

## VULNERABLE GROUPS - Month Organiser

### ACTIVITY IN AUGUST

- The Tales from the Tent mobile video recording studio met the public and recorded their comments at Porirua shopping mall – see ‘Caught on camera’.
- Our online public survey had 1,400 respondents, who also made an additional 1,000 comments – see ‘What NZ told us’.
- We spoke to work programme trainees, social service providers and clients in Kaikohe.
- We visited community houses for older people and engaged with people on Pacific community financial capability courses.

### HIGHLIGHTS

- New Zealand Superannuation (NZS) is currently working well in preventing hardship among older people. Ministry of Social Development research shows 3% of those over 65 are in hardship measured by a material well-being index, compared to 8% of the total population.
- A Commission survey of 1,400 people found that 26% are very concerned about their financial security in retirement and 29% are moderately concerned.
- The review has found key factors related to financial vulnerability in retirement being: high housing costs; poor health; low savings; and being low or semi-skilled.
- Additional factors that impact financial security for older people are caring for others and living alone.
- In March 2016, 40,385 or 5.6% of all NZS recipients also received an accommodation supplement meaning they spent over 25% of their income on housing and have less than \$16,200 in assets (for a couple). Another 13,000 are primary tenants, aged over 65, living in social housing and receiving income-related rent subsidies.
- There is a high dependence on NZS for retirement income, with around 40% of recipients having almost no other declared source of income.
- Low rates of hardship among older New Zealanders may rise in the near future as home ownership levels decline and a large number of long-term beneficiaries, with poor health, approach the age of 65.

## THEMES

- New Zealand Superannuation provides a basic income for essentials and its adequacy is based on owning a home. Ministry of Social Development research shows that between 4% and 8% of older New Zealanders live in low income households (after housing costs).
- Between 2013 and 2016 the number of NZS recipients who also received an accommodation supplement increased by 15.2%. Given the eligibility criteria for the supplement, this group of renters, or those with higher mortgage costs, are likely to be financially vulnerable.
- The 2016 Ministry of Social Development report on the wellbeing of New Zealand households indicates that declining home ownership rates among the next cohort approaching 65 may result in an increase in poverty and hardship rates. Home ownership rates appear to have peaked for older New Zealanders with 77.4% of those aged 65 - 74 owning their own home. In 2013, 28% of 50 to 64-year-olds did not their own home, up from 23% in 2006 and 21% in 2001.
- Declining homeownership rates are worse for Maori and Pacific people with a marked reduction over the past 20 years. Maori ownership rates fell from 57% in 1991 to 43% in 2013, while the rates for Pacific people declined from 49% to 33% over the same period.
- Health is an important factor in preventing financial vulnerability. Poor health and disability impact people's capacity to work and save, along with the additional cost of health care and medicine. In March 2016, 129,505 people over 65 received a disability allowance, which represents 18.5% of those over 65.
- The Ministry of Health forecasts the portion of District Health Board funding for people over 65 will rise from 42%, of \$11 billion in 2015/16, to 50% in 10 years. In addition, almost \$1 billion a year is spent on residential aged care. More work is needed on the impact of health on financial vulnerability and the growing costs of health and aged care for older people.
- A large group of beneficiaries with moderate to severe health conditions are approaching 65. At March 2016, there were 68,559 people aged 50 - 64 receiving Supported Living Payments (SLP) or Health Care or Disability Job Seeker Support. Over half also received an accommodation supplement, and half (24,379 out of 45,883) of the SLP recipients have been continuous for over ten years.
- More work is required on early intervention and assistance with training and employment for those over 50 to help mitigate longer-term financial vulnerability after 65. Those who are in physically demanding jobs and cannot continue beyond their 50s, along with low or semi-skilled older people who are not in work are two groups that require attention.

- Caring for others and living in a single household are two additional factors that contribute to financial vulnerability, and most frequently impact women. More older people are caring for children, partners, parents or others and often later in life. Caring roles can put pressure on finances and affect the ability to undertake other paid work. When the level of care required is not full-time there are no support payments available.
- There are emerging differences, with per capita income for couples being much higher than single person households over 65. The material wellbeing of NZ households report found 60% of singles have less than \$100 per week from non-government sources compared to 30% of couples. The difference could be more couples having a partner working past 65.
- A high dependence on NZS and low levels of savings for retirement are an obvious vulnerability. Retirement expenditure guidelines and research on healthy retirement living shows most New Zealanders need to save more to achieve a higher standard of living than is afforded on NZS alone.
- Underpinning this topic is the importance of raising levels of financial capability to improve quality decision-making and planning for retirement. When asked in our public survey what support people needed, the leading factor was financial advice and information to assist with budgets and financial decision-making.

## MORE INFORMATION

- Recommendations – see ‘Change today and Change tomorrow’.
- Online survey results – see ‘What NZ told us’.
- The material well-being of New Zealand households, Bryan Perry, Ministry of Social Development, August 2016 – see ‘Heavy stuff’.
- Household incomes in New Zealand: Trends in indicators of inequity and hardship 1982 to 2015, Bryan Perry, Ministry of Social Development, August 2016 - see ‘Heavy stuff’.
- The Social Report – Te purongo organa tangata, Ministry of Social Development, June 2016 - see ‘Heavy stuff’.
- Household Net Worth Statistics: Year Ended June 2016, Statistics NZ, June 2016 - see ‘Heavy stuff’.
- Changes in home-ownership patterns 1986-2013: Focus on Maori and Pacific people, Statistics NZ, June 2016 – see ‘Heavy stuff’
- Homeless Baby Boomers, Alan Johnson, The Salvation Army Social Policy and Parliamentary Unit, December 2015 - see ‘Heavy stuff’.