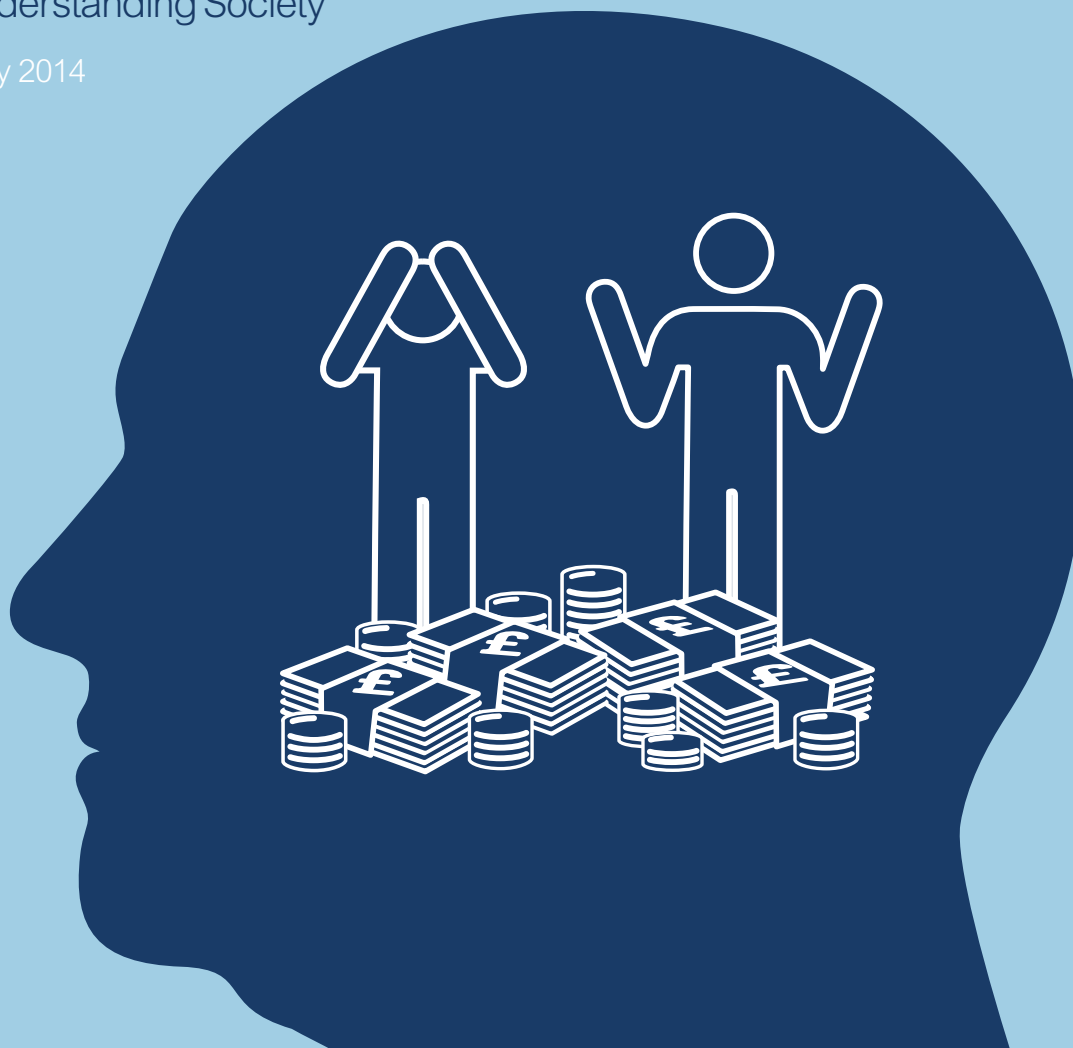


# The relationship between mental wellbeing and financial management among older people

An analysis using the third wave of Understanding Society

January 2014



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A working paper by David Hayes of the Personal Finance Research Centre under the financial wellbeing in older age programme of work being carried out in collaboration with the International Longevity Centre (UK) and funded by the ESRC Secondary Data Analysis Initiative.

# Summary

This new analysis shows statistically significant relationships between age and both increased levels of mental wellbeing *and* people reporting they are managing their financial situation more comfortably. Previous research (Fitch *et al*, 2011) suggested that one in four people with mental health problems are in debt, while one in two people in debt have a mental health problem. Our new analysis corroborates this research, suggesting that after controlling for a range of demographic and socio-economic characteristics, older people who are struggling to manage their finances have eight times the odds of having reduced levels of mental wellbeing. Fitch *et al* suggested that debt may be both a cause and consequence of mental health problems. This work supports the assertion that poor mental health is exacerbated by financial problems and, though questions of causality remain, indicates that mental wellbeing and financial management are inextricably intertwined.

This working paper looks at the relationship between mental wellbeing and self-reported financial management among those aged 50 and above in the United Kingdom.<sup>1</sup> These findings are drawn from the third wave (2011) of Understanding Society, the largest social survey ever undertaken in the United Kingdom.<sup>2</sup> The results presented here are based on a sample of almost 20,000 people aged 50 and above.<sup>3</sup> The results are weighted to be nationally representative.

This paper begins by examining how mental wellbeing among the over-50s varies with increasing age. We then look at self-reported financial management among the same age group, before exploring the relationship between mental wellbeing and how well people feel they are managing their household's financial situation. Finally, we use regression analysis to assess the independent predictors of mental wellbeing, and suggest that there is a strong relationship between mental wellbeing and financial management.

## Mental Wellbeing among the over-50s

The General Health Questionnaire (GHQ) was developed primarily as a screening tool to detect those likely to have, or be at risk of developing, psychiatric disorders. It is a widely-used measure of the common mental health problems/domains of depression, anxiety, somatic symptoms and social withdrawal.<sup>4</sup> Understanding Society includes the General Health Questionnaire measure, described as 'possibly the most common assessment of mental wellbeing' (Jackson, 2007). The 12 measures that form the GHQ12 score used in Understanding Society are:

<b>Concentration</b>	<b>Capable of making decisions</b>	<b>Enjoy day-to-day activities</b>	<b>Losing confidence</b>
<b>Loss of sleep</b>	<b>Constantly under strain</b>	<b>Ability to face problems</b>	<b>Believe in self-worth</b>
<b>Playing a useful role</b>	<b>Problems overcoming difficulties</b>	<b>Unhappy or depressed</b>	<b>General happiness</b>

Survey respondents are asked how they rate themselves with regards to the above criteria. For example, they are asked to judge their *ability to face problems*, with the possible responses being *more so than usual*, *same as usual*, *less able than usual* and *much less able than usual*. Scores are then computed for each criterion and a score of 0-12 is arrived at (see Jackson 2007, for further information).

The threshold of the GHQ12 scoring system is three. Any score exceeding three achieves 'psychiatric caseness'. Simply put, if respondents displayed these symptoms to a general

<sup>1</sup> This research focuses on those aged 50 and above. The terms '50 and above' and the 'over-50s' are used interchangeably in this paper.

<sup>2</sup> See page 7 for further information on Understanding Society.

<sup>3</sup> Not all respondents provided answers to all questions.

<sup>4</sup> See Jackson, 2007 for further information.

practitioner, they would (or should) be referred for further treatment. Table 1 looks at the percentage of over-50s scoring four or above on the GHQ12, categorised in five-year age-bands.

**Table 1: GHQ12 Quality of life indicators for the over-50s**

	Age group (%)							
	50-54	55-59	60-64	65-69	70-74	75-79	80+	All
<b>Positive (GHQ12; 3 or less)</b>	78	80	85	87	88	85	85	83
<b>Negative (GHQ12; 4+)</b>	22	20	15	13	12	15	15	17
<b>Unweighted Base</b>	3,414	2,903	3,058	2,714	1,964	1,386	1,362	16,908

Source: Understanding Society, Wave 3. Base is all individuals with valid data aged 50 and above.

There is a statistically significant relationship between increasing age and increased mental wellbeing. While more than one-in-five of those aged 50-54 show worryingly low levels of mental wellbeing, this drops to just 15 per cent of those aged 80 and above. However, the age group displaying the highest levels of *positive* mental wellbeing are those aged 70-74. Possible reasons for this could be the much documented ‘baby-boomer’ effect, or people enjoying the early stages of retirement while still independent and with sufficient disposable income, before the onset of health problems and decreased mobility.

## Financial management among the over-50s

Understanding Society asks respondents to rate how well they feel they are managing financially. Table 2 looks at the results for respondents aged 50 and over, again broken down into five year age-bands.

**Table 2: Financial Management among the over-50s: How well would you say you are managing financially these days?**

	Age group (%)							
	50-54	55-59	60-64	65-69	70-74	75-79	80+	All
<b>Living comfortably</b>	26	30	36	39	36	40	40	35
<b>Doing alright</b>	32	30	32	35	34	34	38	33
<b>Just about getting by</b>	28	29	24	22	25	23	20	25
<b>Finding it quite difficult</b>	9	7	5	3	4	3	2	5
<b>Finding it very difficult</b>	5	4	3	1	1	1	1	3
<b>Unweighted Base</b>	3,755	3,220	3,410	3,120	2,360	1,750	1,951	19,568

Source: Understanding Society, Wave 3. Base is all individuals with valid data aged 50 and above.

Table 2 shows a statistically significant relationship between increasing age and self-reported financial management. While just a quarter (26 per cent) of those aged between 50 and 54 feel that they are living comfortably, 40 per cent of those aged 80 and above report the same. Similarly, only one per cent of those aged 80 and above feel that they are finding things very difficult, compared to five per cent of those aged 50-54, and three per cent of all respondents. Interestingly, there is a slight drop in those ‘living comfortably’ in the 70-74 age group, the same group that had the highest levels of positive mental wellbeing (Table 1).

## The relationship between mental wellbeing and financial management among the over-50s

In this section we bring together the two concepts to examine the relationship between mental

wellbeing and financial management among older people. Table 3 explores the correlation between mental wellbeing and self-reported financial management among the over-50s:

**Table 3: GHQ12 quality of life by financial management**

		How managing financially now?					
		Living comfortably	Doing alright	Just about getting by	Finding it quite difficult	Finding it very difficult	All
GHQ12	Positive (GHQ12; 3 or less)	90	87	78	60	42	83
	Negative (GHQ12; 4+)	10	13	22	40	58	17
<b>Unweighted Base</b>		5,867	5,510	4,102	897	425	16,801

Source: Understanding Society, Wave 3. Base is all individuals with valid data aged 50 and above.

It shows a striking, continuous and highly statistically significant relationship between mental wellbeing and self-reported financial management. Of those who report that they are *living comfortably*, nine-in-ten (90 per cent) score three or less on the GHQ12 measure, while 83 per cent of all respondents have a positive GHQ12 score. However, this percentage halves among those who say they find it *very difficult* to manage their finances (42 per cent). More than half (58 per cent) of this group score four or more, displaying worrying signs of poor mental wellbeing.

These findings support work by Fitch *et al* (2011), which highlighted the links between poor mental health and financial difficulties, and identified a need for those working with people with debt problems (such as creditors) to be aware of the potential risk of reduced mental wellbeing.

## Predicting mental wellbeing among the over-50s

We have used logistic regression analysis to determine the characteristics that correlate independently with the GHQ12 measure of mental wellbeing.<sup>5</sup> In this regression we predict the odds of poor mental wellbeing defined as a score of 4 or more on the GHQ12, which indicates 'psychiatric caseness'. Table 4 displays the results of this analysis:

**Table 4: Regression predicting scoring more than three on the GHQ12 mental wellbeing measure (i.e. those who may be referred for further attention if seeking medical advice)**

		Significance (p-value)	Odds
Gender	<b>Male</b>		
	Female	***	1.5
Age group (five year bands)	<b>50-54</b>		
	55-59	NS	0.9
	60-64	***	0.7
	65-69	***	0.6
	70-74	***	0.6
	75-79	*	0.8
	80+	*	0.7

<sup>5</sup> Regression analysis controls for the natural relationships between 'predictor' characteristics to identify which ones are related to an outcome measure of interest (here, mental wellbeing) independently of those other characteristics.

Marital Status	<b>Married/civil partnership</b>		
	Single	NS	0.9
	Divorced/separated	**	1.2
	Widowed	NS	1.0
Tenure	Own outright		
	Own with mortgage	***	1.2
	Renting from social landlord/local authority	NS	1.1
	Renting privately	NS	1.0
	Other	NS	1.7
Government Office Region	<b>North East</b>		
	North West	NS	1.1
	Yorkshire and the Humber	NS	1.0
	East Midlands	NS	0.9
	West Midlands	NS	1.0
	East of England	NS	0.9
	London	NS	0.9
	South East	NS	0.8
	South West	*	0.8
	Wales	NS	1.0
	Scotland	NS	0.8
	Northern Ireland	NS	0.9
Work Status	<b>Paid employment</b>		
	Self-employed	NS	0.9
	Unemployed	***	2.0
	Retired	***	1.4
	Looking after home and or family	**	1.5
	Long term sick or disabled	***	4.7
	Other	NS	1.7
Urban/rural area	<b>Urban</b>		
	Rural	*	0.9
How managing financially now?	<b>Living comfortably</b>		
	Doing alright	**	1.2
	Just about getting by	***	2.1
	Finding it quite difficult	***	4.3
	Finding it very difficult?	***	7.9

Source: Understanding Society, Wave 3. Base is all individuals with valid data aged 50 and above. Notes: The p-value indicates how likely the results are to have occurred by chance. Therefore, a p-value of <0.05 indicates that the results could have occurred by chance less than five times in a hundred. Significance(p) levels: \*<0.05; \*\*<0.01; \*\*\* <0.001. NS Not significant. **BOLD** – base category.

Table 4 shows that, after controlling for the other factors in the model, older women are more likely to show signs of reduced mental wellbeing than men (odds of 1.5).<sup>6</sup> As already demonstrated in Table 1, there is a strong, statistically significant relationship between age and mental wellbeing. Those aged between 65 and 74 have the lowest odds of reporting worrying levels of mental wellbeing, being almost half as likely to score four or more on the GHQ12 than people in their early 50s, all other things being equal (odds of 0.6).

Controlling for all other predictors in the model, older people who are divorced or separated have 1.2 times the odds of displaying poor levels of mental wellbeing, compared to those who are married or in a civil partnership. Those who live in a property with a mortgage have 1.2 times the odds of reporting lower levels of mental wellbeing, suggesting that debt could be a contributory factor to poor mental health. This complements recent research by the Personal Finance Research Centre which shows high levels of mortgage borrowing continuing into old age (Finney, 2013). While geography is not the strongest predictor of levels of mental wellbeing, people aged 50 and over in the South West have 1.25 times the odds of having positive mental wellbeing as those in the North East.

Work status is a highly significant predictor of mental wellbeing among the over 50s. Older people who are unemployed have double the odds of reduced mental wellbeing, compared to those in full or part-time employment. Retired people have 1.4 times the odds of having reduced levels of mental wellbeing (remembering that age is also controlled for in this model), while the *long-term sick or disabled* have almost five times the odds of poor mental wellbeing (odds of 4.7). People in rural areas have slightly lower odds of reaching 'psychiatric caseness' than those in urban areas (odds of 0.9).

Finally, as discussed above, self-reported financial management is a key indicator of mental wellbeing among the over 50s. Compared to those who are *living comfortably*, those who say they are *just getting by* have double the odds of reporting lower levels of mental wellbeing, after controlling for all other factors. However, this pales compared to those who are *finding it very difficult*, who have almost eight times the odds of reporting reduced mental wellbeing compared to those who are living comfortably (odds of 7.9).

Household composition and the highest qualification achieved were included in earlier models, but were not statistically significant predictors of mental wellbeing among the over 50s and were therefore removed from the final model.

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<sup>6</sup> The odds ratio represents the size of the effect of a category of a characteristic in relation to a reference category for that characteristic (which is set by the analyst). The odds ratio takes the probability of an event occurring divided by the probability that it will not occur. An odds ratio greater than 1 indicates an increased likelihood of the outcome of interest compared with the reference category and a ratio smaller than 1 indicates a reduced likelihood of the outcome compared with the reference category.

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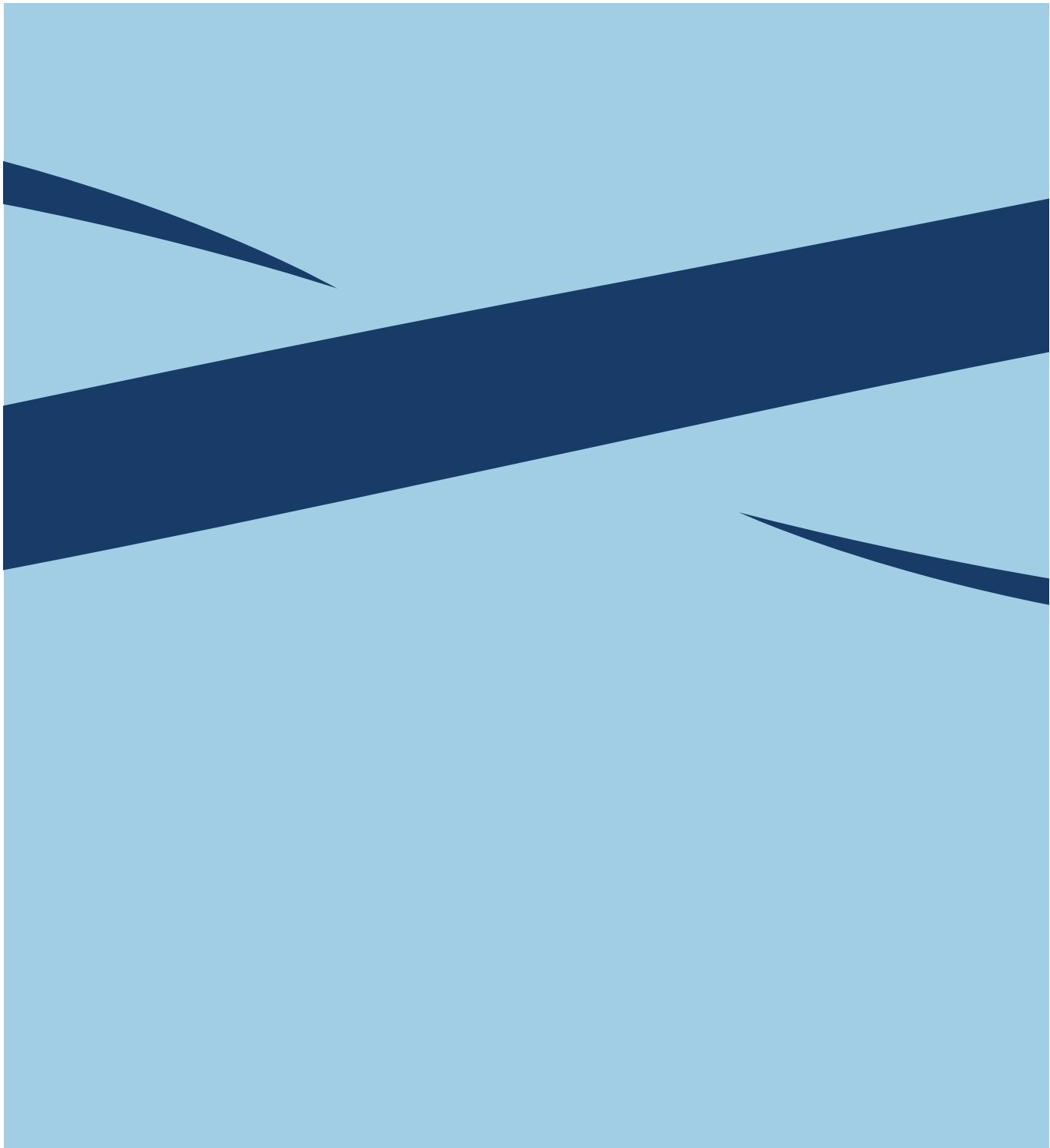
## About Understanding Society

Understanding Society is a large British social survey that began in 2009. It captures information on the social and economic circumstances and attitudes, as well as health, of the inhabitants of 40,000 households each year. It is a panel survey that is representative of the United Kingdom.

The questionnaires are carried out either by face-to-face interview or by telephone. All analysis presented here was undertaken using the third wave of Understanding Society data in IBM SPSS (version 21), using data weighted to be nationally representative.

The authors are grateful to the Economic and Social Research Council for funding the survey, and to the Institute for Social and Economic Research (ISER) at the University of Essex for designing, managing and making the data available for academic research. These organisations bear no responsibility for the authors' analysis or interpretation of the survey data.

This information was sourced from the survey website, where more detailed information about Understanding Society is available: <https://www.understandingsociety.ac.uk/>



ILC-UK  
11 Tufton Street  
London  
SW1P 3QB  
Tel : +44 (0) 20 7340 0440  
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Registered Charity Number: 1080496.

