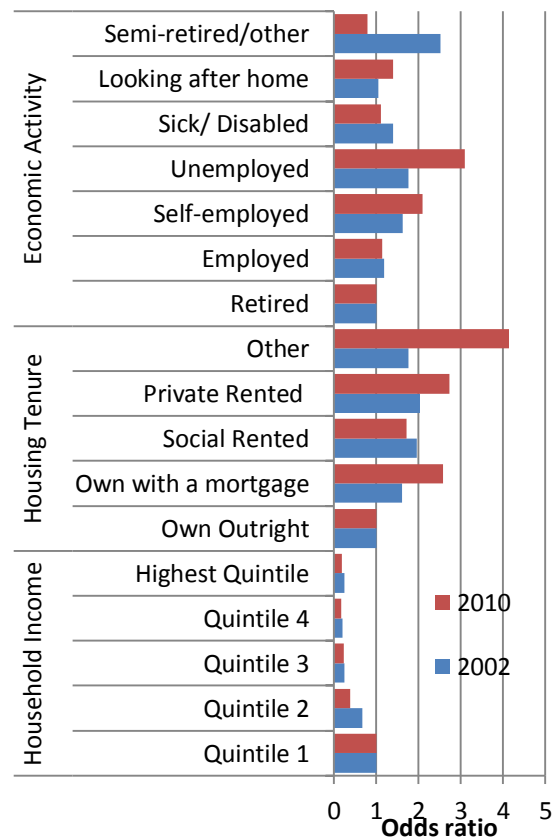


Figure 27: Odds ratios for the odds of over-indebtedness among those with unsecured debts by selected characteristics for fully adjusted logistic regression models – annotated output

<sup>22</sup> For a model for 2002 data that includes only those aged 52+, the same odds ratio stood at 0.222 (see Box 2).

Economic activity remained a predictor of over-indebtedness among those with unsecured debt, so that those who were self-employed in 2010 were twice as likely to be in problem debt compared to those who had retired; this comparison was not statistically significant in 2002. Similarly, those who were unemployed in 2010 were three times as likely to be in problem debt (odds ratio 3.10) compared to those who were retired – as was the case for self-employment, this comparison in 2002 was not statistically significant. This difference may reflect the changing nature of self- and unemployment in 2010 compared to 2002 – self-employment may have become a riskier proposition by 2010 while unemployment in 2010 may signal longer periods of economic inactivity and low income than was the case for 2002. The differences may also reflect changes in lending habits that occurred between 2002 and 2010, where the unsecured credit market expanded and lending rules relaxed so that people from a wider range of socioeconomic backgrounds were able to borrow money. By 2010, the implications of borrowing for people with less secure incomes may be reflected in the increased likelihood of over-indebtedness for these groups.

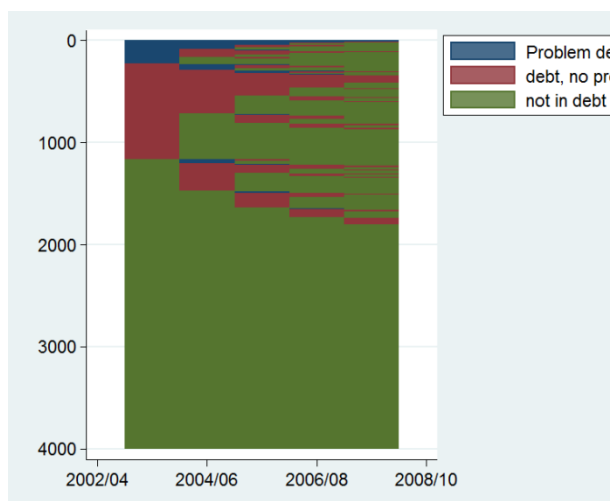
Finally, the risk of over-indebtedness for those who owned their homes with a mortgage, relative to those who owned outright, increased between 2002 and 2010. Among those with unsecured credit arrangements, the odds of problem debt was 2.58 times higher for those who owned their homes with a mortgage compared to those who owned their homes outright, compared to an odds ratio of 1.61 in 2002. In contrast, the odds of over-indebtedness for those in social housing compared to those who owned their homes outright declined to statistical insignificance by 2010 compared to 2002

(odds ratios of 1.713 and 1.953 respectively).

### How frequently do people transition in and out of (problem) debt?

In this section, we present the first results from our longitudinal analyses where we examine transitions in and out of problem debt. This analysis presents the results from a sample of 3,991 respondents who were responded to all five waves of interest (2002, 2004, 2006, 2008 and 2010). Patterns of over-indebtedness are presented graphically (unweighted) in figure 28. We find that among our sample across the five sweeps, 13 per cent of respondents experienced problem debt at least once; one-in-twenty (5.3%) experienced problem debt on at least two occasions.

Very few of the sample were observed to be continually in problem debt over five sweeps – which suggests that some fluidity exists both in entry to and escape from over-indebtedness (table 15). However, we cannot discount the possibility that those in long-term debt are highly likely to drop out, and our analyses may underestimate the numbers in long-term debt.



**Figure 28: Transitions in and out of problem debt across five sweeps of ELSA (see earlier notes for sample caveats)**

For many of the older respondents, the transition into over-indebtedness from usage of unsecured debt was rapid. Of those who experienced problem debt at some point over the five sweeps, 27.7% entered problem debt having had no previous unsecured credit arrangement in previous sweep, suggesting that transition from first time unsecured credit usage to problem debt took place over a period of less than two years – it may suggest that the initial experience of accessing unsecured debt may itself have constituted over-indebtedness. A third of those who experienced problem debt at least once over the five sweeps (37.2%) were observed to have unsecured credit arrangements already in place; the remainder either stayed in problem debt over the five sweeps (a small group) or were observed as being in problem debt in 2002 and then exited.

**Table 15: Proportion (in brackets) and unweighted number in problem debt by age group and number of sweeps of ELSA**

Number of sweeps in problem debt	50-59	60-69	70-79	80+	Total
0	1257 (79.0)	1249 (88.5)	821 (96.4)	169 (99.0)	3496 (87.0)
1	179 (11.5)	96 (7.7)	21 (2.6)	2 (1.0)	298 (7.7)
2	80 (5.3)	31 (2.4)	4 (0.4)	0 (0.0)	115 (3.0)
3	41 (2.7)	11 (0.9)	4 (0.5)	0 (0.0)	56 (1.5)
4	10 (0.7)	2 (0.2)	1 (0.1)	0 (0.0)	13 (0.4)
5	10 (0.7)	3 (0.3)	0 (0.0)	0 (0.0)	13 (0.4)
<b>Total</b>	1577 (100.0)	1392 (100.0)	851 (100.0)	171 (100.0)	3991 (100.0)
<b>Observations</b>	3991				

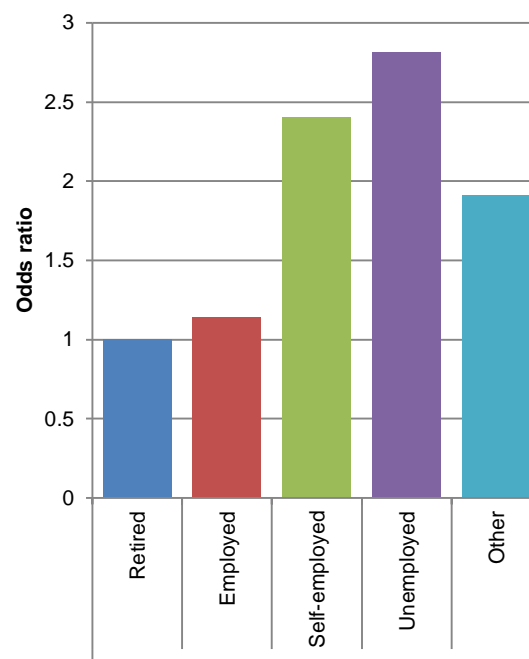
### Which factors are associated with entry into problem debt?

In this section, we examine how a change in characteristics between 2002 and 2010 influences the likelihood of being in problem debt. To do this, we construct fixed effects logistic regression models. Fixed effects models provide a useful basis for overcoming concerns of omitted variable bias, which may influence the likelihood of experiencing over-indebtedness (for example money management skills) and whose omission may lead to spurious results; we make an assumption that any such variables are unobserved in our models, although potentially influential, are fixed between 2002 and 2010. With a fixed effects design, we look at variation within individuals - imposing a fixed effects framework means that our interest is confined only to those individuals who experienced a change in problem debt status between 2002 and 2010, and to individual characteristics that could



change over this period. Therefore in addition to having a reduced sample size, our fixed effects regression models do not explicitly model characteristics such as number of children, number of siblings, gender and ethnicity that did not exhibit changes (within our sample) between these periods. Full output for our fixed effect model of over-indebtedness is presented in Appendix 4, although we highlight some of the significant findings here.

Perhaps unsurprisingly, the changes in individual characteristics that predicted entry into problem debt mostly reflected socioeconomic factors. The exception to this was age – moving between age groups (five year groups) resulted in a decrease of around 50 per cent (odds ratio of 0.5) in the risk of becoming over-indebted between 2002 and 2010. Becoming older therefore is associated with a reduction in the risk of problem debt, although other individual changes and experiences can offset this, with some older people having particularly elevated risks of transitioning into problem debt.



**Figure 29: Annotated results (odds ratios) of relative impact of labour market transitions between 2002 and 2010 on risk of problem debt among ELSA respondents aged 50+ (see earlier notes for sample caveats)**

Changes in economic activity and household income are the other two factors found to be associated with higher levels of problem debt (figure 29). In the model, we examine changes in economic activity using retired as the baseline category. We find that those who move to self-employment or unemployment (using retired as a baseline category) are over twice as likely to be in problem debt – when we change the baseline category to employed we find that moving from employed to self-employed raised the risk of falling into problem debt by a factor of 1.83 (achieving borderline statistical significance). This result indicates that re-engagement with the labour market – either through setting up business or beginning to look for work (and being unsuccessful) – may be a marker for a deterioration in financial circumstances necessitating the (harmful) use of unsecured credit. This is also supported

by our findings around changes in household income. Our full model shows the change in the likelihood of transitioning into problem debt as a result of improving (relative) household income – moving up an ascending income quintile – reduces the likelihood of problem debt by thirty-three per cent (OR: 0.674).

Interestingly, other factors such as a change in health, partnership status, or adoption of the internet (thereby increasing access to financial products) did not statistically significantly alter transition patterns in and out of problem debt among the 50+ population. However, these are factors that in themselves could change as a result of transitions into problem debt, and we explore some of these relationships in the next chapter.

Finally, we also construct a model for those aged 50-64 and those aged 65+. Most of the transitions in and out of problem debt occur among those aged 50-64 years, as do labour-market based transitions; consequently, we find that our earlier results around economic activity and the risk of problem debt are only statistically significant for those aged 50-64 years. Our result around income remains stable and consistent across both models for those aged 50-64 and 65+ - moving up an ascending income quintile reduces the likelihood of problem debt by around a third in each case (OR: 0.670 and OR: 0.612 respectively). However, for those aged 65+, another risk factor for problem debt becomes apparent, with those who became depressed between 2002 and 2010 almost twice as likely to fall into problem debt as those who did not (OR: 1.947)<sup>23</sup>.

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<sup>23</sup> The models presented in the appendix do not model the impact of time explicitly, which would be conflated with age. When we did run the models with time (not age, two yearly intervals) the results were significant – both point

## Conclusions

In some respects the results in this chapter could be interpreted as presenting a positive picture for older people. The previous chapter highlighted that comparatively few older people were in problem debt at any one point between 2002 and 2010 – around one-in-twenty aged 50+ – and that as respondents in the sample aged, the likelihood of being in problem debt reduced. The results in this chapter emphasised that the risk of being in problem debt for those aged 65+ in particular was comparatively low (2%). In addition, the results in this chapter also suggested that for our sample, problem debt was a relatively fluid state and very few of our sample remained in problem debt across all five sweeps.

However, beyond these tentative conclusions, the remainder of the results suggested that problem debt reinforced existing inequalities. Lower income was associated with an increased risk of falling into problem debt – we found that respondents who moved upwards from one quintile of equivalised household income to another had 33 per cent lower odds of transitioning into problem debt than those who remained. We also found that respondents, particularly those aged 50-64 years old, who re-engaged with the labour market from being retired, either unsuccessfully resulting in unemployment or through beginning self-employment, were at elevated risk of moving into problem debt compared to those who remained retired.

Meanwhile, among older respondents in the ELSA study who were aged 65 and over, we found that depression was a risk

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towards the same conclusion that the 'ageing process' is associated with a decrease in the likelihood of problem debt.

factor for problem debt, with becoming depressed raising the risk of problem debt two-fold.

Two other factors were also a cause for concern. Firstly, almost a quarter of older people aged 50 who experienced problem debt between 2002 and 2010 were not observed as having unsecured credit agreements in place before entry into problem debt. While a two year gap between observation points may partially explain this, this finding is of concern as it suggests that those who newly take on unsecured debt either transition from functional debt to problem debt very rapidly, or immediately. Secondly, while we found very few respondents who remained in problem debt across five sweeps, we are unable to exclude the possibility that those with severe debt would be subject to greater non-response than others – this remains a caveat of our results. Finally, while the levels of problem debt changed little between 2002 and 2010, the outcomes on older people may have changed, and may in fact have worsened given that we know that older debtors owed substantially more between 2002 and 2010 – this is a question we address in the next chapter.

# Chapter 6: What are the outcomes of problem debt for older people?

## Headline findings

- A small number of older people in the sample experienced marital breakdown between 2002 and 2010. However, older people who became over-indebted were over twice as likely to experience marital breakdown or remarriage as those who did not over this period.
- Becoming over-indebted was associated with a statistically significant decrease in quality of life among older people between 2002 and 2010.
- Older people aged 50-64 who became over-indebted were not more likely to become depressed or lonely, despite an increased risk of experiencing marital breakdown. However, there was some evidence that older people aged 65 and over who experienced problem debt were also more likely to experience depression.

## Introduction

Financial hardship is the obvious outcome of problem debt. This impacts on a range of aspects of a household's activities, for example it can force people to purchase food of poor quality with low nutritional value, and in extreme cases, force individuals to skip meals and generally consume less food than is required. For older people specifically, significant financial difficulty can result in individuals having to make choices during winter

months as whether to 'heat or eat' (Fenge et al 2012). In severe cases, problem debt can lead to imprisonment or homelessness – for example evidence from Ireland in 2008 found that rent arrears were the cause of 34% of illegal eviction cases documented nationally (Threshold 2008). In the UK, The Council of Mortgage Lenders recorded 33,900 repossessions in 2012, the figure down 9% from 37,300 repossessions in 2012 (King 2013). Problem debt can also lead to a poor credit rating and further financial exclusion, particularly from financial products with more favourable terms (for example Russell et al 2011, Gloukoviezoff 2006, BERR 2007). This financial exclusion can have long-lasting repercussions through retirement, especially for older people. In a study of the way in which people with problem debt (of all ages) prepared for retirement, a US study concluded that there was a great need for financial education programs and efficient financial information delivery for older financially stressed consumers in particular (Kim and Kim 2010).

Problem debt has been identified as having spill-over effects onto other domains beyond financial wellbeing. A number of studies have identified links between problem debt and poorer health outcomes. Some of the more common health consequences attributed to over-indebtedness include stress, anxiety and depression. Edwards (2003) found that almost two-thirds of Citizens Advice Bureaux clients were suffering from stress, anxiety or depression, and two-thirds of respondents stated that they were not coping and many feeling in a state of crisis (Edwards 2003). In her 2002 study, Kempson found that almost a quarter of survey participants citing financial difficulty also reported suffering from stress/anxiety (Kempson 2002). Similar data from the US

also found people with higher levels of credit card debt were more likely to report symptoms of anxiety (Drentea 2000). Evidence from the US shows a correlation between high levels of short-term debt and depressive symptoms – and this dynamic was found to be especially pronounced among those aged 51-64 years with no or low qualifications (Lawrence et al 2013).

There is also evidence that when looking at older people and the factors that can induce suicide, debt is a risk factor. Looking at the causes of suicide among those over 60, Harwood et al found that financial problems and challenges related to retirement (mainly debt) were far higher amongst the suicide group analysed than in comparison with the control group (Harwood et al 2006).

Mental strain caused by problem debt also increases the risk of physical ill-health – indeed, permanent distress from problem debt can lead some to develop psychosomatic conditions and some to experience deterioration of physical health. In a German study, Keese and Schmitz (2010) find that debt measures are highly correlated with health satisfaction, mental health and obesity. Other evidence, also from Germany, highlighted a link between problem debt and back pain (Oschmann et al 2009). Evidence from Ireland suggests that experiencing difficulties with debt can double the chances of experiencing health difficulties (Oireachtas Library and Research Centre 2010).

Problem debt and the financial hardship that it entails can impact negatively on family relationships. Ryan found that almost a third of interviewees reported that their financial status had impacted negatively on their marriage, and 60% stated that the rest of the family had also been affected in a negative way (Ryan 1992). Some more recent evidence from a

study of Citizen's Advice Bureau clients also found evidence of the detrimental impact of problem debts on relationships; for example with one client stating "I feel that my partner will leave me if I tell her about my debts. This is a great strain on me and I daren't share it with her" (Edwards 2003:73)<sup>24</sup>.

Looking at mortgage debt, research has linked negative housing price shocks and the consequent impact on mortgage payments with the likelihood of partnership dissolution, particularly among couples with dependent children with high levels of mortgage debt (Rainer and Smith 2008). Further evidence from America shows that consumer debt is strongly associated with divorce. Data from the National Survey of Families and Households showed that for every increase of one unit on a log scale of ten, the increase in likelihood of divorce rose by 7-8% (Dew 2011).

As is the case for much of the literature on problem debt overall, while the outcomes of problem debt are understood among the population in general, less attention has been focussed on older people. This may partially reflect the low levels of problem debt found among older people – for example just two per cent of those age 65+ were in problem debt in 2010. Nevertheless, despite the relatively low levels occurring among older people, problem debt may still have a significant impact on older people's lives, and this is explored further in this chapter. Here, we explore the impact of problem debt on the following outcomes:

- Loneliness
- Quality of Life
- Depression

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<sup>24</sup> For further support of the finding that over-indebtedness impacts on family wellbeing see Civic Consulting (2013).

- Relationship Quality
- Partnership Breakdown
- Alcohol Consumption
- Smoking

However, we recognise that other outcomes may also result from being in problem debt. The outcomes of being in problem debt among older people however have not been widely measured in empirical studies – our selected outcomes are those that are plausibly likely to result from being in problem debt although many more deleterious outcomes are likely to follow from being over-indebted.

## Data and Methods

### Our variables of interest

In these analyses we focus on the likely outcomes of problem debt as is found in the literature.

In particular, although partnership and marital breakdown is identified as a consequence of problem debt, this has not been investigated among older people. In these analyses, we focus on marital status and not partnership as our variable of interest. This is because in our data, the two year lag between survey points may mean we underestimate the occurrence of more short-term relationship breakdown. We explore the impact of problem debt in particular on reports of movement from first marriage to either being divorced, separated or remarried among the older population. In these data we treat the small number of civil partnerships as analogous to marital status; we also explicitly exclude respondents who experienced widowhood during this period as well as those who reported being single (never married) throughout.

We also investigate the impact of over-indebtedness on mental health through investigating the associated impact on

self-reported depression and loneliness. We also explored the impact of problem debt on the likelihood of smoking and heavy (daily or almost daily) alcohol consumption – two behaviours usually associated as responses to stress (Azagba and Sharaf 2011). Self-rated health and especially reports of poor health were of interest as an outcome of problem debt.

Finally, we also examine the impact of problem debt on quality of life (CASP-19), which is a measure of quality of life among older people that explicitly aims to measure quality of life, as opposed to influences on quality of life, through measuring satisfaction across domains of Control, Autonomy, Self-realisation, and Pleasure (CASP) through a total of nineteen indicators (Hyde et al 2003). These indicators consist of questions designed to measure respondents' agreement with a number of statements, for example 'I feel life is full of opportunities' or 'I enjoy being in the company of others', on a scale of zero (never experience) to three (often experience). Respondents' quality of life can range from a minimum score of zero (no quality of life) to fifty-seven (full quality of life).

### Sample

For these analyses, as two of our variables of interest (relationship quality and quality of life) were only assessed through self-completed questionnaires (with a smaller sample size), we constructed a separate multiply-imputed dataset for these outcomes. For these latter two outcomes, we created a dataset that include a potential sample size of 2,409; for other outcomes our potential sample size reached 3,865.

## Results

*Note: See tables in Appendix 5 for a full output of all models described in this chapter.*

### Loneliness

We examined the impact of being in problem debt on loneliness longitudinally. We may expect problem debt to have an impact on loneliness through restricting the ability of older people to maintain their social networks, thereby increasing the likelihood of becoming lonely. When we examine this relationship through bivariate analyses we observe little evidence that being in problem debt influences older people's experiences of loneliness. This is confirmed in our regression models, which show that being in problem debt did not statistically significantly influence the likelihood of becoming lonely among the sample between 2002 and 2010.

### Partnerships and Relationship Quality

Given that problem debt can place a strain on individuals and couples that can lead to deterioration in relationship quality, we would expect being in problem debt to be associated with partnership breakdown. Of respondents who had not remained unmarried throughout their lives, 181 respondents in our sample had experienced a change in their marital status that did not involve widowhood between 2002 and 2010 regardless of over-indebtedness – most of this was relationship breakdown or remarriage. Marital breakdown in general was a relatively rare occurrence in these data. However, our fixed effects models suggest that problem debt was strongly associated with these dissolutions.

Of this relatively modest sample, those who entered problem debt were over twice

as likely to experience marital breakdown – where respondents moved from a first marriage to remarriage, divorce or separation – as those who did not after controlling for other changes (OR: 2.264). Entering into unsecured credit arrangements that did not constitute over-indebtedness did not exhibit the same trend (not shown). This difference may serve to support the earlier argument that accessing credit in itself may not be negative, although falling into problem debt does have negative outcomes.

When we examine changes in relationship quality, we do not find that problem debt statistically significantly influences the way in which older people judge the quality of the strength of their relationships, either descriptively or through regression models.

### Depression

Depression was expected to be influenced by over-indebtedness and our bivariate analyses appeared to support this assertion. Eight per cent of older people in problem debt in 2002 reported being depressed in 2010 compared to five per cent of those not in problem debt. When we constructed models looking at the link between problem debt and depression for all older people aged 50 and over, those who developed problem debt over the period 2002-2010 were no more likely to become depressed than those who did not. However, when we confined our interest to those aged 65+, moving into problem debt was associated with a higher likelihood of being depressed – raising the likelihood by almost 75 per cent (OR:1.77). Earlier, in Chapter 5, we found an association that suggested the pattern also works in reverse, so that older people who become depressed had a higher risk of becoming over-indebted. Clearly, there is a close relationship between mental health and problem debt for those aged 65

and over, and our analyses suggest that this relationship is likely to be bidirectional, with depression both associated with transitions into problem debt and a likely outcome of problem debt.

### Quality of Life

We assessed quality of life using the CASP-19 scale, finding, for example, that those who were over-indebted in 2002 had significantly lower quality of life scores. When we assessed this using a fixed effects regression model, holding constant other unobserved variables and controlling for those that were observed, we found that falling into problem debt over the study period (2002-2010) was associated with a decrease in quality of life score in the order of 0.8 points (with values on a scale between seven and 57). This was statistically significant and indicated that transitioning into problem debt significantly lowers quality of life. We found that a deterioration in quality of life associated with problem debt was especially apparent for those aged 65 and over where becoming over-indebted was associated with a 1.3 point decrease in quality of life; the half point decrease for those aged 50-64 associated with problem debt was not statistically significant. We also explored whether certain amounts of problem debt were associated with a decrease in quality of life although found no significant threshold point.

### Other indicators of health and lifestyle behaviours

We also tested the relationship between problem debt and self-rated health (being in poor or very poor health), alcohol consumption (drinking on a daily basis) and smoking behaviour (currently smoking) but found that being in problem debt did not statistically significantly alter the odds of change in these behaviours in the sample between 2002 and 2010 (we

do not present the fixed effect models for these outcomes in the appendix). It is likely, based on the literature, that being in problem debt will have a detrimental effect on health, possibly through adoption of negative health behaviours associated with stress such as smoking and excessive alcohol consumption. However, these effects were not found in these data. Possible reasons here could include the way in which we measured these indicators, as well as the choice of indicators themselves. However, our results around quality of life and depression provide evidence of a link between problem debt and (mental) health and wellbeing, which may indirectly also influence physical health.

### Conclusions

In this chapter we explore some of the likely outcomes of being in problem debt for older people. Our results suggest that transitions into problem debt raise the risk of adverse outcomes for older people – namely decreased quality of life, increased risk of depression, and an increased risk of marital dissolution. Each of these deleterious outcomes can have substantial impacts on the wellbeing of older people and set older people on sub-optimal trajectories into retirement.

Problem debt appeared to exert different impacts on different groups of older people dependent on age – among those aged 65 and over, depression and decreased quality of life appeared to be associated with transition into problem debt, although among those aged 50-64 marital dissolution appeared to be a more prominent outcome. Such results indicate the complexity of measuring the impact of problem debt on older people where multifarious differential outcomes are likely to be experienced at different ages related to the biographical experiences of ageing.



These results therefore present a generalised glimpse of the potential outcomes of problem debt on older people – a fuller account of the impact of problem debt on older people would need to be theory driven around the likely impacts at different points of (biographical) ageing. In addition, our results also almost certainly underestimate the impact of problem debt due to the likely higher levels of attrition of those in problem debt from the ELSA study.

However, from these tentative results, we can conclude that problem debt may be a risk factor for decreased quality of life and depression for those of pensionable age, while for many of those approaching pensionable ages, is associated with marital dissolution which can in itself lead to further financial difficulty in retirement. In addition, given the differential impacts by age, if nothing else, these results illuminate the futility of grouping statistics on over-indebtedness for people aged 55 and over together, as is the case in government publications. In previous chapter we showed that the frequency of problem debt varied substantially across this age groups within the 50+ population – this current chapter also suggests that the outcomes are also likely to differ substantially across this age group.

# Summary and Conclusions: Debt and Problem Debt among Older People

## Headline Findings

- Age is significantly associated with more negative attitudes towards credit and borrowing that is not explained by the different observable characteristics of older people compared to younger people.
- Among older people (aged 55+), women and those who are married/cohabiting have more negative attitudes to credit and borrowing. There was also evidence that those who have higher household incomes may have more positive attitudes to credit and borrowing.
- Just three per cent of older people (65+) would turn to credit in the event of an unexpected £200 expense – four times as many simply couldn't pay.
- Older people from ethnic minorities, who had lower incomes, and who lived in rented housing, were particularly unlikely to turn to credit in order to pay an unexpected £200 expense (potentially leading to a different form of debt).
- Credit usage dropped among those aged 50+ between 2002 and 2010. The number of older people 65+ with unsecured debts dropped slightly from 15.5% in 2002 to 13.8% in 2010.
- The drop in credit usage was most pronounced among 'younger' older age groups (50-64 years). For example, the proportion aged 60-64 years with unsecured credit dropped

by 6.2% between 2002 and 2010.

- Among older people with debts, the amount owed increased substantially between 2002 and 2010, and exceeded the level of inflation. In 2002, those with unsecured debts owed a median amount of £1,500; by 2010 this amount stood at £2,500. Therefore, debt is becoming concentrated to a greater degree among fewer people.
- In 2010, 10% of older people with unsecured debts were repaying over £85 a week towards these.
- Age is associated with a greater likelihood of non-payment of debts, although a lower likelihood of taking on debts initially.
- There was an overall decrease in the number of people with debts between 2002 and 2010 but problem debt fell by less. As a consequence, among debtors the proportion who were in problem debt increased.
- Among people aged 50+, the older they are, the less likely they are to experience problem debt, a trend not explained by their different (observed) characteristics.
- Self-employment and unemployment are associated with over-indebtedness. In 2010, 13 per cent of older people with problem debt were self-employed; in 2010 self-employed people were twice as likely as retired people to be in problem debt while unemployed people were three-times as likely.
- A third of older people in 2010 with problem debt were depressed, a substantially higher proportion than was the case for 2002.
- Income is strongly related with the risk of over-indebtedness – being in the highest income quintile halved the risk in 2010 relative to being in the lowest income quintile.

- Owner occupiers with mortgages were increasingly more likely between 2002 and 2010 to be in problem debt than older people who owned their property outright – they were five times as likely in 2010.
- A small number of older people in the sample experienced marital breakdown between 2002 and 2010. However, older people who became over-indebted were over twice as likely to experience marital breakdown or remarriage as those who did not over this period.
- Becoming over-indebted was associated with a statistically significant decrease in quality of life among older people between 2002 and 2010.
- Older people aged 50-64 who became over-indebted were not more likely to become depressed or lonely, despite an increased risk of experiencing marital breakdown. However, there was some evidence that older people aged 65 and over who experienced problem debt were also more likely to experience depression.

## Summary

We find that debt, and specifically problem debt, appears to impact on the lives of around one-in-twenty older people (aged 50 and over). This research suggests problem debt among older people aged 50 and over is an issue primarily because of:

- a) The speed of transition into problem debt
- b) The increase in the value of unsecured debts held
- c) The distribution of problem debt among the older population
- d) The impact of problem debt on the outcomes of older people

## Speed of transition into problem debt

Our longitudinal analyses showed that among our sample of almost 4,000 older people aged 50+, who we observe between 2002 and 2010, approximately 13% will have been observed as being in problem debt on at least one occasion. This is likely to represent an underestimate of those who experienced problem debt across this period – firstly those who experienced problem debt are more likely to drop out of the study and, secondly, some may have experienced problem debt and transitioned out of this state within the two years between observations. However, putting these concerns aside momentarily, what was most striking about the transition to problem debt was that for over a quarter of those observed in problem debt between 2002 and 2010, this was not preceded by a period of ‘manageable’ unsecured debt in a preceding sweep. Therefore for this group, the onset of problem debt (from previously having no unsecured debt) occurred rapidly within a two year period and for some the onset of problem debt and usage of unsecured credit may have occurred simultaneously.

## Value of unsecured debts held

Our analyses suggested that among those with unsecured debts, the median value of these debts increased between 2002 and 2010 at a value that far outpaced the rate of inflation for this period. In 2002 the median amount owed stood at £1,500 – by 2010 this had increased to £2,500 (dropping slightly from the 2008 level). The rise in the median amount over this period as a whole equated to a 67% increase. Further analysis showed that among those age 65 and over, the median amount owed among debtors with unsecured debts amounted to £1,600 in 2010; in 2002 this amount stood at £500. Such a rapid increase is worrying. Our overall conclusion from these analyses is that although the percentage of older people with unsecured debts decreased slightly over our eight year observation period, substantially larger amounts were being borrowed by debtors who were increasingly placing themselves at risk of problem debt.

## Distribution of problem debt

People who were self-employed or unemployed were found to have elevated levels of problem debt compared to retired older people. Among those aged 50 and over who were self-employed in 2010, thirteen per cent were in problem debt and twenty-six per cent who were unemployed were in problem debt. We also found that problem debt was also correlated with other markers of financial circumstance, namely lower household income and living in a rented tenure. We also found some (cross-sectional) evidence of an association between self-rated health, caring, and depression, and an increased risk of being in problem debt.

However, our longitudinal models provided evidence that those who transitioned from retirement to become self-employed or unemployed between 2002 and 2010 experienced a raised risk of moving into problem debt - when we compared moving from employment to (self-defined) self-employment this also had a (borderline significant) impact on the risk of problem debt. We therefore speculated that those who re-engage with the labour market through self-employment, or who fail to successfully engage with the labour market and become unemployed, are significantly more likely to experience problem debt. This finding was applicable mainly to those aged under 65. While the nature of self-employment was not disaggregated in our models and warrants further investigation, this suggests that self-employment is a marker of those who are likely to experience problem debt.

Furthermore, among those aged over 65, people who became depressed was also associated with raising the risk of entering problem debt two-fold. This suggests that those who are least able to cope with the strain of problem debt are those most vulnerable to transitioning into problem debt.

## Outcomes of problem debt

We did not find an impact in our longitudinal models of being in problem debt on patterns self-rated health, alcohol consumption (moving to daily consumption), depression, reports of

loneliness, or smoking behaviour (becoming a smoker). However, our results provide evidence that being in problem debt is significantly associated with lower quality of life and an increased risk of marital dissolution. Problem debt was associated with a significant reduction in older people's quality of life scores – this result remained whether we confined our analyses to those aged 50-64 years or those aged 65 and over. We also found that being in problem debt impacted on people's marital status. We found that transitioning into problem debt significantly raised the risk of marital dissolution. This latter result was mainly applicable to those aged 50-64 and in problem debt; however, the consequences of partnership break-up for this younger age group are likely to last well into retirement. These results provide further justification for examining debt and problem debt among older people – while the proportion of older people in problem debt may be lower than among younger people, the consequences may be equally detrimental.

## Other trends

### Low use of (manageable) credit?

In Chapter 2, we presented results showing that older people held negative views about the acceptability of credit usage and borrowing compared to younger people. Separately, we found that older people would much rather not pay an unexpected expense of £200 than turn to credit – 12 per cent of older people aged 65+ would simply not pay the expense compared to 3 per cent who would use a source of credit.

### Mortgages and interest only mortgages

In Chapter 4 we noted a shift towards interest only mortgages between 2002 and 2010 – around a three-fold rise overall. For example, among those aged 55-59, 2.9% of mortgage holders (1% overall) had an interest only mortgage; by 2010 these proportions had increased to 9.6% of mortgage holders (3.7% overall).

## Limitations

The results presented in this report are subject to several caveats. Firstly, attrition is one of the most substantial caveats, and the possibility that those

who are in problem debt are less likely to remain part of the ELSA study. The limited sample size also means that the effects of problem debt among small groups of older people, such as non-white older people, were likely to have been overlooked or underestimated because of a lack of statistical power. Another consideration is the way in which we measure problem debt, as we were unable to recreate some of the indicators that were used in the literature and were also

unable to add in mortgage debt into our definitions. Finally, our study can be considered an overall exploration of trends in terms of older people and debt, although many of the trends we discuss here are worthy of further investigation in order to gain a complete and nuanced understanding, investigations that we hope to undertake in the future. Nevertheless, these limitations do not detract from the recommendations outlined below.

## Recommendations

### 1. Protecting funding for money advice

While the number of older people with unsecured debts declined between 2002 and 2010, there was only a negligible change in the number of older people who were in problem debt. In recent years the work of money advice services has been under threat. For example, in April this year, cuts to legal aid funding, which had been an important source of revenue for many debt advice services, came into force. This has already led to some essential services for debtors being scaled back involving, for example, redundancies among Citizen's Advice Bureau staff (The Guardian 2013). This is creating what some have termed an 'advice desert' (Byrom 2013). We would call for funding of face-to-face debt advice to be protected and expanded if there is a serious commitment from the current government in reducing levels of poverty and household debt. This research highlights some of the groups, among the population aged 50+, that are especially vulnerable to falling into problem debt, where future services could be targeted.

### 2. Better information on older debtors

Better information needs to be produced by government and other organisations on the scale of problem debt nationally that disaggregates the trends for different groups of older people. For example, the Department of Business Innovation and Skills' survey of over-indebtedness groups all households headed by an older person aged 55 and over together (BIS 2010). As we demonstrate in this report, there is substantial variation by age among those aged 50+ in the levels of problem debt. Instead we would recommend that future government-funded statistical reports on over-indebtedness, and where appropriate financial circumstances more generally,

produce estimates for those aged 55-64, 65-74, and 75+ as a minimum. Government estimates that lack further granularity of an age group that spans forty years and more are of little assistance in assessing the scope of the challenge of problem debt for older people, and in planning services.

### 3. Protect debtors from falling so rapidly into problem debt

Our results suggested that many people who previously had no unsecured credit were categorised as falling into problem debt either very soon after taking on credit commitments or immediately on taking on these commitments. Of the 13 per cent who experienced problem debt in our longitudinal sample on at least one occasion, a quarter moved into problem debt without having been observed as having taken on unsecured debt previously. We recommend that better information is given to consumers about the risks of falling into severe debt on application for unsecured credit. We would also advocate further research into the processes through which older people take on unmanageable amounts of debt.

### 4. Better advice for older people who are self-employed

Our results highlighted an irrefutable association between problem debt and self-employment among older people. This suggests that greater support is needed for older entrepreneurs. In particular, given that these results suggested that problem debt occurred among those moving into self-employment, this could suggest that problem debt is a challenge for existing older small business owners and those setting up new businesses. We would recommend that further investment is made in the money advice services available to older entrepreneurs.

Furthermore there should be greater government pressure exerted on banks to encourage greater levels of lending to small businesses, and specifically those owned by older people.

#### **5. Improved industry-led support for debtors with mental health issues**

Our results did not find that those who moved into debt between interviews were more likely to have started to become depressed or lonely over that period, but did find a general association between debt and depression among older people. This is of concern as it suggests that some of the most vulnerable older members of society are encountering problems with debt. Lenders, debt advisers and medical staff should be aware that debt and money problems may both be present and refer people to other support where needed.

#### **6. Further exploration of when manageable debt becomes problem debt**

Our measure of problem debt among older people used here is driven in part by theoretical considerations as well as the availability of the data. However, this measure is yet to be validated through work with older people themselves. It is possible that our measure of problem debt may underestimate those who consider themselves to be severely indebted. Imposing thresholds on when problem debt is encountered is always going to be something of an inexact science – however older people themselves may set the bar much lower as to what is considered a safe or acceptable level of debt. Our threshold measure around debt-to-income ratios altered the definition of problem debt according to equivalised household income. It is possible that similar measures in future should also

consider the impact of age in setting a threshold of when ‘functional debt’ transitions into ‘problem debt’.

#### **7. Appropriate access to suitable credit**

While taking on debts may not be appropriate for older people who are struggling financially, those who can afford to repay a loan should not be denied credit or forced into expensive or risky lending by restricted access to mainstream alternatives. Automatic age limits on mortgages may cause problems for some older people reaching retirement with an interest-only mortgage and no repayment strategy in place. Access to financial services should be based on individual circumstances, not on arbitrary age limits.

# Appendices

## Appendix 1: Glossary of terms

Mortgage	Secured against the property being purchased. Mortgages can either be set at a fixed rate of interest or at an adjustable rate. It is also possible for a fixed rate mortgage to become adjustable after a set amount of time.
Interest only mortgage	The buyer pays only the interest on the property, with the principal balance unchanged.
Repayment mortgage	Regular repayments contain both interest and capital repayment
Credit cards	A credit card allows the holder to purchase goods on the holder's promise to pay for them. Interest rates are applied to the purchased goods and a minimal payment is set at specific intervals.
Debt consolidation	A larger loan that settles a number of smaller debts that an individual may have, thus consolidating debts into one single loan. Debt consolidation plans typically lengthen the debt repayment period while reducing the monthly repayment amount.
Charge card	Slightly different from credit cards in that the full amount which has been purchased through the card must be paid by a specific point in time, usually on a monthly basis.
Overdrafts	An overdraft facility allows the consumer's balance to go beyond zero, due to the prior agreement of the overdraft.
Personal loans	Typically borrowed for specific purposes such as purchasing a car or taking a family holiday. Personal loans are unsecured.
Social fund loans	Social fund loans are issued to borrowers on benefits who require funds for one-off payments such as a funeral of costs accrued with the

	birth of a new baby.
Hire purchase agreements	A form of payment governed by a contract in which the individual agrees to pay for goods in parts or percentages at a time. Hire purchase agreements usually require the individual to pay an extra fee after all of the instalments have been made to gain ownership.
Instalment purchases from mail order catalogues	Agreements by which companies allow individuals to make purchases through instalments. Payment plans are set out over a number of weeks and/or months.
DSS fund loan	Unsecured loans with often moderate rates of interest which allow those who are unable to work due to incapacity to borrow to meet living costs.
Money lender	A person or group that offer small loans at often high levels of interest.
Pay day loans	Small, short-term loans that allow the borrower funds to be repaid on the following payday. Typically offered on extortionate rates of interest.
Home credit (doorstep loans)	Issued by individuals who call on your house to collect repayments, they usually entail high interest rates.
Credit union loans	Credit unions are non-profit financial organisations set up by a pool of members that offer services including loans. Loans will usually be issued with low interest rates.
Pawn broker loans	Pawnbrokers offer loans to individuals that are secured against an item provided by the borrower. The borrower has the option to reclaim the item provided they can repay the borrowed amount within a set time period, with an additional charge for interest. If they do not make the repayment deadline then the item falls into ownership of the pawnbroker who will invariably sell the item to recoup the initial outlay.
Store cards	Certain retailers allow customers to make purchases for which they pay-off in gradually in instalments, with interest charges applied. There are a number of variations to this arrangement including store accounts and store-linked credit cards.
Credit sale agreement	Typically used for large purchases. This arrangement allows the borrower to own the product



	immediately while paying instalments to those who issued the credit.
Conditional sale agreement	Allows the borrower to make large purchases through paying in instalments. Although the borrower will possess the item immediately, they will not own the item until the entire price has been paid off, also termed 'getting good title'. Once the borrower has done this, they gain ownership.
Budgeting loans	This is an interest free loan provided through the Social Fund to help people in receipt of benefits who would otherwise have limited credit options to manage one-off expenditure such as buying new household items. However these cannot be accessed for 26 weeks

	after accessing benefits
Crisis loan	An interest free loan awarded through the Social Fund to support people who have suffered a disaster or emergency.
Illegal lending	Businesses that lend money to consumers are legally required to be licensed by the Office of Fair Trading, and those that lend without such a license are deemed to be illegal.

## Appendix 2: Tables for Chapter 3

### Appendix Tables for Chapter 3

Table A3.1: "Credit makes it easier to plan finances" by age (British Social Attitudes Survey 2009)

Credit makes it easier to plan finances	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
<b>agree strongly</b>	3 (1.1%)	8 (1.7%)	9 (1.8%)	16 (2.6%)	15 (2.8%)	4 (1.2%)	5 (2.5%)	60 (2.0%)
<b>Agree</b>	61 (35.2%)	132 (32.8%)	155 (27.3%)	142 (27.8%)	125 (25.2%)	95 (28.0%)	60 (27.3%)	770 (29.0%)
<b>neither agree nor disagree</b>	56 (32.2%)	97 (23.8%)	147 (25.0%)	114 (21.7%)	110 (22.9%)	61 (17.6%)	40 (16.9%)	625 (23.3%)
<b>Disagree</b>	45 (21.8%)	140 (31.8%)	198 (36.5%)	186 (37.3%)	169 (37.3%)	145 (45.5%)	98 (44.2%)	981 (35.8%)
<b>disagree strongly</b>	16 (9.8%)	45 (10.0%)	55 (9.4%)	56 (10.6%)	58 (11.8%)	25 (7.8%)	19 (9.1%)	274 (9.9%)
<b>Total</b>	181 (100.0%)	422 (100.0%)	564 (100.0%)	514 (100.0%)	477 (100.0%)	330 (100.0%)	222 (100.0%)	2710 (100.0%)
<b>Observations</b>	2710							
<b>P</b>	<0.01							

Table A3.2: "It should be made harder to borrow money" by age (British Social Attitudes Survey 2009)

Should be made harder to borrow money	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
<b>agree strongly</b>	19 (10.3%)	54 (11.8%)	40 (6.9%)	54 (10.7%)	70 (14.3%)	47 (14.9%)	43 (19.0%)	327 (11.7%)
<b>Agree</b>	63 (34.8%)	177 (42.9%)	283 (51.2%)	270 (54.4%)	257 (54.5%)	194 (56.7%)	134 (61.9%)	1378 (50.4%)
<b>neither agree nor disagree</b>	53 (27.7%)	110 (25.0%)	142 (24.6%)	107 (20.2%)	86 (17.0%)	48 (15.3%)	30 (12.9%)	576 (21.2%)
<b>Disagree</b>	41 (25.1%)	74 (18.7%)	89 (15.4%)	73 (13.3%)	59 (13.3%)	38 (12.1%)	15 (6.2%)	389 (15.4%)
<b>disagree strongly</b>	5 (2.1%)	7 (1.6%)	10 (2.0%)	10 (1.4%)	5 (0.9%)	3 (1.0%)	0 (0.0%)	40 (1.4%)
<b>Total</b>	181	422	564	514	477	330	222	2710

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	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)
Observations	2710							
P	<0.01							

**Table A3.3: “Credit encourages people to spend more than they can afford” by age (British Social Attitudes Survey 2009)**

Credit encourages people to spend more than they can afford	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
agree strongly	78 (43.5%)	181 (42.3%)	224 (40.2%)	216 (42.8%)	198 (41.7%)	129 (38.4%)	103 (47.6%)	1129 (41.9%)
Agree	73 (40.8%)	193 (45.7%)	273 (48.2%)	247 (48.4%)	233 (49.0%)	185 (57.0%)	100 (44.5%)	1304 (47.9%)
neither agree nor disagree	23 (11.8%)	29 (6.7%)	47 (7.9%)	39 (6.5%)	30 (5.8%)	10 (2.9%)	14 (5.6%)	192 (6.8%)
Disagree	7 (4.0%)	16 (4.7%)	15 (2.7%)	9 (1.8%)	12 (2.8%)	4 (1.0%)	4 (1.9%)	67 (2.8%)
disagree strongly	0 (0.0%)	3 (0.5%)	5 (1.0%)	3 (0.5%)	4 (0.7%)	2 (0.7%)	1 (0.3%)	18 (0.6%)
<b>Total</b>	181 (100.0%)	422 (100.0%)	564 (100.0%)	514 (100.0%)	477 (100.0%)	330 (100.0%)	222 (100.0%)	2710 (100.0%)
Observations	2710							
P	<0.05							

**Table A3.4: Attitudes to credit by age (British Social Attitudes Survey 2009)**

Overall attitudes to credit	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
<b>Strongly Positive Attitude towards credit and borrowing</b>	1 (0.5%)	7 (2.4%)	9 (1.6%)	8 (1.3%)	9 (1.9%)	3 (0.9%)	3 (1.7%)	40 (1.5%)
<b>Relatively positive</b>	17 (10.4%)	18 (4.0%)	26 (4.9%)	18 (3.3%)	20 (4.4%)	7 (2.1%)	2 (0.9%)	108 (4.4%)
<b>Relatively neutral</b>	45 (23.1%)	87 (20.9%)	108 (18.5%)	94 (17.7%)	70 (14.7%)	42 (13.1%)	29 (11.4%)	475 (17.6%)
<b>Relatively negative</b>	58 (33.7%)	152 (37.7%)	192 (33.3%)	166 (31.0%)	140 (29.1%)	115 (34.5%)	51 (23.1%)	874 (32.5%)
<b>Strongly Negative Attitude towards credit and borrowing</b>	60 (32.3%)	158 (35.0%)	229 (41.7%)	228 (46.6%)	238 (49.9%)	163 (49.4%)	137 (62.8%)	1213 (43.9%)
<b>Total</b>	181 (100.0%)	422 (100.0%)	564 (100.0%)	514 (100.0%)	477 (100.0%)	330 (100.0%)	222 (100.0%)	2710 (100.0%)
Observations	2710							
P	<0.01							

**Table A3.5: Characteristics predicting overall attitudes to credit and borrowing (Odds ratios from ordinal regression model)**

Overall Attitudes to Credit and Borrowing	Overall Attitudes to Credit and Borrowing: Increasingly Negative (Model 1: Age Only)	Overall Attitudes to Credit and Borrowing: Increasingly Negative (Model 2: Age and Socioeconomic Ctrl)	Overall Attitudes to Credit and Borrowing: Increasingly Negative (Model 3: All Ctrl)
<b>Age Group: Baseline 35-44 yrs</b>			
16-24 yrs	0.652 [0.443,0.960]	0.770 [0.482,1.233]	0.904 [0.587,1.392]
25-34 yrs	0.817 [0.595,1.122]	0.833 [0.616,1.128]	0.830 [0.625,1.103]
45-54 yrs	1.212 [0.916,1.605]	1.198 [0.904,1.588]	1.173 [0.881,1.562]
55-64 yrs	1.345 [1.018,1.778]	1.283 [0.934,1.761]	1.246 [0.894,1.737]

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65-74 yrs	1.467** [1.111,1.936]	1.359 [0.924,2.000]	1.399 [0.934,2.096]
75+ yrs	2.324*** [1.598,3.379]	2.118 [1.249,3.594]	2.406 [1.361,4.254]
<b>Household Income: Base Less than £15,000</b>			
£15,000-£25,999		1.043 [0.729,1.492]	1.001 [0.681,1.471]
£26,000-£43,999		0.902 [0.545,1.492]	0.827 [0.493,1.388]
£44,000+		0.970 [0.476,1.977]	0.858 [0.422,1.747]
<b>Housing Tenure: Base Own Outright</b>			
Own with a mortgage		0.990 [0.782,1.253]	0.992 [0.779,1.264]
Social rented		0.792 [0.579,1.083]	0.940 [0.700,1.261]
Private rented/other		0.845 [0.626,1.139]	0.881 [0.640,1.211]
<b>Receipt of Means Tested Benefits</b>			
Yes		1.130 [0.919,1.388]	1.102 [0.873,1.391]
<b>Main driver of car/van</b>			
Yes		0.987 [0.828,1.176]	0.973 [0.809,1.171]
<b>Perception of income: Base Living Comfortably</b>			
Coping on present income		0.863 [0.713,1.045]	0.896 [0.732,1.096]
<b>Finding it difficult on present income</b>			
Finding it very difficult		0.689 [0.488,0.973]	0.739 [0.511,1.068]
		0.895 [0.538,1.489]	1.043 [0.633,1.717]
<b>Does respondent regard themselves as being on high/middle/ low income: Base High</b>			
Middle		1.157 [0.734,1.824]	1.125 [0.713,1.776]
Low		1.148 [0.590,2.234]	1.216 [0.635,2.327]
<b>Respondent perception vs actual income: Overestimate income</b>			
Underestimate income		0.943 [0.385,2.309]	0.932 [0.389,2.236]
Accurate estimate		0.870 [0.493,1.533]	0.888 [0.493,1.600]
<b>Economic Activity: Base Education/Training</b>			
Employed		1.379 [0.783,2.428]	1.401 [0.801,2.449]
Unemployed/Other		1.292 [0.707,2.362]	1.232 [0.683,2.221]
Retired		1.370 [0.669,2.806]	1.211 [0.594,2.467]
<b>Ethnic Group: Base White</b>			
Non-white			0.585** [0.420,0.816]
<b>Long-term illness or disability</b>			
Yes			1.049 [0.849,1.296]
<b>Highest Qualifications: Base Degree</b>			
College			0.902 [0.704,1.156]
High School			0.920 [0.735,1.153]
No qualifications			0.921 [0.640,1.326]
<b>Social Class: Base Class I &amp; II</b>			
III (i)			0.922 [0.724,1.174]
III (ii)			0.991

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	[0.744,1.320]
IV	0.883
	[0.660,1.183]
V	0.702
	[0.468,1.051]
Unclassifiable	0.722
	[0.381,1.370]
<b>Newspaper Readership: Base No</b>	
<b>Paper</b>	
Right-leaning paper	0.963
	[0.797,1.164]
Left-leaning paper	1.120
	[0.843,1.488]
<b>Party Affiliation: Base</b>	
<b>Conservative</b>	
Labour	0.766
	[0.600,0.978]
Liberal Democrat	0.992
	[0.753,1.307]
Other	1.047
	[0.765,1.434]
No affiliation	0.874
	[0.672,1.138]
<b>Married or Cohabiting</b>	
Yes	1.310
	[1.043,1.644]
<b>Region: Base North East</b>	
North West	0.905
	[0.536,1.528]
Yorkshire & Humber	0.931
	[0.519,1.668]
East Midlands	0.978
	[0.560,1.707]
West Midlands	0.951
	[0.560,1.615]
South West	0.863
	[0.495,1.505]
East	0.979
	[0.555,1.727]
Inner London	0.889
	[0.470,1.682]
Outer London	0.967
	[0.516,1.810]
South East	1.026
	[0.610,1.727]
Wales	0.913
	[0.526,1.583]
Scotland	0.824
	[0.488,1.389]
<b>Sex of respondent</b>	
Female	1.385***
	[1.150,1.669]
<b>Population Density: Base Least</b>	
<b>Dense</b>	
	0.903
	[0.686,1.188]
15.4-34.3 per hectare	1.002
	[0.775,1.296]
Most Dense	0.915
	[0.669,1.253]
<b>Number of people in household</b>	
<b>(Each additional)</b>	
	0.959
	[0.865,1.063]
<b>Internet User</b>	
Yes	1.121
	[0.848,1.482]
<b>Self-rated health: Base Very</b>	
<b>Good</b>	
Good	0.903
	[0.723,1.128]
Fair	0.933
	[0.697,1.248]
Bad	1.305
	[0.896,1.899]

Very bad			0.644 [0.350,1.185]
N	2710	2710	2710

Exponentiated coefficients; 95% confidence intervals in brackets

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table A3.6: Overall attitudes to Credit and Borrowing: Older People 50+ (British Social Attitudes Survey 2009)

Overall Attitudes to Credit and Borrowing: Older People 50+	Overall Attitudes to Credit and Borrowing: Increasingly Negative (Model 1: Age Only)	Overall Attitudes to Credit and Borrowing: Increasingly Negative (Model 2: Age and Socioeconomic Ctrl)	Overall Attitudes to Credit and Borrowing: Increasingly Negative (Model 3: All Ctrl)
<b>Age Group: Baseline 75+ yrs</b>			
55-64 yrs	0.581** [0.408,0.827]	0.690 [0.441,1.080]	0.544* [0.323,0.916]
65-74 yrs	0.632 [0.439,0.911]	0.660 [0.446,0.976]	0.564 [0.374,0.852]
<b>Household Income: Base Less than £15,000</b>			
£15,000-£25,999		0.914 [0.619,1.349]	0.893 [0.575,1.388]
£26,000-£43,999		0.693 [0.384,1.251]	0.591 [0.309,1.127]
£44,000+		0.422 [0.0825,2.160]	0.345 [0.0584,2.036]
<b>Housing Tenure: Base Own Outright</b>			
Own with a mortgage		0.737 [0.492,1.103]	0.782 [0.501,1.220]
Social rented		1.058 [0.690,1.624]	1.295 [0.823,2.037]
Private rented/other		0.727 [0.385,1.375]	0.749 [0.402,1.399]
<b>Receipt of Means Tested Benefits</b>			
Yes		0.853 [0.608,1.197]	0.975 [0.660,1.439]
<b>Main driver of car/van</b>			
Yes		0.986 [0.725,1.342]	1.042 [0.725,1.499]
<b>Perception of income: Base Living Comfortably</b>			
Coping on present income		0.930 [0.666,1.299]	0.960 [0.675,1.366]
Finding it difficult on present income		0.783 [0.452,1.354]	0.894 [0.494,1.617]
Finding it very difficult		0.738 [0.290,1.877]	1.049 [0.386,2.849]
<b>Does respondent regard themselves as being on high/ middle/ low income: Base High</b>			
Middle		1.124 [0.300,4.205]	1.109 [0.284,4.337]
Low		0.887 [0.250,3.150]	0.914 [0.248,3.359]
<b>Respondent perception vs actual income: Overestimate income</b>			
Underestimate income		1.044 [0.182,5.981]	0.982 [0.158,6.117]
Accurate estimate		0.753 [0.325,1.745]	0.732 [0.312,1.718]
<b>Economic Activity: Base Education/Training</b>			
Employed		2.082 [0.864,5.018]	0.832 [0.211,3.288]
Unemployed/Other		2.124 [0.797,5.659]	0.824 [0.192,3.528]
Retired		1.913 [0.782,4.681]	0.699 [0.170,2.874]
<b>Ethnic Group: Base White</b>			

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<b>Non-white</b>	0.603
	[0.276,1.319]
<b>Long-term illness or disability</b>	
Yes	0.948
	[0.668,1.346]
<b>Highest Qualifications: Base Degree</b>	
College	0.798
	[0.430,1.482]
High School	0.914
	[0.588,1.418]
No qualifications	0.705
	[0.415,1.198]
<b>Social Class: Base Class I &amp; II</b>	
III (i)	0.909
	[0.593,1.392]
III (ii)	1.123
	[0.702,1.795]
IV	0.801
	[0.483,1.327]
V	0.805
	[0.442,1.465]
Unclassifiable	0.724
	[0.176,2.977]
<b>Newspaper Readership: Base No Paper</b>	
Right-leaning paper	1.273
	[0.922,1.757]
Left-leaning paper	0.939
	[0.560,1.573]
<b>Party Affiliation: Base Conservative</b>	
Labour	1.084
	[0.718,1.636]
Liberal Democrat	1.084
	[0.691,1.701]
Other	1.609
	[1.049,2.469]
No affiliation	1.175
	[0.675,2.046]
<b>Married or Cohabiting</b>	
Yes	1.478
	[1.025,2.132]
<b>Region: Base North East</b>	
North West	1.758
	[0.996,3.101]
Yorkshire & Humber	1.702
	[0.790,3.668]
East Midlands	2.881
	[1.171,7.088]
West Midlands	1.477
	[0.802,2.719]
South West	1.371
	[0.778,2.418]
East	1.611
	[0.877,2.957]
Inner London	1.693
	[0.758,3.784]
Outer London	1.692
	[0.917,3.123]
South East	2.383
	[1.366,4.158]
Wales	1.620
	[0.931,2.820]
Scotland	1.751
	[0.926,3.311]
<b>Sex of respondent</b>	
Female	1.436
	[1.022,2.019]
<b>Population Density: Base Least Dense</b>	
	0.779
	[0.530,1.146]
15.4-34.3 per hectare	0.938

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				[0.629,1.400]
Most Dense				0.689
				[0.431,1.101]
Number of people in household (Each additional)				1.017
				[0.777,1.333]
Internet User				
Yes				0.984
				[0.663,1.460]
Self-rated health: Base Very Good				
Good				0.840
				[0.588,1.199]
Fair				0.984
				[0.644,1.505]
Bad				0.985
				[0.515,1.883]
Very bad				0.497
				[0.204,1.216]
N	1029	1029		1029

**Table A3.7: “Credit makes it easier to plan finances” by age (British Social Attitudes Survey 2007)**

Credit makes it easier to plan finances (2007)	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
agree strongly	6 (4.3)	15 (4.6)	12 (2.3)	21 (5.0)	7 (1.3)	11 (2.7)	4 (1.8)	76 (3.2)
agree	46 (30.6)	96 (29.1)	136 (25.8)	125 (27.0)	123 (30.8)	105 (30.0)	71 (28.8)	702 (28.6)
neither agree nor disagree	56 (32.4)	94 (25.9)	131 (25.0)	101 (23.9)	96 (22.7)	70 (20.6)	47 (18.9)	595 (24.4)
disagree	39 (24.9)	112 (30.9)	169 (32.5)	132 (30.0)	144 (34.9)	115 (35.4)	103 (41.5)	814 (32.4)
disagree strongly	14 (7.9)	36 (9.5)	76 (14.4)	54 (14.2)	42 (10.2)	39 (11.3)	25 (9.1)	286 (11.5)
Total	161 (100.0)	353 (100.0)	524 (100.0)	433 (100.0)	412 (100.0)	340 (100.0)	250 (100.0)	2473 (100.0)
Observations	2473							

**Table A3.8: “It should be made harder to borrow money” by age (British Social Attitudes Survey 2007)**

Should be made harder to borrow money (2007)	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
agree strongly	19 (11.7)	43 (11.9)	78 (14.2)	51 (11.7)	64 (14.0)	84 (23.5)	50 (18.4)	389 (14.6)
agree	61 (37.1)	169 (46.8)	251 (47.3)	219 (51.5)	226 (56.0)	177 (52.3)	135 (55.5)	1238 (49.4)
neither agree nor disagree	46 (29.3)	81 (22.2)	110 (22.2)	112 (25.4)	72 (17.7)	51 (15.8)	36 (13.4)	508 (21.4)
disagree	27 (17.0)	53 (16.2)	75 (14.7)	45 (9.9)	45 (10.7)	24 (7.2)	24 (10.2)	293 (12.4)
disagree strongly	8 (5.0)	7 (2.9)	10 (1.6)	6 (1.5)	5 (1.7)	4 (1.2)	5 (2.5)	45 (2.2)
Total	161 (100.0)	353 (100.0)	524 (100.0)	433 (100.0)	412 (100.0)	340 (100.0)	250 (100.0)	2473 (100.0)
Observations	2473							

**Table A3.9: “Credit encourages people to spend more than they can afford” by age (British Social Attitudes Survey 2007)**

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Credit encourages people to spend more than they can afford (2007)	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
agree strongly	73 (45.7)	173 (47.6)	201 (37.5)	196 (44.7)	184 (43.8)	171 (49.3)	109 (43.3)	1107 (44.1)
agree	61 (38.6)	143 (41.0)	279 (53.9)	188 (43.4)	193 (47.0)	137 (40.3)	126 (50.7)	1127 (45.4)
neither agree nor disagree	21 (12.7)	26 (7.5)	27 (4.9)	31 (7.6)	21 (5.4)	23 (7.6)	8 (3.2)	157 (6.9)
disagree	4 (1.8)	10 (3.7)	14 (3.1)	14 (3.3)	11 (2.9)	7 (2.3)	6 (2.4)	66 (2.9)
disagree strongly	2 (1.2)	1 (0.2)	3 (0.6)	4 (1.0)	3 (0.9)	2 (0.4)	1 (0.3)	16 (0.7)
<b>Total</b>	161 (100.0)	353 (100.0)	524 (100.0)	433 (100.0)	412 (100.0)	340 (100.0)	250 (100.0)	2473 (100.0)
Observations	2473							

**Table A3.10: Overall attitudes to credit by age (British Social Attitudes Survey 2007)**

Overall attitudes to credit (2007)	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
<b>Strongly Positive Attitude towards credit and borrowing</b>	6 (3.3)	1 (0.6)	4 (0.9)	5 (1.2)	3 (0.9)	1 (0.2)	0 (0.0)	20 (1.0)
<b>Relatively positive</b>	10 (6.8)	22 (6.5)	25 (4.5)	22 (5.1)	13 (3.9)	11 (3.8)	10 (4.0)	113 (5.0)
<b>Relatively neutral</b>	31 (19.2)	62 (19.5)	88 (17.4)	69 (16.4)	62 (14.6)	40 (12.0)	33 (13.9)	385 (16.4)
<b>Relatively negative</b>	66 (42.7)	146 (40.6)	234 (45.3)	192 (42.9)	182 (44.8)	146 (41.8)	113 (44.4)	1079 (43.3)
<b>Strongly Negative Attitude towards credit and borrowing</b>	48 (28.0)	122 (32.8)	173 (32.0)	145 (34.5)	152 (35.9)	142 (42.1)	94 (37.7)	876 (34.4)
<b>Total</b>	161 (100.0)	353 (100.0)	524 (100.0)	433 (100.0)	412 (100.0)	340 (100.0)	250 (100.0)	2473 (100.0)
Observations	2473							

**Table A3.11: Characteristics predicting using credit or not paying an unexpected £200 expense compared to paying using other means (Relative risk ratios from multinomial regression model; Family Resources Survey)**

Relative risk of using credit to pay £200 expense vs using other means	(Model 1: Age Only)	(Model 2: Age and Socioeconomic Ctrls)	(Model 2: All Ctrls)
<b>Age Group: Base 65-69</b>			
70-74	0.820 [0.627,1.072]	0.782 [0.596,1.026]	0.790 [0.602,1.036]
75+	0.432 [0.330,0.566]	0.416 [0.314,0.551]	0.412 [0.309,0.549]
<b>Household Income: Base Under £200</b>			
£200-£400		2.294** [1.357,3.877]	1.971* [1.160,3.348]
£400-£600		2.288** [1.334,3.923]	1.855* [1.067,3.227]
£600+		1.916* [1.096,3.350]	1.546 [0.880,2.715]
<b>Housing Tenure: Base Outright Ownership</b>			



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<b>Own with a Mortgage</b>	1.134	1.172
	[0.717,1.794]	[0.739,1.857]
<b>Rent</b>	0.769	0.795
	[0.546,1.084]	[0.560,1.130]
<b>Rent-free</b>	1.180	1.299
	[0.426,3.267]	[0.470,3.593]
<b>Able to Pay Regular Bills</b>		
<b>No</b>	1.314	1.392
	[0.532,3.245]	[0.562,3.451]
<b>Retired</b>		
<b>Yes</b>	1.410	1.347
	[0.965,2.059]	[0.918,1.976]
<b>Ethnic Group: Base White</b>		
<b>Non-white</b>		0.612
		[0.259,1.445]
<b>Missing</b>		0.473
		[0.202,1.105]
<b>Sex: Base Male</b>		
<b>Female</b>		0.856
		[0.678,1.080]
<b>Longstanding Illness</b>		
<b>Yes</b>		1.296*
		[1.022,1.644]
<b>Married</b>		
<b>Yes</b>		1.290
		[0.984,1.692]
<b>Region: Base North East</b>		
<b>North West</b>		0.687
		[0.346,1.363]
<b>Yorkshire &amp; Humber</b>		1.254
		[0.657,2.395]
<b>East Midlands</b>		1.259
		[0.655,2.418]
<b>West Midlands</b>		1.553
		[0.818,2.949]
<b>East</b>		1.239
		[0.652,2.357]
<b>London</b>		1.661
		[0.838,3.293]
<b>South East</b>		1.641
		[0.903,2.983]
<b>South West</b>		0.807
		[0.414,1.573]
<b>Wales</b>		1.057
		[0.511,2.183]
<b>Scotland</b>		0.988
		[0.538,1.812]
<b>Relative risk of not paying expense vs paying expense through savings or making cut-backs</b>		
<b>Age Group: Base 65-69</b>		
<b>70-74</b>	1.051	0.977
	[0.899,1.228]	[0.815,1.171]
<b>75+</b>	0.642	0.516
	[0.552,0.747]	[0.432,0.617]
<b>Household Income: Base Under £200</b>		
<b>£200-£400</b>	0.753*	0.797*
	[0.606,0.936]	[0.637,0.997]
<b>£400-£600</b>	0.419	0.464
	[0.326,0.540]	[0.354,0.607]
<b>£600+</b>	0.287	0.305
	[0.209,0.395]	[0.216,0.432]
<b>Housing Tenure: Base Outright Ownership</b>		
<b>Own with a Mortgage</b>	3.871***	3.202***
	[2.880,5.204]	[2.322,4.416]
<b>Rent</b>	7.913***	7.154***
	[6.793,9.218]	[6.096,8.396]
<b>Rent-free</b>	2.996***	2.515***
	[1.750,5.129]	[1.470,4.302]
<b>Able to Pay Regular Bills</b>		
<b>No</b>	11.47***	10.62***
	[8.335,15.79]	[7.778,14.51]
<b>Retired</b>		
<b>Yes</b>	1.763***	1.576**
	[1.286,2.418]	[1.144,2.170]

<b>Ethnic Group: Base White</b>			
Non-white			3.887*** [2.754,5.487]
Missing			2.428 [1.567,3.760]
<b>Sex: Base Male</b>			
Female			1.191* [1.026,1.382]
<b>Longstanding Illness</b>			
Yes			1.815*** [1.539,2.141]
Married			
Yes			0.828* [0.703,0.975]
<b>Region: Base North East</b>			
North West			2.221*** [1.458,3.384]
Yorkshire & Humber			1.233 [0.785,1.935]
East Midlands			1.251 [0.794,1.972]
West Midlands			2.013 [1.317,3.076]
East			0.802 [0.503,1.280]
London			1.564 [0.991,2.468]
South East			1.064 [0.683,1.659]
South West			1.195 [0.760,1.881]
Wales			1.871 [1.172,2.986]
Scotland			1.375 [0.917,2.062]
<b>N</b>	10936	10936	10936

**Table A3.12: Characteristics predicting using credit or using other means to pay an unexpected £200 expense compared to not paying (Relative risk ratios from multinomial regression model; Family Resources Survey)**

Relative risk of using credit to pay £200 expense vs not paying	(Model 1: Age Only)	(Model 2: Age and Socioeconomic Ctrls)	(Model 2: All Ctrls)
<b>Age Group: Base 65-69</b>			
70-74	0.780 [0.578,1.052]	0.801 [0.583,1.100]	0.840 [0.609,1.157]
75+	0.673 [0.498,0.909]	0.806 [0.584,1.113]	0.869 [0.624,1.209]
<b>Household Income: Base Under £200</b>			
£200-£400		3.045*** [1.742,5.324]	2.479** [1.411,4.357]
£400-£600		5.456*** [3.040,9.792]	4.002*** [2.192,7.309]
£600+		6.672*** [3.550,12.54]	5.068*** [2.656,9.671]
<b>Housing Tenure: Base Outright Ownership</b>			
Own with a Mortgage		0.293*** [0.174,0.495]	0.362*** [0.211,0.621]
Rent		0.0972** [0.0675,0.140]	0.111** [0.0764,0.162]
Rent-free		0.394 [0.129,1.200]	0.521 [0.173,1.568]
<b>Able to Pay Regular Bills</b>			
No		0.115*** [0.0453,0.290]	0.131*** [0.0515,0.331]
<b>Retired</b>			
Yes		0.800 [0.492,1.300]	0.855 [0.522,1.401]
<b>Ethnic Group: Base White</b>			
Non-white			0.173*** [0.0778,0.384]
Missing			0.195***

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			[0.0770,0.493]
<b>Sex: Base Male</b>			
Female			0.719 <sup>*</sup>
			[0.549,0.940]
<b>Longstanding Illness</b>			
Yes			0.714 <sup>*</sup>
			[0.539,0.946]
<b>Married</b>			
Yes			1.559 <sup>**</sup>
			[1.147,2.119]
<b>Region: Base North East</b>			
North West			0.310 <sup>**</sup>
			[0.142,0.676]
Yorkshire & Humber			1.017
			[0.475,2.179]
East Midlands			1.008
			[0.470,2.162]
West Midlands			0.770
			[0.368,1.610]
East			1.549
			[0.719,3.337]
London			1.057
			[0.481,2.321]
South East			1.545
			[0.757,3.154]
South West			0.675
			[0.310,1.468]
Wales			0.566
			[0.247,1.296]
Scotland			0.719
			[0.356,1.450]
<b>Relative risk of not paying expense vs paying expense through savings or making cut-backs</b>			
<b>Age Group: Base 65-69</b>			
70-74	0.952	1.024	1.062
	[0.814,1.113]	[0.854,1.228]	[0.880,1.281]
75+	1.558 <sup>**</sup>	1.937 <sup>**</sup>	2.109 <sup>**</sup>
	[1.339,1.813]	[1.620,2.316]	[1.753,2.537]
<b>Household Income: Base Under £200</b>			
£200-£400		1.328 <sup>*</sup>	1.256 <sup>*</sup>
		[1.068,1.650]	[1.004,1.570]
£400-£600		2.385 <sup>**</sup>	2.156 <sup>**</sup>
		[1.852,3.071]	[1.646,2.824]
£600+		3.481 <sup>**</sup>	3.276 <sup>**</sup>
		[2.531,4.789]	[2.317,4.632]
<b>Housing Tenure: Base Outright Ownership</b>			
Own with a Mortgage		0.258 <sup>***</sup>	0.310 <sup>***</sup>
		[0.192,0.347]	[0.226,0.427]
Rent		0.126 <sup>*</sup>	0.140 <sup>*</sup>
		[0.108,0.147]	[0.119,0.164]
Rent-free		0.334 <sup>*</sup>	0.399 <sup>*</sup>
		[0.195,0.571]	[0.233,0.684]
<b>Able to Pay Regular Bills</b>			
No		0.0872 <sup>***</sup>	0.0940 <sup>***</sup>
		[0.0633,0.120]	[0.0689,0.128]
Retired			
Yes		0.567 <sup>***</sup>	0.635 <sup>**</sup>
		[0.414,0.778]	[0.461,0.874]
<b>Ethnic Group: Base White</b>			
Non-white			0.264 <sup>***</sup>
			[0.192,0.362]
Missing			0.412 <sup>*</sup>
			[0.266,0.638]
<b>Sex: Base Male</b>			
Female			0.840 <sup>*</sup>
			[0.724,0.975]
<b>Longstanding Illness</b>			
Yes			0.551 <sup>***</sup>
			[0.467,0.650]
<b>Married</b>			
Yes			1.208 <sup>*</sup>
			[1.026,1.423]
<b>Region: Base North East</b>			
North West			0.451 <sup>***</sup>

										[0.296,0.686]
Yorkshire & Humber										0.811
East Midlands										[0.517, 1.273]
West Midlands										0.800
East										[0.508, 1.261]
London										0.496
South East										[0.325, 0.758]
South West										1.249
Wales										[0.782, 1.993]
Scotland										0.638
										[0.404, 1.006]
										0.940
										[0.603, 1.466]
										0.837
										[0.532, 1.317]
										0.536
										[0.335, 0.855]
										0.728
										[0.485, 1.091]
<b>N</b>										10936
										10936
										10936

## Appendix 3: Tables for Chapter 4

### Appendix Tables for Chapter 4

#### Form of credit: 2002 sweep

Wave 1 (2002)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Owe on credit or store card	609 (31.9)	587 (27.9)	355 (22.0)	248 (15.0)	146 (10.0)	57 (5.3)	30 (3.8)	9 (2.9)	3 (2.6)	2044 (18.8)
Owe on hire purchase agreement	244 (13.0)	188 (9.2)	136 (8.5)	69 (4.3)	31 (2.2)	13 (1.2)	8 (1.0)	0 (0.0)	0 (0.0)	689 (6.5)
Personal Loan	408 (21.6)	308 (14.7)	157 (10.0)	88 (5.3)	41 (2.8)	12 (1.2)	6 (0.8)	2 (0.6)	0 (0.0)	1022 (9.6)
Overdraft	150 (7.8)	119 (5.8)	55 (3.5)	32 (1.9)	24 (1.6)	6 (0.6)	1 (0.1)	0 (0.0)	0 (0.0)	387 (3.6)
Catalogue/Mail Order Arrangements	219 (11.2)	216 (10.3)	148 (9.1)	81 (4.8)	75 (5.2)	34 (3.4)	18 (2.4)	2 (0.5)	0 (0.0)	793 (7.2)
Money Lenders/Tallyman	9 (0.5)	5 (0.2)	2 (0.1)	3 (0.2)	1 (0.1)	1 (0.1)	0 (0.0)	0 (0.0)	0 (0.0)	21 (0.2)
Owe to friends/family	36 (1.9)	31 (1.5)	14 (0.8)	6 (0.5)	8 (0.6)	2 (0.2)	2 (0.2)	2 (0.6)	0 (0.0)	101 (1.0)
Have an outstanding mortgage	1029 (54.0)	873 (42.0)	373 (23.1)	145 (8.9)	82 (5.8)	52 (4.9)	36 (5.0)	6 (1.9)	2 (2.6)	2598 (24.5)
Of mortgage holders, interest only mortgages	19 (1.8)	25 (2.9)	18 (5.0)	10 (7.1)	12 (14.1)	9 (18.1)	4 (11.2)	0 (0.0)	0 (0.0)	97 (3.7)
Unsecured debt (excl. interest only)	1055 (55.0)	965 (46.2)	604 (37.4)	413 (25.1)	270 (18.6)	117 (11.2)	57 (7.4)	13 (4.0)	3 (2.6)	3497 (32.2)
Any form of debt	1434 (74.7)	1334 (64.0)	760 (47.2)	477 (29.1)	311 (21.6)	147 (14.0)	83 (11.0)	18 (5.6)	5 (5.2)	4569 (42.2)
<b>Total</b>	1920 (100.0)	2103 (100.0)	1614 (100.0)	1640 (100.0)	1416 (100.0)	1048 (100.0)	758 (100.0)	316 (100.0)	95 (100.0)	10910 (100.0)

#### Average Amount Owed: 2002 sweep

Wave 1 (2002)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+
Average unsecured debt owed, excluding interest only mortgages (all)	£2,741.63	£1,797.29	£1,055.84	£579.95	£344.73	£124.51	£75.29	£60.40	£35.30

older people)									
Average unsecured debt owed, excluding interest only mortgages (older debtors only)	£5,522.73	£4,448.26	£3,196.14	£2,740.41	£2,253.86	£1,337.29	£1,183.99	£1,779.94	£1,376.36

### Problem Debt I: Credit-to-Income Ratios: 2002 sweep

Wave 1 (2002)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion spending excess income on debt (Base: All)	57 (3.3)	57 (3.0)	40 (2.6)	18 (1.1)	9 (0.6)	4 (0.4)	2 (0.3)	1 (0.2)	0 (0.0)	188 (1.8)
Proportion spending over 25% over of weekly income on unsecured debt (Base: All Commercial Debtors)	57 (6.3)	57 (6.9)	40 (7.5)	18 (4.9)	9 (4.0)	4 (3.7)	2 (4.6)	1 (5.9)	0 (0.0)	188 (6.2)

### Problem debt II: Subjective financial wellbeing: In debt and not managing very well (2002)

Wave 1 (2002)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion not coping well financially and with unsec debt (Base: All)	78 (4.5)	89 (4.7)	39 (2.6)	25 (1.6)	18 (1.3)	4 (0.4)	2 (0.2)	0 (0.0)	0 (0.0)	255 (2.5)
Proportion not coping well financially and with unsec debt (Base: All Debtors with unsec debt)	78 (9.0)	89 (11.7)	39 (7.8)	25 (7.6)	18 (8.2)	4 (4.1)	2 (3.8)	0 (0.0)	0 (0.0)	255 (9.0)

### Problem debt III: Owe £10,000+ unsecured credit (2002)

Wave 1 (2002)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion with £10,000 or more unsec debt (Base: All)	135 (8.1)	96 (5.2)	35 (2.3)	17 (1.1)	9 (0.6)	2 (0.2)	1 (0.1)	2 (0.5)	0 (0.0)	297 (3.0)
Proportion with £10,000 or more unsec debt (Base: All Debtors with unsec debt)	135 (16.3)	96 (13.0)	35 (7.1)	17 (5.1)	9 (4.2)	2 (1.9)	1 (1.9)	2 (13.9)	0 (0.0)	297 (11.0)

### Problem debt IV: Any indicator of problem debt (2002)

Wave 1 (2002)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Problem debt: Any form (Base:All)	229 (13.6)	211 (11.3)	98 (6.6)	50 (3.2)	39 (2.8)	13 (1.3)	7 (0.9)	2 (0.5)	0 (0.0)	649 (6.5)
Problem debt: Any form (Base: All debtors)	226 (27.0)	208 (27.7)	98 (20.0)	50 (15.1)	39 (18.2)	13 (14.1)	7 (14.4)	2 (13.9)	0 (0.0)	643 (23.3)

## Wave 2 (2004) tables

### Form of credit: 2004 sweep

Wave 2 (2004)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Owe on credit or store card	222 (31.4)	485 (27.3)	283 (20.2)	202 (15.1)	130 (11.0)	57 (5.9)	19 (2.7)	6 (1.9)	2 (2.1)	1406 (16.9)
Owe on hire purchase agreement	70 (10.4)	146 (8.6)	82 (5.9)	56 (4.1)	37 (3.1)	15 (1.4)	4 (0.5)	0 (0.0)	0 (0.0)	410 (5.0)
Personal Loan	145	308	135	94	47	14	2	2	0	747

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	(20.4)	(17.5)	(9.7)	(7.1)	(4.1)	(1.5)	(0.4)	(0.7)	(0.0)	(9.1)
<b>Overdraft</b>	43	125	42	29	13	6	2	2	0	262
	(5.9)	(7.1)	(3.0)	(2.2)	(1.1)	(0.6)	(0.3)	(0.6)	(0.0)	(3.2)
<b>Catalogue/Mail Order Arrangements</b>	65	128	94	69	35	21	8	1	0	421
	(9.1)	(7.4)	(7.0)	(5.3)	(3.1)	(2.4)	(1.3)	(0.3)	(0.0)	(5.2)
<b>Money Lenders/Tallyman</b>	1	6	1	3	0	0	1	0	0	12
	(0.2)	(0.3)	(0.1)	(0.3)	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(0.2)
<b>Owe to friends/family</b>	23	29	15	7	4	2	1	2	0	83
	(3.1)	(1.7)	(1.1)	(0.6)	(0.5)	(0.2)	(0.3)	(0.6)	(0.0)	(1.1)
<b>Have an outstanding mortgage<sup>25</sup></b>	324	652	305	119	58	30	20	4	2	1514
	(45.1)	(36.8)	(21.7)	(9.3)	(5.1)	(3.4)	(3.1)	(1.3)	(2.6)	(18.6)
<b>Of mortgage holders, interest only mortgages</b>	4	15	18	9	6	5	3	0	0	60
	(1.1)	(2.1)	(5.9)	(7.1)	(10.5)	(16.0)	(16.3)	(0.0)	(0.0)	(3.7)
<b>Unsecured debt (excl. interest only)</b>	368	794	486	349	226	105	41	12	2	2383
	(52.0)	(45.3)	(34.9)	(26.1)	(19.5)	(10.9)	(6.5)	(3.8)	(2.1)	(28.8)
<b>Any form of debt</b>	490	1066	619	406	251	123	52	16	4	3027
	(68.9)	(60.6)	(44.2)	(30.6)	(21.7)	(12.9)	(8.2)	(5.1)	(4.7)	(36.6)
<b>Total</b>	713	1781	1405	1344	1152	930	665	283	91	8364
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

### Average Amount Owed: 2004 sweep

Wave 2 (2004)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+
<b>Average unsecured debt owed, excluding interest only mortgages (all older people)</b>									
	£2,706.78	£2,116.95	£1,056.66	£769.59	£498.94	£128.71	£53.78	£50.33	£16.64
<b>Average unsecured debt owed, excluding interest only mortgages (older debtors only)</b>									
	£5,550.49	£5,360.53	£3,544.73	£3,323.59	£2,947.52	£1,499.16	£1,178.48	£1,600.06	£834.02

### Problem Debt I: Credit-to-Income Ratios: 2004 sweep

Wave 2 (2004)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
<b>Proportion spending excess income on debt (Base: All)</b>	34	81	42	33	15	5	3	1	0	214
	(4.9)	(5.1)	(3.3)	(2.6)	(1.4)	(0.5)	(0.6)	(0.3)	(0.0)	(2.7)
<b>Proportion spending over 25% over of weekly income on unsecured debt (Base: All Commercial Debtors)</b>	34	78	41	33	15	5	3	1	0	210
	(10.1)	(12.4)	(10.7)	(11.1)	(8.2)	(6.1)	(13.9)	(8.4)	(0.0)	(10.8)

<sup>25</sup> Based on the number of outstanding mortgages reported or if reporting mortgage payments – not the if report living in home that's owner occupied with a mortgage.

### Problem debt II: Subjective financial wellbeing: In debt and not managing very well (2004)

Wave 2 (2004)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion not coping well financially and with unsec debt (Base: All)	28 (4.4)	59 (3.7)	28 (2.1)	19 (1.6)	8 (0.8)	3 (0.3)	3 (0.6)	0 (0.0)	0 (0.0)	148 (2.0)
Proportion not coping well financially and with unsec debt (Base: All Debtors with unsec debt)	28 (9.0)	59 (9.5)	28 (7.2)	19 (6.8)	8 (4.8)	3 (3.2)	3 (14.0)	0 (0.0)	0 (0.0)	148 (7.9)

### Problem debt III: Owe £10,000+ unsecured credit (inflated from 2002) (2004)

Wave 2 (2004)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion with £10,000 or more unsec debt (Base: All)	49 (7.3)	85 (5.4)	31 (2.5)	23 (1.8)	11 (1.0)	3 (0.3)	0 (0.0)	1 (0.3)	0 (0.0)	203 (2.6)
Proportion with £10,000 or more unsec debt (Base: All Debtors with unsec debt)	49 (14.9)	85 (13.6)	31 (8.3)	23 (7.7)	11 (5.6)	3 (3.4)	0 (0.0)	1 (9.6)	0 (0.0)	203 (10.6)

### Problem debt IV: Any indicator of problem debt (2004)

Wave 2 (2004)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Problem debt: Any form (Base:All)	91 (13.6)	171 (10.8)	82 (6.4)	60 (4.8)	27 (2.4)	10 (1.0)	5 (0.9)	2 (0.6)	0 (0.0)	448 (5.8)
Problem debt: Any form (Base: All debtors)	91 (28.0)	168 (26.9)	81 (21.1)	60 (20.5)	27 (14.5)	10 (11.4)	5 (20.7)	2 (18.0)	0 (0.0)	444 (23.1)

## Wave 3 (2006) tables

### Form of credit: 2006 sweep

Wave 3 (2006)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Owe on credit or store card	30 (27.3)	389 (24.7)	235 (17.2)	136 (12.4)	106 (9.7)	53 (5.9)	14 (2.1)	9 (2.5)	0 (0.0)	972 (14.0)
Owe on hire purchase agreement	8 (6.7)	107 (7.0)	64 (4.6)	39 (3.4)	41 (3.6)	16 (1.7)	3 (0.5)	1 (0.3)	0 (0.0)	279 (3.9)
Personal Loan	14 (12.9)	251 (15.9)	136 (9.9)	65 (5.8)	51 (4.8)	22 (2.6)	9 (1.7)	0 (0.0)	0 (0.0)	548 (8.0)
Overdraft	7 (5.5)	112 (6.9)	63 (4.7)	23 (2.2)	23 (2.3)	8 (1.0)	1 (0.1)	3 (0.8)	0 (0.0)	240 (3.5)
Catalogue/Mail Order Arrangements	11 (9.0)	74 (4.8)	61 (5.0)	40 (3.6)	29 (2.8)	23 (2.7)	4 (0.8)	2 (0.6)	1 (1.0)	245 (3.6)
Money Lenders/Tallyman	0 (0.0)	7 (0.5)	3 (0.3)	3 (0.3)	2 (0.2)	0 (0.0)	1 (0.2)	0 (0.0)	0 (0.0)	16 (0.3)
Owe to friends/family	2 (1.8)	29 (2.0)	10 (0.8)	13 (1.2)	10 (1.0)	0 (0.0)	1 (0.2)	0 (0.0)	0 (0.0)	65 (1.0)
Have an outstanding mortgage <sup>26</sup>	41 (38.5)	569 (35.8)	293 (21.8)	108 (9.8)	52 (4.8)	26 (3.1)	23 (4.1)	5 (1.5)	1 (1.6)	1118 (16.5)
Of mortgage holders, interest only mortgages	0 (0.0)	8 (1.2)	12 (3.7)	12 (10.9)	7 (13.7)	4 (14.5)	6 (25.1)	1 (21.2)	0 (0.0)	50 (4.1)
Unsecured debt (excl. interest only)	46 (41.2)	653 (41.5)	432 (31.8)	264 (23.9)	212 (19.5)	106 (12.2)	35 (6.0)	14 (4.0)	1 (1.0)	1763 (25.3)
Any form of debt	63 (58.0)	906 (57.5)	565 (41.8)	316 (28.7)	242 (22.2)	123 (14.3)	50 (8.8)	18 (5.2)	2 (2.6)	2285 (33.1)

<sup>26</sup> Based on the number of outstanding mortgages reported or if reporting mortgage payments – not the if report living in home that's owner occupied with a mortgage.

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<b>Total</b>	104 (100.0)	1584 (100.0)	1347 (100.0)	1109 (100.0)	1071 (100.0)	863 (100.0)	580 (100.0)	327 (100.0)	97 (100.0)	7082 (100.0)
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### Average Amount Owed: 2006 sweep

Wave 3 (2006)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+
Average unsecured debt owed, excluding interest only mortgages (all older people)	£1,605.04	£2,018.79	£1,337.13	£644.56	£601.62	£226.61	£141.70	£17.00	£0.00
Average unsecured debt owed, excluding interest only mortgages (older debtors only)	£4,143.96	£5,656.69	£4,952.34	£3,149.98	£3,506.75	£2,187.60	£3,277.89	£587.64	£0.00

### Problem Debt I: Credit-to-Income Ratios: 2006 sweep

Wave 3 (2006)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion spending excess income on debt (Base: All)	6 (5.5)	59 (4.1)	32 (2.4)	27 (2.5)	15 (1.5)	8 (0.9)	2 (0.5)	0 (0.0)	0 (0.0)	149 (2.2)
Proportion spending over 25% over of weekly income on unsecured debt (Base: All Commercial Debtors)	6 (14.2)	58 (11.2)	32 (8.7)	27 (12.4)	15 (8.6)	8 (9.2)	1 (5.5)	0 (0.0)	0 (0.0)	147 (10.3)

### Problem debt II: Subjective financial wellbeing: In debt and not managing very well (2006)

Wave 3 (2006)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion not coping well financially and with unsec debt (Base: All)	2 (1.6)	39 (2.7)	25 (2.0)	20 (2.0)	17 (1.8)	5 (0.5)	1 (0.2)	1 (0.3)	0 (0.0)	110 (1.7)
Proportion not coping well financially and with unsec debt (Base: All Debtors with unsec debt)	2 (4.1)	39 (7.5)	25 (7.5)	20 (9.7)	17 (10.2)	5 (4.9)	1 (5.2)	1 (11.2)	0 (0.0)	110 (7.9)

### Problem debt III: Owe £10,000+ unsecured credit (inflated from 2002) (2006)

Wave 3 (2006)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion with £10,000 or more unsec debt (Base: All)	6 (5.6)	71 (4.8)	42 (3.1)	15 (1.5)	13 (1.2)	3 (0.3)	1 (0.2)	0 (0.0)	0 (0.0)	151 (2.2)
Proportion with £10,000 or more unsec debt (Base: All Debtors with unsec debt)	6 (14.6)	71 (13.4)	42 (11.4)	15 (7.3)	13 (7.0)	3 (2.9)	1 (3.9)	0 (0.0)	151 (10.5)	6 (14.6)

### Problem debt IV: Any indicator of problem debt (2006)

Wave 3 (2006)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Problem debt: Any form (Base: All)	12 (10.7)	127 (8.8)	80 (6.0)	53 (5.0)	41 (4.0)	13 (1.5)	4 (0.9)	1 (0.3)	0 (0.0)	331 (5.0)
Problem debt: Any form (Base: All debtors)	12 (27.7)	126 (24.4)	80 (22.2)	53 (24.6)	41 (23.3)	13 (14.2)	3 (14.5)	1 (11.2)	0 (0.0)	329 (23.1)



## Wave 4 (2008) tables

### Form of credit: 2008 sweep

Wave 4 (2008)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Owe on credit or store card	290 (29.8)	408 (23.0)	339 (17.2)	168 (11.8)	142 (10.1)	47 (5.3)	16 (2.4)	4 (1.1)	1 (0.6)	1415 (15.7)
Owe on hire purchase agreement	82 (8.4)	136 (7.7)	120 (5.9)	50 (3.3)	40 (2.9)	19 (2.0)	5 (1.0)	3 (0.8)	0 (0.0)	455 (5.0)
Personal Loan	219 (22.4)	276 (15.2)	209 (10.7)	94 (6.5)	54 (4.0)	27 (3.2)	5 (0.6)	0 (0.0)	0 (0.0)	884 (10.0)
Overdraft	95 (9.9)	136 (7.3)	92 (4.8)	33 (2.4)	29 (2.1)	12 (1.3)	3 (0.7)	2 (0.6)	1 (0.6)	403 (4.6)
Catalogue/Mail Order Arrangements	54 (5.8)	71 (4.0)	65 (3.8)	44 (3.3)	33 (2.5)	20 (2.5)	5 (0.9)	4 (1.4)	0 (0.0)	296 (3.4)
Money Lenders/Tallyman	0 (0.0)	4 (0.3)	3 (0.2)	1 (0.1)	1 (0.1)	1 (0.1)	0 (0.0)	1 (0.5)	0 (0.0)	11 (0.2)
Owe to friends/family	31 (3.2)	32 (1.8)	19 (1.1)	9 (0.7)	8 (0.5)	4 (0.4)	1 (0.2)	0 (0.0)	0 (0.0)	104 (1.2)
Have an outstanding mortgage <sup>27</sup>	50.20 (50.2)	33.98 (34.0)	19.41 (19.4)	8.233 (8.2)	4.064 (4.1)	2.533 (2.5)	2.399 (2.4)	3.784 (3.8)	0 (0.0)	20.02 (20.0)
Of mortgage holders, interest only mortgages	20 (3.85)	28 (4.51)	30 (7.11)	15 (10.7)	7 (12.8)	4 (20.7)	2 (21.3)	0 (0)	0 (0)	106 (5.54)
Unsecured debt (excl. interest only)	489 (50.4)	712 (39.5)	606 (31.4)	321 (22.4)	251 (18.1)	102 (11.9)	35 (5.9)	14 (4.5)	1 (0.6)	2531 (28.1)
Any form of debt	685 (68.8)	997 (55.2)	799 (40.6)	391 (26.7)	295 (20.8)	117 (13.4)	47 (7.8)	24 (7.7)	1 (0.6)	3356 (37.1)
Total	999 (100.0)	1784 (100.0)	1940 (100.0)	1436 (100.0)	1400 (100.0)	867 (100.0)	567 (100.0)	321 (100.0)	104 (100.0)	9418 (100.0)

### Average Amount Owed: 2008 sweep

Wave 4 (2008)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+
Average unsecured debt owed, excluding interest only mortgages (all older people)	£3,615.00	£2,210.38	£1,594.95	£905.51	£472.52	£466.36	£58.27	£19.23	£0.00
Average unsecured debt owed, excluding interest only mortgages (older debtors only)	£7,977.35	£6,623.95	£5,774.24	£4,608.89	£3,033.41	£4,754.92	£1,325.20	£645.24	£0.00

### Problem Debt I: Credit-to-Income Ratios: 2008 sweep

Wave 4 (2008)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion spending excess income on debt (Base: All)	48 (6.0)	69 (4.3)	61 (3.5)	31 (2.4)	19 (1.6)	10 (1.2)	0 (0.0)	0 (0.0)	0 (0.0)	238 (2.9)
Proportion spending over 25% over of weekly income on unsecured debt (Base: All Commercial Debtors)	48 (13.1)	69 (12.8)	61 (12.6)	31 (12.0)	19 (10.0)	10 (11.8)	0 (0.0)	0 (0.0)	0 (0.0)	238 (12.3)

<sup>27</sup> Based on the number of outstanding mortgages reported or if reporting mortgage payments – not the if report living in home that's owner occupied with a mortgage.

### Problem debt II: Subjective financial wellbeing: In debt and not managing very well (2008)

Wave 4 (2008)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion not coping well financially and with unsec debt (Base: All)	69 (8.3)	69 (4.6)	48 (2.7)	32 (2.4)	20 (1.6)	10 (1.1)	1 (0.1)	0 (0.0)	0 (0.0)	249 (3.2)
Proportion not coping well financially and with unsec debt (Base: All Debtors with unsec debt)	69 (18.3)	69 (13.7)	48 (9.9)	32 (12.3)	20 (10.2)	10 (11.3)	1 (2.3)	0 (0.0)	0 (0.0)	249 (13.3)

### Problem debt III: Owe £10,000+ unsecured credit (inflated from 2002) (2008)

Wave 4 (2008)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion with £10,000 or more unsec debt (Base: All)	82 (9.6)	75 (4.6)	62 (3.3)	24 (1.7)	9 (0.6)	6 (0.8)	1 (0.1)	0 (0.0)	0 (0.0)	259 (3.2)
Proportion with £10,000 or more unsec debt (Base: All Debtors with unsec debt)	82 (21.2)	75 (13.8)	62 (12.1)	24 (8.5)	9 (4.2)	6 (8.0)	1 (2.3)	0 (0.0)	0 (0.0)	259 (13.4)

### Problem debt IV: Any indicator of problem debt (2008)

Wave 4 (2008)	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Problem debt: Any form (Base:All)	154 (18.2)	157 (10.0)	137 (7.6)	63 (4.8)	40 (3.1)	21 (2.5)	1 (0.1)	0 (0.0)	0 (0.0)	573 (7.1)
Problem debt: Any form (Base: All debtors)	154 (40.2)	157 (30.0)	137 (27.7)	63 (24.2)	40 (20.0)	21 (25.2)	1 (2.3)	0 (0.0)	0 (0.0)	573 (29.8)

## Wave 5 (2010) tables

### Form of credit: 2010 sweep

Wave 5 (2010)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Owe on credit or store card	44 (22.0)	354 (22.2)	315 (16.3)	182 (12.5)	122 (9.2)	67 (6.8)	15 (2.5)	3 (1.4)	1 (0.7)	1103 (13.4)
Owe on hire purchase agreement	12 (5.2)	124 (7.6)	116 (6.2)	53 (3.3)	43 (3.1)	19 (1.8)	5 (0.9)	1 (0.2)	0 (0.0)	373 (4.4)
Personal Loan	29 (13.9)	229 (14.1)	191 (10.2)	78 (5.4)	55 (4.3)	34 (3.7)	6 (1.0)	1 (0.3)	0 (0.0)	623 (7.7)
Overdraft	18 (8.6)	126 (7.9)	89 (4.9)	32 (2.3)	23 (1.8)	19 (1.9)	3 (0.4)	1 (0.5)	0 (0.0)	311 (4.0)
Catalogue/Mail Order Arrangements	12 (6.3)	66 (4.2)	53 (3.3)	39 (3.0)	21 (1.8)	15 (1.5)	4 (0.7)	1 (0.5)	0 (0.0)	211 (2.8)
Money Lenders/Tallyman	1 (0.4)	6 (0.4)	5 (0.3)	4 (0.4)	1 (0.1)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	17 (0.2)
Owe to friends/family	4 (1.5)	27 (1.8)	25 (1.5)	13 (0.9)	4 (0.3)	2 (0.2)	2 (0.4)	1 (0.3)	0 (0.0)	78 (1.0)
Have an outstanding mortgage <sup>28</sup>	97 (48.1)	633 (38.8)	404 (20.8)	157 (10.0)	74 (5.1)	26 (2.4)	15 (2.4)	5 (1.8)	1 (0.8)	1412 (17.7)
Of mortgage holders, interest only mortgages	5 (5.4)	57 (9.6)	51 (12.7)	37 (22.7)	19 (24.7)	11 (41.6)	3 (23.8)	1 (25.7)	0 (0.0)	184 (12.4)

<sup>28</sup> Based on the number of outstanding mortgages reported or if reporting mortgage payments – not the if report living in home that's owner occupied with a mortgage.

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Unsecured debt (excl. interest only)	83 (39.5)	622 (38.6)	558 (29.9)	301 (20.8)	226 (17.5)	117 (11.8)	27 (4.7)	7 (2.7)	1 (0.7)	1942 (23.8)
Any form of debt	125 (60.3)	926 (56.7)	753 (39.9)	378 (25.7)	281 (21.3)	134 (13.4)	40 (6.6)	10 (3.6)	2 (1.4)	2649 (32.4)
<b>Total</b>	<b>203</b> (100.0)	<b>1668</b> (100.0)	<b>1911</b> (100.0)	<b>1461</b> (100.0)	<b>1340</b> (100.0)	<b>978</b> (100.0)	<b>606</b> (100.0)	<b>324</b> (100.0)	<b>125</b> (100.0)	<b>8616</b> (100.0)

### Average Amount Owed: 2010 sweep

Wave 5 (2010)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+
Average unsecured debt owed, excluding interest only mortgages (all older people)	£2,170.90	£2,577.24	£1,688.82	£924.95	£611.62	£556.39	£89.19	£37.27	£0.00
Average unsecured debt owed, excluding interest only mortgages (older debtors only)	£6,054.31	£7,558.69	£6,438.15	£4,982.31	£4,005.71	£5,453.96	£2,230.40	£1,683.12	£0.00

### Problem Debt I: Credit-to-Income Ratios: 2010 sweep

Wave 5 (2010)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion spending excess income on debt (Base: All)	5 (2.5)	62 (4.5)	50 (3.0)	34 (2.7)	16 (1.3)	9 (1.0)	2 (0.4)	0 (0.0)	0 (0.0)	178 (2.4)
Proportion spending over 25% over of weekly income on unsecured debt (Base: All Commercial Debtors)	5 (6.9)	61 (12.8)	50 (11.4)	34 (14.3)	16 (8.3)	9 (9.3)	2 (10.9)	0 (0.0)	0 (0.0)	177 (11.6)

### Problem debt II: Subjective financial wellbeing: In debt and not managing very well (2010)

Wave 5 (2010)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion not coping well financially and with unsec debt (Base: All)	9 (5.0)	73 (5.6)	39 (2.2)	21 (1.6)	11 (0.9)	10 (1.2)	2 (0.3)	0 (0.0)	0 (0.0)	165 (2.4)
Proportion not coping well financially and with unsec debt (Base: All Debtors with unsec debt)	9 (14.0)	73 (16.1)	39 (8.4)	21 (8.3)	11 (5.7)	10 (11.2)	2 (8.8)	0 (0.0)	0 (0.0)	165 (11.4)

### Problem debt III: Owe £10,000+ unsecured credit (inflated from 2002) (2010)

Wave 5 (2010)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Proportion with £10,000 or more unsec debt (Base: All)	8 (4.3)	85 (5.9)	76 (4.2)	24 (1.8)	15 (1.1)	5 (0.6)	1 (0.2)	0 (0.0)	0 (0.0)	214 (2.8)
Proportion with £10,000 or more unsec debt (Base: All Debtors with unsec debt)	8 (11.9)	85 (17.0)	76 (16.1)	24 (9.5)	15 (7.0)	5 (5.4)	1 (4.6)	0 (0.0)	0 (0.0)	214 (13.5)

### Problem debt IV: Any indicator of problem debt (2010)

Wave 5 (2010)	52-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Total
Problem debt: Any form (Base: All)	17 (9.1)	173 (12.4)	129 (7.3)	58 (4.3)	35 (2.6)	17 (1.9)	5 (1.0)	0 (0.0)	0 (0.0)	434 (5.9)
Problem debt: Any form	17	173	129	58	35	17	5	0	0	434

(Base: All debtors) (25.4) (35.8) (27.8) (23.1) (17.1) (18.0) (24.2) (0.0) (0.0) (28.2)

### Differences between and raw data working sample (2002)

Wave 1 (2002)	Raw data	Working Sample
Owe on credit or store card	2044 (18.8)	1698 (16.7)
Owe on hire purchase agreement	689 (6.5)	594 (6.0)
Personal Loan	1022 (9.6)	853 (8.6)
Overdraft	387 (3.6)	170 (1.7)
Catalogue/Mail Order Arrangements	793 (7.2)	652 (6.4)
Money Lenders/Tallyman	21 (0.2)	15 (0.1)
Owe to friends/family	101 (1.0)	80 (0.8)
Have an outstanding mortgage	2598 (24.5)	2286 (23.0)
Of mortgage holders, interest only mortgages	97 (3.7)	87 (3.8)
Unsecured debt (excl. interest only)	3497 (32.2)	2803 (27.6)
Any form of debt	4569 (42.2)	3907 (38.7)
Total	10910 (100.0)	10193 (100.0)

### Differences between and raw data working sample (2010)

Wave 5 (2010)	Raw data	Working Sample
Owe on credit or store card	1103 (13.4)	943 (12.0)
Owe on hire purchase agreement	373 (4.4)	339 (4.3)
Personal Loan	623 (7.7)	561 (7.4)
Overdraft	311 (4.0)	127 (1.8)
Catalogue/Mail Order Arrangements	211 (2.8)	191 (2.7)
Money Lenders/Tallyman	17 (0.2)	16 (0.2)
Owe to friends/family	78 (1.0)	54 (0.7)
Have an outstanding mortgage <sup>29</sup>	1412 (17.7)	1254 (16.5)
Of mortgage holders, interest only mortgages	184 (12.4)	168 (12.7)
Unsecured debt (excl. interest only)	2040 (24.9)	1620 (20.9)
Any form of debt	2649 (32.4)	2308 (29.7)
Total	8616 (100.0)	8204 (100.0)

<sup>29</sup> Based on the number of outstanding mortgages reported or if reporting mortgage payments – not the if report living in home that's owner occupied with a mortgage.

# Appendix 4: Tables for Chapter 5

## Appendix Tables for Chapter 5

**Table A5.1: Frequency of problem debt by selected characteristics (weighted proportion in brackets with unweighted sample size)**

	2002				2010			
	Problem Debt	With some form of debt but not problem debt	No Debt	Total	Problem Debt	With some form of debt but not problem debt	No Debt	Total
Male	328 (53.0)	1594 (50.7)	2717 (43.2)	4639 (46.3)	201 (49.9)	890 (50.4)	2534 (44.5)	3625 (46.3)
Female	321 (47.0)	1670 (49.3)	3563 (56.8)	5554 (53.7)	231 (50.1)	987 (49.6)	3361 (55.5)	4579 (53.7)
Total	649 (100.0)	3264 (100.0)	6280 (100.0)	10193 (100.0)	432 (100.0)	1877 (100.0)	5895 (100.0)	8204 (100.0)
<b>Ethnic Group</b>								
White	612 (94.5)	3179 (97.3)	6136 (97.7)	9927 (97.4)	410 (93.6)	1810 (95.4)	5749 (96.8)	7969 (96.3)
Non-white	35 (5.5)	84 (2.7)	140 (2.3)	259 (2.6)	22 (6.4)	67 (4.6)	144 (3.2)	233 (3.7)
Total	647 (100.0)	3263 (100.0)	6276 (100.0)	10186 (100.0)	432 (100.0)	1877 (100.0)	5893 (100.0)	8202 (100.0)
<b>Living Arrangements</b>								
Live alone	131 (19.2)	540 (16.0)	2013 (32.6)	2684 (26.4)	106 (23.2)	344 (16.1)	1798 (29.5)	2248 (26.0)
Couple no children	270 (40.1)	1724 (51.5)	3320 (51.6)	5314 (50.8)	173 (37.4)	939 (47.9)	3113 (51.5)	4225 (49.8)
Children no partner	42 (6.4)	136 (4.2)	245 (4.1)	423 (4.3)	19 (4.6)	54 (2.9)	168 (3.2)	241 (3.2)
Partner and children	190 (31.7)	831 (27.3)	560 (9.2)	1581 (16.5)	71 (17.9)	278 (16.5)	450 (8.4)	799 (10.9)
Other household	16 (2.6)	33 (1.0)	142 (2.5)	191 (2.0)	63 (16.8)	262 (16.6)	366 (7.4)	691 (10.1)
Total	649 (100.0)	3264 (100.0)	6280 (100.0)	10193 (100.0)	432 (100.0)	1877 (100.0)	5895 (100.0)	8204 (100.0)
<b>Number of children</b>								
No children	54 (8.1)	332 (10.0)	916 (15.0)	1302 (13.0)	45 (10.5)	204 (10.5)	824 (14.0)	1073 (13.0)
1 child	84 (12.9)	408 (12.3)	974 (15.8)	1466 (14.5)	73 (17.4)	324 (17.9)	947 (16.3)	1344 (16.8)
2 children	223 (35.0)	1300 (40.2)	2285 (35.8)	3808 (37.2)	134 (31.7)	696 (37.2)	2172 (36.2)	3002 (36.2)
3 children	137 (21.5)	662 (20.3)	1192 (18.8)	1991 (19.5)	97 (21.9)	351 (18.8)	1150 (19.4)	1598 (19.4)
4 children+	151 (22.5)	562 (17.1)	913 (14.6)	1626 (15.9)	83 (18.5)	302 (15.7)	802 (14.0)	1187 (14.7)
Total	649 (100.0)	3264 (100.0)	6280 (100.0)	10193 (100.0)	432 (100.0)	1877 (100.0)	5895 (100.0)	8204 (100.0)
<b>Number of siblings</b>								
No siblings	89 (14.0)	555 (16.8)	1607 (26.1)	2251 (22.3)	66 (14.3)	299 (14.8)	1487 (24.9)	1852 (21.9)
1 siblings	196 (30.2)	1000 (30.5)	1928 (30.5)	3124 (30.5)	128 (29.8)	585 (30.0)	1895 (31.4)	2608 (31.0)
2 siblings	127 (19.2)	695 (21.4)	1229 (19.5)	2051 (20.1)	88 (19.4)	429 (23.2)	1163 (19.8)	1680 (20.6)
3 siblings	83 (12.9)	426 (13.2)	631 (10.1)	1140 (11.2)	53 (13.2)	254 (14.3)	643 (11.3)	950 (12.1)
4 siblings+	152 (23.6)	577 (18.1)	867 (13.8)	1596 (15.8)	95 (23.3)	304 (17.7)	682 (12.6)	1081 (14.4)
Total	647 (100.0)	3253 (100.0)	6262 (100.0)	10162 (100.0)	430 (100.0)	1871 (100.0)	5870 (100.0)	8171 (100.0)

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	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
<b>Marital Status</b>								
Single	32 (5.0)	134 (4.1)	407 (6.8)	573 (5.8)	34 (7.9)	107 (5.8)	363 (6.2)	504 (6.2)
Married	328 (51.0)	1998 (61.7)	3369 (52.6)	5695 (55.4)	208 (49.9)	1054 (57.7)	3185 (54.5)	4447 (55.0)
Remarried	118 (18.1)	454 (13.9)	459 (7.3)	1031 (10.1)	68 (14.9)	285 (15.2)	500 (8.4)	853 (10.4)
Separated	13 (2.1)	51 (1.6)	60 (0.9)	124 (1.2)	3 (0.8)	26 (1.5)	35 (0.7)	64 (0.9)
Divorced	112 (17.1)	361 (10.8)	447 (6.9)	920 (8.8)	76 (17.5)	259 (13.1)	565 (9.5)	900 (10.9)
Widowed	46 (6.7)	265 (8.1)	1538 (25.4)	1849 (18.6)	43 (8.9)	146 (6.7)	1245 (20.7)	1434 (16.7)
Total	649 (100.0)	3263 (100.0)	6280 (100.0)	10192 (100.0)	432 (100.0)	1877 (100.0)	5893 (100.0)	8202 (100.0)
<b>Highest Qualification</b>								
Degree or equivalent	78 (12.5)	418 (12.8)	600 (9.1)	1096 (10.5)	78 (16.1)	429 (20.9)	1034 (15.3)	1541 (16.7)
Higher education below degree	79 (12.5)	402 (12.3)	608 (9.4)	1089 (10.5)	62 (14.3)	335 (17.2)	885 (13.9)	1282 (14.7)
NVQ 3/GCE A-Level equivalent	48 (7.6)	253 (8.0)	309 (4.8)	610 (6.0)	53 (12.0)	183 (9.5)	427 (7.0)	663 (7.9)
NVQ 2/ GCE O-Level equivalent	122 (18.9)	648 (19.8)	816 (12.7)	1586 (15.4)	97 (22.5)	396 (22.3)	1073 (18.0)	1566 (19.3)
NVQ 1/CSE Other Equivalent	28 (4.2)	141 (4.4)	340 (5.4)	509 (5.0)	11 (2.7)	72 (4.0)	255 (4.5)	338 (4.3)
Foreign/other	57 (8.6)	291 (8.8)	542 (8.4)	890 (8.6)	27 (6.5)	99 (5.2)	501 (8.6)	627 (7.7)
No Qualification	236 (35.7)	1110 (33.8)	3063 (50.1)	4409 (44.0)	104 (26.0)	362 (21.0)	1719 (32.6)	2185 (29.5)
Total	648 (100.0)	3263 (100.0)	6278 (100.0)	10189 (100.0)	432 (100.0)	1876 (100.0)	5894 (100.0)	8202 (100.0)
<b>Economic Activity Status</b>								
Retired	143 (20.5)	964 (28.1)	4171 (65.8)	5278 (50.7)	141 (28.4)	738 (34.1)	4135 (67.5)	5014 (57.3)
Employed	274 (43.8)	1481 (46.7)	829 (13.4)	2584 (26.1)	156 (37.9)	757 (44.6)	881 (16.4)	1794 (24.4)
Self-employed	63 (10.0)	274 (8.8)	186 (3.0)	523 (5.3)	56 (13.2)	165 (9.2)	220 (4.0)	441 (5.8)
Unemployed	19 (3.1)	30 (1.0)	49 (0.9)	98 (1.1)	18 (4.9)	20 (1.2)	39 (0.8)	77 (1.1)
Sick or disabled	85 (12.8)	216 (6.5)	324 (5.3)	625 (6.2)	36 (9.6)	87 (5.2)	229 (4.5)	352 (5.0)
Look after home	53 (8.0)	275 (8.2)	654 (10.6)	982 (9.6)	23 (5.6)	95 (4.9)	346 (6.1)	464 (5.8)
Semi-retired or Other	12 (1.9)	23 (0.7)	67 (1.1)	102 (1.0)	2 (0.5)	14 (0.6)	45 (0.7)	61 (0.7)
Total	649 (100.0)	3263 (100.0)	6280 (100.0)	10192 (100.0)	432 (100.0)	1876 (100.0)	5895 (100.0)	8203 (100.0)
<b>Self-rated health</b>								
Very good	174 (27.8)	1068 (33.3)	1663 (26.6)	2905 (28.8)	39 (8.7)	268 (14.2)	654 (11.0)	961 (11.6)
Good	247 (38.2)	1336 (41.2)	2489 (39.6)	4072 (40.0)	101 (22.8)	599 (32.2)	1706 (28.3)	2406 (28.9)
Fair	168 (25.2)	645 (19.3)	1625 (25.9)	2438 (23.7)	139 (33.1)	599 (31.5)	1910 (31.9)	2648 (31.9)
Bad	52 (7.5)	170 (5.1)	356 (5.6)	578 (5.5)	103 (23.4)	288 (15.2)	1144 (20.0)	1535 (19.0)
Very Bad	8 (1.3)	40 (1.1)	143 (2.3)	191 (1.9)	50 (12.1)	119 (6.8)	477 (8.9)	646 (8.6)
Total	649 (100.0)	3259 (100.0)	6276 (100.0)	10184 (100.0)	432 (100.0)	1873 (100.0)	5891 (100.0)	8196 (100.0)
<b>Falls History</b>								
Not fallen	122 (18.4)	918 (27.7)	3365 (54.0)	4405 (43.2)	155 (30.6)	848 (39.9)	3614 (58.7)	4617 (52.5)
Fallen	74 (11.0)	361 (10.9)	1591 (26.2)	2026 (20.3)	84 (16.1)	307 (14.3)	1474 (24.5)	1865 (21.6)
Not asked	440 (70.6)	1923 (61.5)	1223 (19.8)	3586 (36.5)	193 (53.3)	721 (45.8)	804 (16.8)	1718 (25.9)
Total	636 (100.0)	3202 (100.0)	6179 (100.0)	10017 (100.0)	432 (100.0)	1876 (100.0)	5892 (100.0)	8200 (100.0)

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<b>Physical Activity Status</b>								
Regular Vigorous Physical Activity	183 (29.2)	1051 (32.5)	1515 (23.6)	2749 (26.8)	95 (22.8)	623 (33.6)	1581 (25.9)	2299 (27.5)
Some Vigorous Physical Activity	305 (46.7)	1572 (48.3)	2937 (46.4)	4814 (47.0)	230 (52.2)	919 (48.6)	2723 (45.1)	3872 (46.4)
Regular Moderate Activity	119 (17.6)	429 (13.0)	1089 (17.6)	1637 (16.1)	79 (18.3)	245 (12.8)	1048 (18.6)	1372 (17.2)
Some Moderate Activity	7 (1.1)	34 (1.0)	59 (1.0)	100 (1.0)	5 (1.3)	11 (0.6)	43 (0.8)	59 (0.8)
No activity	35 (5.3)	172 (5.2)	677 (11.4)	884 (9.0)	23 (5.4)	78 (4.4)	500 (9.5)	601 (8.1)
Total	649 (100.0)	3258 (100.0)	6277 (100.0)	10184 (100.0)	432 (100.0)	1876 (100.0)	5895 (100.0)	8203 (100.0)
<b>Depression</b>								
Not depressed	452 (70.6)	2547 (78.8)	4647 (74.2)	7646 (75.4)	276 (62.7)	1483 (79.3)	4537 (76.6)	6296 (76.4)
Depressed	197 (29.4)	705 (21.2)	1595 (25.8)	2497 (24.6)	154 (37.3)	386 (20.7)	1316 (23.4)	1856 (23.6)
Total	649 (100.0)	3252 (100.0)	6242 (100.0)	10143 (100.0)	430 (100.0)	1869 (100.0)	5853 (100.0)	8152 (100.0)
<b>Gives Care</b>								
No care	513 (79.2)	2637 (81.2)	5141 (82.0)	8291 (81.5)	354 (81.3)	1590 (85.2)	5160 (87.6)	7104 (86.7)
Gave care in last week	136 (20.8)	622 (18.8)	1137 (18.0)	1895 (18.5)	78 (18.7)	286 (14.8)	735 (12.4)	1099 (13.3)
Total	649 (100.0)	3259 (100.0)	6278 (100.0)	10186 (100.0)	432 (100.0)	1876 (100.0)	5895 (100.0)	8203 (100.0)
<b>Income quintile</b>								
Lowest income quintile	165 (24.8)	342 (10.5)	1473 (24.5)	1980 (20.0)	130 (31.8)	227 (12.0)	1156 (20.9)	1513 (19.5)
Q2	133 (20.7)	445 (13.5)	1464 (23.5)	2042 (20.1)	78 (17.6)	273 (14.9)	1281 (22.1)	1632 (20.2)
Q3	97 (15.0)	692 (20.8)	1303 (20.6)	2092 (20.3)	59 (14.4)	365 (19.0)	1244 (21.1)	1668 (20.2)
Q4	114 (17.6)	866 (26.9)	1082 (16.7)	2062 (20.1)	79 (17.0)	469 (25.4)	1116 (18.4)	1664 (20.0)
Highest income quintile	140 (21.9)	919 (28.4)	958 (14.7)	2017 (19.6)	85 (19.2)	536 (28.6)	1078 (17.3)	1699 (20.1)
Total	649 (100.0)	3264 (100.0)	6280 (100.0)	10193 (100.0)	431 (100.0)	1870 (100.0)	5875 (100.0)	8176 (100.0)
<b>Main source of income</b>								
Assets or savings	12 (1.9)	56 (1.6)	326 (5.1)	394 (3.8)	10 (1.9)	49 (2.5)	202 (3.2)	261 (2.9)
Benefits	110 (16.7)	265 (8.0)	526 (8.6)	901 (8.9)	63 (17.2)	143 (8.2)	365 (7.2)	571 (8.0)
State pension	98 (14.3)	572 (16.7)	3020 (48.8)	3690 (36.2)	83 (16.8)	385 (18.2)	2493 (42.1)	2961 (34.9)
Private pension	54 (8.1)	455 (13.2)	1321 (20.0)	1830 (17.1)	66 (12.8)	357 (16.0)	1730 (26.8)	2153 (23.4)
Self-employment	54 (8.4)	276 (8.8)	211 (3.4)	541 (5.5)	37 (8.7)	132 (7.5)	203 (3.8)	372 (4.9)
Employment	315 (50.7)	1636 (51.6)	872 (14.1)	2823 (28.5)	168 (42.6)	805 (47.6)	898 (17.0)	1871 (25.8)
Total	643 (100.0)	3260 (100.0)	6276 (100.0)	10179 (100.0)	427 (100.0)	1871 (100.0)	5891 (100.0)	8189 (100.0)
<b>Housing tenure</b>								
Own outright	158 (23.8)	919 (27.3)	4743 (74.9)	5820 (56.2)	114 (23.6)	601 (29.3)	4842 (80.2)	5557 (64.7)
Own Mortgage <sup>30</sup>	306 (48.1)	1991 (62.1)	23 (0.4)	2320 (23.4)	202 (47.5)	1059 (58.1)	20 (0.3)	1281 (16.9)
Social Rent	150 (22.6)	273 (8.2)	1235 (20.5)	1658 (16.7)	87 (22.3)	167 (10.1)	777 (15.4)	1031 (14.5)
Private rent	28 (4.4)	56 (1.7)	169 (2.8)	253 (2.6)	22 (5.1)	35 (2.0)	143 (2.7)	200 (2.7)
Other	7 (1.1)	20 (0.7)	87 (1.4)	114 (1.1)	6 (1.5)	12 (0.5)	76 (1.3)	94 (1.1)

<sup>30</sup>A small number (less than 1%) of potential mortgage holders did not report having a mortgage in the financial questions but did report living in homes that were owned with a mortgage.

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Total	649 (100.0)	3259 (100.0)	6257 (100.0)	10165 (100.0)	431 (100.0)	1874 (100.0)	5858 (100.0)	8163 (100.0)
<b>Main driver of car or van</b>								
No	103 (15.4)	292 (8.8)	1508 (25.2)	1903 (19.3)	69 (16.1)	157 (8.7)	997 (18.3)	1223 (15.9)
Yes	546 (84.6)	2966 (91.2)	4767 (74.8)	8279 (80.7)	363 (83.9)	1719 (91.3)	4898 (81.7)	6980 (84.1)
Total	649 (100.0)	3258 (100.0)	6275 (100.0)	10182 (100.0)	432 (100.0)	1876 (100.0)	5895 (100.0)	8203 (100.0)
<b>Internet User</b>								
No	349 (56.9)	1820 (58.2)	4455 (78.2)	6624 (70.2)	129 (32.7)	479 (27.7)	2513 (48.5)	3121 (42.5)
Yes	251 (43.1)	1274 (41.8)	1267 (21.8)	2792 (29.8)	262 (67.3)	1266 (72.3)	2862 (51.5)	4390 (57.5)
Total	600 (100.0)	3094 (100.0)	5722 (100.0)	9416 (100.0)	391 (100.0)	1745 (100.0)	5375 (100.0)	7511 (100.0)

**Table A5.2: Logistic regression odds ratio estimates for likelihood of problem debt among older population – cross-sectional estimates for 2002 and 2010**

	2002	2010
Age Group (base:55-59 years)		
50/52-54 years	1.040 [0.823,1.314]	0.633 [0.344,1.163]
60-69 years	0.688* [0.515,0.920]	0.752 [0.553,1.024]
70-79 years	0.369*** [0.230,0.590]	0.346*** [0.202,0.592]
80+ years	0.121*** [0.0563,0.261]	0.0627*** [0.0226,0.174]
Gender (Base: Male)		
Female	0.899 [0.777,1.040]	0.891 [0.733,1.083]
Ethnicity (Base: White)		
Non-white	1.372 [0.888,2.118]	1.100 [0.640,1.891]
Living Arrangements (Base: Live alone)		
Couple no children	0.835 [0.496,1.406]	0.705 [0.432,1.152]
Children no partner	1.138 [0.753,1.720]	1.026 [0.575,1.833]
Couple with children	1.062 [0.608,1.853]	0.923 [0.515,1.655]
Other household	1.322 [0.682,2.565]	0.665 [0.398,1.111]
Total Number of children (Base: None)		
One child	1.747* [1.059,2.882]	1.213 [0.705,2.087]
Two children	1.552 [0.981,2.455]	1.191 [0.708,2.003]
Three children	1.771* [1.094,2.868]	1.422 [0.841,2.405]
Four children or more	1.928** [1.180,3.152]	1.474 [0.851,2.553]
Total Number of siblings (Base: None)		
One siblings	1.167 [0.881,1.547]	0.927 [0.658,1.305]



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Two siblings	0.999 [0.735,1.356]	0.730 [0.503,1.059]
Three children	1.106 [0.791,1.545]	0.803 [0.528,1.222]
Four siblings or more	1.236 [0.911,1.677]	0.932 [0.630,1.379]
Highest Qualification (Base: Degree) Higher Education	1.020 [0.711,1.463]	1.000 [0.662,1.509]
NVQ Level 3	0.846 [0.551,1.299]	1.491 [0.967,2.300]
NVQ Level 2	0.931 [0.650,1.334]	1.143 [0.786,1.662]
NVQ Level 1	0.788 [0.476,1.305]	0.678 [0.313,1.472]
Foreign	0.983 [0.642,1.505]	1.150 [0.675,1.958]
No qualifications	0.766 [0.530,1.107]	1.017 [0.660,1.568]
Economic Activity (Base: Retired) Employed	1.255 [0.882,1.786]	1.392 [0.905,2.143]
Self-employed	1.880** [1.202,2.942]	2.299** [1.358,3.894]
Unemployed	1.553 [0.856,2.817]	2.691** [1.389,5.213]
Sick/ Disabled	1.437 [0.972,2.124]	0.897 [0.507,1.586]
Looking after home	1.103 [0.766,1.586]	0.886 [0.507,1.547]
Semi-retired/other	3.015 <sup>†</sup> [1.239,7.337]	0.921 [0.233,3.635]
Self-rated health (Base: Very good) Good	1.081 [0.863,1.354]	1.112 [0.708,1.746]
Fair	1.191 [0.910,1.560]	1.464 [0.944,2.269]
Bad	1.328 [0.850,2.073]	1.722 <sup>†</sup> [1.061,2.792]
Very Bad	0.690 [0.299,1.594]	1.710 [0.958,3.052]
Physical Activity (Base: Regular Rigorous Activity) Regular Moderate Activity	1.031 [0.830,1.280]	1.495** [1.111,2.011]
Some moderate	1.225 [0.911,1.647]	1.449 [0.978,2.148]
Some mild	0.985 [0.446,2.176]	2.094 [0.780,5.624]
No activity	0.755 [0.469,1.215]	1.022 [0.589,1.774]

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Depressed (Base: Not depressed)		
Depressed	1.227 [0.985,1.528]	1.698 <sup>***</sup> [1.291,2.232]
Gives care (Base: Not a care giver)		
Gives care	1.091 [0.859,1.387]	1.573 <sup>**</sup> [1.146,2.160]
Equivalised Household Income Quintile (Base: Lowest Quintile)		
Quintile 2	0.827 [0.603,1.135]	0.594 <sup>**</sup> [0.406,0.868]
Quintile 3	0.419 <sup>***</sup> [0.289,0.606]	0.379 <sup>***</sup> [0.250,0.577]
Quintile 4	0.329 <sup>***</sup> [0.224,0.482]	0.358 <sup>***</sup> [0.235,0.546]
Highest Quintile	0.351 <sup>***</sup> [0.237,0.520]	0.365 <sup>***</sup> [0.236,0.566]
Main Source of Income (Base: Assets & Other Benefits)		
State Pension	1.306 [0.630,2.708]	1.065 [0.379,2.990]
Private Pension	1.054 [0.505,2.203]	0.842 [0.312,2.272]
Self-employment income	1.237 [0.595,2.574]	1.337 [0.504,3.544]
Income from employment	1.404 [0.635,3.102]	1.085 [0.377,3.118]
Tenure (Base: Own Outright)		
Own with a mortgage	1.879 [0.918,3.845]	1.190 [0.460,3.078]
Social Rented	2.643 <sup>***</sup> [1.984,3.522]	5.538 <sup>***</sup> [3.954,7.758]
Private Rented	2.709 <sup>***</sup> [1.923,3.815]	3.140 <sup>***</sup> [2.017,4.890]
Other	2.716 <sup>***</sup> [1.507,4.896]	3.707 <sup>***</sup> [1.896,7.247]
Car and Van Ownership (Base: No access to car/van)		
Access to car/ van	1.904 [0.655,5.534]	4.654 <sup>*</sup> [1.373,15.77]
Internet Usage (Base: No)		
Yes	1.030 [0.761,1.394]	1.006 [0.683,1.482]
Marital status (Base: Single)		
Married	1.322 <sup>*</sup> [1.056,1.655]	1.126 [0.832,1.524]
Remarried	0.962 [0.465,1.988]	1.217 [0.629,2.356]
Legally separated	1.473 [0.704,3.083]	1.385 [0.685,2.801]
Divorced	0.819 [0.355,1.891]	0.461 [0.125,1.708]

Widowhood	0.698 [0.370,1.314]	1.192 [0.610,2.330]
N	10193	8204

**Table A5.3: Logistic regression odds ratio estimates for likelihood of problem debt among older users of unsecured credit – cross-sectional estimates for 2002 and 2010**

	2002	2010
Age Group (base:55-59 years)		
50/52-54 years	0.952 [0.731,1.239]	0.621 [0.295,1.308]
60-69 years	0.706 <sup>*</sup> [0.510,0.978]	0.741 [0.513,1.071]
70-79 years	0.602 [0.351,1.033]	0.485 <sup>*</sup> [0.266,0.885]
80+ years	0.581 [0.237,1.423]	0.356 [0.108,1.179]
Gender (Base: Male)		
Female	0.866 [0.735,1.021]	0.865 [0.684,1.092]
Ethnicity (Base: White)		
Non-white	2.003 <sup>*</sup> [1.113,3.605]	1.259 [0.673,2.357]
Living Arrangements (Base: Live alone)		
Couple no children	1.023 [0.569,1.840]	0.535 <sup>*</sup> [0.297,0.963]
Children no partner	1.304 [0.807,2.107]	1.020 [0.524,1.985]
Couple with children	1.243 [0.665,2.321]	0.626 [0.310,1.264]
Other household	2.366 <sup>*</sup> [1.015,5.516]	0.570 [0.313,1.037]
Total Number of children (Base: None)		
One child	1.506 [0.864,2.626]	1.049 [0.558,1.973]
Two children	1.408 [0.843,2.352]	0.995 [0.535,1.851]
Three children	1.487 [0.856,2.583]	1.231 [0.648,2.337]
Four children or more	1.621 [0.925,2.843]	1.251 [0.649,2.411]
Total Number of siblings (Base: None)		
One siblings	1.167 [0.853,1.597]	0.888 [0.600,1.314]
Two siblings	0.988 [0.704,1.386]	0.671 [0.431,1.043]
Three children	1.016 [0.698,1.479]	0.763 [0.470,1.239]
Four siblings or more	1.149 [0.809,1.632]	0.890 [0.564,1.405]
Highest Qualification (Base: Degree)		
Higher Education	0.873 [0.586,1.301]	1.006 [0.618,1.639]

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NVQ Level 3	0.687 [0.432,1.093]	1.749 <sup>*</sup> [1.036,2.953]
NVQ Level 2	0.772 [0.522,1.142]	0.868 [0.558,1.350]
NVQ Level 1	0.775 [0.445,1.351]	0.732 [0.315,1.703]
Foreign	0.827 [0.523,1.307]	1.485 [0.784,2.812]
No qualifications	0.690 [0.465,1.023]	0.911 [0.547,1.517]
Economic Activity (Base: Retired)		
Employed	1.189 [0.814,1.738]	1.156 [0.703,1.903]
Self-employed	1.636 [0.997,2.683]	2.068 <sup>*</sup> [1.140,3.749]
Unemployed	1.761 [0.816,3.798]	3.053 <sup>*</sup> [1.155,8.072]
Sick/ Disabled	1.399 [0.899,2.179]	1.108 [0.573,2.144]
Looking after home	1.055 [0.685,1.624]	1.405 [0.759,2.602]
Semi-retired/other	2.528 [0.886,7.214]	0.778 [0.156,3.890]
Self-rated health (Base: Very good)		
Good	1.034 [0.803,1.330]	1.228 [0.721,2.091]
Fair	1.160 [0.854,1.574]	1.312 [0.781,2.204]
Bad	1.118 [0.679,1.841]	1.546 [0.872,2.739]
Very Bad	0.939 [0.358,2.464]	1.498 [0.756,2.968]
Physical Activity (Base: Regular Rigorous Activity)		
Regular Moderate Activity	0.960 [0.756,1.220]	1.312 [0.932,1.847]
Some moderate	1.307 [0.939,1.821]	1.561 <sup>*</sup> [1.003,2.430]
Some mild	0.588 [0.230,1.502]	1.886 [0.603,5.899]
No activity	0.912 [0.520,1.601]	1.073 [0.546,2.108]
Depressed (Base: Not depressed)		
Depressed	1.186 [0.924,1.523]	1.580 <sup>**</sup> [1.143,2.184]
Gives care (Base: Not a care giver)		
Gives care	1.058 [0.808,1.385]	1.505 <sup>+</sup> [1.028,2.204]
Equivalised Household Income Quintile (Base: Lowest Quintile)		
Quintile 2	0.662 <sup>+</sup> [0.447,0.979]	0.381 <sup>***</sup> [0.237,0.611]
Quintile 3	0.253 <sup>***</sup>	0.224 <sup>***</sup>

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	[0.165,0.387]	[0.134,0.375]
Quintile 4	0.200*** [0.128,0.312]	0.168*** [0.0974,0.290]
Highest Quintile	0.247*** [0.156,0.392]	0.185*** [0.107,0.322]
Main Source of Income (Base: Assets & Other Benefits)	0.887 [0.355,2.212]	0.509 [0.153,1.686]
State Pension	0.918 [0.363,2.322]	0.496 [0.158,1.563]
Private Pension	1.009 [0.405,2.512]	1.095 [0.361,3.318]
Self-employment income	0.936 [0.350,2.505]	1.123 [0.344,3.673]
Income from employment	1.218 [0.500,2.966]	0.840 [0.286,2.466]
Tenure (Base: Own Outright)		
Own with a mortgage	1.618** [1.195,2.189]	2.611*** [1.757,3.881]
Social Rented	1.957*** [1.335,2.870]	1.715* [1.038,2.832]
Private Rented	2.037* [1.054,3.936]	2.739* [1.113,6.736]
Other	1.758 [0.556,5.555]	4.072 [0.960,17.27]
Car and Van Ownership (Base: No access to car/van)		
Access to car/ van	0.904 [0.637,1.283]	0.863 [0.550,1.354]
Internet Usage (Base: No)		
Yes	1.216 [0.954,1.550]	0.999 [0.710,1.406]
Marital status (Base: Single)		
Married	0.657 [0.280,1.545]	1.169 [0.513,2.662]
Remarried	0.884 [0.368,2.125]	1.014 [0.426,2.416]
Legally separated	0.542 [0.192,1.532]	0.261 [0.0631,1.076]
Divorced	0.738 [0.379,1.438]	0.648 [0.313,1.340]
Widowhood	0.550 [0.267,1.133]	1.093 [0.498,2.397]
N	2809	1641

**Table A5.4: Fixed effects logistic regression odds ratio estimates for likelihood of problem debt among older population – longitudinal estimates across five sweeps 2002-2010**

	50+	50-64	65+
Age (Group)	0.500*** [0.405,0.617]	0.421*** [0.296,0.600]	0.430*** [0.289,0.639]
Living			

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Arrangements (Base: Live alone)			
Couple no children	1.178 [0.427,3.254]	2.568 [0.648,10.17]	0.337 [0.0130,8.750]
Children no partner	1.754 [0.810,3.798]	1.613 [0.583,4.464]	1.563 [0.324,7.547]
Couple with children	1.785 [0.653,4.879]	3.559 [0.911,13.91]	1.558 [0.0425,57.16]
Other household	1.946 [0.786,4.818]	5.981** [1.604,22.30]	0.446 [0.0454,4.387]
Economic Activity (Base: Retired)			
Employed	1.191 [0.748,1.897]	1.140 [0.637,2.039]	0.226 [0.0267,1.906]
Self-employed	2.174 <sup>+</sup> [1.112,4.249]	2.405 <sup>+</sup> [1.040,5.559]	0.0923 [0.00507,1.681]
Unemployed	3.017** [1.356,6.715]	2.816 <sup>+</sup> [1.182,6.706]	974431.4 [0,.]
Other	1.850** [1.229,2.783]	1.908 <sup>+</sup> [1.113,3.271]	1.676 [0.622,4.518]
Self-rated health (Base: Very good)			
Good	0.791 [0.567,1.103]	0.807 [0.544,1.196]	0.888 [0.380,2.071]
Fair	0.950 [0.642,1.407]	1.118 [0.696,1.796]	0.526 [0.202,1.369]
Bad	0.704 [0.434,1.143]	0.730 [0.401,1.331]	0.554 [0.185,1.658]
Very Bad	0.826 [0.442,1.545]	1.245 [0.565,2.747]	0.356 [0.0875,1.450]
Falls history (Base: No falls)			
Fallen	1.024 [0.743,1.411]	0.844 [0.509,1.402]	1.237 [0.722,2.120]
Not asked	0.635 <sup>+</sup> [0.438,0.922]	0.532 <sup>+</sup> [0.321,0.882]	1 [1,1]
Physical Activity (Base: Regular Rigorous Activity)			
Regular Moderate Activity	1.146 [0.856,1.533]	1.189 [0.837,1.687]	0.990 [0.476,2.062]
Some moderate	0.932 [0.626,1.387]	1.012 [0.618,1.658]	0.926 [0.375,2.287]
Some mild	2.476 [0.907,6.758]	3.116 [0.832,11.68]	2.110 [0.277,16.05]
No activity	0.900 [0.516,1.568]	0.990 [0.474,2.070]	0.821 [0.246,2.745]
Depressed (Base: Not depressed)			

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Depressed	1.142 [0.853,1.529]	0.946 [0.652,1.373]	1.937 <sup>*</sup> [1.065,3.523]
Gives care (Base: Not a care giver)			
Gives care	0.999 [0.994,1.004]	0.995 [0.989,1.002]	1.009 [1.000,1.018]
Equivalised Household Income (each additional quintile)	0.674 <sup>***</sup> [0.601,0.755]	0.670 <sup>***</sup> [0.585,0.766]	0.612 <sup>**</sup> [0.448,0.836]
Main Source of Income (Base: Assets & Other) Benefits	0.416 [0.169,1.019]	0.273 <sup>*</sup> [0.0919,0.810]	16.60 [0.551,499.7]
State Pension	0.489 [0.204,1.171]	0.344 [0.108,1.095]	14.01 [0.563,348.6]
Private Pension	0.581 [0.245,1.377]	0.464 [0.157,1.373]	8.704 [0.369,205.2]
Self- employment income	0.610 [0.250,1.488]	0.568 [0.201,1.609]	4.971 [0.122,202.2]
Income from employment	0.820 [0.351,1.916]	0.663 [0.242,1.813]	35.55 <sup>*</sup> [1.210,1044.7]
Tenure (Base: Own Outright)			
Own with a mortgage	1.311 [0.898,1.913]	1.318 [0.811,2.140]	1.845 [0.686,4.964]
Social Rented	1.009 [0.376,2.708]	0.478 [0.122,1.879]	2.905 [0.291,29.05]
Private Rented	1.277 [0.341,4.783]	0.937 [0.160,5.469]	0.401 [0.0105,15.28]
Other	0.498 [0.106,2.340]	1 [1,1]	0.335 [0.0321,3.495]
Car and Van Ownership (Base: No access to car/van)			
Access to car/ van	1.267 [0.787,2.040]	1.751 [0.893,3.434]	0.638 [0.270,1.504]
Internet Usage (Base: No)			
Yes	0.809 [0.550,1.190]	1.108 [0.655,1.875]	0.539 [0.180,1.610]
Marital status (Base: Single)			
Married	0.183 [0.0333,1.005]	0.379 [0.0204,7.034]	0.141 [0.00493,4.043]
Remarried	0.506 [0.0856,2.988]	0.614 [0.0296,12.74]	6.382 [0.0463,879.7]
Legally separated	1.674 [0.158,17.78]	5.969 [0.150,237.8]	0.224 [0.00102,48.86]
Divorced	0.739 [0.146,3.738]	2.178 [0.106,44.70]	2.359 [0.0863,64.48]

Widowhood	0.425 [0.0696,2.591]	1.077 [0.0363,31.96]	0.631 [0.0189,21.02]
N	2410	1503	620

## Appendix 5: Tables for Chapter 6

### Appendix Tables for Chapter 6

**Table A6.1: Fixed effects logistic regression odds ratio estimates for likelihood of selected outcomes (loneliness, depression, partnership breakdown, relationship quality) of problem debt; regression coefficients for quality of life – longitudinal estimates across five sweeps 2002-2010**

	Loneliness	Depression	Experience Marital Breakdown	Poor Relationship Quality (Among those in partnership)	Quality of Life
<b>Problem debt</b>	1.113 [0.734,1.687]	1.182 [0.895,1.562]	2.264 <sup>*</sup> [1.005,5.098]	0.880 [0.268,2.893]	-0.811 <sup>**</sup> [-1.338,-0.285]
<b>Age Group</b>	0.869 <sup>*</sup> [0.764,0.989]	0.824 <sup>***</sup> [0.753,0.900]	0.781 [0.597,1.020]	1.252 [0.919,1.705]	-1.366 <sup>***</sup> [-1.533,-1.199]
<b>Living Arrangements (Base: Live alone)</b>					
<b>Couple no children</b>	0.122 <sup>***</sup> [0.0604,0.246]	0.323 <sup>***</sup> [0.196,0.534]			0.187 [-1.081,1.455]
<b>Children no partner</b>	0.331 <sup>***</sup> [0.189,0.581]	0.757 [0.483,1.186]			-1.271 [-2.598,0.0553]
<b>Couple with children</b>	0.169 <sup>***</sup> [0.0808,0.353]	0.341 <sup>***</sup> [0.201,0.580]			-0.674 [-1.960,0.612]
<b>Other household</b>	0.279 <sup>***</sup> [0.143,0.546]	0.595 [0.345,1.026]			-1.468 <sup>*</sup> [-2.731,-0.206]
<b>Economic Activity (Base: Retired)</b>					
<b>Employed</b>	0.526 <sup>*</sup> [0.322,0.860]	0.978 [0.727,1.315]	0.680 [0.345,1.341]	0.900 [0.327,2.479]	-0.793 <sup>***</sup> [-1.217,-0.369]
<b>Self-employed</b>	1.111 [0.494,2.495]	1.636 [0.984,2.722]	0.978 [0.295,3.248]	0.679 [0.0928,4.965]	-0.540 [-1.232,0.153]
<b>Unemployed</b>	0.178 <sup>***</sup> [0.0691,0.459]	2.579 <sup>**</sup> [1.446,4.598]	2.292 [0.398,13.21]	1.429 [0.116,17.58]	-1.007 [-2.341,0.327]
<b>Sick/ Disabled/Looking after home/Other</b>	0.748 <sup>*</sup> [0.564,0.994]	0.977 [0.807,1.182]	1.118 [0.590,2.117]	0.578 [0.260,1.286]	-0.730 <sup>***</sup> [-1.120,-0.340]
<b>Self-rated health (Base: Very good)</b>					
<b>Good</b>	0.829 [0.615,1.117]	1.273 <sup>*</sup> [1.035,1.568]	0.691 [0.407,1.171]	1.427 [0.764,2.663]	-0.446 <sup>**</sup> [-0.719,-0.174]
<b>Fair</b>	0.852 [0.617,1.176]	1.805 <sup>***</sup> [1.442,2.258]	0.501 <sup>*</sup> [0.267,0.937]	1.437 [0.683,3.023]	-1.240 <sup>***</sup> [-1.583,-0.898]
<b>Bad</b>	0.947 [0.655,1.368]	2.432 <sup>***</sup> [1.888,3.133]	0.380 <sup>*</sup> [0.179,0.806]	2.276 [0.961,5.393]	-2.268 <sup>***</sup> [-2.748,-1.787]



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<b>Very Bad</b>	1.055 [0.667,1.669]	6.123*** [4.398,8.525]	0.404 [0.147,1.114]	0.931 [0.237,3.659]	-3.537*** [-4.378,-2.695]
<b>Physical Activity</b>	0.981 [0.894,1.076]	1.236*** [1.158,1.320]	0.942 [0.767,1.156]	1.164 [0.860,1.577]	-0.506*** [-0.668,-0.345]
<b>Gives Care</b>	1.001 [0.997,1.005]	1.000 [0.997,1.002]	1.007 [0.993,1.021]	0.995 [0.986,1.004]	-0.00950*** [-0.0149,-0.00413]
<b>Depressed</b>	14.77*** [11.91,18.32]		0.942 [0.562,1.580]	2.090** [1.201,3.637]	-2.350*** [-2.700,-1.999]
<b>Household Income Quintile</b>	0.973 [0.883,1.072]	0.976 [0.915,1.040]	1.145 [0.950,1.380]	1.191 [0.934,1.520]	0.151 <sup>†</sup> [0.0293,0.272]
<b>Main Source of Income (Base: Assets &amp; Other) Benefits</b>	1.432 [0.801,2.561]	0.970 [0.646,1.455]	0.318 [0.0782,1.294]	1.524 [0.323,7.191]	-1.393*** [-2.205,-0.580]
<b>State Pension</b>	1.125 [0.661,1.913]	0.905 [0.630,1.301]	0.431 [0.114,1.627]	0.986 [0.295,3.293]	-0.853** [-1.397,-0.308]
<b>Private Pension</b>	1.116 [0.649,1.921]	0.846 [0.585,1.223]	0.593 [0.164,2.141]	0.409 [0.114,1.472]	-0.630 <sup>†</sup> [-1.160,-0.100]
<b>Self-employment income</b>	0.943 [0.398,2.234]	0.875 [0.515,1.485]	0.855 [0.156,4.688]	0.685 [0.0825,5.688]	-1.171** [-1.955,-0.386]
<b>Income from employment</b>	2.734** [1.454,5.139]	1.154 [0.765,1.740]	0.265 <sup>†</sup> [0.0727,0.966]	0.639 [0.189,2.161]	-1.379*** [-1.962,-0.795]
<b>Tenure (Base: Own Outright) Own with a mortgage</b>	0.747 [0.479,1.163]	1.079 [0.826,1.409]	1.585 [0.784,3.206]	1.540 [0.663,3.574]	-0.575** [-1.012,-0.139]
<b>Social Rented</b>	0.599 [0.284,1.260]	0.935 [0.508,1.721]	11.88 <sup>†</sup> [1.773,79.64]	4.43e-13 [0,.]	0.00568 [-1.727,1.739]
<b>Private Rented</b>	0.944 [0.386,2.306]	1.537 [0.736,3.210]	12.49 <sup>†</sup> [1.135,137.5]	0.000000321 [0,.]	-0.565 [-2.084,0.954]
<b>Other</b>	0.960 [0.362,2.549]	1.061 [0.517,2.176]	0.864 [0.0889,8.397]	14736661.2 [0,.]	0.532 [-0.829,1.892]
<b>Car and Van Ownership (Base: No access to car/van) Access to car/ van</b>	1.087 [0.828,1.427]	0.800 <sup>†</sup> [0.646,0.989]	0.500 [0.221,1.133]	0.635 [0.198,2.034]	0.233 [-0.375,0.840]
<b>Internet Usage (Base: No) Yes</b>	1.070 [0.785,1.458]	0.951 [0.780,1.160]	0.927 [0.543,1.584]	0.723 [0.365,1.432]	0.215 [-0.179,0.609]
<b>Marital status (Base: Single) Married</b>	4.259 [0.500,36.28]	1.445 [0.398,5.249]			-0.656 [-1.770,0.457]
<b>Remarried</b>	4.044 [0.437,37.46]	1.571 [0.412,5.996]			-0.118 [-1.499,1.263]
<b>Legally separated</b>	13.29 <sup>†</sup> [1.292,136.8]	0.905 [0.215,3.805]			-0.757 [-2.894,1.381]
<b>Divorced</b>	9.041 [0.974,83.91]	2.050 [0.564,7.453]			-0.288 [-1.860,1.285]
<b>Widowhood</b>	11.81 <sup>†</sup> [1.306,106.8]	1.635 [0.446,5.990]			0.312 [-1.269,1.894]

_cons					51.21***
N	5310	7970	898	710	[49.48,52.94]
					12045

**Table A6.2: Fixed effects logistic regression odds ratio estimates for likelihood of selected outcomes (marital breakdown and depression) of problem debt; regression coefficients for quality of life – longitudinal estimates across five sweeps 2002-2010 by age group**

	50-64 years Experience Marital Breakdown	Quality of Life	Depression	65+ years Experience Marital Breakdown No convergence – sample size too small	Quality of Life	Depression
Problem debt	1.438 [0.522,3.964]	-0.471 [-1.120,0.177]	1.040 [0.734,1.473]		-1.345* [-2.402,-0.289]	1.766* [1.041,2.995]
Age Group		-0.637*** [-0.922,-0.353]			-1.980*** [-2.227,-1.733]	
Living Arrangements (Base: Live alone)						
Couple no children		-0.253 [-2.156,1.650]	0.385* [0.164,0.903]		0.853 [-1.126,2.832]	0.365** [0.179,0.747]
Children no partner		-1.011 [-3.006,0.985]	0.786 [0.427,1.449]		-2.009 [-4.552,0.534]	0.848 [0.389,1.846]
Couple with children		-0.936 [-2.864,0.991]	0.416* [0.181,0.956]		0.140 [-1.954,2.233]	0.324* [0.132,0.799]
Other household		-1.906 [-3.832,0.0191]	0.623 [0.281,1.380]		-1.054 [-3.559,1.451]	0.798 [0.305,2.089]
Economic Activity (Base: Retired)						
Employed	0.624 [0.249,1.565]	-0.749** [-1.288,-0.210]	1.076 [0.755,1.534]		0.406 [-0.663,1.475]	1.101 [0.466,2.601]
Self-employed	4.705 [0.736,30.08]	-0.554 [-1.437,0.330]	1.785 [0.955,3.339]		0.408 [-0.891,1.708]	1.428 [0.473,4.312]
Unemployed	1.770 [0.244,12.83]	-0.754 [-2.180,0.671]	2.755** [1.490,5.094]		-0.176 [-10.94,10.59]	1 [1,1]
Sick/ Disabled/Looking after home/Other	3.523* [1.243,9.985]	-0.807** [-1.382,-0.232]	1.074 [0.785,1.470]		-0.311 [-0.896,0.273]	0.886 [0.676,1.160]
Self-rated health (Base: Very good)						
Good	0.460* [0.216,0.981]	-0.199 [-0.592,0.194]	1.272 [0.937,1.727]		-0.562** [-0.967,-0.157]	1.040 [0.774,1.397]
Fair	0.349* [0.137,0.888]	-0.991*** [-1.504,-0.479]	1.359 [0.970,1.904]		-1.203*** [-1.689,-0.717]	1.635** [1.203,2.221]
Bad	0.283* [0.0944,0.847]	-1.565*** [-2.362,-0.769]	1.857** [1.257,2.744]		-2.237*** [-2.866,-1.609]	1.959*** [1.404,2.732]
Very Bad	0.265	-2.457**	4.141***		-3.406***	4.681***

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	[0.0489,1.439]	[-3.950,-0.965]	[2.347,7.308]	[-4.451,-2.362]	[3.087,7.100]
<b>Physical Activity</b>	0.957 [0.689,1.331]	-0.277 <sup>†</sup> [-0.536,-0.0186]	1.194 <sup>**</sup> [1.060,1.343]	-0.629 <sup>***</sup> [-0.845,-0.413]	1.213 <sup>***</sup> [1.115,1.320]
<b>Gives Care</b>	1.038 [0.974,1.106]	-0.00474 [-0.0134,0.00393]	1.001 [0.996,1.005]	-0.0116 <sup>***</sup> [-0.0182,-0.00502]	0.997 [0.993,1.000]
<b>Depressed</b>	1.148 [0.501,2.631]	-2.283 <sup>***</sup> [-2.804,-1.761]		-2.247 <sup>***</sup> [-2.737,-1.758]	
<b>Household Income Quintile</b>	1.026 [0.788,1.336]	0.211 <sup>†</sup> [0.0431,0.378]	1.005 [0.910,1.109]	0.0565 [-0.145,0.258]	0.936 [0.852,1.027]
<b>Main Source of Income (Base: Assets &amp; Other) Benefits</b>	0.221 [0.0252,1.933]	-1.594 <sup>†</sup> [-2.882,-0.306]	1.104 [0.560,2.177]	-1.016 [-2.236,0.205]	0.847 [0.486,1.475]
<b>State Pension</b>	0.186 [0.0161,2.158]	-1.336 <sup>**</sup> [-2.323,-0.349]	1.150 [0.581,2.279]	-0.673 [-1.471,0.124]	0.782 [0.488,1.253]
<b>Private Pension</b>	0.471 [0.0633,3.499]	-1.582 <sup>***</sup> [-2.387,-0.777]	0.846 [0.442,1.619]	-0.143 [-0.949,0.664]	0.781 [0.482,1.266]
<b>Self-employment income</b>	1.063 [0.0932,12.11]	-1.504 <sup>**</sup> [-2.536,-0.472]	0.853 [0.417,1.744]	-1.540 <sup>†</sup> [-2.981,-0.0980]	1.110 [0.337,3.656]
<b>Income from employment</b>	0.269 [0.0382,1.889]	-1.718 <sup>***</sup> [-2.510,-0.927]	1.249 [0.669,2.330]	-1.007 [-2.199,0.184]	0.572 [0.241,1.357]
<b>Tenure (Base: Own Outright) Own with a mortgage</b>	3.178 <sup>†</sup> [1.177,8.579]	-0.155 [-0.712,0.403]	1.026 [0.727,1.448]	-0.810 [-1.914,0.294]	0.957 [0.559,1.641]
<b>Social Rented</b>	12541108.1 [0.]	0.314 [-2.111,2.740]	0.441 [0.164,1.183]	-0.642 [-3.462,2.178]	1.897 [0.760,4.737]
<b>Private Rented</b>	23157437.1 [0.]	-1.752 [-5.102,1.597]	1.675 [0.491,5.713]	-0.111 [-1.930,1.708]	2.420 [0.755,7.754]
<b>Other</b>	1 [1,1]	1.995 <sup>***</sup> [1.072,2.917]	6.452 [0.610,68.22]	0.000758 [-2.413,2.414]	1.186 [0.497,2.832]
<b>Car and Van Ownership (Base: No access to car/van) Access to car/van</b>	2.036 [0.568,7.293]	-0.504 [-1.685,0.676]	0.796 [0.515,1.230]	0.788 [0.0750,1.501]	0.800 [0.616,1.039]
<b>Internet Usage (Base: No) Yes</b>	0.356 <sup>†</sup> [0.132,0.957]	0.0300 [-0.583,0.643]	0.857 [0.628,1.171]	0.0713 [-0.486,0.628]	0.939 [0.720,1.225]
<b>Marital status (Base: Single) Married</b>		-0.943 [-2.593,0.708]	1.777 [0.327,9.674]	-1.908 [-4.131,0.314]	2.527 [0.143,44.65]
<b>Remarried</b>		0.666 [-1.561,2.892]	2.246 [0.383,13.17]	-2.096 [-4.558,0.365]	2.719 [0.149,49.75]
<b>Legally separated</b>		-2.999 <sup>†</sup> [-5.965,-0.0331]	1.219 [0.188,7.919]	0.468 [-2.549,3.486]	1.115 [0.0511,24.32]
<b>Divorced</b>		-0.311	1.189	-1.373	7.227

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		[-2.665,2.044]	[0.222,6.371]	[-4.143,1.397]	[0.435,120.1]
<b>Widowhood</b>		0.791	2.006	-0.380	3.167
		[-1.863,3.445]	[0.316,12.75]	[-2.983,2.224]	[0.195,51.46]
<b>_cons</b>		49.01 <sup>***</sup>		55.98 <sup>***</sup>	
		[46.48,51.55]		[53.08,58.87]	
<b>N</b>	453	5704	2876	6341	4349

**Table A6.3: Fixed effects logistic regression odds ratio estimates for likelihood of selected outcomes (loneliness, depression, partnership breakdown, relationship quality) of different amounts of problem debt; regression coefficients for quality of life – longitudinal estimates across five sweeps 2002-2010**

	Depression *65+ only	Loneliness	Experience Partnership Breakdown	Deteriorating Relationship Quality (Among those in partnership)	Quality of Life
<b>Amount of unsecured debt (Base: No Unsecured debt)</b>					
<b>Under £1000</b>	1.369 <sup>*</sup> [1.012,1.854]	0.832 [0.616,1.122]	2.523 <sup>**</sup> [1.312,4.852]	0.532 [0.228,1.242]	-0.163 [-0.580,0.254]
<b>£1,000-£4,999</b>	0.902 [0.594,1.369]	1.106 [0.767,1.594]	2.129 <sup>*</sup> [1.169,3.878]	0.498 [0.214,1.159]	0.110 [-0.288,0.508]
<b>£5,000-£9,999</b>	1.120 [0.562,2.232]	0.572 [0.315,1.040]	5.272 <sup>**</sup> [1.742,15.96]	1.684 [0.513,5.527]	-0.185 [-0.686,0.316]
<b>£10,000 and over</b>	0.869 [0.299,2.529]	1.390 [0.660,2.926]	4.123 <sup>**</sup> [1.456,11.68]	0.830 [0.148,4.666]	-0.414 [-1.129,0.301]
<b>Age Group</b>		0.862 <sup>*</sup> [0.757,0.982]	0.841 [0.646,1.095]	1.245 [0.909,1.705]	-1.361 <sup>***</sup> [-1.529,-1.193]
<b>Living Arrangements (Base: Live alone)</b>					
<b>Couple no children</b>	0.360 <sup>**</sup> [0.176,0.738]	0.122 <sup>***</sup> [0.0602,0.246]			0.157 [-1.114,1.429]
<b>Children no partner</b>	0.846 [0.386,1.851]	0.325 <sup>***</sup> [0.185,0.571]			-1.290 [-2.613,0.0325]
<b>Couple with children</b>	0.308 <sup>*</sup> [0.125,0.760]	0.166 <sup>***</sup> [0.0789,0.348]			-0.722 [-2.012,0.568]
<b>Other household</b>	0.790 [0.302,2.066]	0.275 <sup>***</sup> [0.140,0.542]			-1.498 <sup>*</sup> [-2.770,-0.227]
<b>Economic Activity (Base: Retired)</b>					
<b>Employed</b>	1.118 [0.474,2.639]	0.538 <sup>*</sup> [0.329,0.882]	0.770 [0.390,1.519]	0.916 [0.333,2.520]	-0.790 <sup>***</sup> [-1.215,-0.364]
<b>Self-employed</b>	1.430 [0.472,4.330]	1.133 [0.503,2.551]	1.034 [0.308,3.474]	0.565 [0.0764,4.182]	-0.555 [-1.249,0.139]
<b>Unemployed</b>	1 [1,1]	0.177 <sup>***</sup> [0.0685,0.459]	2.012 [0.345,11.72]	1.154 [0.0975,13.66]	-1.061 [-2.414,0.292]
<b>Sick/ Disabled/Looking after home/Other</b>	0.893 [0.681,1.170]	0.740 <sup>*</sup> [0.557,0.983]	1.121 [0.600,2.095]	0.569 [0.256,1.265]	-0.738 <sup>***</sup> [-1.130,-0.347]
<b>Self-rated health (Base: Very good)</b>					
<b>Good</b>	1.035 [0.770,1.391]	0.842 [0.625,1.135]	0.637 [0.376,1.078]	1.518 [0.811,2.839]	-0.448 <sup>**</sup> [-0.721,-0.176]
<b>Fair</b>	1.628 <sup>**</sup> [1.198,2.212]	0.865 [0.626,1.195]	0.459 <sup>*</sup> [0.246,0.860]	1.601 [0.755,3.396]	-1.242 <sup>***</sup> [-1.586,-0.899]

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<b>Bad</b>	1.943 <sup>***</sup> [1.393,2.712]	0.977 [0.675,1.414]	0.365 <sup>**</sup> [0.172,0.774]	2.452 <sup>†</sup> [1.024,5.871]	-2.264 <sup>***</sup> [-2.746,-1.782]
<b>Very Bad</b>	4.614 <sup>***</sup> [3.044,6.995]	1.072 [0.677,1.698]	0.392 [0.144,1.066]	0.985 [0.249,3.899]	-3.509 <sup>***</sup> [-4.350,-2.668]
<b>Physical Activity</b>	1.213 <sup>***</sup> [1.115,1.321]	0.979 [0.892,1.074]	0.947 [0.776,1.157]	1.187 [0.871,1.616]	-0.509 <sup>***</sup> [-0.671,-0.347]
<b>Gives Care</b>	0.997 [0.993,1.001]	1.001 [0.997,1.005]	1.008 [0.994,1.022]	0.994 [0.986,1.004]	-0.00947 <sup>***</sup> [-0.0149,-0.00406]
<b>Depressed</b>		14.94 <sup>***</sup> [12.03,18.54]	0.854 [0.517,1.411]	2.091 <sup>**</sup> [1.195,3.660]	-2.356 <sup>***</sup> [-2.707,-2.005]
<b>Household Income Quintile</b>	0.933 [0.850,1.024]	0.969 [0.879,1.068]	1.054 [0.877,1.266]	1.185 [0.927,1.514]	0.164 <sup>**</sup> [0.0427,0.285]
<b>Main Source of Income (Base: Assets &amp; Other) Benefits</b>	0.851 [0.488,1.482]	1.432 [0.801,2.562]	0.389 [0.104,1.458]	1.646 [0.340,7.972]	-1.373 <sup>***</sup> [-2.186,-0.560]
<b>State Pension</b>	0.785 [0.490,1.258]	1.120 [0.658,1.904]	0.485 [0.142,1.649]	0.956 [0.282,3.244]	-0.833 <sup>**</sup> [-1.379,-0.288]
<b>Private Pension</b>	0.776 [0.479,1.258]	1.118 [0.650,1.924]	0.667 [0.199,2.240]	0.401 [0.110,1.463]	-0.623 <sup>†</sup> [-1.154,-0.0917]
<b>Self-employment income</b>	1.128 [0.345,3.687]	0.925 [0.392,2.181]	1.112 [0.211,5.876]	0.708 [0.0815,6.148]	-1.161 <sup>**</sup> [-1.951,-0.372]
<b>Income from employment</b>	0.565 [0.239,1.338]	2.738 <sup>**</sup> [1.453,5.158]	0.302 [0.0891,1.023]	0.654 [0.191,2.238]	-1.383 <sup>***</sup> [-1.968,-0.798]
<b>Tenure (Base: Own Outright)</b>					
<b>Own with a mortgage</b>	0.943 [0.547,1.626]	0.758 [0.486,1.181]	1.463 [0.724,2.954]	1.646 [0.695,3.898]	-0.585 <sup>**</sup> [-1.023,-0.147]
<b>Social Rented</b>	1.936 [0.774,4.841]	0.570 [0.270,1.205]	15.80 <sup>**</sup> [2.181,114.4]	2.14e-13 [0,.]	-0.0209 [-1.754,1.712]
<b>Private Rented</b>	2.375 [0.737,7.659]	0.938 [0.379,2.321]	13.89 <sup>†</sup> [1.146,168.3]	0.000000293 [0,.]	-0.571 [-2.097,0.955]
<b>Other</b>	1.151 [0.485,2.735]	1.013 [0.377,2.723]	0.783 [0.0774,7.911]	16366224.8 [0,.]	0.563 [-0.797,1.923]
<b>Car and Van Ownership (Base: No access to car/van)</b>					
<b>Access to car/ van</b>	0.800 [0.616,1.038]	1.084 [0.825,1.423]	0.494 [0.222,1.100]	0.601 [0.182,1.980]	0.215 [-0.396,0.825]
<b>Internet Usage (Base: No)</b>					
<b>Yes</b>	0.936 [0.717,1.222]	1.062 [0.781,1.446]	0.895 [0.528,1.516]	0.681 [0.344,1.348]	0.221 [-0.173,0.616]
<b>Marital status (Base: Single)</b>					
<b>Married</b>	2.461 [0.139,43.51]	4.859 [0.548,43.09]			-0.558 [-1.670,0.555]
<b>Remarried</b>	2.690 [0.147,49.28]	4.552 [0.472,43.90]			-0.0448 [-1.411,1.322]
<b>Legally separated</b>	1.036 [0.0473,22.71]	14.65 <sup>†</sup> [1.369,156.7]			-0.681 [-2.816,1.455]
<b>Divorced</b>	7.226 [0.435,120.1]	10.44 <sup>†</sup> [1.081,100.8]			-0.243 [-1.798,1.313]

Widowhood	3.159 [0.194,51.35]	13.32 <sup>*</sup> [1.413,125.6]			0.379 [-1.192,1.950]
_cons					51.09 <sup>***</sup> [49.37,52.81]
N	4349	5310	941	710	12045

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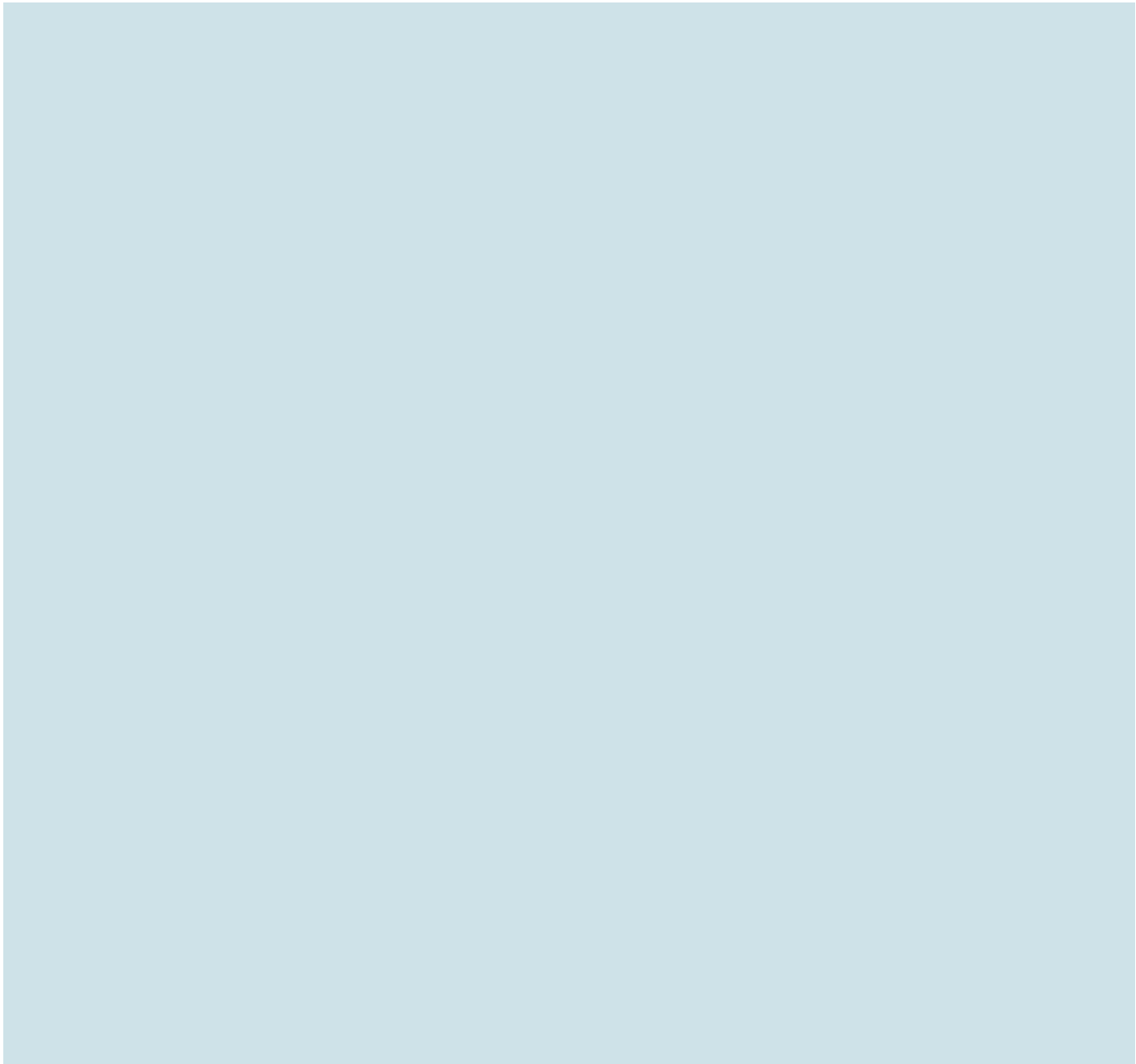
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