**Inside FCA Podcast on Intergenerational Issues: Interview with Baroness Sally Greengross**

**WB:** Welcome to the Inside FCA Podcast. I am Wesley Ball and I head up the Public Affairs Team at the FCA. I am delighted today to be joined by Baroness Sally Greengross. Sally is a cross-bench Member of the House of Lords and recently helped to set up the Lords’ Intergenerational Fairness and Provision Select Committee. Over the last year, they have taken a lot of evidence and have very recently produced a fascinating report about the challenges we face as we grow older. So, today Sally is a perfect guest to tell us more about the challenges of growing old and having enough money throughout our lives. Welcome, Sally.

**SB:** Thank you.

**WB:** I’d like to start today by asking you about the work of the Select Committee. What prompted you and your colleagues to set it up and what did you look at over the last year?

**SG:** I think there’s a growing feeling that things are changing and that the years that I spent and so did many other people looking at older people’s financial situation have changed, that some older people now are in fact – they enjoyed a golden age, if you like, they were able to save and those who were are not poor as most pensioners were in the past, so I’ve spent many years working with older people and it was always a fight to do something about the poverty they experience but now there are many more older people who are able to continue working, who are able to continue having a full life and we’re not sure that the younger people growing up now are going to do quite as well as they did.

So, I think we’ve got to be prepared not to bunch all older people together as pensioners living very near or in poverty. Some who go on working may be running a business in their seventies and then if they live in London, they’ll come in on the train and they will come for nothing and their research assistant who isn’t a student anymore will pay a rather inflated fare and that’s just one example of the way things might have changed.

I think we have to take note of that, that if you are working in your sixties or seventies, you may be earning quite a lot and if you are, just because you’re a pensioner doesn’t mean you shouldn’t pay tax on it. So, I feel quite strongly that people should be looked at as who they are and what they’re doing, not as a bunch just according to their age.

So, we still have a lot of pensioner poverty but we also have a generation of people who did much better in employment terms and housing terms, even health terms than quite a lot of people now who are younger. So, we want to be sure that we’re fair as a society. So I think that we need to make sure that older people who are working are treated as works, so if they pay insurance, they should pay insurance, they should pay tax like anyone else, and I don’t think there’d be very much objection to that frankly.

So, I think we must always be fair across the generations. Where we’re not fair, we need to rectify that so if you are working and you make a tax return, in my view you should be taxed on your benefits as well as on your income.

**WB:** That’s quite an interesting and I think challenging issue for politicians to grapple with, with electorates. But, you know, when you have that slide into retirement rather than a cut-off point at sixty-five, you can see where the Select Committee is coming from. Did you manage to seek cross-party consensus on that?

**SG:** Well, we more or less said that in our report, that the government should look again. Look, what I’m saying is quite tricky because it’s not going to bring in a huge amount of money. I think we were just looking at intergenerational fairness and most parents want their children to be in a fair society, most children want to look after their parents if they need help, we’re not looking at a hostile population, I’m just saying we need to think of people today as who they are and what they do, not have a label ‘pensioner’ or ‘child’ or ‘adult’, but just remember that we are all evolving as a society.

Yes, and it’s a fascinating challenge to consider the fact that you’re working even when you are past what people would say would be pensioner age and more and more people do that now, don’t they?

We have very, very good anti-age discrimination legislation and if that works then a lot more older people will be able to contribute to society and go on learning and training and that’s wonderful, but we want to make sure people take advantage of that but also that society remains fair always.

**WB:** I think that was one of the really interesting points I took from the report and the recommendations was about the kind of length and lifespan of our careers and the fact that one of the other recommendations was around retraining and getting new careers as you go through your life, rather than starting at eighteen or twenty-one and finishing at sixty or sixty-five.

**SG:** Well, it’s another development which is hitting us all very quickly, so today’s older people weren’t part of that but we now know that young people want perhaps to have a break when they have a family, both men and women, that the situation of women is quite different and we have to enforce non-discrimination, we have to be certain of that but it does mean that both men and women have breaks when children arrive, both men and women can share in bringing up their families, and in changing jobs and having breaks during their lifetime and going on into a much longer period which at the moment we still think is past retirement but it isn’t for them.

We looked quite a bit at housing as well and we do know that there’s an enormous problem there for young people and that some adjustment needs to be made so that more young people can actually find somewhere to live and that’s essential and in fact the International Longevity Centre has done a lot of work on that as well. So, we have to remove barriers to homeownership for people because this is part of a decent society.

**WB:** And the report made some recommendations around the planning system and around access to finance, didn’t it, for people to get assets through housing?

**SG:** Absolutely.

**WB:** And I thought that was really interesting and one of the things that we have been doing work on at the FCA is understanding the different generations and the challenges that different generations face and, you know, if you want to be crude about it, we’ve done some thinking and saying, well, baby boomers have lots of assets from, you know, getting on the property ladder quite young in life, and we’re looking at what people call “millennials” and the challenges they face when they are getting on the property ladder much later in life and how that will feed through into having enough money for their retirement. I think it would be quite interesting to hear what your views are on the different challenges that people born in the forties and fifties versus the eighties and nineties will face as they get older.

SG: Yes, well the people like me really who were able to get a house, and I have four children, and I was able to work and have the children and I was very lucky and it was very expensive but we managed. And that house, of course, zoomed up in price in a way that younger generations don’t know and that helped me to help my children and the Bank of Mum and Dad has been quite active enough, not everybody can do that, and it’s sad because parents and grandparents want to – older people want the younger generation to have a reasonable future, we expect incomes to go up and for people to be better off with each generation and that isn’t happening and anything that the majority of older people can do to help the next generation is by and large what people want.

It’s not going to be something they refuse to consider – there may be the odd people who do but the majority are themselves grandparents or parents. So, I don’t think we’re looking at a war between the generations, I think we’re just looking at fairness, you know, and my views are pretty extreme. I just think treat people as citizens; it doesn’t matter now what their age is. If they are sick, they’re frail and they’re poor, they need a heck of a lot of help, but a lot aren’t, thank goodness.

**WB:** Thank goodness, yes.

**SG:** I started a long time ago and we were really campaigning because older people were in dire poverty and the majority, a vast majority were – they may have had somewhere to live, but they didn’t have anywhere to live that they could maintain and look after properly, and the situation has changed. But for those for whom it hasn’t changed, we must concentrate our resources and our energy on those people, but not on all older people.They mustn’t be lumped together.

**WB:** Yes, because we think, we’ve been doing some thinking and looking and trying to understand how we can help the financial services industry create products and a pathway for people in their twenties and thirties to save enough money for retirement and also what needs to be in place for people who are in their fifties and sixties and approaching retirement, and we find different situations for both those groups of people take for example, two ends of the spectrum, but what I think you were saying just then was actually it’s not just about looking at groups, but about individuals looking at their own circumstances and making decisions on the basis of their particular situation.

**SG:** I think the ignorance in this country about our financial later life, our financial future when we’re young, is absolutely extraordinarily rife, it’s there and we don’t teach nearly enough from schooldays onwards. We should be teaching children and I remember an experiment that - I think it was Unilever in Africa were teaching the children messages that they passed onto their parents and they were quite young children and this was a really good way of getting financial advice, very basic stuff, to their parents. And I don’t think it’s an impossibility here. I think if we school children a bit about savings and so on, the message will get home but I do think financial advice is more and more necessary now and I think the Financial Conduct Authority is absolutely essential and working with the industry.

So, it’s paramount really and we know that if people have the right advice, they have a much better future. So, anything that you can do and working with the financial industry, the financial advice industry, the specialists who do that is very important. So, in a way, it should be almost mandated that people have guidance about what they’re going to do if they need to access their savings because people will just perhaps who have no knowledge of the financial world, might take out too much and then find they’re very, very hard-up. People don’t have a clue about the costs of care and this may change but it’ll be some years before it does and many more people need care than will admit to even thinking about it.

So, that sort of thing is essential. And I think employers, specialist advisors and you yourselves are absolutely an essential part of the broader education of people in this country because it’s astonishing, there’s an astonishing amount of ignorance.

**WB:** One thing I’d be interested in your views on is, this is a long-term challenge the government will be dealing with for the next ten, twenty, thirty, fifty years – what do you think government and people like us, the regulators, should be doing now?

**SG:** Well, one of the big issues is people getting access to their pension savings and then spending them unwisely, sometimes with awful results.

**WB:** Do you think that’s a big problem?

**SG:** I don’t know, I don’t know how big a problem it is. I think it would be worth finding out. But I think perhaps government should make that mandatory that people do get advice or guidance when they want to get into their pension savings because it’s fine spending it all on a lovely holiday or something until you realise what the costs of care are and you need them next six months or something. So I think default guidance is very important there and perhaps that should be mandated.

And if what we’re trying to do is to stop people getting the very worst outcomes and I mean this is awful, people who are stuck in hospital, not usually for financial reasons but for a whole host of reasons – what we don’t want is because there’s no money, nobody knows where these people should go and this really applies to older people and it’s a terrible sort of way to end up and it would be – if we could sort that out, the financial bit of it, it would go a little way to doing something about a bit of a crisis in the NHS as well, people who are not getting the care they need because of something in the past. So I think it’s very important.

**WB:** Gosh, those are big challenges, aren’t they? Sorting out pensions freedoms so that people make the best decisions possible, and then also sorting out the care system, that’s two big challenges for the government.

They are huge but the care system is a priority. Most people don’t realise that they may need care, don’t understand that it’s not part of the NHS, it’s not paid the same way and sort of an understanding of that must be one of the most important pieces of advice, just basic understanding what you need to have in your savings in case you need care. And, also, the work that you do really in the roll-out of the pensions’ dashboard is essential because it’s fine, go off and have a wonderful holiday, but if you spend the lot and you’ve got no idea how long you’re going to live and you’ll live much longer than you think you’re going to live, then you are very ill-informed, and when you really need some money for something quite important, it may not be there. Everybody thinks they’re going to just die at eighty or something and they don’t.

**WB:** I contemplate both, you know, living a long and healthy life but also having, you know, just enough money to get me through it. Are there any good examples from other countries that you think we could draw upon?

**SG:** Well, as is usually the case with this type of issue, we tend to look at Scandinavian countries and maybe the Netherlands as well. They have more of a tradition in those countries for involving the public in their own financial future, people are used to taking control and we perhaps, because we have a welfare state, we have helped, I think, in giving people the idea, well, it’s okay because other people will tell me what to do. And that is - to a certain extent, that’s right but unless you seek the advice, you won’t get it and it’s not mandatory, as I said, maybe it should be in some cases or more mandatory than it is.

**WB:** One of the things that we have found when we’ve been looking across people’s financial lives is that younger people in their twenties and thirties are saving less and that’s not because they don’t want to save less but they’re finding it harder to save less because their money is being pulled in a lot of different directions. And thinking about the system over the next fifty years, these people who are going to live longer, retire later, what do you think we as a regulator and government should be thinking about doing to help younger people prepare for their retirement?

**SG**: Well, flexible working, having control or a little bit more control of our wealth, if we have any, or our savings that we should be thinking about, means the role of financial advice is absolutely critical and gets more critical every year. So, with a different work plan, a different leisure plan, a different look at what it means to be twenty, thirty, forty, fifty etc because we don’t anymore have school, university, work or school, work, retire – people need educating more, not less, and so the role of the authority is critical and becomes more so every year.

And young people today have to learn about what they are going to need as they go through life. I don’t know how you should do that. I used to think the best thing you could possibly do was to get all the pub owners in this country together and teach them what they need to know because that’s where people relax and where they talk, and maybe you could have evening sessions in pubs where you’re bringing people together and talking about finance, maybe we just have to break down the barriers and just make it easy for people.

**WB**: Do you think there’s something that employers should be doing? We’ve seen the start of that with the auto-enrolment but what more should employers be doing to help people prepare throughout their life?

**SG:** I've spent many years chairing with people in the Commons, all-party groups on responsible business practice and I think employers have a huge role to play and I would think that the role of the Financial Conduct Authority working with employers is critical. I think that the review at fifty when you’re starting the second half of life should be very broad and perhaps not just labelled “financial advice” because that puts people off but looking at the future more broadly and really saying, “Now this is the start of the next half” and we need, I think, a good employer should make time for that.

My own view is you should give people a certain amount of time, half a day a month or a day a month or whatever it might be to find out what’s going on in your local area where you live, not where you work, and find out financially but in all other ways what you’re going to do when you retire because not many people know how to set about that and I think there’s a huge role for responsible employers there. It is about building a life which can go on for many, many years and where illness and long-term illness might be a very serious part of it and you might – you might have a caring role or you might be a patient, and making people understand that this is a reality, it’s not – and it’s not something that happens to other people, it happens to all of us, but we don’t contemplate it, we really don’t, and we have to.

So, the financial advice has to be on the back of life planning, it has to be relevant - if you just talk about finances without that being geared to what might happen in my life, that’s not going to work. First of all, your parents might need care and you have to sort that out at work, what does that do to your finances if you’re a carer as well as an employer, and is your employer ready to help you if you’re a carer?

To have rights, would your employer be understanding about the time you need to do the caring? Would your money still be there and what happens if you get disabled? I mean, it’s fine to come back from a skiing holiday and you’ve got a broken leg and everybody’s very sympathetic but if you’ve got the beginning of dementia, that is not as easy to deal with.

**WB:** So, the whole thing there about getting to fifty or fifty-five and your employer preparing, helping to prepare you for the kind of life that you will have when you stop working and the kind of life and therefore the financial decisions that you need to make to support that, that’s really interesting.

I think what you’re talking about requires a good employer to be very flexible and to have built into the employment those eventualities so that the employer can deal with them and it doesn’t have to be a very large employer, some medium-sized, some small companies can do it, but they need to be aware of it and I think the financial constraints on the employer because of this is also something that...

It costs money to do...

It costs money to do and a good employer needs to do it but you have to be prepared and know how to do it.

And now we’ve got younger people saving, having to save for their pension for the first time through auto-enrolment – what should be happening, what should employers be doing at that end of the career journey?

I think making sure - a decent employer making sure that there is somebody a person in that position can go to for advice and that that advisor can put them in touch with people like yourselves, local advisors, depending on their circumstances because if there’s a bit of an emergency, you can go wrong so easily because you underestimate you’re going to go on living for much longer than you think. Getting money out of your pension now is a very good idea as long as it’s done well but it’s a very bad idea if it’s done badly and very tempting to do this badly and I think guidance about how long we live and the way we will live and the reality of long life and aging is essential and we don’t have it. Most of us don’t have that.

**WB:** That’s a really consistent message that you’re giving us today is think about how long you’re going to live, think about your financial planning throughout your life, take good advice and I think those are really strong messages and I think...

**SG:** Put people in the right direction because the ignorance is – it’s right throughout society, people haven’t got a clue where to go and this would be meaningless to a huge proportion of our population, our whole conversation would be meaningless. That’s a shame and a different system in many countries, you have to grow up, even in France, you have to grow up doing more for yourself but because we take care of people, they don’t have to know or they think they don’t have to know.

**WB:** Well, that’s one of the big changes in our system, isn’t it, over the last twenty or thirty years, we’ve moved from, you know, strong state pension and defined benefit system to a state pension and growing retirement, rising retirement age and people having to make much decisions about what they do with the DC pots.

**SG:** Exactly, and it’s working well except that we’ve not - the knowledge that people have hasn’t really kept up with the change, and it’s absolutely essential that the advisors are around there and that the people get the advice. People need to get the advice they need and they don’t know they need it. The challenge is that, make sure that everybody knows this is highly complex and difficult.

**WB:** Sally, that’s been a really, well, sobering but also a really insightful discussion about the, you know, how to prepare for retirement, but you’ve done so many other things through your career. I just wanted to take the chance while we’ve got you in the room to ask you briefly about that, and I just thought what is the most interesting thing that you’ve done that’s not been to do with aging?

**SG:** Well, my work has been for many, many, many years in the field of aging and older people – anything I’ve ever done voluntarily has been with youngsters, either in criminal situations or in difficult situations, educationally or socially. So, my heart is across the ages, not just with older people. But my late husband and I were very fortunate, we were able to spend over a three-year period quite a lot of time and sending specialists over to Sri Lanka after the Tsunami and that was working just with young people, very young children where we set up some model nursery schools, teaching and also with young people whose lives were wrecked because they came from the fishing communities after the Tsunami.

So, I think giving young people a chance in life and even if it was very few, and I don’t know how many, over a period like that was an enormous privilege and I’m desperately sad about what’s happened recently there because I got to know so many people in that lovely country.

It’s a wonderful place, it really is.

So, yes, it brought home to me how privileged we were to be able to be of a little help there, even if just a few young people got a better life.

**WB:** Fantastic.

That was worth doing.

* + - 1. That was worth doing, I think that’s a good message, that was worth doing. Well, thanks, Sally, that’s been a really interesting and sobering account of the things that we need to do to prepare for retirement and I know that I’ve certainly learned a lot from it and I hope other people have too. It’s really been fascinating to learn about your career and the things that you’ve done in your life but that’s all we’ve got time for in today’s podcast. So, join us again soon for the next Inside FCA Podcast.