SUN LIFE DIRECT

A part of AXA

When it's gone, it's gone

The paradox of saving for funeral costs

The Sun Life Direct Cost of Dying Survey 2013

A part of AXA

Welcome to the Sun Life Direct Cost of Dying Survey 2013. This is our 7th Annual Survey into the cost of dying and end of life planning.

As an organisation which is neither a funeral director, legal services provider nor a government agency, Sun Life Direct occupies a special position in the debate about death and dying. We have valuable information and insights into consumer behaviour which we are happy to share with those charged with developing strategies to help defuse the looming end of life crisis.

Contents

Foreword

"I have enough money to last me the rest of my life, unless I buy something."

Jackie Mason, Comedian

In our previous reports we explored the diverse motivations and preferences that influence people while planning for funeral costs. We also suggested how this insight can be used to support those who struggle to pay for a funeral.

In this year's report we consider the subject of planning for the unexpected financial shocks that happen after retirement. In particular, we examine how certain groups – those with fixed incomes and modest savings in later life – may be more vulnerable to the impact of those shocks.

Vulnerability in later life is not limited to increasing physical frailty and morbidity, it also extends to the decreasing ability to manage the financial shocks that everyone, regardless of age, is exposed to. Even though we all know we are going to die, proactively managing the financial impact of death is still a blind-spot for many. Previous research has highlighted the surprising financial implications of the death of a partner: the increasing costs incurred both before *and* after death.[1] And we can see further evidence of this in our research this year.

And it's not just funeral costs that make older people vulnerable, like everyone else, they're also exposed to the more 'everyday' financial shocks and expenses that can wipe out savings or tip people into debt, like a boiler in need of repair, a higher-than-anticipated car MOT bill, or the need for home modifications. While many people would be able to find the money to pay for bills like these, there's a sizeable (and neglected) segment of the population that have difficulties. Our findings indicate that as many as 1 in 3 are struggling to keep afloat or are sinking under financial pressure. Of course, this leads us to question whether they would struggle to pay for a funeral when the time comes.

Evidence suggests that, yes, more and more are struggling. In 2013, funeral poverty is at record levels, having risen 50% in 3 years. The cost of a funeral has risen 80% since 2004, and it's becoming increasingly apparent that the State safety net is woefully inadequate. The view from parliamentarians is, while they are willing to listen to ideas for how they can make public money go further, in the current economic and political climate the pot available to support those who are struggling to pay for a funeral cannot increase.

Over recent years, our research has focused on the role Funeral Directors play in rising funeral costs. But perhaps less known to those outside of the funeral industry (or the Department for Work and Pensions) is that there is a cap on how much Funeral Directors receive from the Social Fund Funeral Payment. In 2003 the Government set this cap at £700 (plus burial and cremation fees) and it has remained at this level ever since. As a result the funeral industry has experienced increased incidence of bad debt. A change to the cap, or in the way Funeral Directors are protected from bad debt, is long overdue.

Without a reform of the Social Fund Funeral Payment, Funeral Directors will (against their better wishes) be forced to turn away more people in need. For those turned away, there is little option but to look to the State. Claiming from the Social Fund Funeral Payment is complex: only individuals in receipt

SOURCE:

[1] Corden, A., Hirst, M. and Nice, K. *The Financial Implications of the Death of a Partner*, (York: Social Policy Unit, University of York, 2008).

of particular benefits are eligible, and all claims must be accompanied by a paid-for invoice. Successful or unsuccessful, claimants are likely to be in debt to the tune of £1,000 or more. For those who die alone, or have family who are unable or unwilling to take responsibility for the funeral, it is usually left to the local authority to resolve.

It is perhaps therefore unsurprising that growing numbers are turning to local authorities leading to an increase in Public Health Funerals (often referred to as 'paupers funerals') which is hitting already over-stretched budgets. This will add to existing pressures on local authorities caused by burial plot shortages and cemetery sustainability. It is reasonable to assume that local authorities will look to increase contributions from relevant services like crematoria, and our 2013 findings this year confirm this: while the largest element of the funeral bill is the Funeral Director's fees, the fastest growing element of funeral costs are those dictated by local authorities. Since 2007, prices for burials (excluding Funeral Director's costs) have almost tripled compared to the Retail Price Index and crematoria prices have doubled and will continue to rise. At the same time the shortage of burial spaces continues, creating issues for cemetery sustainability.

"Too many people are living in funeral poverty and urgent action must be taken to address the issue."

Joan Walley MP

Adding to the costs that people can face when paying for a funeral, Minister's fees jumped by 30% this year (although this figure is mainly due to a 60% increase by the Church of England), and the Coroner's Office are proposing to introduce death certification to all in 2014, not just cremations. This will add a further fee to the cost of a burial which is already, on average, £1,000 more expensive than a cremation.

Inadequate financial help, complex processes, raging funeral inflation, and lack of transparency all mean that funerals are increasingly unaffordable for many people and the situation cries out for a National Review of Death and Disposal. Answers need to be found as to how we help people from *all* backgrounds provide for death and disposal in the UK. With such a diverse population, with different living situations and life experiences, we need an equally diverse range of solutions to help people manage their money in later life. One size doesn't fit all.

Simon Cox

Head of Life Planning at Sun Life Direct

Introduction

"We must not forget, that we are dealing with individuals. Clear propositions that they can relate to their own circumstances will be essential if we are to help them put in place the safety net they need."

Ron Wheatcroft, Technical Manager, Swiss Re

Why we did this research

This report builds on our findings from previous years in examining how individuals manage their finances after they retire. Last year we explored how people planned their finances, and their motivations for planning a funeral. Taking this forward our attention this year is on how people cope with, and are exposed to, unplanned 'financial shocks' and what this means for their ability to pay for their funeral. Specifically, we are interested in how older people budget in the short- and long-term, coping with financial shocks and unplanned expenditure whilst also paying for essential costs such as food and household bills. The 'financial shocks' in question include not only those associated with ageing (care costs and home modifications for example), but also those that can happen to anyone like bills for car maintenance and home repairs.

Having sufficient resources to pay for a funeral, whether in advance or at the point of need, is part of the budgeting equation. Money notionally set aside to cover the cost of a funeral is vulnerable in some cases, as people 'dip-in' to savings to cover unexpected financial shocks. For older people, especially those on fixed incomes, savings are difficult to replenish and for these people it really is a case of "when it's gone; it's gone".

As usual this report will be looking at trends in funeral costs before examining the ways in which people budget for older age, including the benefits and drawbacks of readily-accessible savings. Bringing together 3 pieces of commissioned research, we examine how different segments of the population cope with meeting known and unplanned expenditures, highlighting those that may be most vulnerable. Drawing on this data we make a case for the development of a variety of financial products and services to support these various groups.

Methodology

The cost of dying information was established using two surveys:

- *Average Cost of Dying: A National and Regional overview* (7th edition) which is aimed at UK adults who were responsible for planning a funeral and administering an estate, and
- *Average Funeral Pricing* (10th edition) which is aimed at a panel of Funeral Directors in ten regions around the UK.

Supporting these, we commissioned a further three studies involving:

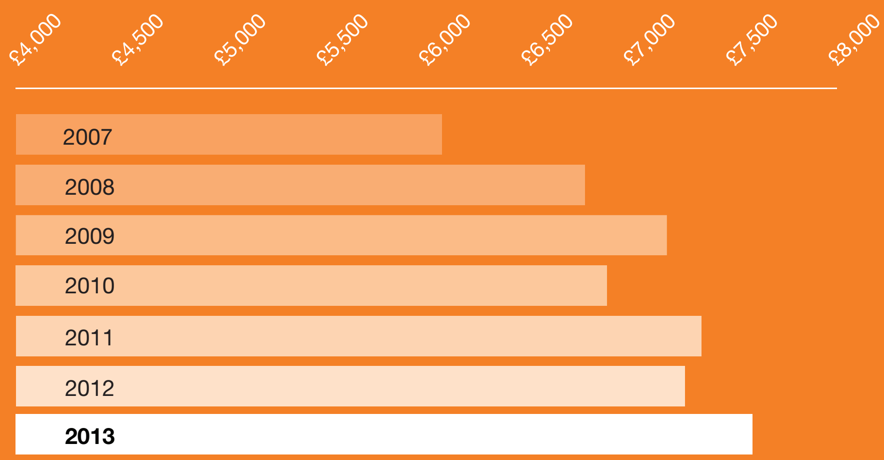
- a secondary analysis of publicly available national data-sets examining countrywide attitudes and behaviours;
- a survey on saving and spending activity aimed at a thousand adults aged 60 and over; and
- a series of forty interviews with the over 60s and expert witnesses discussing the everyday budgeting practices of older people.

The studies were carried out in collaboration with Mintel Research Consultancy, Trajectory Partnership and the University of Bath. Thank you to all those who took part.

Changes to the Cost of Dying

The average cost of dying in the UK in 2013 is £7,622[2]. This represents an increase of 7.1% from 2012. This total cost is a combination of non-discretionary funeral costs, discretionary funeral costs and estate administration costs.

Figure 1: Average cost of dying 2007-2013



Non-discretionary funeral costs

Non-discretionary funeral costs are those costs you would normally expect to be part of a basic funeral i.e. Funeral Director's costs, Doctor's fees, Minister's fees, and burial or cremation fees.

On average, these have increased by £172 to £3,456. That represents an 80% increase since our research started: from £1,920 in 2004 to £3,456 in 2013. Based on Mintel's calculations, we estimate that in 5 years, the average (non-discretionary) cost of a funeral will be over £4,300.

In terms of how this is comprised, Funeral Director's costs have increased by 5.3% in the last 12 months. Although this rate is above inflation, they are certainly not the fastest rising costs , and it appears that Funeral Directors are managing to absorb some of the external pressures. As with last year, we believe the rise in Funeral Directors costs continue to be influenced by increased competition, a difficult investment environment, several years of historically low death rates, and the continued rise in wholesale energy costs.

This year the average cost of cremation disbursements has risen by 4.7% and the average cost of burial disbursements has risen by 5.7%. Mintel's data shows that a burial typically costs around £1,000 more than a cremation. In comparison, in the last couple of years, the percentage rise in Funeral Director's costs (while higher than the Retail Price Index) has started to ease. The most worrying trend therefore is the rise in burial or cremation disbursement fees. In the majority of cases these costs are dictated by local authorities: since 2007, burial disbursements have risen by 69%, with cremation disbursements rising by 51% over the same period[3].

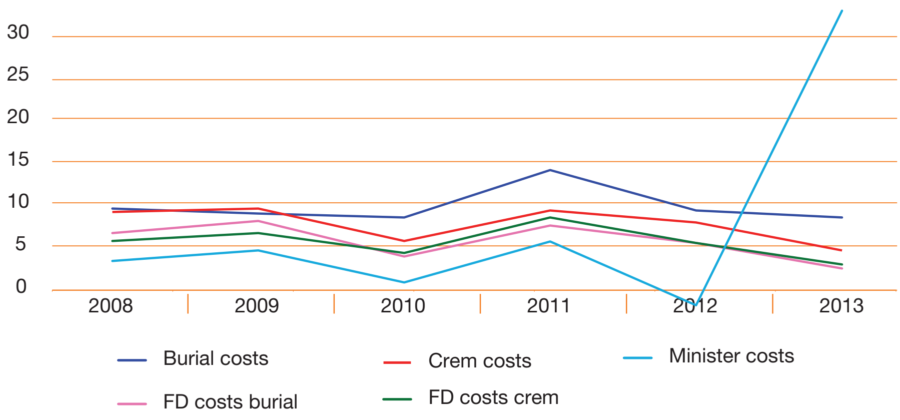
SOURCES:

[2] The total cost of dying assuming all services are used. All of the figures shown on pages 8-9 of this document are from Mintel's *Total Cost of Dying Report* (2013).

[3] The rise in disbursement costs will be covered in a separate Sun Life Direct report.

The most worrying trend is the rise in burial or cremation disbursement fees. In the majority of cases these costs are dictated by local authorities.

Figure 2: Annual % increase non-discretionary funeral costs



Funeral Directors surveyed attributed rising cremation costs to a combination of two things: the cost of installing mercury abatement filtration systems; and cuts to local authority budgets. In terms of burial, a third of Funeral Directors stated that the rise in costs was due to reductions in local authority budgets leading to the need to recover full costs from burial, with 1 in 5 indicating they felt it was due to a lack of grave space.

On average, fees for a Church of England Official at a funeral have increased by 30%. This rise is almost wholly as a result of changes made by the Church of England, who raised prices by 58% from £102 to £160 in the last year. Scotland has no compulsory fees, instead a church donation is recommended, so the average amount spent is significantly lower at £71. Average Minister's costs recorded in Northern Ireland and Wales are similar at around £50 and £70 respectively.

Doctor's fees for certificates (needed for a cremation) have increased by 3% to £157. At the moment, there is no requirement for a certificate for burials, but there is a proposal to introduce death certification fees for burial in England and Wales, and this is likely to add a further £170 to the cost of a burial.

Discretionary funeral costs

On average, these have increased by £83 to £2,006. Customers choose how much they want to spend and what to spend it on, including: death and funeral notices, catering, limos and venue hire. 4 out of 5 people buy flowers for a funeral, spending £160 on average, and memorials are the most expensive component with people spending £864 on average.

Estate administration costs

Discretionary estate administration costs have increased significantly by £253 to £2,160. Last year we saw what appeared to be a blip in the statistics: there was a significant rise in estate administration costs which coincided with reports of a recovery in the housing market. As the single largest asset held within an estate tends to be the house, the estate administration figure is likely to move as a direct result of house price changes.

> *"Up to one in ten of our oldest citizens have a total net wealth of £3,000 or less. Many older people worry a lot about their funeral arrangements. It is vital that the government support for the poorest and most vulnerable is adequate and does not contribute to more stress and hassle for older people and their families."*
>
> David Sinclair, Assistant Director Policy and Communications, International Longevity Centre – UK

What can we take away from this year's report?

Funeral poverty

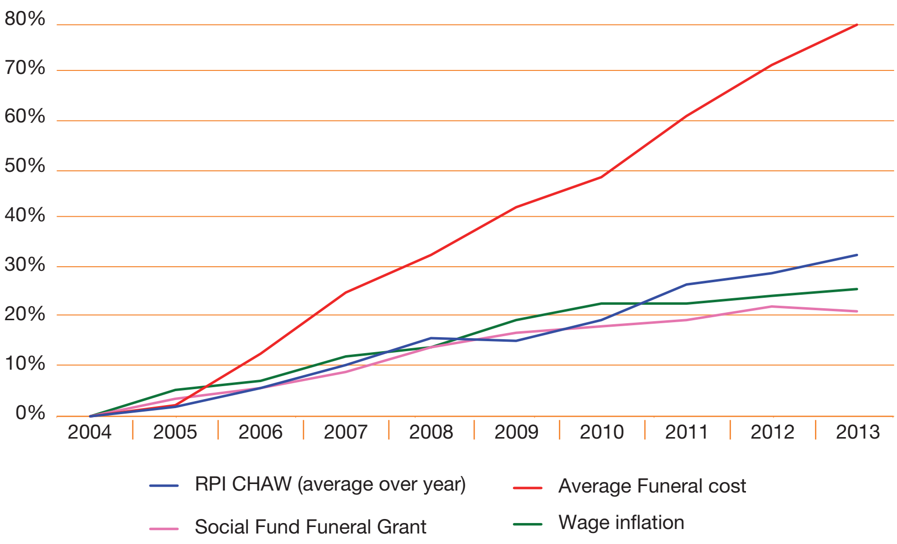
The number of families reporting a shortfall in paying for a funeral remains consistent at around 1 in 5, representing over 100,000 deaths a year. With the average shortfall rising from £1,246 to £1,277, we calculate nationwide funeral poverty to be over £131m this year.[4] One consequence of this is that Funeral Directors are increasingly exposed to the potential of bad debt, which may account for having to increase funeral costs, with nearly two thirds now asking for a deposit upfront.

The role of local authorities in contributing to funeral poverty is one of a number of inter-related problems that demand more political attention. Pressures on existing structural systems are set to remain, with austerity measures continuing and a long term rise in the death rate expected. The problems identified here are only set to worsen and, with the exception of a proposed new process for death certification, there is no sign of imminent attention from central government.

Social Fund Funeral Payment

As we have discussed in previous reports [5] (and will continue to investigate with policymakers) the current Social Fund Funeral Payment, while an important source of financial support for eligible individuals, is increasingly inadequate in terms of its contribution towards the cost of a funeral.

Figure 3: Annual % increase in average funeral cost vs annual % increase in wage inflation, RPI and Social Fund Funeral Payment.



SOURCES:

[4] 18% of participants in our survey said they struggled with paying for a funeral. Extrapolated across the number of deaths across the country in 2012 (573,000), we estimate 103,000 people struggle by an average shortfall of £1,277 (which equates to a total of £131,531,000).

[5] *Sun Life Direct Cost of Dying Report* (2012), *Sun Life Direct Special Cost of Dying Report* (2012), *'Affording a Funeral'*, and *Social Fund Funeral Payments*.

"The Institute has long been concerned about the unsustainable nature of cemeteries. Lack of positive government action to reuse old abandoned graves and environmental legislation affecting crematoria have already caused fees to rise. Other additional factors have the potential to cause further rises including new crematoria builds and the introduction of the new death certification process that will cause a rise in the cost of burials."

Tim Morris, Institute of Cemetery and Cremation Management

Within this payment, one of the issues is the maximum amount the government will allow to go to a Funeral Director. This has been capped at £700 (plus burial and cremation fees) for 10 years, during which time overall funeral costs have risen 80%. As a result of people struggling to pay for funeral costs, more Funeral Directors are reporting bad debt, thereby insisting on deposits upfront or turning people away.

Burial: for the affluent only?

Plans to introduce death certification fees for burial will add to the cost of a burial overall, potentially making this the choice of the wealthy. This will also add to the burden of Funeral Directors who the authorities hope will collect payments on their behalf. The high cost of cemetery maintenance, grave space shortages and regional decision making are storing up costly surprises for bereaved people depending on where they live. We will look at whether there is a burial postcode lottery in our follow-up report to be published later this year.

The growth of private crematoria driving cremation prices up?

Crematoria used to be run almost entirely by local authorities but now there is an increased presence of private crematoria. This is also contributing to funeral inflation.[6]

A coherent national strategy on death, disposal and hardship is required

Our findings this year point to the lack of a joined-up approach to death and disposal across the country. Funeral poverty continues to grow as the cost of a funeral extends beyond reach for many. As a contribution towards the funeral, the Social Fund Funeral Payment is now so low that even successful claimants are left with substantial outstanding debt. Wary of bad debt, funeral directors increasingly ask for deposits upfront, or are put in a position where they have to consider turning away those who they suspect may struggle to pay for a funeral. Unsurprisingly, there is a small but growing rise in the number of Public Health Funerals (often referred to as 'paupers funerals'), taking place.[7] In light of the projected rise in the death rate, and the continued pressure on public finances, this system is fast approaching a watershed moment. A national review of the infrastructures currently in place is required; as is the inclusion of funeral costs in political discussion about supporting an ageing population, and how individuals can provide for themselves in older age.[6]

SOURCES:

[6] *Sun Life Direct Special Cost of Dying Report* (2013).

[7] *Public Health Funerals LGA*, (London: 2011).

Finances in older age: the wider context

"As incomes are squeezed, many people are getting into debt and finding it impossible to put anything aside for a rainy day. People need a range of options that fit with their particular circumstances. Our work with hundreds of thousands of people has shown us that there cannot be a 'one size fits all solution' for households' financial needs, particularly around the cost of dying."

Mike Dixon, Assistant Chief Executive, Citizens Advice

When considering where funeral costs currently sit in relation to other short- and long-term financial decisions in older age, it is necessary and important to understand the wider context of how individuals handle their money. We are repeatedly told that we need to provide for ourselves and that savings are one of the best mechanisms to do so. However, evidence suggests that almost a third of the UK population is not saving enough for old age.[8]

In past years our research has examined what motivates people to plan ahead for their funeral and how people pay for, or struggle to pay for, funeral costs. This year we wanted to broaden our remit and consider what happens to finances in older age, particularly when it comes to coping with financial shocks and unplanned expenditure.

Savings are key to how some people manage, but they are by no means problem-free. On the one hand, savings are a flexible and easily-accessible form of additional finance when unplanned expenditures occur. On the other hand, creating and using savings requires discipline and, for some people, they are susceptible to being dipped into on a rainy day. Too many rainy days may deplete a savings pot entirely and, what's more, living on a fixed income in retirement may mean that the pot cannot be easily replenished.

For those people with no savings, often the only options left are to 'go without' or get into debt. Research suggests that almost 1 in 4 people aged over 50 have unsecured debt (averaging £2,500).[9] Previous research about savings and debt have led us to ask whether the headline message about building and relying on savings for old age is appropriate for everyone.

SOURCES:

[8] Scottish Widows Savings and Investments Report 2012, *'Preparing for the future: Britain's savings and investment landscape'*, (Edinburgh: Scottish Widows, 2012).

[9] Age UK, *Problem Debt Among Older People: Age UK's Summary of Research by the International Longevity Centre*, (London: 2013).

We wanted to know what differentiates the people that are able to navigate funeral costs and those who struggle.

Funding old age

Older people are not unlike the rest of the population in that they have to face the same everyday bills for transport, utilities and food. Yet there are many specific and sometimes unpredictable costs that can accompany ageing, such as those associated with home modifications, care and funerals. Some people can navigate these costs while others struggle to keep their heads above water. We already know that there are 1.8 million pensioners currently living in poverty.[10]

Mindful that the debate about post-retirement finance is so often dominated by the costs of social care, we are keen to provide some complementary insight based on our knowledge of funeral costs. We wanted to know what differentiates the people that are able to navigate funeral costs and those who struggle.

In highlighting some of the costs that older people face, funerals are one of the universal demands on money. As with last year's report, evidence this year suggests that the majority of people over 60 have thought about how their funeral might be financed. This is a prudent decision when considering the cost of a funeral today is £3,456 (5.3% higher than in 2012) and funeral poverty in the UK stands at just over £131m.

In the following report, we outline our principal findings including:

- How individuals save and spend,
- Examples of 'financial shocks' and unplanned expenditure they may be exposed to, and how they cope,
- What could be done to assist those people who are particularly vulnerable to the impact of 'financial shocks' in older age.

By examining how people prepare for and respond to financial shocks and unplanned expenditure, our research aims to shed light on the benefits and drawbacks of different means of payment for different groups of people. In particular, it will show that the general assumption that savings work for everyone is too simplistic as it does not reflect the various attitudes towards spending and saving within the population.

The general assumption that savings work for everyone is too simplistic as it does not reflect the various attitudes towards spending and saving within the population.

SOURCE:

[10] Age UK, *Living On a Low Income in Later Life*, (London: 2011).

A national picture of today's saving and spending behaviour

It is against this backdrop that we commissioned a study that would provide a national picture of saving and spending behaviour. In this part of the research we utilised several large, publicly available and nationally representative data-sets.[11] The analysis of these data-sets provided a wealth of information on the financial circumstances of older people in the UK.

Overall, as people get older, the proportion of each age group who live on a low income (£300 a week or less) steadily increases. A third of those in their 60s live on £300 a week or less, compared to almost 3 out of 5 over 80s.

Figure 4: Income distribution for older people.

Band	Weekly income	Yearly income	60-69 year olds	70-79 year olds	80+ year olds
Band 1	Less £100	Less £5,200	2%	0.5%	0.9%
Band 2	£100-150	£5,200-7,800	8.2%	9.9%	9.8%
Band 3	£150-200	£7,800-10,400	7.7%	10.5%	17.9%
Band 4	£200-250	£10,400-13,000	8%	13.1%	14.3%
Band 5	£250-300	£13,000-15,600	8.9%	13.7%	15.5%
Band 6	£300-350	£15,600-18,200	6.6%	10.8%	9.2%
Band 7	£350-400	£18,200 -20,800	7.3%	6.1%	7.7%
Band 8	£400+	£20,800+	51.3%	35.4%	24.7%

For many in the lower income groups, their earnings from wages or pensions are only just enough to cover essential expenditure.[12] For example, people in their 60s whose weekly income is between £100-£150, spend 95% of their income on essential items such as housing costs, household goods, food and clothing. This falls to 83% for those in their 70s and 71% for those over 80.

From this precarious financial position further expenditure easily forces older people on lower incomes to live beyond their means. For those earning £100-£150, spending on non-essential everyday items such as alcohol and tobacco, leisure, travel and personal goods takes their total expenditure above their income.[13] To lesser extents these pressures are replicated across the bottom half of the income scale. Even those in their 60s with an income of £350-£400 a week can be seen to be spending 90% of it on essential and non-essential everyday expenditure.

SOURCES:

[11] *The British Household Panel Survey* (1991-2009); *Understanding Society* (2010); and the Office for National Statistics', *Living Costs and Food Survey* (2010).

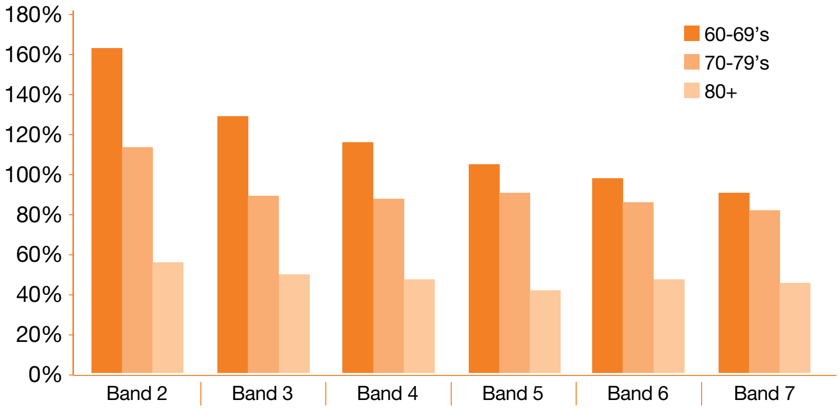
[12] The Office for National Statistics' *Living Costs and Food Survey* defines 'essential expenditure' as housing costs, household goods, food and clothing.

[13] The Office for National Statistics' *Living Costs and Food Survey* defines 'non-essential expenditure' as alcohol and tobacco, leisure, travel and personal goods.

GRAPH SOURCE:

[FIGURE 4] Office for National Statistics', *Living Costs and Food Survey* (2010).

Figure 5: Mean expenditure on everyday (essential and non-essential) items as a % of total income.



These national data-sets suggest that almost half of people in their 60s are either living beyond their means (sinking) or just managing to keep everyday expenditure below their income level (struggling). As people get older, both their income and expenditure decrease, with the latter subject to a greater decline. This means that a smaller proportion of those in their 70s or 80s (or older) are in the sinking category but more are in the struggling group. In terms of age, the worst off group are those in their 70s, where just over a third are spending less than 80% of their income on everyday expenditure.

Figure 6: National estimates (% and numbers) of those 'sinking', 'struggling' or 'surviving'.

Age	% Sinking & Number Sinking		% Struggling & Number Struggling		% Surviving & Number Surviving	
% of income spent on everyday expenditure	More than 100%		Between 80% and 99%		Less than 80%	
60-69	35%	2,117,850	14%	847,140	51%	3,086,010
70-79	11%	435,182	54%	2,136,240	35%	1,384,600
80+	10%	259,200	32%	829,440	58%	1,503,360

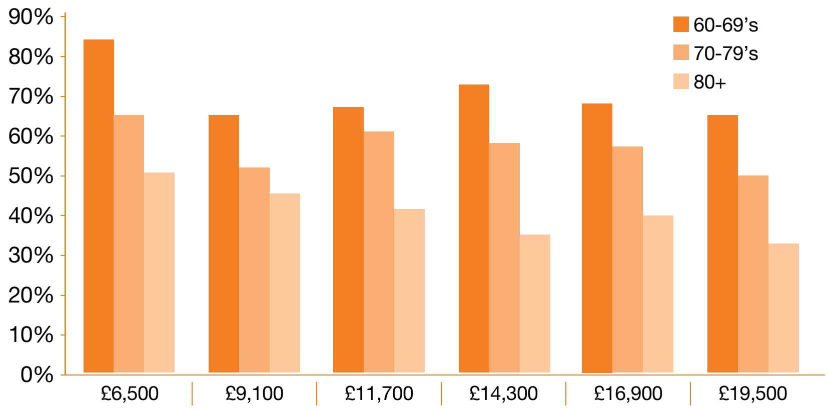
GRAPH SOURCES:

FIGURE 5 Office for National Statistics', *Living Costs and Food Survey* (2010).

FIGURE 6 Office for National Statistics', *Living Costs and Food Survey* (2010) and ONS population estimates.

The expenditure figures referenced on the two previous pages are derived from mean expenditure analysis. Conducting the same analysis using median figures produces lower levels of total expenditure.

Figure 7: Median expenditure on everyday items as a % of total income.



However, while notably lower, even median analysis shows a very high number of older people living beyond their means or being precariously close to doing so. Median analysis also fails to highlight the cases of people living far beyond their means, who are most likely to be in financial difficulty.

The most common form of unplanned expenditure is central heating repairs, affecting just over 1 in 3 people aged over 60, resulting in costs of £100-£140 a year.

At a national level, these income and expenditure patterns leave older people, particularly those on lower incomes, extremely vulnerable to financial shocks and unplanned expenditure. The cost and frequency of these costs vary widely depending on the type of emergency, but all present a significant risk to financial stability.

The most common form of unplanned expenditure is central heating repairs, affecting just over 1 in 3 people aged over 60, resulting in costs of £100-£140 a year. Home maintenance is a less common financial shock, affecting around 1 in 5 a year, but causes an average annual spend of just under £500. The mean cost of replacing furniture is much higher at around £1,400, but affects a lower proportion of people (only 17% of 60-69 year olds and 10% of over 70s).[14]

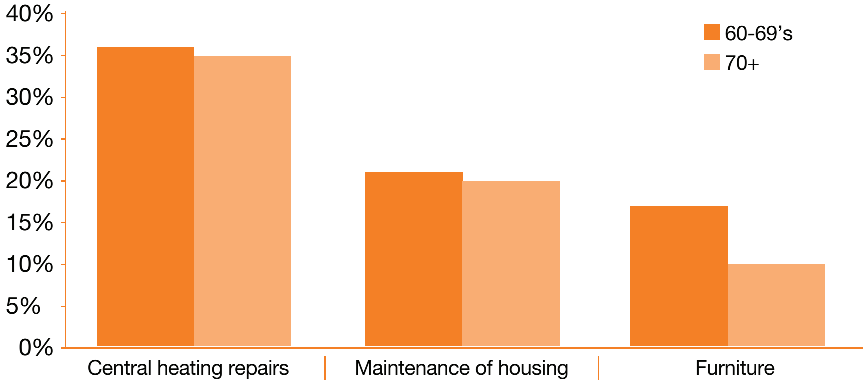
SOURCE:

[14] The Office for National Statistics', *Living Costs and Food Survey* (2010).

GRAPH SOURCE:

FIGURE 7 The Office for National Statistics', *Living Costs and Food Survey* (2010).

Figure 8: % of people spending money on central heating repairs, housing maintenance, and furniture in 2010.

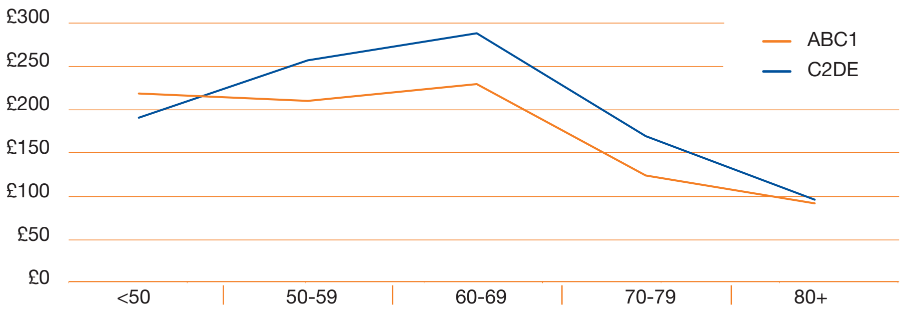


The frequency and financial impact of unplanned expenditure will force many older people, including those in higher incomes, to find non-income related sources of money to cope with these costs. One potential source is savings.

A national picture of saving

For certain people, especially those over 50, savings are a common source of funds when confronted with an unexpected bill. Over 40% of over 50s save, and the majority save on a regular basis. Such a large proportion of over 50 savers, has generated a wide range of advice on how to maximise the value of those savings and insure against financial shocks. However, for older and poorer consumers, the amount saved and the total value of savings held decreases after retirement a reflection of the fact that many dip into their savings in later years. For some, depletion in savings is a steady process that keeps up with the cost of living. For others, savings are the resource used to cover unplanned expenditure and expensive items.

Figure 9: Mean amount saved each month by age and social grade (savers only).



GRAPH SOURCES:

FIGURE 8 The Office for National Statistics', *Living Costs and Food Survey* (2010).

FIGURE 9 *Understanding Society* (2010-2011).

"At Down to Earth we see - through the use of food banks, unpaid utility bills and perishing cold houses in mid-winter - that our clients have nothing in reserve when faced with the unplanned for cost of a funeral. The emotional and financial consequences of this can be devastating. For this reason, a review of the state safety net of funeral support for those on low incomes is vital."

Shaun Powell, Down to Earth, Quaker Social Action

As the amount saved declines, and the financial pressures increase, the total level of savings vary by age. For the younger age groups, total savings increase over a ten year period. For the older group, savings actually decreased.

Figure 10: Level of savings over time by age (adjusted for inflation)

Age in 2000	Median Savings	Age in 2010	Median Savings	Change
40-49	£1200	50-59	£9000	+ £7800
50-59	£2560	60-69	£7000	+ £4440
60-69	£5130	70-79	£4000	- £1,130

This shows that, for lower income groups facing financial pressures, savings are a potential and frequently used source of money. At the same time, as income typically decreases after retirement, older people are unable to maintain the same level of savings activity as previously, and the cost of living coupled with financial shocks can cause savings to deplete throughout retirement. As income decreases and savings deplete after retirement, it is unsurprising that older people who rely on savings alone may struggle to pay for funeral costs.

Taking national data-sets forward

Large scale national data-sets are useful in providing authoritative macro-level information about the state of the nation, but they are inevitably general in their nature and are not designed to focus on the situation of older people and, more specifically, the everyday lived experience of budgeting in old age. That is why we conducted this review, to complement the public data-sets with information showing the extent to which individual's attitudes, behaviours, expectations and assumptions vary when it comes to anticipating and responding to financial shocks.

It is also important to note that, while publicly available data-sets contain robust information, they are subject to lag. For example, the material in this report is based on surveys from 2010 and 2011 which misses much of the current period of austerity; the effect of recent changes to benefit entitlement and provision (such as the rolling out of Universal Credit in 2013); and the impact of incomes not keeping up with the cost of living.

Almost a third do not have sufficient income to pay for their everyday essential expenditures such as food, clothing and household bills.

For people who have nothing left after meeting essential costs, the option to save for the future is a pipedream: they simply have nothing to save.

The current cost of living

Our research, conducted in early 2013, suggests that over half of the people surveyed do not save regularly. At the same time, almost a third do not have sufficient income to pay for their everyday essential expenditures such as food, clothing and household bills.

The everyday cost of living is an increasing pressure on incomes today and older people are not unique in having to face price rises for everyday essential items. Recent research suggests that in all households across the country the cost of fuel bills has risen 7.6% over the last 12 months, and a typical family's spending power has decreased by 0.5% since 2012.[15] For older people however this situation is more acute because their income typically does not fluctuate with employment changes, promotions and bonuses. Many older people live on fixed incomes derived from state or private pensions. As a result, their ability to pay for everyday essential items is evermore squeezed.

Household bills and food are the most costly facets of everyday essential expenditure for the over 60s: 60% spend over £100 a month (about 15% of the average £737 available each month) on household bills and nearly half spend over £200 a month on food. Just over a third of our participants don't have any money remaining after paying for essential expenditures. Particular groups of people are more likely to have no money left after meeting essential costs. Almost half of those living in rented housing association properties have no money left after paying for essential costs, with 40% of full-time carers having no funds left after essential costs are met. For people who have nothing left after meeting essential costs, the option to save for the future is a pipedream: they simply have nothing to save. It is this finding that has led us to want to understand this population in greater depth to assess whether generic advice about relying on savings is appropriate for all.

"To be honest, with the income we get, there's not a lot to go round, you know? So there isn't a lot to plan, if you know what I mean. I can't really plan anything because the income doesn't allow me to plan things."

Male, 60-69

"I just budget as I go along basically. I don't save for anything basically, but I always count, I'm careful now, I've got to be now."

Male, 60-69

SOURCE:

[15] Asda Income Tracker (June 2013).

Exposure to financial shocks and ability to cope

Figure 11a: Survivors, strugglers and sinkers

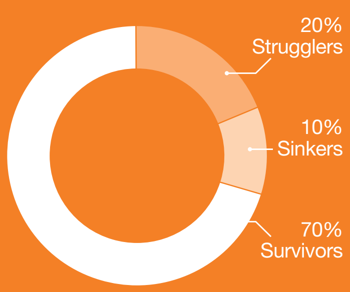
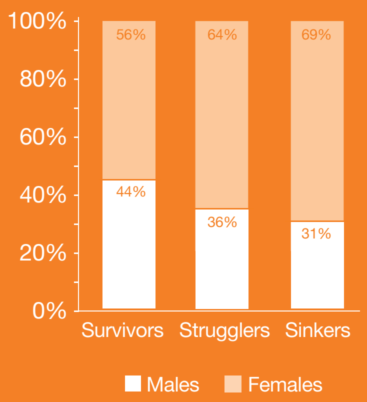


Figure 11b: Gender



We can broadly understand the population's approaches and responses to expenditure by splitting our results approximately three ways:

- around 70% have sufficient income to pay for everyday essentials (the survivors);
- just over 20% find that occasionally their income does not cover their everyday costs and have to dip into savings (the strugglers); and
- 10% don't have enough income to cover their costs and either rely on savings or family to help them out or else they go into debt (the sinkers).

If we look at the population in this way we can see startling differences between the characteristics of the three groups. Most apparent is the fact that there are many more women in the 'struggler' and 'sinker' segments of the population. This is unsurprising when taking into account other findings: only a third of women surveyed had a workplace or occupational pension, compared to three fifths of men; and overall women are twice as likely to have no savings or investment products.

People within the 'struggler' and 'sinker' segments are also much more likely to be in rented accommodation. This is an issue we return to later as our findings suggest that while renters are more likely to struggle to pay for everyday items, they are also less exposed to costs associated with maintaining a house, reducing their exposure to one of the most expensive financial shocks in older age, that of unexpected household repair bills.

Figure 12: Housing tenure

When it comes to savings, over two thirds of those within the 'sinker' segment are not regularly saving, with just under half of those within the 'struggler' segment saving on a regular basis. This is particularly worrying as this is the group of people who struggle to meet their everyday living expenses and are also willing to dip into savings to subsidise their expenses. Yet over half of this group are not actively saving but are relying on savings accumulated before retirement.

Figure 13:
Total value of savings

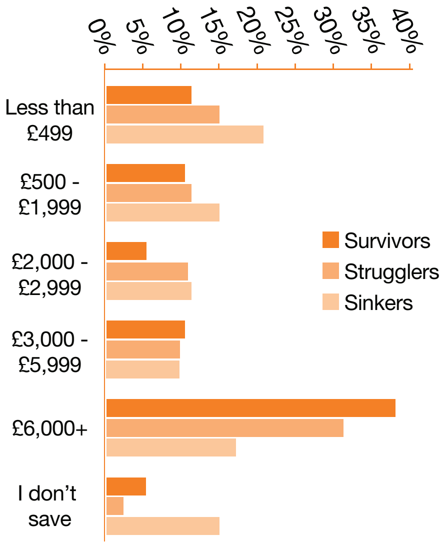
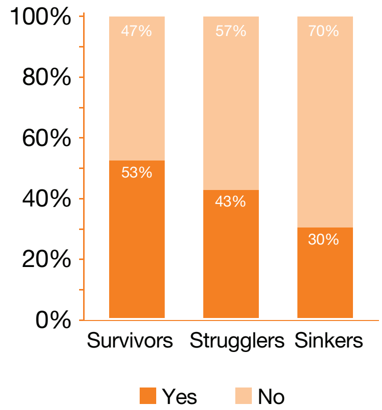


Figure 14:
Do you save on a regular basis?



For those regularly dipping into savings made before retirement, the extent to which these can be replenished is questionable.

How the different groups cope

Being able to sleep soundly in the knowledge that there is something available to meet financial shocks and unplanned expenditure is an important factor when it comes to understanding why individuals do, and do not, plan ahead. For many people it depends on the nature and potential of the financial shock happening that influences their attitude to planning for it. Paying for a large MOT bill for the car may be much easier to contemplate, than the potential cost of home modification required as a result of becoming ill.

> *"I wouldn't like to think I had nothing left behind me. Because if you have a little emergency fund then you'll have to break into it, I couldn't sleep thinking I had nothing in the bank, no I couldn't."*
>
> **Female, 60-69**

While renters are more likely to struggle to pay for everyday items, they are also less exposed to costs associated with maintaining a house.

The extent to which individuals can conceptualise, anticipate and cope with costs that can come out of the blue can often depend on their lived experience. For example, one interviewee in his 60s remarked that he did not save regularly because of his experience of losing friends and family. He said:

"My attitude has changed as I've got older and started losing friends and family….and when it happens you just think, is it worth having a big nest egg and not getting any enjoyment out of it?"

Life experiences such as these shape attitudes and behaviour when it comes to planning for financial shocks and unplanned expenditures and needs to be part of the equation when considering the relevance of generic financial advice regarding savings and protection, and recommendations about how to prepare for funeral costs.

Spending on household bills and repair

In terms of how individuals regard potential unexpected costs, household maintenance and repairs are a high priority. Planning for repairs and bills associated with the home is a sensible decision when taking into account the average cost of appliances.

Figure 15: Annual amount spent on household appliances (all ages)

Item	Median (yearly) expenditure
Clothes washing machines/dryers	£287
Dishwashers	£169
Electric/combined cookers	£244
Heaters, air conditioners, showers	£807
Electrical repairs*	£845
Gas appliance repairs*	£2,093
Average expenditure on big items	**£740**

Spending on central heating repairs, housing maintenance and furniture

Figure 16: % of 60-80 year olds spending on central heating repairs, housing maintenance and furniture each year.

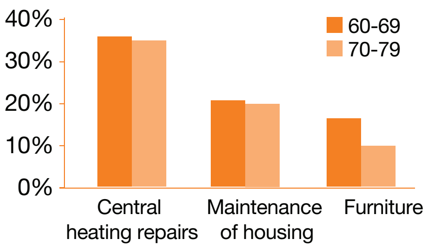
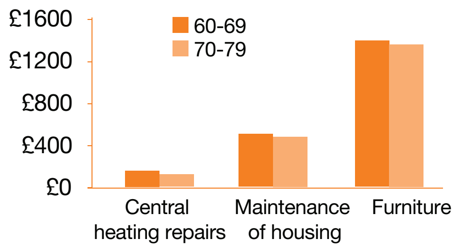
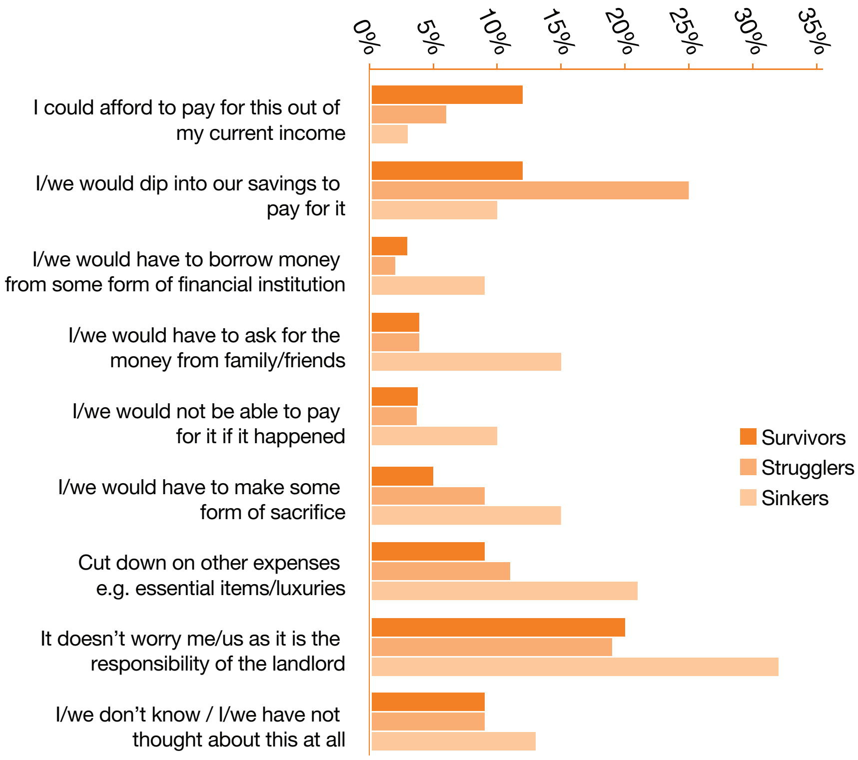


Figure 17: Median amount spent by 60-80 year olds on central heating repairs, housing maintenance and furniture each year.



Half of home-owners said they would dip into savings for property repairs.

Figure 18: How would you afford repairs to your house?



As with the findings from the national data-sets, the most common expense in this category is central heating repairs. For those who had not prepared for housing maintenance costs, a third would dip into savings when needed. When home ownership is taken into account, the results are more pronounced: half of home-owners who own their home outright said they would dip into savings for property repairs. Those within the struggler segment said they would be more likely to dip into savings. Those in the sinker segment said they would be more likely to borrow.

GRAPH SOURCES:

FIGURE 15, 16, 17 *Living Costs and Food Survey.*

FIGURE 18 *Post-retirement Finances* (2013).

For some people, deciding whether or not to use savings is a matter of rating the necessity of the repair against other priorities. For others it is a matter of accepting that they cannot repair their home and 'making do'.

> *I've got an old boiler, because it's too expensive to change the boiler you see. I think there are quite a lot of people in my situation who should be alright, but they've landed themselves with big properties, because they lost their partners when they were younger or didn't get rid of the house. And then you're up a gum tree, you're spending out so much money on the place and the income only just covers it*
>
> **Female, 70-79**

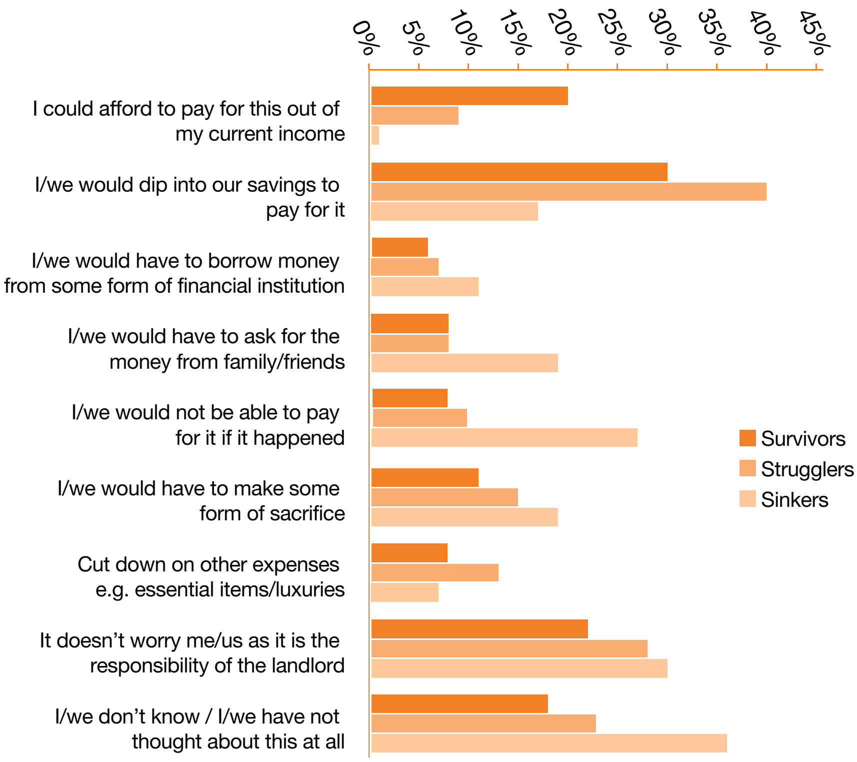
What is particularly interesting about this category of financial shocks and unplanned expenditure is their universal nature. Whether older or younger, male or female, a home owner or a renter, everyone is faced with bills associated with running a household. However, for older people the concern is how they cope with these types of costs when on a fixed income.

> *Current pensioners face a number of challenges, in particular the costs in relation to prices, so for instance buying food and clothing. The way pensions are indexed has changed, but the low level of pensions means that it's often not enough, particularly as things like heating bills have increased.*
>
> **Academic specialist**

Home modifications

In contrast to household bills, it appears that people don't accept or anticipate the need to save for health-related home modifications so readily. Almost a quarter of those in the struggler segment, and a third of those in the sinker segment, had not thought about home modification. As with household bills, the group most likely to dip into savings are those in the struggler segment.

Figure 19: **How would you afford modifications/adaptations to your home?**



When considering home modifications it is important to recognise the potential 'one-off' nature of the expense. A recent study into minimum income standards for pensioners suggested that home modifications are budgeted for over a period of time. For example bathroom grab rails can be bought for around £10 each and, assuming they last five years, two rails would add 8p a week to a household budget. But budgeting in this way overlooks the fact that several rails will probably be purchased at once, and if their cost is met through savings it is unlikely that these will be replenished at 4p a week each over five years. For people on a low fixed income, this may have an impact on their ability to pay for other more essential everyday items. Bearing this is mind, the impact of more costly modifications – installing a downstairs toilet or purchasing a mobility scooter for example – have the potential to hit income or savings much harder in the short-term and leave a more lasting impact.

"Analysis of data from the British Household Panel Survey 1991-2004 showed that more than 1 in 5 women fell into poverty following the death of their partner."

Anne Corden, York University

Illness, disability and death

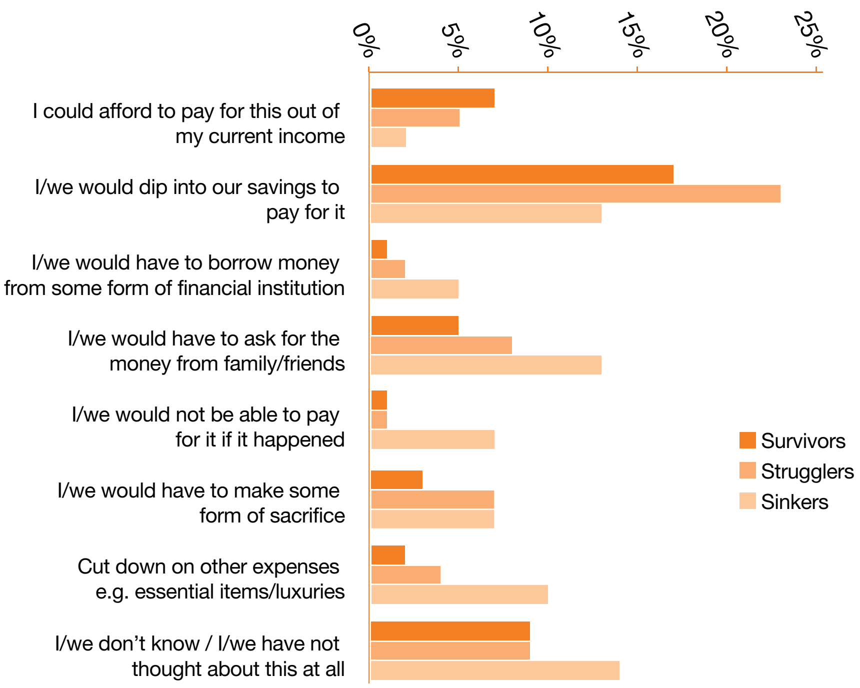
When considering health and disability, we found that particular groups of people are more vulnerable. Almost half of the full-time carers surveyed struggled to meet extra costs associated with illness and disability like the travel costs involved in visiting relatives and so on. In the event of experiencing illness and disability, women were more likely to rely on others, with almost a third turning to their family for financial help compared to one in five men.

In terms of being bereaved of a partner, moving from a two-person to a one-person income and savings pot can have enormous implications for finances. A third of those surveyed who had been widowed had seen a drop in their savings. As we noted in 2011, women are more vulnerable to changes in their financial position following the death of their partner, and our interviews suggested that this remains the case today.[16]

Funerals

The majority of individuals we interviewed had thought about their funeral and how it would be paid for: self-funding or paid for by the family. Consistent with our findings in 2012, many had put plans into place for funding their own funeral. The measures taken differed depending on their resources and their attitude towards spending and saving.

Figure 20: How would you pay for your funeral?



SOURCE:

[16] Corden, A., Hirst, M. and Nice, K. *The Financial Implications of the Death of a Partner,* (York: Social Policy Unit, University of York, 2008).

GRAPH SOURCE:

FIGURE 20 *Post-retirement Finances* (2013).

The discipline required to save acted as a deterrent.

Again, those in the struggler segment were more likely to dip into savings to pay for a funeral. Over 1 in 5 people in the sinker segment had not thought about how their funeral would be paid for, and almost the same number would simply not be able to pay for it.

For those on low incomes with low or no savings, there was a recognition that savings could be vulnerable to being dipped into prior to their funeral being paid for. These people opted for financial products that required some discipline: products that meant that once the money went out by direct debit, they did not notice its absence. The discipline required to save acted as a deterrent, as one interviewee remarked:

> *"Once savings are gone, they're gone, you know? You don't worry about £12 a month on insurance premiums… if it was here [in my hand]… I'd think, 'ah, I could do with something', so I go out and get it. And you never, ever put it back in, do you?"*

What is interesting about funerals is their universal nature: home modifications may never be needed, but everyone's remains have to be dealt with.

To a large extent funerals are somewhat different to the other financial shocks and unplanned expenditures outlined in this report because someone else will have to deal with the financial repercussions of paying for the funeral at the point of need. But what is interesting about funerals, or at least some of the associated costs, is their universal nature: home modifications may never be needed, but everyone's remains have to be dealt with. These basic costs have to be covered, be they by the individual themselves their family and/or friends, or the State.

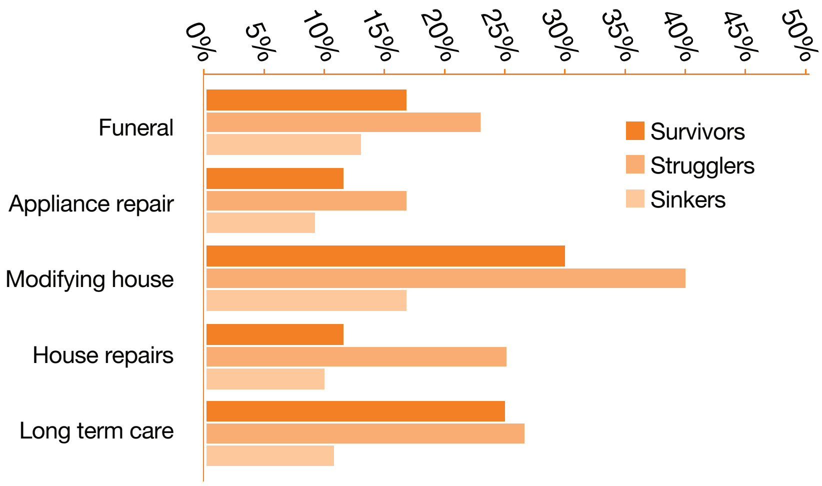
In reality individuals can face multiple financial shocks at once or in quick succession.

Multiple shocks

It is important to recognise here that these financial shocks have all been considered in isolation from one another. In reality individuals can face multiple financial shocks at once or in quick succession. For example, ill health may require house modifications, and a large fuel bill may suddenly drop on the doormat. Individuals may also fall within many categories, thereby intensifying their susceptibility to financial problems. For example, a divorced woman on a low income may also be a full-time carer.

Consistently, those who are in the struggler group are the most likely to rely on their savings to pay for financial shocks or unplanned expenditure. Throughout we have also been aware that in our survey participants were often responding to *hypothetical* questions about future financial shocks, and in their responses may have allocated their savings to meet these costs several times over.

Figure 21: What would you dip into savings for?



Mindful of this potential re-allocation of the same pot of money, if the above potential financial shocks and unplanned expenditures occur at once or in quick succession, then those within the struggler group may be very vulnerable to slipping into poverty.

Preparation

Overall, there are some very clear findings related to how survivors, strugglers and sinkers anticipate financial shocks, and whether they would be able to cope or not. For example, without fail, for every potential cost we looked at 'sinkers' were the least likely to have thought about it and the most likely to suffer paying for it.

Figure 22: % of those who had not thought about preparing

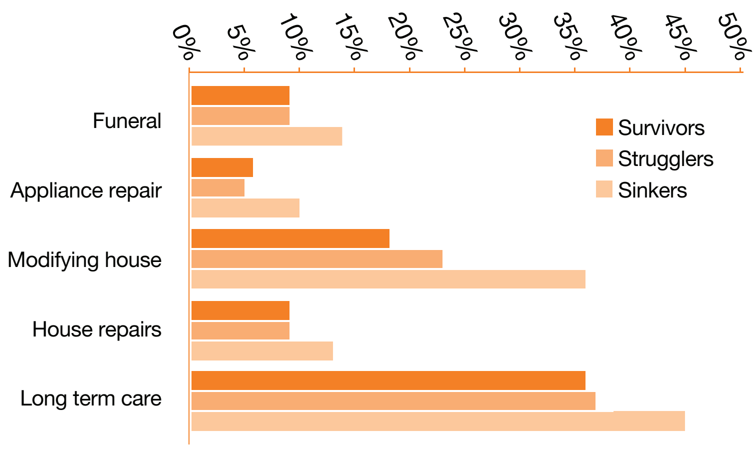
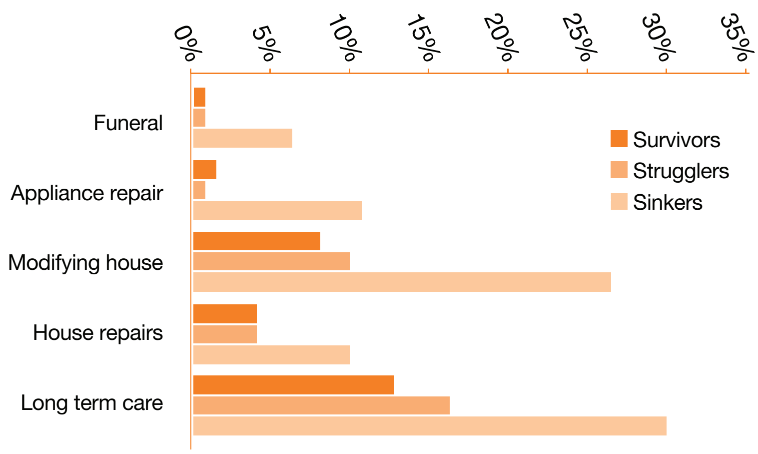


Figure 23: % of those who would not be able to afford



In light of such varied attitudes towards preparing for financial shocks, generic 'one size fits all' money-management advice ("it's best to rely on savings" for example) may not be appropriate for everyone.

To further complicate matters, vulnerability to financial shocks is influenced by a number of factors including age, gender, and home ownership. We consider this further over the next six pages.

What shapes behaviour to financial shocks?

To develop an understanding of how and why individuals act in particular ways in relation to financial shocks, we conducted interviews to find out more about what shapes behaviour. Drawing on behavioural economics, we felt it important to appreciate the different approaches to instant and delayed gratification, and where these may come from.

Age

One of the most influential factors that determine a person's financial circumstances is the model of behaviour inherited from their parents, and their early adult experience of entering the labour market, getting married and buying or renting a house. For example those that are now into their 80s led a relatively spartan lifestyle after WWII when there were scant resources to go around and saving was not an option. At the same time debt was also unacceptable for this age group. Most of the people we interviewed who were in their 80s said they were brought up to live "within their means" and that this mantra had remained with them throughout their lives. This corresponds with previous research which suggests debt is more likely for those in their 60s and 70s.[17]

In other words, for people in their 80s neither instant nor delayed gratification is an issue. They are not willing to get into debt for immediate gratification, nor do they have the resources to save for future gratification. As a result, they are more likely to be self-sufficient and living within their means.

> *"When I was young, the only time you saved up was to get married, and you never saved again after that. Because people didn't have money back in those days, you know?"*
>
> **Female, 80+**

SOURCE:

[17] Age UK, *Problem Debt Among Older People: Age UK's Summary of Research by the International Longevity Centre*, (London: 2013), p.8.

"The additional expenses associated with illness and need for care are well-known…These include costs of travelling to the hospital or clinic, high fuel and telephone bills, ready-meals, and extra spending on beds, bedding, incontinence supplies and home equipment."

Anne Corden, York University

Gender

As with our findings in previous surveys, there are gender differences when it comes to finances. In 2011 we found that women are more concerned than men about having financial arrangements put into place for their older age and funerals. This year we found that women are typically more vulnerable when it comes to being in debt, on a low income and having limited or no savings. At £676, the average household income for women is approximately £140 less than for men (with an average income of £845). And women are twice as likely to be surviving solely on a State or widow's pension. At the same time, women are also more likely to have unsecured debts – 14% of women surveyed had unsecured debts compared to 10% of men. On average, women also have a lower amount left to spend each month (£128) compared to men (£191), so are more likely to cut back on their everyday expenses.

At a time when financial self-sufficiency is high on the political agenda, women are a key group that need to be supported by the public, third and commercial sectors. Echoing research published 5 years ago, our 2013 findings suggest that times are not getting any easier for women.[18]

Carers

Within married couples, the distribution of care within the partnership has significant implications for finances. A quarter of full-time carers occasionally have to dip into their savings to meet essential costs, with 1 in 10 stating that they never have enough income to cover their costs and they always have to use their savings to supplement their income. Predictably, the number of carers with outstanding unsecured debts (18%) is higher than the average (13%).

Full-time carers are also particularly vulnerable in the event of home modifications being needed. 4 out of 5 surveyed did not have any money put aside for home modification and a third of all full-time carers would rely on the State to step in and pay.

SOURCE:

[18] Corden, A., Hirst, M. and Nice, K. *The Financial Implications of the Death of a Partner,* (York: Social Policy Unit, University of York, 2008).

Home ownership

Both home owners and renters face challenges when it comes to managing their finances. Our findings suggest that, in contrast to the common assumption that home ownership is a financially sound decision, those who rent may be in an advantageous position when it comes to coping with financial shocks. While renters have less to spend each month they are also less likely to have unsecured debts. Half of renters surveyed said they had less than £399 to spend on essential bills every month, but while 43% of home owners had unsecured debt, the same was true of only 34% of private renters and 16% of housing association renters. At the same time, household bills are higher for home owners. A third of renters pay over £200 a month, compared to over half of home owners. And it was recognised by some interviewees that there are benefits associated with not being responsible for property maintenance.

> *"I think it's a good thing [to rent] because if you own your own property, you've got to budget for all these things that happen, especially in the winter time, if you have burst pipes or leaking roofs."*
>
> **Female, 60-69**

Subsequently, while home ownership is often lauded as an asset available to cope with financial shocks and unplanned expenditure, it may also generate these expenses. The requirements of maintaining a property mean that home owners may have more pressure on their income in the short term.

"You don't have to be ill or dying to make plans for your future, and by doing so you can help ensure your wishes get met and that you don't leave a mess behind for your loved ones to deal with."

Eve Richardson, Chief Executive of the Dying Matters Coalition

Seizing the day or tempting fate?

As noted earlier, life experience goes a long way in shaping attitudes to money management and the ability to cope with financial shocks. How individuals conceptualise potential financial shocks is the result of lived experience combined with the ability to comprehend hypothetical situations. For example, when interviewed about imaginary future health needs and home modifications many interviewees were vague about what they anticipated happening and how they would be able to pay for it. For some, their life experience has taught them to "seize the day" and prioritise their spending on everyday essentials and short-term niceties. Short-term gratification was more important than an unknown and unknowable future, or making home improvements.

The implications of this approach for savings are that they are susceptible to being dipped into for short-term gratification. We can see a picture emerging of people not saving sufficient funds for their older years and particular segments that are vulnerable to dipping into what little they do have for financial shocks and non-essential 'treats'. Subsequently, there may not be enough left in the pot to pay for their funeral, which is one of our key concerns.

> *"If we've got a few hundred quid, we'll have holiday instead. Whereas before I was always working on the house and doing extensions and loft conversations. Not now, not now."*
>
> **Male, 60-69**

A key message here is that however individuals choose to budget for older age, doing *something* is better than nothing.

What can we do about it?

Our research has shown that individuals have very varied attitudes towards savings and varied expectations about the role of the family and the State in providing financial support. For example, almost 1 in 5 of those people surveyed said they were going to leave the cost of their funeral to their family and friends or to the State. In thinking about how to address this complex picture of finances in older age, there are some short-term priorities and longer-term issues that require attention.

Guidance

Any support or guidance provided to older people needs to take into account the diversity of attitudes to saving for old age and the diversity of situations that individuals can find themselves in. Guidance and support needs to reflect this diversity. Simplified or generic advice recommending one course of action over another can be inappropriate or unsuitable for particular segments of the population. For example, just under a third of those surveyed felt that savings alone were the best way to finance costs associated with getting older, and almost the same number felt that a mix of savings with other methods like insurance were more appropriate. A key message here is that however individuals choose to budget for older age, doing *something* is better than nothing. A protection product, for example, may be a better solution to help cover funeral costs.

Accordingly, a ‘one size fits all’ approach to financial services provision and advice does not take into account those who struggle to pay for everyday essential costs. Our analysis of the struggler and sinker groups indicates that a sizeable number of people may be vulnerable when it comes to making - and drawing on - savings. Advice to these groups needs to take account of their circumstances: something more tailored is far more helpful than generic advice.[19]

Developing financial citizenship

In terms of thinking beyond the immediate priorities, there needs to be a focus on educating individuals and creating clarity so that people can trust that their financial decision-making has longevity. It has been proposed that future political emphasis should be on ‘financial citizenship’.[20] This relates to educating individuals in terms of their responsibility for themselves, and for each other, when it comes to managing their own money. Key to this is demonstrating and encouraging a responsibility to save.

SOURCES:

[19] Hartfree, Y., Hirsch D., and Sutton, L. *Minimum Income Standards and Older Pensioner’s Needs*, (Loughborough University, Joseph Rowntree Foundation, 2013).

[20] ILC, *Financial Citizenship: Rethinking the State’s Role in Enabling Individuals to Save,* (London: 2012).

We would add to this that a financial citizenship agenda should take into account that one size doesn't fit all, and financial advice, products and services should be diversified to reflect this. Overall, people need to better understand the consequences of their financial decisions while active in the labour market and after retirement so that they can be self-sufficient and have the quality of life that they desire.

> *"There's going to be more and more people needing to make tough decisions for which they're probably not adequately armed in terms of information as they reach retirement and beyond."*
>
> **Consumer advice organisation**

In terms of funerals, with 100,000 families (that's almost 1 in 5) stating they intended to leave the cost to family and friends or the State, we believe this makes funerals a key part of the financial citizenship agenda. There is a clear need to develop a greater understanding of expectations about who will pay for a funeral and how. In the current political and economic climate, we can suppose that relying on others or the State is not a workable system. Paying for a family member's funeral may tip some people over the edge and climbing funeral costs show little sign of slowing down. Both older people and their families need to be aware of the potential impact.

Setting, not shifting, the goalposts

Fostering a political commitment that promotes consistency and stability for longer than the current 5 year electoral cycle is a further change that would enable individuals to budget for their older age and their funeral. Many surveyed commented on the impact of continually shifting governmental goalposts and the lack of incentives to plan ahead when 'the system' was repeatedly being changed.

> *"… you never know from one government to the next how things are going to change… you never know where you are with the government so you can't plan ahead. You know, so I just live each year as it comes. Just, hope for the best, you know."*
>
> **Female, 60-69**

A political commitment to providing some continuity for older age may act as a powerful incentive to encourage individuals to take responsibility for their financial circumstances. Potential future shocks can be more easily managed with the knowledge that any plans made will endure. Anticipating funeral costs is part of this.

Conclusions

"It's time for the financial services and funeral industries to step up to the challenge of offering good value financial products, with proper consumer protection, for those who want to make provision for the end of their life - working alongside government to ensure no family is thrown into financial difficulty when a relative dies."

James Daley, Financial Expert

Our research this year has shown that the cost of dying continues to rise above inflation and that the fastest rising element of these costs can be attributed to the fees charged by local authorities for burial and cremation. At the same time, there are significant differences in the way that individuals anticipate these costs, which can in part be explained by a deeper understanding of the older population in relation to their attitude towards savings.

This report demonstrates the need to develop a more nuanced understanding of the older population and how they approach saving and spending. Our data indicates that people in the struggling bracket would consistently use savings to pay for essential everyday costs, financial shocks and unplanned expenditure. Being dipped into too readily, difficulty in replenishing (or experiencing multiple demands at once or in quick succession) may mean that those in this group will have no savings in later life. For those people in the sinking group, saving is simply not an option, thereby rendering advice to save ineffectual.

At the same time, attitudes and behaviours towards saving and spending are shaped by factors such as age, gender, caring and home ownership choices. In responding to such a varied consumer base, guidance, support, products and services need to be diversified to meet the different behaviours, attitudes, and coping mechanisms within the older population. The provision of 'one size fits all' advice and products overlooks a wide range of factors that shape behaviours. A mixed economy of advice, services and support needs to continue to develop to accommodate these. Underpinning this requires a shared commitment between the public, third and commercial sectors to appropriately guide and educate individuals, so that they are aware of the consequences of their financial (in)actions and decisions.

With over 100,000 people struggling to pay for a funeral this year, and funeral poverty standing at just over £131m, a key message within this should be to do *something*, however small.

The concept of financial citizenship needs investment from all sectors so that individuals are able to make decisions about how their older age will be funded, including their funeral. With over 100,000 people struggling to pay for a funeral this year, and funeral poverty standing at just over £131m, a key message within this should be to do *something*, however small.

Reprising themes from previous years, urgent attention needs to be given to the services associated with the cost of dying. Funerals are a universal cost and to date have not received apposite political attention. We propose that a national review take place into the infrastructures and policies that currently determine how much funerals cost, and how they can be provided for.

Finally, while savings are a significant feature within a financial citizenship agenda, greater recognition and appreciation of the discipline required to maintain them is needed. As research this year has shown, savings are susceptible to being dipped into and advice to rely on savings alone may leave some people vulnerable in later life, meaning they cannot afford to pay for a funeral. After all, "once it's gone it's gone".

About the authors

Kate Woodthorpe

Dr Kate Woodthorpe is a lecturer in Sociology at the Centre for Death and Society (CDAS), the University of Bath. CDAS is the UK's only centre devoted to the study and research of social aspects of death, dying and bereavement.

Through her research Kate has worked extensively with funeral and cemetery associations examining the provision of services for people who are dying and bereaved.

Kate has published widely on the cost of death, the material culture of death, and the experience of bereavement. Her research has been featured in the *Guardian* and the *Telegraph*, and she has spoken about her field of expertise on Radio 4's 'Thinking Aloud' and 'Today' programme, as well as numerous local radio stations. She has appeared on BBC Breakfast and acted as an academic consultant on two Open University/BBC programmes, *Two Feet in the Grave* (BBC1) and *The Art of Dying* (BBC4).

Simon Cox

Simon commissioned the first *Cost of Dying* survey in 2007 as a means of identifying the extent of end of life costs faced by consumers.

Simon regularly contributes to a range of industry publications related to funerals and end of life insurance protection. In addition, Simon has presented to the Financial Services Forum; the All Party Parliamentary Group for Insurance and Financial Services; Dying Matters; and The Institute of Cemetery and Crematorium Management.

In 2012 Simon jointly hosted a Parliamentary Roundtable with Citizens Advice and the National Association of Funeral Directors lobbying for change on the Social Fund Funeral Payment, as well as appearing on LBC, *'You and Yours'* (BBC Radio 4), as well as a number of regional BBC radio stations.

Paul Flatters

Paul is the Chief Executive of Trajectory, an agency he set up in 2008 specialising in the analysis and forecasting of consumer behaviour. Previously a Director at the Henley Centre for Forecasting, and the CEO of the Future Foundation, Paul is a social trends researcher and consultant with over 20 years' experience.

In his career Paul has also taken roles with BBC News - where he was Head of Analysis and Research and a member of the News Editorial Board - and with the Consumer's Association as Research Director.

About the Contributors

Lyndsay Davis

Lyndsay Davis joined Sun Life Direct 7 years ago bringing with her a broad experience of the financial services market. Prior to Sun Life Direct, Lyndsay had gained 17 years' experience of marketing both protection and general insurance products via direct channels, including Point of Sale distribution for a major UK retail bank.

Since joining Sun Life Direct, Lyndsay has been at the forefront of developing customer orientated propositions in the protection market which includes broadening the range of options available to customers who wish to make plans for their funeral provision.

Bob Tyrrell

Bob is a Director of Trajectory Ltd, a trends and strategy consultancy. He was formerly Chairman and Chief Executive of the Henley Centre for Forecasting, Chairman of the think tank Demos and a presenter of the Radio 4 Analysis programme.

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