



# The Financial Capability of Older People

A report prepared for  
**FINANCIAL LITERACY AUSTRALIA**



University of  
South Australia

Business  
School

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## Financial Literacy Australia and the UniSA researchers

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# Executive summary

## About the report and the problems being explored

**This report outlines the findings from research into two financial capability contexts, firstly, the financial capability of older people and their management of home-care packages and, secondly, the challenges older people face when choosing banking and financial products and services.**

In the first context, we interviewed 31 men and women aged over 65 years and asked them about the establishment and day-to-day financial management of their home care package. In the second context, we interviewed a further 31 men and women aged over 65 years and asked them about their experience in choosing financial products and services offered by the financial services industry.

Such products and services include banking services and financial advice, bank, savings and investment accounts, credit cards, loans and life insurance. We also interviewed a small number of representatives from home care package providers and financial institutions. While a home care package may be regarded as a type of financial product, they are treated separately in the research due to it being a different context. The findings of the research discussed herein are based on the recollections and memories of those interviewed.

## **Older people's financial capability using homecare packages**

The environment in which packages are provided and the structure of the Consumer Directive Care (CDC) system can have a significant impact on a person's financial capability. A key need identified by older people was the need for training in and assessment of their financial capability to help inform better decision making. They also identified several shortcomings that, if addressed by providers, could lead to gains in financial capability. These include improved customer/provider communication (for example age appropriate language, simplified terms), greater transparency and accountability on fees and charges, and more accurate billing processes. In the latter case, charging errors were commonly reported pointing to the need for more effective accounting systems. It was also identified that simpler fee structures and improved communication would also assist and reduce the administration costs to providers.

## **A significant proportion of older people also indicated that they would like to have a greater say in how funds are allocated.**

Strategies to increase autonomy were viewed as beneficial: such as increased participation in spending decisions; encouraging providers to use patterns of communication which avoid exerting power and control; and modifying the aged care package environment to promote independence and minimise risk (for example, providing older people with tools for budgeting and simplifying fund allocation into broad categories such as cleaning, gardening, personal care, respite, social and travel).

**A notable number of older people reported inconsistencies in package administration. There is a need for oversight which could be provided, for example, by a peak industry body to oversee the consistent and effective administration of aged-care packages.**

Finally, an important priority identified by older people was the need for an Ombudsman or other office where they could go to for redress and, in addition, resource the development of best practice community protection policies which are specifically focused on the needs of older people.

### **Older people's financial capability in choosing between different financial products and services**

Disengagement characterised the relationship between an overwhelming majority of older people with the banking and financial service industry.

**Older people identified the need for greater face-to-face contact between staff and customers, greater access to services at a greater range of convenient locations (for example, longer opening hours and more bank branches), and deeper community involvement (for example, providing community seminars and financial capability training).**

They also identified the need for improved customer relations training when dealing with older people. Some suggestions to improve communication (for example, the establishment of call centres manned by older people with loud clear accents), encouraging the banking and financial services industry to adopt common terms and conditions (in addition written in plain language using large print), and the more careful targeting of financial products (for example, funeral insurance and health insurance policies tend to be indiscriminately marketed to older people).

### **Summary**

Older people are often required to make complex financial decisions with significant consequences for well-being. Older people reported many positives about aged care packages, providers, and banking and financial service industries. Nevertheless, they also identified many shortcomings, which if addressed offer benefits to all older people, aged care services providers, banking and financial service industries and the community at large.





# Introduction

## Older people and their financial capability

Financial capability encompasses not only financial knowledge and literacy but also confidence, motivations and attitudes. Throughout life people learn new things, and these are all bound up in how we perceive things and how we make decisions. Thus, the more experienced we are the more likely we are to make a better decision.

**However, as we age, physical traits such as hearing, eyesight and mobility deteriorate, but also our cognitive ability, our reasoning and confidence all wane too.**

Thus older people have more experience to draw upon, but against this they may lose some other abilities. Hence this study examines the views of older people regarding first their use of home care packages and secondly their capability regarding financial products and services.

## Summary of the research approach

The research was undertaken between April and September 2018 where participants responded to advertising flyers and promotion via industry partners and letter box drops. The participants were generally interviewed in their own homes by one of the research team. A few interviews were telephone interviews. The researchers had a separate set of semi-structured questions for each of the two project streams. These questions included quite broad questions such as asking about their life growing up and in adulthood, as well as narrower questions about specific topics. Ethics clearance for the project had been obtained from the University before the interviews were conducted.

Each interview was listened to and analysed after the interview had taken place, and each interview was transcribed. From this analysis general themes and stories came out that have been summarised here in this report.

**Overall, the findings show that there is confusion about both home care packages and the financial services industry, and that a number of steps can be taken to remedy this situation so that older people's financial capability in general can be improved across Australia.**

This report now outlines the two phases of the project in Part A and Part B, followed by a section on solutions to enhance financial capability of older people in the two scenarios.





# Part A:

## Home care packages

### A: Introduction

Until recently older people could access support services from both the South Australian and Federal Governments to help them live independently and in their own home. They could also access financial assistance to obtain support services from third parties, such as personal alarm systems and home modifications to assist with daily living. These services have helped many older people, especially war veterans, age in place through receiving care tailored to their needs.

In a greater effort to assist older people ageing in place, assistance with daily living is now funded under a Consumer Directive Care (CDC) model. Under this model, older people are assessed to determine the level of support they need to age in place and are allocated funding on an annual basis from the Federal Government to pay for that support. Such funding is called a 'home care package'. The key difference between this and previous forms of support is that an older person potentially has greater flexibility and autonomy regarding how the funds are spent. In theory, the older person is able to choose the type of support, its frequency and who provides it. For example, an older person may wish to have help with gardening once per month, cleaning once per week and personal care every weekday. The older person can partake in other services, such as social groups or arts and crafts, as and when they see fit and provided if there is enough money in the home care package to pay for them.

**There are four levels of package, from 1 to 4, with increasing amounts of funds associated with each level. Most participants were on level 2 or level 4 packages which entitles them to \$15,000 or \$50,000 in funds respectively.**

Older people are not totally entrusted with the package funds. Instead the funds are paid to a home care package provider ('provider') who essentially acts as a custodian of the funds and pays the various suppliers and carers.

Older people are told that they have a package via a letter from the Federal Government. In broad terms under the CDC system, once an older person has been allocated a home care package, he or she must choose a provider, determine their care needs and who they wish to receive it from and ensure the funds cover the services each month. An older person may receive varying levels of assistance, usually from the

package provider, in completing these tasks. In addition, an older person is assessed by the Federal Government for the level of financial contribution that they must pay. The provider may also assess the older person for an additional income-based contribution.

**This part of the research is concerned with identifying strengths and weaknesses in older peoples' financial capability with respect to home care packages in accordance with the interview guide and the semi-structured interview methodology discussed above.**

Focus is on financial capability with respect to accepting the package and managing the package funds on an ongoing basis.



For this part of the research, 31 older people were interviewed. The format was that of semi-structured questions which comprised questions about their background where they sought financial advice. After this, questions focused on the participant's experiences of establishing and administering a home care package from a financial perspective. Probing questions were used to delve deeper into issues raised.

**The ages of the interviewees were 65 years and over with around 13% in their 60s, 55% in their 70s and 32% in their 80s. They were predominantly females (87%).**

The wealth and financial security of participants was quite homogenous with the majority being on a full pension or part pension. The majority of participants reside in the Adelaide Metropolitan or Greater Metropolitan area. Only a few reside in country locations.

Older people more generally are not a homogenous group and the participants in this research expressed a variety of responses to the interview questions, related a variety of experiences and demonstrated a range of financial capabilities. For example, for every participant who was motivated to make their own decisions with respect to the package, there was another who was content to leave the decision making to a third party. This summary attempts to convey this continuum by communicating the commonalities in experience and capability as well as the unique differences among the participants.

For all participants, the financial decision making was made in a context which sometimes impeded or supported the decision-making process.

**Quotations from participants have been used to illustrate these capabilities, either their presence or absence, and the influence of the context on their making.**

Some issues raised herein are not necessarily widespread or commonly experienced but are raised due to their importance. Where multiple quotations have been provided, they are from different people. Before progressing to this discussion, it must be emphasised that all participants interviewed for this research were grateful for the financial help provided by the Federal Government in allowing them to age in place.

The first section (section A 1) discusses specific financial skills that participants in the research possessed or lacked. Section A 2 discusses external or contextual factors that impact on financial decision making and section A 3 discusses the motivational and attitudinal dimension of financial capability. All sections discuss these aspects of capability in the context of home care packages. While these points have been discussed separately for purposes of clarity, they are interrelated and must be considered holistically to gain an understanding of the financial capability of those who participated.

# A1.

## Financial skills – present and absent

This section focuses on specific financial skills. The ability to perform these skills is influenced by financial capability dimensions such as confidence, attitudes, motivations and other contextual factors which are discussed in subsequent sections. Since older people are not a homogeneous group, not all participants exhibited these skills, therefore this discussion represents skills that are present and absent among participants.

### A1.1 Mental budgeting

Many participants demonstrated adept skills in mental budgeting and associated calculations. For many, income (full pension predominantly) and expenses were regular in time and predictable in amount which facilitated their recollection and an assessment of whether additional costs could be afforded. Preparing written budgets with pen and paper was not done since it was regarded as unnecessary. This skill was relevant in the decision to make a financial commitment to the package which commonly meant committing to make a contribution to the package calculated by the Federal Government and/or the provider. Many participants expressed with certainty that they could afford this contribution through an intuitive assessment or an active mental calculation of whether they had room in their budget. Where the participant was already paying for some


services out of their own pocket and these services were going to be provided under the package, the older person was able to quickly assess that the out of pocket costs would be less under the package. In other words, many older people accepted the package on the basis that they would receive the same or more services at a lesser cost.

**I THINK I WAS ASKED \$1 TO  
CONTRIBUTE ... I COULD  
DO NOTHING MORE THAN  
AGREE BECAUSE WHAT DO  
YOU GET FOR A \$1 A DAY?  
NOTHING. NOT EVEN A  
SANDWICH.**

*I have nothing to lose ... How much it would cost me if I had a cleaner or gardener in privately, any of these jobs done ... So, I suppose I thought well it was good value for services ...*

**Sometimes, the case manager from the provider went through a budget with the participant to establish the amount of contribution that the participant could afford.**

This did not consistently occur, as some participants could not recall the budgeting process taking place. There were some criticisms of the budgeting process by a few participants which relate to its completeness which will be discussed in section A 2.2. Those who could not or did not mentally budget and did not receive any budgeting help from the provider were comfortable with making the commitment on the basis that any difficulties in paying the contribution would arise in the fullness of time and be dealt with then.



The capability of mental budgeting helped a minority of participants negotiate a lower contribution to the provider. A few instances arose where a participant expressed the view that they could not afford the contribution once they were informed of it, after which the contribution to the provider was reduced, sometimes by as much as 50%. The ability to mentally budget gave these older people the confidence to challenge the provider's contribution assessment.

**[X] SAID IT WAS TO BE ... 17.5% OF YOUR PENSION TO PAY EXTRA AND I SAID, 'GEE, THAT'S A LOT OF MONEY' ... 'IF I'VE GOT TO PAY THAT, I'M NOT DOING IT, I'LL DO IT MYSELF' AND SHE SAID, 'NO, NO, HANG ON' AND SO SOMEHOW OR OTHER THEY FIXED IT. SO WHETHER IT DEPENDS ON THE PERSON OR THE SITUATION ...**

Mental budgeting tended to not translate into ongoing administration of the package finances. Participants were generally not able to keep track of the funds available in the package at any particular time, except when they received their monthly statement. This may be due to not having timely information available or lack of interest with some participants paying no attention to the amount of funds in the package and simply asking their case manager if funds were available for extra care needs when required.

### A1.2 Making ends meet

The section above introduced the notion that many participants entered into a package agreement with assured certainty that they could afford the contribution, especially if the contribution was less than what they were already paying for services. This confidence was supported by their ability to make ends meet and the view that the package was such a priority that they would forgo other spending to pay for it. In other words, if there was any doubt about a participant's ability to afford the package, it was often dealt with by determination to make it affordable, including reducing discretionary spending on things such as holidays and social events. Many participants stated that they live simple lives and that they do not spend much. Some stated that they had done a lot in life already and were not seeking further experiences. Generally, spending was done on a needs basis and this methodology never varied. It meant that participants were in control of spending and wanted to remain out of debt. Generally, participants got into trouble financially with unexpected costs such as care repairs.

*I just knew that I had to afford it [the package] ... needed the help ... life goes on with sacrifices, but I accept that happily.*

*There is really no [ongoing] budgeting to do, just know you are up for ... typically \$450 a month and ... each fortnight ... \$230 to [Provider X] ... I'm with [X] bank, and they allow you to have one account and 4 or more sub accounts ... payday tomorrow, I will transfer immediately \$230 into what I call the HCP account and then at the end of the month I'll have enough money in the HCP account to pay their bill when it comes ... so It's pretty easy ...*

### A1.3. Reconciling the provider's monthly statement

**As foreshadowed above, some participants were not involved in the ongoing financial management of their package but were content to leave it to the provider on the basis that they would receive the care they needed.**

Some participants were motivated to monitor the package spending by checking the monthly statement received from the provider against an independent record, usually diary or calendar entries, to ensure that the package was not charged for incorrect services or for services that were not provided. The system was remarkably similar among participants who did this. The date and the time of the appointment and the type of service were recorded on a calendar or diary and checked against the statement. Since statements are produced on a monthly basis, a large pin up type calendar facilitated easy comparison for that month to what was charged on the statement.

**I MAKE SURE I KEEP A RECORD WHEN HE [HUSBAND] GOES [TO RESPITE] AND CHECK IT OFF EVERY TIME.**

Those who reconciled their statements against such records found numerous minor errors. Examples included being charged for public holidays when nobody came to provide a service, being charged for a different service other than what was provided or being charged for services that had been cancelled.





Participants in the study tended to not use the statements or the reconciliation against their diary to assess or evaluate their suite of services. This tended to happen only when a case manager visited. The exception to this is where funds were overspent, or the participant noticed that funds had slowly dwindled away, in which case some services were reduced to prevent continued overspending. Once again, the decision as to what services to forgo was based on need. This means social interaction is generally the first to be dropped. Generally, the reconciliation of the statement against diary or calendar entries was performed only to ensure amounts were charged to the package appropriately.

#### **A1.4 Choosing a package provider**

While there might be many non-financial and financial reasons to choose a package provider, the participants did not generally choose the provider for financial reasons. This may indicate a general lack of financial capability, as opposed to literacy, since there appears to be little motivation to systematically compare provider's costs and services among those interviewed. This may be due to the way the home care package system operates and partly due to circumstances.

**Providers were instead chosen: because of a particular service that was desired; for being flexible; for being located nearby; because the participant already received services from that provider under a different scheme; because of living in accommodation from that provider; or for already knowing somebody at that provider such as a case manager.**

Only a few older people chose their provider for financial reasons based on the amount of the contribution they would pay.

**Despite the requirement to choose a provider being stated in the Federal Government's letter, some participants were not aware that they could choose a provider and they essentially had their provider chosen for them.**

This sometimes occurred when the participant was incapacitated to various degrees due to health issues such as, for example, recovering from an operation or other serious health event. It is likely that the health facility played some role in the choice of provider in these cases, but this cannot be confirmed since these participants had few detailed recollections of the process. Some participants thought the package came from the provider, not from the Federal Government, so from their perspective they 'chose' a provider who had a package available at the desired level.

*I had a stroke three years ago so I ended up at [Hospital X] then [Hospital Y] and they wouldn't let me go home until I had a provider for a home care package so they found one - [Provider X]. I had to wait a few weeks until someone died or something like that, the usual process, and so they did send me home without any help, but it was only a couple of weeks or so and then [provider X] came to my aid ... I was just given [provider X] which I am very fortunate because [provider X] is very good. I am very happy.*

Others were aware that they could choose their provider, and were told to do so, but as discussed above, the choice was generally made for non-financial reasons. When asked about the possibility of changing providers during the interview, most participants expressed a lack of motivation in doing so on the basis that other providers are basically the same. Exit fees were cited by some participants as a barrier to changing.



## **THERE ARE LOTS OF THINGS I DON'T LIKE ABOUT THEM, BUT I'D NEVER GET A PERFECT PROVIDER, YOU NEVER WILL.**

A few who exercised their choice on the provider and sought what they regarded as the best deal found the process stressful. Sources of stress include other life events impacting the person at the time or dealing with the different agencies who are clamouring to sign up the older person by promising everything.

*Dealing with all these agencies, they are all telling me 'oh' you know 'we're wonderful, we will look after you ... you need some company, you need ... oh yeah, yeah we can find all that for you' they made all these promises about what all these services could provide and the agency was the bees knees absolutely wonderful etc, etc but as I went through about 6 agencies and had people coming here to visit me, I soon began to get so stressed about the whole process, trying to choose and I'm literate and a financial counsellor and I'd been around a bit I ended up having to phone lifeline, I became so distressed.*

**In contrast, others were able to manage the process very successfully by systematically reviewing services and fees in an impartial and unemotional manner.**

Discussing the contribution with participants demonstrated a lack of consistency in the amounts paid. This is evident when considering participants in the same financial position: a full pension with no other income source.

**Many sole pensioners paid \$1 per day as their contribution, but some were paying much more, up to \$100 per month.**

Sometimes the pensioner was able to negotiate the contribution down to \$1 from some higher amount. At other times, the older person was offered \$1 per day contribution immediately.

From the responses from participants in this research and the vastly different contributions payable by people in the same financial position, it is difficult to find a consistent formula for how the contribution is calculated. Whatever the explanation for such variances in the amounts of the contribution, how the government and/or provider contribution is calculated is generally poorly understood by the participants. One participant was adamant those on a full pension do not pay any contribution at all. Others were of the view that it was Centrelink's responsibility to calculate it. Others told stories relating to how their case manager determined the contribution (and then reduced it if challenged).

**I CAN'T REMEMBER THAT THEY [THE PROVIDER] EVER ASKED FOR MY FINANCIAL STATUS ... IN FACT, I DON'T THINK THEY DID. THEY LEAVE THAT UP TO CENTRELINK TO SET THE CO-CONTRIBUTION. AND THEN THE LEVEL 2 IS \$40 A DAY, AND THAT'S IT. I JUST THOUGHT THAT'S WHAT YOU HAVE TO PAY IF YOU WANT SOME HELP. IT DIDN'T OCCUR TO ME THAT IT WAS A VARIABLE THING DEPENDING ON CIRCUMSTANCES. NO ONE HAS ASKED ME IF MY CIRCUMSTANCES HAVE CHANGED. I MEAN IT MIGHT HAVE, MY SUPER HAD RUN OUT AND I'D STILL BE PAYING IT.**



Representatives from one provider stated that the contribution paid goes towards services provided, it is not taken as a fee by the provider.

**Nevertheless, there appears to be a lack of information, communication and transparency in addition to the aforementioned lack of consistency regarding how this contribution is calculated. There is also a lack of appreciation, perhaps even naivety, on the part of participants regarding the contribution which is also poorly understood by them.**

As discussed above, many participants did not consider the amount of contribution as part of their decision to accept the package, therefore it would appear that there is little motivation to address these inconsistencies and complexities.

### **A1.5 Lack of knowledge of products and services allowable under the package**

As stated above, a home care package allows for an older person to receive care to age in place according to their needs and wants. Even though the provider is the custodian of the funds, the older person has the potential to determine the services on which the funds are spent. Doing so requires knowledge of the services that can be funded under the package. While many participants were content to receive a basic level of services such as cleaning, gardening and personal care, many participants admitted to not knowing what products and services were available or amazement that a particular service was available.

It did not seem to matter how clearly the case manager explained the package. Some participants who found it confusing initially said that they would learn about the services as time went on.

Lack of understanding was sometimes due to the participant recovering from health events

or otherwise feeling overwhelmed with all the information provided. At other times it was simply confusion or a perceived lack of information or perceived poor communication.

The broad range of services are also listed in broad terms on the letter from the Government informing the person that they have a package, so all participants were, in principle, informed early in the process.

**THEY JUST CAME OUT AND INTERVIEWED ME AND IT WAS VERY, VERY CONFUSING WHEN YOU DON'T KNOW WHETHER YOU ARE ARTHUR OR MARTHA AFTER HAVING A STROKE, BUT THEY JUST TOLD ME HOW MUCH IT WOULD COST AND HOW MUCH THE FEDERAL GOVERNMENT WOULD PAY AND HOW I WOULD PAY IT AND WHAT SERVICES WOULD I LIKE. WELL I WOULDN'T HAVE A CLUE WHAT I WANTED I JUST HAD STROKE YOU DON'T KNOW WHAT YOU ARE ABLE TO DO SO I DIDN'T LIKE THAT PROCESS AT ALL.**

*It took at least 12 months to find my feet as to what I really wanted and it's still confusing now as to what is available for me ... They give you all these piles of paper and pamphlets and you wade through it and I just didn't understand it all, there was just so much all at once, didn't know what to do. I just went along with the flow and it worked out in the end. I'm still working it out actually.*

*I didn't know in the beginning what I was entitled to ... I didn't know whether I could ask them for transport for instance, I didn't know that at all, and I only learned that not so long ago that I could do that too ... I just thought it was for cleaning the house, things like that.*

### **A1.6 Lack of understanding and knowledge about provider fees and charges**

Managing the funds in the package and allocating it to services also requires knowledge about the various fees and charges. Administrative fees were poorly understood in terms of what they were actually for and how the charges were worked out leading to widespread frustration.

Confusion manifested itself in various ways such as not recognising that a charge was an administrative one or not understanding the basis for the amount charged. Most providers charge monthly for administration of the package, but some charge daily. Another variant is building the administrative charges into the charge for the specific service. Charging on a daily basis led to some participants perceiving that they have been charged for no service.

I GOT ONE HELL OF A FRIGHT WHEN I REALISED HOW MUCH I WAS PAYING EVERY DAY WHEN I WASN'T HAVING ANY CARE ON THOSE DAYS ... I DIDN'T THINK THAT WAS VERY FAIR, BUT I'VE HAD TO ACCEPT THAT'S HOW IT WORKS.

## A2. Inhibitors and facilitators of financial capability

The points discussed herein are not financial skills directly but are contextual factors that have been found to impact positively or negatively on participants' financial capability with respect to a home care package. Most of these factors are beyond the older person's control or are difficult to change.

### A2.1 Lack of clarity in the monthly statement

Many participants expressed frustration with the statement due to lack of detail and clarity. While efforts had been made by some providers to improve it, these problems persisted. Some items, such as cleaning, were easier to identify than others, but participants had the most difficulty determining what particular items were billed as 'contractor'. The amount of time that a person provided services were also not clear at times where it was expressed in terms of 'units' on the statement. This lack of clarity inhibited the older person in determining whether the billing was appropriate, and many found this and other vague terms disconcerting.

**I DIDN'T REALLY KNOW HOW MANY HOURS A WEEK I WOULD GET ... I DON'T KNOW REALLY KNOW HOW MUCH MONEY IS LEFT AT THE END OF THAT WEEK, [WHAT] I'VE GOT TO PLAY WITH, UNTIL THE END OF THE MONTH.**

*I still find that very complicated unless I ring up and ask for my coordinator and find out how much money I've got left to play with until the end of the month because we are given a financial statement which is nothing, is very minimal detail in it, dreadful, really terrible.*

**I KEEP COMPLAINING ABOUT IT, THEY DO NOTHING ABOUT IT AND THE FINANCES ARE JUST RUN TERRIBLE. STATEMENT JUST SAYS SO MANY KILOMETRES FOR THAT MONTH OR HOW MANY HOURS A HOME SUPPORT WORKER HAS GIVEN YOU THEN JUST SOME RANDOM AMOUNT OF MONEY. THERE IS NO DETAIL IN WHAT THEY PUT ON THEIR STATEMENTS AT ALL WHICH I DO NOT LIKE.**

*Then down the end they have 'contractor' – so each time they have a contractor I ring up and say what is or who is 'contractor' and they don't really know 'we have to ask someone' ... 'oh that was the gardener'. 'Well how many hours did the gardener work at my place and what is his rate per hour?' and they just don't seem to be able to answer. I know how many hours he worked and I don't know how it is per hour then I can check that I have been charged the right amount.*

Improving clarity in the statement may also improve understanding of fees and charges, the lack of which is discussed in section A 2.3.

Statements were also confusing due to the layout and number of pages (typically 4 or 5). Where a summary of expenditure was provided on the first page, participants were sometimes unaware that the detailed breakdown of that expenditure on a daily basis was provided in subsequent pages.

***I am OK now, it needed [X] to explain it because when your first look at it by yourself, well hang on, this is there and then it's there, why is it there twice?***

A minority of participants did not look at their statements at all. One person explained this by saying she is not a hoarder so if she does not have a use for something, it gets disposed. For this participant, the statements served no use, so they were thrown out. Another participant was unsure whether she received statements at all.

**Despite the problems described herein, those who referred to the statement used it to keep track of how much money was left in the package at the end of the previous month. The key purpose of this was to not go in the red.**

*I always want to be in advance, I don't ever want to go into a minus.*

As discussed in section A 1.3, the statement also facilitated some participants' checking of the charges against the services actually provided.

## **A2.2 Administrative policies of the provider**

With the package provider acting as a custodian of the funds and generally providing the majority of the services, older people must liaise with the package provider to some degree to obtain the services they need and want. As mentioned above, the provider allocates a case manager to the older person for this purpose. The respective case manager and the broader administrative policies of the provider effect the efficiency with how the package funds are administered and substandard administration will inhibit an older person in managing their package.

Contact with the case manager is necessary to cancel and make appointments for service, enquire about the amount of package funds remaining or about items on the monthly statement. Many participants had positive stories to tell regarding the administration of their package and many were content to have little involvement in package administration, but many had negative stories to tell. Issues raised included a lack of personalised attention, poor communication, ever revolving doors of case managers and having to leave messages to request calls that are not returned. Errors or lack of clarity in the statement (discussed in section 2.1) necessitated a significant amount of communication with the case manager.



### **IN THE 6 MONTHS I WAS WITH [PROVIDER X] I HAD 4 CASE MANAGERS.**

*If I want to speak to someone it is very difficult – you get the run around.*

Some participants had changed providers due to these frustrations experienced over many months. While this offers a potential solution, some older people are reluctant to change providers due to a particular service or other arrangement that is in place which they fear losing.

Managing the package funds implies being able to choose who provides the services such as cleaning or gardening, but there was some inconsistency among providers as to how much control providers yielded to the older person in choosing the service provider.

Some of this is due to the size of the provider and the services offered. Some providers are large enough that they can offer a full range of services while others must subcontract the services from outside the organisation. Where the older person receives more care from the provider, the greater the level of package funds that flow to the provider providing an incentive for providers to offer as many services as possible to maximise revenue and the administration can inhibit choice in service provision. While many participants were not concerned with who provided care, some participants sought to exercise greater choice, but some providers specifically stipulated that the older person could only receive services offered directly through that provider. Alternatively, when the provider allowed services to be subcontracted, the provider charged extra for the privilege, presumably due to the extra administration involved, despite already charging package administration fees.

### **I WANTED TO KEEP [CARER X]. I WENT TO [PROVIDER X] FIRST 'COS THEY ARE UP HERE AND THEY CAME TO SEE ME**

*... and they didn't want to have a contract with [organisation X that employs Carer X] and ... because I was having treatment at [location X] for my knee and I thought, 'well I like you people' I asked them [Provider Y] and they came to see me and I said 'I only sign up to contracts if we have [Carer X] – we have all our carers from [Organisation X] and she that was OK but we had to pay for it. That's what we wanted.*

While inefficient administration can inhibit financial capability (through demotivation), an overly efficient administration can do the same. Since there is an incentive for providers to attract as many older people with packages as possible, there is also an incentive for providers to make it as easy as possible for the older person to apply for and operate the package. While this might appear benevolent and done with good intentions, it is arguable that older people become too dependent or reliant on this assistance and it hinders their financial capability. Many participants related stories about how the provider promised to take care of everything. When participants were asked what providers expected of them to establish the package and manage it, many responded with 'nothing'. They were generally only expected to ring up and ask for services when they felt they needed it and ensure they had the money to pay their contribution.



## **I RANG UP [PROVIDER] AND THEY SAID 'WE WILL SORT IT OUT FOR YOU'.**

*It [establishment of the package] just happened.*

While it is admirable to a certain extent that providers wish to help and provide good levels of service, it may be inhibiting financial capability and stifling any future development in it. Striking the right balance between wanting to help and giving responsibility is a difficult one. Even if many older people are happy to have the provider decide and do everything, the question must be raised as to whether this is really in the best interests of the older person.

*I don't [think] anything's expected of me except to be available for the care when the care comes, look after the people in a nice way and speak up if I need more help.*

One area that illustrates this difficulty is the budget process that some older people experienced when the package was being first established.

**The budget process is to determine what the older person would pay to the provider in terms of their contribution and what services would be provided as allowed by the funds in the package.**

Less than half of all participants experienced this budget process, so there is some inconsistency in this regard, but some were quizzed about their levels of spending on various household expenses. While this process helped some to determine the level of contribution an older person could afford, a few were highly critical that the process was not thorough enough by not taking into account a broad enough range of expenses such as, for example, car running expenses. One participant (a pensioner) was forced into paying a contribution that she knew that she could not afford based on her own budget because the provider's budget differed. A few months later, the contribution was reduced to \$1 per day as a result of the participant not being able to afford it. Instances such as this may not be very common, but older people who are demonstrating financial capability ought to be taken seriously.

Similar observations may be made regarding ongoing operation of the package. Many participants were content to allow the provider to administer the package and decide the type of services and how often they would be offered, but many sought greater control. Some providers, depending on how they operated, allowed more control than others. For example, one participant with a package had a spouse with a package also, but the providers were different. This participant's provider allowed her to buy continence pads out of her own pocket and be reimbursed out of the package, while the other provider did not. In the latter case, the participant had to wait for the provider to purchase the pads and deliver them. This participant preferred her own provider in that regard.



## **I LIKE [PROVIDER 2] I THINK THEY ARE [A] WONDERFUL SERVICE, BUT I LIKE THE IDEA OF BEING ABLE TO GET SOMETHING FOR MYSELF.**

Some older people would like to have greater control over the package but are stifled in these desires due to what they regard as an inflexible administrative system. Some changed providers as a result, but others did not due a particular service or product that only that provider could supply. Some people on packages are able to source cheaper quotes for particular products but were not allowed or hindered in the process by some providers, perhaps due to the provider preferring to deal with their own, preferred supplier. Specific examples are not detailed here since doing so may identify those participants, but one person obtained their own quotes for a one-off service to compare with what they were charged through their provider and were shocked at the difference. In this instance, the participant was charged nearly double the amount for the service through the provider. The firm that provided the service does not perform residential maintenance, only commercial, so the participant speculated that the provider simply used the firm that provides the same service for them.

*Why did I get given a firm that doesn't do residential ... why give me the most expensive person ... terrible ... stuff like that happens all the time.*

A variation of this issue is where employees of the provider or the participant must travel long distances for the service provided. These expensive travel costs are charged to the participant, but it would be cheaper if there were closer alternatives. Participants who had experience with different providers were able to directly compare costs in these circumstances.

*With [Provider X] everything I want for [husband] they get for me, but [Provider Y] if I get something for myself like the underwear or the oil [for arthritis] she said 'you give me the account and if you want your windows cleaned by your window cleaner, you have your windows done give me the receipt and we'll pay for it. Yet [Provider X] do it differently, they get their own window cleaner, it doesn't matter if he's got to come all the way from Adelaide, and then he charges like a wounded bull to get your windows cleaned.*

Participants were not wholly negative about the administrative policies of the provider and their implementation by the case manager, particularly with respect to the ongoing administration of the package rather than its establishment. In particular, participants consulted the case manager regarding whether package funds were available for an irregular service such as a taxi ride for a hospital visit or a larger purchase such as a bed.

**Case managers were also the first ones asked regarding clarifying fees on statements and for poor services and scheduling. Case managers generally, but not always, conducted regular reviews (at 3 or 6 monthly intervals) where the needs of the older person were discussed, and the services provided were adjusted if necessary providing the funds were available.**

Case managers were also important in an older person moving up to a higher level of package and receiving more funds. As a result, case managers play an extremely important role in assisting the older person in managing the package on an ongoing basis and many older people had nothing but praise for their provider and case manager.

**I AM VERY, VERY THRILLED  
[WITH] THEM, I'D RECOMMEND  
THEM TO ANYBODY, VERY  
THRILLED WITH THEM. IT  
DOESN'T MATTER WHAT I ASK  
FOR, I GET IT.**

*They are very, very, very good to me ... All the girls are very, very good. Very considerate. I don't think I've any that I could complain about.*

**Praise was common, but not universal and poor case management was a key reason for participants changing providers. This is discussed further in section A 2.3.**

It may be of concern that some older people have become over reliant on the case manager to assist in decision making. Comments that the case manager or the provider manage everything point towards such a concern. This research is not able to generalise regarding the extent to which case managers may be making decisions on behalf of the older person, but it is arguable that over reliance on case managers does not promote financial capability and may even diminish it over time. Even though it might have been done with the best intention, instances where the wishes of a participant were ignored by the case manager do not allow financial capability to thrive.

*The lady came around and interviewed me and I said I wanted gardening and some cleaning. I wanted it fortnightly, but they told me to have it weekly.*

### A2.3 Perceived value for the services provided

Value for money is an important part of financial capability since nobody wants to spend money on what they perceive to be substandard products and services, including administration. It represents a waste of package funds and influences motivations and attitudes.

Many participants expressed frustration regarding what they perceived as high levels of fees for administration and for specific services. Instances were observed where administration charges took up over one third of the package funds. Some participants questioned the amount of fees and were told that it was normal. Some other participants admitted that they did not know and would not know whether that was normal.

**In the majority of instances, participants received their services from the same organisation that administered the package and were content with the services provided while others expressed frustration with their quality for the amount paid, particularly with respect to cleaning and gardening. This sometimes led to the participant spending their own money on services outside of the package or simply refraining from receiving that service at all.**

*The last bloke that came from the agency [outsourced by the provider] bugged up the garden, the plants in the front yard. He was supposed to be a gardener, he was hopeless, ruined everything, plants died because they could not survive the pruning he did ... They sent a bloke to spring clean who argued about the things I wanted to do and yet I'd given a list of what I want to [Case Manager X] ... and the bloke who did my spring clean busted an ancient Persian tile that I had hanging on the wall and [there was] no recompense for me. I mean that is wrong. He would have been insured surely. They didn't try to do anything about that ... I would like more help in the garden the but the bloke they sent me was hopeless.*

Some participants consistently expressed a desire to have the same person, such as a cleaner or personal carer, provide services to them on a regular basis, within reason, but were frustrated in their attempts to achieve this due to scheduling issues or due to staff who were transient, regarding the job as a stepping stone to something else.

The view that the services were expensive was common, even among those who were happy with their quality. Some participants related stories of being charged for the wrong (more expensive) service or charged when no service was provided at all.

**WHAT THEY DO, IF [IT'S] A PUBLIC HOLIDAY THEY JUST BILL YOU EVEN IF THE CARER HASN'T COME ON A PUBLIC HOLIDAY BECAUSE THEY ARE NOT ALLOWED TO WORK BECAUSE ITS DOUBLE TIME. WE HAD A LOT OF TROUBLE OVER EASTER OVER THAT.**

*Sometimes they have made a mistake and I'll ring them up and say, 'Oh I haven't had any personal care I've had respite but I've not had personal care, personal care is more expensive. So they went through the invoices with me ...*

The same service being provided before and after a participant took up a package enabled that person to directly compare the service levels for the dollar spent. One participant reported being charged four times the amount under a package compared to the charge prior to having the package for the same task. Although the job was performed by different people, the participant could not understand the discrepancy.

**I HAD EMPLOYED SOMEBODY BEFORE TO WASH MY WINDOWS SO I KNEW IT WOULD TAKE ABOUT AN HOUR.**

**TWO PEOPLE ROCKED UP TO DO THE JOB, THEY TOOK TWO HOURS TO DO THE JOB AND THEN IT DAWNED ON ME, I THOUGHT TO MYSELF 'I BET I'M GOING TO BE CHARGED FOR 4 HOURS', I WAS CHARGED 4 HOURS. [PROVIDER X] DID NOT TELL ME THAT THEY WERE SENDING TWO PEOPLE AND I WOULD HAVE TO PAY DOUBLE THE TIME OR WHATEVER. THEY SHOULD BE OPEN AND TRANSPARENT.**

Another participant reported a similar occurrence with gardening services where a gardener brought his son with him along to help with the gardening but did very little of it. This participant was charged a full hour for that son's 'work'.

There may be many reasons to explain these occurrences including reliance on automated billing processes to administrative errors or different people doing the same job differently. But there is evidence of exploitation occurring too, although not necessarily from the provider directly.

*Right at the beginning [Provider X] would just ring [Contractor X], one of those, but I wasn't happy with those men at all, they did about half an hours work and would have charged [Provider X] an hour. But anyway ... He came again and the same thing happened ... I wasn't too impressed. He said to me 'you don't have to pay for it' and I said 'no', trying to make it easy for me. I let it pass but I don't have him anymore. That happened twice, three times I think... twice anyway. Then I didn't have anybody for a long time. Now that [Provider X] have got their own people and this lad's been very good.*

For one participant, costs for services shifted into a package when they had previously been provided as part of living in a village, that is, as part of a rental agreement.

*When I first came here two years ago, I could go to the gym, it cost me nothing, and now I have acceptance of my aged care, I have to pay for everything. If I ring the office, I have to pay for that. They say, 'oh no you don't have to pay for it, it comes out of your package'. I have very little services, but they take an administration fee ...*

This person was also forced to pay for minor cleaning out of the package when it was previously also part of the same rental agreement. This person also had to pay for a personal alarm out of the package due to the village changing the time it checked on residents from early in the morning to late in the morning. Residents were concerned that these occurrences, although seemingly in the minority, contribute to perceptions of the package being used as a cash cow for the provider.

*Cash grab, I think. It's not just [Provider X]. All the village's do the same. Although I could change, they all do the same.*

*Rip off merchants.*

It was stated above how providers have an incentive to administer as many packages as possible and provide as many services as possible, as it is a revenue source for that provider. Perceptions of packages being cash cows for providers are reinforced by providers taking charge of their entire establishment and ongoing process as discussed in section A 2.2. What appears to be done in the name of providing a good service may also be done to secure the income stream for the provider. Even where such views may not be held, the competitive nature of the industry is clear.

***The package people, the providers, seem to be in competition to grab you, you know, 'cos they all know that you get a package. As far as I can tell the package man tells the lot of them and at the same time.***

Some older people were pragmatic about this recognising, and being told by case managers and care workers, that the providers are running a business and that they had to pay for staff and for administering the package. Others were less impressed and would have liked the providers to be less concerned about money and more about providing a good service.

Some participants moved to different providers in an attempt to improve the services provided to them and obtain better value for money. Others did not feel they were able to do this due to relying on the provider for some key aspect of their welfare, such as accommodation arrangements, or the view that they could not live without the package. The other option is to raise these issues whenever they arise which strains the relationship between the participant and the provider upon which they are reliant.

### **I HAVE A BAD NAME AT [PROVIDER X] BECAUSE I RING UP AND I COMPLAIN.**

A further frustration was with respect to what were perceived as hidden fees. This was most apparent when the participants were charged more than they expected and usually centred around administration costs and travel costs to social events.

***I went to the senior's information just to check out what I should be looking for and they said just watch your extras. I was warned about that.***

However, there are occasions where apparent multiple charging cannot be predicted or avoided. For example, one participant was charged twice for case manager visits after having had 4 case managers in 6 months. The second case manager had visited this participant, but no services were established. After the third case manager came and went quickly, the participant requested that the fourth case manager come out and visit since at that stage no regular services had been put into place but was charged an additional \$75 for this visit. The participant was incensed at this charge, in addition to case management fees, since from her perspective, no actual case management had taken place. This participant was of the view that she was paying the price for the provider's high turnover of staff. To rub salt into the wound, this participant was also charged for phone calls on a dollar per minute to follow up with the fourth case manager when the manager failed to call her when promised. In situations such as these, participants perceive that they are being charged multiple times for the same service or for no service. It could be concluded that the participant is paying for the provider's inefficiency and ineffectiveness.



## **YOU PAY THIS \$170 A MONTH ESSENTIAL CARE ... I MEAN, WHAT IS THAT ACTUALLY SUPPOSED TO MEAN?**

*Because they're getting all these cuts out of what they are organising for you. Now, is this another administration fee? And if it is what are they doing for me? I had to ring up everywhere myself to get information. I really felt that particular month they shouldn't have charged me, but I did question that, what I was paying that, but I did all the following up myself. So that's the thing, what's this \$170? Did you watch AMP last night on Four Corners? Well, you've got this little fee in there too that they were charging people ... I thought yeah that's me, yeah. What's happening for that \$170? Sending my bills and everything out. I'm very happy with the people who are doing the work but hey there is a lot of money paid over the top of that paid over to these organisations, a lot of money, mine, the governments. It's a business, I know it's a business. So, is that what we've got to expect? You know, but there's not that much money out there surely, I don't know but they wouldn't do it otherwise I suppose because it's a business. I get upset about it because I feel so lucky to get my services ...*

Managing the package funds appropriately and efficiently requires knowing the costs beforehand. Consideration as to whether the amount of fees charged are appropriate is beyond the scope of this research and while perceptions regarding high levels of fees is not strictly a financial skill, a lack of knowledge and understanding regarding the fees may contribute to such perceptions which may reduce an older person's confidence and motivation to manage the package funds. Other contributors to the lack of understanding of fees may include a lack of communication on the part of providers in communicating the rationale behind the amounts charged. This includes lack of clarity in the monthly









statement which is discussed further at section A 2.1. The fee structure of some providers might be interpreted as double dipping with a view to maximising revenue from the package. For example, providers taking cuts from outsourced services as well charging administration fees. There also appears to be little justification for exit fees when monthly administration and case management fees are also charged.

**Communicating the relationship between fees and services and being accountable for that relationship would reduce negative perceptions about fees.**

#### **A2.4 Trusted friends and/or relatives**

Some participants were supported in the process to establish the package by a trusted friend or relative. Such people helped explain the nature of the package, the fees involved and the services that would be available.

*... my friend and I went down to their head office down at [location X] and sat down with a lady who was an administrator and she talked administratively to my friend who interpreted what all this high-powered talk meant so I really didn't know much about it all. I just knew I had to pay some money and they would help me and I was just left in that sort of mind until it was smoothed over and explained to me and it started and I got the feel of what was going on.*

In a similar manner to the provider and case manager, friends and relatives can be too well meaning and potentially stifle the capability of the older person and hinder any possibility of development. In some respects, this is a short-term problem since the involvement of the trusted friend or relative was significantly reduced once the package was established.

#### **A2.5 Communication**

While this external factor has been raised at various times above in different contexts, some participants raised it as a separate issue on their perceptions that the communication from the provider was generally poor. Letters from the provider contain too much jargon and 'high powered talk'. Complaints of poor communication were also levied at case managers and providers generally, although some of this was perhaps frustrations with lack of availability on the part of the case manager and not returning phone calls. Communication from the Federal Government was also criticised for being poorly set out, having too much detail and being impersonal, although such criticisms were not widespread.

**I'M FINDING THE LACK OF COMMUNICATION IS NOT GOOD ... I'M ONTO MY THIRD CASE MANAGER SINCE THE SCHEME HAS STARTED ... WHY IS THAT? I HAD A LETTER LAST MONTH TO SAY THAT I HAD A NEW ONE AND HER NAME AND THAT SHE WOULD BE IN TOUCH WITH ME ... STILL WAITING.**

This dissatisfaction must be offset by many who had high praise for the communication and the overall service their received from their provider and case manager.

## A3. Motivations and attitudes

The following are not specific skills or external factors but are internal motivations and attitudes that can affect an older person's financial capability in the context of home care packages. Many motivate positively, but some do so negatively. They also mediate between an older person and the context in which the financial decisions are made since motivation can overcome external barriers to capability. This section briefly describes attitudes and motivators gleaned from the participant's responses.

### A3.1 Physical needs

**All of the older people interviewed for this research have a package due to some physical need or impairment. Meeting these needs in order to live on a daily basis becomes a dominant motivator for accepting the package for many and the package funds are spent predominantly based on physical needs.**

Many older people expressed the view that they have to have the package and that they had to make it work for them financially. There was simply no choice, especially where the person was expecting to decline in health or were living on their own.

*The alternative [not having the package] is unthinkable, I could do it, yes, but as I say in the future, I know I will need more services and without a package you're history.*

As a result, package funds are administered on a needs basis too. These needs vary in accordance with the circumstances and particular issues faced by the participant. One example is where the person with a package has a spouse who is able to provide most of the care. In cases such as this, the needs can be quite specific and limited leaving significant package funds unspent.

**I DON'T WANT HOUSEWORK DONE. I CAN DO ALL MY OWN HOUSEWORK, I AM FIT ENOUGH TO DO IT.**

*All I want to access is somewhere for [Husband] to go so I can go out. That's all I want.*

**Some participants had a particular goal in mind for the package money which motivated them to save enough package funds to achieve it.**

This goal was usually based around one particular need and sometimes led to frustration with fees and other perceived wastages of package funds (discussed in section A 2.3) as this delayed achievement of the goal. It also led to frustration with poor administration generally.

A few participants commented that they would like more, or better, services aimed toward social interaction since it is something that they valued highly. Others were content with the social services but lamented their cost since these people had to stop going to social activities when package funds were running short.

### A3.2 Maintenance of physical and financial independence

It has been discussed in section A 3.1 above that most participants accepted the package because of physical needs. A motivator that supports this is the need to be independent of family, particularly children, who do not have the time to take care of them and for whom the participant did not want to burden. The home care package fulfils that need, but there is a further need on the part of some participants of this research to keep some independence from the provider too leading to them sourcing care outside the provider. Not all participants had this secondary need and were content to have the provider do everything for them as discussed in section A 2.2.

*I wanted to be independent as I could from having to ask my family to do things for me ... I don't think it's fair to put too much on them [family] ... My daughter used to do the gardening for me but why should she have to do that ...*

A desire to remain independent results in some older people using their own money for services rather than funds from the package. It also results in the older person using less services and leaving package monies unspent due to not wanting to become too reliant on other people's help.

*These other little things I pay for by myself ... I am not doing that at the moment because, you know, one likes to be a little bit independent I suppose is the word, do things for yourself not just 'I've got \$14,000 I could play with' no, no, no its good to have it ...*

**BUT I'M PLEASED TO BE ABLE TO DO THESE THINGS MYSELF AT THE MOMENT TO KEEP ME SANE AND ACTIVE.**





### **A3.3 Previous experience**

The participants' previous life experience, their family and working history, had a significant effect on attitudes to managing the package funds. The participants were generally thrifty and only spent money on items that they thought were necessary. Furthermore, they rarely used credit except to fund large and unexpected purchases. When spending the package money, this thrifty attitude meant that the package was only spend on items that were deemed necessary.

***I've grown up with the situation that you don't splurge.***

This attitude also fed into the package by facilitating a desire to not go into the red. Despite the package money not being their own to use on anything, they still managed the money as if it were.

### **A3.4 Desire to avoid waste**

Many participants recognise that the funds for the package come from the public purse and did not want to waste it unnecessarily. This motivation is likely reinforced by participants' previous experience that has taught them thriftiness and to only spend money on what they need.

**IT'S SORT OF CHEATING THE GOVERNMENT ... THE GOVERNMENT CAN DO WHAT THEY WANT WITH THEIR MONEY, THEY CAN SPEND EXCESS OR WHATEVER. IT DOESN'T MEAN I NEED TO. IT'S WASTING GOVERNMENT'S MONEY. I STILL THINK VALUE FOR MONEY. I'M GETTING THAT BUT I'M PAYING A TIP ON TOP.**

Many of these related stories about being coaxed by a representative from the provider to spend more of the package money.

*They are always saying look 'use it'. You've got it. Don't try to manage when you could be having a bit more.*

But others did not experience such pressure.

**MOST OF IT [PACKAGE EXPENDITURE], IF NOT ALL, WAS INITIATED BY ME ... THEY DON'T SEEM TO COME AND SAY 'YOU NEED THIS' ... IT'S GENERALLY INITIATED BY ME ON THE FOND HOPE THAT THE PACKAGE WILL PAY FOR IT.**

Sometimes, pressure to use up the package funds is accompanied by comments from carers or the case manager that the money is not theirs. While such comments may be well meaning and are correct with respect to the government's contribution to the package, they may also erode capability by disempowering participants and reducing confidence in managing the funds. It may also contribute to perceptions that the packages are cash cows for the provider. Some participants were able to resist this coercion, but others were not.

### **A3.5 Fear of the future**

**Many people expressed a view that having the package meant that they did not have to worry about the future.**

This motivator is related to previous experience which has taught participants to save money for a rainy day. When coupled with a general expectation of future decline in health, a motivation to take up a package in the first place, it becomes a powerful reason for some participants to leave some package monies unspent.

*There is always that little bit of extra there. I'm glad there is a little bit of extra there because I've got to get somebody pick me up and take me to hospital ... then I've got to get somebody to pick me up and bring me home, that's going to be a fair slab of money ... It's handy to have that little bit of extra because you just don't when these other things are going to crop up.*

### **A3.6 Lack of health and vitality**

While it might seem obvious that poor health inhibits decision making, various minor tasks such as comparing providers, enquiring about administrative errors or checking statements were inhibited by health issues and general lack of vitality. An unhealthy spouse can inhibit an otherwise healthy spouse by draining the latter of energy. Poor health and vitality can also lead to overreliance on others for financial decision making.

One of key decisions affected by a lack of health was the choice of the package provider. This is because some participants started the home care package application process while in hospital recovering from a major health event. This led to the home care package provider being chosen for them by the hospital or an allied health professional or if the provider was chosen by the older person, little investigation was undertaken in choosing it.

***I had quite enough on my plate at that stage ... without extra things.***

Choosing the package provider is not the only aspect of managing the package financially that is affected by lack of vitality. Evaluating affordability of the contribution is also affected.

***Well I think at the time, I'd just had surgery and I had 5 weeks of pretty serious trauma, so I don't think I was thinking terribly much at all.***

Even after health events have been overcome, or if there wasn't any in the first place, a lack of vitality can remain to inhibit a person, for example, in checking the monthly statement.

**I DON'T KNOW WHY I DON'T [CHECK [THE MONTHLY STATEMENTS]]. I CAN'T BE BOTHERED. IT'S NOT RIGHT IS IT ... IT'S ANOTHER JOB TO DO. I JUST CAN'T BE BOTHERED ... AND I KNOW IT'S NOT RIGHT ... MY ENERGY LEVEL IS EASILY DEPLETED.**

Another aspect of poor health is the cognitive decline. While this research did not test participants for it, it is obvious that some participants have greater cognitive abilities than others and this also affects participants' abilities to select the package provider and select services on a monthly basis. Such participants were more likely to rely on family and friends for decision making, but they were by no means the only ones to do so. Of greater concern, however, is the potential for people with cognitive deficiency to be signed up to package agreements and their questionable legality. Representatives from providers said that they always make sure a family member is present when arranging a package for somebody who is cognitively impaired. However, this situation presents a risk for both the older person and the provider.

The negative effect of a lack of health and vitality is offset somewhat by a desire to remain independent and not reliant on family as discussed in section A 3.2.



## A4. Summary

Financial capability includes not only financial skills but also confidence, motivations and attitudes. This research has attempted to uncover where capabilities exist but also where there are gaps so that the industry can take steps to address them. The research uncovered areas where participants possessed or lacked certain financial skills were helped or hindered by external factors or their own motivations and attitudes. Older people, and the participants in this research, are a diverse group who expressed a range of responses to the interview questions which demonstrated a variety of capabilities that are present or are lacking. This part of the research has shown that the environment in which home care packages are provided and the structure of the CDC system can have a significant impact on a person's financial capability. To help remedy the problems highlighted providers could improve communication, transparency and accountability regarding fees and charges and improve billing processes to reduce errors, and the competitive pressures that encourage providers to manage the package funds as much as possible could be reviewed. While managing funds might be appropriate for older people who are cognitively impaired, it stifles financial capability in those older people who wish to exercise it, while simultaneously providing a reason for those other older people to not exercise or improve their capability and let it fall by the wayside. If the goal is to improve financial capability in older people with respect to home care packages, these structural issues need to be addressed.

# Part B: Financial products and financial services

## B: Introduction

This part of the research project is concerned with identifying older peoples' financial capability with respect to choosing and using financial services and financial products in accordance with the interview guide and the semi-structured interview methodology discussed at the beginning of the Report.

As noted already, older people are not a homogenous group and the participants in this part of the research also expressed a variety of views and experiences and demonstrated a range of financial capabilities.

**This part of the report tries to convey this diversity by noting the commonalities in experience and capability as well as the idiosyncratic differences between the participant interviewees. Quotations from participants are used to illustrate the points being made.**

As in part A, Section B 1 discusses the specific financial backgrounds and features of the participants. Section B 2 analyses external contextual factors that impact on financial decision making regarding financial products and services and Section B 3 covers the motivational and attitudinal dimension of financial capability.

While these points are separated in this report, they are interrelated and should be considered holistically to gain an understanding of the financial capability of those who participated.

For this part of the project, thirty one older people were interviewed across South Australia, including rural locations such as Mount Gambier. All of the interviews were held in the people's homes,

except for three interviews that were conducted on the telephone. The format was that of semi-structured questions where there were some common questions that all of them were asked, such as where they went to for financial advice and about their financial goals.

Other questions were much broader, such as "tell me about your background and your life".

After this, the questions were focused on financial products and services they used and how they chose them. The ages of the interviewees ranged from 65 years old to 85 years old, providing a good range of ages, with around 40% in their 60s and 30% in their 70s and 30% in their 80s. There were slightly more females than males.

# B1. Financial skills – present and absent

## B1.1 Budgeting and making ends meet

The upbringing of older people plays a part in the decision making of today. Most of this age cohort had parents that had lived through the 1930s depression, went through a world war and had to live on rations for a number of years during and after the war. Indeed, some of this cohort experienced life as a child being brought up on rations. As one interview noted:

*There were no trolleys piled high in the supermarket!*

*As such, most of this older generation grew up in a time of relative poverty when parents had to live frugally and save up to buy anything. No credit cards in those days! This upbringing has resulted in them wanting to save and to not live beyond their means. Most have a budget, and know exactly how much they have spent and what is left in the budget.*

For example, one couple, aged 81 and aged 79, explained their backgrounds. The man's father had been a railway clerk and his grandfather had been a politician. The 1929 stock market crash occurred just before he was born, followed by the great depression of the 1930s, followed by living through the war and post war with ration books. His family had not been very well off and he had been taught to save even while a schoolchild by saving coins in a little jar. His mother became a war widow and she had two children to bring up, making all their clothes by hand. The wife's father had been in a professional job and they had been relatively well off compared to her husband. However, in those days there were very few

opportunities for females to work; women were expected to stay at home. Thus both of them had stay-at-home mothers that never worked. Neither family during their childhoods had ever bought anything on credit; the philosophy was: if you can't pay, you don't have it. Neither of them inherited much money from their parents.

*Most interviewees had similar experiences as this couple, and in general the financial goals of these older people are fairly consistent – to live comfortably and to have holidays.*

**AS YOU AGE YOU HAVE LESS  
NEED OF ANY FINANCES. I  
MIGHT LIVE 5 MORE YEARS  
OR 10 YEARS... LIFE IS SO  
TRANSIENT... WHEN SUPER  
RUNS OUT- THAT IS IT.**

The biggest worry about their finances is if they need to eventually go in to a nursing home and whether there will be enough money to cover that. Leaving money to children is less of a goal, and many consider their children to already be well off and not needing any inheritance, although this would be a nice to do. One male noted that at the end of the day "the children carry the risk" that his investments would not perform well. The interviewees with children often thought that they were better off than their children would be in the future.



### **B1.2. Resolving problems**

The interviewees had a number of stories to tell about problems with banks and financial services firms that arose on a daily basis, such as ATMs malfunctioning or errors on bank statements. As one male noted regarding an ATM malfunction:

***It took them 2 to 3 weeks to check the machine. I deposited money and it still took 12 days to get \$50 back. The manager's response was like it or lump it as that was bank policy. But it is wrong that they have an attitude of lump it!***

Another noted that an ATM was installed that faced north so the sun shone on it and you could never read the machine. Nothing had ever been done about it. It was thus often very difficult for problems to get resolved, taking weeks, months and sometimes even years.

They thought that financial services providers such as banks should deal with problems quickly and efficiently. Often it was finally staff in the local branch that resolved problems for them, not the call centre or head office.

### B1.3 Choosing a bank or financial adviser

Choice of financial provider in terms of banks was often based on convenience and a branch being close. Interviewees liked to go in to a branch and see someone. Although most used ATMs or online banking, they still liked to maintain contact and go in to the branch even if it was only once every three or six months.

**The personal contact was very important, especially when choosing financial products.**

Common themes that arose were such as those in the following two quotes:

*You can see the whites of their eyes.*

*You can read their body language.*

Questions were asked about why banks were not open at weekends as convenience was so important. The local branch was especially useful when filling in forms as they were able to ask questions at the time which was not possible to do online.

One interviewee had had her salary paid in to a bank account by her employer and she had just stayed put. Overall, the participants wanted somewhere safe to put their money and know that it would still be there when they needed it. Most interviewees used the words "honesty" "trust" and "integrity" when asked about what they expected from a bank as one interviewee put it:

**HONESTY, OPENNESS, INTEGRITY. TO  
LOOK AFTER CUSTOMERS AND NOT  
THEIR SHAREHOLDERS...**

*CEOs earn a lot of money- it's a responsible job- but is \$x million needed to live on?"...They are looking after OUR money. They should do that as if it is their own. Trust them to look after your money, else you would put your money in the ground [banks should be trusted to] not lose your money, not rip you off, and don't charge money for no service.*

All the interviewees had bank accounts and most had credit cards. Often the accounts had credit facilities which were seen as a backup if there was ever an urgent need for money. For example, one male had a \$2 mortgage on his property but it gave him a large line of credit where he could just walk in to the bank and ask for \$50,000 if he needed to do so. He pays 1 cent in interest a month, and he wants to make sure it doesn't drop below 1 cent else the bank will deem the mortgage to be paid and he doesn't want that!

Notably, for older women today, getting a loan or banking product as a female in the past had been very problematic, especially in the 1970s and 1980s and there was a particular loyalty to the only bank that, at that time, had offered them any banking facilities.

**There was also a desire to be treated as a person; one interviewee complained that he was treated as "a number not a customer!" Overall, banks were viewed as just wanting to sell you another product, looking after their own interests and not the customers, without offering a service.**

All of the participants had insurance, especially car insurance, buildings insurance and contents. Very few had health insurance or funeral insurance. In general the less well-off had funeral insurance and there was a distaste for funeral insurance by some participants:

***You pay them money and they get the interest on that money. Better to keep it yourself and get the interest.***

There were also objections to the advertising pressure by funeral insurance providers as "it benefits them not us." One noted they he and his wife watch a 3pm quiz show on the TV and there are often 4-6 adverts for funeral insurance in that one hour program as the insurer knows that only older people are at home at that time and watch the show:

***It passes guilt on to older people- don't expect your children to pay for your funeral. It is blackmail... Ads are just clever.***

Those with health insurance were questioning their need for it and were considering stopping it. With regard to insurance there was often apathy about changing provider. One reason for this was "laziness" and that there was "no incentive to change" as encapsulated in the following quotes:

## **STAY WHERE YOU ARE IS THE EASIEST- HOW DO YOU KNOW WHAT IS RIGHT FOR YOU?"**

*Do you actually end up any better off?*

Apart from banking facilities and insurance, most had a superannuation fund and a full or part government pension and a few had income from other investments such as managed funds and share portfolios. One fairly well off female read financial magazines, attended seminars and was fairly knowledgeable about investments and had told a financial planner that:

## **HE DID IT WRONG- INFLATED THE FIGURES ETC. I POINTED IT OUT TO THEM AND THEY WERE VERY APOLOGETIC. I HAVE HAD TO BECOME SAVVY. .. I LIKE MONEY.**

In deciding which products to use, Google was often mentioned, and most were online using their computers or iPads. One interviewee noted, however, that the online environment was just there to trip you up:

*You click on something by accident- [ I use] alt, ctrl, delete a lot on my computer.*

**None of the participants used mobile phones or apps for any financial products or services. Overall the view was that financial services firms should "Get back to basics!"**



### **B1.4 Lack of knowledge of products, services, fees and charges**

The participants often complained about their lack of understanding of the products and services being offered by banks and insurers, and this was particularly the case regarding the terms and conditions (T & Cs) clauses on products.

One male commented that even the bank staff could not explain the terms and conditions when asked. Although a number of interviewees mentioned comparison websites to help decide on which products to use, comparing products was still very difficult as they noted that the T&Cs went on for 20 pages in small print, and it was difficult to know what was included or excluded to make any meaningful comparison. One noted that:

***T&Cs are gobbledegook! Never say it in 2 words if you can say it in 500!***

Some used the adage “you get what you pay for” and others, for insurance, just looked at the cost of the premium and went with the cheapest, viewing them all as much of a muchness.

With regard to investment products and knowing where to invest, one investor noted that the stock market had crashed a number of times and he had a pragmatic investment philosophy. For example he noted that in the Global Financial Crisis (GFC) it was:

**OMG WHAT WILL HAPPEN NOW? BUT THAT’S LIFE. YOU ONLY LEARN BY GOING THROUGH THEM. IF TRUMP GETS IMPEACHED THERE WILL BE ANOTHER STOCK MARKET CRASH! ...IT IS FASCINATING WATCHING THE SHARE PRICES GO UP AND DOWN EACH EVENING. DO THESE PEOPLE KNOW ANY MORE THAN WE DO?**

Thus some interviewees were not happy with the lack of expertise of financial services staff. Another request of the participants was for there to be more clarity over commission and fees that were charged on various products; this was especially true with regard to superannuation funds and management expenses on managed funds.

**Thus there was some consensus that often products were being sold by people with very little knowledge themselves and that older people were more vulnerable to being sold an inappropriate financial product, as noted further below.**

## B2. Inhibitors and facilitators of financial capability

### B2.1 Administration of financial services providers and call centres

**Call centres were not popular. The interviewees often did not think that call centre staff knew enough about products to answer any questions, and people in branches were much better informed as they had rotated across jobs and had a much broader perspective than call centre staff.**

Call centre staff were regarded as needing more training, especially being trained to be able to answer questions rather than being agents of the financial services organisation “trying to sell you a product”.

***A good speaker can get away with murder unless you are savvy.***

Also, call centre staff were often regarded as condescending, as one older male put it:

***I might be old but I am not demented!***

The views of the participants was that their life experience often put them in a more knowledgeable position than young call centre staff and this was very frustrating to them, as noted in the following quotes:

*Someone might answer who is not interested in your problem, the next call [you make] might be to someone who is good. Their personality contrast is so marked.*

*You need them to listen to what you are saying. The way financial institutions deal with you is really important but it is inconsistent...Pressing buttons is annoying. When you get off the phone you don't want to say to yourself: "Blow you!" You don't know enough! You don't understand! They are just selling to you not telling you the nitty gritty.*

There was a view by the participants that they had once made a contribution to the world, but now they were being treated worse than kids. A further issue was speaking to foreign people on the phone with heavy accents, this was very difficult for older people, especially as their hearing was sometimes not as good as younger people.

### B2.2 Perceived value of the services provided by financial advisers

Although financial services advice is offered by banks and independent financial advisers, financial advisors from banks are rarely used, and if an adviser is used at all, it is likely to be an independent financial advisor. Those that are more financially secure commonly use the services of a financial advisor. The advisers are selected in a number of ways: (i) inherited from a family member; (ii) chosen from a list provided by their employers when retiring; (iii) by word of mouth from friends; or (iv) are acquaintances of the older person. For example, one female interviewee played bridge and her financial adviser was her bridge partner. Another interviewee became aware of the charitable works that a financial advisor undertook and so went to him with the view that someone doing charitable works was less likely to rip her off.

Commonly, over time, an original financial advisor would either merge with another adviser, retire, or grow the practice and hire other staff; in these circumstances the individual adviser changed over time. Nevertheless, having a stable relationship with the same person over time was important; this engendered trust in that person and the advice that was given over the years. The newer a financial advisor the less satisfaction there was in the services, even if the advisory practice itself had been the advisor for many years.

**Thus, personal contact and knowledge of their personal situation was appreciated and recognised.**

### **B2.3 Trusted friends and/or relatives**

Despite any commonly held beliefs, older people do not usually involve their family or friends in their financial decision making. Older people, whether male or female, make decisions by themselves, or jointly with their spouse, and as one independent male noted:

*I live by my wits.*

Further, where it is a married couple it is not always the man that makes financial decisions, in some households the females make the financial decisions. The innate skills, such as numeracy, and an interest in managing money determines who, in a joint household, pulls the purse strings.

If friends are asked for advice, it is usually friends that are more knowledgeable and financially literate. There is a calculated, rational, selection process of deciding which friends to ask for advice. For example, friends' attitudes to money vary with some treating money as wealth and savings and others treating money as just being there to spend and have a good time. Notably, friends support each other and they learn from others' experiences which helps them in their own decision making.

One male relied on his daughter-in-law a lot to help him manage his finances. He regarded her as "bossy" but discussed all his financial affairs with her for advice, even though he used a financial adviser. In general, family were not usually consulted although they would tell their children what they had decided, rather than asking for input to that decision.

### **B2.4 Communication**

With regard to communication, there was a common view that banks should provide financial product literature that was not just "screeds of information" "full of jargon" and that banks should:

*Drop the Latin words*

### **GIVE US BULLET POINTS.**

The use of jargon was a very common problem that was mentioned time and time again:

*Jargon - a dictionary doesn't help you.*

### **THE MEANINGS ARE AMBIGUOUS, THEY TRY TO CONFUSE US, TO MAKE MONEY, NOT TO SERVE US.**

Clarity between products and simplification of products would also be helpful. For example, should money be invested for 3 months, 6 months or a year? Banks should provide information that is not only clear and easily understood but also printed in a larger type face that would enable those with deteriorating eyesight to see the documents better.

**Older people need effective and responsive communication on what each financial product and service offers. Thus, good, reliable, readable information on products is essential.**







**Not only are documents useful in financial decision-making, but there was also a demand for seminars to attend. At seminars you can hear the questions that other people are asking and learn a lot about products and services and the jargon.**

However, one gripe was:

***But why charge you to go?  
They are getting your money anyway.***

One way of keeping up to date with products and services on offer is attending these seminars. A number of individuals also attend Centrelink seminars or use Centrelink financial advisors. One interviewee retired at age 60, and when he retired he was advised by Centrelink how to take his pension. He considers retiring at that age to have been a bad decision and that he should have continued working for longer. Centrelink should have given him information about this at the time so that he knew the consequences of retiring at 60.

## B3. Motivations and attitudes

### B3.1 Physical needs

The physical needs of older people regarding financial products and services centre around hearing, eyesight and mobility, modified to some extent by confidence and personality.

As noted above, the hearing of older people sometimes deteriorates, and the accents of call centre staff made it difficult for them to hear what was being said on the phone. Loud, clear accents made a big difference to the participants when needing to phone a call centre.

**Eyesight often deteriorates as we age, and larger print on documents would assist the participants in reading and understanding.**

Older people often become less mobile too, and having a local branch and local ATM where they can go is valued highly by the participants, as already mentioned.

With age confidence and cognitive ability drops, as hearing, eyesight and mobility all deteriorate too. However, personality is a factor that impacts on financial capability. There was a view that some people can be pressurised in to doing things much more easily than others. One male participant was still very confident and noted that he liked to barter in shops on big items and regarded himself as resourceful and prepared to do anything.

### **B3.2 Maintenance of physical and financial independence**

**When younger and working, there is a lot of physical and financial independence as life is all about work, the children, and maintaining the house.**

At work there are training and development sessions, engagement with professional associations, and the general chit chat with work colleagues. The workplace banter whilst still in employment keeps individuals aware of current developments, and hearing colleagues' stories of what has gone well or gone badly helps in making one's own decisions. Once an individual has left the workplace, it is harder to keep up to date and be confident of making the right decision. On retirement life is full of different things and the financial decisions that need to be made become less.

***When you retire you need to make lots of decisions about money. When you are older your financial decisions are less.***

However, older people like to maintain their physical and financial independence for as long as possible, and like local branches that they can visit easily and able to do things online.

### **B3.3 Previous experience and desire to avoid waste**

Past experience, through hardship as a child, or the career or work that an older person has done all impact on financial capability. For example, one couple interviewed noted that he had been a school principal and she had been a teacher in a highly technical area so she had to keep up to date with all the latest products and IT developments. When she retired from teaching, she worked part time for the government for several years evaluating computer co-educational sites. Her technological and IT ability was far better than her husbands, with a good knowledge of computing and IT, although she finds it much harder now to keep up to date with developments. Thus she undertook all the banking matters for them both and undertook financial product research on line rather than her husband.

Another male interviewee had had many jobs from selling chewing gum, to servicing machines, being a fork lift truck driver, working in a hospital and a freight delivery driver. He regarded that his background therefore had taught him what he needed to know, as he commented:

***My upbringing was good for life. I had no money so I had to do it for myself. So you appreciate what you have got. I'm a survivor!***

**Ideally there was a philosophy that you should save more when you are younger to be better off later on in life, but there are other considerations too. One participant compared it to watching the TV; the programs are not necessarily any better if you get a much bigger and better TV.**

### **B3.4 Fear of the future and lack of health and vitality**

Although there was concern about possibly needing to fund going in to a nursing home eventually, there was no real fear about the future. However, being an older person can mean a number of things, as one interviewee highlighted:

**BEING 80 IS DIFFERENT**  
**FROM BEING 60 IS**  
**DIFFERENT FROM BEING 40.**  
**THERE IS A LACK OF ENERGY,**  
**NO REGULAR INCOME,**  
**HEALTH ISSUES AND YOUR**  
**INTEREST'S CHANGE-**  
**ALTHOUGH SOME HOBBIES**  
**LAST FOREVER.**

So there was a view that different ages gave rise to different issues. The older one gets the less money one needs for daily living expenses such as going out for meals and entertainment, but more money might be needed for physical needs instead.

## **B4. Summary**

Financial capability includes financial knowledge, confidence, motivation and attitudes. This research attempts to examine older people's financial capabilities to identify where the financial services industry could take steps to improve its offerings. The participants in this research had a diversity of views that help to identify steps that could be taken to ensure that older people have the financial capability to live long and fulfilling lives.





# Solutions for home care package providers

The purpose of this research is to discover areas of financial capability and gaps in such capability with respect to home care packages and choosing financial products. This section proposes some realistic solutions to narrow the gaps identified with respect to home care packages, some of which have been foreshadowed above.

The proposed solutions can be divided into two broad categories: those that are directly relevant to older people and those that are more industry focused, that is, supply side and demand side solutions.

**Since this research focuses on financial capability, which includes attitudes, confidence and motivations, the solutions go beyond merely improving financial skills but also seeks to create an environment that encourages financial capability.**

With older people being a diverse group and varying in their current levels of capability, a variety of measures could be adopted to improve it.

## Supply side solutions

Given the diversity and variety of financial capabilities that were observed among participants, improving capability cannot be achieved through a one-size-fits-all approach.

**Instead, it ought to begin with a financial capability assessment focusing on the capabilities relevant to establishing and managing home care packages.**

Such as assessment would cover all aspects of financial capability including relevant financial skills but also motivations, attitudes and confidence. The assessment may draw on extant research on financial capability, but such research is still in its infancy and an assessment for home care packages and older people will need to be developed. Being able to use some package funds for third party financial advice or counselling may be useful in helping an older person at critical stages in package administration.

**After this, tools to improve relevant financial skills, confidence, attitudes and motivation ought to be developed. This can include training to improve specific skills like budgeting and decision making where these are lacking or improving understanding of terminology.**

Decision making tools can be developed so that older people who are struggling with these decisions can be guided through them. Such training can increase confidence, attitudes and motivation but these attributes of financial capability need to be developed independently, potentially through the use of psychological techniques.

## **Demand side solutions**

The above report discussed how providers seeking to provide high levels of services stifled capability by removing the motivation for older people to manage the package even in small ways and by stifling those who wish to take more control over package funds. Rather than focusing only on physical and social needs, providers could also focus on financial capability and tailor the administration of the package toward those needs. The aforementioned financial capability assessment can help in that regard, but providers ought to be mindful that each person with a package is unique and treat them accordingly.

Since there are a number of aspects of the home care package system and its administration that influences financial capability, altering those aspects can lead to improvements in it. There was significant dissatisfaction among participants in this research regarding fees, therefore

**...simplification is one area which may lead to an increase in attitude, confidence and motivation.**

For example, providers could adopt a fee structure based on a percentage of funds under management rather than charging the same flat rate fee for all levels. Since fewer services would be provided under a level 1 package, it ought to cost less to administer and so less ought to be charged. Flat fees to administer packages penalise those on lower level packages since they make up a greater percentage of the total funds. In addition to simplification, fees can be communicated more clearly and transparently. While reducing complexity will aid in this too, removing jargon, acronyms and other technical talk can assist older people to understand them.

Similar observations may be made about communicating the services that are being provided which was another area where capability was lacking among some participants. While many providers have brochures and websites that outline services, improvements can still be made.

**Simple, clear and consistent communication about the types of products and services that are allowed under a package is needed to improve capability, particularly for the services that are less common.**

For example, services could be categorised in broad service types such as cleaning, gardening, personal care, respite, social, travel and also for broad product categories such as incontinence pads.

Fees and services are interrelated as are perceptions about each of them. Simplified fee structures and services coupled with more effective and transparent communication would reduce perceptions of double dipping on fees.

**In general, however, it is recommended that any double dipping be removed.**

Furthermore, it ought to be clear what fees relate to a particular service so that an older person can make an informed decision about whether the package can afford the service.

Since some participants were contacting their provider to point out errors in charges and to have them corrected, more effective systems, including accounting systems, ought to be developed to reduce these queries. Such systems would also reduce time and costs to the provider. Simpler fee structures and improved communication, as discussed above, will also reduce the number of queries. This will lead to better use of package funds and will also free up case managers to assist older people in accordance with their capability.

Many providers are large organisations that have many branches and offices throughout the state of South Australia. Insights from participants with the same provider revealed some inconsistencies with respect to how the package is administered. Individual providers, if they have not already, ought to develop clear policies and procedures for package administration. The industry could also develop codes of practice to guide all providers.

There is no clear external person to consult where an older person has grievances about their package administration.

While an older person may be able to seek remedies under existing laws and offices, such as the Consumer and Business Affairs in South Australia,

**...some participants suggested that there be an independent regulator or Ombudsman to deal specifically with complaints about home care packages and provide industry oversight and regulation.**

## Summary

**It must be emphasised that these suggested solutions cannot improve financial capability with respect to home care packages on their own. Improving financial capability is a responsibility of both the older person and the aged care industry, including individuals employed in that industry. Some of the insights gained through this research and the recommendations made may be confronting and take time to implement, but through dialogue and cooperation improvements to older peoples' financial capability can be made.**







# Solutions for financial services industry providers

Following on from the solutions for the home care package industry, a number of themes also emerged from the financial services industry part of the project that could improve the financial capability of older people, as outlined below.

## **Personal contact: branch openings, staff training, seminars**

The appreciation of personal contact by the participants with the staff that work in the financial services industry leads to a number of recommendations. First, there should be branches located in all local communities that open at times that the community may wish to visit. When older people rely on their children to take them to the bank and shopping, the times of opening may need to be times that suit those that work namely evenings and weekends. Although this might put a direct cost on to the banks, the benefits would be enormous engendering a more positive attitude from the public that banks were beginning to be interested in their customers.

**Aligned with this, the staff in banks, and the financial services industry more generally, should undertake a much better training program to have a much broader and deeper knowledge of the industry that they work in and the products that are available to be able to understand problems and resolve them and give suitable advice.**

Training also needs to be given to staff to respect customers, irrespective of age. The customer, not a younger person accompanying the customer, should be the person being addressed, and younger staff should be taught how to respect older people who are far more knowledgeable and experienced than themselves. Leveraging personal contact could also be undertaken by offering free community seminars, where family

and friends can gather and learn about finance, financial products and services and ask questions. Although a cost to the banks, the spinoff might be more loyalty to the brand and more products and services being used.

## **Call centres**

A second strand that could help with older people's financial capability is the use of call centres. Older people often have impaired hearing, so call centre staff should have very loud very clear accents.

**A possible solution could be that dedicated call centre numbers are established for older people that are staffed by older, more experienced staff.**

Older staff will understand and appreciate the experiences of older customers, and show a suitable amount of respect. Importantly, these staff need to have loud, clear accents.

## **Documents and communication**

Many financial products have numerous terms and conditions (T&Cs) and disclosure statements that are attached to them that are difficult to read as the print on them is too small, and difficult to understand because of the jargon. The financial services industry should come together to provide short, easy to read material that summarises each product in a clear and consistent way.

**Jargon should be erased, bullet points should be used, and the print should be in a larger font size.**

As T&C s are common across all products, there should be an industry website that summarise all of these, and the product disclosure statements can inform readers to go there for all the standard T&Cs so that products are directly comparable, fees and commissions are clearly highlighted, and it is easier to decide which product is the most suitable for that person.

### **Integrity and professional conduct**

It was surprising how many interviewees were very sceptical of the practices of banking staff.

**The industry should therefore tighten up on high selling pressurised tactics and not expect staff to sell financial products but for them to provide a service and give advice. Staff should always have the best interests of the customer in mind, not the profits of the bank or their own bonus payments.**

The incentive structures within banks and insurance companies needs improving, and the products being offered need to be validated as fit for purpose. A lot of questions were asked about funeral insurance and health insurance for older people. Should these products be banned, or should there be rules on when these products are in the best interests of the customer. Advertising of financial services products should also be reviewed, especially in the light of comments regarding funeral insurance.

### **Summary**

Overall there are a number of problem areas that could be addressed by the financial services industry that would enhance the financial capability of older people. In particular these cover personal contact, call centres, documents and communication and integrity and professional conduct. Without these structural issues being addressed, there will be little change in older people's financial capability.





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