Pension Protection Among Minority Ethnic Communities in the UK: Trends, Patterns, and Policy Implications

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NCRM DTRN Webinar on Exploring Ageing

through National Datasets

Background (I)

- The UK is both ageing and becoming more ethnically diverse.

- Later life reflects an accumulation of experiences and resources from across the life course of individuals (Phillipson, 2015).

- For older individuals from particular Black and Minority Ethnic communities, later life comes with a higher risk of low financial resources and poverty (Khan, 2008; 2010; 2012; Ferragina et al., 2016).

- **Why?** A combination of:

➢ Structural inequalities resulting in ethnic gaps in employment patterns

➢ Structural inequalities resulting in ethnic gaps in health

➢ UK pension system where the state pension is low in where workplace/ personal pensions can make the d between living in poverty in old age or not

➢ Adverse impact of intersectional characteristics, most ethnic heritage and gender

Background (II)

- Compared to White British individuals, working-age Indian, Pakistani and Bangladeshi individuals are **less likely to be employed** or to be working for an employer offering occupational pensions, while retired individuals from these groups are less likely to be receiving a state pension and more likely to be receiving means-tested benefits (Vlachantoni et al, 2015; 2017).

- Research has also evidenced ethnic inequalities in **labour market** participation, healthcare access and **health status** (Ferragina et al., 2016; Evandrou et al., 2016).

- Also evidence of certain minority ethnic communities being more likely to develop community-level savings (through 'kommittees' among Pakistanis, 'pardna' among Caribbeans), which are more in line with religious beliefs and a wish to avoid being paid i (Khan, 2010).

- Introduction of **Automatic Enrolment** in 2012 (fully r which automatically enrolls employees over age 22 er labour market with their employer's workplace pensio £10,000 earnings minimum and from one job only).

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Project aim and research questions

University of **Southampton**

Overall **aim**: To use innovative methods and provide new empirical evidence on preparing financially for later life among women and men from Black, Asian and Minority Ethnic communities in the UK.

Research questions we are exploring:

- Has the gap in pension protection between different minority ethnic communities closed in the last 20 years?

- How do individuals from different communities prepare financially for later life?

- What role does gender and religion play in these perspectives?

- What should policymakers take into account wh policies in terms of pensions, savings and retirem

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Statistical analysis of national data

Photo-voice interviews and focus groups with mid-life and older persons

Financial resilience for later life

Engagement with local community

Engagement with and natio policymal

Data, methods, focus

- UK Household Longitudinal Study (2009-2023, waves 1-13)

- Bivariate and multivariate logistic regression analysis

- Investigating:

➢ *Ethnic and gender differences in workplace pension membership and personal membership among working age persons*

➢ *Ethnic and gender differences in terms of savings and investments*

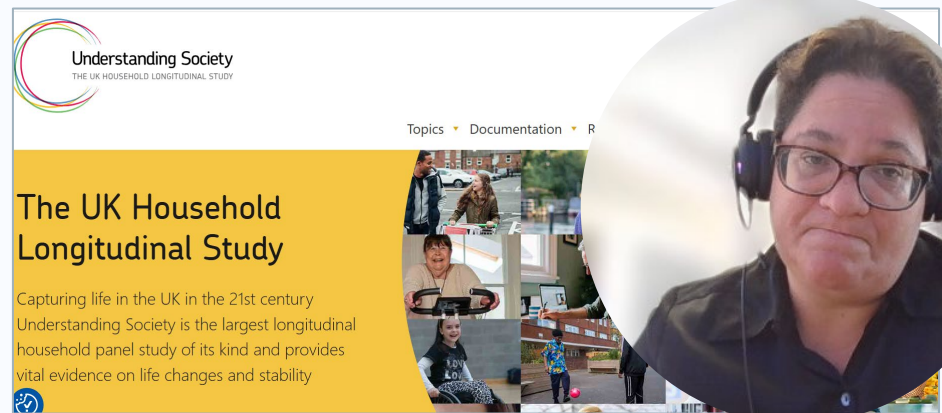➢ *The role of subjective wellbeing indicators in relationships*
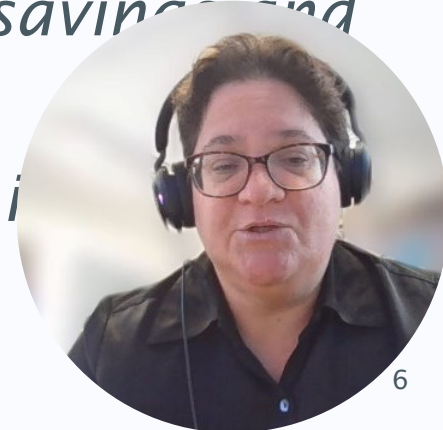
Key preliminary findings

- The gaps between the different ethnic groups in terms of the employment rate have not closed, with persons from White British communities most likely to be employed; and within ethnic groups, men are more likely to be employed than women, e.g. women of Bangladeshi background.

- The proportion of working-age individuals who have workplace pension membership is increasing. The gaps between ethnic groups are closing but still exist.

- Persons from Pakistani and Bangladeshi communities, and women among such communities, fare worse than other individuals, across all indicators.

- The proportion of working-age individuals with perso and non-pension savings is also increasing, with pe Chinese communities being the most likely to have pension/ savings.
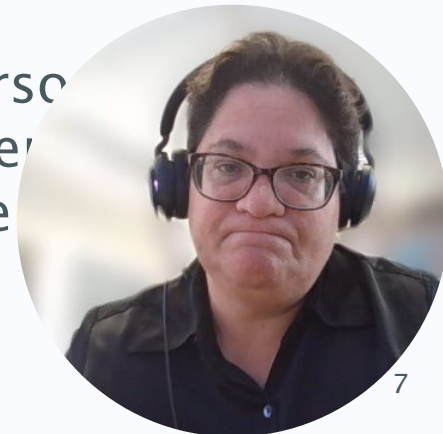
Reflections on using the UKHLS

- The UKHLS includes very important diversity in the sample, offering the opportunity to investigate policy-relevant research questions for individuals who are not White British

- In spite of such diversity, there is a challenge of sample sizes, particularly among older ages – merging groups is a common solution but not ideal as it runs counter to exploring diversity

- The UKHLS offers a wealth of demographic, socio-economic, health indicators which allow a holistic understanding of individuals' wellbeing

- Questions about self-declared categories of ethnic identity, and whether these might change over time

- The UKHLS is an important data resource in the context of an ageing and increasingly ethnically diverse UK population

Understanding Society
THE UK HOUSEHOLD LONGITUDINAL STUDY

Topics ▾ Documentation ▾ R

The UK Household Longitudinal Study

Capturing life in the UK in the 21st century
Understanding Society is the largest longitudinal household panel study of its kind and provides vital evidence on life changes and stability

Discussion

- The quantitative analysis showed that although more working-age persons are now members of a workplace pension scheme, the **ethnic gap** between White British persons and persons from minority ethnic communities remains – *can we expect this gap to close in the future?*

- Among minority ethnic communities, **Pakistani and Bangladeshi** individuals are still less likely to be in paid work, to be working as employees, to have personal pensions or savings, than other ethnic groups – by contrast, **Chinese** individuals are more likely to expect to use savings in retirement - *the role of migration histories, 'assimilation', culture and structural inequalities*

- **Gender** gaps continue, with women from Bangla Pakistani communities being less likely to be in employees and to benefit from workplace pensi pensions or savings – *pervasive gender differen division of paid and unpaid labour*

Policy implications

- Ethnicity and gender, separately and together, continue to play a role in terms of how individuals prepare financially for later life

- ***How do we take this into account when designing more inclusive pension protection?***

➤ Addressing structural constraints, e.g. identifying and removing barriers to entry into high-paid occupations, raising educational attainment, tackling ethnic and gender pay gaps, addressing the high cost and low availability of childcare.

➤ Addressing cultural factors, e.g. widening the offer of Sharia-compliant pension products

➤ For the UK context specifically, removing restrict Automatic Enrolment and understanding and ad reasons why individuals opt out, is important.

➤ Improving pension protection for self-employed i

Thank you!

More information about our project activities and outputs can be found here:

www.cpc.ac.uk/projects

Promoting inclusivity in pension protection and other forms of saving among men and women from black and minority ethnic communities in the UK: a mixed methods study

Project contributors: Vlachantoni A, Yin Y, Mocnik S, Akhtar S,

This Project is part of the following research programme/s:

Longer lives

Overview   Publications & Activities   Media

Overview

This project is funded under the ESRC Inclusive Ageing call.

Resources and experiences accumulate across the life course, influencing later life outcomes. For some older i higher risk of poverty compared to their White British counterparts.

This research aims to improve the inclusivity of individuals from minority ethnic communities in pension poli factors affecting pension protection among current and future generations of older individuals from minority

The research focuses on both mid-life and older individuals, considering their financial resilience in the co from minority ethnic groups in the UK at the heart of the research, we are using innovative methods such a planning means to them. By listening to real life narratives, we can better understand the lived experiences ethnic differentials in pensions, and promote greater inclusivity in pension protection.