

# **Don't go it alone:**

Life satisfaction among older  
Australians

**August 2016**

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# **Don't go it alone:** Life satisfaction among older Australians

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## About National Seniors Productive Ageing Centre

National Seniors Australia (National Seniors) is a not-for-profit organisation that gives voice to issues that affect Australians aged 50 and over. It is the largest membership organisation of its type in Australia with more than 200,000 members and is the fourth largest in the world.

National Seniors Productive Ageing Centre (NSPAC) is an initiative of National Seniors and the Australian Government. NSPAC's aim is to improve quality of life for people aged 50 and over by advancing knowledge and understanding of all aspects of productive ageing.

NSPAC's key objectives are to:

- support quality consumer-oriented research informed by the experience of people aged 50 and over
- inform government, business and the community on productive ageing across the life course
- raise awareness of research findings that are useful for older people
- be a leading centre for research, education and information on productive ageing in Australia.

For more information visit [productiveageing.com.au](http://productiveageing.com.au) or call 03 9296 6800.

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## Executive summary

### Background and purpose

The Australian population is ageing. Responding to this demographic change is critical to both capitalise on the opportunities and meet the challenges population ageing presents. 'Successful ageing'<sup>1</sup> represents principles adopted by different actors to improve outcomes for older people and society generally. It describes individuals' experience of 'the best old age possible'.<sup>2</sup> Achieving it offers a range of benefits to individuals and the community as a whole in the context of population ageing.

Successful ageing has been evaluated in terms of the absence of disability or disease. The prevalence of a biomedical basis for evaluating successful ageing has been criticised on the grounds that it is a narrow view of favourable outcomes.<sup>3</sup> Subjective evaluations of the successfulness of ageing are important because there is much more to the experience of ageing than the presence or absence of disease and disability. This report focuses on one element of subjective wellbeing among older Australians: life satisfaction.

Life satisfaction has been considered as a cognitive evaluation of subjective wellbeing.<sup>4</sup> This multidimensional concept fundamentally represents how people evaluate their life as a whole as opposed to current feelings.<sup>5</sup> The complexities of subjective wellbeing have been widely researched and this has included studies of older people. Such studies have found consistent associations between socio-economic status, competence in daily life, adequacy of social networks, the role of age and meaningful life course transitions, perceived wealth and health status and subjective wellbeing among older people.

Understanding life satisfaction as a means to optimise the experience of ageing in Australia also presents opportunities to a range of actors, including public policymakers and industry. Whether through refocusing policy initiatives to support improvement in non-biomedical indicators of successful ageing, deploying programs that facilitate retention of critical skills in workforces, or by finding new opportunities for businesses to build market share among older Australians, engaging in new ways with older Australians has the potential for diverse benefits.

### Data and methods

This cross-sectional study was conducted by the National Seniors Productive Ageing Centre, drawing on a survey of National Seniors Australia members aged 50 and over. These data were collected in the fifth wave of the National Seniors Social Survey in November 2015. A total of 9,854 National Seniors members were invited to complete the survey (postal delivery method), using a stratified sampling approach to optimise representativeness of the sample. A total of 2,915 surveys were completed, a response rate of 30 per cent. The data were weighted based on national proportions of people aged over 50 by age, gender and state / territory to make the results representative of the Australian older population.

<sup>1</sup> Rowe, J. W., & Kahn, R. L. (1997). Successful aging. *The Gerontologist*, 37(4), 433-440.

<sup>2</sup> Pruchno, R. (2015). Successful aging: Contentious past, productive future. *The Gerontologist*, 55(1), 1-4.

<sup>3</sup> Cowlishaw, S., Niele, S., Teshuva, K., Browning, C., & Kendig, H. (2013). Older adults' spirituality and life satisfaction: a longitudinal test of social support and sense of coherence as mediating mechanisms. *Ageing & Society*, 33(07), 1243-1262.

<sup>4</sup> Pinquart, M., & Sörensen, S. (2000). Influences of socioeconomic status, social network, and competence on subjective well-being in later life: a meta-analysis. *Psychology and Aging*, 15(2), 187-224.

<sup>5</sup> OECD. (2013). *How's Life? at a Glance*. Paris: OECD Publishing.

## Key findings

Comparing across age and gender groups, the proportion of respondents endorsing different levels of life satisfaction was surprisingly similar. Across these groups approximately 80 per cent of respondents were somewhat satisfied or very satisfied, approximately eight to 14 per cent were somewhat dissatisfied or very dissatisfied and around 10 per cent were neither satisfied nor dissatisfied.

Older Australians' life satisfaction was most strongly associated with their perceived social wellbeing and frequency of experiences of social isolation. These factors were, surprisingly, more important than health status and financial position indicators as well as demographic group effects. Although these two items covered aspects of National Seniors members' social lives they were not highly correlated ( $r = 0.26$ ), suggesting that they reflected somewhat distinct constructs. The distinct, yet prominent, role these aspects of older Australians' social lives play for life satisfaction, and therefore successful ageing, point to the need for nuanced strategies to optimise such experiences in ageing populations. The next most important factor was health status. Interestingly, reports of recent changes in health status were not associated with life satisfaction, suggesting that any effect of ill health on life satisfaction is transitory if health status can be improved. The fourth most important factor was perceived financial wellbeing. Annual household income, retirement planning behaviour (specifically recent consultation with a financial advisor) and confidence in the adequacy of retirement incomes were not associated with life satisfaction. This suggests it is perceived relative financial position, emerging from a comparison to previous financial position and that of others in their social networks, that exerts influence over life satisfaction rather than, for example, greater household income 'purchasing' greater life satisfaction. Taken together with the relative importance of financial matters in comparison to the social and health status indicators, it appears that financial insecurity and concerns about the risk of outliving one's savings do not diminish older Australians' life satisfaction.

Life satisfaction was higher among respondents who had retired in comparison to those still working. Employment arrangements, which indicated whether respondents were in permanent or other potentially more precarious work arrangements such as casual or fixed-term contracts, were not associated with life satisfaction. Age, gender and state of residence were not associated with older Australians' life satisfaction. An association of modest strength indicated that respondents who had obtained a bachelor degree were 50 per cent more likely to be in the higher life satisfaction categories compared to those who did not complete high school. No other associations between demographic factors and life satisfaction were uncovered.

## Conclusion

The findings of this study indicate that older Australians are generally satisfied with life, with little variation across broad age groups and genders. While issues of health and wealth are important to older Australians' life satisfaction, it is in fact their social lives, specifically how satisfied they are with this aspect of their lives and the extent to which they feel isolated from family and the wider community, that is most influential on overall life satisfaction. Taking the centrality of social wellbeing to successful ageing as a key guiding principle, this report briefly considers the role of public policymakers and business in helping older Australians maximise their societal involvement.

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# **Don't go it alone:** Life satisfaction among older Australians





# Introduction

## Background

### Understanding life satisfaction of older Australians

The Australian population is ageing. In 2015 there were over 7.8 million over 50s in Australia, constituting 33 per cent of the population.<sup>6</sup> By 2033 there will be 11.3 million, an increase of 46 per cent.<sup>7</sup> Just over 6,070 people turn 50 every week in Australia.<sup>8</sup> Responding to this demographic change is critical to both capitalise on the opportunities it presents, for example the wealth of knowledge retained when organisations are able to keep their older workers for longer, and to meet the challenges such as the increased burden placed on support systems, such as the health care system. 'Successful ageing'<sup>9</sup> has, for the last 30 years, represented principles adopted by researchers, influential international bodies such as the World Health Organisation (WHO) and policymakers to advance social programs and marketing to improve outcomes for older people and society generally. Successful ageing describes individuals' experience of 'the best old age possible'.<sup>10</sup> The achievement of successful ageing offers a range of benefits to individuals but also benefits the community as a whole in the context of population ageing. For example, reducing frequency and severity of chronic disease and disability have the adjunct benefit of controlling the costs of maintaining a health care system<sup>11</sup> and assisting sustained activity among older Australians, facilitating continued participation in employment as well as community and familial engagement.

Successful ageing has been evaluated in terms of outcomes individuals experience at old age, frequently focused on the absence of disability or disease. The prevalence of a biomedical basis for evaluating successful ageing has been criticised on the grounds that it is a narrow view of favourable outcomes.<sup>12</sup> For example, many older people consider themselves to be ageing well even in the context of chronic morbidity and disability.<sup>13</sup> These subjective evaluations of the successfulness of ageing are important because there is much more to the experience of ageing than the presence or absence of disease and disability. While the dominance of the biomedical perspective on approaches to optimising the experience of ageing has produced strategies to do so<sup>14</sup>, taking a broader view of successful ageing encourages the deployment of programs that go beyond an emphasis on physical health and have the potential to optimise the lived experience of ageing for older Australians. Understanding different elements of a psychosocial perspective on successful ageing, including the subjective judgement of older Australians, provides a broader picture that can account for individual variation in factors, for example psychological resilience, that influences how older Australians perceive their own progression through the ageing process. This report focuses on one element of subjective wellbeing among older Australians: life satisfaction.

<sup>6</sup> ABS, 3101.0 - Australian Demographic Statistics, June 2015.

<sup>7</sup> ABS, 3222.0 - Population Projections, Australia, 2012 (base) to 2101.

<sup>8</sup> ABS, 3101.0 - Australian Demographic Statistics, Mar 2014.

<sup>9</sup> Rowe, J. W., & Kahn, R. L. (1997). Successful aging. *The Gerontologist*, 37(4), 433-440.

<sup>10</sup> Pruchno, R. (2015). Successful aging: Contentious past, productive future. *The Gerontologist*, 55(1), 1-4.

<sup>11</sup> van Baal, P. H. M., Polder, J. J., de Wit, G. A., Hoogenveen, R. T., Feenstra, T. L., Boshuizen, H. C., Engelfriet, P. M. & Brouwer, W. B. F. (2008). Lifetime medical costs of obesity: Prevention no cure for increasing health expenditure. *PLoS Med*, 5(2), e29.

<sup>12</sup> Cowlshaw, S., Niele, S., Teshuva, K., Browning, C., & Kendig, H. (2013). Older adults' spirituality and life satisfaction: a longitudinal test of social support and sense of coherence as mediating mechanisms. *Ageing & Society*, 33(07), 1243-1262.

<sup>13</sup> Strawbridge, W. J., Wallhagen, M. I., & Cohen, R. D. (2002). Successful aging and well-being: Self-rated compared with Rowe and Kahn. *The Gerontologist*, 42(6), 727-733.

<sup>14</sup> Fries, J. F. (2002). Successful aging - an emerging paradigm of gerontology. *Clinics in Geriatric Medicine*, 18(3), 371-382.

Life satisfaction has been considered as a cognitive evaluation of subjective wellbeing.<sup>15</sup> This multidimensional concept has been defined in various ways but fundamentally represents how people evaluate their life as a whole as opposed to current feelings.<sup>16</sup> Along with cognitive and emotive representations, for example self esteem and happiness respectively, life satisfaction represents a facet of subjective wellbeing. The complexities of subjective wellbeing have been widely studied and internationally this has included studies of older people. For example, an analysis of almost 300 studies found consistent associations between socio-economic status, competence in daily life, adequacy of social networks and subjective wellbeing among older people. Other studies have untangled the role of age and meaningful life course transitions which indicated gender differences in the response to changing situations such as partnering, parenting and retiring.<sup>17</sup> Recent studies have connected other facets of individual psychological disposition with life satisfaction at older ages such as the sense of coherence some gain through spirituality.<sup>18</sup> Sophisticated longitudinal analyses have revealed that meaningful declines in life satisfaction tend to occur beyond the age of 70, after relatively stable life satisfaction through adulthood. Other factors such as perceived wealth and health status have also been shown to influence life satisfaction.<sup>19</sup>

Understanding older Australians' life satisfaction, as a means to optimise their experiences of ageing, also presents opportunities to a range of actors including public policymakers and industry. Public policymakers may seek to refocus policy initiatives to support improvement in non-biomedical indicators of successful ageing. Employers can seek to engage with older workers with more holistic programs that go beyond 'health and wellbeing' and 'transition to retirement' programs to retain critical skills in their workforce. Business can find new opportunities to build their market share among older Australians, a group that has growing purchasing power<sup>20</sup> and is increasingly inclined towards expenditure on discretionary items.<sup>21</sup>

## Purpose

This report presents findings from a recent survey which considered older Australians' satisfaction with their life. The survey included self-assessments, by National Seniors members, of satisfaction with several domains of life including their social life, financial wellbeing, confidence in their financial preparations for retirement as well as health status and recent changes in health. The report first presents life satisfaction indicator scores for National Seniors members and compares these across broad age groups and genders. The overall pattern in life satisfaction is then compared to responses collected in a nationally representative survey to understand the extent to which National Seniors members are similar to the older Australian population in this regard. Using patterns of characteristics' associations with life satisfaction, conclusions are drawn about areas in which different actors may seek to meet the needs of older Australians.

<sup>15</sup> Pinquart, M., & Sörensen, S. (2000). Influences of socioeconomic status, social network, and competence on subjective well-being in later life: a meta-analysis. *Psychology and Aging*, 15(2), 187-224.

<sup>16</sup> OECD. (2013). *How's Life? at a Glance*. Paris: OECD Publishing.

<sup>17</sup> Qu, L., & de Vaus, D. (2015). *Life satisfaction across life course transitions* (Australian Family Trends No. 8). Melbourne: Australians Institute of Family Studies.

<sup>18</sup> Cowlishaw, S., Niele, S., Teshuva, K., Browning, C., & Kendig, H. (2013). Older adults' spirituality and life satisfaction: a longitudinal test of social support and sense of coherence as mediating mechanisms. *Ageing & Society*, 33(07), 1243-1262.

<sup>19</sup> Howell, R. T., Kurai, M., & Tam, L. (2013). Money buys financial security and psychological need satisfaction: Testing need theory in affluence. *Social Indicators Research*, 110(1), 17-29.

<sup>20</sup> Daley, J., Wood, D., Weidmann, B. and Harrison, C. (2014). *The Wealth of Generations*, Grattan Institute

<sup>21</sup> ABS, 4102.0 – Australian Social Trends, July 2013.

## Data and methods

### Design

The study was cross-sectional in design and conducted by National Seniors Productive Ageing Centre using a questionnaire survey of National Seniors Australia members aged 50 and over. The study was approved by the Bellberry Human Research Ethics Committee.

### Data

Data in this report were collected using the National Seniors Social Survey (Wave 5), designed by National Seniors Productive Ageing Centre staff. The survey was conducted from 20 November 2015 to 4 January 2016.

The National Seniors Social Survey (Wave 5) asked participants about their experiences, intentions and attitudes across a range of areas including health and social wellbeing, finance, work and retirement, service provision and government policy. A range of questions were used to obtain information from respondents about their demographic and socio-economic characteristics.

### Method

A total of 9,854 National Seniors members, residing in all states and territories of Australia were invited to complete the survey. Of these, some 1,433 indicated in the previous survey wave that they would be willing to participate in future surveys and so were invited to participate again. An additional 8,421 members were randomly selected from the National Seniors membership database (approximately 200,000 members) and invited to participate in the survey.

The sample was stratified according to place of residence (capital city or rest of state). The number of respondents allocated to each of the 48 strata (3 age groups x 2 sexes x 8 states / territories) was calculated proportionally to reflect the Estimated Resident Population in Australia aged 50 and over in June 2015.<sup>22</sup> The respondents within each stratum were selected randomly from the National Seniors database. Selection procedures ensured that two members from the same family were not chosen.

A paper survey was mailed to each of the selected members and completed surveys were returned via a supplied reply paid envelope.

### Analysis

A total of 2,915 surveys were completed, a response rate of 30 per cent. Survey weights were applied to each combination of age, gender and state / territory, to adjust for differences in response rates by these population groups, and to make the results representative of the Australian population aged 50 and over. The software package SPSS version 23 was used to analyse these data.

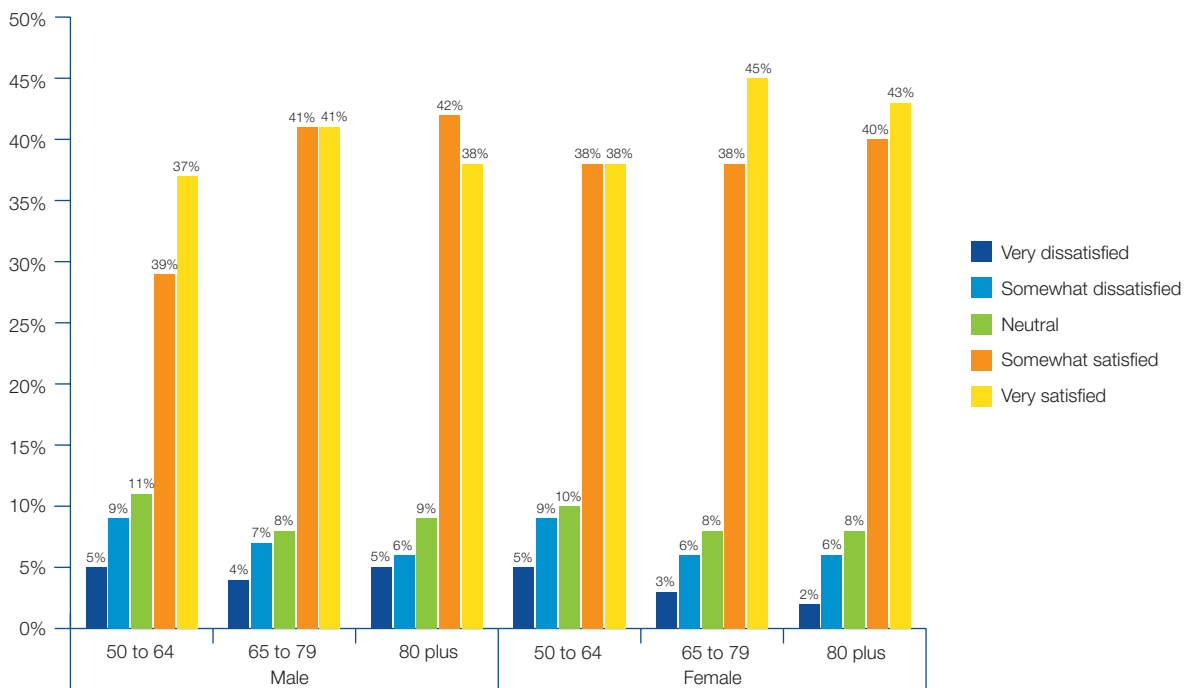
<sup>22</sup> Australian Bureau of Statistics (ABS). (2015). *Australian Demographic Statistics, June 2015*. ABS cat no. 3101.0. Canberra: ABS.

## Findings

### How satisfied are older Australians with life?

Respondents were asked to indicate their satisfaction with life as a whole at present. As can be seen in *Figure 1*, when comparing across age and gender groups, the proportion of respondents endorsing different levels of life satisfaction was surprisingly similar. While the proportion who were dissatisfied or neutral in evaluating their life satisfaction stayed relatively stable across increasing age groups within genders, small changes with age were evident for the 'somewhat satisfied' and 'very satisfied' response categories, although these were non-linear. Across these groups approximately 80 per cent of respondents were somewhat satisfied or very satisfied, approximately eight to 14 per cent were somewhat dissatisfied or very dissatisfied and around 10 per cent were neither satisfied nor dissatisfied.

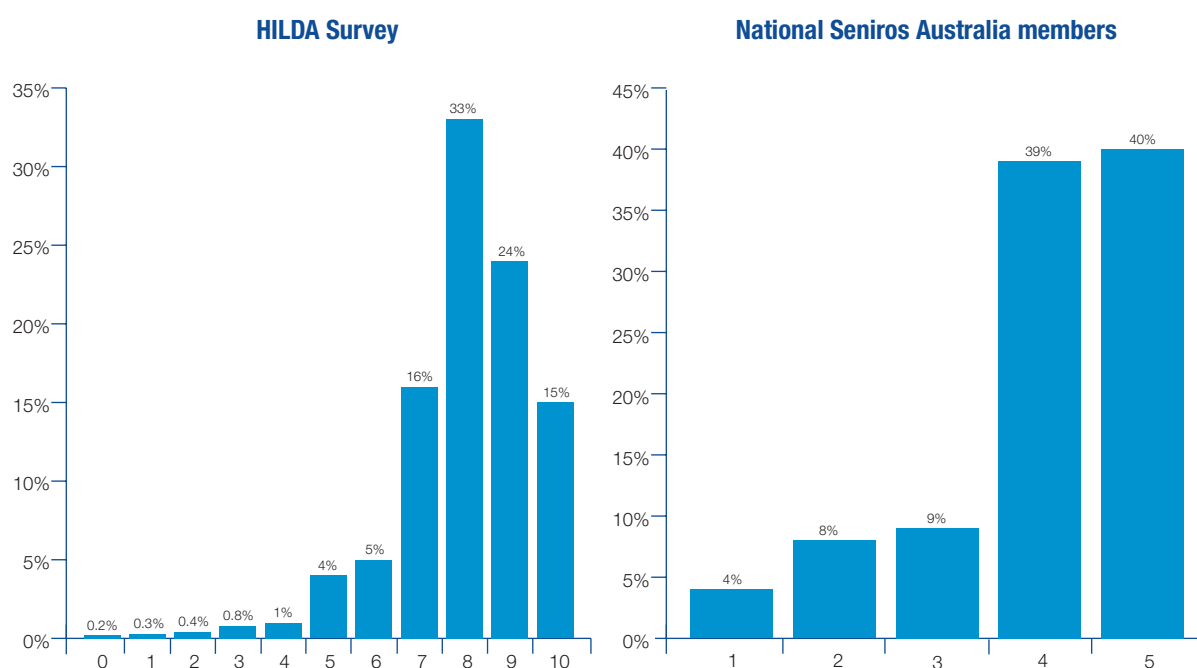
**Figure 1:** Proportions of respondents who endorsed different levels of life satisfaction by age group and gender



## Life satisfaction of National Seniors members compared to other older Australians

In order to develop an understanding of life satisfaction of National Seniors members who responded to the Social Survey, these were compared to a wider sample of older Australians studied as a part of the Household, Income and Labour Dynamics in Australia (HILDA) study.<sup>23, 24</sup> Presented in *Figure 2* are proportions of respondents across the range self-reported life satisfaction scores for (1) 6,924 Australians over the age of 50 surveyed as part of HILDA study and (2) 2,894 National Seniors members that responded to this item in the 2015 Social Survey. For both measures, higher scores represented higher levels of life satisfaction. Initial inspection of the life satisfaction of these two samples suggests that the large majority of older Australians are enjoying high levels of life satisfaction, with smaller proportions less so. It also appears as if National Seniors members have somewhat higher proportions that report very high life satisfaction. Considering a range of differences in the ways these two surveys measured life satisfaction<sup>25</sup> it is concluded that these two samples reflect largely equivalent levels of life satisfaction among older Australians. Given the arguable similarity between the life satisfaction scores reported by National Seniors members and the more representative sample surveyed in the HILDA study, it is suggested that findings concerning the factors associated with life satisfaction reported next are generally representative of older Australians rather than National Seniors' membership only.

**Figure 2:** Life satisfaction of National Seniors members compared to that of the random sample of Australians over the age of 50 surveyed in the HILDA study



<sup>23</sup> This report uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA Project was initiated and is funded by the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in this paper, however, are those of the author and should not be attributed to either FaHCSIA or the Melbourne Institute.

<sup>24</sup> Wooden, M. and Watson, N. (2007), The HILDA Survey and its Contribution to Economic and Social Research (So Far), *The Economic Record*, vol. 83, no. 261, pp. 208231.

<sup>25</sup> The HILDA survey uses a 10-point response scale ranging from 'totally dissatisfied' to 'totally satisfied' whereas the NSA survey used a five-point scale ranging from 'very dissatisfied' to 'very satisfied'. The nominal difference between the response scale extremes, that is 'totally' (HILDA) compared to 'very' (NSA), and the greater number of response options offered in the HILDA survey could account for the larger proportion of NSA members that endorsed the extreme positive response option as HILDA respondents had more options to choose from and choosing the most extreme option was a more extreme statement than was the case for NSA respondents.

## Life satisfaction: which factors are most important?

Given the importance of self-reported life satisfaction as an indicator of successful ageing, an understanding of the factors associated with high levels among older Australians was sought. By comparing the broad range of demographic, financial and psychological factors that have been identified in previous research<sup>26,27,28</sup> as being associated with life satisfaction we aimed to (1) measure the extent to which an individual's life satisfaction was explained by their status on these factors and (2) uncover indicators of the relative importance of these factors to respondents' life satisfaction. The value of understanding these two characteristics of the associations between life satisfaction and demographic, financial and psychological factors is in guiding the activities of stakeholders wishing to optimise conditions to accommodate population ageing. Public policymakers, employers and, to some extent, private sector organisations wishing to improve their market share among older Australians, may consider how their activities and products align with those factors most important to older Australians' life satisfaction in order to further support or market to meet their needs. For older Australians themselves, reflecting on the factors that are most strongly associated with life satisfaction may provide insights into their own and their peers' experiences of transitioning through the life course.

A selection of demographic, financial and psychological factors identified from previous research as being associated with self-reported life satisfaction were utilised in the analysis. The demographic factors included were age, gender, state of residence and educational attainment. The association between age and life satisfaction is generally reflective of the effect of experiences of major life transitions<sup>29</sup>, such as partnering, having children or retiring from the workforce. This association is somewhat complicated and in its simplest conception is non-linear. Nevertheless, internationally, sophisticated longitudinal studies that controlled for a range of factors including cohort effects and life course transitions have found declines in life satisfaction for those aged over 70, coming after stable life satisfaction through adulthood<sup>30</sup>. Men's and women's life satisfaction appears to be affected differently by major life course transitions, women tending to be more favourably affected<sup>31</sup>. Despite encountering manifestations of societal gender inequality, women tend to report higher life satisfaction than men, although women face more frequent experiences of negative emotions such as sadness and worry<sup>32</sup>. Previous research has not explored regional variations in life satisfaction by Australian states and territories, although some have found higher average life satisfaction among Australians in regional, remote and very remote locations compared to those residing in major cities<sup>33</sup>. The possibility of systematic patterns of life satisfaction by region presented an opportunity to develop a more nuanced understanding of older Australians' experiences. Educational attainment, often incorporated in measures of socio-economic status in studies of life satisfaction, tends to be positively associated with life satisfaction. However, the relationship is weaker than the equivalent association found with other indicators of socio-economic status such as income.<sup>34</sup>

<sup>26</sup> For example, see: Strawbridge, W. J., Wallhagen, M. I., & Cohen, R. D. (2002). Successful aging and well-being: Self-Rated compared with Rowe and Kahn. *The Gerontologist*, 42(6), 727-733.

<sup>27</sup> George, L. K. (2010). Still happy after all these years: Research frontiers on subjective well-being in later life. *The Journals of Gerontology Series B: Psychological Sciences and Social Sciences*, 65B(3), 331-339.

<sup>28</sup> Joseph Sirgy, M., Gurel-Atay, E., Webb, D., Cicic, M., Husic-Mehmedovic, M., Ekici, A., Herrmann, A., Hegazy, I., Lee, D-J. & Johar, J. S. (2013). Is materialism all that bad? Effects on satisfaction with material Life, life satisfaction, and economic motivation. *Social Indicators Research*, 110(1), 349-366.

<sup>29</sup> Qu, L., & de Vaus, D. (2015). Life satisfaction across life course transitions (Australian Family Trends No. 8). Melbourne: Australians Institute of Family Studies.

<sup>30</sup> Baird, B. M., Lucas, R. E., & Donnellan, M. B. (2010). Life satisfaction across the lifespan: Findings from two nationally representative panel studies. *Social Indicators Research*, 99(2), 183-203.

<sup>31</sup> Qu, L., & de Vaus, D. (2015). Life satisfaction across life course transitions (Australian Family Trends No. 8). Melbourne: Australians Institute of Family Studies.

<sup>32</sup> OECD. (2013). How's Life? at a Glance. Paris: OECD Publishing.

<sup>33</sup> Ambrey, C. L., & Fleming, C. M. (2012). *The lucky country? Life satisfaction in Australia 2001-2010*. Griffith Business School.

<sup>34</sup> Pinquart, M., & Sörensen, S. (2000). Influences of socioeconomic status, social network, and competence on subjective well-being in later life: a meta-analysis. *Psychology and aging*, 15(2), 187-224.

Indicators of financial position were also assessed in terms of their importance to older Australian's life satisfaction. Previous research identified that it is not only absolute income amounts that are associated with life satisfaction, but also relative factors such as changes in income and wealth over one's life as well as income compared to others.<sup>35</sup> The first indicator of financial position was an objective measure, that is, annual household income. A second indicator was deployed in an attempt to capture the association between relative or comparative financial position and life satisfaction. This 'financial wellbeing' measure asked National Seniors members: 'please indicate your level of satisfaction with your overall financial wellbeing' with responses measured on a five-point response scale ranging from 'very dissatisfied' to 'very satisfied'. Two other indicators of financial position were related to perceptions of financial preparedness for retirement. It was expected that a favourable evaluation would be associated with greater life satisfaction. Through greater financial preparedness for retirement older Australians are able to satisfy the basic psychological need for security, whereas many of the needs satisfied by financial resources are based on immediate consumption and are considered to be lower-level psychological needs.<sup>36</sup> The two measures of financial preparedness for retirement included financial planning behaviour, that is whether respondents had recently consulted a financial advisor, and expected adequacy of income in retirement, assessed by the item 'please indicate how confident you are as to whether income from all sources will be adequate for you in retirement', with replies measured on a five-point scale from 'not at all confident' to 'very confident'. Assessing relative importance of these different indicators of financial wellbeing offers the opportunity to understand the intersecting associations of differing aspects of financial position with a particular focus on issues facing older Australians.

The psychological factors considered were selected based on their relevance to older Australians' experiences. Given the considerable evidence of social isolation as a risk factor for mental health issues among older Australians,<sup>37</sup> a measure of the frequency with which National Seniors members experienced loneliness, or a lack of companionship was the first psychological factor assessed. An additional overall measure of National Seniors members' satisfaction with their social wellbeing (including facets of social life such as their community, relationships and sentiment towards institutions) was included to assess the extent that satisfaction with these aspects of life were associated with overall life satisfaction, particularly in comparison to the financial wellbeing item described above. These psychological factors were expected to be associated with life satisfaction. However, it was unclear to what extent these factors were important relative to indicators of financial position and health status.

Indicators of health status were also included as predictors of life satisfaction. Almost 80 per cent of respondents were in 'good' or 'excellent' health according to the self-reported health status measure included in the survey. However, it was important to control for the potential of a negative effect of ill-health on life satisfaction among respondents in the other 20 per cent. A further health status indicator was included to assess the role of recent changes in health status on life satisfaction. Respondents were asked to indicate their health status compared to five years previously, measured on a five-point response scale ranging from 'worse now' to 'better now'. The association between deteriorating or improving health has not been assessed in a multidimensional model as was used in this study, although a positive association between improving health and life satisfaction was expected.

<sup>35</sup> Clark, A. E., Frijters, P., & Shields, M. A. (2008). Relative income, happiness, and utility: An explanation for the Easterlin paradox and other puzzles. *Journal of Economic literature*, 46(1), 95-144.

<sup>36</sup> Howell, R. T., Kurai, M., & Tam, L. (2013). Money buys financial security and psychological need satisfaction: Testing need theory in affluence. *Social Indicators Research*, 110(1), 17-29.

<sup>37</sup> Pate, A. (2014). *Social Isolation: Its impact on the mental health and wellbeing of older Victorians*. COTA: Melbourne.

A binary logistic regression model was used to measure the probability of National Seniors members indicating, in terms of life satisfaction, that they were 'somewhat satisfied' or 'very satisfied'. The 13 demographic, financial and psychological factors along with the health status indicators were included in the model, allowing measurement of the association between each factor and the probability of having higher life satisfaction while controlling for the effect of the other factors in the model. The regression model accounted for 36 per cent of the variation in life satisfaction scores, suggesting that these factors are among the most important for life satisfaction, given that no indicators of individual psychological characteristics, such as personality traits, were included in the model. This analysis revealed that older Australians' satisfaction with their social wellbeing was the most important factor, followed by the frequency of experiences of social isolation. These factors were, surprisingly, more important than health status and financial position indicators as well as the demographic group effects. Respondents who endorsed the highest level of satisfaction with their social wellbeing were more than 10 times more likely to be in the higher life satisfaction categories. Similarly, respondents who often or occasionally felt a lack of companionship or loneliness were 80 per cent and 65 per cent less likely respectively to report higher levels of life satisfaction than those who never experienced social isolation. Although these two items covered aspects of National Seniors members' social lives, it is noted that these aspects were not highly correlated ( $r = 0.26$ ), suggesting that they reflect somewhat distinct constructs. A plausible interpretation of these findings is that occasional and frequent experiences of social isolation diminish life satisfaction whereas an active social life boosts life satisfaction and potentially provides a buffering effect against a generalised decline in life satisfaction observed at older ages. The distinct yet prominent role these aspects of older Australians' social lives play for life satisfaction and therefore successful ageing point to the need for nuanced strategies to optimise such experiences in ageing populations.

The next most important factor was health status. Respondents who indicated that they were in excellent health were more than three times as likely to endorse the higher life satisfaction categories as those who indicated they were in very poor health. Interestingly, reports of recent changes in health status were not associated with life satisfaction, suggesting that any effect of ill health on life satisfaction is transitory if health status can be improved.

The fourth most important factor was overall financial wellbeing. Respondents who were very satisfied with their financial position were more than twice as likely to endorse higher levels of life satisfaction than those who were very dissatisfied with their financial position.

None of the other indicators of financial position were associated with life satisfaction. These other indicators: annual household income, retirement planning behaviour (specifically recent consultation with a financial advisor) and confidence in the adequacy of retirement incomes were not associated with life satisfaction, suggesting it is perceived relative financial position, emerging from a comparison of previous financial position and that of others in their social networks, that exerts influence over their life satisfaction rather than, for example, greater household income 'purchasing' greater life satisfaction. Interestingly, uncertainty regarding the adequacy of their income in retirement was not associated with life satisfaction.



This perhaps suggests that even those who are not at all confident that they will have appropriate financial resources in retirement do not face this prospect with sufficient psychological strain to influence their life satisfaction. Whether this is born of confidence in the support that will be afforded by government or familial resources or wilful disregard of the challenges this may present is impossible to untangle in the present analysis. Taken together with the relative importance of financial matters in comparison to the social and health status indicators, it appears that financial insecurity and concerns about the risk of outliving one's savings do not diminish older Australians' life satisfaction.

In line with the findings of previous research,<sup>38</sup> life satisfaction was higher among respondents who had retired in comparison to those still working. Retirees were 62 per cent more likely to endorse the higher categories of life satisfaction than those still in employment. Notably, whether respondents were in permanent or potentially more precarious work arrangements such as casual or fixed-term contracts was not associated with life satisfaction. While much is made of the need to give older workers flexible working time arrangements to help meet their changing needs, these results perhaps suggest that older Australians may be equally satisfied in a range of employment arrangements depending on their needs and life satisfaction may be supported through providing them with choice.

The remaining factors captured different demographic groups and were almost completely unrelated to life satisfaction. Age, gender and state of residence were not associated with older Australians' life satisfaction. An association of modest strength indicated that respondents who had obtained a bachelor degree were 50 per cent more likely to be in the higher life satisfaction categories compared to those who did not complete high school. However, no other associations between demographic factors and life satisfaction were uncovered.

These findings highlight the importance of older Australians' social landscape to their life satisfaction and the extent that this aspect of successful ageing is achieved. Clearly, health and financial resources are important for older Australians' life satisfaction, as elucidated in the analysis described above. However, they are perhaps not as important as might be expected (particularly important given the extant biomedical focus of successful ageing research and initiatives) and reflection on the avenues that may be explored by public policymakers, employers and to some extent private sector organisations to facilitate successful ageing and better service the needs of older Australians appears warranted. Given the extent and imminence of population ageing in Australia such reflection is timely and some potential considerations are discussed in the next section.

<sup>38</sup> Qu, L., & de Vaus, D. (2015). Life satisfaction across life course transitions (Australian Family Trends No. 8). Melbourne: Australians Institute of Family Studies.

## Discussion

This report presented findings regarding older Australians' life satisfaction and those demographic, financial and psychological factors that are associated with higher levels. Understanding different elements of a psycho-social perspective on successful ageing, including the subjective judgement of older Australians, provides a broader picture of successful ageing and facilitates the development of a wider understanding of how individuals perceive their own progression through the ageing process. While the vast majority of respondents indicated they were satisfied with life, a finding that was surprisingly stable across genders and broad age groups was that approximately one-fifth indicated that they were not satisfied with life. The realities of life preclude utopian expectations of perfectly satisfied populations. However, with the growing impact of population ageing on the cusp, key actors must develop and implement strategies and initiatives to optimise older Australians' experience of the ageing process so those ageing in the 'lucky country' can truly enjoy successful ageing. Public policymakers and business, may consider how their activities and products align with those factors most important to older Australians' life satisfaction in order to further support or market to their needs.

The prominence of the social landscape to older Australians' life satisfaction encourages the development of the psycho-social perspective on successful ageing, alongside the historically dominant biomedical perspective, that has been called for by prominent commentators<sup>39</sup>. The findings reported indicate that in spite of health status or financial position, older Australians' life satisfaction can be favourably influenced through fostering greater satisfaction with their social wellbeing and reducing experiences of social isolation. While potential embodiments of initiatives seeking to improve older Australians' satisfaction with their social life may be as diverse as this group is, one can envisage a range of approaches that may be deployed through public policy and businesses wishing to expand their market share among this growing (and increasingly economically powerful<sup>40</sup>) demographic. For example, policymakers may seek to support older Australians' successful ageing through funding of community organisations, social marketing and targeted programs for those considered at risk, in a broader successful ageing framework, for example those experiencing ill health or those in rural and remote areas<sup>41</sup>. From an employer perspective it does not require a significant deductive leap to recognise that, given the rising importance of older workers, facilitating the advancement of understanding of a broader view of successful ageing could be positioned among other workplace initiatives designed to encourage the prolongation of working lives such as mentoring and knowledge transfer programs and transition to retirement workshops and training. Such facilitation could reasonably be expected to improve work related outcomes for older workers and benefit employers.

Business may also find new opportunities to tap the growing purchasing power of older Australians by providing products and services designed to combat the challenge of social isolation and help them derive satisfaction from the social aspect of life.

<sup>39</sup> Cowlishaw, S., Niele, S., Teshuva, K., Browning, C., & Kendig, H. (2013). Older adults' spirituality and life satisfaction: a longitudinal test of social support and sense of coherence as mediating mechanisms. *Ageing & Society*, 33(07), 1243-1262.

<sup>40</sup> ABS, 6523.0 Household Income and Income Distribution, Australia – Detailed tables, 2011–12.

For example, despite robust stereotypes of 'technophobia' among older people, some advanced technology brands have sought to engage with older consumers by highlighting the capabilities of smartphones and tablet computers to help stay connected with family and friends, removing barriers such as distance and issues of mobility. Given the success of those tech-brands that have adopted more inclusive marketing targeting populations that include older people, it is suggested that re-evaluation of the conventional wisdom when it comes to thinking about older Australians as consumers will be a hallmark of successful brands in coming decades. By finding new ways to enable older Australians to increase engagement in their chosen social activities, businesses can increase their revenues from a population segment that is markedly increasing expenditure on discretionary items<sup>42</sup> while meeting corporate social responsibility goals.

The findings presented in this report indicate that beyond issues of social wellbeing, financial and health related factors are important for older Australians' life satisfaction. In terms of financial factors, older Australians' perceived financial position that is inherently linked to comparisons to their preceding financial position and the position of those to whom they are able to compare themselves, was strongly associated with life satisfaction. Other financial indicators including objective measures such as annual household income, retirement planning behaviour (specifically recent consultation with a financial advisor) and confidence in the adequacy of retirement incomes were not associated with life satisfaction. Previous research supports the finding that objective measures of financial position, such as annual household income, have a nuanced relationship with life satisfaction and other measures of subjective wellbeing<sup>43</sup> and that relative measures tend to account for life satisfaction more effectively. It is unclear, however, why an expected relationship between preparedness for retirement (evident both in planning behaviour of consulting a financial advisor and the subjective measure of expected adequacy of retirement income sources) as a means to satisfy a basic psychological need for security<sup>44</sup> was not associated with life satisfaction. Approximately 30 per cent of respondents were not confident that they would have adequate income in retirement, yet analysis indicated that this knowledge did not cause sufficient psychological strain to meaningfully impact life satisfaction. This finding may have emerged because of a moderate correlation between financial wellbeing and confidence in the adequacy of retirement income. However, this does not account for the similar absence of association between retirement preparation behaviour (consulting a financial advisor) and life satisfaction. Given the absence of associations for both of these measures of preparedness for retirement it is suggested that prospective financial concerns may not influence current life satisfaction. In this case, older Australians' current (relative) financial situation strongly influences life satisfaction but the potential for future financial concerns to emerge may be less problematic as a result of insulating dispositional factors such as psychological resilience.

<sup>41</sup> Pate, A. (2014). *Social Isolation: Its impact on the mental health and wellbeing of older Victorians*. COTA: Melbourne.

<sup>42</sup> ABS, 4102.0 – Australian Social Trends, July 2013.

<sup>43</sup> Clark, A. E., Frijters, P., & Shields, M. A. (2008). Relative income, happiness, and utility: An explanation for the Easterlin paradox and other puzzles. *Journal of Economic Literature*, 46(1), 95-144.

<sup>44</sup> Howell, R. T., Kurai, M., & Tam, L. (2013). Money buys financial security and psychological need satisfaction: Testing need theory in affluence. *Social Indicators Research*, 110(1), 17-29.

General health status was also among the most important factors associated with older Australians' life satisfaction. While not surprising, and without the same opportunity for increased intervention activities as is arguably the case in terms of social factors associated with life satisfaction, the importance of health status is noted to contextualise the tangential findings regarding recent changes in health status and life satisfaction. No association between recent changes in health status and life satisfaction was detected, suggesting that while ill-health was associated with lower probabilities of higher life satisfaction, this effect dissipates when one returns to good health. Given the increased propensity for older people to experience biologically determined physical deterioration (of course subject to wide individual variation) and resultant ill-health, a case could be made for short-term psychological interventions while experiencing ill-health to facilitate maintenance of life satisfaction during such periods to encourage successful ageing even in suboptimal circumstances.

The findings of this study suggest that demographic categories such as age, gender, state of residence and educational attainment are far weaker predictors of life satisfaction than older Australians' subjective assessment of their own social wellbeing, financial position and health status. These results are a poignant reminder that while demographics often provide useful segmentations when discussing social issues, research and public policy, they often do not define the individuals that constitute the groups and can be of significantly less utility when trying to understand some aspects of individuals' lived experiences.

This report has highlighted that older Australians are generally satisfied with life, with little variation across broad age groups and genders. While issues of health and wealth are important to older Australians' life satisfaction, the responses of National Seniors members to a recent survey suggest that it is in fact their social lives, specifically how satisfied with this aspect of their lives and the frequency with which they feel isolated from family and the wider community, that is most influential in term of overall life satisfaction. Taking the centrality of social wellbeing to successful ageing as a key guiding principle this report touches on how various actors, including public policymakers, employers and business may seek to help older Australians meet their social needs to better serve their community in the case of government, to improve productivity and organisation tenure in the case of employers and to maximise market share and achievement of corporate social responsibility goals for business.









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