

## **Title: Why do Older People Report Less Hardship?**

### **Abstract:**

Governments are becoming increasingly interested in direct measures of 'deprivation' and 'hardship' in order to identify those groups most in need of assistance. Hardship indicators are routinely collected in household surveys, such as the Household, Income and Labour Dynamics in Australia (HILDA) survey. Hardship indicators include problems paying bills on time, needing to pawn items and seeking financial help from others. Despite lower incomes, poorer health and lower educational attainment, older people report much less hardship than younger people, but the reasons for this have not been established. Perhaps older people are more reluctant to ask for help when in need. They may also be less likely to report genuine hardship in a survey context. If so, then governments should not take the hardship indicators at face value. We employ a methodology which exploits the fact that both members of couple households are asked to separately respond to the hardship questions. We examine whether there is any relationship between reported hardship and age within couples, using a series of fixed effects Poisson and logit models. Assuming that resource sharing is uncorrelated with relative age, an age effect found within couples reflects age differences in reported hardship for a given standard of living. We find evidence that older people are more reluctant to ask for help when in need, or to report having asked for help. Overall, however, it appears that the age relationship in self-reported hardship indicators largely reflects genuine differences in hardship.