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Work, saving and retirement among ethnic minorities: A qualitative study

**Helen Barnes
Rebecca Taylor**

Policy Studies Institute

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Department for Work and Pensions

Research Report No 396

Work, saving and retirement among ethnic minorities: A qualitative study

Helen Barnes and Rebecca Taylor

A report of research carried out by the Policy Studies Institute on behalf of the
Department for Work and Pensions

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Abbreviations and acronyms

BME	Black and Minority Ethnic
DWP	Department for Work and Pensions
GHS	General Household Survey
HRP	Home Responsibilities Protection
NI	National Insurance
ONS	Office for National Statistics
PPI	Pensions Policy Institute
PSI	Policy Studies Institute
SERPS	State Earnings Related Pension
SPA	State Pension Age
S2P	State Second Pension
FRS	Family Resources Survey
WASPA	Working after State Pension Age

Summary

Background

Pensioners living in households headed by someone from a minority ethnic group are more likely to live on a low income and many face significant barriers to accessing benefits. Ethnic minorities have been identified as an under-pensioned group, and they are significantly less likely than the white population to have access to a private pension. Yet there are some significant gaps in existing knowledge about minority ethnic groups and their experiences and understanding of work and pensions. There is also a need to provide a more nuanced account of differences amongst and between minority ethnic groups. Ethnic minority experiences of the labour market, financial planning, and retirement are multifaceted. Whilst there are differences between ethnic groups, there are also commonalities, such as gender and generation. There is a need to distinguish issues associated with low income from those more directly related to cultural and religious beliefs and practices.

The Department for Work and Pensions (DWP) commissioned a qualitative research study in Spring 2005 to examine the different factors that affect the work, saving and retirement decisions of ethnic minority groups. The aim was to fill acknowledged gaps in existing research by examining the characteristics and circumstances of people from these groups which affect work, saving and retirement, and to ensure that policies are appropriate and sensitive to cultural differences. Such issues were further highlighted by the subsequent publication of the Pensions Commission's second report 'A new Pension Settlement for the Twenty-First century' at the end of 2005 and the Government's White Paper 'Security in retirement: towards a new pensions system' in May 2006.

The research consisted of 60 semi-structured interviews conducted in autumn 2005, with people from the six main ethnic minority groups in the UK (Indian, Pakistani, black Caribbean, black African, Bangladeshi and Chinese) and included both those below and above state pension age.

The findings

Work and education trajectories

The report highlights the considerable diversity in the experiences of the interviewees. The sample included a wide range of educational attainment, from those who had left school at 15 or younger with no qualifications through to those who had gained a Bachelors degree or above. There were some common themes in labour market trajectories. One key distinction was between those who were migrants (both recent and long settled) and those who were born and educated in the UK. Of the former, many found work in low paid unskilled sectors such as restaurant, hotel or factory work. Whilst some went on to gain further qualifications or found ways to improve their labour market situation such as self-employment, others remained in low paid work for the rest of their working lives.

In order to highlight some of the cross-cutting themes and issues and their implications for retirement decisions and pensions policy planning, seven profile groups that emerged from the data were explored in more depth. These were not mutually exclusive and consisted of:

- women who have never worked;
- lone parents;
- the self-employed;
- workers in an ethnically segmented labour market;
- workers from declining industries;
- the second generation – born and educated in the UK;
- dual earner households.

While these profiles cross-cut ethnic group, they are categories in which certain ethnic groups are over-represented (e.g. there is a higher rate of lone parenthood among black Caribbean women, and Chinese and Bangladeshi men are over-represented in the catering industry) and thus, have implications for the retirement and pension decisions made by individuals from particular communities. At the same time they highlight the importance of socio-economic status, family type, generation and relationship to the labour market in shaping pensions issues. For example, those who were second generation, born and educated in the UK were more likely to have small families and be in medium or high income (often dual earner) households. As a group they were similar to the indigenous white middle classes in terms of labour market position and the issues they faced or were likely to face at state pension age. At the opposite end of the spectrum, the group of women who had never worked were mainly from the Pakistani and Bangladeshi communities. They had large families and were likely to be in low income households. They faced significant issues at state pension age as their lack of employment meant they had not made contributions and their husbands' low income had prevented them saving into any other kinds of scheme.

Household finances and family support

As well as work and education history, household finances, attitudes to money and financial products can all be expected to have an impact on retirement planning and households interviewed varied not only in the level of income they received but also in how adequate this income was to their circumstances. Those on low incomes tended not to be working, and some had large families. Those who were most comfortably off were in work, had high incomes and fewer, if any, children. While most people claimed to be careful with money, and most people in the sample had at least modest savings, there was a group of people who actively prioritised spending and enjoying life rather than saving more. Among our sample, this attitude was associated with those who did not have children or other dependants, although some lone parents explained that this attitude had been shared by their former partner. Some of those without savings had no alternative means of support in an emergency.

Attachment to the ideal of family support was strong, and while both the giving and receipt of financial support was widespread, the amounts involved did not tend to be large, and this did not appear to be functioning as an alternative to pension provision. Those with sufficient income were using a range of financial products, but there was little evidence of independent financial advice, and for all income groups the type of savings products used may not have been the most efficient. Some people were reluctant to use interest-based products for religious reasons.

Planning for and financing retirement

Most of those interviewed said that their knowledge of pensions was limited. Although there was a general awareness of the contributory principles governing entitlement to state pension, people did not always make a clear distinction between tax and National Insurance. There was rather low awareness of the amount of state pension, with people tending to overestimate its value, and there appeared to be little awareness of Home Responsibilities Protection (HRP), but there was a fairly widespread awareness of Pension Credit and its purpose at a generalised level. Among those who were members of an occupational pension scheme, there was a general understanding of the principles of a defined contribution scheme.

Ethnic minorities in dual earner households and those born in the UK enjoy a relatively advantaged position and are unlikely to face very different issues from the white population in relation to retirement and pensions. At the other end of the spectrum, women who have never worked, lone parents, those in segmented labour markets and those who have worked in declining industries, face specific challenges in terms of limited access to pension schemes and a limited ability to save for retirement. The over-representation of ethnic minorities in self-employment makes this an important category, but experiences of self-employment varied considerably. While some of those interviewed were very successful, others were struggling, or had experienced the failure of their businesses.

The issue of whether interviewees would continue to work after state pension age elicited a broad range of responses with most people starting from a broadly positive position, saying they would probably continue working and a smaller group who were broadly negative – saying they would prefer to retire. Those who wanted to continue were more likely to be the self employed and those in professional and managerial roles with a very positive orientation to work. Respondents noted that continuing to work would only be possible if health permitted and if employers were happy to employ them and they mentioned a lack of role models for this in their own organisations.

Conclusions

The research demonstrated that some issues with regard to planning for retirement are similar for ethnic minority and white communities. Although the prevalence of low income is greater for ethnic minority groups, its implications for retirement planning in terms of an inability to save are similar. Likewise, the general lack of interest in pensions planning, and lack of accessible information have been found in numerous studies, although a lack of familiarity with pensions and how they work, and language issues affecting access to information, create additional barriers for ethnic minority communities.

The significant levels of low skilled, low paid work in the work histories of those interviewed has some common implications for pension income in retirement. Ethnic minorities are more dependent on state pension, may struggle to achieve a full pension because of interrupted work histories which affect their contributions record, and women with partners may find it hard to access an independent income in retirement. In terms of retirement planning, the option of returning to country of origin (whether or not this ever becomes a reality), and the increased value of pensions transferred overseas, played a role in the decision-making process. In terms of limiting income to save for retirement, segmentation in low skilled/low paid work, sending remittances to support the extended family and preferences for breadwinner/homemaker division of labour among some ethnic minority groups are important factors. The expectation of family support did not appear to be a major influence on retirement planning decisions and it was widely understood that future generations might be less willing or able to provide this support.

Some issues were particularly salient for Muslims, including the prevalence of large families, a preference for a breadwinner/homemaker division of labour, a commitment to charitable giving, and some reluctance to use financial products involving interest and credit. On the former point, it is yet to be seen whether current demographic and labour market patterns will persist over time.

The research revealed a large degree of unmet need in relation to information about pensions and other financial issues, both among those with limited incomes who were expecting to be reliant on State Pension and Pension Credit, and among those with higher incomes who were unsure how best to invest for their future. This

included issues such as contributions conditions for the Basic State Pension, HRP cover for those involved in caring, and the amount of state pension they would receive on retirement. There were also erroneous beliefs in respect of pension age, the position of self-employed people, and eligibility for Pension Credit. Most people were not actively seeking advice on pensions, although the interview itself appeared to have acted as a spur to action in some cases. This suggests that people may respond well to outreach on these issues. Interviewees made several suggestions, including pensions and retirement planning briefings for all employees, leaflets in community languages delivered to people's homes, and the opening of specialist advice centres on pensions and retirement planning issues in local areas, offering advice in community languages.

As highlighted by the discussion of case study examples and by previous research, ethnic minority communities are over-represented in certain disadvantaged labour market positions, and these can affect their pension situation because of the link between pensions and earnings. The reforms proposed in the recent Pensions White Paper will offer the opportunity for those on low incomes to save and improve access to state pension through reduced contributions periods which benefit those who spend time caring and those with interrupted work histories. Given the importance of the reforms for ethnic minority groups, DWP should ensure that they keep under review the effect that these policies have in practice.

1 Background, research aims and methodology

1.1 Background

Pensioners living in households headed by someone from a minority ethnic group are more likely to live on a low income and many face significant barriers to accessing benefits. Ethnic minorities have been identified as an under-pensioned group, and they are significantly less likely than the white population to have access to a private pension. Yet there are some significant gaps in existing knowledge about minority ethnic groups and their experiences and understanding of work and pensions. There is also a need to provide a more nuanced account of differences amongst and between minority ethnic groups. Ethnic minority experiences of the labour market, financial planning, and retirement are multifaceted. Whilst there are differences between ethnic groups, there are also commonalities, such as gender and generation. There is a need to distinguish issues associated with low income from those that are more directly related to cultural and religious beliefs and practices.

The Department for Work and Pensions (DWP) commissioned a qualitative research study in spring 2005 to examine the different factors that affect the work, saving and retirement decisions of ethnic minority groups. The aim was to fill acknowledged gaps in existing research by examining the characteristics and circumstances of people from these groups that affect work, saving and retirement, and to ensure that policies are appropriate and sensitive to cultural differences. Such issues were further highlighted by the subsequent publication of the Pensions Commission's second report 'A new Pension Settlement for the Twenty-First century' at the end of 2005 and the Government's White Paper 'Security in retirement: towards a new pensions system' in May 2006.

The research conducted by the Policy Studies Institute consisted of 60 semi-structured interviews with people from the six main ethnic minority groups in the UK i.e. Indian, Pakistani, black Caribbean, black African, Bangladeshi and Chinese, including both those below and above state pension age.

1.2 Structure of the report

This chapter begins by reviewing the available literature on ethnic minorities and work, pensions, savings and retirement, highlighting the link between economic disadvantage in later life and earlier experiences in the labour market. The chapter goes on to look at the research aims and qualitative methodology employed in the study and provides a summary of the key characteristics of the sample.

Chapter 2 entitled 'Work and education trajectories' examines the work histories of the interviewees. It draws out some common themes in the experiences of the interviewees before focusing on seven profiles which represented typical experiences for ethnic minority groups who share a set of characteristics such as being lone parents, having worked in an ethnically segmented sector of the labour market or being from the second generation of a migrant group. These profiles provide case studies of the interviewees, exploring their different experiences of the labour market and conclude by raising a set of questions about the issues these groups face in relation to retirement and pensions planning.

Chapter 3 entitled 'Household finances' explores the household circumstances of interviewees, the extent to which they are providing support to, or receiving support from, the extended family, attitudes to money, and the use of financial advice and financial products, to set the context for their retirement planning.

Chapter 4 entitled 'Planning for and financing retirement', explores expectations and experiences of retirement, including working after state pension age, knowledge and awareness of pension provision, expectations of income in retirement, take-up of pension advice, reasons for not saving into a pension scheme and property and self-employment as influences on retirement planning.

Chapter 5, the concluding chapter, 'Factors influencing retirement planning and the implications for policy' draws together the findings of the earlier chapters, and relates these to the proposed reforms set out in the Pensions White Paper¹.

1.3 Ethnic minorities and pensions literature

Pensioners living in households headed by someone from a minority ethnic group are more likely to live on a low income and many face significant barriers to accessing benefits (Barnard and Pettigrew, 2003). Evandrou's (2000) analysis of General Household Survey data has illustrated significant differences both between and within minority ethnic elderly populations, with particular evidence of deprivation amongst Pakistani and Bangladeshi elders.

Ethnic minorities have been identified as an under-pensioned group (Pensions Policy Institute, 2003) and they are significantly less likely than the white population to

¹ DWP (2006) Security in retirement: towards a new pensions system.

have access to a private pension. Analysis of the Family Resources Survey by the Pensions Policy Institute (2003) demonstrated that only 44 per cent of non-white people have a private pension, compared to 56 per cent of white people, and that among those aged 25-34 this difference is even larger (39 per cent compared to 57 per cent). The author attributes these differences to lower employment rates, lower earnings, the over-representation of ethnic minorities in part-time work and self-employment, and segmentation into particular sectors of the labour market.

A recent report on social exclusion among those aged 50 and over (Barnes *et al.*, 2006) found that 30 per cent of non-white respondents were financially excluded, meaning that they lacked a pension or other long-term savings, compared to only nine per cent of white respondents. As the authors note, this is likely to be an underestimate, since the methodology adopted excluded those unable to speak English fluently. Another paper looking at the adequacy of pension incomes (Banks *et al.*, 2005) was unable to consider ethnicity because of small sample sizes but demonstrated the strong correlation between pension wealth and other forms of wealth.

Orientations to work over the life course play a significant role in people's strategies both prior to and at state pension age. Research has shown how these shape decisions regarding whether to continue working or retire (Barnes *et al.*, 2004, Hirsch, 2003). The ways in which individuals plan and make financial provision for retirement reflect differences in disposable income, occupation and orientation to work. Those in manual occupations and unskilled work tend not to engage in high levels of planning, partly because their incomes do not stretch to saving, but also because few have access to occupational pensions. Research studies (e.g. Rowlingson, 2000) have consistently demonstrated that many of those on low incomes are aware of the need to plan for retirement, but lack the resources to do so. While those who have been able to plan are generally better off in retirement, this is not guaranteed, as some find their financial position reduced through unexpected events such as divorce (especially for women), redundancy late in life and the devaluing of personal pensions (Barnes *et al.*, 2004, Bardasi and Jenkins, 2001).

Few previous research studies have included significant numbers of individuals from ethnic minority groups and there is an important gap in current understandings of how these groups plan for and experience retirement. There are some exceptions; Nesbitt and Neary's (2001) research comparing the retirement planning of white, Bangladeshi and Pakistani men in the North West found that Bangladeshi and Pakistani men expected to receive financial support from their children in retirement, while a recent study of south Asian elders in the Gujarati and Bangladeshi communities in Leicester, found that many of those in non-manual semi-skilled/skilled occupations had made some provision for their retirement, although their investments were concentrated in state and private pensions and property. On the other hand, Bangladeshi men employed in hotels and restaurants, and women in both communities, had not made adequate preparations and were expecting to rely on their children and the state for support in old age (Katbamna *et al.*, 2004).

1.4 The research aims

A brief review of the literature highlighted some significant gaps in existing knowledge about minority ethnic groups and their experiences and understanding of work and pensions. It also suggested the need to provide a more nuanced account of differences amongst and between minority ethnic groups in this respect. Ethnic minority experiences of the labour market, financial planning, expectations of retirement and the reality of the opportunities available at state pension age are multifaceted. Whilst there are differences between ethnic groups, there are also commonalities, such as gender and generation. There is a need to distinguish issues associated with low income from those that are more directly related to cultural and religious beliefs and practices.

The key objectives of the research were to:

- understand the expectations and priorities of ethnic minority pensioners and people of working age with regard to work, retirement and pensions;
- understand the ways people from ethnic minority groups save and make financial plans and provision for later life;
- understand feelings about extending working life for ethnic minority groups;
- identify differing needs amongst ethnic minority groups in relation to work, retirement and pensions.

1.5 Methodology

The research was designed to explore these issues with people aged 40 and over from the six main ethnic minority communities in Britain. While the ethnic minority community as a whole is more diverse than revealed by official statistics, changing with new inflows of migrants, the Indian, black Caribbean, Pakistani, black African and Bangladeshi and Chinese populations form the largest groups, and constitute over 70 per cent of the UK's ethnic minority population. A focus on the experiences of men and women from these six groups was felt to provide a deeper analysis than would be possible if a wider variety of ethnic groups had been sampled and was also consistent with a focus on groups facing disadvantage in the labour market (Office for National Statistics (ONS), 2003).

A small scoping exercise consisting of interviews with key informants, with expertise in the area of older members of ethnic minority groups or pensions research, was also conducted at the beginning of the project. The aim here was to flag up potential issues for the groups being researched, which would be important in the development of the research tools. Those interviewed included academics, service providers, and policy makers from both the voluntary and commercial sectors. Issues raised included the sensitivity of interviewing low income groups about savings and pensions and the importance of drawing out points of similarity as well as difference both between different ethnic minority groups and also between ethnic minority groups and the white population.

The main sample of working age and older people was drawn from two urban areas: London and Birmingham. The West Midlands has the highest number of ethnic minority groups outside London, with Birmingham providing access to a large Pakistani population as well as significant numbers of black British, Caribbean, Indian and Bangladeshi groups. However, nearly half (45 per cent) of the total ethnic minority population live in the London region. Chinese people are the most dispersed of the main ethnic groups but their numbers are highest in London and the South East. The combination of London and Birmingham provided access to diverse ethnic minority populations, with Birmingham providing an important means to widen the scope of the sampling beyond inner London boroughs which can be atypical, relative to the UK as a whole. These locations also provided access to both more and less affluent neighbourhoods in order to capture those across the income spectrum in the sample.

Whilst the original intention had been for the sample to reflect the position of ethnic minority groups in terms of household income, concerns were raised by the research team and echoed by several of the key informants about the difficulties of interviewing those on a low income or in receipt of means tested benefits, on pension planning and saving. In particular it was noted that low income households with little disposable income are rarely able to save or plan ahead and a topic guide focusing on pension planning with this group might cause distress to the respondent and produce little useful data. This necessitated both a broad focus and context to the financial section of the topic guide to include questions on expectations and aspirations for old age/retirement and a small revision of the sampling strategy so that equal numbers of low and medium income households would be captured along with slightly lower numbers of high income informants.

Since the focus of the study was on planning for retirement, the priority was for the sample to represent the aspirations and plans of those currently in paid work and the aim was for two-thirds of the sample (40) to be below state pension age. The inclusion of those at or past retirement age was also regarded as important. Previous experience of the research team suggested that actual experience of retirement often fails to reflect earlier plans and aspirations and, as such, these experiences provide important insights into the reality of retirement and the effects of planning for many older people (Barnes *et al.*, 2004). The intention was for those at or over state pension age to constitute a third of the sample (20).

Interviews were conducted by an independent research agency, Agroni, who specialise in research within ethnic minority communities and supply interviewers from different ethnic backgrounds with language skills who both conduct and, where necessary, translate the interviews. This method was chosen in preference to the research team conducting the interviews with the aid of community interpreters, as previous experience suggested that a better quality and depth of interview would be achieved by using community researchers (Alexander *et al.*, forthcoming).

The interviewers from Agroni used community contacts and a screening/recruitment questionnaire in order to ensure that respondents were recruited according to a master quota. The interviews were conducted in the respondents preferred language where possible, and interviewers and respondents' were matched as far as possible in terms of gender, age and ethnicity. In reality, time pressures on the fieldwork and a shortage of Chinese, Caribbean and African researchers, meant that matching did not take place to the extent initially hoped for. Each interview lasted between an hour and two hours. Individuals were given a £20 incentive payment on completion of the interview. Three pilot interviews were conducted by the research team at the Policy Studies Institute (PSI) and a senior researcher from Agroni to test the research instruments.

The interviews began with a short survey style section of questions that provided contextual details on the characteristics of the interviewees (See Appendix A for a full version of the topic guide). These covered:

- age;
- marital status and number of children;
- current employment/retirement status;
- born in/or length of residence in the UK (first or second generation);
- neighbourhood and housing (tenure and length of time lived there);
- skills, qualifications, language etc. (highest qualification and where gained, language spoken at home);
- caring responsibilities;
- health/disability;
- religion and levels of religiosity.

The main body of the topic guide contained a number of sections that were covered in more depth. The first section was a work/event history time line that aimed to incorporate a work history with a map of the key events in the respondent's life such as migration, marriage, birth of children, changing jobs, and periods of time spent in education and in or out of employment. A number of the key informants had noted that respondents may have spent time abroad which would affect their contributions record and it was hoped that the time line would be able to capture complex work and life histories. The work/event history went on to provide the starting point for section two which covered questions about the work they had done during their life, their orientations to work, feelings about their working life and career and discussion on education and skills.

Section three explored expectations about retirement and later life and included questions on what the term meant for the interviewees, what their hopes, expectations and fears were, and whether they planned to continue working after state pension age. For those over state pension age the questions focused on whether their expectations had matched the reality and what their experiences of the retirement process had been.

Section four looked at household income. Respondents were asked to pick a band closest to their current monthly or weekly household income. Questions focused on changes in income over time and since retirement, financial decision making in the family, family support provided and received, outgoings and whether they were managing on their income, savings and attitudes to saving and where they would go for financial advice.

Section five covered pensions and explored the extent of respondents' knowledge about pensions; whether they saved into any schemes, when they started thinking about pensions, and possible sources of income in retirement, including support from children and property as an investment in the future. Finally, they were given one or two scenarios from a group of eight and asked to give their views on the situations and what advice they would offer to the individuals described (see Appendix B). These provided a way to explore sensitive issues and also to prompt responses on pensions from those who may have initially felt such issues were not relevant to them. In the event that the interviews raised questions for the interviewees and triggered their interest in finding out more about pensions, a fact sheet was also provided containing a range of useful contact numbers and websites where the interviewees could go for more information.

Interviews were taped, translated where necessary, and transcribed verbatim. In order to maintain confidentiality, a unique identifier was assigned to each interviewee by Agroni and all documentation relating to interviews was labelled with these identifiers rather than real names. In this report, pseudonyms are assigned to all participants and these are double-checked against other informants' real names, to ensure that none are duplicated. Interviewers also prepared field notes to help to contextualise the interviews for the researchers at PSI who were conducting the analysis. These field notes included a summary of the respondent's characteristics, where the interview took place, information on how the interviewer felt the interview went and any incidents that occurred during the interview that might contribute to understanding.

Analysis was conducted with the assistance of QSR NVivo 7, the latest version of a computer software package for qualitative data analysis. A particular advantage of this software is the facility it provides for integrating interview material with other data, managing a complex set of data from a variety of different sources. The analysis used a methodology in which the analyst reviews the data; compares and contrasts the perceptions, accounts or experiences; searches for patterns or connections within the data and seeks explanations internally within the data set. This approach is known as grounded theory (Glaser and Strauss, 1967), and one of its main strengths is its methodological rigour, in that another objective researcher examining the same set of data would derive the same conclusions.

Anonymised transcripts received from Agroni in electronic form were imported into NVivo 7 by PSI. An initial coding framework was devised with tree nodes providing broad categories that aligned with the topic guide as well as some less structured free nodes. NVivo operates two simultaneous forms of coding – 'trees' and 'free'

nodes, which can be merged together (or split) to reflect analytical concerns as the research progresses. 'Tree' nodes reflect inter-related information and often draw upon the structure of topic guides, while 'free' nodes' reflect more conceptual or exploratory categories. Initial analysis of these broad tree and free nodes by researchers led to the creation of child nodes relating to emerging themes and issues providing a more finely tuned framework for analysis. Extensive use was also made of attributes initially derived from the background data and sets developed from the attributes. These enabled the researchers to capture groups emerging from the data such as different household types and use these for further searches on particular themes in order to explore the views of particular subgroups.

The significant overlaps in themes and question areas with a previous research project for the DWP (Barnes *et al.*, 2004) also provided the opportunity for some cross referencing of analytical concepts. The sample from the 'Working after State Pension Age' (WASPA) study consisted of those approaching state pension age (50-60/65), those working after state pension age and those who had retired. The mainly white British workers in that study provide some interesting points of comparison with the experiences of the ethnic minority groups sampled for this project.

1.6 The sample

The final sample of 60 respondents consisted of five men and five women from each of the six ethnic minority groups: Indian, African, Chinese, Caribbean, Bangladeshi and Pakistani. Of the 60, 13 were retired and three were working after state pension age. Looking at the sample in terms of age cohorts, 16 were over 60, 22 were in the 50-59 group and 22 were in the 40-49 group. Twenty-two of those under state pension age were currently in employment, 11 were self-employed and 11 were not employed (this group included the unemployed and those unable to work due to ill-health or caring responsibilities). No one in the sample was under state pension age and retired. (See Appendix C for a table of the participants' characteristics).

Income groups proved particularly difficult to capture accurately in the recruitment process. The final sample did not match the original quotas, with higher numbers of high income informants than intended. In part this was because respondents were sampled on the basis of their individual income but grouped according to household income. During the interview the interviewer asked them to identify their household income from a range of weekly or monthly bands and these narrow bands were later grouped into three broad bands, low (below £199 per week), medium (£200-£599 per week) and high (£600 or more per week). Households were allocated to these bands individually by the researchers based not only on where individuals had positioned themselves on the household income scales but also the other data they provided, such as receipt of means-tested benefits and subjective assessment of income adequacy. The final sample included 19 low income, 17 medium income and 24 high income households. Given that the intention had been to weight the sample in favour of the medium group, this meant a proportion intended for the group had crossed the boundary into the high income group.

Over half the sample were married and most were living in two generation families. However, there were also extended families where three generations lived in the same house, couples without children, adults living with parents, lone parents, and in two cases, grandparents with legal responsibility for a grandchild. Most had bought or were in the process of buying their homes, a smaller proportion were in council or rented accommodation.

Individuals had spent very different amounts of time in the UK, with the great majority arriving prior to the 1990s. Around ten per cent arrived after 1990. A fifth of the sample were born in the UK and could be defined as second generation, although a small number of these had returned to their country of origin for their education before returning in their 20s to find work. There were a range of religious affiliations mentioned. The largest group were Muslim. There were smaller numbers of Christians, Hindus, Sikhs and Buddhists and a significant proportion who stated they had no religious affiliation.

As the above description makes clear, not only does the sample contain the experiences of men and women from six different ethnic minority groups but these are internally divided by a wide range of characteristics such as migration history, household type and experience of, or distance from, retirement. The next chapter begins to explore some of the subgroups that define the sample and raises some key issues for the analysis in later chapters on retirement and pension planning.

2 Work and education trajectories

There was considerable diversity in the respondents' experiences of education and work and this has shaped the way the data is examined and presented in this chapter. The first section explores the common themes that emerged. These were apparent in relation to the possession and value of educational qualifications and skills, the experiences of finding work after migration and particularly employment and self-employment trajectories. However, more often the sample was characterised by a lack of cross-cutting themes and the groups to emerge from the data were generally small collections of individuals that shared a particular set of circumstances such as being lone parents or being born into the second generation. The main part of this chapter explores the experiences and characteristics of those constituting groups with a particular profile. The discussion situates these groups in relation to the general population with reference to census data and other statistical sources that provide a view of the wider context. Each profile section contains a case study of a respondent from within the group providing a more nuanced account of individual trajectories and highlighting the complexity of ethnic and gender differences. The profiles raise a number of questions about retirement and pension planning faced by different groups and these are revisited in the concluding chapter.

2.1 Common themes – education, work and migration

The factor that most clearly defined the experiences of the interviewees was whether they had been born and educated in the UK or whether they had migrated to the UK as adults. For those born outside the UK, their trajectories were shaped by their age at migration, their education and work experience in their country of origin, gendered cultural norms about work and family care, and the period in which they arrived in the UK. A number of the older men and women from countries such as Pakistan, Somalia and India described how difficult it had been for them to find work when they arrived in the UK, a fact they attributed to several factors, including their level of English when they arrived, a lack of (recognised) qualifications, and discrimination.

The sample included a range of levels of educational attainment, from those who had left school at 15 or younger with no qualifications through to those who had gained a Bachelors degree or above. A significant proportion of those born outside the UK had gained additional qualifications at some point after arriving in the UK. Some had done further degrees but other courses undertaken included BTEC, NVQ and A level. A small number had come to the UK as students but others completed these qualifications after they had been in the country for many years. It was a useful strategy to try to improve employment prospects and bring UK qualifications in line with overseas ones, although participants did not always continue in the same line of work or education they followed in their country of origin. Some participants who had left school at 15 or 16 in their country of origin went on to gain degrees in the UK.

However, not all interviewees managed to improve their situation through education. Others remembered wanting to study, but being unable to afford to undertake courses, particularly professional qualifications and degrees which were expensive and time consuming. A lack of proficiency in English provided a further barrier for this group. Zeenat, a Pakistani woman in her mid 40s, explained she had married young and lived at some distance from a school or college which made it difficult for her to gain an education. She regretted not having the chance to go to university and recognised that qualifications would have helped her find a job in the UK. At one point she found out about a sewing course at her local community centre but was unable to enrol because her English was not good enough. *'If I had got on to that course, maybe I could have worked from home, sewing clothes for bigger companies'*.

Several interviewees who had had little education themselves saw it as a priority for their own children, wanting them to get better jobs and have more opportunities than had been available to them. One respondent, Waqar, explained: *'I tried to make sure that my children don't face the same problems. I sent them all to universities, they all got good education. So they don't end up working in factories and sweating like their father did'*.

Several of those who had come with good qualifications and professional or managerial work experience found that their qualifications and skills were simply not recognised or their English was not at the required level and their only options was to take low paid work such as cleaning, hotel and factory work. Whilst some were able to improve their employment prospects over time through education or self-employment others remained in these sectors for the remainder of their working life. Some of these felt that they had never been able to realise their potential, but others had been happy working in these types of jobs and had not felt unfulfilled. A small number of older interviewees had found themselves working in industries that were declining such as foundry work and, more recently, car manufacturing, and several worked in occupations that were ethnically segmented such as textiles, NHS nursing and restaurants and takeaways, sectors where particular ethnic groups were concentrated. Insecure, poor quality and low paid jobs were a significant feature of many of the work histories of the non-UK born participants.

A small number of the women who migrated to the UK had no experience of paid work either in their country of origin or the UK and a further group had a small amount of work experience before marriage but had not worked since. Particular cultural norms around women's education and work were marked among older women who had migrated. Several women mentioned that they had not had an education because this had not been regarded as appropriate for women. This comment from Zeenat is typical: *'it was never considered important for women to get educated because there would be no need for them to work.'* These women had spent their lives bringing up children and supporting their husbands. However, their feelings about their working lives varied and whilst some women were very comfortable with a life spent in the home raising a family, others expressed frustration or regret that they had not been able to work.

For the men and women in the sample who were born in the UK the issues were slightly different. Most were educated to degree level and had achieved well paid positions in full-time employment. Several were in professional occupations such as engineering or worked as managers in IT, HR and retail. All the women in this group were working, and were either childless or had small numbers of children. The profiles below explore these issues in more depth.

2.2 Work trajectory profiles

A number of different types of work and labour market profiles emerged from the data and these were shaped, but not defined, by ethnicity as well as gender and generation. Seven key groups are explored here:

- women who have never worked;
- lone parents;
- the self-employed;
- workers in an ethnically segmented labour market;
- workers from declining industries;
- the second generation – born and educated in the UK;
- dual earner households.

The groups include those from the sample who are retired and may not fit the profile at the time of interview but whose work trajectory, income or household type over the course of their lives means their experiences are relevant. Nor were these the only groups to emerge. Other profiles included unemployed people, Muslim families, those working after state pension age, childless couples, single men and women. However, these were mainly small groups or the issues raised were explored within other profiles or elsewhere in the report. Several of these groups of interviewees were fairly large and ethnically diverse such as the self-employed or dual earner couples. Others were smaller and more ethnically homogeneous such as

women who have never worked or lone parents. Although some profiles were more relevant to a particular ethnic group, others cross-cut ethnicity and highlighted the importance of socio-economic status, family type and relationship to the labour market in shaping retirement planning and pensions issues.

2.2.1 Women who have never worked

There were five women in the sample who had never worked, representing Bangladeshi, Pakistani and African backgrounds. The African woman in this group was a Somali refugee who had fled with her eight children (her husband remaining overseas). The statistical data shows Bangladeshi and Pakistani women have the highest rates of unemployment of women in all ethnic groups and, the highest rates of economic inactivity among all ethnic groups. In 2004 75 per cent of Bangladeshi women and 69 per cent of Pakistani women were neither working nor seeking work compared to 25 per cent of white British women and 26 per cent of black Caribbean women. Religious norms may be one of the reasons for this as Muslim women have the highest rates of inactivity and Christian women the lowest (Connolly and White 2006).

The women represented all age groups. They all had large numbers of children (between five and eight) and again this makes them typical of women of their age and ethnic origin. These numbers also reflected fertility rates in the wider population, with Pakistani women having the highest number of children at 2.12 compared to only 1.63 for white British women in 2001. For African and Bangladeshi women, the rate is also high at 1.94, whilst for Chinese and black Caribbean women the rate is lower than white British at 1.29 and 1.46 respectively (Large and Ghosh, 2006).

All the women had left school aged 16 or under with few or no qualifications and, with the exception of one Pakistani woman, spoke little or no English. Some were widowed and others had partners who were unemployed, disabled or on a low income. Unsurprisingly, all were living on a low income.

The women were stoical about their situation despite acknowledging that life could be hard financially. Raising the family was what they had always done and it was not something they questioned. One Pakistani woman pointed out that it was what was expected of them:

'Girls didn't work, their role was to stay at home and look after the home and family. Men had to work and put food on table. I got married in a financially stable family. So there was never the need for me to work.'

Zeenat

Case study

Dipali is a Bangladeshi woman in her 50s who has been in the UK for 25 years. She has five children aged between 14 and 22 and her husband, who is older, is now retired, although he was unemployed for many years prior to this. She speaks very little English, has no qualifications, and has health problems that limit her mobility. She has never had work outside the home and when asked if she would be able to find a job she explained that this was simply not possible for her *'I can't walk. I don't know where to go, which bus to take, I don't know. I never went to city centre alone.'*

She is desperately worried about the family's financial situation. Her husband sends a proportion of his pension to his second wife in Bangladesh and gives her almost nothing for food and bills. *'If I ask him to do shopping or spend some money he asks me to give him money to spend. If I give him money he always keeps most of the money.'*

She manages on Child Benefit and they receive Housing Benefit but it is a struggle to manage the demands for food and clothes made by the four children who are still living at home. Although she wanted to save money for her daughter's wedding, the financial situation of the family has always made saving impossible.

There are a number of issues for this group in relation to their retirement and pension income. Although Home Responsibilities Protection (HRP) reduces the number of years they are required to contribute to a pension, their years of childcare alone cannot qualify them for a pension, because of the requirement for a minimum period of paid work. Those who are married may be eligible for a pension based on their husband's contributions, but if the family have arrived fairly recently or their husband has worked in a low income sector they are likely to be in receipt of Income Support for at least part of their working lives, and claim Pension Credit in retirement. These women tend to be invisible to the pensions system given that Income Support and Pension Credit claims are usually made in the husband's name. Although there is an assumption of income sharing between couples, Dipali's experiences reveal how this might not always happen. The group also highlights the implications of having a large family for retirement and later life. On the one hand, having children can provide a safety net in old age, providing practical and financial support and resources, but on the other, large families are likely to increase poverty levels and reduce the amount of disposable income available to pay into pension schemes during working life.

One of the scenarios presented to respondents (see Appendix B) concerned a woman who had never worked outside the home as she had been bringing up children for many years, but is widowed in her 40s. Most responses to this scenario, from both men and women, suggested that someone in this situation should try to seek paid work, even if it was low-paid or not her ideal choice of work, and interviewees seemed to feel that it would not be too difficult to find some sort of job,

e.g. in catering. They also pointed to the existence of various projects and initiatives which exist to help women in this situation return to the labour market. It was suggested that employment would be beneficial in providing occupation and social contact, as well as increasing income. In reality, however, women who have never worked are significantly disadvantaged in the labour market, for a variety of reasons. They may lack language, work experience and knowledge of job market and mobility and previous research has demonstrated that finding work later in life is likely to be very difficult for this group (Barnes *et al.*, 2005).

2.2.2 The self-employed

This group consists of 12 men and five women in the sample who had significant experience of being self-employed. They ran businesses that included a clothing company, estate/property agencies, restaurants, a barber, a cash and carry, a grocery shop, a market stall, a takeaway, a photo processing shop, a nutrition business and a marketing consultancy. In other words, they were employers and sole traders rather than contractors². They represented all ethnic groups and had mainly migrated to the UK. Looking at self-employment rates in the wider population, people from ethnic minorities are over-represented relative to the white population. However this over-representation is not consistent across all ethnic groups. Pakistani and Chinese people have notably higher numbers (23 per cent and 18 per cent of all those in employment respectively) than their white British counterparts (around 12 per cent). Numbers for other ethnic groups are either on a par with the white population, as is the case of those of Indian ethnicity, or lower, e.g. those from a Bangladeshi or Caribbean background, who both constitute under ten per cent and the black African community, around six per cent. Self-employment is dominated by men who make up 74 per cent of all the self-employed (Summerfield and Gill, 2005). The fourth national survey of ethnic minorities showed that for most ethnic groups, women have half the rate of self-employment of men. (Modood *et al.*, 1997)

All age groups were represented and most of the men under state pension age were in high income households and ran successful businesses although one woman had to supplement her nutrition business with part-time employment in the IT sector in order to pay the bills. However, some in this group had been unemployed or economically inactive for a year or more. These included people who had been forced to sell their business for various reasons (one to pay for his divorce, another because it was unprofitable and one man sold his business in China when he migrated and had not yet found employment or self-employment in the UK) and another who had been unable to work due to ill-health for a year and whose wife had taken over the running of the business. The financial position of those who were

² A study of Asian self-employment by Metcalf *et al.* (1996) also found that Asian men were much less likely than their white counterparts to work as self-employed contractors.

no longer self-employed was more tenuous with some now on low incomes, although the Chinese man was supported by his wife who is a high earner, and they have no children, so they were secure financially.

Talking about their entry into self-employment, several of the men mentioned the struggle they had finding good quality work when they first arrived in the UK. Self-employment was not always their first choice but had become a way of making the best of a difficult situation, as Nazir, an African man, explained:

Interviewer: *'Did you look for a job before you became self employed?'*

Respondent: *'Of course we both did – but it was very hard for us and I don't want to remember to be honest. It was nightmare because we didn't have any experience and we couldn't hardly speak any English so, in a way I don't blame it to employers.'*

Kelvin, who had started his own business in his 40s, explicitly saw this as a way of avoiding the discrimination and low earnings he had experienced in the wider labour market, saying *'I learnt how to run a business in order to have a successful life. I was not ready to accept that I had to remain poor because I am black.'*

For others, self-employment was a family tradition and they had used their family's experience in a particular area of business either in their country of origin or in the UK to give them a start. Paul, a successful estate agent, commented: *'so many of us in the family [are] involved in the job and it's been a tradition of the family that we were into the same job. So it's been a passion...and it's really, I mean, bringing money in and it's really very lucrative.'*

The women had come to self-employment later than the men, often after raising a family or being a housewife for a period. In contrast to the men, women did not present self-employment as a way to avoid low paid unskilled labour, although it may also have served this purpose. One woman said she had started the company after her divorce to prove to her ex-husband that she was capable of running a successful business. She was now on a high income. A Chinese woman in her late 50s had started a takeaway business some years ago when her husband was injured in an accident and had had to stop working. Like other self-employed people in the sample, she had continued a family tradition when she chose the takeaway business, *'my family people are doing this. So I followed them'*.

As with the white self-employed respondents in the working after state pension age research, there was evidence of a strong work ethic and desire for independence in the way this group talked about their work, although this was tempered for some by a sense that self-employment was a necessity for migrants who wanted to escape menial, low paid work. Some of the women talked very articulately about their motivations for running their own business and demonstrated a strong orientation to work, valuing their independence and autonomy. Parveen explained:

'I enjoy working because I am my own boss, I am the boss. I make the rules and all the decisions. It's a good feeling knowing that I don't have to answer to anyone or report to anyone; in my situation it is other people who report to me and at times it feels very good.'

Self-employment also provided a way of reconciling work and family life for some women, as Neena, a Bangladeshi mother, explained:

'I am happy with my current situation because it is part-time. My computer science job is part-time and my other job where I work from home is part-time and that also allows me to look after my youngest at home as well.'

Not everyone found that self-employment was helpful in terms of work-life balance. Lily Ann found that her seven-day working week in the catering sector left her little time for herself and the needs of her family, while Manju, who ran a photographic processing business, spoke of the constant tension she felt, although she enjoyed her work.

Case study

Govinda is a 42 year old Indian man married with three school age children. He arrived 15 years ago (with his wife) with an engineering degree and five years' work experience as an engineer. He found that neither his degree nor his experience was recognised by employers in the UK who suggested he do a degree at a British university which he could not afford. Instead, he did a variety of jobs to earn money including cleaner, machine operator, journalist, and minicab driver but was depressed by his lack of progress and inability to access his profession and decided to go back to India. He takes up the story *'So, I sent my parents and family back. After my family went back I still continued to drive the mini cab. I also thought of going back. I was ready to go back and then I got the opportunity to buy the shop. So I stayed to finalise the deal. Somehow I managed to raise money from the bank.'*

With the help of a bank loan (on a very high rate of interest) and then the support of his wife who works in the shop, he had made a success of the business. However, he realised at the time he was taking a large risk and it meant some sacrifices. *'In the best situation I can run the shop. In the worst condition I would become bankrupt...I took the risk with my whole heart, forget that I am an electrical engineer. And just go for it. It took me six years to settle.'*

The self-employed group face several issues at retirement, not least of which is exactly when to retire given that they are not subject to employer defined retirement policies. The demands of self-employed work also vary considerably; there is a big difference between being a non-working partner in a business and having day-to-day responsibility for the running of a busy restaurant, just two examples from the sample. Most importantly, retirement raises questions about what will happen to the business. Selling the business could potentially provide for them in their

retirement (although it would need to be of substantial value to provide for a decent annuity), but they may be expecting to pass it on to their children. If the business has been unsuccessful, as it had for several in the sample, then they may find themselves on Pension Credit in retirement, particularly as they are unlikely to have contributed to an employer pension scheme.

2.2.3 Lone parents

Eight women in the sample were lone parents and they came from all six ethnic groups except Chinese. The 2001 census reveals that in the wider population, over half of all black Caribbean families with dependent children were lone parent families compared with less than 20 per cent of Chinese families. (Babb *et al.*, 2006) Two of the lone parents in this profile group were now retired and had adult children, but they had been lone parents for a significant proportion of their working life. In addition to the eight mentioned, there were two retired divorced/widowed grandparents (one male, one female) who had custody of a school aged grandchild and were, thus, effectively lone parents, although they faced slightly different issues in relation to pensions and retirement income. The lone parent group does not include those who separated or divorced later in life when their children were already in their 20s.

Most of the lone parents had worked or were working full-time. The retired Indian woman who had sole charge of her grandson continued to work full time in a factory. Only one of the lone parents was economically inactive and she was the Somali refugee with eight children. The majority had two children. Both the widows in this group were Pakistani women, where widowhood rates may be higher because South Asian women tend to marry older men (Berrington, 1996). Some in this group were on a low income and struggling to manage. Rose was employed full-time as a catering assistant at the time of interview, and has always worked, but in low-paid jobs such as care work and cleaning, which have just about covered the bills.

'I manage on that. It's not enough, if you ask me whether it's enough, it's not enough but that means, that makes me... At times I'll go and do extra work somewhere to make up.'

Others were on a medium income. Several of the lone parents were well educated and had secure well paid employment. Hima, a 40 year old Bangladeshi Muslim woman had two children under five who were in full-time nursery care. She is recently divorced, works full-time in the voluntary sector and enjoys her work. She was born and educated in the UK and her husband was not Bangladeshi or a Muslim, which led to a rift between herself and her family. Her ex-husband buys things for his children, but does not contribute to their daily maintenance and although she would have preferred to spend more time at home with her children when they were young, the divorce necessitated a move to full-time work. She is careful about saving, realising she has nothing to fall back on, but says what allows her to manage financially is the in-work benefits she receives.

'...the reason why I am not financially struggling is because going back to work I am entitled to other forms of benefits from the Government, things like child care, family tax credit. Obviously these things were not available when I was 20 years old, but then I did not have kids, but these are things which are available now for working parents and now that I am a single working parent there are some benefits that I am entitled to, so they kind of help, I guess that is why I am not struggling.'

Similarly Zeenat also acknowledged that she was grateful for the support provided by the Government for lone parents. None of the lone parents in this group appeared to receive significant amounts of either financial support or other forms of support from their wider family.

Case study

Sarah is a lone parent from the Caribbean with three children, one still at school in the Caribbean who she supports, and two in their early 20s living at home. She came to the UK 13 years ago having run a shop in Jamaica. She started doing cleaning work, did a care course and has had a period of unemployment caused by an accident at work. She now works as a care assistant in a home for elderly people. It is shift work and the income is irregular because she is on a zero hours' contract.

Both her children have dropped out of university courses and found work, partly because she cannot afford to support them. Although she is in a medium income household she is struggling to manage. She ran up debts during the period she spent unemployed after the accident and is now in a situation where a significant proportion of her income goes towards debt repayment.

'...phone bill, I have to pay the bank, I have to pay for my cards, I have to pay and I have so much bills, a lot of bills, believe it, a lot of bills...but you know when I was working I was in my good [earning] job, get the money every, every, every month and that time I was on 20,000 a year earning. I was earning those times and I do some business with the bank and you know and then I lose my job so have a breakdown so from there I'm still...still have to pay back those money. So while I'm getting my little wages coming in, and time I'm paying it out I have nothing to live on.'

She freely admits that although she has saved money in the past and would love to be able to save now, it is simply impossible for her in her current situation.

The issues for these lone parents at retirement relate to their employment history, and whether they have had to rely on Income Support and take significant periods of time out of the workforce to raise their children or whether they have been able to return to work, make use of in work benefits and make pensions contributions. Most of this group have worked for enough years to benefit from HRP for their years of childcare. Those who are widowed may have also inherited money from their

husband which will help to support them in retirement. For example, one Pakistani woman in this group who had been widowed in her 40s with two teenage children had been able to pay off her mortgage.

2.2.4 Workers in an ethnically segmented labour market

The sample contained small numbers of individuals working in segmented occupations, such as Caribbean women in NHS nursing, care work and hospital auxiliary work, a Pakistani taxi driver and a Bangladeshi textile worker. However, the focus of this profile is on a specific area of the labour market associated with minority ethnic groups; the restaurant/takeaway sector. In 2001 just under half of all employed Bangladeshi men and around 30 per cent of Chinese men work in the restaurant industry compared with one per cent for white men (Blackwell and Guinea-Martin, 2005). The group was represented by people from Bangladeshi, Pakistani, African and Chinese backgrounds who all worked or had worked in ethnic restaurants with one Chinese woman (discussed above, in the section on self-employment) who ran a takeaway.

Despite the negative associations with this type of work the experiences of this group were diverse and working in the restaurant sector had not necessarily meant low paid employment. They had worked in a range of jobs from kitchen staff, waiters and chefs through to restaurant managers. Whilst most were employees in someone else's restaurant others were self-employed and ran their own restaurant or takeaway business. The Chinese people in this group, Wang and Lily Ann, were living in high income households.

For some, restaurant work became a lifelong career. However, the group also included those who had done some restaurant work at some point, often early in their career in the UK, but had then moved on to other forms of employment such as taxi driving. Some talked about getting this type of work when they first arrived and could not speak English and there is an issue that these types of segmented markets do offer people a way of circumventing discrimination and skills deficits, while at the same time potentially trapping them in low paid work over the longer term (Barnes *et al.*, 2005).

Kamal for example was educated to masters' level, and was a schoolteacher in his native Bangladesh, but had done a variety of jobs during his early years in the UK, including retail work and restaurant work.

'After I came to this country I actually saw dark in front of me. Nothing I could see. Tried to get a job in factories, leather or fabric. I could not manage. Then I managed [to get] a job in a restaurant. But I couldn't cope, then I tried a job in a grocery shop, also I couldn't cope.'

Probed by the interviewer as to what he meant by not being able to cope with these jobs, Kamal explained that he had simply felt unsuited to this type of work, and was unable to find any job satisfaction in it. He had eventually found alternative work in the care sector and had worked his way up to a management position.

Wang had also found it difficult to obtain employment commensurate with his qualifications, but had managed to turn his skills to good use. Educated in China, he had done an MBA when he first arrived in the UK, and had taken work in his friend's restaurant as a temporary measure, to cover for staff shortages. However, he found that he enjoyed the work, and had progressed to a management position, becoming a shareholder in the company. At the time of his interview he had worked there 17 years, was in a high income household and felt he was well remunerated for his work.

Case study

Genji is a Chinese man in his late 60s who had come to the UK in his thirties. He explained that when he arrived, his employment options had been limited by his lack of fluency in English. He had struggled to find work and was unemployed for a period before finding work. *'I couldn't speak English at all. So when I came here, I remember my first job was a cleaner because you don't speak, just clean and then my second job was senior cleaner.'*

Although he had tried to learn English, it had not come easily to him, and he had initially failed to make much progress. However, after ten years of doing low skilled jobs he took some time out of employment to study English at home and his language improved. At around this time he bumped into a friend who offered him a job as an assistant manager in his restaurant and he remained in this sector for almost 15 years until his retirement, earning a good level of pay, but working very long hours which limited his social contacts outside work. Now retired, and without immediate family in the UK (his wife and son having both predeceased him) he feels isolated and would like to return to China, but is unsure whether he can afford to do this.

The issues for this group at retirement depend on how long they have been in the country in order to make contributions, whether they have moved into a high income group and been able to save money, or whether they have followed a low paid insecure work trajectory, which will have limited their ability to make anything other than minimum contributions. Genji had not met the 44-year contributions threshold for a full state pension but would have contributed to SERPS and S2P which would have reflected his years of high earnings, and made up some of the shortfall in his state pension.

2.2.5 Second generation born and educated in UK

This group consisted of eight interviewees who were born and educated in the UK. They came from all the ethnic groups except Chinese and consisted mainly of women. There were some cases that were not included in this group who had been born in the UK but had returned to their country of origin for most or all of their education, only returning in their early 20s to find work. All of this group were in their 40s and early 50s, were in full-time employment (one was self-employed) and had achieved high qualifications with all but one obtaining a Bachelors degree or

higher. All but one were on medium or high incomes. Several were in professional occupations such as engineering or worked as managers in IT, HR and retail. There was a split between those married to working partners, (who were therefore also dual earner couples), those who were single or divorced and lone parents. Within the context of the ethnic minority population as a whole 58 per cent of the working age Caribbean population are UK born compared with only 18 per cent of the Chinese and 20 per cent of the African working age populations. (Simpson *et al*, 2006)

The trajectories of the women in the group were interesting, as most had been in full-time employment since leaving school. The only exception was a Caribbean woman who had spent ten years at home when she first married, although she had not had any children. She entered her first job (in retail) when she was in her 30s and supported her husband who now worked part-time. Some of the women in this group were childless and those that had children had only one or two, and had taken very little time out of the labour market.

Case study

Anthony is in his mid-40s. His family were from West Africa although he was born and educated in the UK. He studied engineering until he was 27 and said it was what he always wanted to do, he was following in his fathers footsteps. He is married and has a 12 year old son who he hopes will also follow him into engineering. The family are secure financially, His wife works part-time and they are a high income household. They have already paid off the mortgage on their house which they have lived in for 25 years. Anthony has a range of financial products including life and health insurance and an employer pension and a private pension. He had strong ideas of his role in supporting the family

'Well, coming from very strict father of mine, I am [a] person that has to bring food home, you know, put everything into household and I'm the one who looks after everybody. [I] have got that expectation, make sure my family continues in that trend, my grandfather life onwards.'

At the same time he was also aware that his primary focus was on work and he hoped he would be able to spend more time with his family in the future.

'I mean I spend quite a time with my family, anyway. But if I could spend maybe more quality time I would. Hence future coming couple of years time may I think about dropping some hours and spending more time with my family.'

He is also planning to retire early.

These issues are not intrinsically different to those faced by the indigenous white middle classes. Those who are well educated, with a strong career trajectory and who spend a long time in employment have a similar situation to indigenous white British people in terms of pension contributions, the likelihood of having an employer pension and a positive saving history.

2.2.6 Workers from declining industries

There were only four with this profile in the sample, one who had worked in the textile industry, and the others had done foundry work. There were instances of this group having suffered a long spell of unemployment following redundancy with one who had been in foundry work and then moved into car manufacture, effectively moving from a declined industry into a declining one, and another who had been made redundant for the second time at 50 and had not found employment before his retirement at 65. He describes how he gradually realised that he was unlikely to find work. *'I had been to the Labour Exchange offices. They referred me to employers, without discrimination they used to say 'you are too old now'.*

An Indian woman who had worked in textiles described how the work simply petered out and finally ended when she injured her arm at work.

'I guess it all started with the sewing machine company because that was one of my main skills in life. They used to call upon me for infrequently. Some mornings they would call me in for work and at other times nobody would call me. The hours cut down a lot. Sometimes we were coming home early. Then on top of this, I injured my arm and my arm was in constant pain as well as looking for work I never found anything suitable. After searching for a suitable job for so long I gave up and began looking after my granddaughter.'

At 51 she still feels she can *'work for another good 5 or 7 years'* before retirement and has been looking for catering and interpreting work but she feels that the injury and her childcare responsibilities for her grandchild limit what is available to her and she laments the lack of good sewing work.

The others had worked in foundry work early on in their careers and like the men in restaurant work had moved on, in this case into work in the hotel industry and bus driving, both of which had seen them through to their retirement at 65.

Case study

Ashraf is a retired Bangladeshi man in his late 70s, who lives with his wife. He is not in very good health, and suffers from respiratory problems. He has six adult children, two from his first marriage (his first wife died in the late 60s) and four from his second marriage. Before coming to the UK, he had spent several years working for an Indian oil company returning to Pakistan when the country was partitioned and working in agriculture. He came to the UK in the late 1960s, when he was in his 30s and worked for several years in a hotel. He then moved through a succession of low paid, low skilled positions.

'Then I went to work in the factory. I moved to restaurant again. I worked in foundry, factory. I worked in chemical supply company in [area]. I also worked in a leather factory on this side of the river. I did plenty of jobs. My jobs were endless. I worked whatever I can find.'

Despite the insecurity of the work in his trajectory he explained that he was never out of work for longer than a few days at a time. Now that he is retired he and his wife struggle financially and are partly supported by their children.

The issues for those from declining industries in relation to pensions and retirement are similar to those faced by the segmented labour market group, although they were more likely than the former to have experienced spells of unemployment and low income, and thus to be claiming Pension Credit in retirement. This group is at greater risk of early exit from the labour market, and is a key target group to help back to work, perhaps through New Deal 50+.

2.2.7 Dual earner households

This group included all ethnic groups apart from Bangladeshis, but Chinese couples predominated. These were small families; some of the couples were childless, and the others had only one or two children. The group does not include husbands and wives both working for the same family business as in these cases there was only a single income source. Most were educated to degree level and worked in professional, managerial or administrative positions, as did their partners. All were in high income households except for the two Caribbean women in the group, who were in medium income households. Many were also second generation.

Although these were dual earning households at the time of the interview, some had had earlier periods where there was only a single earner. Xiao had worked only briefly before having her two children and did not return to the labour market until the age of 39, as her husband works full-time in a well-paid job, and she saw homemaking as her priority. She then took a full-time job in a community centre but has subsequently (since she reached 52, and her sons started earning) reduced her paid working hours to around 20-25 hours a week, doing some additional voluntary work alongside this. For her, fitting work around the various phases of family life has seemed natural and straightforward, as she explained: *'I enjoyed seeing my two children growing. When they were old enough to take of themselves, I started working again.'*

Case study

Meera is a Pakistani woman in her early 40s who came to the UK ten years ago after marriage. She had trained as an engineer in Pakistan, and worked briefly in this field before marriage, but feels that she never really established herself in this career. After coming to the UK she did administrative and reception work for several years taking whatever job was available, before having a child who is now six.

She now works as a customer service assistant, and enjoys this as it is flexible. She commented that although at first it had been difficult to reconcile the demands of work and home, this was now something she took in her stride: *'It is a juggle but has become part of life.'* Her daughter is now at school and her mother also helps with childcare.

The couple live in a high income household and her husband works in a well paid IT job. They are thinking about saving but Meera does not know much about pensions. Although she is aware she could opt in to her employer's pension scheme they have not got around to organising it yet.

Again, this group faces similar issues to the white population in relation to pensions and retirement, and appears best placed in terms of ability to save, because of having two incomes. The main issue is the nature of work and pay levels, since the benefits of both members of a couple working will be reduced if one or both are on low pay.

2.3 Conclusions

This chapter has demonstrated the considerable diversity in life and work trajectories among those interviewed for the research, and highlighted their differing implications for retirement saving and planning. This diversity meant that there were few common themes that cross-cut ethnic groups, however those in dual earner households and those born in the UK enjoyed a relatively advantaged position and were unlikely to face very different issues in relation to retirement and pensions from those of the white population in similar situations. On the other hand those not born and educated in the UK were likely to have faced a lack of recognition of qualifications acquired in their own country and for some, difficulties learning English. These in turn led to difficulties finding appropriate work which often resulted in them downgrading their expectations and aspirations. Many initially went into hotel, restaurant and factory work and although later educational opportunities and self-employment appear to have provided a route into better paid jobs for a small proportion, others remained in these types of job for the rest of their working life and may have experienced spells of unemployment.

The significant levels of low skilled, low paid work in the work histories of those interviewed has some common implications for pensions income in retirement with more dependence on state pension and difficulties achieving a full pension because of interrupted work histories which affect their contributions record. At the same time the exploration of the profiles revealed some specific issues for particular groups in the data; women who have never worked, lone parents, those in segmented labour markets and those who have worked in declining industries, face specific challenges in terms of limited access to pension schemes, extended periods out of work and early exit from the labour market. Certain groups of ethnic minority women may find it hard to access an independent income in retirement.

The over-representation of ethnic minorities in self-employment makes this an important category, but experiences of self-employment varied considerably for the interviewees. While some of those interviewed were very successful (for a small number it had provided a route out of low-paid work), others were struggling, or had experienced the failure of their businesses. This latter group were in a particularly difficult position if they had viewed the business as a key source of income in retirement.

Apart from work and education history, household finances, attitudes to money and awareness and use of financial products can all be expected to have an impact on spending and savings behaviour. These are explored in the following chapter.

3 Household finances

3.1 Introduction

This chapter discusses the financial situation and priorities of interviewees, including their incomes and commitments, financial decision-making and attitudes towards money and saving.

3.2 Household circumstances

In terms of income, the people interviewed fell into three groups of roughly equal size; low-income households (on means-tested benefits or with incomes of below £199 a week), those with household incomes of between £200 and £599 a week, and a high income group, with incomes of over £600 a week. Although some people were reluctant to go into detail about their finances, they provided enough information to be able to classify them into these broad groupings, and only one person completely refused to answer income questions.

The value of income also varies by household size and by the nature and extent of other financial commitments. While this research did not attempt to equalise income across households, it did explore the extent to which households felt able to manage on their incomes, the size of the household and whether there were large financial commitments such as a mortgage.

All ethnic groups in the study were represented in the high income households. Those in this category tended to be people under state pension age (only one was retired), and all but three were in paid work, including a number of self-employed people. Those in the high income group tended to be married or single (rather than separated or divorced), and to have a low number of children (five were childless and eight had only one child); many were dual earner couples. This was a group that was fluent or proficient in English, and no-one had significant language needs.

The intermediate income households also included people from all ethnic groups in the study. Those under pension age were in paid work, with one exception, and

some people were working after state pension age. Fewer people were married than in the high income group, and levels of proficiency in English were also lower.

Most of those in the low income group were under state pension age, but few were in paid work so unemployment and economic inactivity were the primary causes of low income for those of working age. Of those over state pension age, some were still in paid work. The low income group was notable for its larger family size – it included almost all of those with between five and eight children, consistent with other research showing the links between large family size and poverty (Berthoud, 2005; Iacovou and Berthoud, 2006). This group also had the lowest levels of English proficiency. People in this group tended to be single, divorced, separated or widowed, rather than married. Membership was evenly spread across the different ethnic groups apart from Chinese and Indian.

Not all of those in the low income group were struggling, although they were generally not in a position to save or take holidays. Some coped well on their limited budgets and clearly took a pride in doing so, describing the various strategies they resorted to (such as shopping in bulk, or taking holidays with relatives elsewhere in the UK) in order to make their money go further, and some were benefiting from the financial support of their families. Latifa, a pensioner caring for her young grandson, explained that she waited for sale bargains to buy him the things he needed, such as a bicycle, and that her family also helped out, buying him presents, and paying for train fares when she went to visit them. Others were clearly in a less sustainable position, and said that they found it a struggle to pay bills or carry out repairs to their property. David, another pensioner caring for his grandson, found it impossible to manage on the level of benefit he received each week, as he was unable to provide the things he considered normal for a young child, such as regular small outings. As a result he had repeatedly remortgaged his house, and feared that he might need to sell it in the not too distant future. Dipali, the mother of a large family on Income Support, said that her teenagers became angry and aggressive when she was unable to provide them with the things they wanted to buy.

By the same token, some of those who appeared to have reasonable incomes were experiencing some difficulty in managing. Shen was using his savings at a rather rapid rate to supplement his wife's earnings and pay the mortgage, since he had lost his job. Sarah felt unable to get her head above water, despite working full-time, because she was having to repay large debts built up in an earlier period of low income.

3.3 Financial support provided and received

3.3.1 Support for the extended family

As well as providing financial support to their own children, interviewees across all communities mentioned providing support for parents, siblings or other members of the extended family, whether here or abroad (the practice was slightly less

pronounced among the Chinese interviewees). One childless couple had a nephew at university in the UK, and gave him gifts of money whenever he got in touch, and another interviewee was supporting her sister while she studied. Others said that they currently sent money abroad to members of their extended families, whether on a regular or more ad hoc basis. As well as supporting their own parents, or children living overseas, people were supporting cousins, aunts and uncles, and nephews and nieces. Some of the help provided was regular and long-term, for example one person was funding the private education of a niece and nephew in Pakistan, while in other cases it was needed in an emergency, or was provided as a gift on a special occasion such as a wedding.

Interviewees were acutely aware of the difference even a modest amount (amounts such as '£40-£50' or '£150 a month' were mentioned) could make to the standard of living of a family member in a developing country, and they sometimes prioritised such remittances above discretionary spending on their own household, as this African man explained:

'If they need money, then I give it to them without hesitation. I mean for holiday, I mean holiday isn't really necessary unless you can afford to do so.'

An individual's plan to save for their own future could also be undermined by the more immediate needs of a family member, as this Caribbean woman explained:

'You want to put money aside and somebody maybe back home phoned, to say they need money for something. So, you wanted to put it down for the future, but you have to give it them because they need your help.'

Some of those interviewed were clearly making an important contribution to their overseas relatives' income. Others drew a distinction between having a 'responsibility' or 'duty' to send money in this way, and the kind of occasional financial assistance which they provided. One man commented that his family was not in financial need, but that they appreciated small gifts of money as a gesture of affection and respect, and this was the real reason why he sent regular remittances abroad, saying, 'They actually, they don't need the money, but... I want to make them happy'.

Some interviewees were concerned about not being able to continue to maintain their current level of payment in future, but nonetheless expected to continue providing financial support. One Indian woman said:

'When I apply for my pension I will stop working. This will affect my parents back home because I won't be able to send them as much money as I did whilst working.'

Similarly, a widow explained that she continued to send money to her in-laws in Pakistan from time to time, although she could no longer afford to make regular remittances as she and her husband had done previously, and a retired Caribbean woman carried on sending money to support her student nephew and niece, despite finding this more difficult than in the past. For other people, there was more of a sense of acceptance that if they were retired or had a drop in income, they could

not be expected to carry on providing financial support to the extended family. One retired man said simply *'my responsibility has ceased'*, while a woman in a low-income household commented:

'The income I am on at the moment can just about get us through. How could I possibly help someone else on this kind of money?'

For some interviewees, the responsibility for providing financial support to the extended family had not been an easy one, and had restricted their own life choices to some degree. One older man commented a little wistfully:

'I had to send money to my parents and brothers and sisters and also support my family here too. So work had to be my priority. Having said that I would have liked to spend time with my family, going on holidays to places other than Pakistan...'

Their awareness of what it was like to be in this position made some interviewees keen that their own children should not need to provide them with financial support in the future, but it had also limited their capacity to save and make provision for their own retirement, meaning that they may in turn be in need of support.

3.3.2 Support from the extended family

Some of those interviewed said that they were currently receiving some form of financial support from their families; they came from all ethnic groups in the study, and almost all were retired or unemployed and on a low income. The discussion around these issues also shed light on people's norms and expectations, particularly in relation to receiving financial support from their own children. An older Bangladeshi woman had worked alongside her parents to support her younger siblings when they were children; they had all obtained degrees, while higher education had not been an option for her. She explained that bonds of reciprocity meant that her brothers and sisters were always willing to help out if she needed anything now that she was retired and caring for her grandson, although she was reluctant to take advantage of this:

'Now they themselves know very well what I did for them, that's why sometimes they do help me, but I don't ask them for help.'

Many of those not receiving financial support pointed out that they had no need of such support – typical comments included *'we don't need help'*, *'we are very financially secure'*, *'we are stable enough to support ourselves'*. Some pointed out that although they did not require support at the moment, they were confident that it would be forthcoming if circumstances made this necessary – *'If I am in need, definitely they will'*. For others, however, support would have been welcome but there was no-one able to provide it. A Bangladeshi woman on a low income pointed out that her relatives were also in a similar situation, saying *'They're struggling themselves. How can they help me?'*

Those who were receiving financial support did not specify the amounts involved. One interviewee and his family were wholly supported by his brother and sister-in-

law, but this was an exceptional case. Most cases involved adult children, who were making a valued contribution, but one which was not absolutely essential to the wellbeing of the household. Purchasing furniture, household items or decorating materials was mentioned, as was assisting with the cost of holidays and visits overseas. In cases where adult children continued to live with their parents, they contributed to rent, mortgage and bills, sometimes taking over these payments altogether, but this was not always identified as providing financial support, since it was viewed as a natural state of affairs. These tended to be Pakistani or Bangladeshi households, and when asked about household income or the breadwinner role, interviewees included the earnings of a son or daughter or referred to them as the breadwinner, thinking in terms of a single extended family household, rather than the separate units they would be treated as administratively. In one such household where the parents were retired, it was explained that *'everybody shares really, it's just the norm'*; one daughter took responsibility for collecting each person's share of the bills and paying them. Without such contributions, it was acknowledged that the parents would find it *'a struggle'* to manage; but the household costs were also much higher than average because of the size of the family.

In rare instances those interviewed gave examples of financial support received from abroad. One man was receiving a regular income from his late father's business overseas, which had been divided between him and his brothers. Another man explained how he had set up his successful business with the help of a loan from his family in Africa, after numerous failed attempts to find employment.

When discussing their expectations of future support from their children, interviewees across all communities displayed a degree of ambivalence. One Muslim man referred to the moral duty to support elderly relatives, but did not have rigid expectations of his own children. Equally, some interviewees' sons and daughters had referred to this – Nazir said of his children *'I don't ask money but they suggested it's their duty as a Muslim – people they should help their parents'*. Interviewees generally felt that they could not necessarily expect the cultural traditions they had grown up with to hold true for their own children. One pensioner said, *'You know, children born in this country, they behave differently to those born in Jamaica or other Caribbean countries'*, while an Indian man reflected that although he had raised his children in the tradition of supporting their parents, he did not know what the outcome would be:

'But these children after living in this country and after going in this country [whether] they will take care of us is a serious question. If they keep it, if they do it, that is a bonus, but we shouldn't hope for it.'

Similarly, this Chinese father said of his children, still teenagers at present:

'We won't expect anything from them. If they want to help then they are more than welcome to. If not, we won't have any grudge against them.'

Few people said unambiguously that they *'expected'* their children to support them or that it was *'their responsibility'*; those who did tended to be women. Some

interviewees explicitly rejected the notion that their children should have any financial responsibility for them. One man, who said that he never wanted to be dependent on his children, argued that this was partly a question of *'self-respect'* and partly because he recognised that *'they have their own liabilities'*. But attachment to the ideal of supporting elderly parents was evidently still strong. One Chinese man commented that old age would be hard for him and his wife, as they had no children to support them. Such ideas also came out in discussion of the scenarios. While dismissing the notion that his own children should support him, saying *'Keeping in touch is what I expect of them, I don't expect anything else'*, a Bangladeshi man was, like other interviewees, quick to suggest it in response to scenario 1 [see Appendix B], which involves a low income couple with children needing to raise money for house repairs, commenting:

'I don't see a great deal of problem. I'll tell you why, because if someone is in their fifties, then obviously these five children, they can support the family. I expect them to be at least 25 or 30.'

This assumption about the age of the children (which was made by several respondents) also reflects the norm of earlier family formation among some ethnic minority communities.

Only one person interviewed appeared to view intergenerational support between members of the family as an alternative to formal pension provision. Saeed, who said that *'pension doesn't play any role in my life'* and said *'I am just not interested, unless it is compulsory'*, explained that:

'I mean it goes like normal, you know. So, whenever...if my father is elder I have to look after him because...and I think my son and daughter will look after me and it works like that, so I don't know pension in this...how does it apply or how does it work? I don't know, I have never thought about pension.'

3.3.3 Charitable giving

Some interviewees mentioned regular donations to charities, both abroad and in the UK. One woman explained that she felt obliged to do whatever she could, because of the extreme poverty she had witnessed in India. Most of those making reference to regular charitable giving were Muslims and they may have been referring to *zakat*, the practice of donating a fixed proportion of one's income to the poor, which is one of the central tenets of Islam, although none did so explicitly. One man explained that he had taken advantage of the early years of his career, when he was without family responsibilities, to make charitable donations which might have been harder for him to afford in the future. This was a priority for him and had taken precedence over saving during this period.

3.4 Attitudes to money

A dominant narrative in describing attitudes to money was that of *'being careful'* or even *'tight'*, both in terms of making sure that expenditure did not outstrip current

income, and in making the effort to save for emergencies or to protect against the risk of a future drop in income. This approach was widespread across gender and ethnic groups. Typical comments included *'I like to spend my money wisely', 'before I spend I think twice'* and *'we only buy things with hard cash...we don't believe in buying in instalments'*. The great majority of interviewees had some savings, even if they were modest.

Some interviewees talked about their attitude towards money in terms of finding a balance. In some cases, this was simply a question of pragmatism in balancing income and outgoings. But others appeared to be asserting the primacy of non-material values in their decision-making and sought to downplay the importance of finances. These interviewees made statements such as *'I don't think money is the main thing; it's just that money brings a lot of unhappiness around people; money makes people greedy, they undervalue people'* and *'Money is not everything, like I said. Money can come and go.'*

A less widely held view among interviewees was that *'money's there for spending'*. People expressing this view described their enjoyment of shopping, and the value they attached to looking good, eating well and travelling abroad, and were actively choosing to do this rather than save more. People in this group were fairly attached to money, but primarily for what it could buy them in the present moment; they tended not to have children or other dependants, which may have been a conscious or unconscious influence on their attitudes. One single man referred to this directly, saying *'remember I have no family commitment'*. Another interviewee, a childless divorced woman with a high income, commented: *'Who is going to take their money with them to their grave? I know I won't'*. Although she was on a low income, Latifa also subscribed to this view; increasing age may have been an influence in wanting to live for the moment:

'Little bit saving is alright but not being a stingy. Not like keeping your mouth shut, not going anywhere, just save, no...Because, human life is just for once. You will not get another life again, so you should enjoy your life, that's my idea.'

People gave different reasons for their orientation towards spending and saving. For some, there was a direct link between spending and current income. Typical comments here included *'I haven't got enough that I spend without reason'* and *'I can't afford to splurge on irrelevant things like some people do'*, while a woman living on Income Support for many years spoke of her struggles *'to survive with this limited money'*. Those who had experienced a drop in income commented on the changes this had necessitated. One man said that since he had retired *'I have the same attitude, but more careful with my spending this time than before because the money's not coming as it used to come to me'* while a woman reflected on the changes in her situation since she was widowed, saying:

'I have been through very stable financial position and at that point I was quite laid back. It's only since I lost my husband that our pockets have got tight...'

Some people who had been regular savers in periods of higher income found that this was no longer possible, because they had retired or were unemployed, while those who had spent long periods on a low income commented that they had never really been in a position to save.

Other people felt that their attitudes to finances were less influenced by current income than by early childhood experiences; they said they had been directly influenced by their parents' attitude to money, or by growing up in impoverished circumstances, although this latter could have opposing effects. One older man commented:

'I was brought up in the Caribbean. We were not extravagant, like people here, like before we buy one thing we make sure that that thing is what we need, we don't buy for the sake of buying, we buy something that will last, so we are very careful with ourselves.'

Another man, however, with a very similar background, but with a higher income, said that after doing without things when he was young he now felt *'I have to enjoy it while I can'*.

Those with partners tended to say that they shared similar attitudes towards money; those who did identify problematic differences tended to be divorced, separated or widowed interviewees (both male and female) who were careful with money themselves but whose partner had been *'more of a spender'*. Some felt that their former partner's behaviour had created unnecessary difficulties for them. One divorced lone parent, who was working full-time, said:

'There are things you would like to do, provide for your child, and, you know, just to be able to do the odd luxury thing now and then, and where my partner used to spend without thinking it used to cause a financial mess.'

Another lone parent, a widow with two teenage children, reflected that, with hindsight, the money spent when her husband was alive would have been of more benefit to her now that she was raising a family alone.

'Of course in past days, we lived lavishly. My husband was of that nature. He believed in complete living and travelling. Now when he is not with us, so we think that if at that time we would not have spent the money then at present, maybe we at present, would have been in a better position.'

A contrasting view was expressed by one high-earning woman who liked to spend, and was enjoying her financial autonomy now that her marriage had ended, saying *'Now I am in charge, so I buy what I like'*.

Some interviewees felt that their attitudes to money had altered over time. As well as changes in income, as discussed above, some people identified having responsibility for children, the influence of a more 'careful' partner, or simply growing older and becoming more mature, as things which had made them rethink their earlier habits.

Most of those living in couples said that they discussed finances and made financial decisions jointly with their partner. Some men, across all ethnic groups, said that they took sole or final responsibility for these matters, saying that this was because they were *'the head of the household'* or *'the person who brings in the money'*, or because their partner *'does not want to know'* or this was customary in their community – *'It is how it is in Africa'*. One Chinese man explained that he had changed in this respect since coming to the UK, and had learnt to *'refrain from being too controlling'* saying:

'I was making all the decisions there but [name] brings in a lot of money here now. So, I think it's only fair we both have an equal say.'

Some women without a partner (and some pensioner couples) talked to other family members (usually adult children, or their own parents) when making a major financial decision, but were happy to take responsibility for day-to-day financial matters.

When asked about how they would raise money to cope with a large unexpected expense, most interviewees felt that they would have enough saved, unless a very large sum was required. Responses to this latter situation varied. Some people said that they would take a bank loan, or buy large household items on hire purchase or from a catalogue, and gave examples of when they had done so in the past.

Some interviewees commented that they preferred to approach family and friends, rather than seek a bank loan. This was felt to offer advantages in that there was no interest to pay, involved *'less hassle, less paper work'* and was *'more laid back and easy going'*. One woman commented that this was how she coped with the fact that she did not *'have much of a credit history'*. It was not clear how much of the desire to avoid paying interest was based on religious scruples, but this did appear to be a factor in some cases (see Section 3.5).

For other people, the privacy afforded by using formal sources of credit was important:

'If we didn't have the money we would take out a loan. I wouldn't ask for handouts from my family because it'll show that I'm struggling.'

Those who lacked financial resources were acutely aware of how vulnerable they were to such situations and found it quite distressing to contemplate. Ming, who was working, but on a low income, said: *'I will be upset very much... I think nobody [will] help me'*. Dipali, who was on Income Support, explained that she would have to apply for a social fund loan, but admitted that she would feel at a loss in this situation, saying *'I don't know what I'll do. I'll feel like a blind person.'*

Recent research (Legge *et al.*, 2006) has shown that ethnic minorities and pensioners are least likely to receive discretionary payments from the Social Fund, meaning that someone in this position may be left without any assistance.

3.5 Financial advice and use of financial products

When asked about sources of financial advice, few of those interviewed referred to using independent financial advisers. Many people relied on family and friends, and the most commonly cited formal source of advice was the local bank manager. Some people understood the question to refer to money advice, and talked about going to the Citizen's Advice Bureau or an advice centre for advice with debts; this in itself was indicative of a very limited scope for saving.

Use of banks appeared to be universal across our sample, although a small minority was very unfamiliar with them, and used them only for paying in and withdrawing cash. Abbiola, who was in her mid-60s, explained that she had only opened a bank account recently, because her benefits were no longer paid by order book, and that she would have no idea how to use a credit or debit card. Similarly, Shaun, a Caribbean man in his early 50s, said *'I just have one bank account, you know, with a simple electronic card, so that's it.'*

Life insurance and health insurance were well used, and some interviewees saw them as important in safeguarding the financial interests of the family. As well as those with current life cover, a number of those who did not have life insurance said that this was something they were considering. One woman had been a beneficiary of a life policy, when her husband had died. However, these policies were not always well understood. Johanna, an African woman in her late 60s was still contributing to a health insurance policy for herself and her daughter, despite being on a very low income, but this appeared to be on the basis of a misunderstanding about the services she was entitled to free on the NHS. Despite working in hospitals for many years, she believed she would have to pay for overnight stays and medication.

A few people mentioned savings for children, whether the more recent Child Trust Fund, or savings accounts and insurance-based schemes. There was a reasonable awareness of ISAs. Some interviewees said that they had an ISA; while others made less specific references to savings accounts which may have included ISAs. People who had heard of them tended to know about the £3,000 annual savings limit for a cash mini ISA. Halima, who valued the flexibility offered by an ISA, described how she had found out about it after asking friends and her bank about the best ways to save money:

'In mini ISA you can invest £3,000 per annum in which the interest that you get is tax free. At present I am doing the same thing. I deposit in the ISA in the bank. Any time you need you can take it out. The most important thing is that the interest is not taxed.'

For others, their limited ability to save meant that such financial products were less attractive. Jayanta said *'Yes, I know what they are; they are of no use to me, especially as my savings are not that great anyway. Only one person commented that an ISA would be unacceptable to her on religious grounds, saying: 'I don't believe in their kind of investments and the interest you would gain from that.'*

Few of those interviewed held stocks or shares, and they tended to be men. These included both high earners, and those who had bought shares as part of an employee shareholder scheme or during the sale of the public utilities in the 1980s, or had acquired them via the conversion of building societies to banks. Some people were not keen on the idea of investing in stock and shares, seeing them as inherently more 'risky' and liable to 'fluctuate' than other types of investment; one man said, '*I don't like to gamble*'. Others reported negative experiences of the stock market, which had made them see this as an unreliable form of investment. Smita, who had negative experiences with the children's savings plans she had tried, had also lost money when buying shares, and this had left her disillusioned about financial advice:

'We also bought some BT shares. They went down and we lost out again. So because of this, we don't like taking advice.'

Similarly, Rose, a Caribbean woman who had invested in a shares-based savings product, had been disappointed when it failed to perform as well as she had been encouraged to expect:

'I actually invested it to make more money but I notice I lost money because they put it in shares. I don't know the type of shares they put it, money market, I don't know what they did, so that by the time I went in I notice I've lost cash so I, I just put a stop to it... I – they didn't –, I didn't understand it when I went, and they said "OK", because they were drawing the arrows showing me how it will rise, how, so I said "Oh, that's a good idea".'

Property, whether in the UK or abroad, was another savings vehicle used by some people in our sample. Rental income provided an additional current income stream, and property was also seen as something which could help to finance retirement (see 4.7.2).

Only a handful of people referred explicitly to religious scruples in their choice of financial product; although there was a rather widespread reluctance to borrow money where this would incur interest, the reasons were not always made clear. For instance, Saeed, a Muslim with a high income, said that if he needed to borrow money, he would always do so from family and friends, since he did not believe in paying interest. He did not state that this was connected with his religious beliefs, but the general tenor of the discussion suggested that this was so; he also referred to different types of loans being marketed, with no interest, and said that he might consider these. Kalavati was unusual in emphasising that religious considerations were important to her in making financial decisions; she rejected even *Sharia*³ compliant financial products (which adopt a variety of mechanisms to circumvent the earning or payment of interest), and felt that many companies which offered such products invested in activities which were incompatible with Islamic beliefs.

³ Sharia is the term referring to the system of Islamic law, based on the Qur'an, the Hadith (the sayings and conduct of the prophet Mohammed), and fatwas (the rulings of Islamic scholars). For an introduction, see <http://www.bbc.co.uk/religion/religions/islam/beliefs/sharia/>

3.6 Conclusions

This chapter has shown that the households interviewed varied not only in the level of income they received but also in how adequate this income was to their circumstances. Those on low incomes tended not to be working, and some had large families. Those who were most comfortably off were in work, had high incomes and fewer, if any, children. While most people claimed to be careful with money, and most people in the sample had savings, there was a group of people who actively prioritised spending and enjoying life rather than saving more. Among our sample, this attitude was associated with those who did not have children or other dependants, although some lone parents explained that this attitude had been shared by their former partner. Some of those without savings had no alternative means of support in an emergency. While those on high incomes have sufficient to save for retirement, there is no guarantee that they will do so, while for those on the lowest incomes it was clear that they lacked the capacity to save and were likely to be claiming means-tested benefits in retirement.

Interviewees from all ethnic groups were still strongly attached to the ideal of family support, but it was understood that this might not apply to future generations, and while both the giving and receipt of financial support was widespread, the amounts involved did not tend to be large, and this did not appear to be functioning as an alternative to pension provision; only one person seemed to view family support in this way. For those who do provide financial support to the extended family, whether overseas or in the UK, but do not go on to receive support in their turn, there is a reduction in current income which may reduce capacity to save for a pension and is not offset by future gain.

Those with sufficient income were using a range of financial products, but there was little evidence of independent financial advice, and the type of savings products used may not have been the most efficient. Some people were reluctant to use interest-based products for religious reasons, although by no means all Muslims expressed this view. These findings imply both a need for increased advice and education on financial products, and the development of additional products which are acceptable to Muslims.

The following chapter looks at people's hopes and expectations about their retirement and goes on to explore saving and planning specifically in relation to retirement.

4 Planning for and financing retirement

4.1 Meaning of retirement

The interviewees were asked what they understood by the word retirement. Most saw it simply as the end of one stage of life and the beginning of another. Some felt retirement was necessary as the body needed to rest after a lifetime of work. Others saw it in terms of a reward for a life spent working and paying taxes. There was also a strong notion of retirement being an immovable, compulsory or at least unquestioned divider between life stages, and one respondent went as far as to suggest it was a law that one must obey.

The majority described retirement in quite an idealised way as a time to *'enjoy life'*, relax, travel, spend time with family, devote time to spiritual matters, watch TV or do the gardening. Retirement was seen as the opposite of working life. Rather than having to get up at a certain time to go to work, retirement signified a period of freedom and autonomy when a person would be able to make choices and do the things they enjoyed. Fewer anticipated ill-health or an increased burden of care although a small group who saw retirement in more negative terms related this to the deteriorating health brought on by old age. In contrast to those who felt they deserved time off work, this group viewed a period of enforced non-working in negative terms. In the words of one Pakistani man it meant *'Not at work, jobless, not fit-for-work'*

These views echo the findings of other research with the white population about the range of meanings retirement has for people. Research by Sykes *et al.* (2005) on women and retirement found a more even split between positive and negative views, but the content of these was similar with the women interviewed either looking forward to 'a period of choice and freedom of action' or concerned about approaching old age, ill-health and poverty, or in some cases, both.

4.2 Plans and expectations

Looking at the plans and expectations of those below state pension age provided an interesting contrast to the realities of retirement described by those over state pension age. On the whole, the meanings of retirement discussed above were echoed in people's hopes and expectations of their own retirement. It was a time when they envisaged being free from child care, worries and work, and free to do other things. Family was central to these plans and many had expectations of spending time caring for and babysitting grandchildren, and visiting and spending time with their children (which they differentiated from the work of bringing them up) and with wider extended family. Others envisaged retirement primarily as leisure time. Respondents talked about everyday activities they would do when retired such as going for walks with their partner, going to the library, playing golf, as well as more ambitious plans such as pilgrimages and foreign travel, not only in their own country of origin, but places they had always wanted to go. Having said that, many of these grander plans were vague or tentative and there was little evidence of concrete planning or saving in order to make them happen.

A small number of respondents with caring responsibility for family members who were ill or disabled raised particular concerns about their retirement and painted a less idealistic picture. They worried about who would do the caring once they were too old or if their health failed. One Bangladeshi man in his early 40s explained his worries about retirement:

'There is another concern...it's about my daughter. She is autistic and I know for a fact that she won't get better, she will never get better, she will have to live like this for the rest of her life. It's a concern because when I grow old in another 20 years time she will be 30 but she will act like a ten year old, so it is a bit of a concern for me.'

Only a small number, in their early 40s, admitted to having no plans for or expectations about their retirement and not really having thought about it. They felt it was too distant an event to be relevant to them. There were also two groups who did not anticipate much change to their lives at retirement; housewives and those who were unemployed. Most of the latter group felt they would not be able to find work before their retirement and saw retirement as an extension of their current life. The housewives felt they would be doing the same types of work after retirement as they had always done. One Pakistani mother rejected the idea that as a mother and a housewife she could ever really retire:

'Since when did housewives start retiring?...a housewife never retires, a mother never retires...even when the children have grown up and have their own families, because then come in the grandchildren and it goes on...so you see people working in a normal 9-5 job are better off because they can get to a point and then pack it in and go off and do what ever they want to. Mother and a housewife could never do that.'

Zeenat

Not everyone was clear about exactly what was meant by the state pension age or how it connected to retirement. One respondent was emphatic about not working after state pension age, but then said he was going to retire at 70 and others thought that the state pension age was being reduced to 60 rather than increased. Some self-employed respondents were also confused. They did not face the issue of employers' preferences at state pension age, but this meant they were unsure about how the retirement process affected them.

'I've never thought about this at all. But I don't know, I guess, I mean, I don't think...I don't know, I'll do my best to work longer, not retire. I don't know... if...with the self-employment, how does it work? I don't know, retirement itself when you are self-employed. I mean when you are working for others, then you say, yeah, I'm going to retire, but when you are self-employed... Because, I knew that, I know that some people are retired from working to the other people. I am self employed, so I don't know other people who are already self-employed how old does, do you know, the time of, you know...'

Saeed

Where people did have more concrete plans for their retirement, this was usually related to returning to their country of origin and equally others were clear that they would not be returning when they retired. A small group were still weighing up the pros and cons. Most stated the reason to go back as financial; their savings and pensions money would go further. But issues of family relationships and care also shaped these plans and the two issues were often interwoven. Returning to the country of origin had financial implications for visiting their family and children who remained in the UK. Some high income Indian families with only one or two children were planning to return but there was less of a financial burden on them in terms of staying in touch with their children in the UK compared with low income Pakistani families with several children. The Pakistani families were committed to staying in the UK as they wanted to be able to stay in touch with their children and grandchildren. It is important to note here that returning did not necessarily involve a one way ticket. There was some suggestion that the retired would actually be spending time in both countries and recent work on transnational family care by Reynolds and Zontini (2006) shows that returning to the country of origin is a fluid process, with family responsibilities and cultural remittances maintained across continents through visits, emails and phone calls.

The issue of return was also explored in the scenarios. Scenario 3 involved a man who owns property abroad with his brother and is unsure what to do with it now that his wife wants to retire to their country of origin. Interviewees who discussed this scenario were keen to talk about ways to maximise income from investment abroad and so boost income in retirement. However, the issue of negotiating with family abroad was acknowledged to be complicated and it was felt to be vital to maintain good family relationships. Interviewees were aware that returning to one's country of origin after many years in the UK could be problematic, and several indicated that this was not an option they would personally wish to pursue.

4.3 The realities of retirement

Most of those interviewed who had retired were very happy with their life in retirement. It seemed to have lived up to their expectations and in many ways they were enacting the less ambitious hopes and expectations of those who had yet to retire. A Bangladeshi man who had set up a local mosque and was still quite involved with this, described his days as *'Moving around, praying, reciting Quran, spending time with grandchildren – if they come'* Abbas.

A 68-year old Indian man, a widower who lived alone, described a daily routine that started when he awoke at 6 a.m. and went for a two-hour walk. *'Yes after my morning walks, I also go for some shopping and buy anything needed for the house. Also I may pay a visit to the local bank or post office and pay off any bills'*. (Jayanta) Several described meeting up with friends *'Sometimes I go to internet or to shop, in the community centres, sometimes you go and do exercises, sometimes you go to a friend's house'* (Elizabeth). Others were also making use of local facilities. In the words of this Pakistani man he spent a typical day:

'...just mixing in with men of my age from my community. I also like going to the library and reading newspaper. I meet a lot of people just like myself in library. It's a good place to meet in.'

Waqar

Caring for grandchildren featured prominently in these accounts and several noted that this could be quite hard work. Waqar noted how little time he had to put his feet up given the demands of grandchildren and family:

'Before I used to think that once I retire, I will put my feet up and relax. But now I end up picking my grandchildren up or dropping them off in my car somewhere. I had thought that I will have more time, so I will be able to do some gardening, but that hasn't happened so far...lots of other things keep coming up...I might even have to go to Pakistan.'

There was less evidence that people travelled once they had retired although a small number of interviewees like Varsha, a married Bangladeshi woman with seven adult children, mentioned visiting relatives in her country of origin. One Indian man who had recently retired from his job as an accountant had travelled extensively but quickly found himself bored when he returned home from his trip, and had started to do some part-time work.

'Yes I did go around some countries which I wanted all the time like some South African countries and South American countries. And yeah, I have enjoyed six months. When I came back to London and I started realising that I have no job except sit at home, live retirement life in the sense, relaxed life, for the person like me who is workaholic it's very difficult.'

Mitra

Although none of this group had returned to their country of origin to live, several still harboured plans to do so in the future. A Chinese man, just over state pension age, who had lost his wife and only son was keen to go back, saying that all his friends were in China. Varsha thought they might still return permanently, although her husband was not so keen.

4.4 Working after state pension age

4.4.1 Plans and expectations

Respondents who were under state pension age were asked whether they would continue to work after state pension age and this elicited a broad range of responses with some people horrified by the idea of continuing to work (one Chinese man's answer to the question was *'Are you mad? Why would I do that?'*) while others were equally appalled by the idea of not working. One self-employed Pakistani woman compared giving up work to a mother giving up her child. However, most people fell somewhere between these two extremes, starting from a broadly positive position, saying they would probably continue working or a broadly negative position saying they would prefer to retire. Both sides tempered their response with pros and cons of both options in a way that suggested that they had thought about the issues. Overall, there were more than twice as many generally positive responses to the question of continuing, compared to negative ones.

Several of those who thought they probably would not work acknowledged that they might continue working in certain circumstances – for instance if they could find consultancy work or if their employer was keen to employ them. As Madhu, an Indian woman working as an accountant, explained:

'If the employer is happy with me and he wants me to be there then I might think if there is necessity. If there is necessity in my office then I will think about it. Otherwise no, I will not go. If someone will come and ask me then I will think.'

Similarly those who wanted to continue working noted that this was only possible as long as their health permitted. Preema said:

'I don't want to slow down. I do like to stay busy, and if I am OK then I would like to work. I am not saying that I would like to have another job at this salary level, but I would like to work. I felt if I would be down or very, very bad then I would give in.'

Several felt that, whether or not they wanted to work, it might be difficult to find an employer who would employ them after state pension age. There was an assumption that employers would prefer younger workers, as Kamili explained:

'I wouldn't of course be able to apply for jobs available that are available at that time because most employers will of course go for younger person but as I said, then it could be self-employment or some consulting or something like that. There won't be finding for job, applying for job it would be consulting.'

Others felt there was no real model of working after state pension age within their company for them to follow. Daljeet said: *'There's nobody in the company who is working past state pension age, I guess I would have to be really good at my job for them to be keep me on.'*

David, a retired Caribbean man who had been a business studies lecturer for many years, noted that he would have been very happy to continue working but his organisation did not make it possible for him to do that.

'I would have still loved to continue working if I was given the opportunity, but I cannot because (pauses)...it was (pauses)...government policy who puts up and sets in their companies that when you reach a certain age you are thought to be incapable of carrying on doing your work, you have to retire.'

Responses to scenario 7 (see Appendix B), which raised the question of working after state pension age, revealed similar ambiguity. Only one person spontaneously mentioned continuing to work as a possibility for someone at retirement, pointing to the fact that people in the UK generally enjoy good health into their 60s and 70s. Some responses seemed to assume that retirement was more or less automatic at state pension age. As in the negative responses cited above, one person felt very strongly that it was better to retire sooner rather than later in order to enjoy life to the full.

These findings are not dissimilar to the working after state pension age (WASPA) research where most of the sample who were pre-retirement were amenable, or for those with financial worries at least resigned, to continuing to work. The main worry was whether there would be any demand, if employers were restructuring and looking for younger workers and the ethnic minority sample echoed these concerns. A slightly surprising finding of the WASPA research and echoed by this sample was that several of those in professional positions, like Madhu mentioned above, felt they would only continue to work if their employer explicitly asked them to stay on at state pension age.

Another point of similarity between the findings from these two projects is in terms of the issue of orientations to work. As with the WASPA research those who envisaged continuing to work were those who had a strong work ethos and saw themselves as very active people who would not cope well with 'sitting at home' One Indian woman's response was typical: *'in my mind I feel that if I am well enough to work then I want to work...I don't like to sit at home and do nothing, and watch television. I like to go out and do some activity, so...'* (Manju). Many (although not all) were either self-employed or in professional or managerial jobs. The working after state pension age research found that orientations to work and retirement differed across occupational groups and shaped the way people envisaged their retirement and whether they would work after state pension age. For many of those in creative or professional occupations work formed a central part of an individual's identity and for some, stopping work at retirement was difficult to contemplate. Similarly those who were self-employed had made their business their lives and could not see themselves giving it up. For those who were from working class backgrounds this orientation to work was strengthened by their desire to provide financial stability to

their families. This self-employed Caribbean man echoed the words of several of the self-employed participants in the WASPA research when he explained that he could not envisage a time when he would stop work:

'Brother, I don't believe such thing as a pension. I think I will carry on working till I drop because I came from poor family background and don't forget I will soon get married so I have to make sure that I work very hard to secure my children's needs as well as mine.'

Kelvin

Hima, a Bangladeshi graduate who worked in the voluntary sector supporting victims of crime, explained that in her occupation many women continued into later life. *'I could carry on doing the same line of work, I know a lot of Asian women who are in their 50s and 60s and are still doing this line of work'*.

Voluntary work provides a further dimension to the issue of working after state pension age. In addition to those who planned to continue in paid work after state pension age, ten respondents mentioned a desire to do unpaid voluntary work, social work or helping their community. Some saw themselves doing informal social work for a local mosque or community centre, while others envisaged a more formal arrangement and discussed specific organisations they hoped to work for.

4.4.2 The reality of working after state pension age

Only a few respondents were working after state pension age at the time they were interviewed. One was a Nigerian woman in her late 60s who had worked all her life in low paid domestic and cleaning work and continued to work sporadically for one of the agencies that used to employ her. At the opposite end of the spectrum was a retired Indian accountant, also in his late 60s, who had become very bored with his retirement after the first few years and returned to accountancy work on a part-time consultancy basis. These two echo the primary distinction in the working after state pension age research between those who continued to work because they needed the money and those who continued to work because the work was a crucial element of their identity. As with the earlier research, however, although one of these motivations was dominant, the other was often present; those who enjoyed their work often had some financial drivers for their decision also.

Another interviewee who was working after state pension age was a more unusual example. She was a 61-year-old divorced Indian woman who had done factory work for most of her adult life, and continued to work part-time after reaching state pension age. She was an active woman with a strong work ethos and was now the primary carer for her school age grandson due to her daughter's long-term illness. She was an active woman, worked part-time and enjoyed the work, particularly the social aspects and was also juggling this with part-time and rather ad hoc voluntary work. She also understood the financial advantages for her pension of continuing in employment. This echoed the manual workers in the working after state pension age research, who enjoyed their workplace, particularly the social aspects of work, and were happy to stay on if they felt they had some flexibility and autonomy.

4.5 Knowledge and awareness of pension provision

Most of those interviewed said that their knowledge of pensions was limited – the question of how much people knew tended to elicit a rueful *'not a lot'* or *'nothing, to be quite honest'* and most people said they would hesitate to advise a friend on such matters. Although there was a general awareness of the contributory principles governing entitlement to state pension, people did not always make a clear distinction between tax and National Insurance. Latifa's comments, explaining how she became entitled to pension, are typical:

'Because I worked for forty years and I regularly paid my tax as well. If I didn't pay tax then I won't get this much pension money now.'

There was rather low awareness of the amount of state pension, with people tending to overestimate its value, and there appeared to be little awareness of Home Responsibilities Protection (HRP). Consistent with other research (Talbot *et al.*, 2005) there was a fairly widespread awareness of Pension Credit and its purpose at a generalised level.

Among those who were members of an occupational pension scheme, there was a general understanding of the principles of a defined contribution scheme. Interviewees mentioned receiving details of pensions schemes in their contracts or their employers had provided them with literature in the form of leaflets and some noted the amount going into their pension in their payslips every month. However, not everyone understood the benefits of a contributory scheme. Meera, a Pakistani single mother working in the voluntary sector, had opted out of her contributory employer pension and was paying into a private pension scheme instead. Others who were paying into schemes clearly had very little idea how much they should be saving and how much they could expect their future pension to be worth.

Some first generation migrants also felt that thinking about pensions was somewhat alien to them, as Chui-So explained:

'If I had lived here and worked here all my life then I suppose I would consider pensions as a big part of my life. Having migrated from China, it is difficult to think about such Western things. People here turn their life around to fit around things like pension and work; in China we fit things around our life and family.'

Indeed, some of those currently receiving state pension had been surprised that they were eligible for this. Genji explained that he had found out about this from his friends. Such confusion is also common in the white population. The study by Sykes *et al.* (2005) on women and pensions found uncertainty with regard to 'eligibility criteria for a full state pension and where they were likely to meet them'

Interviewees were asked whose responsibility it was to make provision for retirement. The question was not always well understood; some people saw it more in terms of regulating individual choices e.g. regarding when to stop work, than about

safeguarding income levels in retirement. Amongst those who interpreted the question in this way, there was a clear view expressed that the Government's involvement in the former role should be limited. Comments included *'people should decide and make their own decisions'*, and *'some people may not like to retire at early ages, and some others might do so'*.

Surprisingly, only one person mentioned employers having a responsibility in respect of pension provision.

The most widespread view was that responsibility for pension provision was shared between individuals, families, and government. The Government was felt to have a particular role in providing a *'cushion of support'* for those in need, especially for those in poor health, and was seen as needing to provide a leadership, co-ordination, and education function in respect of pension provision. This was a typical remark:

'It should be up to the Government to ensure a good system is in place and then it is also up to the people to ensure they think about their future and take responsibility.'

People were seen to need more information and advice if they were to get actively involved in planning for their retirement. One man argued that the issue was so important that it should be covered in the school curriculum, and several people commented that government departments would do well to follow the example of local authorities, which were seen as generally good at providing information in a range of community languages, although one Indian woman pointed out that many older people from ethnic minorities do not read well even in their own language, and may need personal advice, rather than simply written information packs.

Some people felt strongly that the Government had sole responsibility for pensions, because of the amounts deducted in tax and National Insurance over the years. Respondents who took this view were those who had always worked and felt that the system should reward them for this. For instance Rose said: *'I'm looking forward to my own pension because that's the time government will give me part of what I contributed...all the years I've been working.'*

Some interviewees argued, both in relation to this direct question, and in discussing scenario 2 (see Appendix B), which involved a working lone parent, that there was some tension between having a system which provided a safety net, and maintaining incentives to work and save, and felt that at times it seemed that there were few advantages to working. Preema summed up these tensions when she said:

'There are some individuals that might, they could have problems in life, you know, like health problems. They might take a break from work because they had a sick child they were looking after...And then they might be lazy and not working, so I think, maybe you can't blanket everybody but you have to look at individual cases.'

4.6 Pensions advice

The vast majority of those interviewed had never had any kind of pensions advice and most were not actively looking for this, despite a freely admitted uncertainty about their own income in retirement. Typical quotes included *'I have never even thought about it'* (51 year-old Indian woman, married with children, medium income) and *'it's crossed my mind but I haven't really looked into it as such, or checked'* (low income African man, 40s). Several of the scenarios (see Appendix B) presented examples of people who were unsure about their pension entitlement, and interviewees identified it as important for people in this situation to seek advice, but they did not necessarily act on this themselves. Some people indicated that they had not sought pension advice because they were unsure where to go for advice, or lacked the time to pursue this. Govinda was self-employed; and was frustrated that when he did make the effort to seek pensions advice, it was not readily available:

'I am so much busy in my work [I've] built up myself. So I haven't got [the] time because today if you call in any government office you have to choose nearly twenty options, first 5 options then another 5 options out of 5, 1, then you try another 5, out of that 5 other 5, and then another 5, and then the answering machine come up, "Sorry you wanted to contact Tracey. She is not in the desk, leave your name and number and we will call you back." We leave the name and phone number; you wait for seven days, no phone call comes up.'

Others regarded this as an issue for elderly people, and commented that they had no desire to anticipate this phase of life, a typical comment being *'I don't like talking about pension. It reminds me of my age and I don't like that.'*

When asked where they would go for pensions advice, interviewees named a wide variety of potential sources of advice:

- bank manager;
- financial adviser;
- accountant;
- trades union;
- Citizens Advice Bureau (CAB);
- internet;
- family and friends;
- pensioners;
- employer;
- local council;
- pensions/social security/jobcentre/DWP office.

These suggestions reflected interviewees' existing patterns of financial advice-seeking. As noted above, the bank manager appeared to be a widely used and trusted source of advice. Self-employed people were used to consulting their accountant, and would naturally turn to them for advice on this issue. Those who suggested using the internet were younger men, who saw this as an accessible and reliable source of advice. As Daljeet explained:

'I haven't asked anyone for pension advice. If I needed the advice what's better than to ring the pensions department itself or log on to the Internet. There's no point going to friends or relatives when you can obtain professional advice yourself.'

However, some people in our sample relied heavily on family and friends for advice, especially if they were not at work or had language problems (for instance older Chinese and Bangladeshi women).

Those who suggested consulting the CAB tended to have used them in the past for money advice and debt management; these were people on low incomes, who were not in a position to save. Few people in our sample had received pension advice, and for some this was simply advice from friends. Most of the advice had been provided by employers, in the context of joining an occupational scheme, and it was not necessarily detailed or personalised advice. It was overwhelmingly women who had received pensions advice. While this might have been a result of being in similar types of work, further analysis revealed that this was not the case, as the group included low-paid women in public sector, a well-paid woman in the private sector, and one woman working in a factory, who had decided to work after state pension age after contacting the Pensions Service and immediately grasping the advantages for her of deferring a claim to state pension.

For some of those who took part in the research, the interview itself had made them think more seriously about pensions issues, and several indicated that they now planned to seek further advice, or directly asked the interviewer where they could find out more. One high-income Caribbean man in his mid-50s who had begun the interview by saying that he did not feel he needed to know about pensions until later, commented *'I think from today I will look into it. You are making me realise my rights'*, while another high earner (Bangladeshi man in his 40s, married with family), who admitted *'I haven't really thought about how my monthly income is going to come when I retire'* said that he planned to give this more thought *'after having this discussion with you'*. Those on low incomes were also anxious to check that they were receiving all the benefits to which they were entitled: *'If there is anything lawfully I should be entitled [to] and have not claimed, please can you help me to know?'* (retired Bangladeshi man, low income). This suggests a potential role for outreach work on pensions issues among ethnic minority communities. The range of agencies listed above also suggests that there may be merit in distributing pensions advice via a wider range of outlets than at present.

4.7 Expectations and experiences of income in retirement

4.7.1 Sources of income and standard of living

Interviewees were asked about their expectations (and for those who had already retired, their experiences) of living standards in retirement. Those who said that they expected to be 'comfortable' in retirement tended to be younger, in high income groups, and would have several income streams (e.g. state pension, occupational pension and income from a rental property) to rely on in retirement. Other people in this group, however, felt that they would have difficulty managing in the UK on the level of income they anticipated, and only expected to achieve a comfortable standard of living by returning to live in their country of origin when they retired. Madhu, a single woman with an occupational pension, commented: *'I have earned in pounds. And I will go back to India. I will be spending in rupees. That should be fine.'* Govinda, who intended to retire to India with the proceeds from selling his business, expressed considerable scepticism about the Government's future ability to fund pensions, saying:

'Then, next, looking at their financial situation, I don't think that they will be capable of paying me any kind of state pension. When I will be 70 or 75 years of age, this Government will not be capable of paying me any state pension.'

The most widespread view expressed was that people expected to 'be OK' in retirement. Some people in this group anticipated that there might be a substantial drop in their income, but felt that, taking into account their pensions, the value of their property and any support they might receive from their children, they would manage well. Manju's comments were typical of this group:

'It will be medium; we won't be that much rich but neither that much poor that there will be any problems. Reasonably we will be able to live a nice life.'

However, not everyone who said that they expected to 'be OK' appeared to have given the matter much thought; although this was their working assumption, it may not have been a realistic one. For instance Shaun said that he was not saving for his retirement as he expected the state pension to be adequate for his needs, but went on to admit that he had no idea how much the state pension provided. The lone parent discussed as a case study in Chapter 2 was in her mid-40s. She thought she would be fine in her retirement, despite her current debts and the fact that she had not been able to save or put money into a pension scheme. However, she has only been in the UK 13 years and during that time she has had a period of unemployment so even if she worked for the next 15 years she would be unable to make enough contributions to qualify for a full state pension.

Those who anticipated that they would 'struggle' in retirement were those who were currently unable to save because of low income, including those, like Imran, who were unemployed at the time of the interview.

'I suppose if I work before retirement then I will be OK. But if I don't then I will have to live on the benefits this Government provides to people like me.'

Some of those who had already retired reported a considerable drop in income. David had been frankly shocked at how little state pension he had received, and was struggling to make ends meet:

'I was paying the tax on assumption that we will receive comparative retirement benefit. You see when you are working and you are paying your tax and you are paying your National Insurance and everything, all the hope is that by the time you retire, those monies would be paid back to you in the form of pension money, but when you come and see how much you receive you know that, that hope which you had, already was a hope ended. It had disappeared, it has no meaning, you see, it has no meaning.'

Clara had retired fairly recently, and despite having an occupational pension as well as her state pension, she had found that she received less than she expected, and was wondering what to do, saying: *'It's a big worry... Sometimes you just feel maybe you should go back to work, you know'*. Mitra was working after state pension age, but found that it was still difficult to manage on a much reduced level of income:

'The help that I am getting from the Government I am grateful for that, but it is not in comparison with what I was earning, and doesn't compensate even with the part-time business I do.'

Others had adjusted after an initial period of transition. Waqar, who was in receipt of both state pension and an occupational pension, had overcome his disappointment at the reduction in his income when he retired:

Interviewer: *'Is your income less than you had expected?'*

Respondent: *'Yes it is, actually... I was annoyed with that at [the] start but now it doesn't really bother me any more. I don't really need much. I have a roof over my head and food on [my] plate. That's what a human being needs.'*

4.7.2 Property and its role in retirement plans

Interviewees who owned property were asked about whether this would be used to finance their retirement. Some interviewees had rental properties, and expected to continue receiving an income from these in retirement. Both owner-occupied and rental properties were generally viewed in terms of an investment for the future, in a context of rising house prices, (although one person said that this did not apply to her as the property was in a poor state of repair) and some saw selling property as the obvious solution to any income shortfall in later life, as this quote illustrates: *'What use is it to us if we need money and it is just lying there? We will definitely consider it if we have to.'* Other people seemed vaguer or more ambivalent about the prospect of selling their home or even a second property, saying that they would do this if they really needed to, *'if the time ever comes'*, and two people were very definite in saying that they had no intention of selling the family home. In addition to having a sentimental attachment to somewhere which has *'such happy memories'*,

interviewees with large extended families and relatives abroad may feel that they need a larger property, and can less easily downsize, as this Bangladeshi man explained: *'This is not an investment. I live here with my children. If any relatives come they live here. It is my living place.'*

Discussion of scenario 4 (see Appendix B) which raises the prospect of a widow selling her owner-occupied home, also revealed an emphasis on trying to retain property, even in straitened financial circumstances. Many interviewees felt that it was important to have your own place because it offered autonomy; it was seen as somewhere where you could act as you pleased, with no interference from others. Property ownership was also seen to offer security, both financially and in the sense of providing a stable base, and a possible source of income, e.g. by letting out rooms. As discussed above, scenario 3 (see Appendix B), which involved property abroad owned jointly with other family members also demonstrated the importance of non-monetary considerations, and showed that property cannot always readily be translated into a cash asset.

Discussion of the scenarios also provided evidence of some quite widespread incorrect beliefs in relation to property and access to benefits or social housing, which have implications for the take-up of Pension Credit. As in other recent research (Bunt *et al.*, 2006), some interviewees thought that owner-occupiers were not eligible for means-tested benefits and some feared they might be asked to sell their house if they made a claim. Others argued that it was necessary to sell an owner-occupied property in order to become eligible for means-tested benefits or council accommodation, when in reality the amount of capital raised would usually preclude eligibility. While some people thought that government help would be available for owner-occupiers who needed to repair a property, others were certain that this was not the case.

4.7.3 Self-employment and retirement income

Some of those who were self-employed felt that it was harder for them to access pension provision, relative to someone working for an employer, who can just join the company scheme, and some felt that they lacked time to research the available options. One person said that he had been advised to opt out of the state pension scheme when he became self-employed, but was not sure why, or whether this had in fact been the best course of action for him to take. Some people expected to continue to maintain at least some financial interest in their business after retirement, and this would provide a supplementary income. People who were self-employed did not talk about the future sale of their businesses in detail.

Scenarios 5 and 7 (see Appendix B) provided examples of self-employed people. In responding to these, interviewees commented that many self-employed people fail to make pension provision for themselves, and may have unrealistic ideas about the value of the business, so require professional advice. Their responses indicated awareness that early retirement, in particular, requires a considerable degree of planning and saving to ensure reasonable levels of income.

4.8 Reasons for not saving into a pension scheme

Interviewees gave a variety of reasons as to why they had not saved into a pension scheme. Most said that there was no real reason for this, it was simply that they had not got round to it, were not really aware what is available, or assumed that the state pension would be enough to meet their needs. Some people felt they were too young (even in their 40s) to be thinking about pension provision, and admitted that they found it hard to envisage and make plans for the future. In a few cases there was a lack of trust in pension schemes, based either on events reported in the media, or the experience of friends. Similar views were expressed by the women interviewed by Sykes *et al.* (2005), which was a mixed white/ethnic minority sample, with too few ethnic minority women for subgroup analysis. Such attitudes have also been shown in other research to be influences, albeit less strong, on men's retirement planning (Hedges, 1997).

Some interviewees said that they were unable to save into a pension scheme because their income was too low, or that they were not in work so did not have either access to a pension scheme or enough money to invest in one. Zeenat said:

'Well, it's not as if I work outside the house, that an issue like this would affect my plans. It's normally people who have a 9-5 job who tend to make big plans about their pension. So, I suppose something like this would affect them more than me or those in similar situation as me.'

People in these kinds of situations tended to express rather fatalistic views, or see pensions as irrelevant to them as they did not see their income in retirement as something over which they had control. Similar attitudes and views have been found in other research with low income groups (Rowlingson, 2000).

Additional reasons for not saving into a pension scheme were that the interviewee had initially been excluded from their company scheme as a part-time worker, that they had been too busy to think about organising pension provision for themselves (this was associated with self-employment), they felt that pensions were inflexible, in comparison to other forms of savings, or they felt that it was their employer's responsibility to deal with this:

'Because like if the employer is not willing to give me advice in saving for my life after work, why would I bother myself? I would like to do my work.'

As in many other studies on this topic, many of those interviewed acknowledged that they had not given much thought to pension planning until quite late in their working life, in their late forties or fifties. They attributed this to several factors, including a natural unwillingness to contemplate the prospect of growing older and a lack of emphasis on the need for individual pension planning in the past. This was a typical comment:

'In our time people never had that much knowledge about pensions and nobody paid attention or even went in the direction of pensions. People were too busy working, they never had time to stop and think about pensions.'

While not everyone saw it as problematic to defer planning until this kind of age, a more widespread view was that it would be desirable for people to start planning and saving for retirement at the start of their working life, ideally before the age of 25, possibly even at school, and certainly before starting a family. At the same time, it was recognised that there was a need for more flexible forms of saving, as the long-term nature of pensions saving could deter younger people:

'I think they should have their options open. There is no point in saving for a pension at the age of 18, knowing that you have got to wait until you are retired before you can access that.'

4.9 Conclusions

This chapter has demonstrated that some pension issues are similar for ethnic minority and white communities. Although the prevalence of low income is greater for ethnic minority groups, its implications for retirement planning are similar. Likewise, the general lack of interest in pensions planning, and lack of accessible information have been found in numerous studies, although a lack of familiarity with pensions and how they work, and language issues affecting access to information, create additional barriers for ethnic minority communities.

The general willingness to contemplate working later was an interesting finding and may be a result of individuals from some ethnic groups, and more recent migrants in particular, understanding working lives in a less structured way than their British counterparts. However, they also shared many similarities to the largely white British WASPA sample in terms of the divisions between creative and professional occupations, those who were self-employed and those engaged in unskilled and semi-skilled work, in terms of their orientations to work and retirement.

Other issues raised are specific to ethnic minority communities. In terms of retirement itself, the option of returning to the country of origin (although in reality this may not happen), and the increased value of pensions transferred overseas, played a role in the decision-making process. In terms of limiting income to save for retirement, segmentation in low skilled low paid work and preferences for breadwinner/homemaker division of labour among some ethnic minority groups are important factors.

5 Conclusions: factors influencing retirement planning and the implications for policy

This final chapter of the report draws together the findings from the research and assesses their implications for retirement planning among ethnic minority groups.

5.1 Attitudes to work and retirement in later life

Although some of those we interviewed had felt ready to leave work at retirement age or even earlier, others had been forced to leave the labour market sooner than they had planned, because of declining demand for their skills, and would have been keen to continue if the opportunity had presented itself. An example is the Indian woman in her fifties discussed in Chapter 2, who had left work owing to a combination of health issues, caring responsibilities and lack of work in textiles. People in this situation could potentially benefit from the measures recently outlined by government such as face-to-face guidance, health interventions and the right to ask for flexible working patterns to cope with caring.

Increasing flexibility about claiming state pension, including the possibility to allow people to defer again once they have made an initial claim, may act as an incentive to return to work, whether as an employee or self-employed person, for some. This would be particularly useful for those such as Mitra who found he did not enjoy retirement and opted to go back to work as a consultant. However, for others it seems unlikely this incentive would be effective on its own, since people rapidly adjust to their changed circumstances, and it often becomes difficult to contemplate a return to work. David, who was discussed in Chapter 4, was experiencing financial pressures, said that he would not have chosen to retire when he did, but was forced to retire at a set age. He was now considering starting his own business in

retirement, but commented that the break from work had led him to slow down, saying *'because of the number of years I have sat down in the house relaxing, I may not even want to do a job again'*. Individual guidance is likely to be important in such cases, as are improved opportunities for flexible working patterns.

On the issue of working after state pension age, the range of attitudes we encountered among interviewees were similar to those expressed by the predominantly white sample in our earlier research specifically on this issue (Barnes *et al.*, 2004), with some interviewees very reluctant to work until later ages, and others keen to do so, while a further group was willing to do so in certain circumstances. Autonomy and choice were crucial in these decisions. If people were to continue working they wanted to be able to work flexibly and on their terms. The literature on this issue (Smeaton and McKay, 2003, Parry and Taylor, 2005) suggests that self-employed people are more likely to work after state pension age, because of the autonomy it offers, the fact that they do not face the constraints of reduced employer demand and because they have positive orientations towards their work. The over-representation of some ethnic minority groups in self-employment may therefore increase their potential capacity and willingness to work beyond the current state pension age.

However, raising the state pension age may also have a negative impact on ethnic minorities more generally, because they continue to have a heightened risk of early exit from the labour market, for a variety of reasons, including poorer health, discrimination and disadvantage in the labour market, and over-representation in declining industries, and may thus face the prospect of spending more years on a low income before becoming entitled to state pension. There were several examples of this in our sample. As well as those currently unemployed, some of whom may not find work again, there were examples of people now retired who had worked in declining industries and not worked following redundancy in their fifties. While there are initiatives intended to improve the employment rates of older workers, ethnic minority groups and those with health problems, including New Deal 50+, Ethnic Minority Outreach, and the Pathways to Work pilots, at present older workers from an ethnic minority background have a heightened risk of unemployment or economic inactivity (Phillipson and Smith, 2005, Nazroo, 2003, 2004; Berthoud, 2003).

5.2 Saving and planning for retirement

While those on low incomes were constrained in their ability to save for retirement, the research also provided examples of those on good levels of income who were nonetheless not making provision for their retirement, for a variety of reasons including lack of time and lack of awareness as well as inertia and lack of interest in pensions. Personal accounts would clearly improve access to pensions for those not currently contributing and include an employer contribution, while automatic enrolment would help to counter inertia and the effects of a lack of knowledge and understanding. Our sample included people who could well afford to make pension

savings but had simply not got around to doing so, partly because they were not aware what was available, and in some cases because they lacked trust in the industry. However, they may be of less benefit to those who feel unable to afford to save out of their current income. While they make up a minority of those interviewed for this research, poor households constitute a large proportion of some ethnic minority communities (Modood *et al.*, 1997, Platt, 2002, 2003). For these people it is important that DWP communicates the benefits of personal accounts for those on low incomes and where allowance is made for pension saving within means-tested benefits such as tax credits, it will be important for this to be publicised appropriately.

Discussion of people's retirement expectations in Chapter 4 demonstrated that those at the lower and higher ends of the income distribution have realistic expectations about their retirement, in that those on low income realise that they will have problems (although they may feel powerless to do anything about this) while those on good incomes have a well-founded view that they will be comfortable in retirement. It is the middle group, which has some disposable income, but is not well-informed about the long-term consequences of their current savings behaviour, whose expectations of being comfortable in retirement are unlikely to be fulfilled, and who are a key target group for pensions policy.

Any improvement in the level of the basic state pension reduces the need to claim means-tested benefits and is likely to be welcomed by ethnic minority pensioners. Those interviewed for the research felt strongly that the level of pension they received (or had been forecast) was in no way commensurate with the level of tax and National Insurance contributions they had made over their working lives, and argued for an increase in the value of the basic state pension. However, a large proportion of pensioners – estimates vary between 33 per cent (DWP, 2006) and 45 per cent (Pensions Policy Institute, May 2006) in 2050 - would remain eligible for Pension Credit under the proposed reforms. This is particularly significant for ethnic minority groups, since their lack of other pension income means they are more likely to be eligible for Pension Credit, but their take up of means-tested benefits is lower (Barnard and Pettigrew, 2003). Large scale entitlement to Pension Credit is also important more generally as a factor influencing pension saving (Blundell *et al.*, 2006).

5.3 Family formation and expectations of family support

Traditionally, many ethnic minority cultures have placed a high value on supporting members of the extended family, particularly elderly parents. Much has been made of the continuing attachment to the idea of intergenerational support, particularly expectations of future financial support from adult children, as a factor in the retirement planning of ethnic minority groups, but its practical importance may be overstated. Nesbitt and Neary's (2001) qualitative study of retirement decisions suggests a strong preference for support from adult children among Pakistani and Bangladeshi men. This study has found that while both younger and older members of ethnic minority groups in the UK discuss the possibility of being able to rely on

financial support from their families, for many this is something they would wish to avoid. The people interviewed for this study accepted that their children born and raised in the UK were likely to have different attitudes and norms from their own, being of a different generation and culture, and also faced considerable financial pressures in their own lives. For those receiving support from their adult children, this tended to be in the form of contribution to household expenses (where they were still living at home) and/or assistance with discretionary purchases, such as large items of furniture or overseas travel. While they were happy to accept these sorts of help, or to rely on their children in an emergency (and clearly saw this as normative, as discussion of the scenarios revealed), interviewees did not generally seem to view family support as a key element in their retirement planning. In some cases, where adult children were still living with parents, the situation was one of mutual support. Even where parents were not retired, they had sometimes reduced their working hours once their children were earning and making a contribution to household expenses.

Where strong norms of family support do exist, commitment to such an ideal may influence pension savings decisions, possibly leading people in the prime of their working life to invest more heavily in their children's welfare (e.g. spending on private education) than in their own financial future. Moreover, large family sizes, extended periods in education, and high rates of unemployment among young ethnic minority people, mean that some parents will still be providing financial support to their own children at the time they retire, and this may limit their capacity to save. Large families may be protective in later life, if financial and practical support is received, but they also increase the risk of poverty and low income during working life. It remains to be seen whether current differences in family size across ethnic groups will persist over time.

5.4 Access to information

The research revealed a large degree of unmet need in relation to information about pensions and other financial issues, both among those with limited incomes who were expecting to be reliant on State Pension and Pension Credit, and among those with higher incomes who were unsure how best to invest for their future. As previous chapters have demonstrated, the research revealed that people were unaware of issues such as contributions conditions for the Basic State Pension, HRP cover for those involved in caring, and the amount of state pension they would receive on retirement. There were also erroneous beliefs in respect of pension age, the position of self-employed people, and eligibility for Pension Credit.

Although they clearly would have benefited from additional information, most people were not actively seeking advice on pensions, although the interview itself appeared to have acted as a spur to action in some cases. This suggests that people may respond well to outreach on these issues. There are some obvious target groups – for instance, the self-employed, given the over-representation of ethnic minority groups among the self-employed, especially in catering and other work involving

long hours, and those who simply do not know where to get advice. Interviewees made several suggestions, including pensions and retirement planning briefings for all employees, to be provided via the employer, leaflets in community languages delivered to people's homes, and the opening of specialist advice centres on pensions and retirement planning issues in local areas, offering advice in community languages. The face-to-face guidance sessions for older workers proposed in the Welfare Reform Green Paper (DWP, 2005) may meet some of these needs.

Although there was some evidence of language needs among those interviewed, and it is important for these to be met, it is possible to overstate their importance as a factor in accessing pensions advice, since those with fluent English also struggled to obtain and to understand appropriate information. The provision of information on state pensions via employers or agencies which are already well-used, such as High Street banks, Citizens Advice Bureaux and community advice centres, or with other information already provided on a regular basis, such as the P60, may also be worthy of consideration.

5.5 Profile groups and the impact of work history on retirement planning and saving

The cases described in Chapter 2 reflect experiences which are particularly common among ethnic minority groups. While anyone in these situations will face similar issues in relation to retirement planning, the fact that they affect disproportionate numbers of ethnic minority groups means that pension policies could have a differential effect on ethnic minorities.

Women who have never worked – under the current system, women in this situation are unable to earn a pension in their own right, since although contributions can be credited for periods when Child Benefit or Invalid Care Allowance are received, there is a requirement for a minimum period of paid employment. Although credits for S2P⁴ are received, these are at a minimum level. Women in this situation may qualify for pension based on the contributions made by their husband, but these provisions are not widely understood. Currently less than 50 per cent of women pensioners have entitlement to a full state pension (www.pensionspolicyinstitute.org.uk, May 2006); the much higher rates of non-employment in some ethnic minority communities mean that they are even less likely to have a pension in their own right and they would therefore have been major beneficiaries of a move to residence-based provision. However, the proposed changes to the contributions-based system, which would reduce the number of qualifying years to 30, provide a weekly-based credit for periods of caring, and allow

⁴ The state second pension (S2P) is the additional state pension, payable from state pension age by the Department for Work and Pensions. It is currently an earnings-related pension, with credits made for those earning under the lower earnings limit, subject to qualifying criteria.

people to qualify on the basis of these credits, without the necessity for a qualifying period of paid employment, would improve the position of women who are not in paid employment because of caring responsibilities. This would include large numbers of Pakistani and Bangladeshi women. Women like Dipali will be more visible in the system and able to claim an independent income. Those who are not at work (e.g. mothers of young children) would also be able to contribute to personal accounts. However, the likely practical impact of this is as yet unknown.

Self-employed – this group currently has no access to S2P, and although the Pension Commission recommended that consideration be given to ways of extending it to this group, the White Paper has discounted this on the grounds of cost and complexity. Most of the self-employed in our sample were in the high income group and had made their own provision, but some had had to sell their businesses and found themselves on a low income with no pension and thus were worse off than those who had been employed and contributing to SERPS or S2P. Under the proposed reforms the self-employed would have the option to join personal accounts. While eligibility to join personal accounts for the self-employed will improve formal access to pension provision, it remains to be seen how much impact this will have in practice, since there will be no automatic enrolment for the self-employed, and they do not have the same incentive as employees to join, as they do not benefit from employer contributions. Some of the self-employed are also likely to continue working past state pension age and would therefore benefit from more information regarding the positive impact this can have on their state pension, together with options such as pension deferral.

Lone parents – this group may have large gaps in employment history, and thus have similar problems to the women who have never worked, but because they do not have a partner are unable to qualify for a pension via this route. Under the reformed system caring is better rewarded and there is no requirement for a minimum period of paid work, so lone parents who have to take time out for caring and may have spent less time working in the UK will still be able to build up their contributions. However, not all will be able make enough contributions to qualify for a full state pension, especially if they come to the UK during their working life. Going back to Sarah the case study for this group, she would be a borderline case under the proposed reforms. She came to the UK 13 years ago when she was 30 and her children were nine and ten. She had a period of two-three years of unemployment so she has only worked for ten years so far and if she worked until she is 66 she will make 30 years contributions. But she is in insecure work with a zero hours' contract which means she does not make regular contributions and will not be able to top up at the end of the year, given her financial situation.

Workers in an ethnically segmented labour market – this was a varied group, including those who were in high income restaurant work who would have benefited from an employer pension scheme and will benefit from the introduction of personal accounts. This type of work traditionally attracts recent migrants with poor English, either as a transitional job or a longer-term employment trajectory,

and is this likely to continue. Those in the low paid, low skilled side of this work may choose to opt out of personal accounts and therefore have no savings for retirement. Small businesses (including many ethnic minority employers) may also find it difficult to match the contributions to personal accounts, and may reduce wages or try to discourage employees from joining (Marshall and Thomas, 2006).

Workers from declining industries – this group has a poor contributions profile, with periods of time spent on means tested benefits, and poor health, which make it difficult to qualify for a full state pension. They will benefit from reduced contribution time and flat rate S2P, but may be disadvantaged by the increase in state pension age because of their increased risk of early exit from the labour market. For instance Abbas, who is now 74, was made redundant from a car factory aged 50 and had not found work before retirement. He came to the UK in the 1970s so has not made enough contributions to get a full state pension and is on Pension Credit. He would have benefited from the reduced contribution period, but would have spent longer on a low income in the run-up to retirement if state pension age were later. Therefore, it is important to ensure that these people are offered appropriate support to return to the labour market. Outreach, and information in different languages, could be important here.

Second generation – born and educated in the UK – on the whole, this group is similar to the white population, although young second generation Asian men are doing less well in education or employment than the first generation, other ethnic groups, and their female peers.

Dual earner households – this group was also similar to the white population, and was earning enough to invest in a range of saving schemes, making it unlikely that they would need to save in personal accounts.

5.6 Conclusions

The research has demonstrated a widespread inertia and lack of adequate information with respect to retirement planning among ethnic minorities, and an inability to save for retirement among low-income groups, which is similar to the attitudes and experiences of the white population reported in previous pensions research. However, there were also issues which were specific to ethnic minority communities. These included a reduced ability to save due to sending remittances to support the extended family overseas, language needs and lack of familiarity with pensions limiting access to information, the issue of whether or not to return to the country of origin in retirement, and the question of how much support it was reasonable to expect from the extended family in the future. The expectation of family support did not appear to be a major influence on retirement planning decisions.

For Muslims, there were particular issues, arising both from the higher demands on income created by large families with often a sole breadwinner, and religious norms affecting financial behaviour. The latter led to an emphasis on the importance of charitable giving, and, for some, an avoidance of financial products involving the

payment of interest. While relatively few Muslims in the sample saw religious considerations as a factor in the choice of financial products, it is difficult to estimate how prevalent such attitudes are in the wider population, and what impact they have on investment behaviour; further research in this area would be valuable. On the former point, it is yet to be seen whether current demographic and labour market patterns will persist over time.

As discussed above, work trajectories also have implications for pension provision. Some of the situations described (e.g. employment in declining industries, self-employment, segmentation into low-paid work, lone parenthood, women who have never worked) apply differentially to ethnic minority groups, and mean that they are disadvantaged by the existing pensions system, relative to the white population. Because of the longstanding nature of these trends in labour market disadvantage, pensions policy needs to address these issues. There will also be new migrant groups who could face similar issues in future and further research may be needed to highlight issues for these groups.

As highlighted by the discussion of case study examples and by previous research, ethnic minority communities are over-represented in certain disadvantaged labour market positions, and these can affect their pension situation because of the link between pensions and earnings. The reforms proposed in the recent Pensions White Paper will offer the opportunity for those on low incomes to save and improve access to state pension through reduced contributions periods which benefit those who spend time caring and those with interrupted work histories. Given the importance of the reforms for ethnic minority groups, DWP should ensure that they keep under review the effect that these policies have in practice.

Appendix A

Topic guide

Work, saving and retirement among ethnic minorities

Introduction

My name is [] and I work for Agroni [give card]. We are working with Policy Studies Institute, an independent research institute, and we are not part of any government department.⁵ The Department for Work and Pensions has asked us to do research on people's experiences of work, financial planning and retirement. Anything you tell me is confidential and all views will be reported anonymously so no individual will be identified in our report.

The interview begins with some background questions that require short answers such as marital status and languages spoken etc. After this section the questions are more open-ended, you will be able to say as much or as little as you want on them. Because people's lives are so different, some of them will be more relevant to you than others. The sorts of things we will be covering include a bit about;

- Your work history
- Your retirement plans
- Household finances and pensions
- What additional advice and support you would like to see

⁵ Note for interviewers if asked who DWP is. The DWP is a government department, which has responsibility for pensions, benefits and employment.

Is it okay to tape our conversation? This is just because it's difficult to take the sorts of detailed notes I'd like, and it won't be heard by anyone outside the research team. All interviews are given an anonymous number and the Department for Work and Pensions won't be told who we've spoken to at any point. **[note interview can only go ahead once permission has been established for taping]**

Do you have any questions before I begin?

Now go to demographic appendix, to complete details of age, family composition, etc.

1 Work/life history timeline

Note to interviewers – the aim of the timeline is to provide a brief outline of the individuals working life and key events in their life to date. Use the space above the line to write in events such as marriage, giving exact age where possible. The events prompt on the timeline sheet gives examples although not all will be relevant to every respondent. The rows below the line can be used to show periods of time spent in a particular activity. i.e. employment, raising children. Not all rows will be relevant to every interviewee. Mark start of period with cross, end of period or current age with cross, and draw line between.

If a career has not been the focus of their life use the timeline to establish what their priorities have been, for example raising children, voluntary work or unpaid work for family business. It is important to find gaps in a respondent's employment history or show a domestic career spent raising children as this has implications for their pensions.

The timeline needs to be completed as quickly as possible but will be a point of reference later in the interview when events may be explored more fully or will be used as a trigger for other questions.

Place key life events on the time line provided

2 Orientations to work

I just want to talk a bit about the work you have mentioned on the timeline.

i. If working:

- ↳ How do they feel about their current situation (employment/voluntary work/ domestic work/childcare/elder care/self employment?)
- ↳ How did they get into it?
- ↳ Do they enjoy it? Why, why not?
- ↳ If self employed
- ↳ Why? Choice or necessity?
- ↳ Advantages and disadvantages of this type of work?

ii. How do they feel about their working life more generally?

Prompts:

- ↳ Would they have preferred to do something else? (e.g. paid work if they had a domestic career or more family time if they have always worked) Has work/ employment been a priority over the past 20 years or have they had other concerns or interests which are more important such as family, leisure activities, involvement in the community?
- ↳ *Probe on gendered/cultural expectations about roles.*
- ↳ If they have juggled care work with domestic labour and voluntary work or employment, how have they found this?

Note to interviewers – refer particularly to their current or recent work career/domestic work/ care/ unemployment/voluntary work or unpaid work and probe on feelings and issues about their working life and their orientations to work even if not paid employment

iii. Skills and training

Prompts:

- ↳ What age did they leave full-time education?
- ↳ Any qualifications?
- ↳ Any training in specific skill?
- ↳ Do they feel they need/needed better skills/training to get a better job?
- ↳ Do they feel they have/had the opportunities to do so?

iv. If they have been unemployed how was that experience for them?

(both in terms of whether they have had multiple/long spells, and how they felt about this)

v. Have they felt they were discriminated against during their working life?

not just at work, but also in trying to get work, access to pensions etc. (explore how this has affected them – e.g. not getting work/type of work offered/promotion/harassment/pay/excluded from pension scheme)

vi. How does their work/care/unemployment, fit in with partner's work

(e.g. if partner is breadwinner they may say this is the reason they don't work or vice-versa)

3a Expectations of retirement and later life

For those still working – under and over state pension age (60 women/65 men). Those who describe themselves as retired whether under or over state pension age (60 women/65 men) go to question 3b)

I now want to talk a bit about your thoughts and plans about retirement.

1. Ask all

What do you understand by the word retirement?

Prompts:

- ↳ How does it relate to you?
- ↳ When do you see yourself retiring, and how do you feel about this?
- ↳ Have you thought about what you will do when you retire? (probe plans, to move, sell business, move overseas, leisure activities, care etc).
- ↳ How do you think your lifestyle will change? What problems might there be?
- ↳ How do you think your health will affect your retirement?

2. If they are not in employment

Do they see their life changing when they reach state pension age?

3. If they are in employment and under state pension age

Have their employers provided them with any counselling or support regarding the retirement planning process and pensions?

Prompts:

- ↳ If yes what was involved, if no is that something they would find beneficial?
- ↳ At what stage/age would they find this type of advice most beneficial?
- ↳ What are their attitudes to working past the age of 60 (women)/65 (men)?
- ↳ Have they thought about continuing to work when they reach state pension age?
- ↳ If they wouldn't want to work after state pension age probe why not, if they would, probe why e.g. choice or necessity?

Prompts:

- ↳ What employment/earning opportunities are available to them to continue?
- ↳ What work would they do?
- ↳ Do they know what their employer's attitude would be to them continuing to work?

4. If they are self-employed and under state pension age?

Do they think they will stop work at state pension age?

Prompts:

- ↳ If not, when will they stop work?
- ↳ Do they plan to 'slow down' prior to stopping work or will they carry on as they are for as long as they can?

5. If they are working after state pension age

How do they feel about that?

Prompts:

- ↳ How did it come about?
- ↳ Are they doing the same job or a different one?
- ↳ If self-employed, choice or necessity?
- ↳ When do they plan to retire?

3b Experiences of retirement and later life

(Those who have already retired whether under or over state pension age – 60 women/65 men)

I'd now like to ask a bit about your experiences of retirement

6. What do you understand by the word retirement?

Prompts:

- ↳ Thinking back to before you retired what were your expectations about retirement?
- ↳ What did you think it would be like?
- ↳ Were you looking forward to it?
- ↳ Had you planned what you were going to do?
- ↳ How did you think things were going to change?

7. Confirm when they retired?

Prompts:

- ↳ Why did they retire when they did?
- ↳ How do they find retirement?
- ↳ Do they enjoy it? Why?
- ↳ What do they do? Probe on leisure activities.
- ↳ Is it how they imagined it?
- ↳ Do they engage in less formal kinds of work such as voluntary work, part-time paid work etc.

i. How did they find the retirement process?

i.e. leaving work, sorting out pensions etc?

ii. Did they ever get any advice/support/counselling etc from their employer on coping with retirement?

- ↳ If so, what did they think of it?

iii. If they retired early

- ↳ Ask how this came about?
- ↳ Were they happy to retire at that time?
- ↳ Did they think it was the right thing to do in hindsight?

iv. If they were self employed

- ↳ What made them decide to retire when they did?

v. Is their partner also retired?

- ↳ How does this affect their relationship and daily life?
- ↳ Do they do more things together/have more separate lives.
- ↳ Any tensions or problems?

4 Household finances (reassure about confidentiality)

The next two sections are about finances and how households organise their finances. We realise these might be personal questions for some people and if you do not feel comfortable with a particular question you do not have to answer it. We ask these questions to help us understand the different ways households manage finances and their financial situation in retirement. As I mentioned at the beginning anything you say is confidential. Your name will not be used and no one will be passed any details about you or your financial situation.

Note to interviewer: these questions refer to all respondents but if respondent has retired you will need to establish differences in financial division of labour and attitudes to money etc both before and after retirement

- a) Establish who the main breadwinner is/was and what do they do/did, probe whether this has/had always been the arrangement. How do they feel about this arrangement?
- b) We need to get an idea of which income band your household falls within. Can you tell me how much you and your partner get a week/month? ***Include benefits, salaries, rental income from property/land, pensions. Prompt for child benefits, disability and sickness benefits.***

Note to interviewers: We are primarily interested in the income of a person and their partner, but if in practice they get income from children/family in household this should be included, with an indication of how much this is

If an amount not named, prompt for income band as follows:

Are you able to pick which of these bands is closest to your current monthly or weekly household income.

	Weekly	Monthly
A	Under £100	Under £433
B	£100 -199	£433 + to £862
C	£200 -299	£862+ to £1296
D	£300-399	£1296+ to £1729
E	£400-599	£1729+ to £2596
F	£600-799	£2596+ to £3462
G	£800-999	£3462+ to £4333
H	£1000+	£4333+

Note to interviewers – this may be hard for some respondents to answer – particularly some women who don't work and whose husband controls household budgets. You may be able to estimate from partner's employment – see breadwinner question. Also ask about types of benefits such as pensions, Pension Credit. But if it seems inappropriate or respondent is uncomfortable leave this question

Have you always had a similar level of income or has your income changed over the years

(probe for why, e.g. getting lower paid jobs after being unemployed, getting promoted and getting pay increases)

Prompts:

- ↳ **If retired**, establish how much their weekly/monthly income fell by on retirement.
- ↳ What have the effects been on their standard of living – e.g. Can they still afford do things they did before retirement (e.g. meals out, own a car, visit relatives, go on holiday)?

i. Do they receive any support (financial or practical) from adult children or members of the extended family?

(What form does this take? Regular or ad hoc?) **If retired** has this changed since they retired?

ii. Do they discuss finances as a couple/household or does one of them tend to take care of financial matters/particular aspects of spending or saving?

Prompts:

- ↳ Who makes key decisions about who buys/pays for what in the household?
- ↳ Why? Is that how it has always been?
- ↳ If retired have things changed since they retired?

iii. How would they describe their attitude to money (e.g. careful, spend now, pay later, etc)

Prompts:

- ↳ Why is this? Have they always been like that?
- ↳ Are they different to their partner in this respect?
- ↳ If person is self-employed probe on whether they think this has given them a particular attitude to money (e.g. more careful?)
- ↳ **If retired**, have their attitudes to money changed since they retired?

4a Outgoings

i. How easy do they find it to pay for things such as food and clothing on their current household income?

(Very easy, easy, fine, just about OK, struggling to manage?) Probe examples of what they struggle with. If retired has it become more difficult to pay for things they need since retirement?

Note to interviewer ask for weekly or monthly whichever is easier for them to calculate

ii. What do they think the main weekly/monthly outgoings from the household are?

Prompts – Rent or mortgage, Council Tax, food shopping, car insurance etc, fuel bills, phone bills. Probe on who takes responsibility for what.

If retired, did retirement change the division of responsibility?

If reluctant or unable to name amounts, probe e.g. proportion of income that is spent on housing, food and fuel, proportion of income that comes from state benefits.

iii. Do they provide any financial support to children, other relatives nearby/ elsewhere in UK/abroad

(what form does this take? Regular or ad hoc?)

If retired did retirement change the amount of money they were able to send?

iv. Do family or friends help out by paying for things such as trips abroad or things for the house?

If retired has this increased since retirement?

4b Savings

We are now going to ask a few questions about whether you or your household have been able to put money aside or save money over the years

i. Over your life have you (and/or your partner?) been able to save money, put money aside for a rainy day?

Prompts:

- ↳ If no, why not? Probe – no surplus income, do not use financial institutions. If yes, who looks after this aspect of household finances?
- ↳ Do you use banks, building society accounts, ISAs, stock market, owning property?
- ↳ Have there been times when you could have put money aside but didn't? Why was this?

- ↳ Have you bought life assurance or health insurance or other financial products?
- ↳ Are you saving/investing any money currently?
- ↳ **If retired** has this changed since retirement? **Check for any cultural or religious issues influencing practices.**

ii. Have there been any particular events that you have saved for in the past or felt you should save for?

(refer to a real event from their time line such as having children, moving house etc)

- ↳ What would happen if you/your family needed a large sum of money for something in the coming year? **(Prompt: holidays abroad, buy presents, furniture for the house, serious illness or bereavement in the family, grandchildren, new washing machine, children's weddings)**

iii. Where would you be most likely to get the money

(Prompt: savings, family, credit cards, a loan, sale or rental of property, partner or credit union, community) probe on why one option and not another

iv. Have you ever been in a situation where you have needed to get financial advice?

- ↳ What was the situation, who did you go to? (Prompt: bank manager, relative, accountant, local broker/agent, friend) Why? Was their advice helpful? why? why not?

5 Pensions

I'm going to ask you a bit about pensions and what you know about pensions. This is not a test but the Government is interested in how much people know as they want to make sure people are given the information they need.

If not retired

- How much do you feel you know about pensions generally, (nothing, a bit, quite a lot) – would you be able to offer advice to a friend for example?
- Have you ever thought about saving into a pension scheme?

If no, probe on why they haven't (e.g. no money spare, do not really understand how pensions work)

If yes, refer to time line – at what point did you first think about saving for retirement? Was it in relation to particular life choices (e.g. work, family, self employment etc)? What made you think about a pension at that point in your life?

- Had/Have you ever asked for advice on pensions (prior to retirement)?

When was this? From whom? If you wanted to get this sort of advice, who would you ask? (Prompt: bank manager, relative, accountant, local broker/agent, friend) Probe on why this person, how long they have known them, is this also the person they would go to for non-emergency financial advice

If self-employed

- Have they thought about the implications of this type of work on their pension?
- What do you think your financial situation will be when you retire? (Very comfortable, comfortable, just about OK, struggling to manage?)
- Where will your income come from? (pensions, family support, state benefits)
- Do you feel your children will be able to support you as you get older?
 - ↳ Would this support be financial or practical i.e. by providing accommodation or visiting regularly?
- Do you see your property as an investment for your retirement?
- Do you know whether you have an occupational (work) pension?

Prompts:

- ↳ Do you know how much income it will provide you with?
- ↳ Does your employer contribute to this?
- ↳ Have your employers provided you with pension advice and information? (what form does this take?)

Refer to the employment mapped out on their time line to establish if they had occupational pensions in previous jobs.

- Do you have a personal or stakeholder pension? Do you know how much income it will provide you with? Do you know how to get this information?
- Do you know how much state pension you will receive? Have you heard about pension credits? What do you know about them?
- How aware are you of your partner's financial position at retirement (e.g. whether they have an occupational pension, or savings or will be in receipt of a full state pension).

Prompts:

- ↳ Do you know how that will affect you/do you have any concerns about this?
- ↳ Do you discuss retirement plans in particular as a couple/family or is this something that isn't really talked about?
- ↳ Are you aware of benefits from pensions for partner or dependants?

- To what extent do you think the issues of pensions and financial planning will influence the decisions you make about your family and work in the next few years? In what ways?
- How do you feel about provision in retirement – whose responsibility should it be – Government, individual, family?
- At what point do you think people should start to think about pensions and retirement?

If retired

- How much do you feel you know about pensions generally, (nothing, a bit, quite a lot) – would you be able to offer advice to a friend for example?
- Thinking back, at what point did you start to think about pensions and your future financial situation on retirement?

Prompts:

- ↳ Why was this/what triggered it? What did you think your financial situation would be when you retired? Did you ever go to anyone for advice? Did your employer provide you with advice on financial planning?
- ↳ Do you have personal/employer pensions or state pensions?

Prompts:

- ↳ Are these what you expected?
- ↳ Is your weekly monthly income more or less than you expected?
- ↳ What about your partner?
- Do your children support you financially or practically i.e. providing accommodation or visiting regularly, helping out with major expenses?
- Do you see your property as an investment for your retirement?
- How aware are you of your partner's financial position at retirement (e.g. whether they have an occupational pension, or savings or will be in receipt of a full state pension).

Prompts:

- ↳ Do you know how that will affect you/do you have any concerns about this?
- ↳ Do you discuss retirement plans in particular as a couple/family or is this something that isn't really talked about?
- ↳ Are you aware of benefits from pensions for partner or dependants?

- Do you think the issues of pensions and financial planning will influence the decisions you make about your family in the next few years? E.g. decisions to move house etc. In what ways?
- How do you feel about provision in retirement – whose responsibility should it be – Government, individual, family?
- At what point do you think people should start to think about pensions and retirement?

If people do not have a pension and are retired can the interviewer make sure that they have the information telling us how they are supported financially.

Appendix B

Scenarios

Note to interviewer - Pick one or two scenarios from the list (depending on time available), one that your feel the respondent will recognise or identify with and one that might be less familiar. Read out the scenario and use the questions below to explore the issues raised

1. Have they ever come across these sorts of situations
2. What problems might the person face?
3. What problems might their family face?
4. What could the person do?
5. Who they could go to for advice?
6. What would they do if it was them? Why would they do this?

1.

Woman in her 50s, five children, has never had paid work although she has done a lot of unpaid work for the local church/temple/mosque. Her husband's health is not good since he had a minor stroke and he may have to retire early, reducing his employer pension. They have paid off the mortgage on their house but it now needs a large repair to the roof.

2.

Woman (lone parent) in her early 40s who has worked all her life as a nurse for NHS but with several breaks and spells of part-time working when her children were young. She is not sure how much her pension will be, and wonders if she should be paying in more to make up for gaps in the past.

3.

Man in his 50s whose wife wants to move back to their country of origin when he retires from his work as a bus driver. They live in a housing association flat but own property abroad jointly with his brother which provides a small rental income. They would like to live in the property when he retires but his brother thinks it will be more lucrative to develop the land.

4.

Woman in her late 40s never worked outside the home since coming to the UK, as her husband was the breadwinner and she stayed at home to raise the children. Her husband died recently leaving a small legacy including the house. Her two children are grown up and just starting their own families. She is worried about how she will manage in the future and a friend has advised her to sell the house.

5.

Self-employed restaurant owner in his early 40s has built his business up with help of wife and children. He has taken out life cover which he bought from an acquaintance who is a broker in his local community. However he is not really sure what this is worth and he has no pension. He would like to retire early and pass the business on to his children but they are not so keen.

6.

Single man in late 50s, a council tenant, who has worked all his life in clothing manufacture in several garment factories, but is now on Incapacity Benefit due to heart problems. Thinks he contributed to two different employer pensions but not sure how much he paid in and how much he will get when he retires. He has always talked of returning to his country of origin one day but now wonders how much he still wants to do this or whether this is even realistic, with his health and income problems.

7.

Divorced man in his early 60s has run several businesses and currently owns a small building company. He speculated on the stock market when he was younger, however, he lost quite a lot of money and his private pensions are not worth much. He is wondering whether to continue working past 65 so he can improve his pension.

8.

Woman in her late 50s who has done cash in hand cleaning work on and off all her life and doesn't have a pension. She thinks she is covered by her husband's pension but isn't sure about this. He is a foreman in a factory but he doesn't tell her much about the finances and she doesn't really understand how pensions work.

Appendix C

Table of participants

Table C.1 Sample participants

Ethnicity	Age band	Children	Empl status	English	Gender	Marital status	Religion	Housing tenure	Arrival cohort	Country of origin	Income band
African	40-49	0	Emp	Fluent	Female	Single	Missing	Lives with parents	NA	British	Medium
African	40-49	1	Emp	Fluent	Male	Married	None	Mortgage paid	NA	British	High
African	40-49	2	Emp	Proficient	Male	Married	None	Council	Missing	Zimbabwe	High
African	40-49	0	Emp	Fluent	Female	Single	Christian	Privately rented	2000s	Ghana	High
African	40-49	0	SE	Proficient	Male	Married	Muslim	Council	2000s	Sudan	High
African	50-59	0	UE	Proficient	Male	Single	Christian	Privately rented	1980s	Ghana	Low
African	60+	6	Ret	Proficient	Female	Divorced	Missing	Mortgage paid	1960s	Dominica	Low
African	60+	3	SE	Proficient	Male	Married	Muslim	Mortgage	1980s	Somalia	Medium
African	60+	2	Ret	Fluent	Female	Divorced	NA	Mortgage paid	1960s	Kenya	Low
African	60+	8	Ret	Some	Female	Married	Muslim	Council	1990s	Somalia	Low
Bangladeshi	40-49	2	Emp	Fluent	Female	Divorced	Muslim	Council	NA	Bangladesh	Medium
Bangladeshi	40-49	4	Emp	Fluent	Male	Married	Missing	Mortgage	NA	British	High
Bangladeshi	40-49	2	SE	Fluent	Female	Single	Muslim	Privately rented	NA	British	Low
Bangladeshi	50-59	4	Emp	Fluent	Male	Married	Muslim	Council	1990s	Bangladesh	High
Bangladeshi	50-59	5	NA	None	Female	Married	Muslim	Mortgage paid	1980s	Bangladesh	Low
Bangladeshi	50-59	5	FAM	Some	Female	Married	Muslim	Mortgage paid	1970s	Bangladesh	Low
Bangladeshi	50-59	4	Emp	Some	Male	Married	Muslim	Mortgage	1970s	Bangladesh	Medium
Bangladeshi	60+	6	Ret	None	Male	Married	Muslim	Council	1960s	Pakistan	Low
Bangladeshi	60+	6	Ret	Proficient	Male	Married	Muslim	Mortgage paid	1970s	Bangladesh	Low
Bangladeshi	60+	7	Ret	None	Female	Married	Muslim	Housing association	1970s	Bangladesh	Medium
Caribbean	40-49	3	Emp	Fluent	Female	Divorced	Christian	Council	1990s	Jamaica	Medium
Caribbean	40-49	1	SE	Fluent	Male	Separated	Muslim	Mortgage	1980s	Trinidad	High
Caribbean	40-49	0	Emp	Fluent	Female	Married	None	Mortgage	NA	Jamaica	Medium
Caribbean	50-59	1	Emp	Fluent	Female	Single	Christian	Mortgage	1980s	Jamaica	Low

Continued

Table C.1 Continued

Ethnicity	Age band	Children	Empl status	English	Gender	Marital status	Religion	Housing tenure	Arrival cohort	Country of origin	Income band
Caribbean	50-59	0	SE	Fluent	Male	Single	Missing	Privately rented	Missing	Jamaica	High
Caribbean	50-59	2	SE	Fluent	Male	Married	Christian	Mortgage	1960s	Jamaica	High
Caribbean	50-59	0	Emp	Fluent	Female	Married	None	Mortgage	NA	British	Medium
Caribbean	50-59	6	NA	Fluent	Male	Single	None	Missing	1970s	Jamaica	Low
Caribbean	60+	2	Ret	Fluent	Female	Divorced	Christian	Mortgage paid	1970s	Tobago	Medium
Caribbean	60+	3	Ret	Fluent	Male	Separated	Christian	Mortgage	1970s	St Lucia	Low
Chinese	40-49	2	Emp	Some	Female	Married	Missing	Privately rented	2000s	Hong Kong	Low
Chinese	40-49	2	NA	Fluent	Male	Married	None	Privately rented	1990s	China	High
Chinese	40-49	2	UE	Some	Male	Married	Missing	Council	1980s	China	Medium
Chinese	50-59	1	SE	Missing	Female	Married	Buddhist	Missing	1990s	China	High
Chinese	50-59	1	Emp	Fluent	Female	Married	Christian	Mortgage paid	Missing	China	High
Chinese	50-59	3	SE	Proficient	Female	Married	None	Mortgage paid	1970s	China	High
Chinese	50-59	1	Emp	Proficient	Male	Married	None	Mortgage paid	1970s	China	High
Chinese	50-59	0	Emp	Fluent	Male	Married	None	Mortgage	1980s	China	High
Chinese	50-59	2	Emp	Some	Female	Married	None	Mortgage	1970s	China	High
Chinese	60+	0	Ret	Proficient	Male	widowed	None	Mortgage paid	1970s	China	Low
Indian	40-49	2	Emp	Fluent	Male	Married	Sikh	Mortgage paid	NA	British	High
Indian	40-49	3	SE	Fluent	Male	Married	Missing	Mortgage	1980s	India	High
Indian	40-49	2	SE	Fluent	Female	Married	Hindu	Mortgage paid	1980s	India	High
Indian	50-59	1	Emp	Fluent	Female	Divorced	Missing	Mortgage	NA	British	High
Indian	50-59	0	Emp	Fluent	Female	Single	Hindu	Privately rented	1980s	India	High
Indian	50-59	4	UE	Proficient	Female	Married	Hindu	Mortgage paid	1980s	India	Medium
Indian	60+	4	Ret	Fluent	Male	Widowed	Sikh	Mortgage paid	1970s	India	Medium

Continued

Table C.1 Continued

Ethnicity	Age band	Children	Empl status	English	Gender	Marital status	Religion	Housing tenure	Arrival cohort	Country of origin	Income band
Indian	60+	2	R SE	Fluent	Male	Separated	Hindu	Council	1970s	India	Low
Indian	60+	1	Emp	Fluent	Female	Divorced	Sikh	Mortgage paid	NA	British	Medium
Indian	60+	3	Ret	Proficient	Male	Single	Hindu	Mortgage paid	1970s	India	Medium
Pakistani	40-49	6	FAM	Some	Female	Widowed	Muslim	Council	1990s	Pakistan	Low
Pakistani	40-49	2	UE	Fluent	Male	Married	Muslim	Lives with parents	NA	Pakistan	Low
Pakistani	40-49	1	Emp	Missing	Female	Married	Missing	Missing	1970s	Pakistan	High
Pakistani	40-49	2	Emp	Proficient	Female	Widowed	Muslim	Mortgage paid	1980s	Pakistan	Medium
Pakistani	40-49	2	Emp	Proficient	Male	Married	Muslim	Council	1990s	Pakistan	Medium
Pakistani	50-59	2	UE	Fluent	Male	Divorced	Muslim	Mortgage	1970s	Pakistan	Low
Pakistani	50-59	0	SE	Fluent	Female	Divorced	Muslim	Mortgage paid	1990s	Pakistan	Medium
Pakistani	50-59	1	SE	Fluent	Male	Married	Muslim	Mortgage paid	1970s	Pakistan	High
Pakistani	60+	4	Ret	Proficient	Male	Married	Muslim	Mortgage paid	1960s	Pakistan	High
Pakistani	60+	2	Ret	Proficient	Female	Separated	Muslim	Mortgage paid	1960s	Pakistan	Low

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