

A HOUSE IS NOT A RETIREMENT PLAN

Households' perceptions of old age and the use of housing equity in Belgium

Abstract. *With the coming boom of people entering pension age, the debate on the affordability of the legal pension in Belgium has accelerated. On the one hand, the argument is that the legal pension scheme will remain affordable, while on the other hand doom scenarios refer to its un-affordability and the fact that the legal pension will not be high enough to live a decent life when retired. With this last opinion in mind, it is not surprising that commentators and/or policy makers look at the assets households have and include them in the debates on the sustainability of the welfare scheme. In this paper, based on a qualitative research layout, using in-depth interviews with 30 households in the Ghent region, we report on the strategies and the attitudes of households concerning their future pension and the possibility of using the equity of their own house to supplement their income when retired.*

Key words: *Belgium, housing, homeownership, pension, care, old age, welfare state*

Introduction

Like in many countries, the Belgian government sees the retirement of the baby boom generation looming on the horizon. Given the fact that, one, the Belgian welfare state is plagued by public debts, and two, homeownership is the norm, this government 'under pressure' might look in the direction of home-owners to extract at least some of their housing wealth in order to supplement income from (public) retirement pensions and care. At the end of 2008, the net debt of the Belgian state was € 295 billion¹. In contrast the Belgian households are fairly rich: they possess € 864 billion

* Vicky Palmans, researcher, University College Ghent, Pascal De Decker, Professor and research director, University College Ghent and Sint-Lucas School of Architecture Ghent/Brussels.

¹ This figure is from before the financial crisis, which has put Belgium in the biggest economic crisis since the Second World War (Pompen, 2010).

of financial assets, of which € 265 billion in cash and deposits². The around 4 million owner-occupied houses and 600,000-second homes represent an estimated sale value of approximately € 825 billion³ (2006 prices – De Decker & Dewilde, 2010).

We focus in this article on *households' perception* on the affordability of life in retirement, including the possible rising costs for care and possible use of the housing assets to provide if welfare state provisions would lag behind. We start with a brief description of the selected area where the in-depth interviews took place. A sketch of the Belgian context with respect to welfare and housing provision follows. The next section deals with the perceptions of the respondents with respect to the pension schemes, possible costs for care and the role of housing assets, the state and the family. We end with some conclusions, which are – although they are explorative by nature – very topical since the ongoing debate on the pension age and the level of the pensions-to-come reached a climax during the first month of 2010, especially since a former Minister of Pension drew a grim picture of the existing schemes (Vandenbroucke, 2010a; b) and the current Minister stated that all Belgians will have to work 3 years longer in order to keep the pension system liveable (Daerden, 2010)).

Also interesting to note is that the Belgian workers' pension – once among the highest in Europe – has gone downhill and that most of the pensions are around € 1,000 a month (Tegenbos, 2010), giving the paradoxical situation that while the Belgian pensions are among the lowest in the EU, the consumption of pensioners is among the highest (Cantillon, Lefebure & Van den Bosch, 2009; Capéau & Pacolet, 2009). This forces De Decker & Dewilde (2010) to conclude that Belgium, to a large extent, already has an asset-based welfare state.

The selection of respondents

We interviewed 30 owner-occupiers in Ghent from three different age cohorts (25–35; 45–55; 65–75). Ghent has approximately 230,000 inhabitants and is Flanders' second city. Historically it was one of the first cities to industrialize in the 19th century (textiles). This led to a quick and dense urbanization, which is still very visible today. A crown of dense neighbourhoods with small and poor housing surrounds the city centre. They 'house' the poor neighbourhoods. Around the city, especially since the 1960s, a broad suburban ring developed. These areas consist of single-family houses,

² In 2009, the Belgians added € 10 billion to their deposits, adding it up to € 200 billion (*De Tijd*, 10 April 1010).

³ In Flanders, private households also possess 49.118 hectares of land for new housing construction with an estimated value of € 6.3 billion (2006 prices).

often detached, in ownership. Although 74% of the Flemish housing market is home owned (in 2001), Ghent has 45% rented properties. Approximately 14% of the housing stock is social housing, which is significantly higher than the Flemish average of 6% (Vanneste et al., 2007).

In order to obtain respondents from different socio-economic groups, we used the socio-spatial map of the city as a starting point and invited people from a poor neighbourhood and a more residential area to participate by means of a mailing. The response was quite low. To reduce the non-response, we chose to go door to door. This helped in the better-off neighbourhoods but not in the poor neighbourhoods. We encountered a language problem, since large numbers of inhabitants in these neighbourhoods are migrants from all over the world. Therefore, since this did not produce enough respondents, we had to use other methods. Thereupon, we contacted a gatekeeper⁴ to find respondents in the poorer areas and also contacted a club for the elderly. We could, through a form of snowball sampling obtain enough elderly. This implies that finally our respondents are less spatially concentrated and live more dispersed through the city. Taken together, seven respondents live in a poor neighbourhood and 13 live in residential suburban areas. The others live in mixed status areas.

The Belgian context

In order to understand the similarities and differences of attitudes and strategies between the three age cohorts we have to consider the major post-war developments with respect to pensions, care at old age and housing. Important is that since 1889 all Belgian governments have promoted home-ownership at the expense of other tenures, there through creating a desire to own (De Decker, 2008). Therefore, all cohorts – even the oldest one – experienced the same policy with respect to housing.

The cohort '65–75' was born before or during World War 2. Consequently, they experienced both the fall out of the war (crisis of the 1950s) and the growing virtues of the welfare state. Already during World War 2 the Belgian government succeeded to establish the foundations of the post-war welfare state using a Global Pact (1944) between the employers and employees. The welfare state would grow until the 1980s, when a severe (world) economic crisis pushed the state to its financial burdens. In that period, we see, among other benefits and insurance, the development of a general *legal pension system*, and an extended and qualitative *health care system*. Therefore, the oldest cohort has experienced the ongoing rise of many schemes provided by the government.

⁴ *Samenlevingsopbouw Gent (Community Building Ghent)*.

The cohort '45-55' had a different start. Growing up in prosperity, they entered adulthood and working life at the end of the 1970s and the early 1980s at the top of an economic crisis with unseen unemployment rates in the post-war period. This condition would last until the early 1990s, when again a period of prosperity and high employment came along allowing people to start building up their lives. With the crisis and its effects on the state budget awareness grew on the ageing of the population and its consequences for the pension system⁵ as well as on the provision of care.

Albeit accompanied by a discourse on deregulation and privatisation, the mentioned crisis did not lead to a huge restructuring of the welfare arrangements. Nevertheless, an incremental restyling was currently under way (De Decker, 2004). Therefore, no real changes took place concerning the *legal pension system* (Tegenbos, 2010), except that in 2001 a 'Silver fund' – being a moneybox financed out of the taxes – was introduced to finance the rising needs. Aware of the fact that in the long run the legal pension system was not capable of dealing with the rising number of pensioners and the increasing living and care cost, the federal government created two additional 'pension pillars'. The first stimulates private companies to create company pension schemes; the second stimulates individuals to save for an extra pension, using tax deduction as a motivation (already since 1987).

Although the yearly budget increases are regularly under attack (especially by the right-wing Liberals), the *health care system* remains intact⁶. Health care is still widely available and easy accessible, but the fixed sum patients have to pay, has risen steadily. In order to avoid that health care costs push people deeper into poverty; a maximum invoice was introduced for low-income people (among which many pensioners). We also have to note that with respect to hospitalisation, the share of private insurances rose (see already De Decker, 2005).

The '25-35' cohort – which grew up with prosperous parents and grandparents, succeeding two prosperous generations for the first time in history –, enters adulthood and working life in an economic puzzling period. On the one hand, unemployment levels are high⁷, while at the other hand numerous jobs did not get filled. They enter working life with a different perspective, recognizing that a job is neither permanent nor that it has to be a full-time job per definition. Flexibility is a buzzword. With respect to the features of the *legal pension scheme* in particular and the *social security*

⁵ Note that, at the moment the general legal pension scheme was introduced – during the 1950s – the average age of people was below the pension age of 65 years. So hardly any pensions had to be paid. Today the average age is around 80 years and people on average stop working at the age of 60.

⁶ A yearly growth of the budget with 4.5% is agreed upon above inflation.

⁷ Due to the in stream of more people – especially women – willing to work, unemployment rates were always rather high after the 1980s crisis. The current crisis will add to that.

system in general, these young people are confronted – although pension age is still far away – with an ongoing discourse of its non-affordability. For the public eye, it has in the meantime become clear that the Silver funds turns out to be an empty gesture (Jadot, 2010).

Concerning *housing* and especially home-ownership there are no indications that entering home-ownership has become more difficult. On the contrary, an average instalment is not more than 21% of the disposable income; for owners under 35 years it is 27% (Heylen et al., 2007). Considering the fact that the youngest cohort succeeds two ever more prosperous generations, intergenerational transfers are bridging the affordability gap. Heylen et al (2007) discovered that around 12% of the money needed to finance an own house was donated in one way or the other by either the parents or the grandparents.

Pension strategy

Dealing with a income decrease

In a vignette respondents were asked to reflect on a scenario of a couple that took early retirement and now faces the risk of not being able to maintain their standard of living. Four main responses were evident in people's accounts:

Most respondents suggest that the couple should find some way to earn additional money. They usually suggest doing this without reporting it to the state, hereby avoiding taxes. As some respondents point out, a person can always find some way to earn more. One respondent even suggests that they could start a crèche as an example, seeing that on the countryside, where she herself grew up, there would be a large demand for childcare.

On a more practical note, respondents mention downsizing, considering that the house has probably become too large anyway. Rationally, respondents argue that smaller dwellings are cheaper and have lesser costs. In addition, when moving to the inner city, transportation costs can be reduced as well. Ways of downsizing for example are renting or buying something smaller to live in, what one can finance by selling or renting out the old home.

It is a fact that many elderly in Belgium live in houses that are too large for them. Often these are difficult to maintain, and as a result these dwellings are badly equipped and badly isolated (Vanneste et al., 2007). Above the large utility costs, they are stuck in a vicious circle of high maintenance costs. An elderly respondent laughs at the common argument to promote ownership, namely 'rent free living', considering that the costs that come with an 'old' house can be significant, certainly because one is no longer capable of fixing things oneself: "*Hired work is*", as she states, "*very expensive these days, and sometimes things need to wait before I have the money to let it be fixed*".

Many respondents utter the possibility of just adjusting their standard of living. If this is the case, they do not even have to find extra earnings. Some respondents do not even understand why some people would choose to live above their own means: *“If you are living above your standard, you cannot sustain for long. And then you simply need to adjust that, it needs to be in balance”* (female, social assistant, 25–35 without children).

Generation differences are apparent. The youngest cohort never experienced a crisis and has a rather positive attitude towards the social safety net, be it social welfare or family. The middle cohort experienced the crisis of the 1970–80s and knows how to cope. The oldest cohort with the experience of the post-war austerity and the crisis of the 1970–80s knows how to cope with scarcity, and have savings to compensate. These older respondents are sometimes puzzled that the couple (talked about in the scenario) has not saved enough money for their retirement in the first place. The youngest cohort thinks, as an additional option, that the children or the government might prove to be helpful.

Planning for retirement

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“I will have a state pension being a civil servant and that is much higher than the legal pension of a normal employer. I still will have to adjust my current living style and that is why I will have to save now to be able to manage later on in life.” (Woman, civil servant, 25–35 without children)

Although the youngest cohort and the middle cohort do not think it will be enough to get by, the legal pension is considered as the most important income over the different cohorts. Respondents of the youngest cohorts think about ways to achieve additional income at their retirement, for example acquiring real estate for renting out, or voluntary pension saving. They know they have to anticipate and be *self-reliant*.

The middle and oldest cohort specifically count on a voluntary pension or on their bank account savings. Only a few respondents of these cohorts mentioned buying an extra house for the rental income when retired. Nevertheless, real estate is regarded as a stable form of investment. However, most respondents definitely do not consider the owned house as a plan for retirement.

When the influence of the government on their retirement plans is concerned, respondents of the different cohorts react in a similar way. Most mention that they are either not influenced or, if influenced, they become more pessimistic about the legal pension and the pension age. Especially older respondents experience the fruits of the welfare state and indicate that recent policies are of no real influence. Because they do not really trust politicians, they choose self-provision:

“They [the politicians] cannot be trusted. I remember that the banks started calling me to try to convince me to start with the voluntary pension saving because of the tax deduction. I always asked them one question: ‘is this good for me, or is it good for you’. Usually the answer was clear. No, I never did it. I have put all my money in my house; you could say that it is my little savings account” (man, pensioner (former architect) 65–75 with children).

Younger interviewees admit that the tax deductions scheme for voluntary pension savings influence their strategy, stressing that they step(ped) into the scheme because of the tax deduction rather than for obtaining a higher pension. It is because the yield is higher than with classic private saving schemes.

In the middle cohort, a person was very critical about the current state of events and thought that it was unbelievable that the government was getting away with ‘printing’ privatisation of the pensions in the heads of young people. Moreover, he thought, it would be *“a downfall if we would ever adapt to the American system”* (man, employee IT, 45–55).

It is apparent that none of the respondents of neither the youngest nor the middle cohort had an idea of how high or low their pension would be. A teacher in her early fifties was thinking about retiring early, but considering she had no idea of what amount of money she could expect, she finds it difficult to make that decision. Similar stories were heard often. Some do say that they are planning to inform themselves and hope that they will get an idea of the amount of pension they will receive. Another respondent, a specialist in computer sciences, does not understand why the government does not choose to be more open about it. He says that it must be feasible to print on the monthly salary slips the amount of pension already accumulated⁸. This argument echoes Pierson (1996) when he argues that, governments who want to cut back have to use different strategies (obfuscation, division and compensation) in such a way that public opinion will not vote against them. In this way, it is not surprising that governments do not want to be transparent, so they can easily change things to improve the affordability of the pension system, while this nonetheless means retrenchment.

We notice that another problem arises. In Belgium, the pension age for men and women is 65 years of age, but still the actual pension age is barely 60. The changes the government made since 1990 to tighten the contribution condition for early retirement seem to be having their effect, considering that the respondents from the two youngest cohorts mention the fear

⁸ We have to stress that this is difficult since Belgians do not save for their own pensions, but what the active people contribute is immediately used to pay the pensions.

that they will have to work longer to earn their full pension. Although this fear is mentioned, some respondents still express their longing to quit earlier, assuming that with their savings they will be able to live comfortable.

Care in old age

A second vignette describes an older woman slowly becoming care dependent. She owns her house, but lives far away from her children. The question is what should happen. Almost all interviewees respond to this vignette what they themselves would do in that situation, or at least make the distinction between what they would suggest and what they themselves would do or want.

Over the different cohorts, we hear the same advice repeatedly. Most interviewees suggest that the woman's personal preferences are central. They find it self-evident that if the woman wants to stay at her house for as long as long as possible, this should be respected. When this is no longer an option but the old woman is still self-reliant enough, they suggest moving her to a service flat. The oldest cohort does not mention the service flat option that much, but this could be because service flats are a rather new concept, which they might not be that familiar with. Moreover, when this is no longer an option, as last resort, they suggest a retirement house. In all cohorts we find interviewees who suggest that the children could take care of the parent in their own home. If this is the case, respondents argue for clear agreements, including financial payment.

The respondents think that in part the old woman herself carries responsibility for care at old age, but certainly also the partner or the family as a whole and her children in particular. The last two options are often mentioned as a self-evident fact. They do not mean that the family should take the old woman in their home per se, but they do think that the family needs to help the old woman to get the care she herself needs and wants.

The government is also mentioned, often as some sort of mediator, to assure the possibility to get affordable care or make the pension high enough to pay for the retirement house.

"If you hear what people have to pay to go to a retirement home, it is 63 euro per day. You cannot pay that with your legal pension. If you consider how low the legal pensions are. [...] I think people should get enough pension to afford a decent retirement house" (woman, pensioner (former self-employed) 65-75 without children)

Numerous respondents from the youngest cohort state that their children have to take care of them when they themselves need help. The

argument is that they, as parents, took care of their children, and that later in life, the children have to take care of the parents when they need help. Even the interviewees who did not yet have children mention this option. However, for the same token, it is uttered that most of these young respondents prefer not living in with their children, because they want their children to have their own life and they would certainly not want to be a burden. Therefore, aid means practical aid (e.g. organising the service flat or home care). The respondents with children of the middle and oldest cohort usually say that they would rather not count on their children, both because they do not want to be a burden or they would not like it themselves. Only a few respondents say that they would like it, although one respondent was not sure that her children would want to take her in.

Only for the middle and oldest cohort, the distinction between interviewees with and without children became apparent. This is probably because in these cohorts the respondents without children are certain they will not have any children anymore. While the respondents in the youngest cohort are, still in doubt and still take into account having children later on in life. The interviewees without children out of the two oldest cohorts hope that if they have a partner that (s)he will take care of him/her. The ones without a partner say they truly do not know who will take care of them, that maybe someone from the extended family could take care of them or that they themselves could arrange it.

What is rather surprising is that the family is rarely given responsibility with respect to the costs of care. So again, it becomes apparent that the respondents do not perceive the family in a financial way, but rather as an agent, which role is limited to help in times of needs or when things need to be arranged.

Contrary to their expectations on pensions, almost all the respondents express high trust in collective health care and care for old age arrangements, and a majority expect and believe that the quality can and probably will still improve. What they notice or experience, is satisfying. But some fiercely stress that they paid enough during the course of life for good collective care arrangements and that it will be quite deplorable if they would not get what they paid for.

"I sure hope so! That is the least they could do when you have worked so many years. A security must remain. If an elderly needs to worry about that??? That would be bad. We pay enough taxes to keep it assured"
(Woman, teacher 45-55 with children).

Role of the housing equity

Contrary to other countries, post-war house prices in Belgium hardly knew booms and busts. With the exception of a few years during the crisis of the 1980s, house prices experienced a steady growth. Consequently, nearly all owners expect to gain when selling the house. Above that, the length of the mortgage hardly exceeds 20 years. Given the fact that Belgians become owner at early age, the mortgage free period is often long.

Although sales are not at stake among our respondents, some nevertheless have asked for an official estimation of the worth of their house, while others compare with houses that are sold in the neighbourhood. All are certain that their house has increased in value, or at least will in the future.

Importance of housing equity in retirement

Respondents over the three cohorts all mention that a major feature for owning a house is that they do not have to pay any rent at old age. Although the respondents also see other possibilities of use for their housing equity, they do not apply much importance to their house equity other than that they do not have to pay any rent. Only one couple explicitly mentions (...) *“You don’t know what the future will bring concerning health. You also don’t know how life will end and I think that my property gives a kind of security to both me and my partner to be able to keep living”* (man, pensioner (former sales inspector), 65–75 with children). In that respect, the house is also an insurance. However, it is only when prompted that a very small minority of the respondents considers the possibilities we will come to below.

Few respondents consider it an option to sell the house and rent something instead. They will only consider it, when they are very old and their health does not allow them to keep living in their own home. It also seems important that they are certain that the amount of money they can get when selling the house could maintain their standard of living.

Some respondents of the youngest cohort state that they would rent out the house rather than sell it to acquire cash money. They mention that it is always a possibility to sell their own house later on in life, considering they will make profit, but even then, it is not a possibility they would gladly make.

More respondents of the middle cohort mention that their house can be used to finance their future service flat or retirement house. If they would not have enough savings, a sale can be the worst-case scenario. Although – again – it is not something, they would gladly do. *“The house just represents capital and if we want to move to a service flat, then we have at least that budget at our disposal”* (woman, part-time receptionist 45–55 without children).

Almost none would consider a second mortgage. Only one person said

that he might consider it if it was for investing in the house (for example for renovation or for the provision for other real estate). Most did not like the thought that after working so long to pay off the first mortgage, that they would suddenly have to pay off a second.

Reverse mortgages and other ways to use housing equity

A majority of the Belgian respondents never heard of a reverse mortgage, what is comprehensible since this financial product is prohibited by law. Almost none of the interviewees will consider using a reverse mortgage. People see the formula as a distasteful option (see already De Decker, 2005). Above that, they see a reversed mortgage as a scheme only suited for households without children. So, only households without children consider using the formula if it becomes legal:

“Of course, I would consider it. You would get money, and as such an additional income. Why would anyone care what happens with the house once you are gone?” (woman, pensioner (former self-employed), 65–75 without children).

Nevertheless and contradictory to what some of the older respondents think about their financial prudence or carelessness, even the younger respondents do not show a more risky attitude and state that they do not want to do this because they want to be able to leave their house to their children.

“No, I wouldn’t consider reverse mortgages. I have bought this house to be able to give my children something. This way, I can give them a starting capital, so that they are able to buy their own house. Even beside that, I would not do that, because then your house is no longer your own. It becomes property of the bank. It would feel like renting” (woman, civil servant 25–35 with children).

In line with their attitude towards reverse mortgages, in all the cohorts a majority of the respondents – thereby echoing earlier results (De Decker, 2005) – explicitly state that they do not trust financial institutions. They would rather sell their house directly to another person than to a bank.

“I would not be a supporter, or at least not when a bank is concerned. Trust is lacking there. I might consider selling to a private person with the same conditions rather than to a bank. The banks would do everything to gain profit from you” (man pensioner (former architect), 65–75 with children).

One can assume that the reason why people are not keen to use reverse mortgages and distrust banks⁹ is linked to the fact that people do not only invest money in their house, but also emotion. A sale will not make up for that: a house is not just a house; for a lot it becomes a home (De Decker, 2005; 2007). People attach to where they have lived for so many years. *"The house is more emotional than you might think. For example, our house is too big for us, now that the children are gone, and still I cannot part from it. It is too emotional for me"* (woman, self-employed, 45–55 with children).

Taken together, 'prudence' surrounds the own house (see already De Decker, 2007). Moreover, this is (presumably) not a 'generation thing', attached to the older cohorts only. Even the younger ones are not keen to use products like reverse mortgages. In addition, they stress that they want to leave their house to their children.

Respondents stress that a house, although it is undeniably a form of saving, is not a liquid asset or something they can easily really use. It is more like an apple for quenching the thirst, often without ever really become thirsty enough to eat. Obviously, a house is not as easy to liquidize, as it is to use your credit card to go shopping. It is not really taken in as a true option, unless one really needs it. Decades of government promotion to purchase a house might, in the absence of sound alternatives, also be the cause of high motivation to hold on to the acquired house.

General conclusions

Retirement plans

A large majority of our respondents are quite prudent. As such, their strategies for old age include different options. The first is the most important and concerns 'self-reliance. Saving for old age is the thing to do. Saving can be on a savings account, through voluntary pension savings, or last, making sound investments (e.g. real estate). Although voluntary pension savings are popular, most respondents state that they only use it for the tax deductions attached to it. Investing in real estate for renting out seems to spin in many heads (especially the youngest cohort), and some even invested in real estate. The second safety net is 'the family' and the children in particular. The last safety net is the government, although most respondents hope that they will never have to rely on social care in old age.

For policy makers, confronted with rapidly increasing pension and care costs, becoming homeowner is also a strategy for old age, because outright ownership reduces the living costs and, second, it holds capital within

⁹ *The interviews were carried out before the financial crisis broke through. See for an analogue observation: De Decker (2005, 2007).*

(Palmans & De Decker, 2009). However, the interviews reveal – again (De Decker, 2005; 2007) – that the house has other dimensions. Acquiring an owned house in Belgium is considered ‘standard’, as something you do. Without one, something is lacking. Consequently, respondents hardly see the owned house as a retirement strategy themselves. The house is for the children. A house is not a pension. Only in the middle cohort, some respondents mention the possibility to sell their home to pay for care in a worst-case scenario. But this generation has experienced a severe financial crisis and underwent already that the welfare state is not sustainable at current levels. Others consider it only reasonable to downsize in old age due to illness or that the house has become too big to maintain.

Expectations for retirement

Echoing earlier research (De Decker, 2005; 2007), we find that many respondents still appoint an important role to the state as the guardian of the major safety nets of the welfare state. However, some are sceptical about the level of their legal pension and – because of the perceived risen un-affordability of the legal scheme – their legal pension age. This scepticism is no surprise considering that the public debate makes it clear that the existing pension system is not sustainable anymore and needs ‘parametrical’ reforms as a former Pensions’ minister formulates it (Vandenbroucke, 2010a).

Although respondents differentiate between the state (which they trust) and the politicians (which they do not trust), we notice that a majority of the respondents still believe that the state will come through on their promises. The argument is that they have paid enough taxes and contributions to ensure welfare provisions. However, at the same time, respondents seem to fear that this will not be enough to get by. Consequently, most plan to be self-reliant and provide for extras besides their legal pension. This will consist of the so-called ‘little safety nets’, to ensure themselves a comfortable future and living standard. These safety nets can consist of private pension savings, savings on a bank account, investments, being able to fall back on family, and so on. The government also encourages this, e.g. through tax deduction for private pension savings, as tax deduction for the interests of the mortgage.

Plans for care at old age

Most respondents have the same train of thought when it comes to plans for care at old age. It seems that in the first instance, respondents want to stay at home as long as possible. So they prefer home care, be it by the partner, children or family, or governmental and non-government¹⁰ services.

¹⁰ In Belgium, welfare provision is often organised through private non-for profit organisations.

The next step seems to be a service flat, at least when it is affordable, considering it is quite an expensive option. At least in a service flat, one can remain autonomous and still have a personal space one can call home. As really a last resort, the retirement home comes up. A retirement home clearly has a negative connotation, because it means one has lost their independence. It seems self-reliance is deeply rooted in the core of the respondents.

Expectations for care at old age

Most respondents rely on their children or family members to help them when necessary. It seems a kind of “*I’ll scratch your back, if you’ll scratch mine later on*”. If respondents have no children, they mention their partner, public care or paying a family member to take care of them as different options. It is clear that the government is only viewed again as a form of safety net in a worst-case scenario. The supportive role of family becomes visible when talking about care at old age. It appears that the respondents think that family should take care of the practical (not financial) side of care for their elderly. And most respondents do not want to live in the house of the child(ren).

When it came to public health care, people were less sceptical and even rather positive. Of course, most respondents think that it ‘always’ can improve, but trust in the government is high when health care and old age care are concerned. Although on the one hand the fixed sum that people have to pay themselves has risen; on the other hand there are different benefits created for disadvantaged people (e.g. the maximum invoice). Another reason that there is high trust in the public health care is because the respondents think it is only natural that they get something in return for all the contributions they pay. Again, the respondents expected to be primarily self-reliant, and only when costs could not be carried the government should step in. A good listener notices that even when the government steps in, this is something that society and as such, the respondents themselves saved for. Again, the perception of self-reliance is apparently strongly vested.

Importance of housing equity

The most important reason for buying a house is avoiding to throw away rent-money (De Decker, 2005; 2007). Consequently, respondents rarely take into account to sell their house at any point in life (although there are indications that more people sell to move up the housing ladder). Moreover, when old, a sale is only at stake in some specific situations. This can be because people are too old to live in a house that is too big, or that health does not permit living in an ordinary house; or because they need to move to a service flat or retirement home and they need the money from their

house to finance it. Even in that extreme situation, people are not keen to sell. It seems that a house is for the keeping. Therefore, almost none of our respondents would consider a reverse mortgage, which is positioned as a formula for people without children. Inheritance plays a role, but there is also the viewpoint that when people end their life without a house, all the effort was pointless. The image of owning an own house is vested strongly into their minds and hearts.

Again, our research reveals the importance of a house as a home (see De Decker, 2005). Consequently 'prudence' is a household strategy, although maybe this is more true for the older generations than for the younger one when we take into account their experiences during their life-time discussed above. Therefore, the house is for a rainy day that never seems to come.

The bottom line is that a house seems to be more than just a house. Our respondents are not willing to sell their house just to heighten their income in old age. Our respondents are only willing to sell their home if '*a knife is put at their throats and even then*'. Although, the high homeowner society that Belgium is would seem ideal for an 'own house-based welfare', our respondents seem very reluctant to use their housing equity to increase their income when retired.

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