



GENERATION **EXPERIENCE**

THE UK'S ECONOMIC
SUPERPOWER

The economic contribution of the UK
50-plus population to UK society.

New updated research by **SAGA PLC**

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FOREWORD

“I am delighted to welcome you to our new updated report exploring the economic contribution of the 50-plus contribution to UK society

Lisa Edgar

Group Chief Customer Officer **Saga Group PLC** and CEO **the Big Window limited**.

It is time to reframe perceptions of ageing.

There has been a building crescendo of noise in the media and among political circles lately about workforce challenges. The chatter has touched on the so-called inactivity of the over 50s and looked at how to entice this group back into formal work. But such commentary compounds an enduring myth about the over-50s – and more specifically those aged 65-plus – that this demographic

is inactive, particularly in retirement, and it takes more from the UK and economy than it contributes.

With people living longer than ever before, today’s over-fifties are still engaged in their careers while also supporting their families and contributing to society. They are productive. They are not “old”, they are “generation experience”.

At SAGA we are driven by purpose and renowned for serving customers and communities aged over 50. We have the passion and the expertise to lead the conversation on the enormous value that people in this age group bring to the UK

Over 65s now drive a surplus of £41 billion every year



economy and society. I am delighted to welcome you to our new report exploring the economic contribution to UK society by the 50-plus population. It is rooted in rigorous research that puts this demographic's economic and social impacts under the microscope.

As anyone over 50 knows, it's not all gardening and working on your golf handicap once the birthday balloons marking your half century have deflated, even for those who have decided to retire. This age group is busily volunteering, caring for others, providing childcare as grandparents and donating to charities, as well as working in paid employment. Tax-paying endures past 50, too. In fact, by looking under the bonnet

People over 50 now contribute £847 billion overall to UK plc every year.

“Put simply, they put more into the pot than they take out”

of the fiscal incomings and outgoings this age group represents nationally we have calculated their monetary value to the UK economy at a whopping £847 billion.

But there's more. We can and have put a value on all of the, both formal and informal, work they do. This means that even when taking into account the costs often associated with the over 65s – among them health and social care, and welfare benefits – the net contribution of this cohort still stands at a hefty £41 billion. Put simply, they put more into the pot than they take out.

We've done the maths, now businesses and organisations of all sizes can join us in the conversation about age.



“The economic contribution of the over 50s should not be underestimated, and their role in supporting their families and communities needs to be celebrated. We need to showcase all the experience and insight this talented pool of people can bring. I'm pleased to see Saga's important contribution on this essential issue in today's economy.”

Chloe Smith, MP for Norwich North and former Secretary of State for Work and Pensions



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UNPACKING OUR FINDINGS

Within our research, we look at the 50-64-year-old cohort and at the 65+ cohort, as well as for the 50+ group altogether.

The main spheres of activity that account for the contribution to the UK economy that the population aged over 50 makes are:

- Paid employment
- Volunteering
- Informal care
- Grandparenting
- Charitable contributions
- Tax revenues

For totting up how public spending is allocated on the over-50s we include the following areas:

- Health
- Social care
- Welfare benefits
- State pension spending





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ECONOMIC CONTRIBUTIONS

Exploring the economic contribution to UK society of the UK 50+ population

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EMPLOYMENT

There is much talk of the over 50s leaving paid work.

However, our research highlights that many people still want to work and enjoy doing so. Whereas for others, retirement is little more than a pipedream, with debts including mortgages often continuing past the 50-years-old threshold.

On average, British employees aged 50 to 59 work 38.9 fulltime hours and 18.7 part-time hours per week, while those still working aged over-60 put in 39.1 fulltime working hours and 17.7 part-time hours each week. Going by figures from the Office of National Statistics,

annual output per hour worked across the whole economy stood at £41.23 in 2022.

This of course means that work activity levels are still very significant among the over 50s.

Taking all of this into

PEOPLE OVER 65 CONTRIBUTE

£77 BILLION

THROUGH PAID EMPLOYMENT
EVERY YEAR



account, we estimate that the contribution of the over 50s in paid employment to the UK economy amounts to more than £730 billion (£732,978,930,842). For the 65+ population this equates to £77 billion (£77,308,832,168). These correspond, respectively, to around 69 percent and 7 percent of total gross value added.

VOLUNTEERING

The over-fifties give back generously to society. Volunteering falls into two categories, the most common is the formal type – the sort of unpaid help that people give to a particular organisation or specific group.

Informal volunteering includes supporting people in need among the local community, for instance, or helping with household tasks like laundry, cleaning, getting to and from places, and shopping. To help get an on-the-ground view of what kinds of unpaid work the over-50s are doing, and for how many hours, we commissioned a survey of 1,000 respondents, nationally representative of the UK's 50-plus population. We then supplemented this sample with

“ For those aged 65 or over, the data shows that 2.6 million individuals volunteer, on average, for almost 20 hours a month. ”

case studies from Saga's huge pool of customers who tell us every week what they think and how they live their lives.

In total, just over 6 million people aged 50 or over are involved in voluntary work for 17.5 hours a month on average. For those aged 65 or over, the data shows that 2.6 million individuals volunteer, on average, for almost 20 hours a month.

To pin a direct economic value to this voluntary effort, we looked at how much it would cost in Real Living Wage pay (£10.90 per hour across the UK) to hire paid workers to provide the same services. The estimate of the total direct economic value of volunteering activities amounts to £11.1 billion for the over 50s and £5.2 billion among the population aged 65 years or over.



GENERATION EXPERIENCE **CARING**

Generation Experience also dedicates their efforts freely to caring for others.

Unpaid, informal carers often experience a double whammy of economic repercussions. Not only is their care given for free; they might also be losing income by having to reduce their paid working hours or leaving their jobs altogether. As a society we rely heavily on this group to look after those in need. In England, informal caregivers are the only source of support for 74 per cent of older people experiencing difficulty with daily living activities such as preparing a hot meal, shopping for groceries, or taking medication (NHS Digital, 2018). According to the Family



Resources Survey (2021-22) there are 2.1 million informal carers aged 50 or over, of whom one million are aged 65 years or over. On average, these individuals provide 28.4 hours a week of informal care. We estimate the value of the direct economic contribution of informal caring by those aged 50 or over amounts to more than £34.7 billion of which those 65 or over contribute £17.9 billion.

Vital to the functioning of society, there are around **2.1 million** informal carers over 50 who provide on average **28.4 hours** a week of informal care contributing **£35 billion** a year



CHARITY

The over-fifties are a giving bunch, our SAGA-commissioned survey revealed.

We asked about regular and one-off charitable donations and found that almost two-thirds (around 64 per cent) of all individuals aged 50 or over made at least one financial contribution to a charity organisation over the course of 2022. But

more significant still is the 44 per cent of individuals aged 50 or over who make regular donations averaging £162 per month, and the similar proportion of those aged 65-plus who regularly donate £180 per month, on average.

44% of individuals over 50 make regular donations to charity, averaging **£162 per month** and **£3 billion** a year

Across the population, we estimate that individuals aged 50 or over donate more than £2.9 billion to charities per year, and the 65+ population donates £1.6 billion.





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GRANDPARENTING

Once a parent always a parent, so the adage goes – and it keeps going into grandparenthood.

‘Grandparenting’ encapsulates babysitting duties undertaken by the over-50s to give their children (especially the mothers) a leg-up on the career ladder, and which allows them to reduce their spending on costly early years childcare. Parents with young children know only too well how valuable ‘grandparenting’ is in their attempts to juggle work and home lives, yet this resource is not often accounted for.

Using Understanding Society (USoc) data, we have calculated the number of hours the over-fifties with grandchildren tend to dedicate to grandparenting – which ranges from 60.1 hours a month for those aged 65 to 69 (the most) to 13.3 hours (the least) for those aged 85-plus. Using the average cost of a childminder for children under three we estimate the direct contribution of grandparenting among the population aged 50 or over at £14.0 billion and that of the 65+ population at £9.7 billion.

GRANDPARENTING IS WORTH

£14 BILLION

EVERY YEAR



TAX REVENUES

As Benjamin Franklin noted as far back as 1789 “In this world, nothing is certain except death and taxes.”

Contributions continue in the latter portion of life, with taxes paid by those aged 50-plus or 65-plus including income tax (including National Insurance contributions); inheritance tax; value added tax; council tax; capital gains tax; fuel duty; and alcohol duty.

“ Total receipts from income tax from the 50-plus population amount to more than **£112 billion** ”

GENERATION EXPERIENCE

INCOME TAX AND NATIONAL INSURANCE CONTRIBUTIONS

Those of pension age have almost entirely exited the world of paid employment, representing only 7 per cent of this group and earning less than 4 per cent of all employment income. However, they are significantly contributing to tax revenues in many other ways.

Other sources of income represent a bigger tranche of 50-plus earnings, however – including property, interest and dividends. Those of pension age represent 21.5 per cent of income tax payers and pay 12.3 per cent of income tax revenue. We estimate the total amount of income tax (including NICs) paid by the

population aged 50-64 in 2022-23 is £82.3 billion. Total receipts from income tax from the 50-plus population amount to £112.2 billion, which is nearly half (46 per cent) of all income tax receipts.



INHERITANCE TAX

Receipts of inheritance tax amounted to £7.1 billion in the fiscal year 2022-23. We estimate that the vast majority of this came from the estates of people passing at age 50 or over, with £6.6 billion coming from those aged 65 or over.

COUNCIL TAX

We estimate that Council Tax receipts from the population aged 50 years and over amount to £24.1 billion and that from the 65+ population to £12.3 billion.

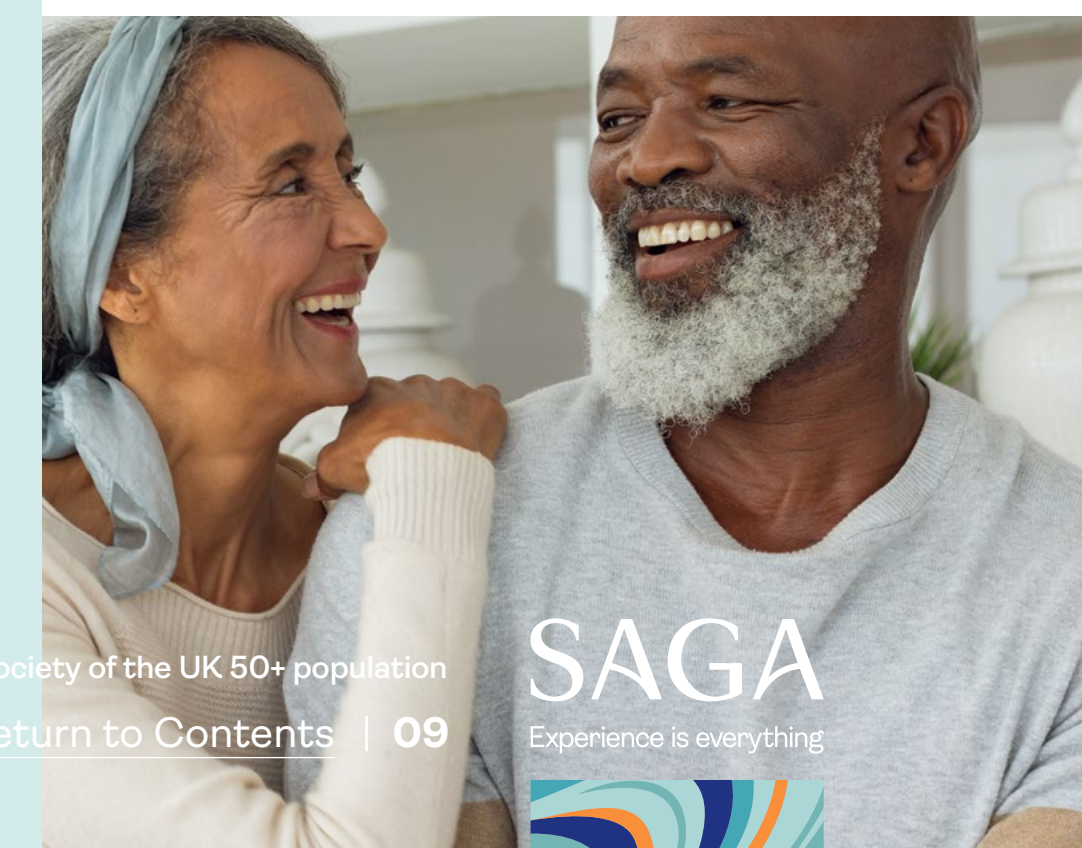
CAPITAL GAINS TAX

Based on HMRC figures, we estimate that the receipts from capital gains tax from taxpayers aged 50 or over amount to £12.4 billion and those from taxpayers aged 65 or over amount to £4.0 billion

VALUE ADDED TAX

There are no age breakdowns given on how this tax is collected, but VAT receipts amounted to a whopping **£159.53 billion** in the tax year 2022-23.

Using Office of National Statistics data on the total expenditure per person based on the age of the ‘household reference person’ we estimate that VAT receipts from individuals aged 50 years or over amount to £85.8 billion and those from individuals aged 65 years or over amount to £37.1 billion.



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FUEL DUTY

The over 50s also contribute significantly in the form of fuel duty.

Using Office of National Statistics data on the total fuel expenditure per person based on the age of the 'household reference person', we estimate that fuel duties paid by people aged 50 or over amount to £13.8 billion and those by the over-65-year olds, to £5.2 billion.

ALCOHOL DUTY

In order to quantify the alcohol duty paid by over-fifties who like a tippie we used Office of National Statistics data about the amount spent on alcoholic beverages drunk both inside and outside the home.

Based on these figures, of the £12.45 billion paid in alcohol duties in 2022-23, we estimate that the over-fifties paid £7.8 billion in alcohol duties and those aged 65-plus £3.4 billion





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PUBLIC SPENDING

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Aging populations are often the focus of debate on the long-term sustainability of public finances. The argument being that as people live longer in richer nations such as the UK, support costs rise and government budgets feel pressure.

Public spending for services such as health or social care is heavily dependent upon age, along with income and other pressures. Our report estimates current public spending on health care and social care, directly targeted to those aged 50-plus and over-65.



HEALTH CARE

Statistics about NHS spending are rarely out of the spotlight. We base our estimations on data published by the Office of National Statistics, HM Treasury and the NHS.

Adding the costs in acute settings – namely accident and emergency, admitted patient care, and outpatient – along with the costs in general practice, we estimate that direct healthcare spending on individuals aged 50+ stands at £34.4 billion and at £23.2 billion for patients aged 65 or over. This roughly equates to 55 percent and 37 percent of total core costs for healthcare services in acute settings and payments to general practice, respectively.

GENERATION EXPERIENCE

SOCIAL CARE

We estimate that net social care spending on the population aged 50 or over amounts to £10.3 billion and £7.4 billion for the 65s or over.

The estimates in this report are based on total net social care expenditure, which



in 2021-22 amounted to £16,390 billion. We have looked at short-term care – the type of services that maximise a person’s independence by reducing their need for support or that help them reach a point where they no longer need it – as well as long-term care. Encompassing services such as regular home visits, supported accommodation and nursing there is no fixed duration to long-term care services, which represent more than three-quarters of all adult social care expenditure. We estimate the net social care spending on the population aged 50 or over amounts to £10.3 billion and £7.4 billion for the 65s or over. This is around 63 percent and 45 percent of all net adult social care spending, respectively.





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WELFARE BENEFITS

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The UK welfare state comprises a broad range of benefits. The 50-plus and 65-plus age cohorts are eligible to some age-specific benefits and to other benefits due to circumstances such as bereavement, low income, or disability. In 2022-23 the UK's total benefits expenditure was £231 billion. In this section we present estimates of benefit spending for the over 50 population.

HOUSING BENEFITS

Although it is being replaced by Universal Credit, many beneficiaries still receive housing benefits, and people who have reached state pension age can make new claims. Of the £15.5 billion total spend on housing benefits we apportion £10.0 billion to the 50-plus population and £7.4 billion to over-65s.

UNIVERSAL CREDIT

We estimate that £10.0 billion is paid to universal credit claimants aged 50 years or over and £340 million to those aged 65 years or over. The benefit targets households on a low income or those out of work to help with living costs, as well as individuals with a disability, health condition or caring responsibilities which may prevent them from working.

ATTENDANCE ALLOWANCE

This benefit is payable to people over the age of 65 who are severely disabled – physically or mentally. Total spending on Attendance Allowance amounts to £5.8 billion, exclusively to individuals aged 65 or over.

PENSION CREDIT

An income-related benefit for pensioners on low incomes, targeting those over 65 and totalling £4.9 billion.

DISABILITY LIVING ALLOWANCE

We estimate that payments in Disability Living Allowance amount to £2.6 billion and £2.2 billion for the population aged 50 or over and 65 years or over, respectively.



WINTER FUEL PAYMENTS

This is a payment targeted at people of state pension age to help with heating bills. The total amount paid on winter fuel payments is £2.0 billion.

PERSONAL INDEPENDENCE PAYMENT

Designed to benefit individuals with long-term physical or mental health conditions or disability, personal independence payment (PIP) is replacing the Disability Living Allowance. Based on a total spend of £10.0 billion for the over-50 population we estimate that £3.3 billion was paid to claimants aged 65 years or over.



INDUSTRIAL INJURIES DISABLEMENT BENEFITS

In total, £697 million was paid in 2022-23 on industrial injuries disablement benefits, which support those who become ill or are disabled because of an accident or disease either at work or on an approved employment training scheme or course. We estimate that spending on those 50 or over is £662 million, and £471 million is spent on those aged 65 or over.

“ Nearly £90 million was paid to individuals in the 65 or over cohort ” (Christmas Bonus)



FINANCIAL ASSISTANCE SCHEME

This is a benefit payable to individuals who have lost out on their occupational pension scheme because their sponsoring employer has become insolvent. Total spending amounts to £236 million.

CHRISTMAS BONUS

This is a one-off payment made before Christmas to people who receive certain benefits in the qualifying week. Total spending amounts to £126 million, of which DWP data shows that £89 million was paid to individuals in the 65 or over cohort and £37 million to those aged between 50 and 64-years-old.

SEVERE DISABLEMENT ALLOWANCE

Replaced by the Incapacity Benefit which in turn was replaced by the Employment and Support Allowance, the Severe Disablement Allowance was payable to people aged between 16-65 unable to work due to illness or disability. All current beneficiaries are aged over 65-years-old and constitute legacy cases of this benefit, for which the total spending amounts to £57 million.



COLD WEATHER PAYMENT

An extra cash benefit for each seven-day period of very cold weather recorded or forecast as below zero degrees, this benefit is for those who receive certain others such as universal credit and pension credit. The total amount spent on

Cold Weather Payment during the 2022/23 winter period was £17 million – amounting to over £9 million to pensioners and £7 million to individuals of working age, of which we estimate that £1.6 million was paid to individuals aged 50-64.



EMPLOYMENT AND SUPPORT ALLOWANCE

This benefit is for those under state pension age with a disability or health condition that affects how much they can work, even if they are currently employed or self-employed. Total spending on ESA amounts to just over £12 billion, which we estimate represents a £7.3 billion spend on the 50-plus cohort and £533 million among the 65-plus population.

INCOME SUPPORT

Income Support is being replaced by Universal Credit but remaining claims amount to a total spend of £624 million. Apportioning this by age group, we estimate that the over-fifties account for £233 million of Income Support spending and £10 million goes to beneficiaries aged 65 years or over.



CARER'S ALLOWANCE

Recipients of certain benefits who look after someone at least 35 hours a week (irrespective of whether they are related to, or live with, the person cared for) are eligible for the Carer's Allowance (CA) benefit. This is a flat cash benefit, currently worth £76.75 a week. Recipients aged 50 years or older constitute 43 percent of all beneficiaries of CA,

whilst the 65-year-olds receive 3.8 percent of all payments (equivalent to 8.2 percent of all payments to individuals aged 50 or over). The total spending on CA is £3.3 billion. Based on these figures, we estimate that spending on CA targeted at the 50+ population amounts to £1.4 billion and £127 million to the 65-plus cohort.

BEREAVEMENT-RELATED BENEFITS

Various bereavement-related benefits, including the Bereavement Allowance (previously Widow's Pension), the Bereavement Payment, and the Widowed Parent's Allowance, are being replaced by the Bereavement Support Payment (BSP). To qualify for the BSP beneficiaries must have been younger than State Pension age when their partner passed away due to an accident at work, or a disease caused by work. Around 49 percent of all payments are made to individuals aged 50 or over. Total expenditure on BSP amounts to around £476 million. We estimate that spending on BSP among individuals aged 50 or over amounts to £232 million and under £2 million to individuals aged 65 or over.



JOBSEEKER'S ALLOWANCE

Total spending on Jobseeker's Allowance amounts to £285 million, of which we estimate that £130 million and around £7.5 million is paid to beneficiaries aged over 50 and over 65 respectively.

STATE PENSION

This benefit differs from those detailed above because it is based on people's National Insurance contributions. Given its overwhelming contributory nature and although it has been correctly classified as a 'benefit' since the creation of the National Insurance scheme in 1946, it would be incorrect to lump together the amounts paid by the government to pensioners on State Pensions with the welfare benefits analysed above. Data from the Department for Work and Pensions shows that public spending on State Pensions amounts to around £110 billion.

CONCESSIONARY TRAVEL

Whether you get your bus pass at 60 (in London, Wales, Scotland and Northern Ireland) or at 65 (in England outside London), concessionary travel fares apply to buses and trains, and in some specific local authorities, to ferries, the underground train, or light rail systems. They are a benefit for disabled people of any age. We estimate that the cost of older concessionary bus passes in that financial year amounts to £1.2 billion.





GENERATION EXPERIENCE

SUMMARY

Exploring the economic contribution to UK society of the UK 50+ population

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In a society where people are living longer than ever before; working longer; helping their families; contributing to society, it's right that we rethink the idea of getting older.

At Saga, we know that older people are extremely active well into their 70s and even 80s. We know that they are contributing to society until their oldest years. Our huge datasets tell us they are enjoying flexibility, a sense of purpose, meaning and individuality in the full range of activities they engage in as they leave formal and paid work. They are most certainly not economically inactive, so to encourage this group back or to stay in work, we must understand what they want from their older lives. We believe we need to talk more about the positivity of older lives. It's high-time that businesses and organisations of all sizes have this conversation about age. As a purpose-led business with over 70 years' experience, it's one that we think Saga is ideally placed to lead.

	50+	50-64	65+
Economic contribution	£795,769,178,526	£684,156,232,285	£111,681,526,975
Of which ...			
Volunteering	£11,090,283,574	£5,919,707,615	£5,240,791,807
Caring	£34,723,026,702	£16,864,928,252	£17,858,098,450
Childcare	£14,040,000,000	£4,320,000,000	£9,720,000,000
Charitable contributions	£2,936,937,408	£1,381,497,744	£1,553,804,550
Employment	£732,978,930,842	£655,670,098,674	£77,308,832,168
Taxes	£263,118,530,678	£164,642,760,451	£98,475,770,227
Gross contribution	£1,058,887,709,204	£848,798,992,736	£210,157,297,202
Public expenditure	£44,728,802,444	£14,088,539,369	£30,640,263,076
Welfare Benefits	£57,045,885,248	£28,285,881,697	£28,760,003,552
State Pension	£109,729,607,013	£0	£109,729,607,013
Gross costs	£211,504,294,705	£42,374,421,066	£169,129,873,641
Net contributions	£847,383,414,498	£806,424,571,670	£41,027,423,560

METHODOLOGY
Multiple data sources have been used, including official statistics such as the Family Resources Survey produced by the Office for National Statistics (ONS) and DWP data on benefit payments. Furthermore, in 2022 SAGA also commissioned a survey of 1000 50+ adults representative by age, wealth and region, the data from which has been used in drawing our findings.

Left are the more detailed figures of our report, detailing both the economic contribution of and public expenditure on the 50+ population.



GENERATION **EXPERIENCE**

THE UK'S ECONOMIC SUPERPOWER

The economic contribution of the UK
50-plus population to UK society.

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