

# CITIZEN 2025

**OUR FUTURE LIVES**  
**HOW WILL WE LIVE, WORK & PLAY IN 2025?**



SECTION **1**

# Introduction

Chris Miller, Barcan+Kirby Managing Partner

“Control your own destiny, or someone else will,” a rather smart man (Jack Welch, one time CEO of General Electric) once said. With the advent of developments such as the Internet of Things, wearable tech and robotics<sup>1</sup>, it doesn’t really seem too implausible that the fates are aligning to remove – if not awareness – then control of our own futures from our hands. So what can we do to imagine the future, or at least plan for it?”

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<sup>1</sup> [www.pocket-lint.com/news/132555-what-comes-next-after-we-re-done-with-the-internet-of-things-intel-gives-us-some-clues](http://www.pocket-lint.com/news/132555-what-comes-next-after-we-re-done-with-the-internet-of-things-intel-gives-us-some-clues)

BY 2024 THE POPULATION OF OVER-75s WILL RISE FROM THE CURRENT 5.2 MILLION TO 6.9 MILLION, AND TO 10M BY 2039

Source: Office for National Statistics



### How will the life of our Citizen 2025 differ to our lives currently? What can we learn that might help us prepare for our future lives?

To answer these questions, we've identified a number of scenarios we think are prescient to the citizens of 2025.

Let's start with what we know from current research.

By 2025 the UK population will number around 70 million. Of this, an increasing proportion will be aged over 75. Recent ONS figures estimate that by 2024<sup>2</sup> the population of over-75s will rise from the current 5.2 million to 6.9 million, and to 10m by 2039; in 2024 two million of us will be over 85, and by 2039 one in 12 of us

will be over 80<sup>3</sup>, with more than a significant number reaching 100.<sup>4</sup> Understandably this will put a huge strain on the economy and public services, most notably housing and public health. It will also significantly impact the younger generations struggling to make their way in life while having to pay - largely through taxation - to sustain this ageing population.

Meanwhile, what about this younger generation? The 'millennials' in their middle age. Having grown up in the post-financial crisis world, where globalisation and vast technological development are the norm, how will they go about their lives? What will the impact be on their life plans, financial plans, and

hopes and dreams for their and their children's future?

To explore these and many more questions concerning life in 2025, we've reviewed available research and matched this against our own thoughts and vision. In doing so we've also engaged a number of experts to whom we are thankful for helping shape Citizen 2025.

In this paper, we aim to provide consumers and business owners alike with some thought-provoking insights into our future lives - and also look at what this means for legal services providers in the South West, and beyond.

**Together, how can we meet the needs of Citizen 2025?**

<sup>2</sup> [www.ons.gov.uk/ons/rel/npp/national-population-projections/2014-based-projections/stb-npp-2014-based-projections.html](http://www.ons.gov.uk/ons/rel/npp/national-population-projections/2014-based-projections/stb-npp-2014-based-projections.html)

<sup>3</sup> [www.ageuk.org.uk/Documents/EN-GB/.../Later\\_Life\\_UK\\_factsheet.pdf](http://www.ageuk.org.uk/Documents/EN-GB/.../Later_Life_UK_factsheet.pdf)

<sup>4</sup> [www.telegraph.co.uk/news/politics/11348561/Average-life-expectancy-heading-for-100.html](http://www.telegraph.co.uk/news/politics/11348561/Average-life-expectancy-heading-for-100.html)

SECTION **2**

# Setting it all in context

We can assume much of life in 2025 will be more or less the same. However, given the huge technological leaps and other developments over the past 10 years, we should also expect that a great deal of daily life - and all that's required for its smooth running - is likely to change significantly.

We've identified a number of key themes pertaining to this emerging Citizen 2025, and have grouped them as follows:

**Family Fortunes**  
the end of the nuclear family

**The Game of Life**  
the cautious nearly-centenarians

**The Generation Game**  
the renting renaissance

**Wheel of Fortune**  
the 'grey go-getters'

## COHABITING COUPLE FAMILIES GREW BY 29.7% BETWEEN 2004 AND 2014. THIS IS THE FASTEST GROWING TYPE OF FAMILY IN THE UK.

Source: Office for National Statistics



### 2.i Family Fortunes | The end of the nuclear family

Many of today's legal services are designed to support the needs of the traditional nuclear family. Couple meets, rents together, buys first home together (albeit much later in life than in previous decades), gets married, has two children and make a Will. They generally go about life quite happily for many years until such time that they need legal advice again, whether that's for issues such as divorce or managing the estate of their elderly parents.

But when 2.4 children is no longer the norm and marriage rates have dwindled in favour of cohabiting couples, where do the legal requirements for the Family 2025 lie?

We can assume that Generation X (those born between 1965 and 1979), the Rightmove or Zoopla generation, will be as obsessed by homeownership and house

prices as ever; still hot-housing and helicoptering their children (be they eight months or eight years old) to put them at the very top of their games. Except by now these children will be in their late teens or young adults and will more than likely still live at home. We can also assume that most of these families will continue to follow this well-trodden traditional life path.<sup>5</sup>

The real strategic challenge will come in working with today's millennials - the 23% of the UK population that reached adulthood during the recent economic crisis. Ever the disruptor - this generation will live differently and parent differently. Despite everything life throws at them, they are inherently optimistic. They have faith in progress, faith in equality and faith in the power of Google,

Amazon and Instagram. They value going against the herd (in what at times may itself be herd mentality), they value self-expression (in extreme: the selfie), creativity over wealth and, above all, put access above ownership.<sup>6</sup> In this white paper, we explore how legal firms might prepare to meet the needs of these emerging non-nuclear families which, come 2025 and the evolution of the sharing generation, will be formed less like today's traditional family structures, more as groups of like-minded communities, collectives.<sup>7</sup>

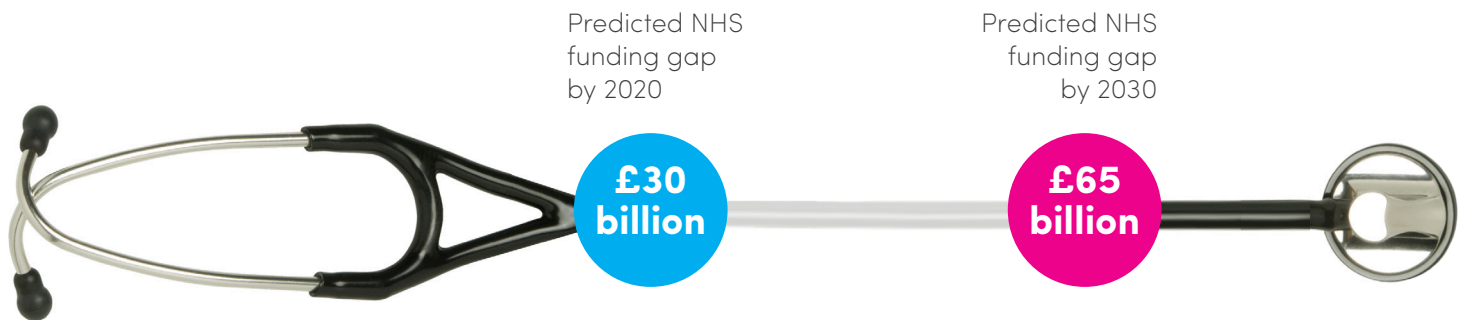
Lastly, for families, there's one anomaly to consider. That of the 'silver splitters'<sup>8</sup> - the increasing number of people divorcing when they are over 60. What might this mean for the family dynamic and what are the implications for estate planning?

<sup>5</sup> [www.theguardian.com/lifeandstyle/2015/jul/05/family-life-seven-ages-society](http://www.theguardian.com/lifeandstyle/2015/jul/05/family-life-seven-ages-society)

<sup>6</sup> [www.theguardian.com/lifeandstyle/2015/nov/14/babies-an-impossible-dream-the-millennials-priced-out-of-parenthood](http://www.theguardian.com/lifeandstyle/2015/nov/14/babies-an-impossible-dream-the-millennials-priced-out-of-parenthood)

<sup>7</sup> [www.theguardian.com/education/2015/nov/03/myth-generation-rent-is-worse-off-than-home-owning-parents](http://www.theguardian.com/education/2015/nov/03/myth-generation-rent-is-worse-off-than-home-owning-parents)

<sup>8</sup> [www.bbc.co.uk/news/magazine-34767821](http://www.bbc.co.uk/news/magazine-34767821)



## 2.ii The Game of Life | The cautious nearly-centenarians

By 2025 Britain will be well on its way to being the most populous state in Europe. With the latest ONS projections putting two million of us over 85 by 2024, one in 12 of us over 80 by 2039<sup>9</sup>, and the number of centenarians rising from 14,000 to 83,000 by 2039, this 'live longer' world will have huge implications for our economy, pensions, the welfare state and, of course, the NHS - whatever form it may take by then. Indeed, the NHS itself has predicted a £30 billion funding gap by 2020<sup>10</sup> and the think tank, the Health Foundation, predicts this will more than double to £65 billion by 2030.<sup>11</sup> In addition, the ageing and increasingly ill population will

increase demand for NHS services by four per cent each year.

This will put huge pressure on pensions and health spending with future generations paying for care of the elderly (both outright and through their taxes). We can also expect those reaching traditional retirement age to stay in work longer, with those already retired having to accept significantly lower incomes, for longer.

Furthermore, with around 40% of the elderly population expected to suffer some kind of mental capacity issue<sup>12</sup> - most likely dementia<sup>13</sup> - estate planning will become even more of an issue.

And not only for those approaching retirement, but their entire family units.

So what will these more protracted, potentially infirm lives mean for legal firms? The picture could vary wildly. From estate-planning and Will-writing changes well into a client's 9th decade (Elizabeth Taylor school of marriage) to motoring legal services for octogenarians on hoverboards or, more seriously, the need for sensitive advice around later-life care and legacy planning.

THERE WILL BE HUGE PRESSURE ON PENSIONS AND HEALTH SPENDING WITH FUTURE GENERATIONS PAYING FOR CARE OF THE ELDERLY (BOTH OUTRIGHT AND THROUGH THEIR TAXES)

<sup>9</sup> [www.ons.gov.uk/ons/rel/npp/national-population-projections/2014-based-projections/stb-npp-2014-based-projections.html](http://www.ons.gov.uk/ons/rel/npp/national-population-projections/2014-based-projections/stb-npp-2014-based-projections.html)

<sup>10</sup> [www.theguardian.com/society/2015/nov/21/half-uk-care-homes-close-funding-gap-nhs-george-osborne](http://www.theguardian.com/society/2015/nov/21/half-uk-care-homes-close-funding-gap-nhs-george-osborne)

<sup>11</sup> [www.theguardian.com/society/2015/jan/23/nhs-65bn-extra-funding-2030-thinktank](http://www.theguardian.com/society/2015/jan/23/nhs-65bn-extra-funding-2030-thinktank)

<sup>12</sup> [www.hamlet-trust.org.uk/articles/mental-health-problems-elderly.html](http://www.hamlet-trust.org.uk/articles/mental-health-problems-elderly.html)

<sup>13</sup> <https://www.alzheimers.org.uk/statistics>

## HOUSE PRICES ARE PREDICTED TO RISE A FURTHER 21% IN THE SOUTH WEST OVER THE NEXT FIVE YEARS

Source: JLL



### 2.iii The Generation Game | The renting renaissance

We've all read the headlines about the struggle for younger people to get on the property ladder and the rise of 'Generation Rent'. According to PwC, by 2025<sup>14</sup>, a quarter of all households will privately rent, with the biggest increase in renters among those aged between 20 and 39 (today's millennials again). Of these, by 2025 a 'clear majority' will be private tenants.<sup>15</sup>

This is down to a number of factors, mainly house price rises of five per cent a year and a shortage of available housing stock. Not to mention the high deposits which are typically required to secure a mortgage, compared to just 5% or 10% before the economic crisis.<sup>16</sup>

With house prices predicted to rise a further 21% in the South West over the next five years alone<sup>17</sup> it's no wonder a growing swathe of individuals (that are also having to foot the bill for ageing forebears) will be shut out of home ownership.

While, anecdotally, in the last year we have seen increasing numbers of younger clients coming to us for conveyancing, we also know that, for many of these millennials, the fact that they don't or won't own their own home will be of little importance. An Englishman's (or woman's) home will no longer be his or her castle. Instead, their castle will most likely be rented on a long-term agreement or, more

unusually, shared with a broad community, bought in partnership with friends or family, or built on a shoe-string with recycled materials.

However, a lucky few may continue to benefit from 'the Bank of Mum and Dad', with a steady number of deposits or properties continuing to be gifted by parents or elderly relatives to twenty-somethings or even teens.

With such major changes expected in the property market, we can similarly anticipate vast changes in services such as conveyancing, which has, traditionally, been a steady source of revenue for many legal firms.

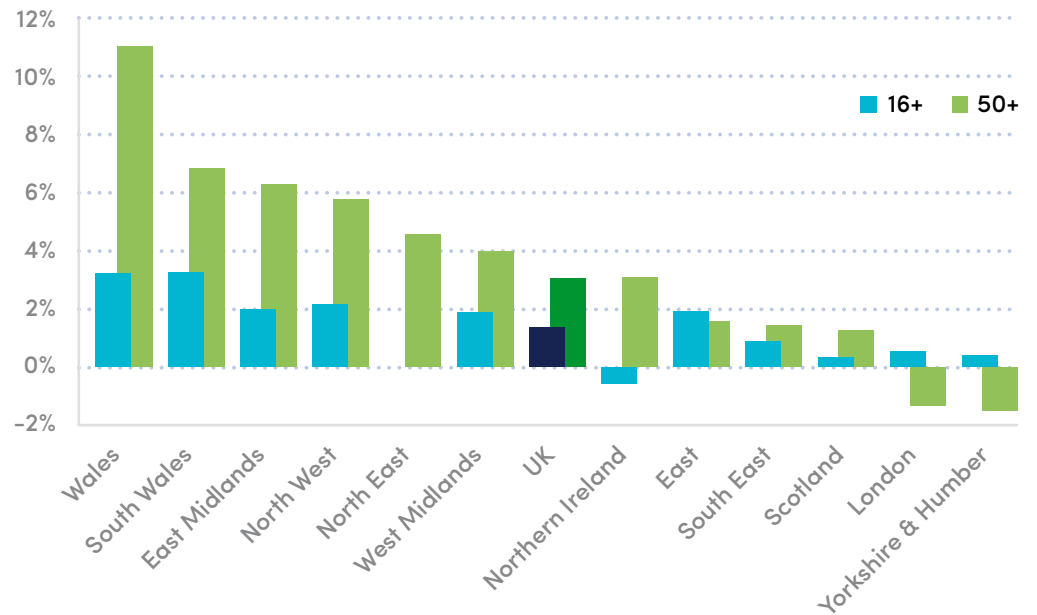
<sup>14</sup> [www.theguardian.com/money/2015/jul/22/pwc-report-generation-rent-to-grow-over-next-decade](http://www.theguardian.com/money/2015/jul/22/pwc-report-generation-rent-to-grow-over-next-decade)

<sup>15</sup> [www.theguardian.com/money/2015/nov/17/generation-rent-young-adults-housing-ladder-2025](http://www.theguardian.com/money/2015/nov/17/generation-rent-young-adults-housing-ladder-2025)

<sup>16</sup> [www.dailymail.co.uk/news/article-3368432/Fancy-buying-house-2039-better-start-saving-now.html](http://www.dailymail.co.uk/news/article-3368432/Fancy-buying-house-2039-better-start-saving-now.html)

<sup>17</sup> [www.telegraph.co.uk/finance/property/11970421/The-biggest-house-price-rises-by-2020.html](http://www.telegraph.co.uk/finance/property/11970421/The-biggest-house-price-rises-by-2020.html)

**Annual employment growth for those aged 50 and over by region.**



Source: Office for National Statistics, Cebr analysis

**2.iv Wheel of Fortune | The ‘grey go-getters’**

It’s already happening. The job for life, with generous pension attached, disappeared long ago. The employer and employee dynamic has shifted significantly with a number of contributing factors at play, including greater equality in the UK’s maternity and paternity arrangements, and growing and more flexible childcare options. Indeed, one in three part-time workers is now male.<sup>18</sup> With a

more robust minimum wage, part-time work as standard, truly flexible working and ultimate connectivity enabling ‘remote-first’ businesses,<sup>19</sup> there’s a perfect storm brewing for a generation of multiple starter-uppers and the rise of the portfolio career.<sup>20</sup>

In addition, with increased life expectancy, it is fairly plausible that we will see an increasingly ‘grey’

workforce too. According to Saga, the over-50s holiday and financial specialist, people will need to work for longer. In fact, society needs to recognise that older people are key to national prosperity and not simply a burden.<sup>21</sup>

Given these two, rather polarised, trends emerging, we can expect huge changes in employment and business law.

**SOCIETY NEEDS TO RECOGNISE THAT OLDER PEOPLE ARE KEY TO NATIONAL PROSPERITY**



<sup>18</sup> www.telegraph.co.uk/women/womens-business/11980609/Part-time-jobs-British-men-close-the-gap-on-women.html  
<sup>19</sup> www.fastcompany.com/3034286/the-future-of-work/will-half-of-people-be-working-remotely-by-2020  
<sup>20</sup> www.lsb.org.uk/blog/news/education-careers/todays-children-could-have-40-jobs-live-to-100-says-expert/95943  
<sup>21</sup> The Sunday Times Money 20.12.15 ‘Start saving now to join the booming British 100 club’ Anna Mikhailova

SECTION **3**

# The Barcan+Kirby view

**This white paper aims to understand the impact on legal services and the way we live our lives come the dawn of Citizen 2025.**

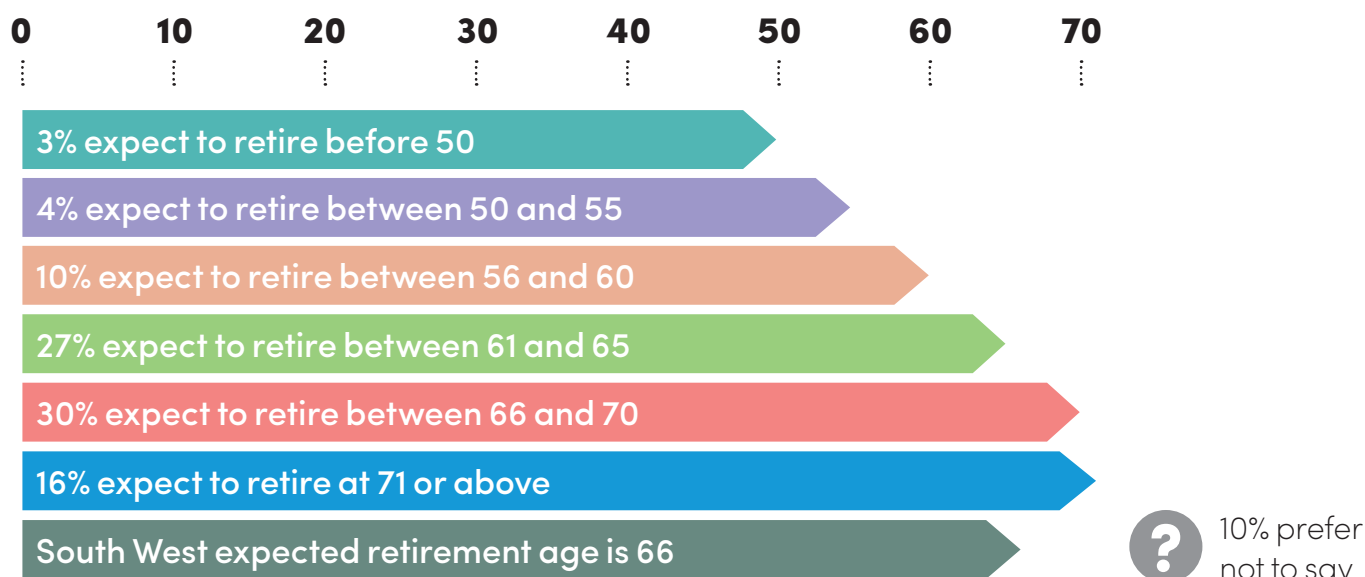
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We conducted interviews with the Head Partners of four of our practice areas – family, property, Wills and estate planning, and employment.

We also explored the views of 40 of our lawyers across the group – our focus group.

Additionally, in December 2015, we conducted omnibus market research\* among 2,000 UK adults aged 18 or over. This was a nationally representative sample with an additional 180 people polled in the South West and Bristol.

## People yet to retire



### 3.i Family Fortunes | Family

**So, with 2.4 children no longer the norm, and the average age of mothers predicted to continue increasing, what does the landscape look like for the average family in 2025?**

#### Marriage

Our focus group are well balanced when it comes to their expectations for the marriage rate: 45% expect it to decrease, while 45% expect it to remain the same. For the divorce rate, 54% of the group expect it to remain the same.

Current data indicates that marriage will continue to decline while the number of cohabiting couples will continue to increase, as will the number of single-parent families.<sup>22</sup>

#### Retirement

The general public we polled are fairly realistic regarding their hopes for retirement. Of those who are yet to retire, a quarter (25%) expect to retire between 61 and 65,

and a further three in 10 expect to retire at 70 or before. In the South West, as nationally, the expected retirement age is 66.

#### Life expectancy

Those polled expect to live until the age of 82. A fifth (19%) expect to live to between 81 and 85, and 16% expect to live to between 76 and 80. Adults in the South West expect to live until they are 83 years old, with 22% placing their life expectancy at 81-85.

#### Hanni Pennelegion Partner, family law, says:

'We know the traditional nuclear family is in decline, as marriage rates continue to fall. However, while divorce rates (among most age groups) are also in decline – as more couples choose to cohabit, rather than marry – there is an increased need for protective legal advice in the form of pre or post-nuptial agreements and cohabitation agreements, or advice for separating couples on division

of assets or arrangements for children.

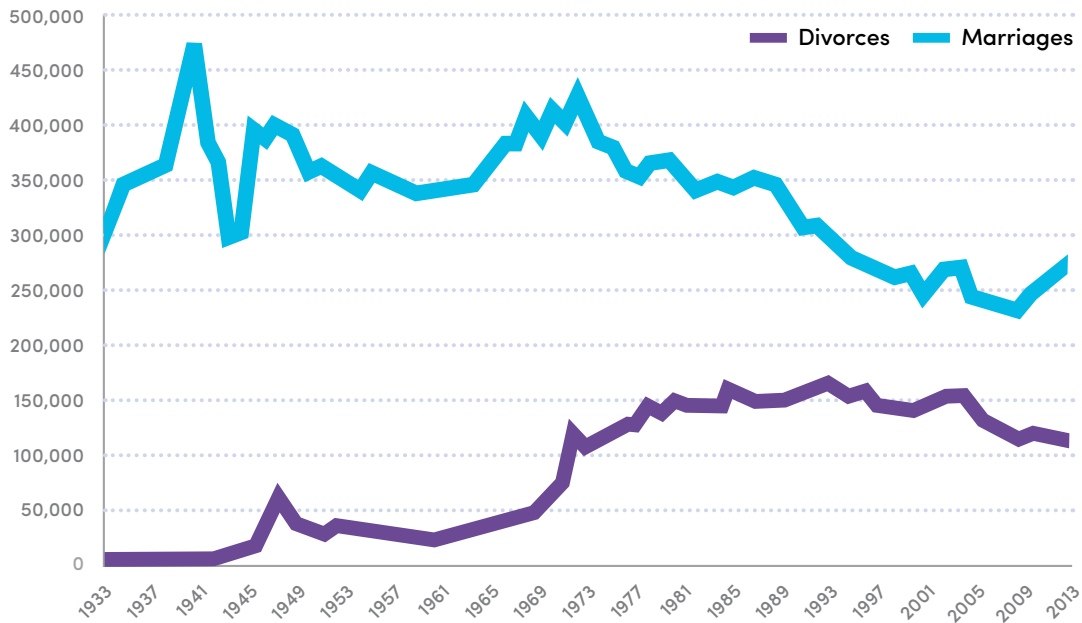
'Increasingly pre- and post-nuptial agreements are recognised by the courts (provided they are fair and there has been proper legal advice), although they're not always legally binding. As this trend continues over the coming years, we might expect legal firms to shift into providing advice and protection for individuals and families over the course of their whole lifetimes, rather than simply reacting when there is a particular need or event to manage. 'People are starting families later, so these older parents are more likely to be working, raising the prospect of an even greater reversal in traditional family roles.

'The number of divorces in 2013 was highest among men and women aged 40-44<sup>23</sup>, likely to be those with children, and more substantial assets. And, with people expecting to live longer, post-60 divorces are

<sup>22</sup> [www.dailymail.co.uk/news/article-3330277/Divorce-rate-lowest-level-decade-couples-spending-3BILLION-year-marriages-fail.html](http://www.dailymail.co.uk/news/article-3330277/Divorce-rate-lowest-level-decade-couples-spending-3BILLION-year-marriages-fail.html)

<sup>23</sup> [www.marilynstowe.co.uk/2015/11/23/fewer-children-affected-by-divorce](http://www.marilynstowe.co.uk/2015/11/23/fewer-children-affected-by-divorce)

## Falling number of divorces



Source: Office for National Statistics

up significantly, which prompts a greater need for pre-nuptials if remarrying and wanting to protect assets from a previous marriage.

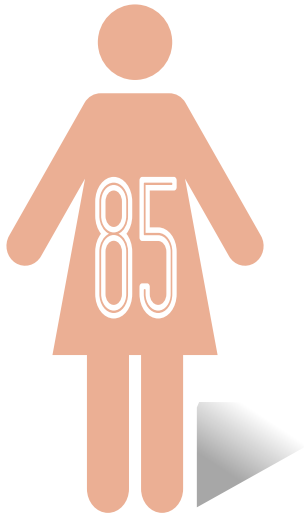
'With the withdrawal of legal aid from most family cases, anyone considering taking on their own case, with all that entails, needs to remain cautious. They should think seriously before rejecting outright paid-for legal advice. Family cases without specialist legal representation take significantly longer to go through the courts, which, as a result, are able to process fewer cases. Court fees are also rising due to public sector spending cuts over the past seven years.

'The recent pension freedoms allow greater flexibility over when and how people access their private pensions. This presents both challenges and opportunities when dealing with divorce case financial settlements, making proper legal and financial advice essential.'

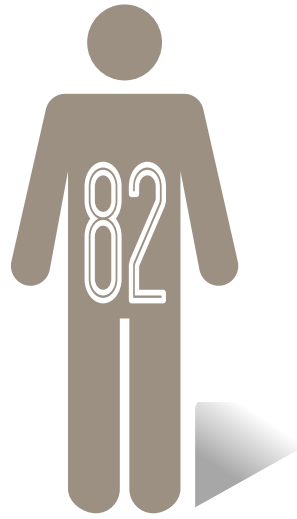
**Arabella Russell, a counsellor at Relate, the UK's largest provider of relationship support, adds:** 'At Relate, we find that with the right support many couples who are experiencing difficulties in their relationship are able to reconnect, improve their communication and get things back on track. However, there's no doubt that for some

people, separation is in their best interests. When this is the case, it's really important to do this with the least pain and conflict possible. There are lots of things that couples can do to achieve a positive separation and, where children are involved, continue to have a high quality co-parenting relationship. Just some of the advice includes talking to each other about what you both want from the separation, agreeing together what you are going to tell other people, not bad-mouthing each other and being honest but sensitive with the children.'

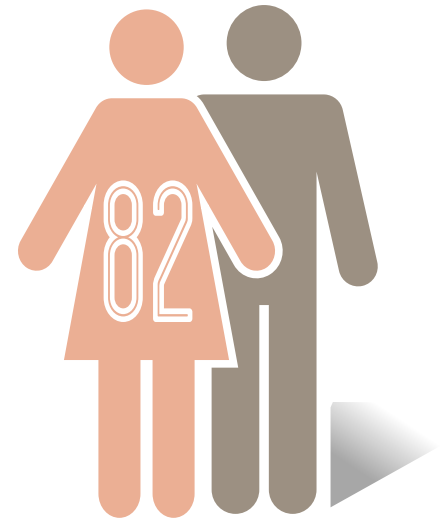
WE KNOW THE TRADITIONAL NUCLEAR FAMILY IS IN DECLINE, AS MARRIAGE RATES CONTINUE TO FALL



**ONS AVERAGE LIFE EXPECTANCY FOR FEMALES 2025**



**ONS AVERAGE LIFE EXPECTANCY FOR MALES 2025**



**AVERAGE LIFE EXPECTANCY PREDICTED BY ADULTS IN SURVEY 2025**

### 3.ii The Game of Life | Wills and probate

With care home fees expected to reach an average of £70,000 a year by 2035<sup>24</sup>, it's no wonder people currently in their 40s are feeling a little squeezed - in more ways than one.

Overall, people in the UK underestimate their life expectancy. The ONS latest figures<sup>25</sup> put the average female life expectancy in 2025 at 85, and 82 for males whereas, on average, the adults in our survey expect to live until the age of 82. A fifth (19%) expect to live to between 81 and 85, and 16% expect to live to between 76 and 80. Adults in the South West expect to live until they are 83 years old, with 22% placing their life expectancy at 81-85.

Regional figures from the ONS in 2014 showed the South West had the fourth highest life expectancy across the UK.<sup>26</sup>

Despite the fact that current retirees are still managing to save a somewhat dumbfounding £48.7 billion a year<sup>27</sup>, we can assume the general underestimation of life expectancy also means current and future retirees aren't saving enough money to fund life post-retirement.

Looking at health and care issues post-retirement, a third of our focus group expected between 21% and 30% of people to experience some mental capacity issues once they are 70. Recent figures from the Hamlet Trust<sup>28</sup> indicate that, come 2025, at least 25% of the over-65 and over-85 population will experience some sort of mental capacity issues, from dementia and depression to alcohol abuse. Data<sup>29</sup> shows there will be 1m people with dementia in the UK in 2025.

**Paul Green of Saga, the over-50s specialist holiday and financial company says:** 'When the Beatles first sang When I'm 64, retirement for most people was short-lived or not reached at all. In years to come, the principal financial challenge will be funding a work/life balance and then funding proper care.'

With that in mind, how should people prepare, and where does the legal profession fit in?

<sup>24</sup> [www.dailymail.co.uk/money/pensions/article-3349355/Nursing-home-fees-course-reach-70k-YEAR-2035-state-pension-covers-fifth-cost.html](http://www.dailymail.co.uk/money/pensions/article-3349355/Nursing-home-fees-course-reach-70k-YEAR-2035-state-pension-covers-fifth-cost.html)

<sup>25</sup> <http://ons.gov.uk/ons/rel/lifetables/past-and-projected-data-from-the-period-and-cohort-life-tables/2014-based/stb-2014-past-and-projected.html>

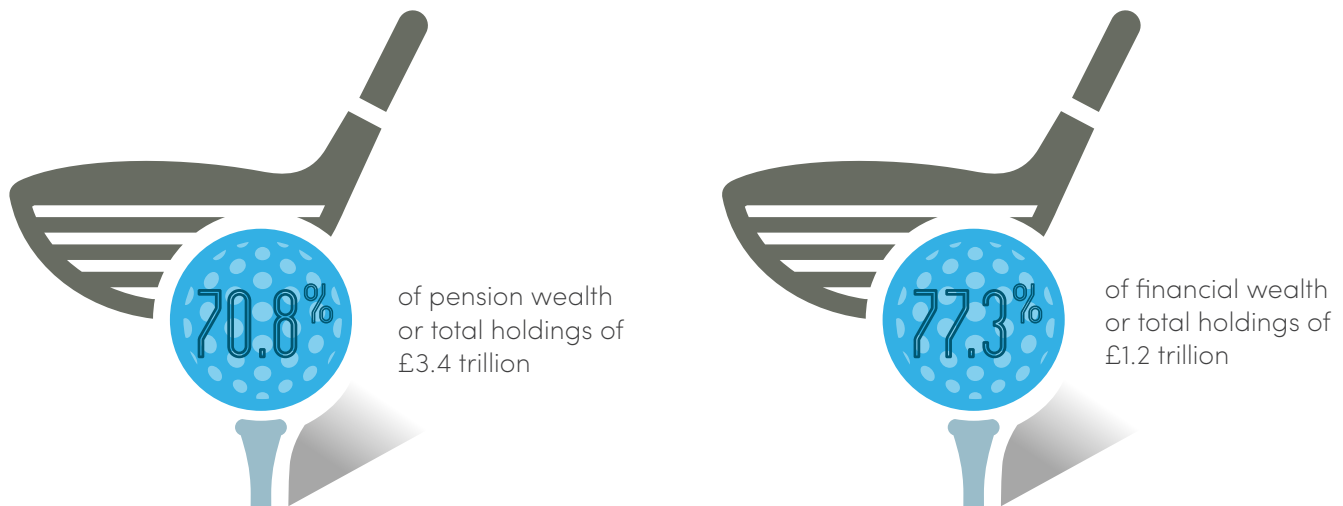
<sup>26</sup> [www.ons.gov.uk/ons/rel/subnational-health/life-expectancy-at-birth-and-at-age-65-by-local-areas-in-england-and-wales/2012-14/stb-life-2012-14.html#tab-Regional-life-expectancy-at-birth](http://www.ons.gov.uk/ons/rel/subnational-health/life-expectancy-at-birth-and-at-age-65-by-local-areas-in-england-and-wales/2012-14/stb-life-2012-14.html#tab-Regional-life-expectancy-at-birth)

<sup>27</sup> [www.ilcuk.org.uk/index.php/publications/publication\\_details/understanding\\_retirement\\_journeys\\_expectations\\_vs\\_reality](http://www.ilcuk.org.uk/index.php/publications/publication_details/understanding_retirement_journeys_expectations_vs_reality)

<sup>28</sup> [www.hamlet-trust.org.uk/articles/mental-health-problems-elderly.html](http://www.hamlet-trust.org.uk/articles/mental-health-problems-elderly.html)

<sup>29</sup> <https://www.alzheimers.org.uk/statistics>

## IN THE SECOND QUARTER OF 2014, THE OVER 50s HELD:



Source: Office for National Statistics, Bank of England, Cebr analysis

### Angela Thomas, Partner, Wills, Trusts + Probate department, says:

'Over the coming 10 years we can expect more retirees to start SKI-ing (Spending the Kids' inheritance). Not on round-the-world cruises, dream cars or speedboats, but on more mundane matters as they come to realise that they need to significantly increase the amount they have saved to fund retirement living and possibly the cost of later-life care.

'We're beginning to see what we might call a 'middle-class care gap', whereby people who would otherwise consider themselves fairly affluent find themselves thrust into public sector care homes as they have failed to plan adequately for the cost and length of later life. With this we can expect further increases in multi-generational living, as housing shortages, the rising cost of childcare and an ageing population squeeze the

traditional family unit at both ends<sup>30</sup>. We should also consider care for the carers, as the age of carers themselves edges ever upwards - those in their 70s caring for parents in their 90s, for example.

'With one million of the population likely to be suffering with dementia in 2025, we should expect a significant rise in the number of people putting in place lasting Powers of Attorney for both finances and health and welfare decisions. Indeed, we've noticed an increasing number of people coming to us before dementia is even a near-term prospect for them.

'For those without Powers of Attorney in place, going through the Court of Protection can be a lengthy, costly and time-consuming experience. People need to be made aware of the importance of writing a Will and - as they live longer - the need to update it.

Simply writing a Will is not enough and we're increasingly seeing Wills being challenged on incapacity grounds.

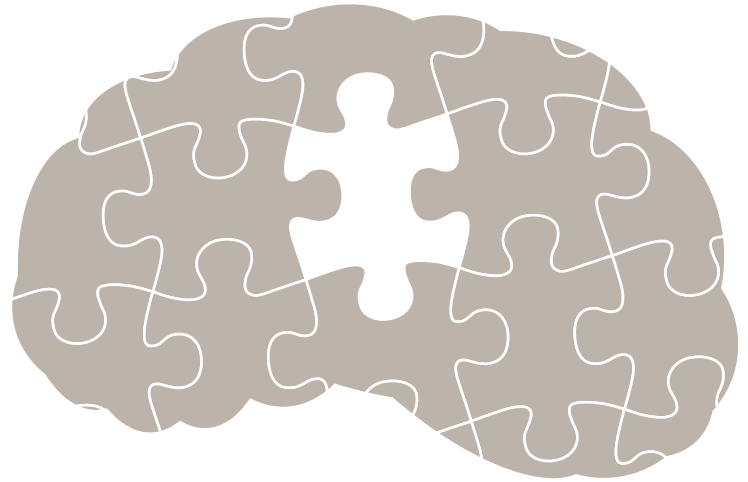
'Over the next 10 years, another huge challenge will be the increased regulation and tax changes as the tax regime becomes ever more complicated. The recent pension freedoms also bring with them the need for people to have access to good independent advice. Problems may be caused for the younger generations if their elders spend their retirement fund too soon.

'As in other areas there is a noticeable shift to online and DIY services, both for government agencies (such as HMRC) and commercial businesses and transactions. Some elderly either don't want or can't access online services and, increasingly at risk of scammers, are growing ever more suspicious and in need of face-to-face advice.

<sup>30</sup> [www.independent.co.uk/news/uk/home-news/beating-the-housing-shortage-one-home-three-generations-7626973.html](http://www.independent.co.uk/news/uk/home-news/beating-the-housing-shortage-one-home-three-generations-7626973.html)

## 1 MILLION OF THE POPULATION ARE LIKELY TO BE SUFFERING WITH DEMENTIA IN 2025

Source: Alzheimer's Society



'More than ever people will be in need of good legal advice, and this will need to be presented in as accessible formats as possible, adaptable, with simple language and easy to read. The need for face-to-face advice will continue, especially for vulnerable clients to ensure that their needs are met and they're aware of the consequences of the documents they're signing.'

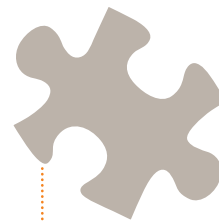
### **A spokesperson for Saga**

**Investment Services adds:** 'As MPs study 'inter-generational fairness', we feel that the savings culture of the over 50s is vital to the UK economy and in stimulating growth.'

Saga's 'Savings and the Over 50s' report, carried out in conjunction with the Centre for Economic and

Business Research (CEBR), shows the share of financial, pension, property and physical wealth owned by the over 50s population has increased consistently over the past five years, with this age group now controlling more than half of all the assets held by UK households.

'Many of the UK's over 50s have worked and saved to accumulate this wealth, and should be encouraged to continue to do so – both for their own financial security and for the good of the economy as a whole.'





### 3.iii The Generation Game | The renting renaissance

According to a Hamptons estate agents' survey in the Financial Times recently, there's been a rise in the number of people buying their first property mortgage free.<sup>31</sup> This is largely a result of baby-boomer parents (who've perhaps yet to cotton onto the future cost of care) buying them for lucky children. This trend is also noticeable (to a lesser degree) in Bristol and the South West, where, anecdotally, many 20-somethings are buying their first property with a generous deposit gifted to them by parents or other older relatives.

In contrast to the Financial Times story, almost half (43%) of our focus group thought that first time buyers in 2025 would need a deposit of 11%-15%. Indeed other anecdotal evidence suggests deposit amounts for first time buyers are once again falling.

But if house prices rise over the next 10 years at the rate our focus group predict - with 48% anticipating a minimum 6% rise, and 25% of whom think prices will rise by between 16%

and 20% then it's hardly surprising the growth of the 'Generation Rent' looks set to continue. Indeed, two thirds of our focus group anticipates that by 2025 more than 30% of households will rent.

Looking at the consumer research, almost half (46%) of people who don't currently own a property never plan to own one. This figure rises to 53% for people in the South West. For those hoping to make it onto the property ladder at some point, 35 is the age at which they expect to do so, rising to 38 in the South West where average house prices are currently the fourth highest in the UK.<sup>32</sup>

Whatever the year, given the majority of property buyers won't fall into the pattern highlighted in the FT piece, we can assume that increasing numbers of people will have no choice but (or indeed as our research shows, may choose proactively) to rent.

**Stephen Parker, Partner, Residential Conveyancing, says:**  
'Some of the trends highlighted

in our research are still rather rare - the idea of friends clubbing together to buy, or an increase in co-housing, for example, are currently the anomaly, not the norm. However, this may well increase as, presumably, another income when making a mortgage application could help increase potential borrowing.

'Prices across the UK continue their upward trend and Bristol has been one of the most steeply rising 'hotspots', where prices are 9.2 times the median income.<sup>33</sup> While every property boom is cyclical, there is always a correction; however, it's hard to predict when that will happen and how hard it will be. When it does occur, doubtless it will bring some relief from price-inflation for buyers but also some pain for sellers and those with large mortgages.

'Buyers are therefore being forced to save and wait for longer, meaning they have to juggle other important decisions such as getting married and having children.

<sup>31</sup> [www.ft.com/cms/s/0/c8eadb62-9da2-11e5-b45d-4812f209f861.html?ftcamp=published\\_links%2Frs%2Fpersonal-finance%2Ffeed%2F%2Fproduct#axzz3tjnSBPXE](http://www.ft.com/cms/s/0/c8eadb62-9da2-11e5-b45d-4812f209f861.html?ftcamp=published_links%2Frs%2Fpersonal-finance%2Ffeed%2F%2Fproduct#axzz3tjnSBPXE)

<sup>32</sup> [www.thisismoney.co.uk/money/mortgageshome/article-1671748/House-prices-What-expect-news-predictions.html](http://www.thisismoney.co.uk/money/mortgageshome/article-1671748/House-prices-What-expect-news-predictions.html)

<sup>33</sup> [www.theguardian.com/uk-news/2015/sep/02/housing-market-gulf-salaries-house-prices](http://www.theguardian.com/uk-news/2015/sep/02/housing-market-gulf-salaries-house-prices)

## BUYERS ARE BEING FORCED TO SAVE AND WAIT FOR LONGER, MEANING THEY HAVE TO JUGGLE OTHER IMPORTANT DECISIONS SUCH AS GETTING MARRIED AND HAVING CHILDREN

'Rising care home fees could mean that multi-generational living becomes more common, possibly to preserve an elderly relative's assets. We've certainly seen cases of relatives contributing towards improvements or extensions to their child's home (the 'granny-annex') and younger relatives moving into an older person's existing home.

'Equity release, albeit an expensive solution, is also on the increase as owners unlock capital for themselves or to fund deposits for the younger generation. Recent pension changes have removed the need to purchase annuities, meaning capital can be made more readily available.

'The government's Help To Buy initiatives, including the new ISA, have had some effect. Although by making them available to investors as well as aspiring owner-occupiers, there has also been an inflationary effect on prices due to lack of supply. Additionally, government targets for building new homes – which in turn would increase supply and limit price increases – aren't being met.

'What is clear is that people are living longer and more are living alone so, given these factors, demand for property remains at a peak. If one cannot buy then one must rent, meaning that buy-to-let will remain an attractive option for investors who may well regard the increase in stamp duty on second homes (taking effect from April 2016) as just another overhead. Changes in tax treatment, however, may well prove to have a dampening effect on this sector.

'Finally, when it comes to legal services, yes, there will be more and more online-only players, but we see little threat from the big profit-driven outfits – such as Tesco – and we don't see the Uber-isation of all legal services by any means.'

**Wesley Davidson, founder at South West mortgage broker Fox Davidson, comments:** 'With an ageing population and many UK mortgage holders on interest-only mortgages, mortgage lenders will be forced to look at how they can accommodate clients that are nearing the end of their mortgage term with no way of repaying

the loan apart from selling their property.

'The mortgage market will have to change, with more lenders offering loans to age 80 or 85.

'The equity release mortgage market, aimed at the older borrower, has already seen business levels increasing. At the end of 2015, homeowners over the age of 55 unlocked a record amount of housing wealth via drawdown lifetime mortgages, pushing annual equity release lending to a new high of £1.61bn.

'In addition, it is widely reported that the number of homes being built in the UK are insufficient to meet the needs of a growing population. Current policies will go some way to help but with home ownership still the endgame for many Britons, we expect demand to continue outstripping supply, pushing up house prices further and indicating that home ownership is likely to remain outside the reach of most 'average' house buyers.'



IN 2025, ONLY ONE  
IN FIVE (20%) PEOPLE  
EXPECT TO BE  
WORKING A FULL-  
TIME 'TRADITIONAL'  
WORKING WEEK

### 3.iv The Wheel of Fortune | The 'grey go-getters'

The greatest recent change in employment life is the advent of truly flexible working. And this is only going to become more prevalent. Employers are having to change the practice of a lifetime, developing new ways to tow the flexible working regulatory line and meet increasing demands of the modern workforce. As flexible and remote working becomes the norm, they will need also to develop new ways to ensure their workforce remains engaged and cohesive.

Established working patterns and practices are also ripe for change with the increasing average age of the UK workforce. With a growing number of 'grey go-getters' - fit, healthy and mentally able, not to mention blessed with years of experience - employers will be hard-pushed not to consider them alongside their more youthful counterparts.

Looking at our focus group, more than 50% expect the retirement age

to have reached 70, come 2025.

While it is not unreasonable to think there will be a larger proportion of 70+ workers, the government's current proposals are for a retirement age of 66 in 2025.

In terms of working practices, 60% of our focus group expect the 'traditional job' (9am-5pm, 5 days a week) to decrease. Indeed a third (32%) think that by 2025, 21-30% of the working population will have more than one job and be working flexibly.

In contrast, consumers who are yet to retire expect to do so at 66. Notably nearly three in ten (29%) said that they would expect to retire between 66 and 70, while a quarter (25%) said they would expect to retire between 61 and 65. The average expected retirement age for those in the South West of England was 66, in line with the national average.

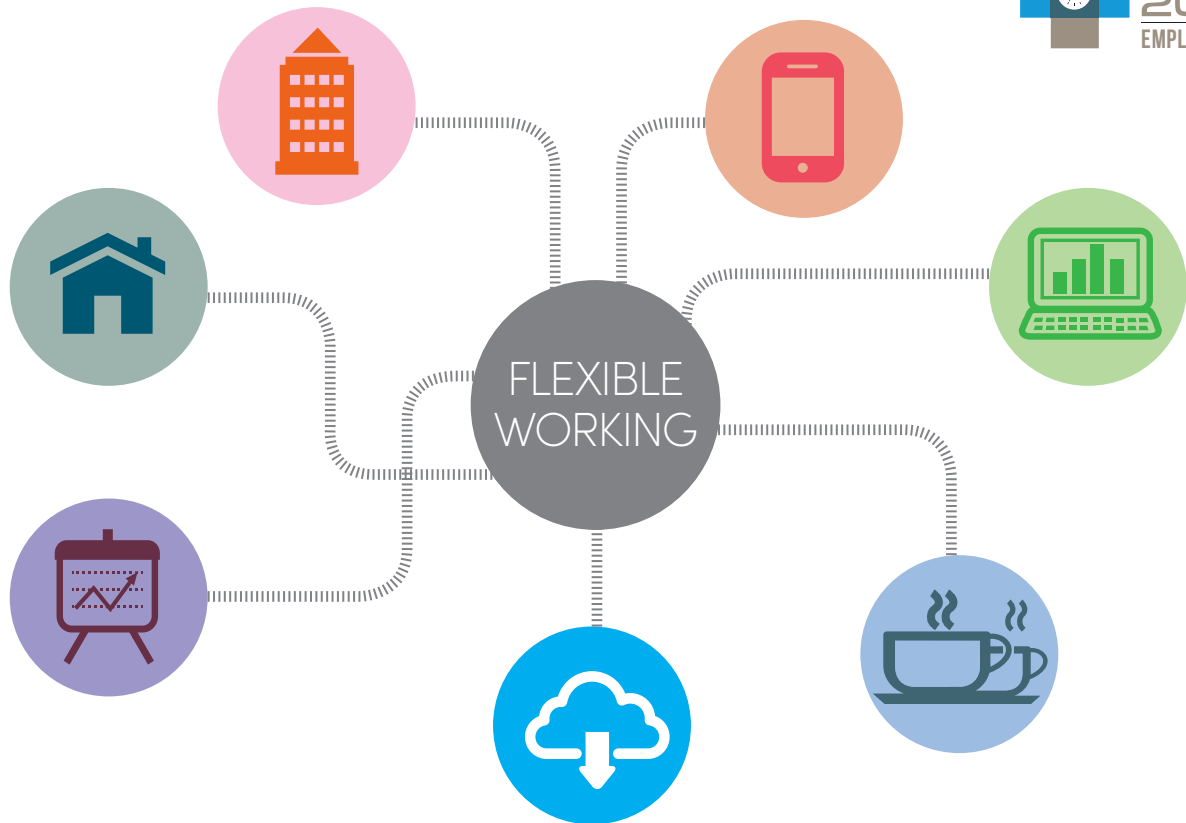
And, in 2025, one in five (20%) people expect to be working a

full-time 'traditional' working week, while one in 10 (10%) think they will be working for themselves, working the hours of their choice.

In the South West, just one in six (15%) expect to work a full-time working week, 13% think they will be working part time, while one in 10 (9%) think they will be working for themselves, working the hours of their choice.

It's clear we can expect a great deal of change in the modern working landscape over the next 10 years.

**James Bell, Partner, employment law, says:** 'A move away from the traditional 'master and servant' employment model is clear, but perhaps it won't happen quite at the speed or be as widespread as people currently expect. Whatever, contracts will need to change. While this shift doesn't need to be a big deal, employers will need to plan for it and ultimately adapt.'



'Flexible working today means not only different contracted hours (e.g. 10am-6pm rather than 9am-5pm) but more than this people want to be able to work how, where and when they want. Employers need to consider employees working a week or even month of hours, or even outputs, delivered as and when they choose.

'The issue of 'presenteeism' will simply have to be dealt with openly, with a large element of trust.

'The other key issue for the coming 10 years is the ageing workforce. Employers won't be able to discriminate on age and everything will need to be based on capability. Indeed, whereas 65 was a fairly standard retirement age, it is now not unexpected for those aged 65+ to want to work, and of course, they also want to work part-time, flexibly. This generation has a wealth of valuable skills and experience in contrast to the idealism of youth.

'In contrast, the younger generation may find themselves competing against older, more experienced (and perhaps more used to working hard) workers - the 'grey go-getters'.

**Niall O'Callaghan, Partner at global consultancy Mercer, which recently released a study showing how financial stress has exploded beyond 'sandwich generation' employees<sup>34</sup>, comments:** "Our study found that across all life stages and ages, personal worries about health and financial security are high, and this is having a dramatic impact on how effectively employees perform at work.'

The study found that it is not just the so called 'Sandwich Generation' – employees in their mid-forties with financial responsibilities for elderly relatives and young children – who feel financially stressed. Rising property prices, indebtedness and inadequate retirement savings are all impacting on employee groups.

O'Callaghan adds: 'We all need to do what we can to ensure that our employees are healthy and confident in their ability to manage their personal finances. Employers who proactively provide support and resources will see dividends in terms of improved productivity and morale, and lower staff turnover. These employers will be better placed to recruit and retain the most talented staff in the future.'

<sup>34</sup> <http://www.uk.mercer.com/newsroom/mercer-harmonise-research-financial-stress.html>

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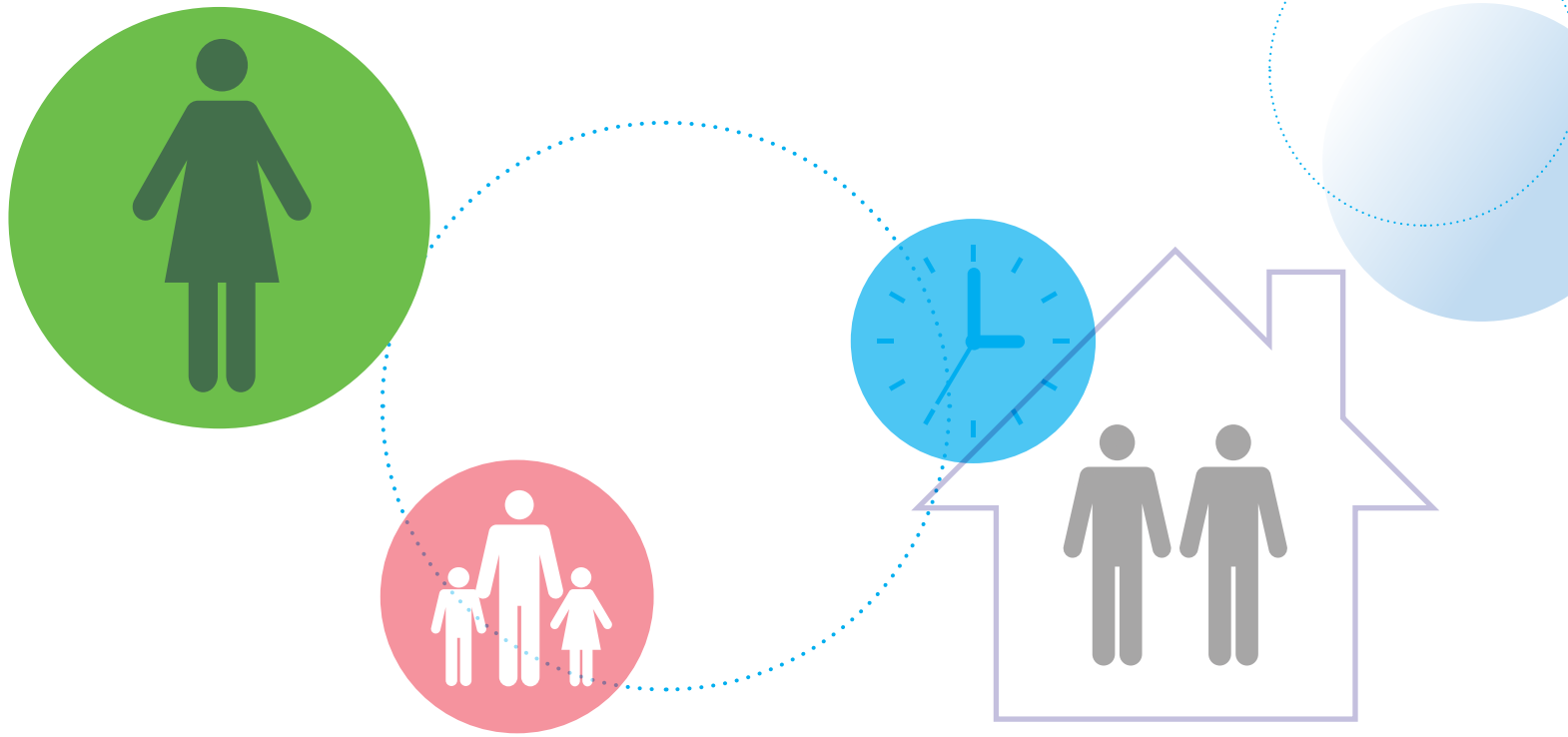
## SECTION 4

# Conclusions + recommendations

“The younger generation are likely to shop around and are less loyal and committed to their relationships with their legal advisers. But will they value a more understanding, personal service as they grow older, acquire more assets and want to start protecting them? I believe there will always be a role for the personal service adviser, although we will need to find new ways of communicating with clients who may want instant responses, whether by social media, or otherwise. Security and confidentiality may also be an issue in these circumstances.”

Chris Miller, Managing Partner

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## Citizen 2025 and legal services

More clients are seeking “unbundled” services i.e. picking and choosing what to seek advice on and dealing with parts of the case themselves. There has been a recent judgement acknowledging this as an issue – supporting the idea that some firms may be instructed on a limited retainer and not necessarily dealing with the whole matter.

Indeed, there has also been guidance from the Law Society on the extent to which lawyers may be replaced by ‘robots’, or the role of AI – artificial intelligence – in legal services. Law Society president Jonathan Smithers, said in a speech: ‘Many of our clients are already using the web for self-diagnosis. Many of them will google their legal problems before they come to see us. Self-diagnosis, facilitated by artificial intelligence,

is not and will never be a complete replacement for lawyers.

But, ‘we must face the fact that artificial intelligence will become more entrenched in our lives. There is a correlative duty for us as lawyers to scan the horizon, think of the consequences of its uses and, where needed, we must act.’

Above all else, it is clearly technology that will shape and shift legal services up to and including 2025. It will shape consumers and legal clients’ family, employment, later-life and property decisions and interactions; and it will shape the way we as legal practitioners deal with our customers’ experiences.

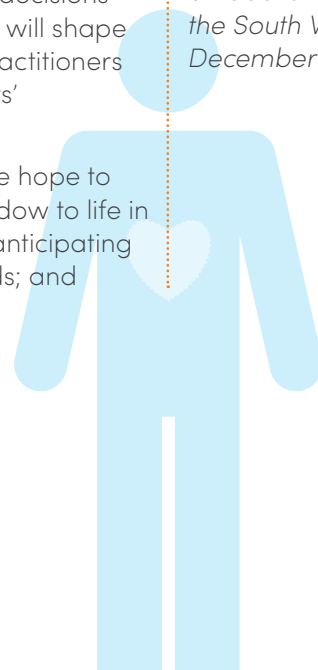
In writing this paper, we hope to have opened up a window to life in the future, examining, anticipating and debating the trends; and

the role of legal services as those trends develop.

As Smithers said: ‘Legal practitioners and academics need to come together to think ahead of the consequences [of the new uses of technology] and put forward ideas for the best legal response.’

### Thank you for reading.

*Research conducted by Opinium on behalf of Barcan+Kirby among 2,003 (Nationally Representative) UK adults 18+ and 184 people from the South West, between 4 and 8 December 2015.*





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