International Longevity Centre - UK Longevity Dividend

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Introduction

The ILC is the UK's specialist think tank on the impact of longevity on society, and what happens next. Population aging is a growing phenomenon in the world but the benefits of longevity are not shared evenly across society.

The ILC-UK brings an evidence-based approach to current challenges. It reaches out across different sectors to deliver a meaningful contribution and assist policy makers in making the the right decision.

Objectives

The purpose of the research is to estimate the size of the longevity economy in the UK. Currently, the economic opportunities of aging are often ignored and we lack accurate information about the economic implications. This research aims to gain a more accurate picture and forecasts the future potentials of aging.

The initial dataset consists of household expenditure data from 2001 to 2018. I gathered most of my data from regional statistical websites, including ONS, Scotland Stats, Wales Stats, etc. I used multiple indicators like spending categories, Household Reference Person (HRP), and age groups to find out the spending patterns of people aged 50+. I did a series of calculations to rule out external factors like inflation, thus gained a congregated national data.

One key aspect of the project is to forecast whether the past spending patterns of people aged 50+ would continue in the future. This will not only boost the economy via spending and tax, more importantly, it is a real opportunity for public health, as consuming and earning will help older people to age more healthily and independently.
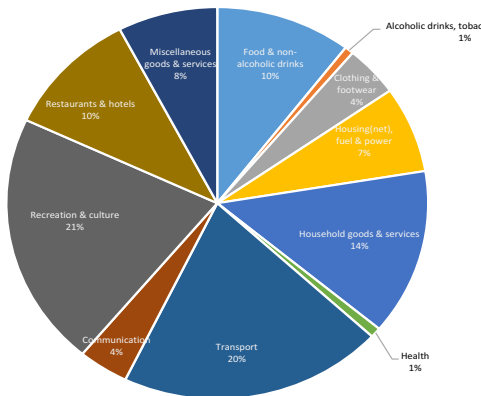

Figure 1: Projected absolute change in total household expenditure from 2019 to 2040, all households.

Method

I have used Excel to conduct data cleaning, aggregation, forecasting, and data visualization. To mitigate factors such as the outbreak of the 2008 Financial Crisis and the 2018 Brexit, which caused slumps in overall expenditure across different age groups. I projected expenditure growth from 2018 to 2040, respectively using the ETS projection method and year-by-year growth. Both methods show a positive absolute change in overall expenditure. This indicates that the expenditure growth of people aged 50 and over is stable and independent of political turmoil.

To verify this result, I formulated another projection using demographic change alone. It still shows a positive change only with slower growth. It indicates that the phenomenon is explained not just by population aging, but also rapidly increasing expenditure among older households..
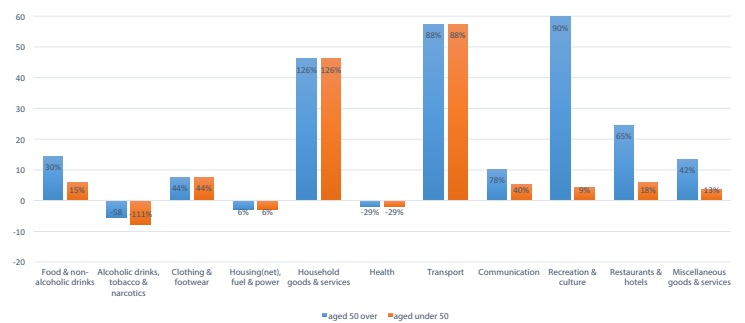

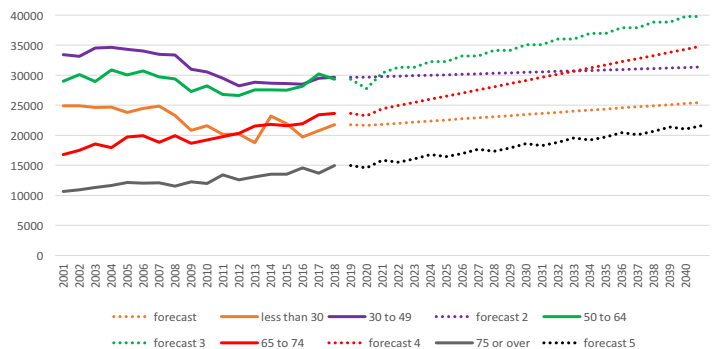*Figure 2: Projected change in total annual household expenditure, from 2019 to 2040*

Figure 3: Average estimated projected annual expenditure per household from 2001 to 2040

Results and Conclusions

This research has remarkable results. It points out that older households are dominating total expenditure. The growth is projected to rise even more significantly in the forthcoming years, especially in key areas like clothing and recreation. It not only provides evidence-based suggestions on areas in which business could adapt to harness the opportrnities of longevity, but also points out economic incentives for long-term investments in healthy aging.

During the internship, I gained a very grounded knowledge with processing time-series data. It motivated me a lot by knowing that the research could potentially translate into policy and create changes.