The economic and social contribution of older people

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Stereotypical views of older people

'You're deliberately putting yourself at risk of ill health by being over 65...'
Narrative that older people are economic burdens

Driven primarily by two factors:

- **Demographic changes:**
  Increased life expectancy & fewer children.

- **Increased costs of ageing population:**
  Pensions, healthcare, welfare payments, social care.
Counter-narrative

Older people make an important contribution to both economy & society.

“A society that does not value its older people denies its roots and endangers its future.”

Nelson Mandela
An ageing population: Percentages

Census year population percentages by age, 1911-2011 (NISRA, 2012)
An ageing population: Ratios

Ratio of Children and People Aged 65 and over per 100 Adults of Working Age (i.e. 16-64)
An ageing population: Median age

Median Age of the Population, 1911-2011 (NISRA, 2012)
Future population projections.....

Anticipated change in population, 2014-64 (‘000s)

(Calculations based on NISRA 2014 national population projections)
The implications of an ageing population:

Pension costs

Cost of providing state pension in Northern Ireland has increased by 21% between the years 2010-2016.

Pension credits: Expenditure on pension credits has declined by 32% between the years 2010-2016.

(Calculations based on benefit expenditure and caseload figures from DWP, 2016)
The implications of an ageing population: Other age-related benefits

Estimated future expenditure (£ millions) on key age-related benefits
The implications of an ageing population: Health and social care costs

Source: NPI Population Tax and Expenditure model. The data is for 2015.
The implications of an ageing population: Labour market

833 potential additional persons on average per year in workforce between 2019-2024 due to changes to state pension age & increased numbers of people aged 65+.

(Calculations based on NISRA-2014 population projections)
Contributions of older people: Taxes

Direct

- Income tax.
- National insurance contributions.

<table>
<thead>
<tr>
<th>Annual value by year:</th>
<th>£ millions p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>250</td>
</tr>
<tr>
<td>2022</td>
<td>268</td>
</tr>
<tr>
<td>2032</td>
<td>252</td>
</tr>
<tr>
<td>2042</td>
<td>241</td>
</tr>
<tr>
<td>2052</td>
<td>248</td>
</tr>
<tr>
<td>2062</td>
<td>240</td>
</tr>
<tr>
<td>Overall value 2012-2062</td>
<td>12,818</td>
</tr>
</tbody>
</table>

Source: Development Economics
Contributions of older people:

Taxes

Indirect – otherwise referred to as consumption/expenditure taxation.

<table>
<thead>
<tr>
<th>Annual revenues by year</th>
<th>VAT</th>
<th>Excise Duties</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>507</td>
<td>119</td>
</tr>
<tr>
<td>2022</td>
<td>647</td>
<td>152</td>
</tr>
<tr>
<td>2032</td>
<td>788</td>
<td>183</td>
</tr>
<tr>
<td>2042</td>
<td>839</td>
<td>190</td>
</tr>
<tr>
<td>2052</td>
<td>886</td>
<td>199</td>
</tr>
<tr>
<td>2062</td>
<td>883</td>
<td>196</td>
</tr>
<tr>
<td>Overall contributions</td>
<td>39,330</td>
<td>9,000</td>
</tr>
</tbody>
</table>

Source: Development Economics
Contribution of older people: 
Labour market

Research by NIESR (2009) found that for every one-year increase in the State Pension Age there will be a:

- **2.5%** increase in overall labour force participation
- **1.5%** increase in GDP.
Contributions of older people: Volunteering

Most recent statistics show that of those aged 65+:

17% involved in formal volunteering

21% involved in informal volunteering

Moreover:

Most likely group to volunteer on a consistent basis.

Most likely group to volunteer for more time than any other age group.

Contributions of older people: Volunteering

20% not currently involved in volunteering would consider it.

Commonly cited reasons for not volunteering:
- Existing work commitments (31%).
- Ill health or disability (18%).
- Time commitment too large (16%).
- Looking after children or home (10%).
- Consider themselves ‘too old to be involved’ (9%).
- Caring responsibilities (8%).

Contributions of older people: **Volunteering**

Average annual value of volunteering activities provided by people aged 60+ is **£2953**.

Contributions of older people: Caring

There was an increase of 22,000 older carers in the 10 years from 2001-2011.

23% of unpaid care in Northern Ireland is being provided by those aged 60+.

Of those aged 60+ who provide care:

46% are men.
54% are women.
Contributions of older people: Childcare and family wellbeing

• **Two-thirds** of grandparents provide some childcare for their grandchildren.

• **1 in 5** grandparents are heavily relied upon to provide regular childcare.

• **Saves** parents around £1786 in formal childcare costs.

• This figure higher if looking after more than one child.
The net contribution of older people

<table>
<thead>
<tr>
<th>Source</th>
<th>2012 value</th>
<th>2062 value</th>
<th>2012-2062 value undiscounted</th>
<th>2012-2062 value discounted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions via taxes made by older people</td>
<td>1,438</td>
<td>2,837</td>
<td>118,590</td>
<td>49,865</td>
</tr>
<tr>
<td>Value of volunteering and other services provided by older people</td>
<td>2,173</td>
<td>3,356</td>
<td>154,285</td>
<td>67,040</td>
</tr>
<tr>
<td>Costs of service provision (excluding pensions)</td>
<td>2,444</td>
<td>6,674</td>
<td>231,503</td>
<td>92,196</td>
</tr>
<tr>
<td>Net costs</td>
<td>1,167</td>
<td>(481)</td>
<td>41,372</td>
<td>24,709</td>
</tr>
</tbody>
</table>

\[ \text{Financial Contributions} + \text{Other Contributions} = \text{Costs} = \text{Total Net Contribution} \]

\[ \£49.9 \text{ Billion} + \£67 \text{ Billion} = \£92.2 \text{ Billion} = \£24.7 \text{ Billion} \]
Other contributions of older people