In the light of demographic change and its accompanying implications for important societal functions, the economic and material circumstances of older people in Germany has been attracting increasing attention both in social gerontology and in the social and economic sciences as a whole (Naegle, 1991, 2003). The debate of recent years about the economically defined justice and solidarity between the generations, the public discussion about the demographically induced burdens on the social security systems as well as the growing importance of the economic power of older people for economic development of society attests to this. However, it is noticeable that questions about the importance of economic resources for the life satisfaction and subjective well-being of older people go largely unheeded both in political and in scientific discussions. This paradoxical ‘ambivalence’ partly also characterises social gerontology in Germany: although economic resources are by common accord regarded as one of the most important dimensions of a good life in old age, priority is not currently given to the analysis of the relationship between material wealth and individual well-being in old age.

The implicit disregard of this subject matter has many reasons, the most prominent of which seems to be the relative affluence of older people in general compared to the past economic status of different age groups at different times. It is striking that, in comparison to younger age groups, the financial status of those aged over 60 has improved constantly in recent decades. Thus, for instance, the just-published Fifth Report on the Situation of the Elderly in Germany points to the higher economic resources of those aged over 60 and, in doing so, also emphasises their importance for the development of future consumer markets (BMFSFJ – Federal Ministry for Family Affairs, Seniors, Women and Youth, 2006). Organization for Economic Cooperation and Development (OECD) data corroborates this trend for other industrialised countries. According to this data, retired people have a disposable income that, on average, corresponds to 70–80% of the income of comparable groups of people in the later stages of their professional lives (OECD, 2001, p.22). Although income typically decreases when people withdraw from working life, the average disposable income of older people often only deteriorates slightly due to declining occupational expenditures, decreasing education and training costs for their children or mortgage loan costs (Casey and Yamada, 2002). There is a broad agreement in Germany today that poverty is at present (no longer) an explicit old-age risk (BMGS – Federal Ministry of Health and Social Security, 2005).
If one considers earlier debates on questions of material circumstances in old age, it appears that these were mainly conducted from the perspective of poverty – particularly with regard to very old age. Given this comparatively good financial situation of older people, the prevailing opinion seems to be that a (further) improvement of the quality of life (QoL) in old age can be achieved less by additional investments into economic resources than by investments into other resources, such as social or health care. Furthermore, echoing Chapter 1, gerontologically oriented QoL research lacks a tradition, and perhaps also a publicly derived acceptance, for examining the specific importance of economic resources. In the past at any rate, the financial well-being of the older generation was only of political and/or scientific interest if a loss of QoL due to insufficient funds was ascertained. In contrast, the issue of further gains in QoL in old age thanks to income growth met with little public and scientific response.

A third explanation for the minor research interest might be the observation, stemming from QoL research, that there is an age-specific shift in the subjective importance of different life domains. Thus, while economic independence and material success rank among the most important life goals in early and middle adulthood, non-material dimensions become more important with increasing age. This is especially true for the commodity health, the growing significance of which is based on the experience of its increasing vulnerability and finiteness. From late adult age onwards, health becomes one of the most central life themes and, in very old age, it becomes one of the most significant predictors of subjective well-being (Dittmann-Kohli et al., 2001; Smith et al., 1996; Michalos et al., 2001).

Consequently other life domains inevitably become less important. This particularly applies to paid employment and the financial motives it involves. This shift in the subjective value system is furthermore reinforced by the trend towards an increasingly earlier Entberuflichung (de-occupation) of old age that is observable in almost all modern industrial societies. For this reason earned income also inevitably becomes subjectively less important whereas alternative sources of income, which can, however, only be influenced to a limited extent, come to the fore. In the light of the growing number of older people and the increasing financial strain on social security systems – in particular the old-age security system – the issue of social transfers has become more pressing not only from the societal but also from the individual perspective of older people. In the face of empty pension funds and the like, questions regarding the security of pensions and one’s own financial future in old age have contributed to sensitising a growing number of older people in Germany to financial issues of retirement. We can assume that the research about the importance of the financial dimensions for quality of life in old age will increase too (Naegele and Walker, 2006).

For many reasons, which we can only briefly outline here, the topic of material well-being in old age for a long time has not attracted much scientific interest. In order to represent the former and current state of knowledge in this respect, in the following section we will try to fill this gap and, among other things, present the state of research so far. In the process, we will first present selected data on the