

HOUSING AS A PIECE IN THE OLD-AGE PUZZLE**

The role of housing equity in old-age security in eight countries

Abstract. *Many housing and welfare researchers in the last few decades have dealt with the so-called trade-off debate concerning the trade-off between welfare and home ownership. Countries with a high home ownership rate have lower welfare arrangements. The debate is about the causality of this statistical relationship; is welfare low because the home ownership rate is high or is it the other way around. This issue focuses on households' perceptions and how households find a balance between government, the market and the family in their provisions for old age concerning pension income and care. So far, little is known about how households perceive housing equity and to what extent they see it as a form of security or income source in old age in this period of facing the consequences of the financial crisis and when pension and care systems are under pressure. This contribution presents the results of interviews with 240 households in eight different countries. The aim is to contribute to this trade-off discussion by clarifying how households think and behave and by examining the extent to which housing equity plays a role in old-age strategies. Clearly the results show that collective arrangements will become less important and housing equity will most probably become a more important piece in the old-age-security puzzle.*

Key words: *welfare, trade-off, old age security, housing equity, cross national comparison*

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Introduction

The ageing populations in Europe are putting pressure on welfare and pension systems. Governments, pension funds, care providers, lenders and households are thinking about new ways to organise old-age income. Housing equity could play an important role for elderly people through low housing expenses in the case of outright owners and could also be a source of income if a household uses the equity release products that are becoming more and more available in European countries. This article discusses the findings of the collaborative project Demographic Change and Housing Wealth (“DEMHOW”), funded by the EC within its Seventh Framework Programme. It addresses the academic debate on this topic, the methodology used to collect and analyse all of the 240 interviews carried out and finally presents some conclusions based on a comparison of the eight country articles in this issue.

The trade-off between welfare and homeownership

Academic debate has for decades centred on the trade-off between homeownership and welfare. In 1998 Castles published an article on what he referred to as “the really big trade-off” between homeownership and public welfare in the new world. As government expenditure on welfare declines, homeownership increases. Or is it the reverse? Does government expenditure decline because less pension funding is needed? Two propositions about the causal mechanisms underpinning the housing-pensions trade-off seem to have emerged: the first, that housing expenditure acts as a constraint, and the second that housing assets reduce needs. According to Castles and Ferrera (1996), the more tax one pays for a high pension in old age, the less one can afford when purchasing housing and *vice versa*. They state that the size of the owner-occupied housing sector impacts on the form of the welfare state. More homeownership and therefore more housing equity reduces the need for high collective pensions.

Kemeny stresses that housing expenditure constrains people’s ability to build up a pension when they are younger. He states that a house purchase and pension contributions are the biggest expenditure items during the life cycle. More generally, “the argument is not that households necessarily believe that the welfare state is undesirable, or less necessary. The effect is more indirect, in that it facilitates political decision making that involves reducing state welfare commitments without encountering strong public opposition” (Kemeny, 2001). Various studies show a statistical relationship between the level of pensions and the level of homeownership (Castles, 1998). But there is virtually no empirical comparative evidence on the causality of this relationship.

This issue is about how people aim to keep a proper balance between different welfare domains, bearing in mind the possibility of making numerous trade-offs between them. However, in the words of Esping-Andersen (2009: 79), “welfare comes inevitably from the combination of family, market and government inputs ... these three welfare pillars have reciprocal effects on each other”. The issue is thus also about the relationship with these three pillars as own housing can also function as a stake in any of them, with housing equity able to be used to strengthen someone’s position in them. Owned housing can therefore be seen as a means to balance the trade-offs between different domains and services and to prioritise between welfare pillars – the public sector, private services and the family. In Southern European familialism there is an identified pattern that housing is used to strengthen the extended family relations and the services it provides. Observed from an individual’s point of view, security in old age can thus be seen as a compilation of numerous choices and elements constructed from numerous pieces of welfare provision that are brought together and which as a whole constitute what is perceived as old-age security. Accordingly, it is about how to fit the puzzle of old-age security together by collecting various pieces of welfare provision and, specifically, what is the role of housing equity in this puzzle.

We intend to contribute to this trade-off discussion by clarifying how households think and behave, and examining the extent to which old-age policies play a role. Do households see housing equity as part of their financial strategies? Do they intend to consume housing equity in old age, and how does this differ among the eight countries studied?

Methodological considerations

Different approaches in comparative research

The aim of the qualitative work package of DEMHOW was to unravel the roots of behaviour, and to compare the findings for the eight countries. Different approaches can be taken when comparing countries. The first is the universalistic approach which is grounded in the assumption that universal characteristics can be identified in social phenomena, independent of a specific context (Hantrais, 2003). This universalistic approach has served as a basic tenet in many econometric studies aimed at modelling behaviour. Such models look for statistical relationships as presented by Castles, but do not support conclusions on causal relationships.

The converse of the universalistic approach is the cultural approach. Culturalism as developed by the Chicago School through the observation of cultural diversity placed such a great emphasis on social contexts, distinctiveness or uniqueness that meaningful comparisons were greatly hampered or rendered impossible (Hantrais, 1999).

This project analyses perceptions and behaviour and assumes that context matters. It explores the extent to which a hypothesis raised in a US or UK context can be confirmed or rejected in the UK and a number of continental European countries. We seek evidence by reporting on people's stories and exploring how housing equity and income in old age fit together by conducting qualitative interviews. How do people consider their context, do they rely on collective arrangements and formal and informal institutions? We include the context in the analysis and opt for what Hantrais (1999) refers to as a middle-range approach. The institutional context is considered to be an important explanatory factor in this cross-country analysis.

Country Selection

Eight European countries were selected for the DEMHOW project. Since we assume that context matters and because welfare regimes for care and income in old age also matter, we selected countries whose welfare regimes and housing markets are dissimilar. We applied Esping-Andersen's (1990) typology to select a liberal welfare regime (UK), two corporatist welfare regimes (Germany and Belgium), a social democratic welfare regime (Finland) and a mix of a social democratic and corporatist welfare regime (the Netherlands). We also included a Latin rim regime (Portugal) and two former Eastern European countries (Slovenia and Hungary). Since the welfare regimes and pension systems in these countries differ, as do their cultures, these differences needed to be considered when developing the research design.

Figure 1 shows the differences in the housing markets. We see the two super home owning countries Hungary and Slovenia where the large majority in both lower and higher income groups is a home owner. Due to the transition in the early 1990s public housing was transformed into private ownership. Also in Portugal most people are homeowners. We see a different picture for the social democratic and corporatist countries. In these countries, the highest income households are home owners and the majority of lower income households are tenants. The UK is in the middle with a home ownership rate of 50 % for lower incomes.

Figure 2 provides an insight into the dynamics of pension behaviour. Hungary, Slovenia and Belgium show significantly lower activity rates than the other five countries. In most countries, except Portugal, this activity rate has risen considerably in the last decade. Governments in all eight countries under study develop policies that make early retirement unattractive and encourage labour market participation (Hegedus et al., 2010). Pension systems are under pressure and a higher age for retiring is the result.

Figure 1: PERCENTAGE OF OWNER-OCCUPIERS BY INCOME QUARTILES (EU-SILC)

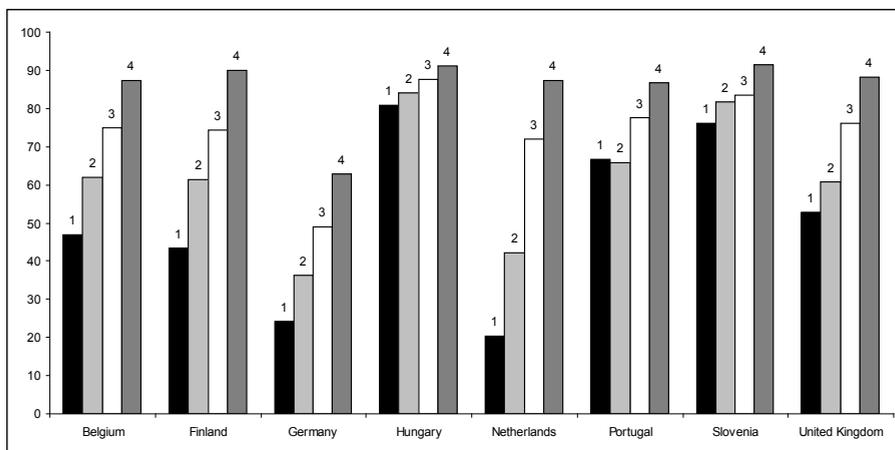
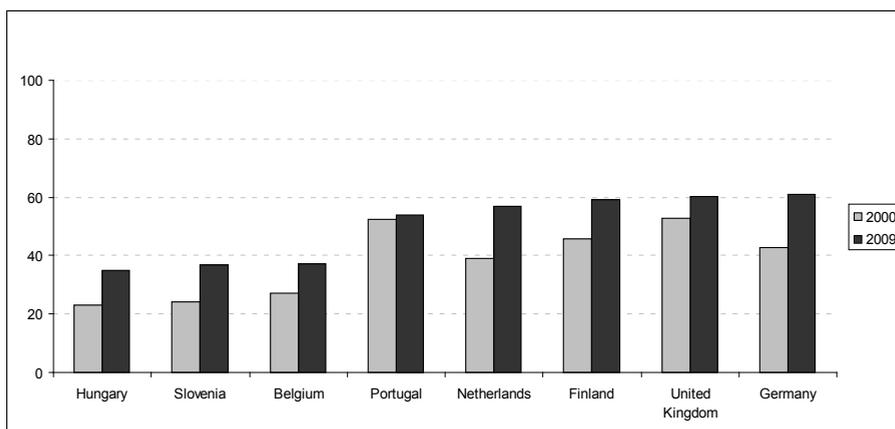


Figure 2: ACTIVITY RATES OF PEOPLE AGED 55 TO 64 YEARS (SOURCE: EUROSTAT)



Defining the scope of the interviews

The qualitative interviews are meant to understand how households perceive their housing equity and to establish the extent to which they see housing equity as a resource when planning for old age. Previous research has shown that mortgage equity withdrawal is not often an obvious option for households to consider, and that other strategies are applied (Elsinga et al., 2007; Turner & Yang, 2006). Saving for retirement is often done

through occupational pension funds, annuities or savings deposits. But the (extended) family can also have an important role in old age, in both a practical and financial sense. In addition to all these strategies, having low housing expenses in old age might actually be sufficient for retirees to achieve wellbeing in their old age. This study further explores the variety of households' strategies with respect to old age.

Moreover, it emerged from the literature (Allen et al., 2004; Kemeny, 2009) and in discussions among the eight country teams that the family, and in particular the way parents help their children to buy a house, and the importance of leaving a legacy to the children, all play an important role in people's perceptions and behaviour regarding housing equity (Kemeny, 2009; Mandič, 2010). We therefore included the family and legacy as a substantial part of the semi-structured interview.

When talking about old age, income and health, the institutional context probably plays an important role in people's perceptions and behaviour. After all, public pensions in some countries are low, whereas in other countries public pension levels are quite substantial. Care in old age is also very differently organised in the eight countries studied. Finally, the housing market is also very different in these countries. Building housing equity through home ownership is self-evident in countries such as Hungary, Slovenia and Portugal, whereas in Germany just 42% of the population are home owners. When exploring the role housing equity plays in old age, we discovered that a wide range of different topics needed to be taken into account. These differences are described in the joint reports on institutional contexts (Hegedus et al., 2010). Table 1 gives an overview of the research questions we addressed.

Table 1: CHAPTER TOPICS AND GUIDING QUESTIONS

2 Households and family	What are the sources of income and how secure are they? Why buy this house? How important is the family? What is the role of inheritance?
3 Financial strategy	Do the interviewees plan, how, or why not? What is the role of savings, assets, property and housing equity? To what extent do they take different risks into account? What is the effect of the crisis/recession?
4 Pension strategy	When do people retire/want to retire and why? What sources of income do they rely on? Who should be responsible for income in old age? What are their strategies for income in old age? What is the effect of the crisis/recession?

5 Care in old age	What are households' expectations about care in old age for themselves? Who should be responsible for care in old age? To what extent should people rely on collective arrangements?
6 Role of housing equity	Is buying a house part of a long-term strategy for old age? In what way is housing equity considered important for old age? Is mortgage equity withdrawal an option or not? Why do households not consume housing assets?

Interviewee selection

The main line of reasoning is that households will attach greater value to private assets for their retirement plans. We expect younger cohorts to do this more than their older counterparts since younger people face the issue of ageing and the pressure on collective pensions and are therefore expected to rely less on collective arrangements. Moreover, we expect households without children to use their housing equity more than households with children. After all, the literature shows that leaving a legacy plays a role in considerations on consuming housing equity or not (Rowlingson, 2006). We therefore defined the following target quota in Table 1. Across all eight countries 30 household interviews were conducted.

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Table 2: ACTUAL INTERVIEWEES AND THE TARGET QUOTAS IN BRACKETS

	With children	Without children
25-35 years old	6	4
45-55 years old	6	4
65 and over	6	4

The interviewees were selected from an area where economic growth was neither far below nor far above the average in the country. The 240 interviews were conducted in the summer of 2009.

The research instruments

The research teams of all eight countries needed to interpret information across historical cultural and socio-political contexts. Developing a framework that was sufficiently flexible to do justice to the cultural differences and robust enough to facilitate a comparison of behaviour in the eight countries turned out to be a fairly complex task for the research team, which was drawn from the eight countries involved.

The research team chose for semi-structured interviews and eventually drew up a topic list suited to all eight countries. This approach accommodates the diversity of situations in the different countries, where a question that might seem logical in one country could be considered odd in another.

However, to facilitate comparison, we were obliged to include questions that some people might find strange and trusted that these questions would not make the researchers in some countries feel too uncomfortable. In particular, the role of the family and the role of and trust in financial institutions varied fairly substantially across the eight countries under study.

Direct questions are the most logical way to elicit answers about how interviewees view the various aspects under consideration. For example, does leaving a legacy play an important role in people's strategies? However, people are influenced by their norms and tend to give socially desirable answers. For example, it appeared that people tend to say they attach little value to leaving a legacy. This could lead to the assumption that people may, indeed, consider consuming their housing equity. However, when asked if they would consider an equity withdrawal they would start talking about how important it is to leave something for the children. It therefore proved efficacious to approach the topic from different angles, such as the family, financial strategy, care and pensions (see Table 1).

A very useful research tool in comparative qualitative research is a vignette (Soydan, 1996). A vignette is used in psychology experiments to collect information by presenting hypothetical situations and asking research participants a set of questions that reveal their personal perceptions and values. Vignettes enable psychological research to be conducted in a controlled manner, where the researcher controls the amount of information available to the participants. Vignettes allow the researcher to steer the interviewee's way of thinking and to establish the extent to which implicit norms play a role in their reasoning. They reveal in all eight countries what it is that people consider self-evident. Institutional and cultural contexts are, after all, equally matter-of-course for interviewees and researchers in any given country. As Smelser (2003) states, the last creature to discover water is the fish. People tend not to mention considerations they take for granted. However, if interviewees in different countries can be persuaded to respond to vignettes it becomes clear how people think. Vignettes 2 and 3 (see below) are examples from the DEMHOW project.

Vignette 2:

A couple have recently retired, they are in their late 50s and in good health. They have two children who both have families and moderate incomes. They own an average dwelling in a rural area. They are finding it more difficult to maintain their standard of living in retirement than they thought and are considering ways of increasing their income.

- What are their options? What would you advise them to do? Why?

Vignette 3

A 75-year-old lady lives alone in a small house with a garden that she owns. She has been managing at home but is becoming frailer. One of her children lives in a village 30 kilometres away and visits her every week to help her with cleaning the house and doing the shopping. Her other child lives 100 kilometres away and visits on Sundays to cheer the old lady up. The elderly lady's health deteriorates and she is no longer able to care for herself.

- What should happen now? What are the options?
Who do you think should be responsible for her care? Why?

The aim of Vignette 2 is to see whether a mortgage equity release was a solution that spontaneously came to mind when people were invited to advise this couple. Their responses show the extent to which a mortgage equity release is part of people's strategies. Moreover, responses to these situations say a lot about what people consider important for this particular household. Is retiring in one's late 50s considered usual or not? Is this couple, who discover that their income is inadequate, considered irresponsible or not? The aim of Vignette 3 is to see whether this lady may consider using an equity release product to pay for her care or not. Therefore, the vignette explores ideas concerning care, the possibility of moving to a nursing home and who people think is responsible for care of the elderly.

Finally, many econometric analyses have shown that housing equity is treated differently from other assets (sources). People tend to consume assets in their old age, but not housing assets? Why not has therefore long been an important question. We straightforwardly asked this important question to our 240 households: "People save money for risks and older age. They often save more than might be necessary and when they are in old age they do not want to spend all their savings. And they choose not to use the equity stored in the house. Why do you think people behave like this?"

Selected household views – identification and comparisons

This issue presents eight articles written by eight country teams based on the country reports that present the interview results. The articles reveal a wide range of differences which is a result of the research method that was chosen. In the semi-structured interview a number of different questions were used to trigger reflection and initiate discussion of a given issue from different angles. Often the starting point of the discussion was a general one, leaving it up to the interviewee to frame the issue in his or her own

terms; so his/her own original frames of reference were revealed. Next to the general trigger, further discussion was stimulated by specific prompts so that an issue was approached from various specified angles. The individual papers reflect this multitude of ways to discuss, articulate and touch on issues when initiated from diverse angles. Rather than standardising the discussions, the collection of papers indicates the multiplicity of ways in which issues were framed, named and referred to other phenomena by interviewees. This diversity serves the exploratory aims of the study.

We focus on the interviewees' views on two issues: the significance of housing equity in old age and the reasons older people do not consume it. We wish to examine these opinions and explore the options that people see and their attitudes to these options. We wish to highlight some of the similarities and dissimilarities in these views, as reported in the national papers.

It can be expected that these perceptions and views would tend to be more similar within a country and would differ cross-nationally. The structural factors, most notably the institutional and policy framework and socio-cultural setting etc., are common to all individuals of a given country and people tend to make similar choices and hold similar views in response to them. And since these structural factors – i.e. institutions and policy mechanisms in the domains of pension, housing and old-age care – vary across countries, it can be expected that people's views and attitudes would diverge between countries. In the domains of pension, housing and real estate and old-age care there are many institutional differences that seem to be crucial for individual preferences and decisions. Apart from the already well-acknowledged distinctive features such as Scandinavian strong proactive welfare policies, Southern European familialism or post-socialist extremely high home ownership rates (“super home ownership”), numerous other relatively unique institutional features were highlighted in the papers. To name some of the most striking, the Dutch paper reports on the popularity of the “interest only mortgage”, which leads to a very low proportion of outright owners among the elderly. The Hungarian paper points out the phenomenon of the avoidance of paying tax and social security by a significant share of the active population, who would thus retire without paying enough social security for an adequate pension. Germany is absolutely unique with regard to its large rented sector and relatively low rate of owner occupation, characterised by high incomes. The UK is distinguished by its uniquely well-developed equity release industry in the EU. In Belgium, as a contrast and uniquely, the reverse mortgage is prohibited by law. Countries with their distinctive institutional contexts thus vary in the set of options and opportunities which they present to individuals and therefore people in these countries face different challenges and possibilities, which might have a decisive impact on their perceptions and choice of options.

Views on housing equity and its importance in old age

In this article we draw conclusions on the eight country articles contained in this issue and first deal with the financial importance of owning one's housing in old age. Its financial importance is recognised by most people to more or less the same extent. While in all countries this financial significance was only perceived to be positive, with owning one's home thus representing an advantage, specifically in Slovenia it also appeared as a possible liability, a financial burden due to the high cost of maintenance and heating. As a financial advantage, housing was reported to figure in a number of forms, most often the options were recognised in almost all countries and were the following. First, housing was reported as a valuable asset, representing wealth and being considered a general reserve, a buffer that is considered very important in the case of health problems and the need for long-term care. Housing was often generally believed to be a good and stable investment. These beliefs were confirmed as correct for the entire oldest cohort of interviewees. Namely, when asked about the present equity of their home, not a single case of negative equity was reported among the oldest cohort; however, the phenomenon of negative equity was significant for younger cohorts. In the Netherlands, negative equity was found to be very common among the youngest cohort, the UK had a few cases among the youngest; in contrast, in Portugal, Germany and Slovenia no cases of negative equity were reported. Moreover, real estate prices are considered to be either stable or generally increasing so presently the values exceed those of the time of initial purchase.

Other perceptions of the financial potential of owned housing were that it is an advantage in comparison to paying rent and it gives the possibility to move to a cheaper house. In some countries like Belgium and Slovenia renting out part of the housing was also seen as an option to generate an income from housing.

Greater variation between dominant national perceptions appeared with regard to the acceptability of different ways to use the financial potential of one's home. Downsizing or trading down appeared as the most significant option everywhere. There was some diversity with regard to use of a reverse mortgage, with the degrees ranging between strongest and mildest reluctance to consider it unless in an emergency and as a last-resort solution. However, the biggest contrast amongst the countries was found with regard to the option of cashing and moving into the rental sector. In Portugal, this option is estimated as possible; in the Netherlands many could imagine moving to rented premises, all in the middle cohort. In Belgium, a few could move to rented housing. In Hungary, no one would choose this option, only downsizing. In the UK it is mostly perceived as the last option, since paying rent is "dead money". In Germany it appears mostly as possible, yet there is

fear of being evicted. In Finland, hardly anyone would sell and move to the rental sector. In Slovenia, absolutely no one would even consider such an option, but only an alternative of moving to a home for the elderly and covering the extra costs for the services there with released equity. The perception of the renting option thus ranged from unacceptable to less reluctant, thereby mirroring the nature of the rented sector in terms of its desirability and accessibility.

In addition to the financial aspects, other forms have been identified in which owned housing appears to be significant in old age. One is the view that owned housing represents something to be left as a bequest to one's offspring; in Hungary, for instance, it is reported as part of the common family strategy to preserve wealth and pass it on to the next generations. Owned housing was also perceived as significant for a number of affective and symbolic reasons. It is a home, a roof over one's head; "it reflects family memories, represents a way of life and expresses a social status as well"; "it represents a lifetime of savings"; it stands for a life-time accomplishment; also an attachment to the place and people is reported. Housing is thus seen as much more than just an economic asset and investment in all eight countries.

Accordingly, an owned home is seen and recognised in all eight countries on one hand as an asset and allowing financial potential and, on the other, as a home, with delicate emotional significance. However, according to the conclusions of all papers there is diversity between the age cohorts with regard to the importance of these two dimensions. Authors report that the youngest cohorts more often tend to see home ownership as an asset; contrary to this, the oldest cohort also refers to emotional attachment, with financial significance mostly being relevant only in an emergency. In explaining this diversity between the age groups and the stronger attachment of older people to their owned home, two different hypotheses appear in the papers. Pedro Perista maintains for Portugal that it is the age of people - also their offspring - that strengthens the attachment to a home; during the course of time "a house turns into a home". In contrast, concerning Germany Ilse Helbrecht and Tim Geilenkeuser argue that the stronger attachment of older people is a cohort effect which dominates the age effects; namely, due to its more prosperous and publicly secured past the oldest cohort is less inclined to see the asset-like character of housing since they have little need to do so.

Why do older people save and not consume their equity?

The issue here is to explore how people perceive the reasons older people save and are unwilling to consume the housing equity they have accumulated during their life time.

The significance of this question is considerable. The question is about the reasons people hold onto their housing equity for so long and do not use it as a financial resource to improve their life in other domains. Old-age security involves so many delicate issues related to finance, health, housing, care and security generally.

Turning to the results, it is apparent how the attitude of old people to save and to not easily be willing to consume their housing equity was equally recognised in all eight countries. The individual papers bring accounts of how this attitude appears in different cultures and how it is explained by the interviewees, as briefly summarised below.

Paivi Naumanen and Hannu Ruonavaara recognise in Finland an attitude of older people who want to keep and not consume the equity they have managed to accumulate. However, they found their interviewees to be quite critical of “the (alleged) elderly people’s obsession to save and not to consume”; moreover, such attitude was seen as “a rather irrational habit that was typical of the elderly generations, deeply engrained in the Finnish culture and mentality, and something that was now changing”. Among explanations of this habitual pattern, several references were made to Finns’ Lutheranism or Protestantism, the reference pointing to “the attitude of spending and saving that allegedly are an age-old part of the Finnish culture and way of life and to which people are socialised in”. Moreover, reference is also made to the “generation of reconstruction and growth” (born in the mid-1920s to late 1930s and affected by the Second World War) whose life stories are characterised by “insecurity, poverty and hard work”. Some interviewees saw thriftiness as being related to old age, when people are more cautious with spending. In contrast, several younger interviewees argued that old people should use their savings on themselves, to enjoy a little luxury. Also a bequest motive was mentioned among the reasons for not spending the wealth stored in one’s home.

In the Netherlands, Janneke Toussaint and Marja Elsinga identify the most important reason as lying in the fact that housing equity is regarded as precautionary savings; people do not know what will happen, how old they will become and what costs they might face in the future. Older people, who frequently experienced the Second World War, are very careful with their money. The interviewees, describing the typical behaviour of the older people, sometimes referred to “Calvinism, which was traditionally used to describe the typical Dutch financial behaviour”, also expressed in wisdoms such as “save before spending” or “do not spend money like water”. Other reasons given were the “pleasant roof over the head”, an attachment to their place, a certain pride in “having” the equity, enjoyment in passing the wealth on to the children. The authors also point out indications that younger generations would spend their housing equity more easily as they

are more acquainted with financial products, and see an owner-occupied dwelling more as an investment. They maintain that, at least to some extent, the future could bring a shift as the current active cohorts are more willing to consume their housing wealth in their retirement.

In Portugal, Pedro Perista finds precaution to be the biggest motive for such behaviour. “The uncertainty of not knowing what tomorrow will bring and the hope to live another day make individuals afraid of depleting their resources and not having enough for the final days of life”. There are also affective reasons; it would not be easy to watch “a lifetime of savings, that often involved considerable effort, vanishing”. For some elderly, the assets they have built throughout their lives signify their value. Saving and hard work are sometimes seen as part of a “background of deprivation when in the recent past Portugal was a poor(er) country, namely regarding the situation under the dictatorial regime between 1926 and 1974”.

Vicky Palmans and Pascal De Decker also recognise such a saving attitude of older people in Belgium and term it as “a house is for a rainy day that never comes”. The leading reason for such a trait is that “one does not know what might happen in the future” and thus “prudence”. In the interviewees’ opinions, such an attitude might be “a generation thing”, referring to “the generation of the Second World War, which is still afraid of losing their money” and therefore very careful with their savings, part of which includes the house. The interviewees also thought that this is changing these days as younger people spend their money more easily.

In the UK, as argued by Anwen Jones, Mark Bevan and Deborah Quilgars, all the interviewees recognised this trait of older people of being reluctant to spend, also citing “examples of older people who lived frugally even though they owned properties and had savings”. The dominant reason for that was “that savings and equity in the home provided a financial buffer in case of any future problems or difficulties”. They noted “the practical concern that older people have of making sources of income last through later life, and not using up savings and assets”, also related to “the impossibility of knowing how long one might live, therefore, how long one’s savings would have to last”. Common to the responses was “the perception that attitudes towards holding on to equity and savings were habitual, and rooted in the culture of particular generations”, as a result of “living through years of austerity and rationing in the post-war years”, and also of “a collective memory within previous generations of very harsh treatment of people who lacked the means to support themselves”. Younger interviewees were found more likely to distance themselves from such an attitude of holding on to equity and savings.

For Germany, Ilse Helbrecht and Tim Geilenkeuser reported that “households sensed a sort of security, when owning real estate... German

homeowners attach emotional value to their house. The thought of releasing equity seems rather odd to them”; considering the time and effort needed to build, acquire or renovate the dwelling, the liquid return when releasing their housing equity could be quickly spent. The Second World War was listed among the reasons for such an attitude, as the post-war generation suffered from poverty, leading to a mentality of austerity. Further, people want to keep their assets as long as possible to “buy love from their heirs”, so to say they want to keep it as a dead pledge. It is also argued that the oldest cohort – due to the more prosperous and publicly secured past – is less inclined to consider the house as an asset, while younger cohorts are more likely to make use of housing assets because of necessity following the transformation of the welfare state.

In Slovenia, as reported by Srna Mandič, the interviewees well recognised the attitude of older people not spending their equity while alive. The main reasons were security and safety. People save money for bad times that might come and many older people have already experienced what it is like to be in great distress; older people are used to more modest living, their needs are less, they face more risks, particularly with health, some fear how to live on a small pension. Saving money is one of the habits of (older) people; often the interviewees stated that “saving is in the very nature of people”; “it is in their genes”, “they are used to saving from childhood”. An older interviewee even argued that “Slovenians... we Slovenians are a nation that likes to save”. In addition, a wish to leave a bequest to one’s children was recognised. Some emphasised the need to be self-sustaining, independent of others, it is better to leave something behind than be paid for by others, or leave debts; some thought it is important to leave something behind you and to think about children. Therefore, people save for any eventuality and it is not so important whether they spend it or leave it to their children at the very end. While younger cohorts recognised and explained such an attitude of older cohorts, some were quite cynical about it and expressed their opposite life credo that it is worth consuming in the present time; as a young interviewee put it “you have to live while you live”.

After examining these findings, let us point out three observations. The first is that the prevailing attitude of older people to save and hold on to their housing equity was found surprisingly similar across the eight countries, in spite of the huge diversities in the institutional contexts. The features of the diverse welfare regimes characterising and distinguishing the institutional environments of the eight countries are not really mirrored in individual stories about the home or why not spend housing equity. Old people save and tend to hold on to the home they own, be it in the UK or Germany, Portugal or the Netherlands.

The second observation concerns the diversity among the cohorts. In

all countries the older cohort was reported as tending to save and holding on to their housing equity, while the youngest cohort distances themselves from such an attitude. In explanations of such diversity, very often a reference was made to the specific historical experience of the oldest cohort, namely the Second World War and the subsequent years of austerity.

The third observation is about how this attitude of the older cohort is related to particular national socio-historic and cultural contexts. The papers give evidence of how this attitude is specifically framed and named in most countries, how it is indigenised and perceived as unique and belonging to the specific national identity. Indeed, this attitude of the older cohort is so deeply embedded in the personal and national-cultural identity, yet, paradoxically, it is so common to many nations.

However, there is a difference between the countries in the extent to which older people see themselves as an actor in the constellation of the family. Thus, there is a difference with regard to how much these decisions are an individual or, alternatively, a family issue and subject to collective decision-making and rational. Is it perceived from an individual's point of view, at one point in time, or is it perceived from an intergenerational point of view, where the extended family network is significant? In more familialistic Southern European regimes it is the family network which forms another "piggy bank" in which people save and take out when necessary (Esping-Andersen, 2009; Poggio, 2008). In our interviews, this pattern was found to be quite strongly present in Portugal, along with two new EU member states from the post-socialist group: Hungary and Slovenia.

Conclusions

This issue has focused on the role of housing in old-age security puzzle, even though whole DEMHOW project comprehensively addresses people's views and plans about old-age security, thus giving an account of how different pieces of welfare provision with regard to various welfare domains and welfare pillars are combined and fit together to solve this puzzle. There is much evidence that housing equity functions as a very important piece. Regardless of specific national institutional pieces, the current generation of old people tends to hold on to their home and the equity contained in it as a universal buffer, as a reserve. It is universal in the sense that it can be exchanged for other resources of other welfare domains – specifically money and care, and across different welfare providers – market, the family and partly the state. Housing is both an investment and a consumption object; both a home – with its strong emotional dimension, and equity – a strong economic rational resource. It is a universal buffer in all the countries.

The contributions from the eight countries reveal quite similar stories

for the older generation. This generation does not intend to use its housing equity by moving or releasing equity, but considers it a precautionary fund. The younger generations appear different and in some countries even criticise the older generation for being too thrifty and not living life to the fullest. This raises the question of whether we are dealing here with an age or a generation effect. The relationship between the age and the cohort effect could be hypothesised, yet in two other ways. The first is cumulative – the cohort and the age effects are adding up. The older cohort was characterised by austerity in the post-war period, was used to more hard work and saving, having an investment orientation; and when years of general prosperity came later they were very well equipped to make use of these very good historical opportunities. This is accumulated in their wealth and housing assets, quite substantial in comparison to those of the younger cohorts. On the top comes the age effect: at an older age, people are less dynamic, less responsive to the environment and policy changes, stick to and preserve what they have; they are also substantially less mobile and willing to move (Struyk, 1987). By contrast, younger cohorts were raised during years of prosperity and are more used to spending and consuming than saving; now they are confronted with diminishing opportunities and greater risk in post-modern society.

The second possible hypothesis is that the relationship between the cohort and the age effect is not the same but varies across the countries, perhaps reflecting the different welfare regimes. In social democratic Scandinavia, the public welfare pillar might be effective in reducing differences among generations, while in Southern Europe it has been less so. The former countries are typically the subject of a trade-off debate on welfare and home ownership. The Eastern European countries have experienced a really big shift away from the state provision of welfare and become super home owning countries. Interestingly, the two countries involved here show quite some similarities to the Southern European case where the family plays an important role.

As concluded before for the Portuguese case, an age effect was considered, while the German partners also recognised a cohort effect. It may be that in Portugal the tradition of home ownership and the family is being transferred from one generation to another, while in North Western European countries the younger generation has been raised in a prosperous period and at the same time has enjoyed the protection of a relatively well-developed welfare state and have thus not been confronted with the need to build a private safety net.

Our findings support the idea that for the next generation the equity contained in one's house will be of more importance for old age. Not the least because housing equity is the largest asset of many people and a "forced"

way to build equity for generations that do not have the thriftiness of the current older generation in their genes. Since home ownership for the older generation means saving and not spending, while the younger generation considers it more of an investment; housing equity, housing debts and perhaps also the release of equity will be relevant for the old-age puzzle of this generation. When they become old, the puzzle will have different pieces since across Europe pension systems, welfare regimes and housing systems are changing and people are thus building new histories. Moreover, in some of these countries large parts of the population are not part of this building of equity since they are tenants. After all, according to Esping-Andersen (2009: 166) the “welfare of the aged is – and always will be – primarily the outcome of their life course”.

The evidence presented here offers support for the hypothesis that there is a trade-off between welfare and home ownership. As a consequence of changing government policies, households rely less on government and more on home ownership for old age provision. An owner-occupied house is a private safety net and housing equity can be turned into income via reverse mortgages provided by financial institutions. But home ownership also forms part of a family’s capital and plays a role in both inheritance and in parental support for their children to buy a house.

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