

The new age of retirement migration

The Future of the British Retiree Abroad

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1. Introduction

Retirees have traditionally been the least mobile group in society. Yet in recent times they have been moving abroad in increasing numbers, giving rise to the phenomenon of international retirement migration. More people than ever before are leaving Britain's shores in search of a better climate, more picturesque environments and a relaxed lifestyle. According to the Department of Work and Pensions, nearly a million people receive British pensions abroad, one measure of retirement migration, a 22% increase in the last five years.

Today's older generation is the vanguard of change when it comes to retirement migration. It has grown up with new opportunities afforded by mass tourism – the opening up of holiday destinations around the world and cheapening travel. Also, it is the first generation to have bought significant numbers of properties in foreign countries, in anticipation of retirement abroad. According to the Abbey, British people own 700,000 properties in Spain, 500,000 in France and 50,000 in Portugal.

At the Centre for Future Studies, we believe that British society is on the cusp of significant change in both the quantitative and qualitative aspects of retirement migration. In the next two decades, we are likely to see far more British people retiring abroad. The drivers of change will be the ongoing rise of foreign holidays, cheapening travel, increased affluence and second and third-home ownership abroad, the ageing of societies and better health and mobility. At the same time, the character of retirement migration will change. The older generation of the future will value part-time work and education more highly than its equivalent today. These values will influence all sorts of decisions, such as choice of destination and "retirement villages."

This report examines the character of retirement migration today and forecasts future scenarios. It is structured in the following way:

After this introduction, section two examines the current profile of British retirement migrants. It looks at issues such as:

- The reasons for recent increases in international retirement migration
- Popular retirement destinations
- Typical marital status and age
- Motivations for international retirement migration
- Challenges for the retirement migrant

Section three looks at the most likely forces of change for the future. These are:

- Greater British tourist activity
- Rising affluence
- The rise of the second and third homeowner
- The ageing society
- Freer movement in Europe
- The blurring of work and retirement
- Lifelong learning
- Healthier, more active pensioners
- The rise of "grey power"

Some of these, in particular the first five, are likely to underpin quantitative changes in the numbers of migrants. The others will tend to bring about qualitative change to notions of retirement and therefore expectations of retirement migration.

Sections four analyses another major driver of change in more detail: the realisation among governments and business that retirees who move abroad have considerable disposable income and create jobs and wealth. This will give rise to the formation of an industry and competitive market servicing their needs. Section five examines how technology will play a role in older people's retirement.

Based on an analysis of these current and future trends, the Centre for Future Studies has forecasted scenarios of the future in 2012 and 2020. These are summarised below and expanded upon in the final section of the report.

In 2012:

One in eight British over 55s will be living abroad; an extra 2.3 million older people, increased from one in ten today.

The most popular destinations of 2003 – Australia, Canada and the US – will still be popular in 2012, but their hegemony will be under threat. We will see new popular destinations such as Croatia and Turkey.

We will see the emergence of a major new global industry servicing retirement migrants.

National and local governments around the world will compete with each other to offer tax breaks and special offers to entice retirement migrants.

Britain will compete for a share of the retiree market as it realises the economic and political benefits of retaining retirees.

The “retirement village” of 2012 will look very differently to that of today.

In 2020:

One in five British over 55s will be living abroad, an extra four million older people between now and 2020.

The notion of what it means to be an emigrant will become more nebulous, as Britons own three or more properties and will have more choices to return to Britain in retirement.

In Britain, one in six men aged 60 or over will be working – an increase from one in 11 today. This will

blur the meaning of work and retirement, and retirement migrants will want greater working opportunities abroad.

The global market for goods and services for British retirement migrants will be worth in excess of £100bn.

The motivations for retiring abroad will involve far more diverse factors than climate and pace of life, such as opportunities for learning, leisure and access to the latest technologies.

One in five retirees will be living in “smart homes”, where technology is deployed to enhance the health, independence and inter-communication of older people.

There will be much more competition and consumer choice in the global retirement village market.

Retirement migration will be a more politicised phenomenon within both sender and destination nations.

2. The current profile of the British retirement migrant

Reasons for recent increases in British international retirement migration

In the last few decades, more and more British people have decided to retire abroad. One indicator is the rising number of people who draw British pensions overseas. In September 1997, according to the Department of Work and Pensions, 770,000 British people were drawing a state pension from a foreign country. In March 2003, this figure had increased by 21% to 932,000. Also, the ratio of British pensioners overseas to those living in Britain had increased, from 7.7% of the total in 1997 to 8.2% in 2003.

A number of factors help to explain why more and more British retirees go abroad.

The rise of mass tourism is paramount. In 1960, according to travel company Expedia (see the report 'Generation Jet Set'), British people made 6m trips abroad. In 2001 they made 60m – an average of one trip for every person of the population.

Mass tourism has given us cheap package tours from tour operators and, at the same time (more recently), budget flight costs. It has increased opportunities to visit more diverse destinations and has imbued populations with an international outlook. In a general sense, foreign holidays increase people's exposure to foreign cultures and experiences, and prepare the ground for later retirement abroad.

Most popular British holiday destinations 2002

Destination	Number of visitors
Spain	10.7m
France	7.08m
Greece	3.02m
USA	2.44m
Italy	1.66m

Irish Republic	1.5m
Portugal	1.38m
Cyprus	1.3m
Netherlands	1.02m
Turkey	772,000

Source: Association of British Travel Agents

The most popular tourist destinations are European, with the exception of the USA. However, the most popular retirement destinations in 2003 (based on the location of pensioners drawing British pensions abroad) were non-European countries – Australia, Canada and the US are the top three, followed by the Irish Republic, Spain, South Africa and New Zealand. A simple explanation for this divergence could be language: while Britons do not mind spending two weeks holiday in a country with a foreign language, they predominantly want to live and retire in English-speaking nations.

Second, today's older generation is the first to have bought property abroad in significant numbers. The Council of Mortgage Lenders estimate that around 200,000 British households own a home abroad, in addition to a home in Britain. The numbers of British people who have bought homes abroad in total – selling their British homes and moving permanently abroad – is much higher, however. The Abbey estimates that 700,000 British people own properties in Spain and 500,000 own properties in France.

The increased affluence of British people, the strong pound and booming UK property prices have all boosted the market for overseas buying. Rapidly rising house prices in Britain over the last decade has increased their value in relation to those abroad – and given people more ability to sell up and migrate. Large apartments in Spain can be bought for £50,000 for example, and this seems cheap by British standards.

A further reason for the rise of retirement migration is the shrinking gap between the affluence of some of the major destinations and the UK, helped by the tourist trade. Not long ago, countries such as Spain and Portugal had an image of being quite poor and run down. Now, through modernisation, they arguably have equal or even better economic and social infrastructures than Britain. British people therefore have had the opportunity of buying relatively cheap properties, in relatively more prosperous economies.

Popular retirement destinations

As mentioned above, the most popular destinations in 2003 for British retirees are Australia, Canada and the USA. Around 24% of all retirees go to Australia, while around 16% go to Canada and 13.5% go to the USA.

A recent study entitled 'Sunset Lives' noted that different destinations tend to be more popular with different social classes. Tuscany in particular stands out as a favourite destination of middle-class professionals. In terms of education, Tuscany draws an abnormally high number of people educated above the age of 22. Other destinations have more working class populations. Malta is an example, because of its historical association with the British Navy. Spain's Costa del Sol population, on the other hand, is more heterogeneous.

Typical marital status and age

In the study, 'Sunset Lives', the authors note that wider studies of Northern Europeans retiring to Mediterranean countries such as Spain "find that the typical retiree unit is a married or cohabiting couple without dependent children who move upon retirement in 'early old age'". They also note that this pattern holds true for other retirement migration paths, such as those between Europe and America, and Canada and Florida.

The body of research in the last few decades, starting with Robert Wiseman's 1980 study called 'Why older people move' (Journal of Research on Ageing), observes that there are different peaks of migration for "younger older" people and "older older people". A first peak occurs around the immediate age of retirement, as those who have planned to leave their homes for another location do so. The second peak comes towards the end of people's lives, as they move into nursing or retirement homes.

Motivations for international retirement migration

In 'Sunset Lives', three retirement migrant experts surveyed the motivations, among other things, of British retirees going to Southern Europe.

They found the most popular motivations for retiring abroad, in order, were the following:

- Climate and environment
- Pace of life and health
- Lower living costs
- Social advantages
- Admiration of the country
- Childhood/family links
- Antipathy to the UK
- Practical advantages
- Work or business

Climate is a universally important push and pull factor for retirement migrants. In the US, for instance, the three most popular destinations are so-called "sun-belt" regions – Florida, California and Arizona. It may be a more important push factor in Britain's case, because of its lowly position in the world's weather league. As a pull factor, it is perhaps no surprise that the most popular European retirement migrant destination – Costa Blanca – has one of the best microclimates in the world, with 320 days of sunshine per year on average.

Climate is not universally the most important motivation for going to all destinations however. The 'Sunset Lives' study found that in Tuscany's case, the most important motivation was "childhood and family links". Unlike some other destinations, Britain has historical links with Tuscany as a place of tourism and retirement, and sparks especially warm feelings among a segment of Britons for family reasons.

Challenges for the retirement migrant

Those thinking about retiring abroad face a number of pragmatic challenges, such as how to negotiate property, tax, pensions and healthcare issues.

Yet such issues are relatively easy to resolve, especially in EC countries. One potential worry for retirees is currency risk. If their pensions are paid in pounds, but the value of their local currency falls in relation to the pound, they will lose out. In developed countries, however, wild swings in currency are unusual.

In the area of healthcare, in Europe special regulations cover British migrants for a proportion of healthcare costs. In North America, migrants need to pay for private health insurance and this can represent a greater expense.

A common complaint of retirees abroad is "bureaucracy". They can find it cumbersome having to deal with the state and local services, and having to navigate unfamiliar rules and regulations. But this is a minor irritation rather than something that would force them back home.

Beyond these matters, a more important issue perhaps is that of integration. How will retirees adapt to a new language, people, etiquette, culture and so on?

Anecdotal evidence from expatriates suggests that experienced travellers who have sampled a range of foreign cultures and have already had holidays in their

chosen destination, tend to settle the best.

By contrast, someone who "dreams" of retiring in a hot exotic place is paradoxically less likely to settle and cope with changed conditions. Similarly, they may be driven by a desire to escape from something they have come to dislike, rather than migrate for more positive motivations. Such a person is more likely to experience "culture shock".

3. Drivers of change for the future

Greater British tourist activity

Tourism is one of the major factors laying the foundation for increased retirement migration. Put simply, as more Britons go on holiday abroad, we are likely to see increases in their retiring abroad also.

A recent report by travel agent Expedia called 'Generation Jet Set' examined the present and future of British tourism. It pointed out that 2001 was a highly significant year in the history of British tourism: for the first time, the number of annual foreign holidays (59m) rose above Britain's population. But for the future, it suggested that:

"Two weeks of Mediterranean summer sun will no longer be the focal point of our annual holiday experiences as we embark on several holidays a year – city breaks, activity holidays and spontaneous getaways will see unprecedented growth over the next decade."

Overall, Expedia project that the number of annual visits abroad will increase from 57m in 2000 to 117m in 2010.

As more segments of the tourist industry, such as airlines, become liberalised, the price of travelling to far-flung destinations will dramatically decline. In recent years, flight prices to many areas of the world have drastically fallen, as a result of increased competition between existing airlines and from new budget entrants to the market. However, many flight pathways to areas in Latin America, Asia and elsewhere are still dominated by only a few players, and prices are still relatively high. This is likely to change in the future, and such places will become more accessible to many more people.

It is also likely that the accommodation market will become more liberalised, with prices falling. The hotel market around the world, for example, is recognised

by economists as one of the most uncompetitive markets when it comes to price competition.

Governments in developing countries will continue to realise that tourism can help to rejuvenate their economies and will want to take advantage of their natural resources. Also, new forms of tourism will evolve. "Ethical tourism", which attempts to abide by the values of sustainable development, may break out from being, what is currently, a niche market.

New, often surprising, tourist destinations will continue to emerge. In 2003, for example, destinations as varied as Mexico, Croatia, Bulgaria, Dubai and South Africa were experiencing rapid new tourist interest from British holidaymakers, according to the Association of British Travel Agents. According to Wanderlust magazine's annual survey, Dubrovnik in Croatia was voted the top city to visit. Dubai's rapid transformation into a major new tourist destination – receiving half a million British visitors in 2002, compared to 64,000 in 1992 – illustrates the way that previously unheard of locations can rapidly emerge. The World Travel and Tourism Council (WTTC) listed the fastest growth areas in world tourism during 2003. The top entries were: Turkey, Singapore, Madagascar, Poland, the former Soviet Union, China, Chad, Vietnam, Croatia and Libya.

As we have seen earlier, there is not a direct correlation between the most popular British tourist destinations and retirement destinations. Many British people will continue to prefer familiar, English-speaking destinations for retirement in the future. However, we will see a greater diversity of destinations, premised on their growth as tourist destinations today.

Rising affluence

Although hard to believe at first perhaps, older people have experienced rising incomes levels in recent decades.

According to MORI, household disposable income among all age groups rose by 266% between 1980 and 1996. But it rose by 276% among the 55-64 group and 299% among the 65+ group.

However, older people are not a homogeneous group. MORI make the point that:

- “Younger older people” between 50 and 64 (who tend to be couple households) have “substantial economic power”. Many own their homes, have less housing costs and therefore more disposable income: an average of £372 a week, 17% higher than the average among households.
- Those aged 75+ - who tend to be lone women – are among the poorest in society.

Assuming the British economy continues on its present course (which some have characterised as stable but dull – steady, low growth without traditional boom and bust cycles), rises in income will continue for the elderly as a whole, giving rise to the possibility of ongoing quantitative increases in retirement migrants.

The rise of the second and third homeowner

In recent years, overseas property ownership has become a booming new industry. In 2002, the Abbey reported massive increases in annual demand of 80% for British property buying in France. Legal Marketing Services, the UK’s largest independent network of solicitors, estimated that in 2001, 150,000 British people bought properties in France and Spain.

A European property market for second homes is developing rapidly, as British people take advantage of low overseas prices in comparison to British prices. Although property prices will go up in certain areas in

response to increased demand, there are many new locations in Europe and the rest of the world where desirable properties can be bought very cheaply. In Turkey, for example, two-bedroom houses can be bought for £40,000 in attractive coastal regions.

This rise in second and even third holiday home buying is a very important driver of change for future retirement migration. According to figures from the Council of Mortgage Lenders, half the Britons buying properties in Europe are between 30 and 50. Many buy them as holiday homes and investments, but in the future when they fully own these homes, they will have the opportunity to use them as bases for their retirement.

The ageing society

The notion of an ageing society is perhaps best summed up by the figures:

- From 1971 to 1999, life expectancy has changed from 69 to 75 in males, and 75 to 80 in females.
- The ‘elderly’ population (aged 65 and above) has gone from being 10.8% of the population in 1951 to 15.6% in 2000. In 2031, it is expected to be 22.6%. (Source: Department of Social Statistics, Southampton University).
- Forecasts suggest that the number of people aged 65 and over will exceed the numbers of people under 16 by 2014.
- The median age of the population in 2000 was 37.4 years, while it is estimated that in 2025 it will be 46.7.

The ageing of societies underpins quantitative increases in retirement migration – there will be many more people to retire abroad. This in turn has economic ramifications. A larger critical mass of elderly consumers with considerable disposable income is likely to make businesses take note and innovate new services. In this context it will speed the emergence of an international retirement industry (see section four).

Freer movement in Europe

Since the 1950s, European governments have been involved in the project of creating a European single market. A stated aim is the freer movement of goods, capital and people. However, there is increasing awareness that when it comes to the last category – people – progress has been painfully slow. Europeans in the EU have a legal right to live in other parts of the EU, but so far, many have refused to live more permanently in neighbouring countries. The European Commission has launched several recent initiatives to speed change, such as the High Level Task Force on Skills and Mobility in 2001;

an attempt to nurture a pan-European labour market. This will boost retirement migration, because if Britons can live and work more easily in Europe, they will be more likely to retire there afterwards. At the same time, other initiatives will have the same affect, such as pan-European access to healthcare.

British adoption of the single currency would also smooth retirement migration between Britain and Europe; for example, it would become easier to buy property there. It would also speed the development of a pan-European market for goods and services to retirement migrants, and bring Europe closer to the US situation, where such a market is already in existence.

The blurring of work and retirement

The last half-century has been witness to increasing economic inactivity for older people. Over time, an increasing percentage of older people have decided to retire rather than continue work. According to the Office of National Statistics, 92% of men aged 50-64 were working in 1951. But by 1996, this figure had steadily declined to 72%. In 1951, 31% of men aged 65 or over were in work, whereas in 1996, the figure was only 7.4%.

However, from 1996 to today there has been a revival of work – officially called “economic activity rates” – among older people that bucks this half-century trend. This increase is small, but it is significant because it represents the first major increase since the historic decline in economic activity rates half a century ago.

The economic activity rate of men between 50 and 64 has increased from 72% in 1996 to 75% in August 2003. For men 65 or over, it has increased from 7% to 9% over the same time period. Interpreting this data, the American data company Haver Analytics notes that we are seeing “a recent and distinct shift away from early retirement, yielding an older, more experienced labour force in the UK”.

The British government will perhaps be pleased at these figures. It is considering proposals to raise the current age of retirement to stave off the claiming of pensions and the burden on the state coffers.

The growing tendency for older people to work later in life was also captured by a major survey of British adults conducted in 2003 for Saga Magazine. It found that:

- 40% of workers aged 50 or over are delaying retirement for financial reasons.
- 28% of people above 50 would like to carry on working as late as they can, up to and possibly beyond the age of 70, because they enjoy their work. Interestingly, the survey also found that levels of job satisfaction increase with age – those

who work beyond the statutory retirement age of 60 for women and 65 for men are among the most satisfied.

- Around half of the population would like to work less hours if they were to work after the retirement age.

By 2020, the study concluded, around 13% of the population (both men and women) will be working after the retirement age, compared to 9% today. And, it suggested both financial and non-financial reasons will be important in motivating people to work later.

In the future, retirees may have different expectations of the type of work they want to do, based on their changing skill and knowledge profile. At present, the elderly are the least skilled in the economy. As Mori point out, the older the population gets in Britain, the less skilled they get.

Among the population as a whole, around 29% are in the unskilled/semi-skilled manual worker category. This rises to 38% among the 55-64 age group, and reaches 49% among those over 75. But with the rise in higher education in Britain, coupled with the greater value placed on "knowledge work" in service industries, this pattern will change.

The elderly are also keen on becoming entrepreneurs, if a survey by Barclays Bank is to be believed (see 'Third Age Entrepreneurs').

They want to supplement pensions, have some fun, or prove to ex-employers that they are not past their best.

The 'Employers Forum on Age' wants employers to offer a concept of "flexible retirement", and is putting pressure on the government to facilitate change. The Inland Revenue does not make it possible for people to draw part-pension and part-salary. In the future, people might go through a series of "retirements" and "re-entries" into the workforce.

So what are the implications for retirement migration? Put simply, work – either part-time or full-time – will play a greater role in the future lives of retirement migrants. In this sense, "working opportunities" will find itself crawling up the list of top motivations for people to retire abroad. Governments – wanting to

attract retirees for economic reasons – will help migrants find work in local communities, and will liaise with local business. Retirement villages will want to offer working opportunities.

Lifelong learning

Tony Blair famously announced that New Labour's most important focus is "education, education, education". One dimension of this is "lifelong learning" – the concept that learning should take place throughout one's life rather than finishing with school or college.

Evidence seems to suggest that adults in general are participating more in education. One illustration is the National Institute of Adult Continuing Education (NIACE) annual participation survey in Britain. In 2001, it showed a marked upswing in participation rates for the first time in twenty years, with 29% of adults responding that they were involved in learning activities. For some this reflects the expansion of higher education. However, this trend is yet to show through for older people. As the director of NIACE reflected:

"...retired people have been scarcely affected by the expansion of opportunity. This will surely present a policy challenge for the next government, given the demographic changes underway. In an ageing society, there remains a huge task to construct learning opportunities which are attractive and accessible to older people."

However, if the concept of lifelong learning is taken literally, we should expect to see far more grey heads in lecture halls, seminars or classrooms in the future. And indeed, retirement village developers are already addressing this trend. In a recent statement, leading retirement village developer Del Web suggested that it will build more classrooms in its villages in the next decade.

It is likely that educational opportunities will come to the fore in the list of reasons for retirement migration. First, special grey universities will be established for the elderly in the future in attractive destinations, such as on the coast and in warm climates.

Certainly, such universities could rely on the relatively stable income of the retired and, existing universities will tap the grey market. In the US, Pennsylvania State University has a special campus area for the over 55s, and this trend will catch on further. Further down the line, retirement villages will carve out a niche by being specially based around education opportunities.

Healthier, more active pensioners

Over the 20th century health in the developed world and elsewhere has improved on a range of fronts. The most obvious reflection is rising life expectancy rates, as medical progress helps to prevent people from dying early deaths from various diseases. Of course, some diseases have increased for old people: some cancers and disorders such as Alzheimer's disease come to mind. But to a large extent, these problems themselves, which are more prevalent among older people, are rising because people live longer.

It seems likely that the average health of older people will be better than it is today, through a combination of medical advance and increased self-awareness. In some areas, progress is already quite evident. For example disability rates among the elderly (reflecting any condition that makes activity difficult) are either falling in developed countries or have levelled out. In the US, for example, a study by Kenneth Manton of Duke University, which analysed data from the US National Long-Term Care Survey, found that chronic disability among people aged 65 or above fell from 26.2% in 1982 to 19.7% in 1999. Chronic disability was defined as being 'unable to handle everyday tasks such as eating, dressing and shopping'. The reasons given were

better medicine and less smoking in that age group.

In the US, it is perhaps no surprise that traditional retirement communities are being dubbed "active adult communities". The change is not just semantic. Such places may offer golf courses etc, but they have many more recreational, educational and leisure facilities. The better health of retirees in future will further the trend towards more active retirement. Migrants will want to migrate to areas that offer opportunities for active lifestyles.

The rise of "grey power"

The politicisation of older people's issues – or the reinterpretation of traditional issues such as health, education, the family, transport, the economy and law and order, in a grey light – could be a major trend for the future.

First, in Britain, pensioners make up an estimated 11 million votes.

Politicians cannot afford to ignore them for basic electoral reasons.

National and local government have set a plethora of initiatives in motion to try to involve older people. Newcastle is one city to have set up an "Elders Council" to facilitate democratic involvement for the over 65s. A founding belief is that the knowledge, skills and experiences of older people are being wasted. They can constitute an asset to the community rather than a liability.

But evidence also suggests that older people are more aware of political issues and more likely to exercise votes. Recent analysis by Bob Worcester, the chairman of Mori in Britain, showed that:

- At the last British election, 81% of those above 65 said that they were certain or very likely to vote, compared to much lower figures for age groups below them. Only 41% of the 18-24 age group gave the same answer.

Like the other issues discussed in this section, this will have a bearing on the character of retirement migration. Older people will want to get more involved in local community politics when they arrive at their new destination. Traditional sedate retirement destinations in places such as the Costa Blanca however are not associated with encouraging this kind of activity. It is likely that governments in host countries take a lead in encouraging the greater political involvement of older migrants.

4. In-focus: The rise of an international retirement migrant industry

As destinations become popular targets for retirement migrants, local business benefits from the extra income.

Yet the idea of an international retirement migrant industry, involving the conscious marketing of destinations to pre-retirees, and the invention of innovative services for old-age people, is still very much in its infancy.

This will change in the future. One reason is that this group cannot be ignored economically. Relatively well-off retirement migrants are quite unique as an economic group. Their life is essentially based around consumption rather than work. They therefore generate sales for a range of industries – healthcare, real estate, leisure and tourism.

The US provides an example of where things are heading. Traditionally, a small number of retirees have migrated across state lines to retire mostly in “sun-belt” states such as Florida, California and Arizona – the big three. Yet it is only very recently that this group has been recognised as a force that has considerable disposable income and actually generates wealth and jobs in local economies. Before, many clung to the idea that retirement migrants were a drain on local resources.

Experts now recognise that retirement migrants generate a surplus of wealth. American expert Charles Longino

estimated that in the second half of the 1980s, Florida gained a surplus of \$6.5bn through retirement migrants.

More recently, economic consultant Gene Warren calculated that residents of 55 or over in Florida spent \$135bn in 2000 and paid an annual average of \$508 in sales tax. As he noted about older people, “to the extent that their income is provided by pension plans, (either social security or private plans), their spending is not affected by fluctuations in the economy as is the spending of job holders. Thus, they provide stability in

both spending and employment.”

There is a widespread realisation in Florida that, alongside tourism and agriculture, retirement migration is central to the economy’s survival. It is estimated that half of all employment in Florida is tied to the retirement industry.

This increased consciousness of the economic benefits of retirement migrants is helping to create a new competitive industry. For the first time, individual states, especially those who want to rejuvenate their local economies, are actively marketing themselves to pre-retirees in other states. Businesses are considering how they can offer new services to this group.

Mississippi, for example, markets itself as “retirement friendly”, and has a range of policies for the retired in

areas such as work and educational opportunities, tax breaks and housing.

Florida is now fighting back. It has lost market share of retirement migrants, now attracting 20% of the total, down from 25% in the 1980s. Critics believe it has become complacent.

In 2002 the Destination Florida Commission published a special report on what it could do to attract more retirement migrants. First, it put the problem in stark terms. It noted that:

“A continuing 10% drop in the flow of mature retirement migrants would result in a loss of 42,000 jobs by 2005 and 80,000 by 2010.” By 2005, there would be \$1.5bn less retail expenditure, and \$3.5bn less by 2010.”

It announced new measures on how to attract retirees from other states. These included;

- The promotion of more housing opportunities
- Greater transport access and the use of the Commission for the Transport Disadvantaged to support elders and consider more discount schemes
- The protection of natural amenities to ensure their continual enjoyment among retirees
- Increased access to voluntary work
- Ensure that older people can contribute to their communities
- Better access to high-speed internet access among the elderly population.

It is noticeable that as states compete with each other, they are having to take on board the changing values and expectations of retirees identified in the previous section. They feel it necessary to provide opportunities in the areas of work, learning, politics and community involvement.

The challenge for states and local industry is to provide a mix of things, rather than rely on strengths in one or two areas. For example, Arizona realises that it ranks very highly in scenic beauty and outside recreation opportunities, but in many areas of the state, it is found wanting in the provision of local services, and therefore is unable to compete so strongly.

Specialist “retirement villages” or retirement communities in competition with each other have to address changing needs. For example, in recent years, the pioneer of retirement villages in the US, Del Web, had, according to its CEO LeRoy Hanneman in 2001, pledged to build more computer labs, health spas and college classrooms in its communities.

These trends have yet to arrive in Europe. European destinations are competing with each other in a sense, but there is no active realisation that this is taking place. The same is even more true on an international scale. One problem, perhaps, is that retirement migrants are

not going through established services when they retire abroad. They are not buying a holiday, or staying at a hotel.

However, retirement migration is set to increase around the world. It is only a matter of time before an industry is formed to cater for this group.

Another possibility is whether Britain will fight back and try to keep retirees from migrating abroad. Its major disadvantage is climate. But in the context of an ageing society, where many older people will have greater disposable income in the future, the opportunities may be too good to turn down.

5. In-focus: The impact of technology on retirement migration

It is hard to see how technology will have an impact on the quantities of retirees migrating overseas. The driving forces of the phenomenon are largely non-technological in the first place.

However, technology in the future will be used to support the lifestyles of older people. In short, it will make life easier for them and enhance their independence. Retirement destinations and communities that deploy technology in this way will become more attractive.

As older people mature, they need more assistance in relation to the physical built environment. Using public transport, shopping or even getting around their homes can become difficult.

Virtual information and communication technologies, and others, such as robotics, have a fundamental role to play here. An obvious example is that it is easier to shop online than it is to go to an out-of-town shopping centre, as long as the physical delivery infrastructure and fulfilment services are in place to cope with online shopping.

A less obvious example is the rise of the smart home. Already, these are being innovated in prototype form for retirees. Britain's first "Smart House" for old people suffering from dementia was created in 2000 through a collaboration between Housing 21, one of the UK's largest specialist providers of housing and support services for older people, Dementia Voice, a voluntary organisation which works with professional carers of those with dementia, and the Bath Institute of Medical Engineering (BIME).

The idea is to use technology to increase independence and quality of life, and reduce burdens on carers and cut local authority care costs. The Smart House employs sensors, voice recognition technology and smart devices. The sensors remind dwellers about various things, such as the bath running, or whether the cooker is on. Lights can come on automatically

when they move around the house.

In addition, retirement villages, such as the Hartrigg Oaks development outside York in Britain, are already building prototype smart homes.

Other initiatives are taking place in the area of information technology-facilitated care. Carers might have better access to health information and medical records. On an international scale, we may see the greater coordination of such records.

Or, old people in poor health could be monitored from a distance by carers using technology. Home-based technologies can be used to monitor a person's vital signs and send information to health care professional. Other technologies can enable better communication. Also, robotics is an emerging area within healthcare.

Other technologies will help older people to overcome language barriers when moving abroad. The Massachusetts Institute of Technology (MIT) is developing a wearable jacket equipped with microphones, language translation software and mini-speakers. Called Lingua Trekka, it can instantly translate phrases into foreign languages when the user speaks. MIT estimate that this will be commercially available in 2007.

Technology will be used to enable older people to stay in touch with each other. In the future, we will see the formation of new communities around the Internet. These in turn will generate greater physical travel, because when many people get to know each other on-line the next logical step is to meet for real.

In the future, retirement migrant communities will blend new technologies in all sorts of ways with the physical built environment – including infrastructure such as homes, transport, health and commerce – to make life easier for older people, support care, and enable them to stay in touch with each other. The ones that do it well will attract the most migrants and the most disposable income.

6. Future scenarios in 2012 and 2020

In 2012:

One in eight British over 55s will be living abroad, an extra 2.3 million older people, an increase from one in ten today. This estimated number is based on the boom in overseas property buying today, cheapening travel and increased tourism, rising income and affluence, and – in Europe – the boost to migration given by a single labour market, and increased harmonisation in areas such as currency and healthcare.

The popular destinations of 2003 – Australia, Canada and the US – will still be popular in 2012, but, following the pattern in the US with the declining market share of Florida, their hegemony will be under threat. We will see new popular destinations. Countries such as Turkey and Croatia – emerging destinations for British tourism and property buying today – will be more popular places for retirement.

We will see the emergence of a major new global industry servicing retirement migrants. Mortgage lenders, letting agencies, travel agents, “retirement village” developers, estate agents and investment funds will be the major players in this industry. We will see new patterns of competition and collaboration between them as they position themselves in a new value chain. Many other industries will want to tap the

disposable income of retirement migrants – healthcare, leisure and education among them.

National and local governments around the world will compete with each other to offer tax breaks and special offers to entice retirement migrants.

Britain will begin to wake up to the economic and political benefits of retaining its retirees. It will begin to “fight back”. National and local government will oversee the creation of many new retirement villages.

The “retirement villages” of 2012 will look very differently to those of today. They will be more based around part-time work, learning, political and community involvement and leisure activities.

In 2020:

One in five British retirees will be living abroad, an extra four million older people compared with today. This increase is grounded in the same drivers of change mentioned previously.

The notion of what it means to live abroad will become more nebulous. Many retirees will have a “portfolio” of different properties, some owned, some rented, and will move to different locations at different times of the year.

The notion of retirement will also become more nebulous. The economic activity rates of both the “younger older” and “older older” generations will have increased. One in six men aged 60 or over will be working – up from one in 11 today – based on the rising economic activity rates of today. However, much of this work will be motivated by self-fulfilment rather than economic necessity. A greater proportion of retirement migrants will be seeking part-time work opportunities when they go abroad.

The global market for goods and services for British retirement migrants will be worth in excess of £100bn. Such a forecast is based on an estimated four-fold increase in the disposable income of the average retiree, multiplied by the projected increase in retirement migrants.

The motivations for retiring abroad will involve far more diverse factors than climate and pace of life, such as opportunities for learning, part-time work, leisure and access to the latest technologies.

One in five retirees will be living in “smart homes”,

where technology is deployed to enhance the health, independence and inter-communication of older people. This projection is based on the fact that first, retirement villages in Britain – such as Hartrigg Oaks near York – are already experimenting with smart homes. Second, as society ages, governments will pay increasing attention to older people. Ensuring that older people have access to, and the education to use, technology will be important. Third, the costs of smart home technologies, following the historic pattern of information communication technologies, will dramatically decline, making smart homes more affordable and accessible to many more people.

There will be a much greater choice in the global retirement village market. Some villages will be purpose built around special “grey universities” catering for a segment of the market desiring learning opportunities. Further innovation will mean that retirees will part-own different houses in different villages, and will be able to move between different villages specialising in different services, such as education, community involvement and leisure.

Retirement migration will be a more politicised phenomenon. Countries will want to keep their retirees. At the same time, the immigration of large pools of British retirees in many countries around the world will raise issues of economics, politics and culture among the citizens and governments of destination nations.



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