

Financial Issues and Challenges of Elderly

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Abstract - The present study aims to investigate the effect of financial condition of the elderly people and the challenges faced by them in order to support their children. The social life of elderly gets centered on the home due to the loss of most of the social roles they performed, creating a feeling of loneliness and isolation. The saving and investment returns that were anticipated did not materialize and the accounts did not grow to keep pace. Perhaps the income streams during the later years did not grow as fast as inflation and savings and investments were raided to augment income. Decreased social contact, reconciliation with past, loss of spouse, friends, job, property, change in physical appearance, changes in roles, managing leisure time, depression are relatively common. The study explored that families often wait too long before intervening to assist the aged seniors to maintain independence either because the family is in denial or it is because they hope it will go away or for some other reason. Thereby, the chances of encountering severe chronic health problem increases. Deliberately, exercising foresight, focus, continuous learning, perseverance, and simplicity during the period of economic activity can consistently uphold the importance of modest needs, savings, productivity, competence and delivering superior value to people and organizations for the betterment of economy, thereby, reducing financial hardships.

Index Terms - Savings and Investment returns; Social contact; Changing roles; Managing leisure time; Economy.

INTRODUCTION

In India, there are approximately tenth person in 1.2 Billion people who belong to the category of 60 plus. According to census (2011), the population of older adults in India has increased from 5.0-5.75 to 6.0-8.0%. Financial costs in reference to aging is a direct momentary involved in paying for the care giving expenses while some are related to the forgone financial or monetary costs in employment due to one having to perform a care giving role. Not all the financial costs could be measured by momentary values as some costs are subjectively indicated by

individuals as perceived financial costs. (Lai, 2012). Aging is a series of processes that begin with life and continue throughout the life cycle. It represents the closing period in the lifespan, a time when the individual looks back on life, lives on past accomplishments and begins to finish off his life course. Adjusting to the changes that accompany old age requires that an individual is flexible and develops new coping skills to adapt to the changes that are common to this time in their lives (Warnick, 1995).

After certain point, most of the elderly population either discontinues to work or are forced to leave due to various challenges which results in a loss of social role; death of a closed relative like spouse, children, friends; severe chronic health are few factors which are likely to make them feel isolated and alienated. Confinement to interpersonal relationship can be observed in elderly as their social life gets centered on home. Also, the level of self-confidence goes down as they no longer have trust in their mental abilities. They still show a willing attitude to stand by their children and stay involved in all the family matters and business issues.

On the basis of the past experience, which might be it good or bad, has made them wise to handle finances. Finance persons may feel that it is easy to exploit these people by convincing them to buy financial services, products or investments, which may not be suitable for them. It is crucial for family and friends to become aware of this tendency for financial exploitation and to develop a plan to protect senior loved ones from it.

Poverty among elderly persons exacerbates social marginalization, contributes to poor health and mental health and erodes the ability to live and function both independently and interdependently - factors related to quality of life. (Gangadharan, 2010). Older women share most of the concerns of older men such as economic insecurity, isolation and emotional deprivation, lack of shelter and space. In this socio-economic scenario, poor health and functionality and lack of access to affordable health services can be

additional disadvantage (Dey, Lindfield & Goel 2008).

Another major factor for inadequate income could be that the income flow from year-to-year is not keeping pace with inflation. This is particularly true for seniors who depend on Social Security or fixed pensions who have to pay for the high cost of medical care. Also, in some areas the cost of maintaining a household due to higher utility bills, higher taxes and higher maintenance costs has risen faster than the cost of living increases in Social Security income. causal factors are still being debated, economic and social instability, high rates of tobacco consumption, high and concentrated alcohol consumption, poor nutrition, depression and a deterioration in the health care system appear to be occurring simultaneously.

Non-availability of resources is adversely affecting the health of elderly. In addition, poor accessibility and reach, lack of information and knowledge and/or high costs of disease management make reasonable elder care beyond the reach of older persons, especially those who are poor and disadvantaged. To address the issue of failing health, it is of prime importance that good quality health care be made available and accessible to the elderly in an age-sensitive manner. The cost (to the affected elderly individual or family) of health has to be addressed so that no person is denied necessary health care for financial reasons. Rehabilitation, community or home based disability support and end-of-life care should also be provided where needed, in a holistic manner, to effectively address the issue to failing health among the elderly.

Research evidence from developed countries suggests that increased job stress and lack of job control adversely affect health of elderly (Marmot, Bosma, Hemingway, Brunner & Stansfeld 1997). Job stress may increase in poor economic times. Unemployment may also cause stress and therefore increase health problems (Hammerstron, Janlert and Theorell, 1988; Janlert, Asplund & Weinehall, 1992), although decreased incomes may generate reductions in risk taking behaviour (Ruhm, 1995). The problem of economic insecurity is faced by the elderly when they are unable to sustain themselves financially. Many older persons either lack the opportunity and/or the capacity to be as productive as they were. Increasing competition from younger people, individual, family and societal mind sets, chronic malnutrition and slowing physical and mental faculties, limited access

to resources and lack of awareness of their rights and entitlements play significant roles in reducing the ability of the elderly to remain financially productive, and thereby, independent.

Similar to other age groups, elderly also require economic security. Those who are unable to generate an adequate income should be facilitated to do so. As far as possible, elderly who are capable, should be encouraged, and if necessary, supported to be engaged in some economically productive manner. Others who are incapable of supporting themselves should be provided with partial or full social welfare grants that at least provide for their basic needs. Families and communities may be encouraged to support the elderly living with them through counseling and local self-governance.

METHODOLOGY

Objectives

- To assess the economic implications of ageing population
- To understand the economic status of the ageing population
- Estimate the health care direct and indirect costs of the diseases of common, acute and chronic of ageing population
- To assess the impact on employment, consumption, saving and investment of ageing population in study area
- Study the degree of support provided by caregivers

The objectives of the study were fulfilled by extensively reviewing the existing financial policies in India and relevant empirical studies.

REVIEW OF LITERATURE

2.1 Policies of Government

Central and state governments have brought the policy and plans into action for the welfare of older persons. The state governments issued their policies and programs for the welfare of older persons. While some States and Union Territories implemented their policies with vigor, most states-- particularly the big ones-- were behind perhaps due to financial and operational deficiencies.) Pensions, travel concessions, income tax relief, medical benefit, extra interest on savings, security of older persons through

an integrated scheme of the Ministry of Social Justice and Empowerment as well as financial support was provided for Homes, Day Care Centers, Medical Vans, Help Lines etc are extended currently.

Women and men age differently which makes it evident that elderly Women need Special Attention. Both have their concerns. The problems of elderly women are exacerbated by a lifetime of gender based discrimination, often stemming from deep-rooted cultural and social bias. It is compounded by other forms of discrimination based on class, caste, disability, illiteracy, unemployment and marital status. Patriarchal hierarchy and access to property rights are also discriminatory. Burdened with household chores for a longer span of time compared to older men, older women don't have time for leisure or recreational activity. Women experience proportionately higher rates of chronic illness and disability in later life than men. Women suffer greater non-communicable diseases and experience lower social and mental health status, especially if they are single and/or widowed. Over 50% of women over age 80 are widows. Elderly women and their problems need special attention as their numbers are likely to increase in the future and, given the multiple disadvantages they face in life, they are likely to be grossly unprepared to tackle these issues. Rural Poor Need Special Attention Many households in rural areas at the bottom of the income distribution in India are too poor to save for their old age. Available resources are used to meet daily consumption needs. Even at slightly higher income levels there is likely to be little demand for savings and pension instruments that require a commitment of several decades. Instead, the savings of households in the lower deciles of the income distribution are likely to be earmarked for self-insurance against emergencies; or perhaps, in short term investments that increase their own productivity or the productivity of their children. Liquidity is highly valued. The absolute poor in India cannot be expected to participate in long term savings schemes for old age and they do not. The poverty in rural areas for older persons is increasing and needs attention. Hence rural poor would need social security in large measure. There have been several advancements in medical technology, medicine and in technology for assistive living (and technology) for elderly that have prolonged life for senior citizens and this needs to be factored in the policy that not only for the eighty plus but rural

poor, women and disadvantaged seniors will have longer years and will need many of the policy interventions.

National Policy on Senior Citizens 2011

The focus of the new policy:

1. Mainstream senior citizens, especially older women, and bring their concerns into the national development debate with priority to implement mechanisms already set by governments and supported by civil society and senior citizens' associations. Support promotion and establishment of senior citizens' associations, especially amongst women.
2. Promote the concept of Ageing in Place or ageing in own home, housing, income security and homecare services, old age pension and access to healthcare insurance schemes and other programs and services to facilitate and sustain dignity in old age. The thrust of the policy would be preventive rather than cure.
3. The policy will consider institutional care as the last resort. It recognizes that care of senior citizens has to remain vested in the family which would partner the community, government and the private sector.
4. Being a signatory to the Madrid Plan of Action and Barrier Free Framework it will work towards an inclusive, barrier-free and age-friendly society.
5. Recognize that senior citizens are a valuable resource for the country and create an environment that provides them with equal opportunities, protects their rights and enables their full participation in society. Towards achievement of this directive, the policy visualises that the states will extend their support for senior citizens living below the poverty line in urban and rural areas and ensure their social security, healthcare, shelter and welfare. It will protect them from abuse and exploitation so that the quality of their lives improves.
6. Long term savings instruments and credit activities will be promoted to reach both rural and urban areas. It will be necessary for the contributors to feel National Policy on Senior Citizens 2011 5 assured that the payments at the end of the stipulated period are attractive enough to take care of the likely erosion in purchasing power.
7. Employment in income generating activities after superannuation will be encouraged.
8. Support and assist organizations that provide counseling, career guidance and training services.

9. States will be advised to implement the Maintenance and Welfare of Parents and Senior Citizens Act, 2007 and set up Tribunals so that elderly parents unable to maintain themselves are not abandoned and neglected.

10. States will set up homes with assisted living facilities for abandoned senior citizens in every district of the country and there will be adequate budgetary support.

2.2 Empirical Studies

Huang, Ghose & Tang (2020) examined the relationship between life satisfaction, financial stress and factors such as quality of life, health and depression. Good health (47.11), life satisfaction (44.40) and quality of life (79.25) was reported by men and women belonging to China, Ghana, India, Russia and South Africa. The result indicated that there was a negative relationship between financial stress and other factors. While there is a positive link between financial stress and depression in the elderly.

Singh & Afroz (2018) exemplified the concerns and needs of the elderly in association with Indian context. The findings indicate that many elderly depend on old age home in the recent times. Also, the study mentions about the work done by various governmental organization as well as highlights the initiatives and efforts taken to support the elderly along with their families.

Sarmah and Das (2017) examined the socio-economic condition and social support among the aging Tiwas of Assam (population of Mongoloid origin), whose low economy is based on agriculture. A structured schedule, interview and observation method was the mode of data collection. It was found that everyone stayed in a joint family, who worked hard for the survival of the elder members of the community.

Kastor and Mohanty (2016) examined the economic well-being of elderly in India. Longitudinal Aging Study in India (LASI) pilot survey 2010 has been used for collecting data. The households are classified into two groups; households with elderly members and households without elderly members. Result shows that around 28% of the older adults in India are poor and there exist wide gap between non-elderly and elderly households as former are in better economic condition than later. On one hand monthly per capita consumption expenditure (MPCE) is lower among elderly households but on the other hand, monthly per

capita health expenditure (MPCHE) is much higher among them compared to non-elderly households. The condition of households with only elderly is more alarming. There is strong need for a policy which addresses the economic security of older adults at their sunset years of life.

Singh (2013) studied the economic issues of aging population in India. High fiscal burden will be created on the government for providing health care facilities to the elderly in the absence of retirement plans without proper insurance and inefficient public healthcare system. The security needed is felt to be inefficient by the elderly, despite the policies formed by the government. The researcher suggested that there is a need to create pension funds in the financial market for the elderly. Also, addressing financial burden beforehand can be well planned.

Lai (2012) examined the financial burden of caregivers on the family. After structured questionnaire was prepared, the telephonic interviews took place. It was found that for both male and female caregiver's financial costs was a significant factor in creating burden. Formation of Policies and programs to alleviate the financial burden by providing support to the family caregivers both of financial and social support will be equally important for both elderly and caregivers.

Oliveira & Pedreira (2012) examined the functional dependency of elderly by using semantic analysis (Bardin). The researcher established categories such as being caregiver for the elderly who are on functional dependence, being elderly with functional dependence, family dynamics. It was found that factors such as economic and social situation, family relationships, support of formal and informal services are few factors that influence the modes of being of elderly.

Cutler, Knaul, Lozano, Mendez & Zurita (2000) examined Financial Crisis, Aging and Health Outcomes of the Mexican population. They found that mortality rates for the elderly as well as very young either increased or declined less financially weak years in comparison to financially wealthy years. Around 5 to 7 percent higher mortality rates were observed in late 1995-96 crisis in comparison to year 1997. Tentative evidence was found that mortality is affected by economic crisis such as reduced incomes. There was no force on the primary caregivers or less healthy member of the population to work.

FUTURE RESEARCH SCOPE

The future researches will include new policies which shall be made by the government to protect the elderly from financial exploitation. Various plans and ideas that help in avoiding financial crisis and challenges should be brought in light. The researches should bring in light solutions which can help in avoiding health issues caused by financial crisis in an individual's life. Although strong relationship between financial issues and health require more evidence which shows high correlation between the two variables. Seminars, programs should cater to psychological as well as mental well-being of an individual. New counseling strategies should be made aiming to reduce the stress level of finance management for both the elderly as well as other family members. New researches shall aim at modifying negative coping strategies produce by financial crisis. Cross-cultural studies will help in understanding the situation better.

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