

# Ageing in Place: intergenerational and intrafamilial housing transfers and shifts in later life

**DRAWING ON A NATIONAL SURVEY OF NEARLY 7,000 OLDER AUSTRALIANS, IN-DEPTH QUALITATIVE RESEARCH USING FOCUS GROUPS AND INTERNET CHAT ROOMS, THE STUDY FOUND THERE IS A SIGNIFICANT SHIFT IN THE VALUES AND PRIORITIES OF OLDER AUSTRALIANS THAT IS TRANSFORMING THE PATTERNS OF FUTURE HOUSING TENURE, LIFESTYLE AND FAMILY RELATIONSHIPS. ASPIRATIONS BY OLDER AUSTRALIANS FOR INDEPENDENCE, FLEXIBILITY, CONSUMER AND LIFESTYLE CHOICES TAKE PRECEDENCE, CHALLENGING TRADITIONAL NOTIONS OF OLD AGE AND FAMILY OBLIGATIONS.**

## KEY POINTS

- Independence, flexibility, consumer and lifestyle choices are now key values and priorities for older Australians. The main contributing factors are increased longevity, changing family relationships, new forms of identity formation and social expectations, greater social mobility and diversity.
- Ageing in place depends more upon attachment to location rather than the family home. Older people are now accepting of change with the Baby Boomers particularly comfortable with moving house. Problems of household and garden maintenance, divorce, death of a spouse, downsizing, and lifestyle preferences precipitate decisions to move.
- Friendship enclaves offer new forms of community based upon commonality in lifestyle and consumption patterns. In contrast, extended family living is resolutely rejected.
- Homeownership, as the greatest financial asset for many older Australians, provides a conduit for choices in later life. Downsizing, equity conversion or extraction, and capitalising assets are all acceptable options. The commonly used expression OWLS (Oldies Withdrawing Loot Sensibly) captures this.
- More older people are living alone, especially women, and enjoy the experience. Housing tenure is important with home ownership being the conduit to lifestyle choices for many older Australians, but for private renters, particularly older women, who are most fearful for the future.
- One quarter of respondents surveyed expect to use up all their assets before they die, and an even higher proportion (one third) of Baby Boomers expect that to be the case. More than one third already have assisted children financially, mostly loans not gifts. There is a prevailing attitude of “put yourself first after years of hard work” - commonly expressed as SKI (Spending Kids Inheritance).

*This study by  
**Dr Diana Olsberg**  
and **Mark Winters** of  
the AHURI UNSW-  
UWS Research Centre  
examines the current  
housing tenure and  
future housing  
intentions of older  
Australians, their  
financial expectations  
for future lifestyles,  
and attitudes towards  
reciprocal obligations  
regarding legacies for  
their children.*



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## CONTEXT

Population ageing is producing economic, social and personal challenges for Australian society, for families, individuals and governments, which has been the subject of major inquiries by all tiers of government. An important feature of population ageing is the experiences of mid-life and later-age men and women about their present housing tenure, future housing intentions and the intergenerational or intrafamilial transfer of their financial and/or housing assets.

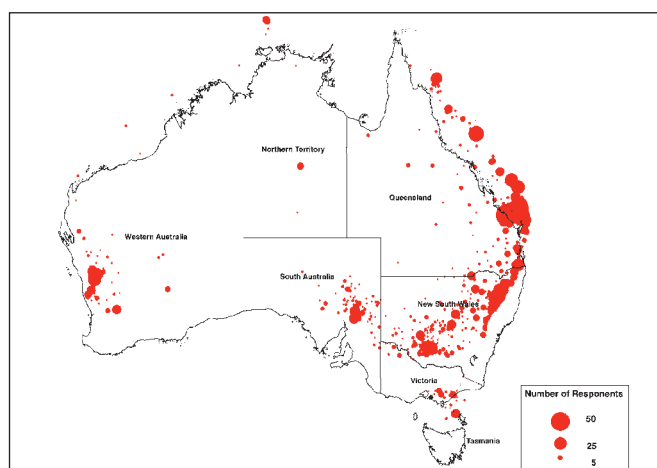
## METHODOLOGY

This is the largest study of the future housing intentions of older Australians and is the first to have insights into their future expectations. It combines a national survey, in-depth qualitative research using focus groups and Internet chat rooms. Of particular significance, is the use of a sample of 7000 men and women aged 50 years and over across all regions of Australia (see figure 1). The large sample resulted in very substantial statistical power in the quantitative analysis. The survey sample derived from a four page questionnaire in the bi-monthly journal of the National Seniors' Association, '50 Something', in April/May, 2004 with a four week response period. The journal has a readership that includes those sectors of the population who have equity in their housing asset and who are in a position to make housing equity choices and transfers, and are thus the primary target population for this project.

The study focuses on three age cohorts – the Baby Boomer cohort aged 50-59 years; the young-old, active and independent cohort of 60-74 year olds, most already in retirement; and the third cohort comprising those aged over 75 years, the older-old facing dependence, with some planning to move into supported or residential care. One third of respondents were aged between 50-59 years, comprising the first cohort of the Baby Boomer generation.

The main emphasis is on homeowners 50 years and over due to the study's focus on housing equity and housing transfers. The sample also contained almost 600 non-home owners, allowing an examination of differences in housing intentions of homeowners and private and public renters.

**FIGURE 1: DISTRIBUTION OF RESPONDENTS ACROSS AUSTRALIA**



## FINDINGS

The patterns of housing tenure, lifestyle and family relationships and traditional family obligations of older Australians are changing. The common perception that older people are resistant to change or move is disputed. The research reveals that older people are extremely diverse in their experiences, their aspirations and expectations. There are not only differences between the three age cohorts analysed, but there are also distinct differences among people within those cohorts. The clearest differences were between the oldest cohort, those aged 75 and over and the Baby Boomer cohort, those aged 50 to 59, indicating substantial shifts in values and priorities across these generations.

### AGEING-IN-PLACE

Patterns of housing tenure are changing. In the sample (of 7000 older Australians 50 years and over), more than one third of respondents (36%) live alone. This increases to 57% for those aged 75 years and over; with women twice as likely to live alone (46%) as men (22%). Only seven per cent of respondents live in an extended household with family or others, and there was blatant resistance to any possibility of future extended family living. Respondents reported that they "live alone and love it".

Housing tenure affects mobility. Homeowners are most likely to want to age-in-place (64.6%), although for the majority (83%) their attachment was not necessarily to the home but to the local area. Pleasure in and familiarity with the area and its facilities were important factors, as was proximity to people they know in the area. Baby Boomers (respondents between 50-59 years of age) had the lowest expressed desire to age in place, which was seen by them as a negative idea representing immobility and old age.

One in three respondents (33%) had moved in the past five years, most had moved location, and half had downsized to a smaller home. Similarly one in three (35%) intend to move in the foreseeable future. Many commented the past or future shift represented a lifestyle decision, moving as some said to a "better place" or to "warmer weather" or to "access better recreational facilities". Respondents now living in country or coastal towns (21%) had moved to those areas (particularly to coastal areas) in the past 5 years – the well-known 'sea change' or 'tree change' phenomenon. Women, pensioners and those in private rental accommodation were most anxious about moving in the future, concerned about the costs of moving but realising that their financial circumstances may make it impossible to stay where they are. Private renters (246 persons) were the most fearful that they would be forced to move due to financial difficulties, as they grew older.

Most successful moves were by those who had formed or joined 'intentional communities' or friendship enclaves, either moving to a location or a retirement village where they already had friends. This is not the traditional family-based neighbourhood community, but reflects an emerging consumer class of people who find commonality in lifestyle

and consumption patterns. These new consumers pride themselves on their cultural literacy, and on the choices they make about where to live and what to buy.

## **FINANCIAL PLANNING FOR FUTURE NEEDS**

There was broad agreement by respondents that people do not plan ahead. One in five respondents overall (almost a quarter of Baby Boomer respondents) indicated that they had not given any consideration to their future financial needs. Marriage breakdowns and divorce had frequently brought unexpected strains. Many respondents regretted they had not saved earlier, and for some old age had come surprisingly fast.

There was a sense of outrage expressed by respondents at the perceived diminution of government-provided services and demands that older people work longer, which was construed by many as a betrayal of the 'social contract'. A third (33.5%) expected to have to sell or rent the family home to pay for their future needs and almost a third (31.3%) said they would use government services in the future. There was an expectation that government services would remain available and that governments should be obliged to provide for older citizens' needs. Respondents expressed high levels of independence about family relations. Only one in a hundred said they would ask their children for financial assistance to pay for future needs.

While less than seven per cent (6.3%) said they would take out a loan on their home to provide for future financial needs, 83 per cent of respondents saw their home as an investment for the future. Eighty-six per cent said that owning a home means that one is free to make decisions about how one lives, and three quarters (75%) said a person could sell the home or borrow against it to provide for needs in old age. Some were candid about capitalising on their assets, several referring to themselves as OWLS (Oldies Withdrawing Loot Sensibly).

## **SHIFTING VALUES & FAMILY RELATIONSHIPS**

A significant feature of the responses of older Australians was their desire to have a sense of flexibility about their lifestyle intentions during the last years of life. The prevailing attitude was that after years of hard work they have earned the right to enjoy the fruits of their labour in any way they choose, regardless of the well-worn tradition of ageing in place with the sole aim of providing security for the next generation. While for many the family remains the strong foundation for their identity, the notion of a universally strong and supportive family structure is greatly diminished, replaced, in part, by individual consumer preferences and lifestyle priorities.

More than one third had given their children financial assistance, in almost all cases in the form of a loan not a gift, and mostly an informal no interest loan. The research shows that people whose parents had paid off their home or whose parents had already downsized their family home or moved into a retirement village were far more likely to be provided with financial assistance to buy a home. Also, that people whose parents are renting have very little prospect of gaining parental assistance for home purchase.

One in five respondents said they expect to use up all their assets before they die. A quarter of Baby Boomers said this was the case. Almost 70 per cent of people renting said they will leave no assets, while some respondents said they hoped there would be enough left for their funeral but that would be about all. Only self-funded retirees were confident they would leave a legacy, only 17 per cent expecting to use up all their assets before they die. A surprisingly small number of respondents (7%) had made provision in their wills for charitable bequests. Many respondents used the expression SKIERS (Spending Kids Inheritance) to describe themselves.

# **POLICY IMPLICATIONS**

## **LIFESTYLE LIVING FOR OLDER AUSTRALIANS**

Older people's declared preferences for independent living, increasing numbers of older people (particularly women) living alone, a strong rejection of extended family living, and preferences for intentional communities or friendship enclaves, requires innovative responses by private building developers and innovative public housing developments. Overseas models, such as Denmark, provide positive examples of more appropriate accommodation options for older Australians. In particular, there will need to be more open and flexible consideration of such developments by town planners and for local government ordinances. There is a need for co-operative village building permits and land titles. These are already accepted in rural areas, and could well be considered for urban environments. The desire by many older people to downsize their family home and remain in their urban area and to be near to friends suggests this would be a preferred possibility for some older people.

## **UNLOCKING HOUSEHOLD EQUITY**

In the past two years there has been an increase in the number of reverse mortgages in the Australian market from three to eleven. However, the study shows there is general dissatisfaction with the existing products. There is a need for the development of an equity conversion or extraction product based on a collaborative public-private partnership and underpinned by some form of government bond guarantee. Many respondents wanted some form of government-based guarantee for the continuity of their housing tenure. Government regulation is also necessary in the largely unregulated reverse mortgage market sector. A review of taxation and pensioner benefit eligibilities is suggested. Respondents were concerned about infringing their pension entitlements when taking-up a reverse mortgage for home equity conversion as a planned step early in retirement to enhance retirement income; to access small amounts of equity for household maintenance or provide for renewal of motor vehicles or household whitegoods; and/or later in retirement for older Australians who have exhausted other assets.

## **FUTURE HOUSING FOR NON-HOME OWNER ELDERLY**

The research identified significant differences in the probability of future house changes and in family relationships for older people renting. Those living in private rental accommodation, particularly women, were most fearful about a lack of future housing security. With increased longevity and associated likely demand for adequate public housing, there is a need to address the particular needs of older tenants.

## **RETIREMENT SAVINGS & FINANCIAL LITERACY**

The study highlights the persistence of low levels of knowledge about government policies with regard to benefits for older Australians. For example, one third of respondents (32.9%) had no understanding of payment bonds for low-level residential care (former hostels) nor the differences between various levels of residential care. For example, the newly established Financial Literacy Foundation should give particular attention to the financial literacy of older Australians.

## **INTERGENERATIONAL RELATIONSHIPS**

Issues of sharing accommodation with children, receiving financial support from children or providing financial assistance to children, and bequests and inheritance were revealed as incipient sources of conflict within families. There appears to be 'shadow-boxing' around these family discussions that may lead to tensions within families. The Australian Government's Family Relationship Centres could include discussions of inheritance and intergenerational support as part of the service provided.

## **FURTHER INFORMATION**

This bulletin is based on AHURI Project 70223 entitled *Ageing in place: intergenerational and intrafamilial housing transfers and shifts in later life*. Reports from this project can be found on the AHURI website ([www.ahuri.edu.au](http://www.ahuri.edu.au)) by typing the project number into the search function.

The following documents are available:

- Positioning Paper
- Final Report

Or contact the AHURI National Office on +61 3 9660 2300.



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HEAD OFFICE Level 1, 114 Flinders Street Melbourne Victoria 3000 TELEPHONE +61 3 9660 2300  
FACSIMILE +61 3 9663 5488 EMAIL [information@ahuri.edu.au](mailto:information@ahuri.edu.au) WEB [www.ahuri.edu.au](http://www.ahuri.edu.au)

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