

Department for Work and Pensions

Working Paper No 72

Individuals' attitudes and behaviours around planning and saving for later life

**Findings from qualitative and
quantitative research**

Anna Thomas, Joceline Jones, Shiona Davies and Dave Chilvers

A report of research carried out by Define Research and Insight Ltd and Continental Research on behalf of the Department for Work and Pensions

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Define and Continental Research were jointly commissioned to carry out this research.

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The Authors

Anna Thomas (Research Director, Define) was qualitative research director. Anna has a background in both qualitative and quantitative research, and is particularly interested in innovation in research methodologies.

Joceline Jones (Director, Define) was qualitative project director. Joceline has a wealth of experience in qualitative research within the public sector and in strategic communications research.

Shiona Davies (Director B2B and Finance team, Continental) was the day-to-day quantitative research director. Shiona has considerable experience of both financial research and of market segmentations (both client and agency).

Dave Chilvers (Managing Director, Continental Research). Dave is an expert in statistical techniques, and undertook all the segmentation analysis for this project.

Glossary

DWP	Department for Work and Pensions
PADA	Personal Accounts Delivery Authority
SPA	State Pension age
ABC1	Upper half of socio-economic groupings used to classify households (usually by head of household working position). From higher managerial roles to supervisory, clerical and junior managerial roles
C2DE	Lower half of socio-economic groupings used to classify households (usually by head of household working position). From skilled manual workers to casual/lowest grade workers
Pen Portrait	A way of summarising multiple data points and communicating them. A short personalised account or character is created by the research team which then embodies the key facts in a graspable and more holistic way.
Discussion Guide	This is a document which indicates the general flow of the research interview. It contains specific questions but is not scripted. The interviewer uses the discussion guide as a comprehensive set of issues against which the overall project should deliver. Depending on the area under discussion (for example, general exploration versus understanding responses to a specific idea), questions are used to prompt discussion and ensure the interview stays on brief. However, prompting is often kept to a minimum as this

allows best access to and understanding of spontaneous knowledge and attitudes. Each interview is conducted as far as possible in line with the discussion guide, but the order of questions may vary, language may change and some issues may be included or excluded as appropriate in response to the data.

Interactive Gallery

This is a bespoke methodology used by Define to explore psychological and emotional response in depth. The technique follows principles from psychotherapy in accessing respondents' sub-conscious connection to a subject. Respondents are shown a series of visual images which have been specifically created to probe the particular issues of the project. The discussion guide for this methodology includes a large section for spontaneous response to the images as well as some specific prompts.

'Auto-Pension'

When considering automatic enrolment, a portable pension account under new government legislation, respondents commonly used the phrase 'Auto-Pension'. [As detailed in this report, this term helped them to conceptualise a product requiring low maintenance from them.]

Verbatim Quotations

Throughout this report, respondents' words are used to illustrate findings and to highlight analysis. Where these are used, they will appear in italics. Attributions will indicate gender, broad age range, pension status and area of the country where the interview took place.

Summary

Background, objectives and methodology

The demographic make-up of the UK is changing. People are living longer and the pensioner population is growing relative to the working-age population. The cost of pensions will increase accordingly, yet there has been a long-term decline in private saving for later life.

Against this backdrop, the Department for Work and Pensions (DWP) estimates¹ suggested that approximately seven million people were not saving enough to deliver the pension income they were likely to want, or expect, in retirement.

This has resulted in three core policy strands being developed by DWP:

- Reforms to the State Pension, to make it simpler and fairer (particularly with respect to women and carers).
- Automatic enrolment of employees into an appropriate pension from 2012, with compulsory employer contributions provided the employee does not opt out, supported by the set up of the personal accounts scheme as a low cost, simple pensions option.
- Policies to support longer working lives, such as State Pension deferral.

This research, which was carried out in conjunction with the Personal Accounts Delivery Authority (PADA), set out to explore individuals' attitudes towards planning and saving for later life and included an audience segmentation of people of working age, or still working beyond State Pension age (SPA).

The research was a collaboration between two organisations and included a multi-staged qualitative and quantitative methodology. Define carried out the qualitative research and Continental carried out the quantitative survey.

The qualitative research provided a foundation on which to develop the quantitative survey.

¹ Pensions Bill, 2007 impact assessment, published 24 April 2008, p14.

The overarching objectives of this research were to understand how the working-age population thinks and feels about planning and saving for later life and better understand people's motivations, attitudes and behaviours towards saving for retirement and working longer.

The research, conducted in spring and early autumn 2008, was carried out in two stages:

- an initial qualitative stage consisting of 90 depth interviews to generate hypotheses and typologies; feeding into
- a quantitative survey of 3,033 telephone interviews² to challenge and test the qualitative findings and build a segmentation framework.

This research will support us in communicating with individuals about these policies and about retirement planning in a way which is sensitive to their attitudes and concerns.

Summary of qualitative findings

Money management behaviour

The initial qualitative phase was carried out by Define Research and Insight and highlighted that attitudes to money are deeply ingrained, with respondents expressing a very wide range of confidence and preparedness for a financially secure retirement.

The research uncovered three overarching attitudinal types that suggested where individuals differed in terms of their money management behaviour:

- **Spenders:** those respondents who only ever manage to spend money. Their perception is that money 'flows through their hands' and, however much they earn, they never have anything left at the end of the month;
- **Apportioners:** those respondents who are good at setting money aside for specific tasks (for bills, for holidays, for emergencies). This apportionment behaviour resonates with mental accounting theory whereby people create and use imaginary, although sometimes literal 'pots' (so called 'mental accounts') to separate money for different designated purposes, e.g. holidays, college fees';
- **Money growers:** those respondents who are attracted by the notion that money can be invested somewhere it will grow.

² The sample was all adults aged 18 and above who had not yet retired. Thus, the sample included some adults above State Pension age (SPA) who were still working and excluded some below SPA who had already retired. The sampling approach for this research was quota sampling. Quota sampling was used to ensure a certain distribution of key demographic variables, which were region and within region by gender, age and social grade.

Pension behaviour

Respondents tend to consider pensions as they begin to assume other responsibilities, such as buying a house, getting married, having children and taking on financial responsibilities.

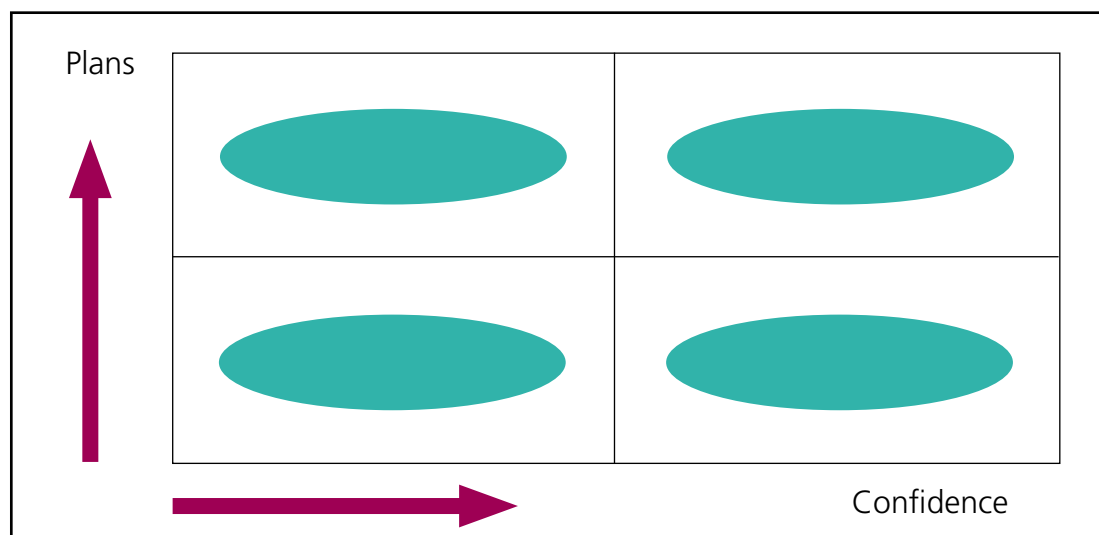
Age emerges as an important determinant that influenced attitudes to 'when was the right time' to start making plans for retirement. It was not uncommon for those under 30 to feel they were too young to seriously explore the subject.

Emerging typology

The qualitative work also identified two key dimensions (Figure 1) to feed into the development of the quantitative survey:

- Whether respondents felt that they currently had plans in place for funding their retirement.
- Whether respondents were worried or confident about the future based on their current retirement plans

Figure 1 Qualitative research framework showing plans in place versus confidence



- Respondents falling into the top right quadrant claim to have financial plans in place and say they are confident about the future;
- Respondents in the top left quadrant report that they have plans in place but lack confidence about the future;
- Respondents in the bottom right are confident despite having no plans in place;
- Respondents in the bottom left report having no plans in place and no confidence.

This framework and the key findings identified during the qualitative research provided a foundation for the development of the next stage of the research and, ultimately, quantification of behaviours and attitudes towards pensions.

Summary of quantitative findings

The following section highlights the main findings from the quantitative survey.

Lifestyle and financial habits

- The majority of respondents reported that they like to feel in control of life, and seek to do well, with only a minority taking a more relaxed attitude.
- While almost all households reported that there is someone responsible for paying bills, a quarter of households said no one is responsible for long-term saving. The proportion who do not put money aside (for a rainy day or to grow) changes very little by age.
- Respondents in this research reported higher levels of financial confidence than knowledge. A third rated themselves eight to ten for confidence, and just a quarter said the same for financial knowledge.

Working life and perceptions of later life

- A quarter of respondents reported that they would like to retire before they are 60 and this is a particular ambition of a third of those currently aged 25-34, while overall only 13 per cent would like to work beyond 65.
- Only a quarter of respondents were aware of their State Pension age. Those under 45 were least likely to report their correct SPA, with almost all thinking they reached it sooner than they in fact will. The qualitative research highlighted that many have given little thought to the retirement process and can not imagine what retirement will be like.

Current retirement provision

- A third of respondents are confident they will have enough to retire on and a similar proportion reported that they are putting away as much as they can for their retirement. Detailed analysis showed that the comparison of confidence to provision suggests that younger respondents are expressing confidence based more on hypothetical future financial savings than current behaviour.
- Two-thirds of respondents reported that it is their responsibility to ensure they have adequate retirement provision, rather than the Government. Despite accepting this responsibility, as already seen many have not really thought about retirement and only a third overall, (and half of those accepting responsibility) reported that they have actually thought about how much money they will need to live on when they retire.

- Overall, about six in ten respondents reported that they have some form of retirement provision. Typically this is because of 'being that sort of person' – an attitude that comes through strongly in some of the subsequent segments.
- Key reasons for individuals not having provision were because they have other demands on their income and struggle to cope day-to-day financially. These respondents are also more likely to say that they would rather enjoy life now, believe that retirement is too far away and admit that they just have not got round to it.
- The qualitative research identified 'plans' and 'confidence' as two key attributes in understand retirement planning:
 - 42 per cent have plans in place and are confident about the future.
 - 14 per cent have plans in place and are not confident about the future.
 - 19 per cent have no plans in place yet are confident about the future.
 - 25 per cent have no plans in place and are not confident about the future.
- Half of respondents aged 18-24 were found in the 'no plans but confident' group.

Future provision and automatic enrolment

- Overall, half of respondents reported that they think they will make a change to their retirement provision in the next five years, but these levels of current and/or future provision are not enough to allow all respondents to achieve their reported ideal retirement age. Twenty-seven per cent hope to retire before 60 but only 13 per cent think they will (including 22 per cent of those aged 18-24 and 15 per cent of those with no current provision).
- Respondents were given an explanation of automatic enrolment (see Section 5.8 for full text). Following this explanation, six in ten individuals scored the idea of automatic enrolment positively, eight to ten out of a scale of ten, and just eight per cent, (overall) scored the idea 1-4.
- Only 9 per cent reported that they would be very likely to opt out. However, four in ten respondents did express concerns about affordability, particularly C2DEs and those aged under 25.

The responses to a range of these quantitative questions (specified in Section 7.6) were then used to create a number of segments. Segments were constructed by grouping people together based on common attitudes held which are different to those held by each of the other groups/segments.

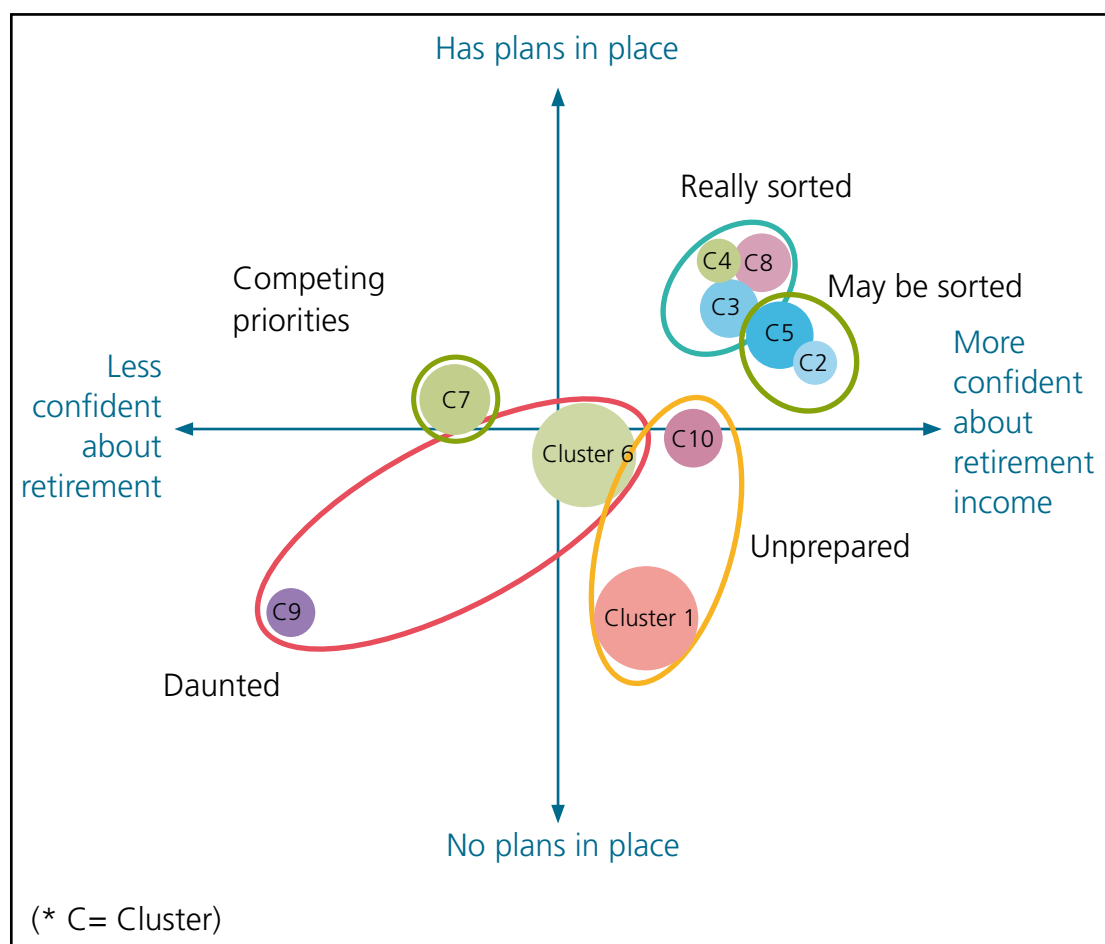
Overarching segments³

The initial analysis of the quantitative survey data generated ten discrete and detailed segments. These fell broadly in line with the qualitative direction offered from the first stage and key markers (such as impact of life events on pensions' planning) were mirrored.

Segments were then merged on the basis of unifying characteristics to allow DWP to identify a smaller number of groups and generate a simple, memorable and intuitive segmentation.

Five overarching segments emerged, which have been key to understanding the common attitudes and behaviours held by respondents. Figure 2 below shows how the ten detailed segments were merged to form five overarching segments.

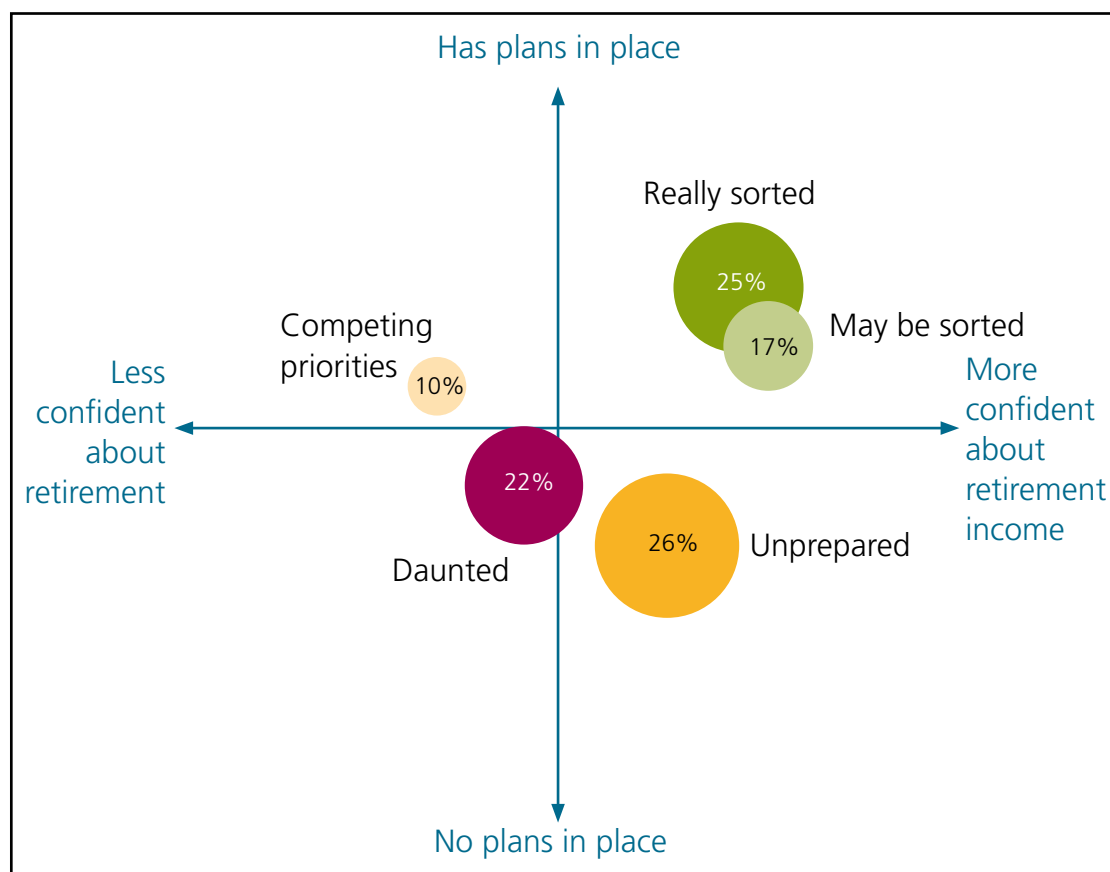
Figure 2 Ten segments to five



These overarching segments again reflected the four quadrants (Figure 1) identified from the qualitative stage. The five broad segments provide the greatest discrimination between groups while offering good internal consistency.

³ The results from the survey enabled a total of 10 clusters to be constructed. Some of these 10 clusters were then merged resulting in a total of 5 'overarching' segments.

Figure 3 Overarching segments in relation to qualitative framework



It is important to note that the percentages of each group are indicative of the sample size and not the population at large

Figure 3 highlights that:

- The Really sorted segment has plans for and are confident about retirement.
- The Maybe sorted segment has plans for and say they are confident about retirement. However, they tend to be relying on someone or something which could ultimately be outside of their control.
- The Competing priorities segment have plans but are anxious
- The Unprepared segment is predominantly younger people who are optimistic about the future but have not made plans.
- The Daunted is the segment with the lowest financial resources, who tend to be scared about pensions and the future, and have not made plans.

Segments in more detail

Overarching segment one: 'Really sorted'

Common characteristics

Age	35+
Reported Personal Income	Around £75k
Lifestyle attitudes	Make plans for the future
Retirement attitudes	Confident they have enough put by

The vast majority of this group, in this sample, reported that they have made some provision for their retirement. They are likely to be contributing to a wide range of financial products, and are more likely to be financially knowledgeable and responsible. This group are confident about their financial plans for the future and continue to plan with a view to working up to State Pension age.

Respondents in this group are predominantly 35+. They have high reported personal income, (typically £75k+) and a high household income (typically £100k+).

Attitudes of segment one

The attitudes that are common among respondents in this group are that they are likely to *'Make sure money is put aside for emergencies'* and *'Make plans for the future'*.

They are much less likely to say that they *'Take each day as it comes'*, *'Have so much going on they can't think about the future'* or that they *'Avoid planning and do things spontaneously'*.

The following attitudes common among this group regarding their retirement are that *'I am putting away as much as I can'* and *'I am confident I have enough put by'*.

Overarching segment two: 'May be sorted'

Common characteristics

Age	Tend to be 45+
Reported Personal Income	£35-75k; many self-employed in our sample fell into this segment
Lifestyle attitudes	Confident, have money put by for emergencies
Retirement attitudes	Expecting to work into later life, or for someone else to provide them; not keen on pensions

Over half of this group in our sample reported that they have made some provision for their retirement and respondents in this group reported confidence about their plans for the future. However, they tended to be relying on something that may ultimately be beyond their control, i.e. they are either relying on a partner for their retirement provision or on being able to work past State Pension age.

This group are generally 45+ and most likely to be between the ages of 50-59. Their reported personal income typically ranges between £35k-75k. There are fewer respondents in this group that are likely to be high earners when compared to the 'Really sorted' segment. This group are also less likely to have a household income of £75k+. This group is the most likely to contain the self-employed and women aged 53-58.

Attitudes of segment two

The attitudes that are common among respondents in this group are that they are likely to *'Make plans for the future'* and *'Have money put aside for emergencies'* but also *'Avoids planning and does things spontaneously'*.

In terms of their retirement, respondents in this group are *'Confident I have enough put by'*. This is a similar attitude to that reported by respondents in the *'Really sorted'* segment. However, respondents in this group are least likely to think that *'pensions are the best way of saving for retirement'* and they do not think that *'if I work beyond SPA I will have failed'*.

Overarching segment three: Competing priorities

Common characteristics

Age	Mid 30s to 40
Reported Personal Income	£15-75k, often with high mortgages
Lifestyle attitudes	Stressed through feeling financially over-extended
Retirement attitudes	Wish they had started saving sooner

Again, a majority of this group in our sample reported that they have made some provision for their retirement. Respondents in this group are more likely to be middle class, working and affluent. However, they may have more financial commitments than they can afford and are anxious about the various demands on their income (but often haven't verified the extent of whether this is a real cause for concern or not).

Respondents in this group are most likely to be in their 40s and earning between £15-75k. The household income of respondents in this group is typically between £35-75k.

Attitudes of segment three

Attitudes that are common among respondents in this group are that they are unlikely to *'Take each day as it comes'*, they do like to *'Be in control'* and *'Focus on work and doing well'*, but they are the least confident compared to the other groups in saying that *'They have enough put by for retirement'*.

They are more likely than other groups to think that they *'Should have started sooner'*. They also hold the view that the *'Government should play more of a role'*. Furthermore, they are fatalistic and it was not uncommon for this group to hold the view that *'It's not worth saving for retirement – I might not live that long'*.

Overarching segment four: 'Unprepared'

Common characteristics

Age	Under 30
Reported Personal Income	Low – often under £15k
Lifestyle attitudes	Optimistic
Retirement attitudes	Avoid thinking about retirement

This is the group that has the largest proportion of young respondents when compared to other groups, in our sample. Respondents in this group are much more likely to be under 30 than over 50.

Less than half of this group reported that they have made some provision for their retirement.

Respondents are most likely to have a household income that is under £15k and they are least likely to be earning £25k+.

This group is the least likely to contain respondents who are self-employed.

Attitudes of segment four

Attitudes held that are common among this group is that they *'Expect to be better off in future'*. They are more likely to *'Enjoy spending money'* and *'Take each day as it comes'* than *'Make plans for the future'* or *'Make sure they have money put aside for retirement'*. They know that they are not *'Putting away as much as they can'* so they try to *'Avoid thinking about retirement'*.

Overarching segment five: 'Daunted'

Common characteristics

Age	40-64
Reported Personal Income	Low – including unemployed/carers
Lifestyle attitudes	Don't think about the future
Retirement attitudes	Afraid of their financial future

Respondents in this group are likely to have low incomes, and an aversion to thinking about their financial situation, either because they are concerned about their financial situation and the affordability of saving and/or because they have a real fear of all matters financial.

Around half of this group reported that they have made some provision for their retirement.

This group is typically aged 40-64 and is most likely to contain those aged 60-64. They are more likely to have a household income of less than £15k and are unlikely to have income of £45k+. Work affected carers are more likely to be in this group.

Attitudes of segment five

This group are more focused on the day-to-day plans rather than future plans compared to the other segments. Attitudes that are common among this group are that they are less likely to *'Make plans for the future'*, *'Like to feel in control'*, *'Expect to be better off in future'* and report more than average for *'Take each day as it comes'* and *'So much going on, can't think about the future'*.

They are the most likely to agree that *'Dealing with pensions scares me'* and whilst they know that they *'Should have started saving sooner'*, their financial situation means they *'Try to avoid thinking about retirement'* and *'Can't imagine themselves as a pensioner'* (but have lower expectations for their life expectancy).

1 Introduction

This report contains the findings from qualitative and quantitative research conducted by Define and Continental research on behalf of the Department for Work and Pensions (DWP) and the Personal Accounts Delivery Authority (PADA). The research explored individuals' attitudes towards planning and saving for later life and included an audience segmentation of people of working age, or those still working beyond State Pension age (SPA). This chapter discusses the background to, and objectives of, the research, before outlining the structure of the remainder of the report.

1.1 Research context

1.1.1 Policy background

The demographic make-up of the UK is changing. People are living longer and the pensioner population is growing relative to the working-age population. The cost of pensions will increase accordingly yet there has been a long-term decline in private saving for their later life.

Against this backdrop, DWP estimates suggested that approximately seven million people were not saving enough to deliver the pension income they were likely to want, or expect, in retirement. This has resulted in three core policy strands being developed by DWP:

- Reforms to the State Pension, to make it simpler and fairer (particularly with respect to women and carers).
- Automatic enrolment of employees into an appropriate pension from 2012, with compulsory employer contributions provided the employee does not opt out, supported by the set up of the personal accounts scheme as a low cost, simple pensions option.
- Policies to support longer working lives, such as State Pension deferral.

This research will support us in communicating with individuals about these policies and about retirement planning in a way which is sensitive to their attitudes and concerns and engages and resonates with them.

1.1.2 Research aims and objectives

To meet the objectives of the research, a two stage methodology was adopted:

- an initial qualitative stage consisting of 90 depth interviews to generate hypotheses and typologies; and
- a quantitative survey of 3,033 telephone interviews.

The purpose of the qualitative stage was to provide a foundation of deep insight to contribute towards a comprehensive and realistic quantified audience segmentation. Specifically the qualitative research set out to:

- identify the key psychological boundaries and emotional triggers for saving for the future, and in particular pensions. The qualitative findings provided an excellent basis for questionnaire design in the quantitative stage.
- The qualitative work also informed the factor analysis of the quantitative data for segmentation.
- The research organisations worked closely throughout the project to maximise insight transfer from one stage into the other.

The purpose of the quantitative research was to challenge and test the qualitative findings and build a segmentation framework.

1.2 Research timing

It is important to note the timing of the research in light of the current economic downturn.

The research was conducted at a point just before the 'credit crunch' and subsequent economic challenges.

At the time of the research, unemployment levels had not yet started to rise. However, the events of Northern Rock were already in respondents' minds. Lehman Brothers collapsed on 16 September, after the majority of quantitative interviews had been completed, but the run up to these kinds of events might have had some impact on individuals' responses.

There was also a clearly growing impression at this time that house prices were no longer an infallible vehicle for growing capital. Although confidence in housing was reduced, the extent of overall market decline was not yet evident to respondents.

Notwithstanding these newly emerging market features, the main issues which contribute to respondents' perceptions of the new pensions' legislation were already in place. As such, we would suggest that the findings in this report would be exacerbated rather than negated as time goes on. For example, we expect that the theme of suspicion around investment and around pensions' advice (which is already brought out in this data) would become more pertinent to the debate rather than less pertinent.

It is also important to note that many of the findings highlighted in the qualitative research are unaffected by the changes in the economic climate. Deep psychological motivations and triggers, such as differentiated need for control, self-confidence and personal money management style will also stand robustly against market shifts.

1.2.1 Content of the report

The remainder of the report contains the findings from the research. The first section of the report – Chapter 2 outlines the findings from the qualitative phase of the study.

The second section – Chapter 3 of the report outlines the findings from the quantitative phase of the research.

The results of the each stage are reported separately, but are referenced throughout this report where relevant

2 Qualitative research findings

This section of the report provides a detailed analysis of the qualitative research findings. An overview of topics covered at each stage is available in Appendix F.

2.1 Research design

2.1.1 Methodology and sample

The qualitative phase comprised of two stages:

- The first stage included a series of scoping interviews with respondents to explore and understand broad issues about money, pensions, lifestyles and plans for the future).
- The second stage included in-depth interviews with a fresh sample of respondents which focused on the subject of pensions in much greater detail and aimed to uncover deep motivational triggers and attitudes to the topic.

A total of 90 respondents were interviewed for the qualitative work across the two stages (scoping and focused combined). Each stage is explained in greater detail below.

Scoping the issues: In-home face-to-face interviews

The initial stage of scoping interviews was designed to establish the range of attitudes and behaviours people might have in relation to their lives and their futures.

Specifically, this stage looked to uncover differentiating factors or key principles that could be explored and interrogated in greater detail at a later stage.

This part of the research also aimed to highlight any psychological defence mechanisms that people might employ to avoid talking about pensions in detail. It was crucial to develop an understanding of these defence mechanisms during stage one, to feed into the research stimulus for stage two to avoid triggering such defences.

The scoping interviews focused on understanding people's basic and more complex motivations surrounding decision-making, choices, goals and control patterns. Respondents were interviewed at home to enable researchers to glimpse the respondents' real attitudes towards control and decision-making (as they were in their natural environments among familiar surroundings) and then to explore these attitudes in relation to financial planning. Respondents' levels of personal organisation, control, choices, decisions and collaboration with others were also discussed.

These interviews also explored hopes and fears across the sample in relation to their future in terms of life in general and in specific relation to their finances.

This stage consisted of 30 in-home depth interviews each lasting two hours.

Respondents were aged between 22 and 69 years. Half of these individuals had some kind of active pension provision (representing a range of company and private pensions).

The sample included an even mix of males and females, and ensured a good spread of domestic status (single, cohabiting, married, part of a young family, older family and empty nesters). Some interviews were conducted with couples and some with individuals, to be able to separate out and understand the effect and language of 'couple dynamic' on pensions planning.

A variety of socio-economic groups were included, as well as an even spread of education levels and those working full-time, part-time or not working.

Full sample details are included in Appendix B.

Focusing on pensions: Depth interviewing through an interactive gallery methodology

The scoping interviews were followed by a more in-depth qualitative stage which was designed to focus more specifically on customer response to the introduction of the workplace pensions reforms (see Appendix A for further detail) which comes into effect in 2012.

An interactive gallery approach was used for this part of the research. This is a new and innovative qualitative research technique which involves designing artwork that probes key themes and principles. The technique of presenting visual representation of issues allows space within the interview for a significant amount of spontaneous data from the respondents before probing on specific question areas and desired topics.

This method delivers powerful insights for segmentation because respondents are allowed to respond freely to stimulus and because both verbal and non-verbal language can be taken into consideration as the respondent looks at images and responds to them. (It is different from traditional qualitative interviewing in that the respondent generally responds to questions posed by the interviewer.)

This second stage included interviews with 60 respondents aged 22 to 69 years. Again, there was a spread of those with pensions provision and a range of life stages to include those with no children, young family, older family and empty nesters.

Marital status, working status (including some who were retired) and a range of household incomes and education levels were also controlled for. Some respondents were interviewed individually and some were interviewed with their partner or spouse, again to isolate the effects of 'couple dynamics' on pensions planning decision making.

Full sample details are included in Appendix C.

2.1.2 Areas of investigation

The list below summarises the range of issues explored in both qualitative stages:

1. Attitudes to life, risk, money, future

- How current needs and future aspirations connect and are reconciled against each other.
- Aims, aspirations and expectations for later life, attitudes to working later in life.
- Social trends impacting on attitudes to working longer/saving for later life.

2. Financial attitudes, knowledge and behaviour

- Financial products currently bought and owned.
- Level of knowledge and understanding (or lack of understanding) of financial products for later life.
- Attitudes to and associations with financial products and advisory/provider brands.
- Perceived benefits of pension products and needs they meet.
- Other products thought of in a similar way to pension products.

3. Triggers and barriers to saving for later life

- Rational and emotional triggers for action/non-action.
- Specific points/moments of truth when people are most receptive to messages about planning for later life.
- What can be learnt/transferred from other financial categories that bear similarities to saving for later life.

4. Consumer differentiation

- What drives different behaviour and attitudes in relation to saving for later life.
- What triggers movement to a different behaviour and attitude over time.

5. Communication

- What vocabulary, language and narrative that:
 - motivates consumers to consider saving for later years;
 - expresses the benefits of working longer;
 - creates positive consideration of later life;
- Most effective communication channels to generate consumer response.
- Trusted sources of information.

2.1.3 Gallery stimulus material

The second stage of the qualitative research was conducted through an interactive gallery format, with each interview based around artworks in the gallery that had been created on themes and principles elicited in the scoping interviews.

The overarching themes covered by the five artworks in the gallery included:

- Connection to the future – how much respondents could project themselves and imagine themselves in their future.
- Desire to be in control – how much respondents wanted or felt comfortable with the idea that they might have to give up control (or conversely, take up control of their own money and pension decisions).
- Ability to manage money – how much effort and thought respondents gave to money management, and across what time-span could they manage their money? Also how were respondents making money decisions, and how did they categorise expenditure?

Individually or in pairs (some respondents were taken through the gallery with the partner with whom they make financial decisions), respondents' interactions with the artwork allowed for self-reflection, introspection and argument about the beliefs and attitudes of themselves and others.

A brief description of the scope and purpose of each is given below. The exact order in which artworks were discussed varied in each interview. The order was randomised to avoid a research effect, whereby order of materials starts to influence the research findings across the sample.

Artwork: 'Money makes the world go round?'

Key questions included: What is money? How is money conceived of by respondents? What is its social value? How much do respondents earn? How do they feel about discussing money?

Artwork: 'Pots'

Key questions included: What are current concepts surrounding budgeting, and the motivations towards budgeting? How do people manage money, if at all? What motivations might exist that would bring people toward managing their money more successfully to include a pensions contribution?

Artwork: 'The timeline'

This artwork presented a timeline from age zero to one hundred with indicators of different life stages (getting married, having children, retiring among others).

Key questions included: How do people reflect on their lives in relation to the past and future? Where are people now (as opposed to where they want to be, thought they would be) and where they want to be in the future?

Artwork: 'Retirement'

This artwork presented a collection of different visions of retirement. It was designed to get respondents to weigh up what they believed was a likely retirement for themselves as opposed to what they would like to achieve, and aimed to get respondents to openly assess their current plans to achieve their desires for retirement/the future.

Key questions included: How do people feel about the prospect of working past State Pension age? How could this be positioned to ensure people were aware of their options?

Artwork: 'Shopping basket'

This artwork contained a number of different financial products and a basket into which the respondents could place any products which they would desire (or none of them as the case may be). This was aimed at gathering an understanding of what financial products were seen as secure, low risk, high risk, undesired and eagerly wanted. It also aided in comprehending what levels of financial knowledge are held by the population and how these are informed.

2.2 Detailed qualitative findings

The qualitative results were built up from both qualitative stages. As well as each stage generating data in its own right, data from both parts were sometimes combined to create meaning (e.g. a response from a stage two interview clarified an issue raised in a stage one interview).

Overall, the qualitative findings contribute to a deeper understanding of the respondents' psychology towards the new pensions legislation and personal pension provision. Key insights are presented into the UK working population's attitudes and motivations towards pensions planning and future-focused savings.

This qualitative picture is detailed in the next section.

4.2.1 Defence mechanisms underpinning money management and pensions

Money attitudes: Connected to anxiety about self-worth and ability

It was clear that the subject of pensions is inextricably tied in with the subject of money.

This provided a challenge for this research as money is a sensitive subject. It is not quite taboo, but it remains closely connected with feelings of self-worth and self-confidence.

All respondents felt that discussing pensions left them open to questions about their income and earnings which, for some, would invite unwelcome judgments into their earning capacity and, by corollary, their capabilities and worth as an adult.

For those who felt that their pensions planning was not in control, the level of embarrassment and the reluctance to engage was very much higher than for those who considered themselves at the other end of the scale (with good company pensions and high levels of property equity and savings).

Being 'able to afford' was viewed as an important marker of social worth. When money did not permit future planning, respondents felt themselves limited in terms of their personal power.

'You know, you don't want to let people know that you're skint...you're skint, it's very personal and you feel that they may view you differently.'

(Male, Late 50s, No Pension, Scotland)

'You need the money to make the plans and that's a luxury we can't afford.'

(Male, Mid 40s, No Pension, Midlands)

'Money makes life easier in today's society, that's for sure. Money gets you more choice. If you've got more money you've got more choice in life...it opens doors for you.'

(Male, Late 50s, No Pension, Scotland)

Respondents in this qualitative element of the study expressed fear and concern over matters to do with money. They expressed anxiety that they were in some way exposing themselves to a social risk⁴ if they began a conversation about money or money questions/worries.

⁴ 'Social risk' in that the individual, by opening a conversation about money, might put themselves or the other person at risk of being embarrassed, of exposing themselves or the other person as ignorant, might draw judgment for not having enough money, might cause shock or social discomfort, might learn something new and unpleasant in a public context.

Even for those who felt they were more in control, the subject of money and earnings was not always comfortable.

Money control: A defence mechanism against money anxiety

To overcome these anxieties, respondents reported a number of different defence mechanisms which are used to reduce the 'threat' of money discussions.

The most commonly employed defence mechanism (often used by females) was reportedly to abdicate ownership and therefore control over the main money decisions.

Even where they had earned it themselves, a wife might put her husband 'in charge of household income' and how it is spent or grown. He, in turn, might set budgets within that money. Commonly, one partner would then take control of 'big' spending and investment decisions while the other was in charge of 'smaller' spending, like shopping and clothing.

In this way, money would become the 'ward' of one or the other and major decisions would be deferred to the 'owner'; rather than debated between the pair.

Overall, this research highlighted that men seemed to be more associated with the bigger money decisions, and women with shorter term apportionment. However, this subject and categorisation must be viewed with caution as exceptions exist in both directions. It was common for some women in the study to have larger scale financial planning, including saving for retirement:

'I think you need to put into a pension from when you start work just like saving. I've always had a ten year savings plan. It gives me peace of mind.'

(Female, Mid 40s, Pension, South Wales)

The second most commonly employed mechanism was not to think about money at all. Some respondents reported being likely to 'keep their head in the sand' about their income and outgoings, to the extent that they did not know how much money they had each month.

To some extent, this appears to be connected with functional numeracy levels. However, there were indicators that low ability was only one element driving this response, with external factors sometimes making a difference too. Lack of time, lack of organisation and space in the house to keep financial papers, lack of resource to print financial documents, children and other household issues taking priority, debt worries and partner/relationship problems could all take a stronger pull on attention and time.

Pension planning in light of these issues became a lower priority for these respondents.

The third most important mechanism used to control anxiety over money was to segment the household budget into small pots, each of which was assigned to a different goal.

Those respondents who set aside money for a specific purpose ensured that money was tightly managed and was used to cover expected outgoings. Within this report, this tendency is referred to as 'apportionment mentality'.

Money planning: Timeframes

Money is allocated (sometimes into physical pots and sometimes into different bank accounts) according to specific household needs such as bills, mortgage, children's shoes, and so on.

Direct Debit and multiple accounts are an example of important 'props' or tools that many respondents used in order to not have to think about money on a daily or even monthly basis.

'I do that. I pay in for my bills and then I have my savings. I think everyone does.'

(Female, Mid 50s, No Pension, South of England)

However, within this apportionment of household budgets, timeframes were short (sometimes exceptionally so) and in general, goals appeared reactive.

Respondents who micro-managed income and outgoings in this way reported thinking two years in advance at maximum, and were very concerned with meeting bills. These particular individuals talked about the ideal of getting a month or a few months 'ahead of themselves' or of having funds for particular activities such as next year's holiday or house maintenance task (over the next year or so).

Those closest to apportionment mentality appeared very likely to delay starting a pension. They mentioned paying off debts (such as mortgages and student loans) before they could even conceive starting a pension. They were also likely to prioritise savings and an emergency fund over everything else (in the most stretched households, the savings fund was dipped into as a matter of course when bills appeared unexpectedly).

'The quicker we pay off our mortgage then the more free money we will have when we get nearer retirement.'

(Male, Mid 50s, Pension, South West of England)

'As my mortgage got less and less as we got older then we were able to pay more money into our comfort pot for the future. I paid this money into ISA's the return was better.'

(Female, Mid 50s, No Pension, South Wales)

Within this sample, 'apportioners' rarely considered or planned for the longer term. This low horizon for finances has implications for pension planning – apportioning timeframes appeared currently at odds with long-term nature of pension saving.

Two of the three main defence mechanisms (abdication to another and head in sand), both serve to detach the individual from their control over money. In whichever way the detachment is achieved. However, the desire to remain detached would seem not necessarily fixed throughout a person's life. Short-term apportioning, in contrast, does not really detach the individual from control over their money because apportioners tightly control and micro-manage their money via dividing the household budget into small pieces to tackle specific needs. The short-term mentality of the apportioners however means that challenges such as paying off a mortgage and saving simply for emergency or other needs are higher priority than longer term investment in pensions.

2.2.2 Styles of money management to be considered

As already suggested, the emotional aspects of money and its connection with confidence and self-worth are apparent from the data.

It was not uncommon for money to create very low self-esteem for respondents in the sample. These respondents indicated that their money is largely spent on the 'day-to-day' essentials (they estimated that approximately three-quarters of income was being spent on essentials, including the mortgage).

For some, the percentage on essentials was higher and this was true for those on absolute low incomes, but also for the 'over-stretched' middle to high income earners.

However, there did appear to be a secondary issue around perception of affordability and what constituted security. The way that people spread money to cover current outgoings and future obligations is of interest; particularly when thinking about whether a pension can be 'afforded'. For example, psychologically prioritised over other claims on money, rather than financially afforded (which was outside the scope of this project).

Within the gallery phase of the research, an artwork based around the concept of money 'Pots' dealt specifically with the way that some respondents reported their method of financial management.

The research identified three main types of money managers and these are described below.

We would not have necessarily expected the subsequent quantitative segmentation to be able to replicate these qualitatively-derived groups. (Clearly, what can be asked face-to-face during the course of a conversation may not be able to be accessed by a stranger on the end of a telephone). However, because we were able to pinpoint not just questions, but also language with which to introduce such sensitive topics, the quantitative work had a number of particular supports-to-questioning written in.

Many of the key themes identified here were subsequently evident in the final segments:

- **'Active money growers'** were those respondents for whom the subject of money was of great interest and for whom growth and entrepreneurship were priorities.
- **'Low-risk money growers'** were those respondents with mid-range incomes, with a focus on capital retention rather than investment growth.
- **'Apportioners'** were those whom reportedly did not have pensions as a priority for themselves within their short-term focus.

Active money growers

Within the qualitative sample, these respondents came from across all age groups (and were as likely to be older as they were to be younger). They had high levels of confidence in their financial literacy and were willing to consider private pensions as part of their investment portfolio.

In relation to the workplace pension reforms, such individuals were already likely to be making active choices about finances and there were indications that they may opt out depending on independent advice.

The active growers of money also appear more likely to be affluent. In this sample, they had a desire to benefit from their activity, to increase their wealth. They shared out cash to cover needs and wants in the household (sometimes giving the apportionment function to female partner).

However, they also specifically reserved some of the income for growth activity (longer and shorter term). At the lowest level (or entry level), ISAs and Building Society savings appeared to attract the most interest for these respondents. Moving up in wealth, stocks, shares and property grew in prominence as a more attractive option.

The growers were able to talk at length about those products they were familiar with and showed interest in those they may not have heard of.

The active growers were more interested in the gains, than the fears around money. This group was a more entrepreneurial culture, often sensitive to money messages and new products, and constantly trying to maximise their investments. Unsurprisingly, they were more attracted to higher risk investment choices.

However, even for those who were actively growing their money successfully, there was little to no awareness of how best to make money work harder. Most respondents felt they had no choice in the amounts or spending decisions they were making each month. A minority felt it was their decision, but they were working on personal instinct and informal, self-taught knowledge in the main. Although many complained of having no spare cash, there was no questioning of whether things could be different, whether money was being spent in the right places.

For this growers category, there was perceived to be a stronger shame in having to work past State Pension age. It was not uncommon for respondents to not want to work late in life. Of course, some might choose to, but that was felt to be a minority desire.

Lower-risk money growers

As well as these active money growers, there were also lower-risk money growers; who were likely to currently have company pensions and savings.

Their main motivation in managing money was to retain control and a level of security and, as such, they were less 'active' overall (e.g. not chasing different rates).

Similarly to the active money growers, these individuals were comfortable with discussing money – to a certain level. However, they did retain barriers of privacy and were quite clear about their own opinions and judgments on what was a 'sensible' thing to do with money.

They tended to trade off possessions today for security tomorrow and thus their outgoings were reportedly typically lower than those of their friends/other members of their family.

For the lower-risk money growers, growth was secondary to maintaining capital.

Again, lower-risk money growers did not relish the concept of working past State Pension age. Obviously, if they have to in order to qualify, they felt they would. However, there was a strong sense among this group that they were trading off spending time now for quality of life in the future – as such, working into their 70s had little appeal.

Apportioners

For these respondents, short-term goals or obligations are covered by the subdivision of monthly budget to cover them. These money managers were more focused on reactive issues, maintaining a stability in the day-to-day.

If there was spare money within the household that was not being apportioned towards essentials, it was likely to be directed towards a bigger holiday or debt repayment rather than pensions contribution or other ways of saving for the longer term future.

Apportioners welcomed the idea of workplace pension reforms as they said it would provide them with an easy way of saving into a pension in which the contributions would be taken directly from their wages in one simple monthly payment. Some appreciated the idea of working longer, although most did not generally want to do this.

2.2.3 Current reasons for late engagement with pensions

Pensions planning is for older people

There was a generally accepted view that young people were focused on living for today (which some younger and older respondents felt was appropriate, but which some older respondents regretted retrospectively).

It was not uncommon for most respondents in the qualitative sample to report feeling that 'pensions' was something that had seemed irrelevant to them until they reached a certain point in their lives. They felt that pensions planning was most appropriate to a 'mature' stage of life.

For younger respondents, the other side of this dynamic was that there was no need to engage with financial affairs until they were 'older' and had gained the required knowledge: in effect, they felt they were currently *'too young for all that'*.

Indeed, it was interpreted that becoming interested in finances was a sign of growing old. Because pensions were so strongly connected with pensioners, pensions planning has an immediate barrier which would prevent engagement and block messages from being heard.

Of course, when taking a rational view, it made sense to respondents in the sample to start pension planning younger. While the emotional hurdles were generally high, the design of the workplace pensions reforms and the automatic enrolment principles seemed to get beyond these.

Older respondents felt that (in retrospect) this would have motivated them to start earlier.

*'If I had seen this when I was younger it would have made me more likely [to get a pension]. I don't think it was well explained to me when I was younger, and I couldn't be a***d...I was in no rush at that age.'*

(Male, 40s, No Pension, Midlands)

The perceived relative positions of expertise between the individual and the 'financial expert' generally exacerbate the perception, however, that one needed to be older to understand pensions. Respondents of all ages reported not feeling on an equal footing and 'expert' enough to engage with banks, pension providers and other financial institutions. This contributed to feelings of inequality, inadequacy, cynicism, and a significant inertia toward becoming proactive around finance and long-term planning.

'...but I don't like going in talking to people, I feel intimidated. I feel like a little school girl.'

(Female, Mid 40s, Pension, Scotland)

The current dynamic is circular and self-reinforcing. Those who have gained more knowledge and expertise tend to be older. Those who are older tend to be more

confident through more exposure. The evidence suggests this self-concept gap appears to have been a stumbling block to engagement.

'My attitude has changed as I have got older; I have become more careful now. When I was young I didn't think about the future much, I squandered quite a bit of money without really thinking of the outcome, but as I have got older I have found that it is more important.'

(Male, 40s, No Pension, Midlands)

There are multiple reasons why engagement with pensions was delayed until later in life:

- For those who did not have a private pension, pensions were seen as complicated and as requiring lots of expertise to set one up.
- For some older respondents who had tried to set one up in later life, they were seen as too expensive for most people.
- For those who were over-stretched and for those who had heard previous tales of pension failure, they were seen as a burden to be avoided.
- In some cases all these reasons combine to mean that for many respondents, there was a raft of personal experiences or second-hand reasons why they currently did not have a pension provision.

2.2.4 The challenge of 'seeing' the future

In addition to finding the subject of money difficult to talk about and to finding a mismatch between 'pensioners' and 'my current self-concept', there is another issue that provides a stumbling block for respondents when setting up their own private pension planning.

Living for today

Some respondents were happy and easily able to imagine themselves at 70, 80 and possibly 90 years of age. They had a clear idea of how they might be living in the future and what they would be doing.

For others this was a challenge, especially, but not exclusively, for those under 30.

'The future is not relevant, it is today that I have to think about.'

(Male, Late 20s, No Pension, South of England)

One of the artworks ('Timeline') used as stimulus in stage two of the qualitative phase, was intended to show respondents different events or activities on a timeline of their life to help them engage.

For many of the respondents, this was the first time they had considered their life in this way and for some, the device (of a life line to start plotting out their direction and the points at which action would be necessary) was felt to be very helpful and to make the subject matter more real.

Distinctively, for others this became an exercise in fantasy. Their imagined future bore no relationship to their present circumstances. It was not uncommon for respondents (aged under 40 to over 60) to talk about not needing to pension-plan because they were going to win the lottery or marry a rich man or inherit millions. (The 'joking' irony in their words was mixed with some genuine expectations).

'Regarding pensions, it's hard to save for one. I thought about trying to save for one, but for the money I'm on now. I was told I'd have to save £260 a month, for about 30 years, and that is a lot of money, I'm only 38 now. I'd like to save for a pension, but it's too much...so hopefully I will win the lottery.'

(Male, Late 30s, No Pension, Scotland)

Ideal retirement: Young, fit and healthy

Of course, many of the respondents had imagined expectations about the future. The most commonplace goal was to retire at 55 – or even 50. (Few felt they would be able to retire even earlier, but 65 was seen as a fairly late retirement in that respect). Respondents, regardless of income levels or pension provision talked about early retirement being a recognised marker of success in Western society. Having the choice to stop work before State Pension age was seen as the ideal goal. Having to work past State Pension age was initially seen by many respondents as a sign of social and economic failure.

When imagining this golden marker age (of 50 to 55), respondents generally shied away from talking about themselves as 'pensioners'. They were, however, happy to draw a 'retirement income'.

In imagining themselves along a working life timeline and into their retirement, respondents 'froze' their mental self-image in their mid-50s when they would be fit, healthy and retired.

Pensioners are older people, not me

The term 'pensioner' was rejected by most respondents – it is seen as strongly connected with poverty, and with loss of physical and mental power. Respondents were not happy to dwell on thinking about it or themselves getting to this stage. While they enjoyed imagining themselves as a slightly older non-working and high income 'early retiree', they rejected the label 'pensioner' altogether.

Talking about pensions is an uncomfortable reminder of getting older, therefore, planning for the future in this context is difficult.

2.2.5 Pensions – low priority within a timeline

Although there is a sub-segment of the population who have a private pension from their first or second job – i.e. in early to mid 20s – this group were unusual within the sample. (As mentioned above, they are generally active money-growers; very comfortable around money discussion and generally saw having a pension as

just one more example of the vehicles they were using to grow their money. The other vehicles were stocks and shares, property portfolios and ISAs).

Other life priorities more important

This sub-segment who were prioritising money investment and growth was by no means the norm. Most of the younger respondents in the sample felt they were really too young to seriously explore the subject under the age of 30. Older respondents felt that most people only started to consider pensions once they have assumed other responsibilities.

Pension planning was currently a low-priority response to other life events, rather than a first-demand priority for attention.

Events like buying a house, getting married, having children and beginning to take on financial responsibilities appear to be the external trigger events. According to respondents who had lived through this life stage, these cause an individual to start thinking about what they would leave behind when they died. This in turn was connected to what pension provision they might need before that.

'Once you have other people's futures to think about, that is when you start paying serious concern to your own.'

(Couple, Late 30's, Pension, South Wales)

Pensions started to surface in their minds in their mid-30s/only after other major financial responsibilities had been assumed. Obviously, there is greater competition for money at this time.

Small pensions window – and no spare money

As has been mentioned already, there is also a strong perception across the audience that the ideal retirement age is approximately mid-50s. Retiring 'early' (i.e. before State Pension age) is a marker of success and control that many of the working population would like to achieve.

With these two marker ages articulated (i.e. starting a pension around the age of 30, but ideally retiring towards the age of 50), respondents effectively had explained their current inability to engage in a pension during the narrowed the 'window' for saving to approximately 20 years when they may be considering buying a house and raising children.

Furthermore, the effect of delaying was well known by some respondents; it was generally felt that it was impossible or at least very difficult to start a pension even after the age of 40. Some had already investigated the possibility of starting at this point in their lives and had found suggested contributions levels to be unreachable.

Thus, (even without considering absolute income levels), respondents were indicating that pension contributions were most likely to be thought about during a very short decade or two and possibly at a time that there is the least amount of cash to spare.

These kinds of pressures and consequences raised the anxiety levels for some and made a pension seem like an unreachable goal.

2.2.6 Pension alternatives

As indicated, money growers – both active and low-risk – were likely to have some form of private or company pension already.

For those without pensions, but with some disposable means, including apportioners, certain particular forms of saving for the future currently fit more closely with their money management style.

Property and ISAs

Property and ISAs/savings seemed to be the two most popular ways in which respondents felt they were providing for their future security. Downsizing and cashing in ISAs were mentioned as being the main ways in which retirement income would be safeguarded for many of the sample.

'Paying off my mortgage is a way of saving, when you get older you can downsize so you have some extra cash.'

(Female, Mid 50s, No Pension, South Wales)

In this respect, the subject of pensions had been avoided almost totally once the respondent was on the property ladder.

However, the extent to which dreams match the financial reality of the reserves available helped to discriminate between different types of individuals.

This research highlighted differences within the group among those who would be able to downsize in reality.

2.2.7 Responses to the new workplace pension reforms

As indicated, for most respondents, the challenge of planning for their future is currently too difficult, both on a practical and an emotional level. The future seems too far away, they felt they lacked the necessary skills to understand how to engage with the topic of pensions and they lack the necessary knowledge to properly apportion the resources they have to achieve future-focused savings.

Pensions affordability

For some, they reported that the level of income they currently earn was simply too little to meet all their present day obligations, therefore private pension provision may never be possible.

'That's us, that is. I haven't got a pension. We never had the money...I'm handy though...I will be able to do something like plumbing and odd-jobs... We might get a canal barge and live on the river...?'

(Male, Early 60s, No Pension, South of England)

Automatic enrolment taking away some of the decision making burden

Respondents were asked to discuss (alone or with partners) the workplace pension reforms in detail including the principle of automatic enrolment and the general concept of the personal accounts scheme and the prospect of working longer.

The qualitative research highlighted the response to all three was broadly positive and respondents in the sample expressed interest in learning more.

In particular, the concept of automatic enrolment was particularly well-received. It was seen as bringing benefits to employees in terms of taking the burden of confusion away from them and providing a simple and easy way of prompting them to start saving for retirement at an appropriate time in their lives. The term 'auto-pension' is a short-hand phrase that was used with respondents during the interviews as a means of referring to the principle of automatic enrolment in a way that is similar to how other more well-known products are known, such as ISA's.

'The thought of the auto-pension, I will certainly talk to my wife about that... and see if it comes about. The thought of it sounds wonderful...perhaps try and encourage my daughter again! Whether it works or not...'

(Male, Early 40s, No Pension, North of England)

Respondents reported that they would be made to engage with the subject of pensions much earlier in their careers than they might otherwise have done through the natural course of events as they saw them unfolding. Automatic enrolment was understood as bringing the subject of pensions to the individual – rather than waiting until they might seek it out. Generally this was welcomed.

Respondents believed that the intention behind bringing in workplace pension reforms and automatic enrolment was to deliver to them a certain amount of control over their own finances. Some of the lower income respondents also perceived that, because the employee contribution was an automatic deduction from wages, they would be less likely to miss it. Older females saw that this would be an easy, low-engagement way of starting a pension in their own name and becoming less reliant on their partner.

'You need to take the choice out of people's hands, make it so they have to pay into a pension. They won't miss it if it is a percentage of their wage that is taken out before they see it.'

(Couple, Mid 50s, Pensions, South West of England)

Automatic enrolment was very easily positioned as 'helping people get over the hurdle' of pensions.

'Yeah, because for some people it is very daunting, it is a hurdle, they don't understand it properly.'

(Couple, 40s, No Pension, Scotland)

In that light, it was warmly welcomed and was seen to relieve the individual of the need to have high levels of financial knowledge. In this way, the pension was perceived as having become more democratic.

Personal accounts

The response to the Personal accounts scheme, was similarly positive although respondents were presented with less detail than they would have liked.

They were generally positive with the idea of having on the one hand, a commercially-minded investment firm and, on the other, a perceived governmental endorsement/regulation of some kind. A system of checks and balances was implied which delivers a perception of greater security for individuals than other private pension schemes. (That said, the governmental role was not expected to be very visible – it was anticipated as a feature which adds reassurance).

HER: *'I find this more appealing than the private pension. In the back of my mind it's like it's being done for you...'*

HIM: *'I'd feel safer with an auto-pension than a private pension...in case something crops up, as in the past people have lost their private pensions.'*

(Couple, Mid 40s, No Pension, Scotland)

'They should talk more about pensions than a government initiative.'

(Couple, 30s, No Pension, Scotland)

The concept of individual responsibility was also liked. Most respondents wanted to see that they – and others like them – have the responsibility and the control for their own future.

Throughout the research process, as respondents considered their pensions pot, they responded with more enthusiasm, and more confidence to questions about money. Key indicators of this might be sitting forwards, reflecting on their pension and general body language within the debate.

The benefits of what respondents considered to be 'free' money – in other words employer contributions into the pension – were viewed as appealing, but seemed to be slightly secondary to the relief of having a pension automatically sorted out. Over time, as the pots of pension scheme members increase, it is likely that the employer contributions may become significantly more motivating, especially if they can be visualised or accounted for in some way.

'It's appealing. Anything with the word 'free' in it is appealing, although if it's your pension it's something you have paid and saved...if I had saved £10,000, and my pension was worth £20,000, I'd feel I have got something for nothing, it's great.'

(Male, 40s, No Pension, Midlands)

While overall, and for all types of respondents, the reception to the pension reforms was warm. For those at the lowest wage level there were some key questions around whether to opt out and how pension saving interacts with current and future benefit eligibility.

These questions arose among a small number of respondents, in this sample, but for these respondents appears to be the main hurdle to the proposed new pension provision legislation.

'If you've got insufficient income, you might as well have a couple of beers and forget about it.'

(Male, Mid 40's, No Pension, Scotland)

'But why should I skin myself for £260 a month, whereas someone down the road on benefits gets the same amount back as me? It's wrong that.'

(Male, Late 30s, No Pension, Midlands)

Even for those who asked this question, there is a general air that the legislation is right-minded and that things will probably work themselves out. Broadly, they believed that drastic poverty was not likely to result from entering the scheme.

'The Government's not going to let you starve.'

(Female, Late 50s, No Pension, South of England)

'I have always had the feeling that the benefits scheme will be there to help me out so I will be ok, which is probably the wrong way to think about it...'

(Female, 40s, No Pension, Midlands)

Working longer

In response to the idea of working longer, and faced with the alternative of retiring on benefits and without a private pension, such respondents were sometimes pleased to consider another option.

'I would be happy to work on. I could get a job doing anything, I'm pretty handy. And she could work as she has been.'

(Male, Early 60s, No Pension, South of England)

Having to work longer was viewed as a sign of lowered success, but was couched by those respondents who were working after their mid-50s as 'keeping busy' and 'having one's own money' rather than needing to work because of being poor.

There are, of course, the practical aspects of not being able to work longer, which some were already experiencing.

'Well, I do get tired even now. I think I've only done six hours and I'm tired.'

(Female, Mid 50s, No Pension, South of England)

By and large, however, working longer was evaluated alongside the other items in the new legislation package – it was not seen as new news, but was clearly a good idea for many respondents, and for some was a very good idea indeed.

2.2.8 A low-engagement relationship with pensions

Pensions and increasing confidence

Overall, the new legislation, including the workplace pension reforms and working longer were broadly supported by many respondents especially as some of the barriers to getting a private pension are perceived to being met and addressed in one solution.

Nonetheless, there was some suspicion about entrusting money to someone unknown to you.

'In the end who do you trust? Do you save it yourself or do you...?'

(Female, Late 40s, No Pension, North of England)

In thinking about how respondents felt they could best be motivated to keep their contributions going, many felt that there would be little challenge once they had joined the scheme and they were used to the contributions being automatically deducted from their wages.

For some, the prospect of an automatic enrolment into a workplace pension also seemed to trigger an interest in building and collecting other types of savings vehicles – bonds, building society, ISA and so on.

Pensions for me

In general, respondents felt that the workplace pension reforms would make it easier for people to see themselves as 'someone with a pension' from an early age. By extension, it was easier from that point to see oneself, if not as 'a pensioner', then certainly as a 'retired person with an income'.

Arising from this new future connection, several motivational themes emerged from respondents in terms of creating connection with the need or desire for a pension. These come from their current lifestyle and areas of interest, but deliver the key benefits they experience now – linked to the pensions schemes of the future.

Respondents felt that they would be pleased to think of their pension fund as allowing them in their senior years the abilities they value today, for example:

- Socialising (your 'join in with your mates for a meal' fund)
- Treating themselves (your 'go on, it really suits you' fund)
- Freedom to not work any longer (your 'stay in bed all day if you want to' fund)
- Staying in control (your 'keeping your standards' fund)
- Security (your 'even if the roof starts leaking' fund)
- Ease (your 'tick the box and it's sorted' fund)
- Freedom from ties (your 'I'd like to go to Australia' fund)
- Family needs (your 'money over for treats for the kids' fund)

Although the content may change (the 70 year old may not want to go drinking down the pub with their friends every night), the 20 year old appears open to be contributing to a fund that shares his values now.

2.3 Qualitative research conclusions

Overview

1. The themes emerging from the qualitative research indicate the need to understand a number of very complex and overlapping factors when considering the psychological territory of the consumer audience.
2. Key factors include absolute earnings as well as relative household disposable income, but also an individual's willingness to take control of their finances, their levels of comfort in discussing them, the presence of others in the household to whom they might abdicate responsibility for all or some money power, and age (but age is relative to their personal understanding of what is required in life-stage, maturity or earnings to engage with the subject of pensions).
3. The interplay between these factors appears to differentiate to a great extent between individuals in the population and, as such, should allow for a clear quantitative analysis of the market.
4. This qualitative research highlights that 'pensions preparedness' (the strength of current plans, and willingness to make plans) appears to be currently very low.
5. The key challenge for communications strategy will be to find a way to discuss subjects such as money and pensions in a way that does not cause the target audience to shut down or switch off, since these subjects currently also engender fear and suspicion among a wide range of individual types within the audience.

Starting points for differentiation within the target audience

6. Highly varied degrees of financial knowledge appear to exist within the population. These range from well informed proactive seekers of information, to those who reactively acquire knowledge second- or third-hand only.
7. Defence mechanisms also appear firmly in place for some, including: avoidance of the subject altogether and focusing on the shortest time-frame possible, setting aside resources to meet bills without any sense of a strategic future horizon; or abdication of responsibility to another within the household.
8. The impact of these defence mechanisms is circular. Lack of involvement with money/finance in general results in a lack of confidence (and stagnating financial skills), which impact on willingness and ability to engage with pensions and long-term savings.
9. Furthermore, the target for education – where responsibility has been abdicated – may not be the individual themselves. There appears to be a gender divide with many women relying on their partner for the responsibility for long-term financial savings plans. These same women may be in control of short-term financial matters, such as the day-to-day/month-to-month budgets.
10. The division is intended to deliver benefits to both parties, but the result of this division of responsibility (and often lack of communication), however, is that many individuals (often women) end up without any control of their long-term savings plan and in the event of divorce become very exposed.
11. Four different broad styles of money management can also be seen across the population and are likely to help discriminate between attitudes towards the new legislation.
12. Those who are 'active money growers' are likely to see automatic enrolment into pensions schemes as another potential vehicle for growth. They see money as working for them and are unfazed by discussion of finance and pensions. However, they appear less likely to welcome working longer.
13. Those who are 'low-risk money growers' are likely to see automatic enrolment positively. Their sense of personal responsibility is high and they welcome this in others. While they appear to be somewhat less likely to be interested in working longer. However, there may be pockets of (possibly) females within this sample who may need to.
14. Those who are 'apportioners' sub-divide money into small sections to cover short-term goals. Automatic enrolment effectively delivers them another small monthly or weekly bill to pay. As long as they are able to cover other outgoings adequately, most appear to welcome the idea of automatic enrolment.
15. There are also those who are lacking the ability to manage money. The principle of automatic-enrolment broadly went unchallenged among this group.

Current views on late engagement with pensions

16. The current triggers for pensions enrolment are reactive and appear to be linked to a series of time-limited events in life approximately between the ages of 30 and 50, such as getting married or having children.
17. For many within this sample, there is a range of considerations (unconscious and conscious) which prevent personal connection with pensions at an earlier age.
18. Firstly, for many respondents it was difficult, if not impossible, to imagine themselves as a pensioner. This was true for a range of ages, including those for whom pensionable age is approaching rapidly. This is partly to do with a lack of exposure to older generations, but also in part a function of the desire and image of 'ideal retirement' fixed as being in one's mid-50s.
19. As automatic enrolment becomes the norm for all ages of workers, it is possible that the terms 'pension savings' and 'pensioner' will separate out.
20. As becoming a pensioner is a future-focused event, this also implies a future-focused start date for action. The act of becoming a pensioner is perceived to be so distant that provision for it is not a priority, let alone a necessity.
21. Ultimately, therefore, automatic enrolment appears to be a critical facilitator. Once imagining themselves as automatically enrolled (for the purposes of the research), respondents' self-concept rapidly changed to accommodate the information: they started to talk with ease about 'their pension pot', to behave more confidently and to engage with the subject of investing more readily.
22. Using motivating events and lifestyle markers that make sense to respondents 'right now', and linking them to the benefits of becoming a member of a workplace pension scheme under the reforms, will deliver a sense of urgency and attractiveness to the legislation.
23. A second barrier to engagement is the limitations that arise from individual comfort and control with financial management. Many respondents had an apportionment mentality which focuses on short to medium term goals only. For these respondents, a 'future' payment does not naturally fit within their mental map.
24. This has an impact on whether pensions are perceived as an affordable option within the day-to-day or month-or-month allocations, but also on their general disposition to consider pensions as relevant.
25. However, it appears that automatic enrolment can reprioritise pensions within this shorter timeframe – both for those who are just starting their careers (and who will therefore gain a pension before gaining other financial obligations) and for those who already have mortgages, etc, and originally felt they would have no space for a pension.

26. This is partly through perceived affordability and gain: many respondents felt the combined contributions of their own gross percentage, employer's contribution and combined interest made a pension a more realistic option for them.
27. Automatic enrolment, however, was also felt to tap into their current needs and passivity with respect to pensions. With high barriers to taking proactive steps (through low knowledge, perceived relevance and interest) – automatic enrolment is effectively bringing pensions to them rather than necessitating specific efforts on their part.
28. A third barrier to engagement was concern and distrust as to whether a pension is worthwhile. As with any financial scheme, there is a clear need to demonstrate for all that the return will be worth the amount paid into it. This is especially true for some segments of the population who are suspicious that they will not receive the best deal.
29. Indeed, some respondents were concerned that an individual could pay into a scheme and end up with the same or only marginally more than someone on benefits. This was indicative of their sense of anxiety and desire for a product they believed to be 'fair' and worthwhile.
30. A demonstration that a pensions plan can help achieve future goals, and allow individuals to set future goals for themselves can bring the benefit of pension scheme into consciousness. However, imparting a sense of success and achievement in the present for having taken this step (i.e. allowing for some immediate sense of accumulation) is likely to be central to positive engagement with the product.
31. These barriers to consideration are easily triggered by a more general sensitivity around money (which is inextricably tied up with pensions and saving). Money is seen as relating strongly to an individual's self-worth; not being able to 'afford' can trigger a host of behaviours and attitudes that make engagement difficult.

Pension alternatives

32. The research took place before the recent recession took hold in the UK. While pensions were generally viewed with greater suspicion by many respondents, some of the 'safer' alternatives they have chosen in the place of pensions (housing in particular) will have been shown to be much less safe than expected. Reliance on a single pensions' alternative may make less sense than it did before the recession. Indeed, discussion within the research indicated that some of those intending to downsize did not, in fact, have adequate equity to do so.
33. That said, it is worth noting that there was (and may still be) a barrier to thinking about pensions for some individuals once they have a mortgage. It will be important to help an accurate assessment of true net worth for those who are least money-able home owners, as they seem to find it a challenge to understand the real mathematics behind retirement income.

34. The new legislation may also help individuals avoid the 'property trap' whereby having a mortgage first takes up all and any spare monies leaving nothing for savings, investments and pensions.

Overall responses to the new pension provision legislation

35. In light of all the above, the concept of automatic-enrolment was well received by all except the most financially stretched (which included both low earners and over-stretched middle income). All see this as bringing the pension to the individual.

36. Respondents felt they (or other people) would be able to reap the benefits of having a pension scheme set up for them (greater confidence and more financial security) without the difficulties of having to navigate the process on their own.

37. Even those with private or company pensions perceive of the idea as a good one – either for themselves, for their family or for their children.

38. As it stands, the new legislation appears fairly self-explanatory and no 'hard sell' would seem to be needed.

39. Many saw the Personal accounts product as simple, straightforward, easy and accessible which aligns it more closely with 'investments' they understand (such as houses and ISAs). The simplicity makes the pension seem less frightening and more controllable by themselves.

40. Personal accounts were perceived as a good idea. There is clearly a challenge at this stage for the target audience to understand Personal accounts in a real-world situation and within a competitor set. However, the combination of government 'backing' combined with private company involvement was a useful second level of detail, and provided, on the whole, a measure of reassurance.

41. The pension provision legislation of automatic enrolment and the new Personal accounts scheme also seems to increase awareness of the need to/benefit of spreading investments.

42. Working longer was broadly welcomed by those who will be most likely to need to do so. A minority of respondents in this sample, desired to continue to work as long as possible. Many appreciated, however, that work might be available if they require it. Obviously, for those who are more well-off, the suggestion of working longer is less appealing.

43. The explanations behind agreeing to working longer, however, are mixed. For many it is a practical financial measure, while for many others it is a desire to remain 'active', 'social' and to continue achieving a feeling of 'self-worth'.

Positioning automatic-enrolment pensions products – a ‘hands off’ relationship

44. There was a desire among many respondents to have some kind of long-term savings plan in place, but one that requires a low knowledge level, low engagement, and low maintenance. Automatic enrolment into a pension fulfils these criteria from the ‘users’ point of view.
45. Automatic enrolment into a pension can also successfully make action happen ‘now’. As such, leveraging current motivations and desires will help support the desired impact of a pension in the future.

3 Quantitative research

3.1 Research design

Quantitative work was required to develop the emerging segments from the qualitative stage and quantify them across a robust sample of the target market (all adults aged 18+ and above who have not yet retired). The qualitative stage had identified the key themes and issues affecting perceptions of retirement provision, and these were translated into quantitative questions for the second stage, from which a market segmentation could then be derived.

3.1.1 Methodology and sample

The quantitative stage consisted of 3,033 telephone depth interviews. The sample was defined as all adults aged 18 and above who have not yet retired. Thus, the sample includes some adults above State Pension age who are still working, and excludes some younger respondents who have already retired.

Quotas were set by region (English regions, Scotland and Wales) and within region by gender and age, based on census data, which was then used to weight the final data. Quotas were also set by social grade. This is explained in more detail in Section 3.1.2.

A sample of Random Digit Dialling phone numbers was purchased, in proportion to the interviews required by region. This was used to generate the vast majority of interviews to ensure a random sample was used, with each number being called back a number of times (week day/evening and weekends) before being replaced. A sample of mobile phone telephone numbers was also purchased to ensure that those without a landline (typically younger respondents) were not excluded from the sampling frame.

The final few interviews, to complete certain demographic quotas, were conducted using sample flagged with gender, age and social grade as well as region. A full breakdown of the interviews achieved, and the weighting applied, is provided in Appendix E.

3.1.2 Quota sampling

The data for this project was gathered using a quota sample approach. Within each region (English regions plus Scotland and Wales), a certain number of interviews were conducted by gender, age and social grade. These quotas were set using census data and ONS Labour market statistics to calculate the profile of adults 18+ who were eligible for this survey (all below SPA unless retired, plus those above SPA and still working). Quotas for social grade were also set within region, based on TNS data, excluding those who have retired.

The 25-44 year old age group was deliberately over-sampled compared to the overall profile of all adults aged 18+ who have not yet retired and the regional profile was also adjusted slightly to ensure that sufficient interviews were conducted in the smaller regions. This over-sampling was corrected by weighting at the analysis stage, described in Section 5.1.3 below.

A quota sampling approach was taken, rather than a pure probability sample approach, because there was no requirement to use the results to produce estimates of any key data such as the gender and age profile of the working population (as this is already known). Quota sampling is the method used in the majority of market research because it provides a cost effective and controlled sample and ensures that not just nationally, but also within each region, we interviewed the appropriate mix of respondents by age, gender and social grade.

This approach provided robust data with little requirement for weighting (other than to correct the age profile discussed above).

3.1.3 Weighting

The table below shows a summary of the profile of interviews achieved (which matched the quotas set) and the weighted profile applied to this data.

Table 3.1 Profile of interviews achieved

Weighting factor	% of completed interviews	Weighted % in sample
Gender: Men	50.6	50.0
Gender: Women	49.4	50.0
Age 18-24	13.1	13.5
Age 25-34	22.0	22.2
Age 35-44	28.2	24.0
Age 45-59	30.3	30.3
Age 60+	6.4	10.0
Social grade: AB	20.5	21.0
Social grade: C1	34.8	35.0
Social grade: C2	22.6	22.0
Social grade: DE	22.2	22.0

Continued

Table 3.1 Continued

Weighting factor	% of completed interviews	Weighted % in sample
Region: Scotland	9.9	8.9
Region: North	7.0	4.3
Region: Yorks/Hum	7.3	8.6
Region: North West	9.9	11.6
Region: West Mids	7.7	9.1
Region: East Mids	6.8	7.4
Region: East Anglia	6.8	9.5
Region: Wales	10.5	4.9
Region: South West	7.7	8.5
Region: South East	11.5	14.1
Region: London	14.9	13.1

The full weighting matrix is shown in Appendix E. Rim weights were applied across 110 cells by region, and age within gender, and separate weights applied nationally for social grade.

3.1.4 Interpreting the data

Results from the quantitative research are reported in this chapter and summarised in a series of data tables, which follow a common format.

Unless otherwise stated, all percentages are column percentages, that is they are percentages of the group described at the top of the column, which may be the total sample, or a key sub-group, for example the sample split by age.

Some questions only allow respondents to give one answer (for example whether they have children or their working status), and in these instances the percentages shown should add to 100 per cent (allowing for any 'don't know' or 'refused' answers). Other questions allow respondents to give more than one answer (for example which of a range of financial products they currently hold), and here the answers will add to more than 100 per cent.

Where appropriate, as well as reporting the results for the overall sample, results have been provided for key sub-groups. These are typically demographic groups such as:

- Gender
- Age: 18-24, 25-34, 35-44, 45-59 and 60+
- Social grade: determined from the chief income earner in the household (not necessarily the respondent) and divided into two categories:
 - ABC1: From higher managerial roles to supervisory, clerical and junior managerial roles;
 - C2DE : From skilled manual workers to casual/lowest grade workers.

Some tables show overall results split by the answer to another question, for example differences between those who have some provision for later life and those who do not.

Base sizes are provided with each table. For some sub-groups, the base sizes can be small and results based on any sample below 100 should be treated with extreme caution.

3.2 General lifestyle

Before investigating the financial habits of respondents and any preparations they had made for later life and retirement, it was important to establish a broader understanding of the type of person they were and their attitudes to more than just finances. These statements were derived from the qualitative stage, developing some of the themes of lack of engagement with pensions being due to an inability, or lack of desire, to think about and plan for the future.

3.2.1 Attitudes to life

Table 3.2 shows the proportion of all respondents who strongly agreed with each statement, defined as those giving a score of eight to ten on a one to ten scale. Overall, the majority (two-thirds) of respondents agreed that they like to feel they are in control and wanted to do well at work, and only a minority adopted a more relaxed attitude, taking each day as it came.

As would be expected, there were differences by demographic groups within these overall findings. There were few differences by gender, but women were more likely than men to strongly agree that they like to feel in control (70 per cent versus 62 per cent), make plans for the future (46 per cent versus 42 per cent) and make sure they have money put aside for emergencies (55 per cent versus 51 per cent), but also that they enjoy spending money (38 per cent versus 34 per cent) and have so much going on they can't always think about the future (25 per cent versus 20 per cent)

More differences were seen by social grade. ABC 1s had higher levels of agreement than C2DEs that they liked to feel in control (70 per cent versus 61 per cent), were focusing on work (69 per cent versus 56 per cent), made plans for the future (49 per cent versus 38 per cent) and expected to be better off (43 per cent versus 39 per cent), and were less likely to agree that they took each day as it came (26 per cent versus 47 per cent), were spontaneous (13 per cent versus 20 per cent), enjoyed spending money (34 per cent versus 38 per cent), and had so much going on that they couldn't think about the future (19 per cent versus 27 per cent).

Table 3.2 Overall agreement (eight to ten) with statements on attitudes to life

Q14 To what extent are you the sort of person who... (multiple answers possible)	Overall %
Likes to feel that they are in control of their life.	66
Focuses on their work and doing well.	63
Feels they are entirely responsible for what happens to them in the future.	63
Makes sure they have money put aside for emergencies.	53
Makes plans for the future.	44
Expects to be much better off in the future.	41
Really enjoys spending money.	36
Just takes each day as it comes.	36
Has so much going on at the moment that they really can't think about the future.	23
Avoids planning and always does things spontaneously.	16

Base: All respondents (3,033).

There were interesting differences by age – Making sure you have 'enough money put aside for emergencies' becomes more likely with age (44 per cent of those aged 18-24 say they do this compared to 71 per cent of those aged 60+), while 'Expecting to be much better off in future' declines with age (62 per cent of those aged 18-24 say this applies to them compared to 22 per cent of those aged 60+). Reflecting their life-stage, those over 60 were the least likely to say they are focusing on their work and doing well (52 per cent) and more likely than other age groups to be taking each day as it comes (53 per cent).

3.2.2 Current priorities

While respondents presented themselves as liking to be in control and doing well, further questioning about their current priorities revealed more work-life balance issues, with a social life and time to relax as important as saving and doing well at work, as Table 3.3 reveals.

Table 3.3 Current priorities

Q15 Which of these are a key priority for you at the moment? (multiple answers possible)	Yes %
Having more time to relax and enjoy yourself.	68
Building up some savings.	67
Doing well at work or getting a new job.	62
Saving for later life.	62
Having a good social life.	61
Putting money somewhere to make it grow.	57
Clearing debts.	50
Learning a new skill.	45
Paying off your mortgage.	38
Becoming or being your own boss.	21
Buying or moving house.	19
Starting a family.	16

Base: All respondents (3,033).

Those who mentioned more than one priority were asked which of those mentioned was the key one. Taken with the single priority mentions, this highlighted four issues:

- Having more time to relax (15 per cent).
- Doing well at work (15 per cent).
- Clearing debts (15 per cent).
- Paying off your mortgage (12 per cent).

Compared to their priorities overall then, respondents were less likely to say that 'building up savings' was a key priority, while those who had debts to clear, or a mortgage to pay, were more likely to nominate these as key priorities.

As with the attitudes to life discussed earlier, and as we would expect, overall priorities varied by demographics, with significant differences seen between age groups (see Table 3.4 below). The proportion saying that their priority was to do well at work, learn a new skill, become their own boss, buy or move house or start a family, was highest for younger respondents and then declined with age. Other issues did not follow a linear pattern by age: having a good social life was a high priority for 18-24 year olds, then declined in importance up to the age of 45, before becoming more important again, while paying off the mortgage followed the opposite pattern, peaking in importance for 35-44 year olds and then declining again:

Table 3.4 Current priorities – key differences by age

Q15 Which of these are a key priority for you at the moment?	18-24	25-34	35-44	45-59	60+
	%	%	%	%	%
Doing well at work/getting a new job.	75	74	65	54	36
Having a good social life.	74	61	53	59	63
Clearing debts.	50	59	53	46	40
Learning a new skill.	74	55	42	30	32
Paying off your mortgage.	19	43	48	40	20
Becoming or being your own boss.	33	26	20	14	16
Buying or moving house.	33	27	18	12	6
Starting a family.	31	32	13	–	–

Base: All respondents by age (396/667/855/920/195).

By gender, men were more likely than women to say they wanted to do well at work (64 per cent versus 60 per cent), or become their own boss (25 per cent versus 17 per cent), but also have a good social life (66 per cent versus 55 per cent) and start a family (19 per cent versus 12 per cent). By social grade, ABC1s were more likely than C2DEs to say that saving for later life (65 per cent versus 58 per cent), paying off the mortgage (43 per cent versus 31 per cent) and doing well at work (65 per cent versus 58 per cent) were priorities, and less likely to be clearing debts (47 per cent versus 54 per cent) or wanting to become their own boss (19 per cent versus 23 per cent).

To further test priorities, respondents were asked which of a number of items they would struggle to give up if budgets were tight (see Table 3.5). The ability to treat family and friends would be most missed, followed by being able to run a car, while only a quarter said they would not want to give up spending on shoes and clothes.

Table 3.5 Things would find hard to give up (multiple answers possible)

Q17 Which of these would you find hard to give up or scale back on?	Yes
	%
Being able to treat family and friends.	61
Running a car.	60
Being able to put money aside for a rainy day.	51
Going on holiday.	42
Your social life.	40
Spending on the house or garden.	35
Spending on a hobby or interest.	33
Shoes or clothes.	25

Base: All respondents (3,033).

Men were more likely than women to say that they would not want to give up spending on their social life (45 per cent men versus 35 per cent women), or on a hobby (41 per cent versus 25 per cent), but less likely than women to mind cutting back on treating family and friends (58 per cent versus 64 per cent), buying shoes or clothes (22 per cent versus 29 per cent) but also on saving for a rainy day (48 per cent versus 53 per cent). ABC1s would find it harder than C2DEs to give up a car (63 per cent versus 56 per cent), holidays (45 per cent versus 38 per cent) or their social life (43 per cent versus 36 per cent). There were also significant differences by age: older respondents were less willing to give up spending on a car, or their home and garden, or going on holiday, while younger respondents were more resistant to giving up spending on their social life or shoes and clothes, as Table 3.6 demonstrates.

Table 3.6 Things would find hard to give up – key differences by age

Q17 Which of these would you find hard to give up or scale back on?	18-24	25-34	35-44	45-59	60+
	%	%	%	%	%
Running a car.	48	57	62	64	61
Going on holiday.	35	42	39	47	45
Your social life.	57	41	33	38	37
Spending on the house or garden.	24	33	37	38	43
Shoes or clothes.	39	27	23	22	21

Base: All respondents by age (396/667/855/920/195).

One of the issues identified in the qualitative research was that sometimes events occur which significantly affect existing plans and aspirations either positively (inheritance, pay rise, lottery win etc) or negatively (redundancy, divorce, illness etc). These events are of such significance that they can result in a financial situation which the respondent's behaviour and attitudes would not have predicted in themselves – for example someone who has always been very sensible with money being divorced or bereaved later in life and left in a difficult financial situation, or someone who has never saved a penny suddenly inheriting a large sum of money.

In order to allow for this in the quantitative analysis, respondents were asked if they thought they had been affected by any such events in the previous five years. Overall, one in three respondents (32 per cent) had experienced an event of some kind, and respondents were twice as likely to have been affected by a negative event (23 per cent) as a positive one (12 per cent).

Women were more likely to have experienced a negative event (26 per cent) than men (21 per cent) but were no more or less likely to have had a positive event happen to them (12 per cent). C2DEs on the other hand were both more likely than ABC1s to have experienced a negative event (27 per cent versus 21 per cent) and less likely to have experienced a positive event (ten per cent versus 13 per cent). Instances of both positive and negative events increased with age – only 20 per cent of those aged 18-24 had experienced any such event, compared to 34 per cent of those aged 60+.

3.3 Financial habits

As part of establishing a rounded picture of respondents, and not just their attitudes to retirement, questions were asked about attitudes to everyday financial matters, including saving, although not specifically for later life.

3.3.1 Financial behaviour

When asked about their financial habits, as Table 3.7 shows, many respondents said they acted responsibly, with seven out of ten or more checking their bank statement, being careful with money or reviewing their financial position. A substantial minority however were uncomfortable with financial matters (41 per cent), and only half cleared their credit card every month (49 per cent).

These financial habits varied less by age or gender than they did by social grade. The only differences by gender were that men were more likely than women to say they would consider taking a risk for a better return (43 per cent versus 25 per cent), and were happy to discuss money (65 per cent versus 61 per cent), although some are less confident as men were also more likely to say they only think about financial matters when they have to (44 per cent versus 39 per cent). Men were less likely than women to say they were careful with money and budgeted (71 per cent versus 77 per cent), or checked their bank statement regularly (82 per cent versus 85 per cent).

By age, younger respondents were happier to discuss money (72 per cent aged 18-24 versus 56 per cent aged 60+) and also take a risk for a better return (40 per cent aged 18-24 versus 25 per cent aged 60+), but less likely than older respondents to be budgeting carefully (67 per cent aged 18-24 versus 79 per cent aged 60+) or clearing their credit card each month (34 per cent aged 18-24 versus 54 per cent aged 60+).

Table 3.7 Financial behaviour

Q18 Would you say that you were the sort of person that? (multiple answers possible)	Yes %
Checks their bank statements regularly.	83
Is careful with money and budgets quite strictly.	74
Thinks about and reviews their financial position regularly.	71
Feels happy discussing money and investments.	63
Saves regularly.	62
Clears their credit card every month.	49
Only thinks about anything financial when you absolutely have to.	41
Would be interested to find out more when a new type of savings account is launched.	40
Would consider taking some financial risk to get a better return.	34
Dreads anything financial.	28
Relies on someone else to make financial decisions	15

Base: All respondents (3,033).

As expected, more notable differences in financial habits were seen by social grade. ABC1s were significantly more likely to be checking bank statements, saving, clearing their credit card and were also happier discussing financial matters, while C2DEs were more likely to say that they dreaded anything financial and only thought about finances if they absolutely had to, as Table 3.8 demonstrates.

Table 3.8 Financial behaviour –differences by social grade

Q18 Would you say that you were the sort of person that? (multiple answers possible)	ABC1 %	C2DE %
Thinks about and reviews their financial position regularly.	76	65
Feels happy discussing money and investments.	68	56
Saves regularly.	67	55
Clears their credit card every month.	55	40
Only thinks about financial when have to.	33	51
Interested to find out more when new account launched.	43	36
Would consider risk to get a better return.	37	30
Dreads anything financial.	21	36

Base: All respondents by social grade (1,678/1,355).

3.3.2 Financial products held

This difference between social grades was also borne out in the range of financial products they held. Table 3.9 shows the overall position, with ABC1s more likely to hold many of these products, notably ISAs, savings accounts and stocks and shares, but also credit cards and storecards.

Many of these financial products, such as savings accounts, ISAs, stocks and shares, but also credit cards and storecards were more likely to be held by older respondents. A few products followed a different pattern: mortgages peaked at age 35-44 and then decreased with age, while personal loans and Child Trust funds were most likely to be held by those aged 25-34.

Table 3.9 Financial products held

Q90 Which of these do you have in your own name or jointly? (multiple answers possible)	Yes %
A bank account	97
A credit card	66
An instant access savings account	54
An ISA	46
A mortgage	46
Longer term savings	39
A storecard	27
A personal loan	24
Stocks and shares	23
A Child Trust Fund that you manage	18
A secured loan	7
A savings scheme such as a Christmas Hamper, or savings stamps	6
A credit union account	3

Base: All respondents (3,033).

3.3.3 Financial responsibility

Exploring who within the household was responsible for various financial decisions revealed some interesting differences, especially by age. Respondents were asked about a range of different financial tasks, from dealing with day-to-day finances and making sure the bills are paid (which almost everyone said happened in their household), to longer term initiatives such as putting money away to make it grow (which around three-quarters of respondents said happened). Typically, the respondent said that they were primarily responsible for such tasks, if they were done at all, with around 1 in 5 making such decisions jointly with a partner as Table 3.10 demonstrates.

Table 3.10 Responsibility for activities undertaken in household

Q19	Day-to-day, paying bills %	Saving short- term (Christmas) %	Saving for a rainy day %	Putting money away to grow %
No one	1	10	16	24
Respondent	59	52	50	44
Jointly	19	23	21	18
Partner	9	7	6	6
Someone else	12	8	7	7

Base: All respondents (3,033).

The qualitative research found a trend for men to be associated with the bigger money decisions and women with shorter term 'apportionment'. In the main stage

too, women were more likely than men to say that they were solely responsible for day-to-day finances (64 per cent versus 54 per cent) and short-term savings for things like Christmas or a holiday (61 per cent versus 44 per cent), but they were equally likely to be responsible for putting money away to make it grow (43 per cent versus 46 per cent). By social grade, C2DEs were less likely to be saving for a rainy day (80 per cent versus 86 per cent) or putting money away to grow (67 per cent versus 83 per cent), while ABC1s were typically more likely to say that they made joint financial decisions.

When behaviour is analysed by age, some interesting trends appear:

- Although short-term saving did increase slightly with age, the proportion who didn't put money away either for a rainy day or to grow, did not vary much by age (at around 20 per cent and 25 per cent respectively), suggesting that savings habits are set at an early age and then maintained
- Many of those who said 'someone else' was responsible for financial actions were aged 18-24, and still lived with their parents, who will potentially be undertaking these tasks for them.

3.3.4 Financial knowledge and confidence

Having established some basic information on financial products held and tasks undertaken, respondents were then asked to assess how confident and how knowledgeable they felt overall about financial matters, using a one to ten scale where ten represented 'very knowledgeable/confident'. As Table 3.11 shows, respondents typically felt slightly more confident than they did knowledgeable – while 28 per cent rated themselves eight to ten for financial knowledge, this increased to 39 per cent for financial confidence, and almost a quarter of respondents rated their level of confidence in the band above their level of knowledge.

Table 3.11 Knowledge and confidence on financial matters

Q20/21	Knowledge %	Confidence %
1-4 not at all	16	12
5-7	56	49
8-10 very	28	39

Base: All respondents (3,033).

In terms of financial knowledge, there was little difference by gender, but ABC1s were more likely to rate themselves eight to ten (32 per cent) than C2DEs were (23 per cent). By age, there was a fairly consistent proportion of respondents in all age groups (circa 16 per cent) who rated themselves only one to four for knowledge, but the proportion who rated themselves highly increased with age (18 per cent of those aged 18-24 compared to 33 per cent of those aged 45-59 gave an eight to ten rating).

Although men gave themselves similar ratings to women in terms of level of knowledge, they were more likely to say they were financially confident – 41 per cent rating themselves eight to ten compared to 36 per cent of women. ABC1s have higher levels of confidence (42 per cent eight to ten versus 35 per cent C2DE) to go with their higher levels of knowledge.

As with knowledge, a fairly consistent proportion of respondents in each age group said they were not confident (around 12 per cent one to four). 18-24 year olds were the least likely to be 'very confident' (27 per cent scored eight to ten), but above the age of 35 confidence varied little by age (40-43 per cent rated eight to ten).

3.4 Working life

This section of the report looks at where respondents are working, whether they have had time away from work, and for those not currently working, whether they expect to return to work in future

3.4.1 Employment situation

Just over half of all respondents were working full-time (57 per cent) with a further 18 per cent working part-time. Eight per cent of respondents were unemployed, seven per cent looking after home and family, five per cent long-term sick or disabled and six per cent studying/other.

Most of those currently working (2,292 respondents) did so as permanent employees (75 per cent), while 11 per cent were on contract and 14 per cent were self-employed. Men were more likely to be self employed than women (18 per cent versus nine per cent). The proportion who were self-employed also increased with age – just five per cent of those aged 18-24 were in this category compared to 26 per cent of those over 60. Contract staff were more likely to be found amongst the very youngest (20 per cent of those aged 18-24) and oldest (20 per cent of those aged 60+) workers, with only around one in ten of those aged 25-59 being contract staff.

Just over half (54 per cent) worked in businesses with 250 employees or more. ABC1s were slightly more likely to work in such larger businesses (58 per cent versus 47 per cent C2DE), while older respondents, who were more likely to be self-employed, were also the most likely to be a 'one man band' (19 per cent of those aged 60+ compared to ten per cent overall). Among this ten per cent of one-employee businesses, only a small minority (nine per cent) said they traded as a limited company.

Of the 90 per cent of respondents who work with other employees, nearly one in five (18 per cent) considered themselves to be one of the key decision makers at work. Men (21 per cent) were more likely to do so than women (15 per cent) and ABC1s (23 per cent) more likely than C2DEs (eight per cent). Apart from those aged 18-24 (seven per cent) there were few differences by age band (17 per cent -21 per cent for those aged 25+).

3.4.2 Length of working life

All respondents, irrespective of their current working status, were asked how old they were when they started working. Just two per cent said that they had not yet started their working life, with just over half, 57 per cent saying they started work before they were 18 and 37 per cent that they started working between the ages of 18 and 24. C2DEs were the most likely to say that they started working before they were 18 (72 per cent) and the proportion also increased with age (up to 71 per cent of those aged 60+).

Among those who had ever worked (2,991 respondents), almost half had had a significant period of time away from work (through redundancy, illness etc but excluding paid maternity leave). Table 3.12 shows how this varied by key demographics, and also details the average amount of time away from work (in years) by those who had had any time away. As might be expected, women were more likely to have had time away than men (58 per cent versus 36 per cent) and those women who had had time away were typically out of the workplace for longer (6.4 years versus 3.6 years). By the time respondents are 60, over half of them had had time away (57 per cent) for an average of nine years.

Table 3.12 Time away from work during working life

Q28/29 Time away from work	Row percentages	
	Any time %	Average time (years) if any time away
Overall	47	5.3
Men	36	3.6
Women	58	6.4
ABC1	39	4.8
C2DE	58	5.7
Age 18-24	39	1.7
Age 25-34	40	3.0
Age 35-44	47	4.7
Age 45-59	54	6.7
Age 60+	57	9.0

Base: 2,991 who have ever worked and 1,399 who have ever had any time away.

Half (50 per cent) of those who had had time away from work said that they relied on benefits during this period (excluding child benefit). Men were more likely to have done so than women (69 per cent versus 39 per cent), and C2DEs more likely than ABC1s (64 per cent versus 35 per cent).

5.4.3 Intention to work in future

A total of 740 respondents were not currently working, and were asked whether they planned to do so in future. Overall, almost three-quarters said that they did (72 per cent) with ABC1s and younger respondents the most likely to express this wish as Table 3.13 shows

Table 3.13 Intention to work in future

<i>Row percentages</i>	
Q31 Plan to work in future	Yes %
Overall	72
Men	68
Women	75
ABC1	83
C2DE	66
Age 18-24	96
Age 25-34	91
Age 35-44	75
Age 45-59	46
Age 60+	24

Base: 740 overall who are not currently working.

3.5 Perceptions of retirement and later life

Having established the background to each respondent's current situation in terms of their attitudes, financial behaviour and working history, this section investigates how respondents feel about retirement and what they expect it to be like, both factually and emotionally.

3.5.1 Ideal retirement age

Before investigating any provision already held for retirement, respondents were asked at what age they would ideally like to retire. (They were subsequently asked at what age they thought they would retire, and the contrast between ideal and reality is reported at Section 5.7.3)

The qualitative research reported that retiring early was seen as a recognised marker of success in society. Around a quarter of all main stage respondents, 27 per cent, would like to retire before they are 60. Twenty-five per cent of women would like to be retired by the time they are 60, while for men the figure was 30 per cent. As Table 3.14 shows, only a minority were interested in working beyond 65 – 11 per cent of women and 15 per cent of men.

Table 3.14 Ideal retirement age

Q33/34 Age at which will ideally retire	Overall %	Men %	Women %
Under 50	4	6	3
50-55	20	21	19
56-59	3	3	3
60-62	32	29	36
63-65	26	26	25
66-70	7	8	6
71+	3	4	2
Never	3	3	3
Don't know	–	–	–

Base: 2,828 overall 1,429 men and 1,399 women.

Those currently aged 25-34 were the most keen on being retired by the age of 60 (38 per cent) compared to just 20 per cent of those currently closest to State Pension age aged 45-59. Interestingly, 27 per cent of those with no current retirement provision said they would ideally retire by the time they were 60, two-thirds of them are currently aged under 35.

While almost all respondents could say when they would ideally like to retire, they were less decisive about how this would happen in terms of whether they would work as normal up to a retirement date and then stop (14 per cent), or gradually reduce their hours over a period of time (36 per cent), with half saying they didn't know which option they would prefer (50 per cent). As Table 3.15 shows, this indecision varies by age – 63 per cent of those aged 18-24 didn't know how they would stop work, compared to just a third of those aged 60+ – older respondents were more likely to have an opinion and to favour the 'stop gradually' approach.

Table 3.15 Retirement preference by age

Q32 Preferred option when stop paid work and retire	18-24 %	25-34 %	35-44 %	45-59 %	60+ %
Work to given date and stop entirely	11	12	13	18	12
Gradually reduce hours over time	26	29	34	44	53
Don't know	63	59	53	38	35

Base: All respondents by age (396/667/855/920/195).

3.5.2 State Pension age

State Pension age (SPA) is currently 60 for women and 65 for men, but all those currently aged 57 or younger will see their SPA change, firstly to equalise at 65 for men and women and then for both men and women gradually increasing to 68 (for those currently aged 30 or under).

The survey revealed a lack of knowledge about SPA especially among women (where 21 per cent said they 'didn't know' when they could draw their State Pension, compared to 16 per cent of men). 68 per cent of men said their SPA was 65 (including 31 per cent of those aged 18-24 and 60 per cent of those aged 25-34 who will be affected by the changes to SPA) while 37 per cent of women said their SPA was 60, and 33 per cent that it was 65.

Given the range of potentially correct answers to this question, depending on the age of the respondent, further analysis was undertaken, matching respondents perceptions of when they reach SPA with the true answer, based on their age and gender. As age was recorded in years on the main survey there are some respondents where two ages were acceptable as either could be correct depending on the month in which they were born. Where a respondent was only prepared to give their age in a band they were excluded from this analysis, reducing the overall sample slightly from 3,033 to 2,971.

This analysis revealed that only a quarter of adults knew their correct SPA (25 per cent) with almost half (53 per cent) thinking that they will get to SPA sooner than is in fact the case. Just four per cent thought they would have to wait longer to reach SPA than they actually do, and 19 per cent overall did not know when they reached SPA. (see Table 3.16).

Table 3.16 Accuracy of perceived SPA

Q35 Age at which can draw State Pension	Overall %	Men %	Women %
Correct SPA	25	29	21
Think reach SPA sooner	53	51	54
Think reach SPA later	4	3	4
Don't know	19	16	21

Base: All respondents where age known (2971/1498/1473).

As might be expected, there were some significant differences by age, particularly the proportion in each age group who did not know their SPA:

Table 3.17 Accuracy of perceived SPA

Q35 Age at which can draw State Pension	18-24 %	25-34 %	35-44 %	45-59 %	60+ %
Correct SPA	–	–	–	55	94
Reach SPA sooner	48	71	81	32	1
Reach SPA later	–	–	–	5	4
Don't know	49	24	14	8	–

Base: All respondents where age provided (396/663/852/916/144).

As Table 3.17 shows, almost no respondents under 45 knew their SPA accurately. Among 18-24s, half didn't know when they would reach SPA, but the majority of those aged 25-44 thought they would reach SPA sooner than they in fact will. Even among those closer to retirement, aged 45-59, only half knew their SPA – and here, men aged 45-59 were more likely to know their correct SPA (66 per cent) than women were (44 per cent). There was no difference in correct SPA by social grade.

Those with retirement provision were more likely to know their correct SPA (32 per cent) as were disabled respondents (36 per cent). Those with a higher income were also more likely to know their correct SPA (22 per cent under £5k versus 31 per cent over £45k).

The qualitative research revealed that two key dimensions for retirement planning were whether the respondent had plans (or not) and whether they were confident (or not) that come retirement they would have sufficient provision. There were interesting differences in awareness of SPA by these confidence/plans dimensions:

- of those who have plans and were confident, 32 per cent knew their correct SPA;
- of those who have plans but were not confident, 33 per cent knew their correct SPA;
- of those who have no plans but were confident, just ten per cent knew their correct SPA;
- of those who have no plans and were not confident, 20 per cent knew their correct SPA;

Based on a respondent's age and when they officially reach SPA it was also possible to calculate how many years adrift they were of what was in fact their correct SPA.

While only 25 per cent of all respondents identified their SPA correctly, among those who thought they could retire sooner (1,641 respondents) half thought their SPA was within two years of their actual SPA, but some women and younger respondents mis-reported their SPA by a much wider margin, as Table 3.18 shows.

Table 3.18 Margin of error on SPA (if think reach SPA sooner)

Q35 Difference between true and perceived SPA	Overall	Men	Women
Think SPA 1 year earlier	27%	33%	20%
2 years earlier	22%	25%	18%
3 years earlier	17%	21%	14%
4-5 years earlier	6%	3%	9%
6-7 years earlier	19%	10%	28%
8+ years earlier	10%	9%	12%
Mean error (years)	3.5	2.9	4.1

Base: All respondents who think they reach SPA sooner (1641/808/833).

Few 18-24s could give an answer when asked when they would reach SPA (49 per cent said don't know) and those who did give an answer thought they retired sooner than they did (48 per cent) by an average margin of five years as Table 3.19 shows:

Table 3.19 Margin of error on SPA (if think reach SPA sooner)

Q35 Difference between true and perceived SPA	18-24	25-34	35-44	45-59
1 year sooner	2%	–	47%	45%
2 years sooner	–	42%	22%	3%
3 years sooner	60%	28%	1%	5%
4-5 years sooner	–	1%	1%	27%
6-7 years sooner	–	13%	29%	19%
8+ years sooner	38%	16%	–	–
Average error (years)	5.0	3.9	2.9	3.2

Base: All respondents who think they can retire sooner (187/469/686/296).

This analysis suggests that many 45-59 year olds had realised that the retirement age is being equalised, but not that some of them will have to wait until 66 to reach SPA. Those under 35 had not realised that, post-equalisation, SPA is then increasing to 67 and subsequently 68 for the youngest respondents.

The biggest gaps between perceived and actual SPA were for those with no provision (4.0 years versus 3.2 for those with provision) and those who were confident but had no plans for the future (4.0 years versus 3.3 for those who were confident and had plans).

3.5.3 Perceptions of retirement

The qualitative stage reported that one of the barriers to pension planning was that some respondents struggled to see themselves in the future at a time when they might be retired. In the main stage, respondents were asked a range of questions to understand how they felt about retirement and what it might be like for them. Almost all felt that they would have to watch what they spent more closely (80 per cent), although two thirds (62 per cent) said they would live in a similar way to how they live now. Three quarters (76 per cent) said it would give them more time for hobbies and friends, and half are really looking forward to being retired (49 per cent). However, as reflected in the qualitative work, a third can't imagine what it will be like (39 per cent) and almost as many have decided that they don't want to think about it (33 per cent).

There were few differences in perceptions by gender, although women were more likely to agree that they will have to watch what they spend (83 per cent versus 78 per cent of men). C2DEs were more likely than ABC 1s to say that they didn't want to think about being retired, and couldn't imagine what it would be like, but the main differences in perception were by age.

Table 3.20 Perceptions of retirement

Q35 Perceptions of retirement	18-24	25-34	35-44	45-59	60+
	%	%	%	%	%
Expect to live in a similar way	47	52	64	68	78
Really looking forward to it	37	43	50	56	55
Can't imagine what it will be like	54	48	39	31	24
Really don't want to think about it	47	41	30	26	26

Base: All respondents by age (396/667/855/920/195).

As Table 3.20 shows, respondents closer to retirement were more likely to think they would maintain their current lifestyle, and to be looking forward to being retired. However, even among the most positive age groups (45+) around half were not looking forward to being retired.

Younger respondents by contrast were more likely to say they couldn't imagine what retirement would be like, and would prefer not to think about it. Even among the oldest age group (60+) a quarter of respondents didn't want to think about retirement, and couldn't imagine what it might be like. The feeling that they might have to watch what they spent more closely did not vary much by age.

A subsequent line of questioning looked at planning for later life, and the extent to which respondents felt prepared for the future financially. This identified popular support for pensions, because the money saved was 'locked away', but also recognition by many that they were not doing all they could to provide for their future, as Table 3.21 demonstrates.

Overall, just a third of respondents agreed (eight to ten) that they were putting away as much as they could for retirement, and were confident that they would have enough when it was time for them to retire, with men (37 per cent) more confident they would have enough to retire on than women (29 per cent).

Older respondents were more likely to say they were putting away as much as they could (17 per cent of those aged 18-24 compared to 45 per cent of those aged 60+), but there was little difference by age in levels of confidence that this would be enough when they came to retire (34 per cent of those aged 18-24 compared to 38 per cent of those aged 60+), suggesting that some of the younger respondents are basing their confidence on what they imagine they might save in the future, rather than what they are already doing for their retirement. ABC1s were both more confident that they were saving as much as they could (36 per cent versus 28 per cent of C2DEs) and that this would be enough when they retired (37 per cent versus 27 per cent).

Older respondents were more likely to say that they had sorted out their own provision (27 per cent of those aged 18-24 compared to 62 per cent of those aged 60+) and while there was an increase by age in the view that they wished they had started saving sooner (19 per cent of those aged 18-24 compared to 34 per cent of those aged 60+), this was not as dramatic as might perhaps have been expected.

The oldest age group were the most likely to want the Government to play a role in making sure people had enough to retire on (43 per cent of those aged 18-24 compared to 58 per cent of those aged 60+) – a sentiment that C2DEs were also more likely to agree with (53 per cent versus 39 per cent of ABC1s).

C2DEs were also more likely to feel scared of pensions (19 per cent versus ten per cent ABC1s), and to try to avoid thinking about retirement (29 per cent versus 16 per cent ABC1s), perhaps on the basis that they might not live that long (16 per cent versus eight per cent ABC1s).

Table 3.21 Attitudes to retirement

Q64 Attitudes to later life 8-10 agree with each statement	Overall %
It's a good idea to have some savings in a pension so you cannot keep dipping into them.	60
The Government should play more of a role in making sure people have enough to live on in retirement.	45
Anything I have for my retirement I have sorted out for myself.	43
I am confident that I will have enough put by to live on in retirement.	33
I am putting away as much as I can for my retirement.	32
Pensions are the best way to save for retirement.	31
I can't imagine myself as a pensioner.	33
I should have started saving sooner for my retirement.	30
If I have to work beyond SPA I will have failed.	22
I try to avoid thinking about retirement.	22
Dealing with pensions scares me.	14
It's not worth saving for retirement as I might not live that long.	11

Base: All respondents 3,033.

3.5.4 Preparing for later life

Having established the emotional reactions to later life, respondents were asked about their ability to plan practically for the future. As just 17 per cent of respondents rated their knowledge of pensions as 'good', and only a third (32 per cent) were very confident that they could make the right retirement decisions, this is an area where many felt uncomfortable, even though most (66 per cent) accepted that it was their responsibility to ensure they had sufficient provision for their retirement.

Overall, 58 per cent of respondents felt that they had at least a 'reasonable' knowledge of pensions (although this knowledge was much more likely to be 'reasonable' 41 per cent, than 'good' 17 per cent). Meanwhile, 29 per cent described their knowledge as 'patchy' and 14 per cent admitted that they knew 'nothing' about the subject. Men (60 per cent) were more likely to have at least a 'reasonable' level of knowledge than women (54 per cent), and there were clear differences between ABC1s (64 per cent) and C2DEs (48 per cent).

While overall financial knowledge did not change dramatically by age, this is not the case for specific knowledge about pensions, as Table 3.22 shows, with the proportion claiming at least a 'reasonable' knowledge of pensions increasing from 33 per cent of those aged 18-24 to 76 per cent of those aged 60+, and the proportion who know 'nothing' decreasing from 34 per cent to just five per cent. The qualitative stage revealed a view that a sign of getting older was starting to take an interest in such matters, which is supported by these findings.

Table 3.22 Rating of own pensions knowledge

Q62 Rating of knowledge	18-24 %	25-34 %	35-44 %	45-59 %	60+ %
Good	9	11	15	22	28
Reasonable	24	37	45	45	48
Patchy	32	35	29	25	20
Nothing	34	17	11	9	5

Base: All respondents by age (396/667/855/920/195).

Given this range of views it is perhaps not surprising that respondents were slightly less confident about their ability to make pensions decisions (32 per cent score eight to ten) than they were about financial decisions generally (39 per cent score eight to ten). Men (37 per cent), ABC 1s (36 per cent) and those aged 60+ (47 per cent) were the most confident about making pensions decisions, as were those who have pension provision (40 per cent).

At the other end of the scale, 17 per cent rated their confidence in making pensions decisions as poor (one to four), with women (20 per cent), C2DEs (22 per cent) and notably the youngest respondents (26 per cent of those aged 18-24) the most likely to say this, together with those with no pension provision (29 per cent). As would be expected, knowledge and confidence are linked, with 75 per cent of those who had 'good' levels of knowledge about pensions rating their confidence as high, while 51 per cent of those who said they knew 'nothing' about pensions rated their confidence as low.

Although only a minority feel both knowledgeable and confident in this area, most respondents (66 per cent) felt that it was their responsibility to ensure they had retirement provision, rather than the Government's (30 per cent) or their employer's (four per cent). ABC 1s (71 per cent) and those who already had provision (72 per cent) were the most likely to accept this responsibility, while C2DEs (36 per cent) and those with no provision (36 per cent) were the most likely to feel the Government should take this role (although 57 per cent of those with no provision accepted that it was their responsibility to ensure they had something). Despite their lower levels of knowledge and confidence, younger respondents were just as likely as older respondents to say it was their responsibility to ensure they have provision (63 per cent of those aged 18-24 compared to 64 per cent of those aged 60+).

This acknowledgement of responsibility does not, however, necessarily translate into action. Just 37 per cent of respondents overall had thought about how much money they would need to live on when they retired, and this only increased to 41 per cent of those who said it was their responsibility to make sure they had provision (12 per cent of those aged 18-24, increasing to 65 per cent of those aged 60+ who acknowledged responsibility). Similarly, just 53 per cent had ever checked how much they would actually have to live on when they retired, and this only increased to 58 per cent of those who acknowledged responsibility (again the proportion increased by age, from 16 per cent of those aged 18-24 to 83 per cent of those aged 60+ who acknowledged responsibility).

When asked to say (spontaneously) how people might plan for retirement, 'savings' was the top mention at 62 per cent, with half (49 per cent) mentioning some form of pension (either company or personal). Pensions were most likely to be mentioned by ABC1s (56 per cent) and those aged 25-59 – just 38 per cent of both the oldest and youngest respondents mentioned them.

Other ways of preparing for retirement received few mentions – 28 per cent saying 'investments', eight per cent a second home, releasing equity from a house or AVCs. Six per cent mentioned relying on the State Pension, while five per cent said 'work longer' and an optimistic four per cent said 'win the lottery' or 'an inheritance'. This suggests that respondents were not readily aware of the full range of options available to them for retirement planning – reflecting lower levels of planning, financial sophistication or interest for some.

3.6 Current retirement provision

This section of the report moves on from perceptions of later life and retirement, to investigate current provision, and the reasons for either having made provision or not currently having provision in place. It then looks at respondents' own assessment of their level of confidence and of planning for retirement and later life, which were identified as key at the qualitative stage.

3.6.1 Current retirement provision

Overall, 60 per cent of respondents claimed to have some form of retirement provision, in answer to the following question:

'People plan for their retirement in different ways and at different times. Do you currently have any financial plans, savings, work or personal pensions specifically for your retirement?'

As would be expected, the proportion saying they had something for retirement varied by age, from just one in five of those aged 18-24 (22 per cent) to two-thirds of those aged 60+ (67 per cent). ABC1s were also more likely to say they had provision than C2DEs (72 per cent versus 46 per cent). Those who had thought about how much they would need to retire on were twice as likely to have provision compared to those who had not thought about it (82 per cent versus 47 per cent).

Those who had provision were most likely to say they had a State Pension (70 per cent of those with provision) or a current company pension (66 per cent), while 62 per cent mentioned a main home they could sell and 58 per cent other savings.

There were relatively few differences in types of provision held by gender, but interestingly where there were differences men were more likely to hold certain financial products: to have investments (43 per cent versus 35 per cent), a current personal pension (37 per cent versus 28 per cent), a dormant company pension (38 per cent versus 33 per cent) or AVCs (28 per cent versus 23 per cent), while women were more likely to say that they would work as long as they could (57 per cent versus 49 per cent) or that they were relying on their partner having a pension (49 per cent versus 41 per cent).

As might be expected, ABC1s were not only more likely to have any provision (72 per cent versus 46 per cent of C2DEs), but also to hold a wider range of provision, with key differences a current company pension (71 per cent ABC1 versus 57 per cent C2DE) and a main home to sell (67 per cent ABC1 versus 53 per cent C2DE)

By age the pattern was more complicated. A number of types of provision, such as savings, ISAs and Premium Bonds were more likely to be held as respondents got older while others, like personal pensions and AVCs, peaked in the middle years, but were less likely to be held by the oldest or youngest respondents. In fact, the only types of provision not to vary by age were a second home (among those aged 25+) or a business to sell (which only applied to a small minority of respondents).

3.6.2 Company pension schemes

Sixty-six per cent of respondents who had any sort of pension provision said that they had a current company pension scheme. This equates to 40 per cent of all respondents, with little difference by gender (41 per cent of men and 39 per cent of all women respondents said they had a current company pension scheme), but clearer differences by age:

- 16 per cent of all respondents aged 18-24 had a current company pension scheme
- 39 per cent of all respondents aged 25-34
- 48 per cent of all respondents aged 35-44
- 47 per cent of all respondents aged 45-59
- 32 per cent of all respondents aged 60+

The majority of those with a company pension scheme (80 per cent) said that both they and their employer contributed to the scheme. Just nine per cent said only the employer made contributions and seven per cent that they contributed and not the employer. There were no differences by gender, but the youngest respondents with a company scheme were more likely to be making sole contributions (17 per cent) and less likely to be contributing jointly with their employer (64 per cent).

The 1,101 respondents who said that their employer contributed to their company scheme (either jointly or solely) were asked about the level of contribution made. 28 per cent didn't know, but most (66 per cent) said the contribution was the equivalent of three per cent or more of their salary. This equates to 22 per cent of all respondents being in a company scheme where the employer contributes three per cent or more.

There were similar levels of 'don't know' answers when respondents with a company scheme were asked what type of scheme it was, although the answer was typically a final salary scheme:

- 55 per cent final salary
- 18 per cent money purchase
- seven per cent other scheme
- 24 per cent Don't know

Respondents under 35 were more likely to have a money purchase scheme (but also less likely to know what type of scheme it was).

All respondents (not just those with provision) were asked if they had ever been invited to join a company scheme that the company paid into, but had declined the opportunity. Seventeen per cent said that they had declined such an opportunity and this varied very little by age, gender or social grade (the most likely to have done so were those aged 25-34 at 23 per cent). Those who had declined were asked why and typically said that they had been planning to leave the company or that it was too expensive to join:

- 25 per cent Was changing jobs or planning to leave
- 19 per cent It was too expensive / not affordable (especially C2DEs)
- 11 per cent Had a better pension elsewhere (older respondents)
- nine per cent Too young to think about it (younger respondents)
- five per cent Unsure what to do (younger respondents)

Most of those who declined to join a scheme had not gone on to join another one. Of the 17 per cent who were offered an opportunity, three per cent went on to join another scheme but 14 per cent didn't and most of this latter group have no pension provision at all.

3.6.3 Prompts for retirement provision

All those actively saving towards their retirement were asked what had prompted them to start doing something towards their retirement. As Table 3.23 shows, the most common reason was 'being that sort of person' (reflecting the money growers from the qualitative stage), but, also as suggested from the qualitative work, getting to a certain age (which was around the age of 37), and having a bit more spare cash were also key prompts, as were employers.

Table 3.23 Prompts for making provision

Q42 Reasons for starting saving (prompted) (multiple answers possible)	All actively saving %
You are the sort of person that thinks about these things.	66
Having a bit more spare cash.	54
Your employer organised it.	52
Getting to a certain age.	51
Seeing what retirement was like for others.	42
Advice from family or friends.	37
Advice from a financial adviser.	37
Finishing paying off other debts.	31
Buying a house.	30
Getting a new job.	30
Having children.	28
Getting married.	19

Base: All actively saving 1,815.

There were few differences in prompts by gender or social grade. Women (55 per cent) and C2DEs (55 per cent) were more likely to say that 'getting to a certain age' was a prompt for them than men (47 per cent) or ABC1s (49 per cent). Men on the other hand, were more likely to mention a financial adviser (40 per cent versus 34 per cent), paying off other debts (35 per cent versus 28 per cent) or getting married (21 per cent versus 17 per cent) as prompts.

ABC1s were more likely to have had provision arranged by their employer (56 per cent versus 45 per cent) while other prompts more likely to be mentioned by C2DEs were having more spare cash (60 per cent versus 51 per cent) and seeing what retirement was like for others (46 per cent versus 40 per cent).

Again, the main differences were seen by age, as Table 3.24 reveals. Factors such as having more spare cash, getting to a certain age and seeing what retirement was like for others were more common prompts for older respondents, while a new job, marriage or having children were mentioned more by younger respondents with provision. Generally speaking, those who were younger, and had provision, were more likely to have had it organised for them (via an employer or a new job).

Table 3.24 Prompts for making provision, by age

Q42 Reasons for starting saving (prompted – multiple answers possible)	18-24 %	25-34 %	35-44 %	45-59 %	60+ %
Sort of person that thinks about these things	53	63	67	67	73
Having a bit more spare cash	47	53	51	55	62
Your employer organised it	60	65	58	44	39
Getting to a certain age	26	44	51	53	68
Seeing what retirement was like for others	32	38	41	44	51
Advice from family or friends	49	52	43	27	29
Finishing paying off other debts	26	31	28	33	36
Getting a new job	56	45	32	21	16
Having children	18	32	33	27	24
Getting married	18	27	22	15	13

Base: All actively saving.

Those who had provision had spent an average of 15 years saving for their retirement. Men had spent slightly longer saving than women (17 years versus 13 years) and, as would be expected, the time spent saving varied considerably by age. Table 3.25 shows the average time spent saving by key demographics, both among those who had provision, and the equivalent figure for this population as a whole.

Table 3.25 Average time spent saving

Q41 Time spent saving (Row percentages)	All actively saving (years)	Overall (years)
Overall	15	9
Men	17	10
Women	13	7
ABC1	15	10
C2DE	15	7
Age 18-24	3	1
Age 25-34	8	4
Age 35-44	14	10
Age 45-59	19	13
Age 60+	21	14

Base: All actively saving 1,815/all respondents 3,033.

From these figures, an analysis was made of the proportion of people who either weren't saving at all for later life, had been saving for less time than they could (based on their current age and when they started working) or who had been saving for all of their working life (some had been saving for longer than their working life due to time spent not working).

Amongst those who had only been working for two years or less, 82 per cent had no retirement provision, this dropped to 66 per cent of those who had been working for three to five years and 51 per cent of those who had been working for six to ten years – by this stage 28 per cent had been saving for at least as long as they had been working, while a further 21 per cent had been saving, but for less time than they had been working. Once respondents had been working for more than 16 years, the profile changed very little – around a quarter still weren't saving, around half had been saving for less time than they had been working, and a quarter had been saving for as long as they had been working (occasionally longer). This suggests that saving for retirement is determined before this point, with those who have been saving carrying on doing so, and the proportion who are not saving remaining constant (in a similar way to the general saving behaviours identified earlier).

3.6.4 Barriers to saving (more) for later life

All respondents, irrespective of whether they currently had any provision for later life, were asked about the barriers that stopped them saving/saving more. Other demands on income were the most common reasons, but around half expected to carry on working. Even though working beyond SPA was not necessarily a popular option, here respondents are either being realistic about where their current lack of saving will leave them, or offering a reason/excuse that allows them to delay having to think about making provision now. Not surprisingly, those with no provision typically came up with a wider range of reasons why they hadn't been saving, many around the theme of living in the present rather than thinking about the future, as well as struggling with day-to-day finances. Table 3.26 lists all the (prompted) reasons given as barriers to saving in later life. Within these reasons for disengagement, we see other themes from the qualitative research – passing responsibility to a partner, having more short-term priorities, a lack of ability to manage money, or seeing pensions as something associated with 'old people'.

Barriers – those with no provision

Among those with no current provision, there were few differences by gender, apart from men saying they might miss out on means tested benefits later (30 per cent versus 24 per cent), or not trusting banks/financial advisers (23 per cent versus 16 per cent) while women were more likely to say that their partner had enough provision for both of them (11 per cent versus five per cent). There were also only a few differences by social grade – C2DEs were more likely to say that it was a struggle day-to-day (69 per cent versus 47 per cent), and that they don't trust banks (21 per cent versus 16 per cent), but also that they would rather live a good lifestyle now (54 per cent versus 47 per cent), and expect the State to provide a safety net (32 per cent versus 26 per cent). ABC1s were more likely to say they were saving for other things (43 per cent versus 34 per cent), and that they expected their house to make money (27 per cent versus 20 per cent).

There was more variation in the reasons given by age, with the following all more relevant to younger respondents with no provision, and becoming less relevant with age:

- too far away to think about (78 per cent of those aged 18-24 versus 14 per cent aged 60+);
- haven't got round to it yet (68 per cent of those aged 18-24 versus 28 per cent aged 60+);
- never really thought about it (64 per cent of those aged 18-24 versus 18 per cent aged 60+);
- expect to carry on working (64 per cent of those aged 18-24 versus 48 per cent aged 60+);
- saving for other things (48 per cent of those aged 18-24 versus 20 per cent aged 60+).

By contrast, two of the reasons given become more important with age, peaking at age 45-59:

- It's a struggle day to day (44 per cent aged 18-24 versus 71 per cent aged 45-59)
- Don't trust banks/financial advisers (12 per cent aged 18-24 versus 28 per cent aged 45-59)

Barriers – those with provision

Among those who currently have provision there were few differences by gender in terms of why they didn't have more provision than they did. Women were more likely than men to say their partner had enough for both of them (14 per cent versus six per cent) or that it was a struggle to manage financially (38 per cent versus 33 per cent). Men were more likely to say that they wanted to enjoy their current lifestyle (36 per cent versus 29 per cent), didn't trust banks or financial advisers (18 per cent versus 13 per cent) and that they might miss out on benefits later if they had more savings (19 per cent versus 15 per cent).

As among those with no provision, certain reasons for not saving resonated more with younger respondents, but some of the differences were less marked than among those with no provision:

- always other things to spend on (56 per cent of those aged 18-24 versus 42 per cent aged 60+);
- too far away to think about (53 per cent of those aged 18-24 versus 2 per cent aged 60+);
- saving for other things (42 per cent of those aged 18-24 versus 19 per cent aged 60+);
- rather enjoy lifestyle now (41 per cent of those aged 18-24 versus 32 per cent aged 60+);

- don't know enough about best option (34 per cent of those aged 18-24 versus 21 per cent aged 60+);
- haven't got round to it (29 per cent of those aged 18-24 versus seven per cent aged 60+);
- never really thought about it (27 per cent of those aged 18-24 versus 13 per cent aged 60+).

Among those with provision, the reasons for not saving varied more by social grade than they did by either age or gender, with C2DEs giving a wider range of reasons why they weren't saving more.

Table 3.26 Barriers to saving (more)

Q48 Reasons for not saving (prompted) (multiple answers possible)	All with provision %	All without provision %
There always seem to be other things to spend money on.	45	63
It's a struggle just to cope with day to day expenses.	35	60
I expect to carry on working.	48	57
I don't feel I know enough about what would be the best option for me.	23	54
I don't want to make the wrong decision.	31	52
Retirement is too far away to think about.	19	52
I just haven't got round to it yet.	16	52
I would rather enjoy a good lifestyle now.	32	51
I have never really thought about it.	14	43
I am saving for other things.	27	38
The State provides a financial safety net in retirement.	16	30
If I have savings I might miss out on means tested benefits later.	17	27
I expect my house to make me enough money.	21	23
I don't trust banks and financial advisers.	16	19
My partner has enough pensions/savings for both of us.	10	8

Base: All with provision 1,841/all without provision 1,192.

3.6.5 Checking retirement provision

All respondents were asked if they had ever checked how much they would have to live on in retirement, and if so, when they had last checked.

Overall, 41 per cent had checked in the last year and a further 12 per cent prior to that, but 47 per cent had never checked. Least likely to have checked were C2DEs (58 per cent versus 37 per cent of ABC1s) and younger respondents (86 per cent of those aged 18-24 had never checked, decreasing to 25 per cent of those aged 60+, where 60 per cent had checked in the last 12 months).

Those who had checked in the last two years were then asked how they had made their checks. Looking at pension figures and assessing savings were the main ways of checking as Table 3.27 shows.

Table 3.27 Checking provision

Q66 How provision checked (multiple answers possible)	All having checked %
Looked at figures provided for own pension.	72
Made own assessment of savings you have.	57
Got a State Pension Forecast.	33
Relied on your gut instinct.	32
Looked up amount of savings required to generate income.	32
Spoken to a financial adviser.	29
Read financial magazines or press.	26
Spoken to friends or family.	19
Been told by your partner.	18
Spoken to your bank.	15
Spoken to an accountant.	9

Base: All having checked 1,393.

As a further check, all respondents were asked the extent to which any provision they were likely to have when they retired would be in their own name rather than someone else's. This was to identify people who were reliant on a partner's provision rather than their own.

Overall, half (50 per cent) of respondents said that all / almost all of their provision would be in their own name, and a further 12 per cent said that most would be. 27 per cent said that about half their provision would be in their name, while five per cent said only some would be and a further five per cent that very little or nothing would be. Women were much more likely than men to say that only some, or less, of their provision was in their own name (14 per cent versus six per cent) but there was little variation by age.

Those few respondents (154 in total) who said that very little or nothing would be in their name were asked if this concerned them at all. Half (53 per cent) said 'not at all', while 31 per cent were a 'little concerned' and 16 per cent said they were concerned 'a lot', with levels of concern increasing up to age 60 and also higher among C2DEs.

3.6.6 Overall plans and confidence

The qualitative work which preceded this project identified two key dimensions in terms of provision for later life:

- Whether the respondent was worried or confident about the future based on their current retirement plans.

- Whether they felt that they currently had plans in place for funding their retirement.

Sixty-one per cent of respondents to this survey said that they were confident about their future plans. As Table 3.28 shows, this does not vary much overall by gender or age (other than for the very youngest respondents), but does vary by social grade (67 per cent of ABC1s are confident compared to 53 per cent of C2DEs) and depending on whether the respondent had provision or not (overall 68 per cent of those with provision were confident compared to 50 per cent of those with no provision, with marked differences in level of confidence for women, C2DEs and older respondents depending on whether they had provision or not).

Table 3.28 Confident in future

	<i>Row percentages</i>		
Q49 Confident about the future	Overall %	Those with provision %	Those without provision %
Overall	61	68	50
Men	64	69	54
Women	58	67	46
ABC1	67	70	61
C2DE	53	65	43
Age 18-24	70	82	66
Age 25-34	60	68	50
Age 35-44	60	68	42
Age 45-59	59	65	42
Age 60+	60	72	34

Base: All respondents 3,033/those with provision 1,841 overall/those with no provision 1,192 overall.

A similar analysis of whether respondents felt they had their retirement plans in place revealed that 56 per cent felt that they did, as Table 3.29 shows. As with confidence there were more differences between those who had provision (79 per cent said their plans were in place) and those who didn't (just 20 per cent said their plans were in place) although up to a third of older respondents (aged 60+) said their plans were in place even though they had no specific provision.

Taking these two questions together allowed respondents to be placed in one of four categories:

- 42 per cent had plans in place and were confident about the future;
- 14 per cent had plans in place but were not confident about the future;
- 19 per cent had no plans in place but were confident about the future;
- 25 per cent had no plans in place and were not confident about the future.

As would be expected those who had provision were more likely to be in the 'confident/plans' category (59 per cent) than those with no provision (14 per cent), who were more likely to say that they had neither plans nor confidence (45 per cent versus 12 per cent of those with provision) or, of more concern, in the 'confident but no plans' category (36 per cent versus nine per cent of those with provision).

Table 3.29 Self-reported plans in place for funding retirement

	<i>Row percentages</i>		
Q50 Have plans in place	Overall %	Those with provision %	Those without provision %
Overall	56	79	20
Men	59	82	21
Women	53	77	19
ABC1	66	83	25
C2DE	42	73	16
Age 18-24	19	56	9
Age 25-34	51	76	22
Age 35-44	61	81	20
Age 45-59	67	82	26
Age 60+	67	84	33

Base: All respondents 3,033/those with provision 1,841 overall/those with no provision 1,192 overall.

There were few differences by gender but more by age, where 53 per cent of those aged 18-24 were in the category of 'no plans but confident about the future'. The proportion with neither plans nor confidence varied little by age, as Table 3.30 shows.

Table 3.30 Confident/plans categories

Q49/50 Confidence and plans	18-24 %	25-34 %	35-44 %	45-59 %	60+ %
Plans and confident	17	38	46	48	52
Plans not confident	2	13	15	19	15
No plans but confident	53	22	14	11	7
No plans not confident	28	27	25	22	25

Base: All respondents (396/667/855/920/195).

There were also differences by social grade – ABC1s were more likely to be in the 'plans/confident' group (50 per cent) than C2DEs were (30 per cent), with C2DEs twice as likely as ABC1s to be in the 'neither plans nor confidence' group (35 per cent versus 17 per cent ABC1s).

3.7 The financial future

Having established the types of provision that respondents were holding and the barriers to increasing/starting provision, this section looks to the future, investigating likely changes to provision, reactions to working beyond SPA and the gap between the ideal and a realistic retirement age.

3.7.1 Changes to provision in next five years

All respondents were asked whether they thought it likely they would make changes to their current level of retirement provision in the next five years – this could be either a change to existing provision or starting to make provision.

Overall, half (50 per cent) thought it likely they would make a change:

- 21 per cent very likely to change provision;
- 29 per cent fairly likely;
- 28 per cent not very likely;
- 21 per cent not at all likely to change provision.

This did not vary much by gender (48 per cent of men were 'likely' to make a change compared to 52 per cent of women), or by social grade (52 per cent of ABC1s were 'likely' to make a change compared to 48 per cent of C2DEs). There were, however, differences by age, with those aged 25-34 the most likely to think they would make changes, as Table 3.31 shows:

Table 3.31 Likelihood of making changes

	18-24	25-34	35-44	45-59	60+
Q51 Changes to provision	%	%	%	%	%
Very likely	25	28	21	20	8
Fairly likely	31	36	31	24	22
Not very likely	25	24	27	33	30
Not at all likely	20	13	20	23	40
<i>Net likely</i>	56	64	52	44	30

Base All respondents (396/667/855/920/195).

Respondents over 60 were much less likely to be planning to make any changes to their retirement provision – just 30 per cent compared to 50 per cent overall, and only eight per cent 'very likely'.

It might be hoped that more of those who currently have no provision would say that they were likely to make a change in the next five years, but this is not really the case – 55 per cent of those with no provision were planning a change compared to 47 per cent of those who already had provision.

Table 3.32 shows the changes planned by those who were likely to make any change in the next five years, and how this varied by those who had provision and those who did not.

**Table 3.32 Changes planned in next five years
(those likely to change)**

Q52 Changes planned (multiple answers possible)	All likely to change %	Those with provision %	Those without provision %
ISA	57	62	51
Deposit account	56	54	57
Talk to Independent Financial Adviser	44	44	43
Pay more into pension	36	50	18
Start a personal pension	33	22	46
Buy a property to live in	31	24	40
Join a work pension scheme	31	21	44
Buy an investment property	22	22	23
Buy stocks and shares	22	26	16
Build up a business	20	17	24
Sell a property	14	14	15

Base: All likely to change 1,537/those likely to change with provision currently 874/those likely to change with no provision currently 663.

Men planning to make changes mentioned a wider range of options than women, notably paying more into a pension (40 per cent versus 32 per cent), but also fewer directly 'retirement' related options such as buying a home (34 per cent versus 28 per cent), buying stocks and shares (28 per cent versus 16 per cent), buying an investment property (27 per cent versus 18 per cent), building up a business (26 per cent versus 15 per cent) or selling a property (17 per cent versus 12 per cent).

ABC1s were also more likely to mention paying more into a pension (41 per cent versus 29 per cent of C2DEs) as well as ISAs (62 per cent versus 51 per cent), talking to an IFA (47 per cent versus 40 per cent) and buying stocks and shares (26 per cent versus 16 per cent) while C2DEs planning a change were more likely to mention starting a personal pension (39 per cent versus 28 per cent) or building up a business (24 per cent versus 18 per cent).

As might be expected, younger respondents mentioned a wider range of options when asked what changes they were planning to make, notably joining a work scheme, starting a personal pension or buying a home, while other options such as ISAs and deposit accounts were mentioned across the age ranges, as Table 3.33 shows. Very few respondents aged 60+ answered this question, but their answers focused on ISAs and deposit accounts.

Table 3.33 Changes planned by age

Q35 Difference between true and perceived SPA	18-24	25-34	35-44	45-59
	%	%	%	%
ISA	56	59	53	61
Deposit account	59	57	55	51
Pay more into pension	23	38	45	37
Start a personal pension	51	43	34	17
Buy a property to live in	56	43	25	16
Join a work pension scheme	54	39	29	16
Buy an investment property	25	31	20	17
Build up a business	22	27	21	15

Base: All respondents planning changes by age (219/420/450/394).

In addition to asking about what changes were planned, respondents planning changes were asked what they thought might prompt them to make those changes. The most popular reason, mentioned by 74 per cent of those planning to change was having more spare cash. Next, the role of the employer was emphasised with 60 per cent saying 'if their employer paid into the scheme' and 55 per cent 'if the employer organised it'.

'Getting to a certain age' was mentioned by 51 per cent of those who currently have provision as a reason for starting, and they subsequently gave an average 'certain age' of 37. When offered as a reason for future change, 55 per cent of respondents said that 'getting to a certain age' would be a prompt for future change, and when asked gave an average 'certain age' of 42.

Table 3.34 shows all the reasons given for making changes in the future. These did not vary by gender or social grade, but all were more likely to be mentioned by younger respondents than older ones.

Although the key prompts to action were similar, there were some interesting differences between the reasons respondents gave for already having retirement provision and those given as future prompts for action. Those factors mentioned more as future prompts were less certain to happen, such as 'having more spare cash' which was mentioned by 54 per cent as a reason for already having provision and 74 per cent as a prompt for future provision. Similarly 'paying off debts' (31 per cent past provision versus 50 per cent future provision) and 'getting a new job' (30 per cent past provision versus 55 per cent future provision).

Table 3.34 Prompt to making a change (those likely to change)

Q53 Prompt to making change (multiple answers possible)	All likely to change %
Having more spare cash	74
If employer paid into scheme	60
If employer organised it	55
Getting to a certain age	55
Having a new job	55
Advice from partner/parents	53
Paid off other debts	50
Speaking to Financial Adviser	49
Advice from family/friends	43
Advice from government	42
Buying a house	33
Having children	27
Getting married	26

Base: All likely to change 1,537.

3.7.2 Working beyond SPA

Although the ideal might be to retire early (27 per cent before 60) or at SPA, when asked if they would consider working beyond SPA, two-thirds said that they would (69 per cent). This proportion varied only very slightly by age, gender or social grade, and reflects both the reality of the financial situation respondents find themselves in, and the social and other benefits of being at work.

Among those who would consider it, the main appeal (prompted) was enjoying keeping active (mentioned by 93 per cent of those who would consider working beyond SPA), and enjoying the social side of working (83 per cent), while 63 per cent would like to keep making a contribution to society. Almost half however, 45 per cent, said they felt they might not have any choice but to continue working, and this was mentioned more by women (47 per cent) and C2DEs (53 per cent).

All respondents were also offered some incentives for working beyond SPA, and most responded to at least one of them positively, with just 16 per cent saying nothing would make them consider working longer. The main incentive was being able to work fewer hours which appealed to 69 per cent of respondents (and 71 per cent of women), followed by being able to work locally (64 per cent, and 67 per cent of C2DEs), being able to do something different (49 per cent) or having less responsibility (42 per cent, and 46 per cent of women). Generally though, those over 60 were less keen on any of these incentives.

3.7.3 Ideal versus actual retirement age

The age at which respondents who were working or planning to work would ideally like to retire was detailed earlier in this report. Respondents were also asked

when they thought they would actually retire, and not surprisingly there were differences between the two figures. Table 3.35 below shows the proportion in each demographic who would like to, and who think they will, retire before they are 60 – overall 27 per cent would like to but just 13 per cent think they will.

Table 3.35 Plans in place for funding retirement

Q33/59 Retire before 60	Row percentage	
	Ideal %	Actual %
Overall	27	13
Men	30	12
Women	29	13
ABC1	29	13
C2DE	25	12
Age 18-24	31	22
Age 25-34	38	18
Age 35-44	32	14
Age 45-59	20	9

Base: All respondents working/planning to work 2,828 overall.

Among those with no current provision, 28 per cent wanted to retire by the time they were 60 per cent and 15 per cent thought they would do so.

3.8 Automatic enrolment

This final section of the main findings looks at initial reactions to the idea of automatic enrolment, likelihood to stay in or leave such a scheme, and influences on that decision.

All respondents were read the following description:

'There is an idea that anyone earning more than £5,000 a year, who doesn't already have an employer pension, would be put into one by their employer. The employer would pay in money and so would they. This means that for every pound they saved, another pound would be added, so doubling their money. They could take it with them when they moved jobs, or could opt out which would mean that neither they nor their employer paid in money. What score out of ten would you give this idea, where ten means that it is a very good idea?'

It is important to note the above description is a simplified version of the automatic enrolment scheme and the reference to money being doubled is slightly inaccurate.

3.8.1 Rating of automatic enrolment

At the qualitative stage, the idea of automatic enrolment was very well received, and this proved the case with these respondents, both overall (as shown below) and by all main demographics:

- 60 per cent rated the idea eight to ten, a good idea;
- 32 per cent rated the idea five to seven;
- eight per cent rated the idea one to four, a poor idea;

There were few differences by demographics, albeit the oldest respondents were very slightly more likely to give the idea a 'poor' (one to four) rating – 12 per cent of those over 60 gave this rating compared to four per cent of those aged 18-24.

3.8.2 Likelihood to opt out

Very few respondents thought that they would opt out of such a scheme if it was offered to them:

- nine per cent said they would opt out (eight to ten);
- 24 per cent were unsure about whether they would opt out (five to seven);
- 62 per cent said they would not opt out (one to four);
- four per cent said don't know.

Again there was very little difference by gender or social grade but those with no provision were slightly more likely to think they would opt out (12 per cent scored eight to ten compared to eight per cent of those with provision).

Those who thought it likely that they would opt out attributed it in the main to the following factors (275 respondents – spontaneous answers):

- 12 per cent Lack of trust in pension schemes;
- 11 per cent Happy with current scheme;
- five per cent Prefer to deal with pension needs myself.

Those who were neutral about whether they would stay or opt out (scores 5-7) typically ascribed this (spontaneously) to concerns about needing more information (14 per cent) and affordability (eight per cent) rather than any issue with the idea as such.

Most respondents (1,882) thought it unlikely they would opt out and gave the following main reasons (spontaneously) for saying this, which did not vary by age, gender or social grade:

- 24 per cent Good deal, matching pound for pound;
- 24 per cent Encourages saving for retirement;

- 19 per cent It's a good idea;
- 12 per cent Good that employer contributes;
- six per cent You need a pension;
- five per cent Would not want to lose benefit.

All respondents were then prompted with a number of factors that might influence their decision to stay in such a scheme. Only 18 per cent did not think any of them would influence their decision (rising to 36 per cent of those who thought they would opt out) with younger respondents more likely to be influenced by all of the following:

- 60 per cent Financial adviser recommendation;
- 60 per cent Partner/family encouragement;
- 54 per cent Employer recommendation;
- 48 per cent If all work colleagues in the scheme;
- 44 per cent If friends in own work scheme.

Respondents were then asked to consider a range of possible benefits and say which would influence them to stay in an automatic enrolment scheme. The key benefits were seen as the employer contribution and having savings growing for retirement:

- 82 per cent Employer contributing to pension;
- 80 per cent Savings growing for retirement;
- 69 per cent Could stop worrying that had done nothing;
- 57 per cent Someone else would be sorting it out for you;
- 57 per cent Wouldn't miss money taken before you were paid;
- 57 per cent Couldn't spend the money on something else.

While the reaction to automatic enrolment was positive, when prompted, some respondents did have concerns over affordability (only in principle, as no figures were quoted) with 15 per cent saying they were 'very concerned' about affordability and a further 24 per cent 'fairly concerned'. Women were slightly more likely to be concerned than men (42 per cent versus 37 per cent) and C2DEs than ABC1s (46 per cent versus 35 per cent). Affordability was also more of a concern for the younger respondents – 44 per cent of those aged 18-24, falling to 37 per cent of those aged 60+.

3.9 Quantitative research conclusions

Lifestyle and financial habits

1. Many respondents reported that they like to feel in control of life, and seek to do well, with only a minority taking a more relaxed attitude.

2. However, work-life balance is also an issue, with as many respondents saying it is a priority to have time to relax and enjoy themselves as say that they want to do well at work or build up savings.
3. Not surprisingly, attitudes change with age. Younger respondents are more likely to be looking to do well at work, move house, start a family, and expect to be better off in the future while older respondents have rediscovered the importance of their social life, and have money put aside for emergencies.
4. If times were tough, younger respondents reported that they would struggle to give up their social life and shopping, while older respondents would want to keep their car, and their holidays.
5. Similar patterns are seen when respondents are asked about their financial habits with most saying they check their bank statements, are careful with money and review their financial position regularly – ABC1s are more likely to exhibit these behaviours than C2DEs and they are also more likely to hold a wider range of financial products.
6. While almost all households have someone responsible for paying bills, and 90 per cent undertake short-term saving, a quarter of households say no one is responsible for long-term saving.
7. Women are more likely to be responsible for day-to-day financial matters than men, and those who said 'someone else' was responsible for the finances (not a partner) were typically young respondents still living at home with their parents. The proportion who don't put money aside (for a rainy day or to grow) changes very little by age, suggesting the savings habit is gained young, or not at all.
8. Respondents in this research reported higher levels of financial confidence than knowledge. A third rated themselves eight to ten for confidence and just a quarter said the same for financial knowledge. Men and ABC1s are the most confident, 18-24s the least confident.

Working life and perceptions of later life

9. Almost all respondents reported that they had started their working life, with three-quarters currently working either full or part-time.
10. Almost half of respondents reported that they had spent some time away from work since they started, with women more likely to have done so than men.
11. Three-quarters of those that reported they were not currently working expected to go back to work at some stage.
12. A quarter of respondents would like to retire before they are 60, and this is a particular ambition of a third of those currently aged 25-34, while only 13 per cent would like to work beyond 65.

13. Only a quarter of respondents were aware of their SPA. Those under 45, were least likely to report their correct SPA, with almost all thinking they reached it sooner than they in fact will. The qualitative research highlighted that many have given little thought to the retirement process and can't imagine what retirement will be like.
14. Many have given little thought to the retirement process, with half unable to say whether they would like to gradually decrease their hours up to retirement or work and then stop. Where a preference is expressed it is for the former rather than latter option.
15. A third of respondents overall, and half of those under 35, can't imagine what retirement will be like and a similar number don't want to think about it, and can't imagine themselves as a pensioner. Half are looking forward to retirement (notably over 45s).

Current retirement provision

16. Only a third of respondents are confident that they will have enough to retire on and a similar proportion say that they are putting away as much as they can for their retirement. Confidence varies very little by age but only 17 per cent of those aged 18-24 agree that they are putting away as much as they can, rising to 45 per cent of the over 60s, suggesting that younger respondents are expressing confidence based more on hypothetical future financial savings than current behaviour.
17. Levels of knowledge and confidence about pensions are lower than for financial matters generally. Just over half report that they have a reasonable level of knowledge on the subject, and a third rate their confidence in making such decisions as high.
18. Two-thirds of respondents reported that it is their responsibility to ensure they have adequate retirement provision, rather than the Government. Despite, accepting this responsibility, only a third overall (and half of those accepting responsibility) having actually thought about how much they will need to live on when they retire.
19. Spontaneously, respondents could name only a few ways of saving for retirement beyond the traditional pensions and savings, suggesting low levels of engagement with the topic.
20. Overall, about six in ten respondents reported that they have some form of retirement provision with the proportion increasing by age and social grade. Two-thirds of those with any provision have a company pension scheme, typically contributed to by both the respondent and their employer, although around a quarter were unsure of the details of their scheme.
21. About one in five respondents had been invited to join a company scheme contributed to by an employer but declined, either because they were about to leave or because they felt it was too expensive. Very few of those who declined such an opportunity currently have any other provision.

22. Those respondents who reported that they already have provision typically said that the prompt for doing so was 'being that sort of person'. This attitude comes through strongly in some of the subsequent segments, and is exhibited more with age. Around half of these respondents attributed it more to a life stage, when getting to a certain age or having a bit more spare cash, but a similar proportion have provision because their employer organised it for them.
23. Length of working life is also a factor. Around eight in ten respondents who have been working for two years or less have no retirement provision, compared to half of those working for six to ten years. Once respondents have been working for more than 15 years the provision profile changes very little. A quarter aren't saving, a quarter have been saving for as long as they have been working and half are saving now but have not been doing so for all their working life.
24. Key reasons for individuals not having provision were because they have other demands on their income and struggle to cope day-to-day financially. These respondents are also more likely to say that they would rather enjoy life now, believe that retirement is too far away and admit that they just haven't got round to it.
25. The qualitative research identified 'plans' and 'confidence' as two key attributes in understand retirement planning:
- 42 per cent have plans in place and are confident about the future;
 - 14 per cent have plans in place and are not confident about the future;
 - 19 per cent have no plans in place yet are confident about the future;
 - 25 per cent have no plans in place and are not confident about the future.
26. Half of respondents aged 18-24 were found in the 'no plans but confident' group.

Future provision and automatic enrolment

27. Half of respondents reported that they think they will make a change to their retirement provision in the next five years. Around one out of five respondents think it 'very likely' that they will do so. Those who currently have no provision are no more likely to say they will make changes than those who already have some provision.
28. ISAs and deposit accounts are the most reported forms of future retirement provision. Those with provision plan to pay more into a pension, while those just starting plan to either start a pension, join a work pension scheme or buy a property.
30. Respondents were given an explanation of automatic enrolment. Following this explanation, six in ten individuals scored the idea positively, eight to ten out of a scale of ten, and just eight per cent, (overall) scored the idea 1-4.

4 Segmentation analysis

This section outlines the results of the segmentation analysis conducted. A ten segment solution was derived from the main survey data and each segment is presented in overview in Section 6.2, together with key demographic and attitudinal data relating to that segment.

To enable DWP to identify a more manageable number of memorable segments, these ten segments were merged into five 'over-arching segments' which provide the greatest discrimination between groups while offering good internal consistency within each of the five segments. These are described in Section 4.1.

The process of deriving the segments is described in more detail in Appendix F.

4.1 The five over-arching segments

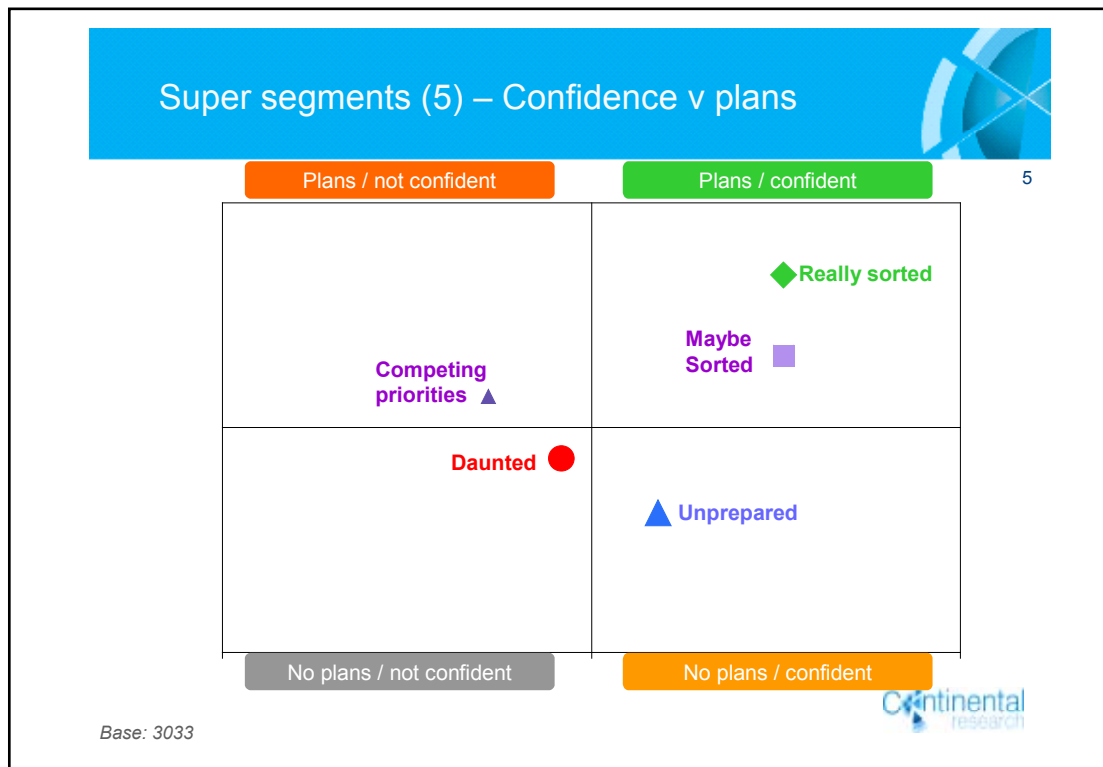
The ten segment solution provides a detailed picture of this population and the different types of people it contains. Each of the five over-arching segments is made up of one or more of the original ten segments and thus each can be split back into its constituent parts should more detail be required.

Table 4.1 Converting segments to super segments

Ten segment solution	Super segments	Description
Cluster 4 Cluster 8 Cluster 3	1. Really sorted	'comfortable with their plans'
Cluster 2 Cluster 5	2. May be sorted	'depend on things staying as they are'
Cluster 7 Cluster 1	3. Competing priorities	'feel stretched'
Cluster 10 Cluster 6	4. Unprepared	'think "yeah, whatever"'
Cluster 9	5. Daunted	'are afraid'

The position of each of the five over-arching segments on the plans/confidence axes is shown in Figure 4.1.

Figure 4.1 Position of each of the five over-arching segments on the plans/confidence axes



A pen portrait of each of the five segments is provided.

4.1.1 Really sorted (Clusters 3, 4 and 8)

Age	35+
Reported personal income	Around £75k
Lifestyle attitudes	Make plans for the future
Retirement attitudes	Confident they have enough put by

This group have their plans in place, they are contributing to a wide range of financial products, are financially sophisticated and responsible. The vast majority of this group, in this sample, have made their own way on the 'journey' and made some provision for their retirement.

Respondents are predominantly 35+ and index highly at 50+, they have high personal income (high index £75k+) and high household income (high index £100k+). Attitudinally they index highly on 'Making sure money put aside for emergencies' and 'Make plans for the future', and are much less likely to say that they 'Take each day as it comes', 'Have so much going on they can't think about the future' or that they 'Avoid planning and do things spontaneously'. In terms of their retirement they index highly on 'I am putting away as much as I can' and 'I am confident I have enough put by'.

4.1.2. May be sorted (Clusters 2 and 5)

Age	Tend to be 45+
Reported personal income	£35-75k; many self-employed in our sample fell into this segment
Lifestyle attitudes	Confident, have money put by for emergencies
Retirement attitudes	Expecting to work into later life, or for someone else to provide them; not keen on pensions

This group is confident about its plans, but that confidence may in fact be misplaced, either because they are relying on someone else, or on working past SPA (which they may not be capable of doing). Over half of this group, in this sample reported that they have made some provision for their retirement, and reported to be confident about their plans for the future.

This is an older group, 45+ and index highly for age 50-59. Their personal income indexes highly for £35k-75k, but they are less likely to be high earners than the 'really sorted' group, and they are less likely to have a household income of £75k+. This group is the most likely to contain the self-employed (18 per cent of this segment versus 11 per cent overall) and women aged 53-58 (eight per cent versus six per cent overall). Attitudinally, they index above average for financial attitudes such as 'Make plans for the future' and 'Have money put aside for emergencies', but also 'Avoids planning and does things spontaneously'. In terms of their retirement they are the other segment (with 'really sorted') that are 'Confident I have enough put by' but they are the least likely to think that 'pensions are the best way of saving for retirement', and they do not think that 'if I work beyond SPA I will have failed'

4.1.3 Competing priorities (Cluster 7)

Age	Mid 30s to 40
Reported personal income	£15-75k, often with high mortgages
Lifestyle attitudes	Stressed through feeling financially over-extended
Retirement attitudes	Wish they had started saving sooner

They are quite like the 'Daunted' attitudinally, but working and with an apparently affluent lifestyle. However, they are possibly living beyond their means and are stressed about the various demands on their income (but haven't checked to see how bad it is). A majority of this group, in our sample reported that they have made some provision for their retirement.

Respondents in this segment are more likely to be in their 40s, and earning a reasonable income (£15-75k typically) but they are not likely to be very high earners. Their household income is typically £35-75k. Attitudinally they are unlikely to 'Take each day as it comes', and they do like to 'Be in control' and 'Focus on work and doing well', but they are the least confident that 'They have enough put by for retirement', and more likely to think that they '*Should have started sooner*' but also that the '*Government should play more of a role*'. Like the 'Daunted' they are also more fatalistic ('*It's not worth saving for retirement I might not live that long*').

4.1.4 Unprepared (Clusters 1 and 10)

Age	Under 30
Reported personal income	Low – often under £15k
Lifestyle attitudes	Optimistic
Retirement attitudes	Avoid thinking about retirement

This is the segment with predominantly young people, and where provision is lowest, but they have the advantage of being a more attitudinally positive group than the 'Daunted' when it comes to money matters. Less than half of this group reported that they have made some provision for their retirement.

This is the youngest group by some margin, much more likely to be under 30 than over 50. Like the 'Daunted' their household income is more likely to be under £15k and they are less likely to be earning £25k+. This group is more likely to be an ERSP target (27 per cent versus 22 per cent overall and 32 per cent of all ERSP targets are in this segment) and the least likely to be self employed (six per cent versus 11 per cent overall). Attitudinally they 'Expect to be better off in future', although they are more likely to 'Enjoy spending money' and 'Take each day as it comes' than 'Make plans for the future' or 'Make sure they have money put aside for retirement'. They know that they are not 'Putting away as much as they can' so they try to 'Avoid thinking about retirement'.

4.1.5 Daunted (Clusters 6 and 9)

Age	40-64
Reported personal income	Low – including unemployed/carers
Lifestyle attitudes	Don't think about the future
Retirement attitudes	Afraid of their financial future

Respondents in this group are likely to have low incomes and an aversion to thinking about their financial situation, either because they suspect/know it isn't good and/or because they have a real fear of all matters financial. Around, half of this group reported that they have made some provision for their retirement.

This group is typically aged 40-64 and is most likely to contain those aged 60-64. They are more likely to have a household income of less than £15k and are unlikely to have income of £45k+. Work affected carers are more likely to be in this segment (eight per cent versus five per cent overall and this equates to 40 per cent of all work affected carers). They are very focused on the day-to-day: attitudinally they have low indexes for 'Makes plans for the future', 'Likes to feel in control', 'Expects to be better off in future' and above average for 'Takes each day as it comes' and 'So much going on can't think about the future'. Their lack of financial confidence comes through as they are the most likely to agree that 'Dealing with pensions scares me' and while they know that they 'Should have started saving sooner', their financial situation means they 'Try to avoid thinking about retirement' and 'Can't imagine themselves as a pensioner' (but they also might not live that long)

4.2 Overall 10 segment profile

Ten segments cover this research population (adults of working age/still working). All the segments are a reasonable size, and are clearly different one from another, while representing recognisable personalities.

Table 4.2 Segment profile

Segments	% of this research population
Cluster 4	6
Cluster 8	10
Cluster 3	9
Cluster 2	7
Cluster 5	10
Cluster 6	16
Cluster 9	6
Cluster 7	10
Cluster 1	17
Cluster 10	9

Base: All respondents 3,033.

In broad overview:

- Three segments (Clusters 3, 4 and 8) are sorted financially for their retirement, and think it is their responsibility to be prepared.
- Clusters 2 and 5 may be sorted for their retirement, but this depends on their circumstances not changing.
- Clusters 6 and 9 face more financial constraints than other segments and have a negative attitude to finances.
- Cluster 7 is also a segment under financial pressure, but from a relatively affluent position where the stress may be due to supporting a particular lifestyle.
- Clusters 1 and 10 are the two younger segments, but with different attitudes to the future.

4.2.1 Describing the segments

Each of these segments is now described in more detail. For each segment there is a written pen picture, describing the segment.

This is followed by a table highlighting the key percentage differences for that segment from the overall results, both demographically and on the key attitudinal questions.

Finally, two tables show how the views of each segment **index** against the views of this population overall. This is calculated by dividing the percentage in that segment giving an answer by the percentage of the overall sample giving the same answer, and multiplying the result by 100:

$$\text{Index} = \frac{\text{Percentage in that segment giving an answer}}{\text{Percentage of the overall sample giving the same answer}} \times 100$$

Thus all indices above 100 show that this segment is **more** likely to hold the view, and all below 100 show that this segment is less likely to hold that view. Figures in **bold** show where this is the most/least likely segment to hold this view.

4.2.2 Cluster 4

This segment is very firmly in the 'plans/confident' quadrant.

Pen portrait

This is an older and more affluent segment, very likely to be working. They have a high level of income, savings and education. Twenty-two per cent have had something financially positive happen to them.

They are financially responsible, they make sure they have money put away for emergencies, have savings and put money away to grow, They are both financially confident and involved. Having already climbed the corporate ladder, work is not such a priority for them now, instead they want to enjoy the fruits of their hard work, relaxing and having a good social life and they wouldn't want to have to give this up, or their holidays.

They are looking forward to being retired, want to retire early (and certainly not work beyond SPA) and are well on the way to achieving this, with high levels of provision built around a company pension, but also a wide range of other savings and investments, having also checked what they will need to retire on. They know a lot about pensions, although they are not necessarily convinced they are the best way of saving for retirement, and they don't think they should have started saving sooner.

Their attitude to automatic enrolment is that it is a good idea, and they are slightly more likely to say they would stay in such a scheme (they have few concerns about affordability).

*Key differences***Table 4.3 Key differences for Cluster 4**

	% of this segment	% of this overall research sample
Aged 50+	45%	30%
AB	35%	21%
Male/female	50:50	50:50
Working full-time	62%	56%
Save for a rainy day	92%	84%
Put money away to grow	93%	76%
8-10 financial knowledge	34%	28%
8-10 financial confidence	46%	39%
Saves regularly	83%	62%
Clears credit card every month	73%	49%
Dreads anything financial	16%	28%
Has had a positive event occur	22%	12%
Has provision	86%	60%
Has a company pension	66%	40%
Has savings for retirement	62%	35%
Has an ISA	60%	32%
Retirement too far away to think about	6%	32%
8-10 automatic enrolment good idea	60%	60%
1-4 would not opt out	71%	62%
Concerned re affordability	20%	39%

Base: 191 respondents in Cluster 4/3,033 overall.

*Key indices***Table 4.4 Key positive indices for Cluster 4**

100 = average	Index for Cluster 4
8-10 agree work beyond SPA = failure	155
Put money away to grow	150
8-10 money put aside for emergencies	146
Good social life	139
8-10 makes plans for the future	134
Priority = more time to relax	132

Base: 191 respondents in Cluster 4.

Table 4.5 Key negative indices for Cluster 4

100 = average	Index for Cluster 4
8-10 might not live that long	23
8-10 avoid thinking about retirement	31
Priority = starting a family	34
Priority = becoming own boss	43
8-10 Can't imagine self as pensioner	43
8-10 Dealing with pensions scares me	47
8-10 Take each day as it comes	50
8-10 So much going on can't think about future	51
8-10 Should have started saving sooner	51
Priority = clearing debts	60
Priority = learning new skill	67

Base: 191 respondents in Cluster 4.

4.2.2 Cluster 8

This segment is also very firmly in the 'plans/confident' quadrant.

Pen portrait

This is a segment that will probably become Cluster 4 when they get older. This is a more affluent, working segment with a male bias. Saving and having money to put away are top priorities, but so too is building their career and doing well at work, so their social life is having to take more of a back seat at the moment.

They are confident and involved financially, they hold a wide range of products, check and review their finances regularly and are happy talking about money matters – they are 'just that sort of person'. They have thought about what they need to retire on, and have a wide range of provision (although with slightly more emphasis on a personal rather than a company pension). They also have plans to do more in the future, paying more into their pension and perhaps buying an investment property, but are quite relaxed about having to work past SPA.

They feel confident they know a lot about pensions, and have enough put by, and that they are contributing as much as they can afford. They react in a similar way to the rest of the market to the idea of automatic enrolment, wouldn't miss the money and have few concerns about affordability.

*Key differences***Table 4.6 Key differences for Cluster 8**

	% of this segment	% of this overall research sample
ABC1	68%	56%
Male/female	59:41	50:50
Working full-time	68%	56%
Save for a rainy day	95%	84%
Put money away to grow	90%	76%
8-10 financial knowledge	42%	28%
8-10 financial confidence	55%	39%
Saves regularly	82%	62%
Clears credit card every month	61%	49%
Dreads anything financial	18%	28%
Has provision	84%	60%
Has savings for retirement	62%	35%
Has a home could sell	61%	37%
Work longer	48%	32%
Personal pension	34%	20%
Prefer to enjoy lifestyle now	15%	40%
8-10 automatic enrolment good idea	58%	60%
1-4 would not opt out	68%	62%
Concerned re affordability	26%	39%

Base: 309 respondents in Cluster 8/3,033 overall.

*Key indices***Table 4.7 Key positive indices for Cluster 8**

100 = average	Index for Cluster 8
Priority = paying off mortgage	165
8-10 Putting away as much as can	154
Putting away money to grow	152
Saving for later life	149
8-10 Confident have enough put by	145
Priority = Starting a family	138
Priority = Building up savings	137
8-10 Money put aside for emergencies	133
Priority = Doing well at work	133
8-10 Makes plans for the future	129
8-10 Anything for retirement have sorted self	128

Base: 309 respondents Cluster 8.

4.2.3 Cluster 3

This segment is in the 'plans/confident' quadrant.

Pen portrait

This is another more affluent, working segment, this time with a slight female bias. They are the sort of people who like to feel in control, take responsibility for what happens to them and make plans for the future. While they want to do well, money is a means of allowing them to do what they want, rather than an object in itself, and they have a very settled life with few changes anticipated.

They are confident about finance and discussing financial issues, and also confident about pensions. They have thought about what they will need to retire on, have sorted out their provision and they are now looking forward to a retirement that will allow them time to do things they don't currently have time for. Retirement does not scare or worry them, they see no need to avoid thinking about it, and have put away what they can afford. It is their responsibility to sort themselves out for retirement, not the Government's.

Key differences

Table 4.8 Key negative indices for Cluster 8

100 = average	Index for Cluster 8
8-10 dealing with pensions scares me	28
8-10 avoid thinking about retirement	31
8-10 might not live that long	41
8-10 can't imagine self as pensioner	46
8-10 so much going on can't think about future	47
8-10 avoid planning prefer to be spontaneous	50
8-10 Government should play more of a role	62
8-10 Enjoy spending money	64
8-10 Takes each day as it comes	67

Base: 309 respondents in Cluster 8.

*Key indices***Table 4.9 Key differences for Cluster 3**

	% of this segment	% of this overall research sample
Aged 50+	41%	30%
ABC1	67%	56%
Male/female	45:55	50:50
Working full-time	60%	56%
Save for a rainy day	85%	84%
8-10 financial knowledge	36%	28%
8-10 financial confidence	51%	39%
Saves regularly	65%	62%
Clears credit card every month	47%	49%
Dreads anything financial	18%	28%
Has provision	74%	60%
Has a company pension	52%	40%
Retirement too far away to think about	10%	32%
8-10 automatic enrolment good idea	61%	60%
1-4 would not opt out	74%	62%
Concerned re affordability	32%	39%

Base: 271 respondents Cluster 3/3,033 overall.

Table 4.10 Key positive indices for Cluster 3

100 = average	Index for Cluster 3
8-10 putting away as much as I can	149
8-10 confident have enough put by	147
8-10 makes plans for the future	142
8-10 anything have sorted for self	129
8-10 Likes to feel in control	125
8-10 pensions best way to save	125
8-10 responsible for own future	123

Base: 271 respondents in Cluster 3.

Table 4.11 Key negative indices for Cluster 3

100 = average	Index for Cluster 3
Priority = Starting a family	45
Priority = Putting money away to grow	53
Priority = Moving house	57
Priority = Saving for later life	59
Priority = Learning a new skill	60
Priority = Becoming own boss	60
Priority = Building up savings	62
8-10 dealing with pensions scares me	64
8-10 might not live that long	65
Priority = Clearing debts	66
8-10 avoid thinking about retirement	66

Base: 271 respondents in Cluster 8.

4.2.4 Cluster 2

This segment is in the 'plans/confident' quadrant, but less likely to have plans than the previous segments.

Pen portrait

This is a slightly older and more affluent segment, with a female bias. The members of this segment are likely to be living with a partner and to have older children living at home. They are likely to have spent time away from work, but not on benefits.

They do very little financial planning for the future, but, in the present, enjoy spending money and would not want to give up their spending on shoes, clothes and holidays. They handle day-to-day finances and short-term savings but hand longer term planning over to their partner – if they are not saving as much as they could then this is due to spending on their current lifestyle.

They expect to be better off in future, and to live in a similar way when they retire. While they do have some provision, the key thing about this segment is their reliance on their partner's provision – they have the lowest proportion of pension provision in their own name but are not concerned about it. As with their finances generally, they expect their pension provision to improve in future, typically by saving in an ISA.

*Key differences***Table 4.12 Key differences for Cluster 2**

	% of this segment	% of this overall research sample
Aged 35+	74%	65%
ABC1	62%	56%
Male/female	32:68	50:50
Living with partner	64%	45%
Working full-time	45%	56%
Save for short term	96%	90%
Save for a rainy day	91%	84%
Put money away to grow	85%	76%
8-10 financial knowledge	27%	28%
8-10 financial confidence	36%	39%
Saves regularly	74%	62%
Clears credit card every month	60%	49%
Dreads anything financial	30%	28%
Neither positive/negative event occur	76%	68%
Has provision	63%	60%
Has a company pension	35%	40%
Has savings for retirement	39%	35%
Partner has a pension	67%	9%
Enjoy lifestyle now	68%	40%
8-10 automatic enrolment good idea	56%	60%
1-4 would not opt out	55%	62%
Concerned re affordability	43%	39%

Base: 214 respondents Cluster 2/3033 overall.

*Key indices***Table 4.13 Key positive indices for Cluster 2**

100 = average	Index for Cluster 2
Priority = Buying/moving house	137
8-10 really enjoys spending money	127
8-10 confident will have enough put by	124
8-10 makes plans for the future	124

Base: 214 respondents in Cluster 2.

Table 4.14 Key negative indices for Cluster 2

100 = average	Index for Cluster 2
Priority = Starting a family	60
Priority = Learning a new skill	69
Priority = Clearing debts	75

Base: 214 respondents in Cluster 2.

4.2.5 Cluster 5

This segment is in the 'plans/confident' quadrant. This group plan to work for as long as possible, rather than retiring, which means they could be at risk if they were unable to work due to ill-health for example.

Pen portrait

This segment has a slightly older, and male, bias. They are likely to be working full-time, and are the most likely to be self-employed or the key decision maker in a smaller business.

They rate themselves very highly for both financial knowledge and confidence, and plan to continue working beyond SPA, as they don't want to think about being retired (or, indeed, actually be retired). They do have retirement provision, but this is less likely to be through a company scheme. The small numbers planning to finance their retirement from the sale of a business or a second home are likely to be found in this segment.

Any lack of provision is explained by saying that they plan to carry on working, and they are confident that they will have enough put by for their retirement. They are not fans of pensions, and are both the least keen on automatic-enrolment and less open to persuasion from others that it is a good idea.

*Key differences***Table 4.15 Key differences for Cluster 5**

	% of this segment	% of this overall research sample
Aged 50+	36%	30%
Male/female	56:44	50:50
Working full-time	63%	56%
Save for a rainy day	81%	84%
Put money away to grow	77%	76%
8-10 financial knowledge	47%	28%
8-10 financial confidence	58%	39%
Saves regularly	58%	62%
Clears credit card every month	53%	49%
Dreads anything financial	18%	28%
Has provision	70%	60%
Work longer	37%	32%
Afraid of making wrong decision	21%	39%
Don't trust banks/financial advisers	24%	17%
Retirement too far away to think about	6%	32%
8-10 automatic enrolment good idea	54%	60%
1-4 would not opt out	54%	62%
Concerned re affordability	29%	39%

Base: 296 respondents in Cluster 5 / 3033 overall.

*Key indices***Table 4.16 Key positive indices for Cluster 5**

100 = average	Index for Cluster 5
8-10 confident will have enough put by	140
8-10 anything for retirement have sorted self	132
8-10 avoid planning prefer to be spontaneous	131

Base: 296 respondents in Cluster 5.

Table 4.17 Key negative indices for Cluster 5

100 = average	Index for Cluster 5
Priority = Buying/moving house	44
8-10 pensions are best way to save	46
8-10 should have started saving sooner	62
8-10 dealing with pensions scares me	65
Priority = More time to relax	71
8-10 work beyond SPA = failure	71
8-10 pensions good as can't dip in	74

Base: 296 respondents in Cluster 5.

4.2.6 Cluster 6

This segment is just in the 'no plans/confident' quadrant, but close to the 'no plans/not confident' quadrant. This group reported that anything to do with finances scares them and they try to avoid it if at all possible.

Pen portrait

This is a slightly less affluent segment and although likely to be working their focus is less on being in control and responsible for their future and more on coping day-to-day (they are the most likely to be a carer) and clearing debts. They can manage their day-to-day finances, but are not good at putting money away long-term and dread anything financial, steering away from budgeting or reviewing their finances.

They wouldn't want to have to give up treating friends and family, or spending on their home and garden although they suspect they will have to be much more careful what they spend once retired. Like financial matters generally, pensions also scare them, and they can't imagine what it will be like to be a pensioner. They are less likely to have thought about what they need to retire on, and the main barriers to saving more are a lack of resources and a lack of knowledge – those who do have something are typically in a company scheme – and they can't see this situation changing in the short term.

*Key differences***Table 4.18 Key differences for Cluster 6**

	% of this segment	% of this overall research sample
Aged 50+	32%	30%
Male/female	46:54	50:50
C2DE	50%	44%
Working full-time	58%	56%
Save for a rainy day	76%	84%
Put money away to grow	69%	76%
8-10 financial knowledge	8%	28%
8-10 financial confidence	15%	39%
Saves regularly	52%	62%
Clears credit card every month	43%	49%
Dreads anything financial	36%	28%
Has provision	58%	60%
Struggle day-to-day	54%	45%
Saving for other things	21%	32%
State provides safety net	15%	21%
8-10 automatic enrolment good idea	61%	60%
1-4 would not opt out	62%	62%
Concerned re affordability	48%	39%

Base: 480 respondents in Cluster 6/3,033 overall.

*Key indices***Table 4.19 Key positive indices for Cluster 6**

100 = average	Index for Cluster 6
8-10 dealing with pensions scares me	154
8-10 can't imagine self as a pensioner	139
8-10 try to avoid thinking about retirement	128
8-10 so much going on can't think about future	125
Priority = paying off mortgage	125

Base: 480 respondents in Cluster 6.

Table 4.20 Key negative indices for Cluster 6

100 = average	Index for Cluster 6
8-10 making plans for future	63
Priority = buying or moving house	63
8-10 confident will have enough put by	70

Base: 480 respondents in Cluster 6.

4.2.7 Cluster 9

This segment is in the 'no plans/not confident' quadrant. Respondents in this group are struggling financially and can do little beyond coping day-to-day.

Pen portrait

This is the most financially deprived group, and the least likely to be working. It includes more of those on long-term sick, unemployed and with lower levels of income and education. They are the most likely to have had time away from work, and on benefits, and also the most likely to have suffered a negative financial event.

They very much exist day-to-day, having little in the way of plans or savings, and clearing debts is their main priority. Although they have some financial knowledge and confidence, this does not extend to more complicated financial products like pensions. They have lower levels of retirement provision, and where provision is held this is more likely to be an old company scheme no longer being paid into. They know they are likely to struggle in retirement, and may have no choice but to work beyond SPA, but do not have the option at present to save more due to their financial constraints, so try not to think about it. They react well to the idea of automatic enrolment, but, as might be expected, have concerns over affordability.

*Key differences***Table 4.21 Key differences for Cluster 9**

	% of this segment	% of this overall research sample
Aged under 35	25%	35%
Male/female	56:44	50:50
C2DE	69%	44%
Working full-time	33%	56%
Save for a rainy day	61%	84%
Put money away to grow	50%	76%
8-10 financial knowledge	24%	28%
8-10 financial confidence	32%	39%
Saves regularly	38%	62%
Clears credit card every month	35%	49%
Dreads anything financial	40%	28%
Had negative event occur	43%	23%
Has provision	45%	60%
Struggle day-to-day	69%	45%
Saving for other things	20%	32%
Likely to make change to provision	35%	50%
8-10 automatic enrolment good idea	56%	60%
1-4 would not opt out	63%	62%
Concerned re affordability	49%	39%

Base: 167 respondents in Cluster 9/3,033 overall.

*Key indices***Table 4.22 Key positive indices for Cluster 9**

100 = average	Index for Cluster 9
8-10 dealing with pensions scares me	168
8-10 might not live that long	164
8-10 try to avoid thinking about retirement	155
8-10 should have started saving sooner	149
8-10 working beyond SPA = failure	140
8-10 Just takes each day as it comes	131
8-10 government should play more of a role	129
8-10 pensions best way to save	129

Base: 167 respondents in Cluster 9.

Table 4.23 Key negative indices for Cluster 9

100 = average	Index for Cluster 9
8-10 focuses on work	26
8-10 expects to be much better off in future	36
8-10 likes to feel in control	40
8-10 money put aside for emergencies	41
8-10 makes plans for the future	41
8-10 confident have enough put by	42
Priority = paying off the mortgage	48
Priority = putting money away to grow	49
Priority = doing well at work	50

Base: 167 respondents Cluster 9.

4.2.8 Cluster 7

This segment is in the 'plans/not confident' quadrant. While respondents in this group appear to be living a relatively affluent, middle class lifestyle, there are signs that they are struggling to keep up appearances.

Pen portrait

This is a slightly up-market group, who like to feel that they are in control, and doing well at work. They have high levels of financial knowledge and confidence, and exhibit many 'good' behaviours – saving, checking statements and reviewing their finances. However, there are also signs of pressure on this comfortable existence: clearing debts and paying off the mortgage are priorities and they are more likely to have a personal loan, or a mortgage that won't be cleared by the time they reach retirement age. Perhaps school fees, university fees and a large mortgage are taking their toll, or perhaps, given lower levels of trust in banks and financial advisers, they have suffered from poor investment decisions?

They are likely to have retirement provision, via a company pension, but haven't really considered how much they will need to retire on, although they suspect they may have to work beyond SPA. Even though they think they might not be saving enough for retirement they feel they can't save any more at present because it is a struggle to manage day-to-day and there are always other things to spend on, although they hope to do more in future, once other debts have been cleared.

*Key differences***Table 4.24 Key differences for Cluster 7**

	% of this segment	% of this overall research sample
Aged under 50	73%	70%
Male/female	52:48	50:50
ABC1	59%	56%
Working full-time	71%	56%
Save for a rainy day	85%	84%
Put money away to grow	78%	76%
8-10 financial knowledge	31%	28%
8-10 financial confidence	38%	39%
Saves regularly	59%	62%
Clears credit card every month	49%	49%
Dreads anything financial	32%	28%
Has provision	71%	60%
Other things to spend money on	73%	52%
Struggle day-to-day	72%	45%
Don't trust banks/advisers	31%	17%
Likely to change provision in next 5 years	56%	50%
8-10 automatic enrolment good idea	63%	60%
1-4 would not opt out	68%	62%
Concerned re affordability	43%	39%

Base: 316 respondents in Cluster 7/3,033 overall.

*Key indices***Table 4.25 Key positive indices for Cluster 7**

100 = average	Index for Cluster 7
8-10 might not live that long	130
8-10 should have started saving sooner	125
Priority = clearing debts	125
Priority = paying off mortgage	125

Base: 316 respondents in Cluster 7.

Table 4.26 Key negative indices for Cluster 7

100 = average	Index for Cluster 7
8-10 confident have enough put by	49
Priority = starting a family	50
8-10 just take each day as it comes	62
Priority – becoming own boss	66

Base: 316 respondents in Cluster 7.

4.2.9 Cluster 1

This segment is in the 'no plans but confident' quadrant. Respondents in this group are young and pensions and retirement are just not on their radar.

Pen portrait

The is one of the two younger segments (with Cluster 10), and a less affluent group. They are quite good at putting money aside short-term, but do not want to sacrifice their spending on shoes, clothes and a social life, and they are less likely to clear their credit card at the end of each month.

They have low levels of financial confidence, so they only think about financial matters if they have to, and similarly, retirement and pensions are just not on their radar, they can't imagine what it will be like and don't want to think about it. Retirement doesn't frighten them, it is just too far away to think about, and their lack of knowledge means they are concerned about making the wrong decision. The minority who have provision typically have an employer pension scheme (so set up for them) and those planning to do something in the future will also be relying on advice (from an employer, the family, the Government etc)

*Key differences***Table 4.27 Key differences for Cluster 1**

	% of this segment	% of this overall research sample
Aged under 35	59%	35%
Male/female	48:52	50:50
Working full-time	42%	56%
Living with partner	32%	45%
Save for a rainy day	83%	84%
Put money away to grow	69%	76%
8-10 financial knowledge	15%	28%
8-10 financial confidence	29%	39%
Saves regularly	56%	62%
Clears credit card every month	36%	49%
Dreads anything financial	32%	28%
Has provision	27%	60%
Afraid of making wrong decision	65%	39%
Might miss out on benefits	35%	21%
Retirement too far away to think about	71%	32%
8-10 automatic enrolment good idea	62%	60%
1-4 would not opt out	58%	62%
Concerned re affordability	49%	39%

Base: 522 respondents in Cluster 1/3,033 overall.

*Key indices***Table 4.28 Key positive indices for Cluster 1**

100 = average	Index for Cluster 1
8-10 try to avoid thinking about retirement	126
Priority = learn a new skill	125

Base: 522 respondents in Cluster 1.

Table 4.29 Key negative indices for Cluster 1

100 = average	Index for Cluster 1
8-10 am putting away as much as I can	41
8-10 anything have for retirement did myself	55
Priority = pay off mortgage	57
8-10 confident have enough put by	67
8-10 if work beyond SPA will have failed	72
8-10 make plans for future	74

Base: 522 respondents in Cluster 1.

4.2.10 Cluster 10

This segment is in the 'no plans but confident' quadrant. Respondents in this group are typically younger, but with big plans for their future.

Pen portrait

This is the other younger segment (with Cluster 1), with a male and slightly less affluent bias. These respondents have big plans for their future, they are going to run their own business, be much better off and retire early, while also clearing their debts, starting a family and maintaining their social life.

They are financially confident, and do review their finances – they are quite good at saving, but are also prepared to take a risk for a better return. Like the other young group they have trouble imagining what retirement will be like, and although they are more likely to have provision than Cluster 1 segment, levels of provision are still below average, because they have other things to spend their money on at present. Retirement also seems too far away, but their view of how they will fund it includes building up and selling a business or investment properties, rather than just 'a pension'.

They think the Government should play a bigger role, and also provide a safety net (in case their grand schemes don't work out?) While they are less likely to say initially that they would stay in an automatic-enrolment scheme, they would be influenced to stay in the scheme if others did.

*Key differences***Table 4.30 Key differences for Cluster 10**

	% of this segment	% of this overall research sample
Aged under 35	57%	35%
Male/female	59:41	50:50
C2DE	55%	44%
Working full-time	53%	56%
Save for a rainy day	89%	84%
Put money away to grow	76%	76%
8-10 financial knowledge	38%	28%
8-10 financial confidence	50%	39%
Saves regularly	62%	62%
Clears credit card every month	48%	49%
Dreads anything financial	31%	28%
Has provision	51%	60%
Other things to spend money on	63%	52%
Might miss out on benefits	34%	21%
State provides a safety net	39%	21%
Likely to change provision in next 5 years	64%	50%
8-10 automatic enrolment good idea	61%	60%
1-4 would not opt out	51%	62%
Concerned re affordability	42%	39%

Base: 267 respondents in Cluster 10/3,033 overall.

*Key indices***Table 4.31 Key positive indices for Cluster 10**

100 = average	Index for Cluster 10
Priority = becoming own boss	294
Priority = starting a family	284
Priority = buying/moving house	238
8-10 avoids planning, prefer spontaneous	169
8-10 expects to be much better off	169
Priority = learning new skill	165
8-10 dealing with pensions scares me	160
8-10 really enjoy spending money	154
8-10 pensions best way to save	150
8-10 just takes each day as it comes	145
8-10 confident will have enough put by	139
8-10 should have started sooner	139
8-10 government should play more of a role	139
Priority = having a good social life	138
8-10 might not live that long	138
Priority = clearing debts	135
Priority = saving for later life	130
Priority = building up savings	126

Base: 267 respondents in Cluster 10.

Appendix A

Public policy background

The Pensions Act 2008 sets out a series of measures aimed at encouraging wider participation in private pension saving. The aim of these reforms is to overcome the decision-making inertia that currently characterises individuals' attitudes towards pension saving and to make it easier for individuals to save for their retirement

They are particularly targeted at low to median earners, among whom undersaving for retirement is currently widespread. The measures set out in the Act include a duty on employers to automatically enrol their eligible employees into qualifying workplace pension provision and to provide a minimum contribution towards the pension saving for those employees who choose to participate. This duty will come into force from 2012.

Employees will automatically be enrolled if they are aged between 22 and State Pension age (SPA), have gross annual earnings of £5,035 or more, and are not already members of a qualifying workplace pension scheme. Employees will be able to opt out of the scheme if they wish, and those who choose to opt out may be re-enrolled after a set period of time (expected to be a minimum of three years). Employees who are not automatically enrolled may choose to opt in to a qualifying workplace pension scheme.

Employees who choose to remain members of a qualifying workplace pension scheme will receive at least three per cent of their qualifying earnings (between a band of £5,035 and £33,450 in 2006/07 earnings terms) from their employer, and a further one per cent from the Government in the form of normal tax relief.

The minimum overall contribution needs to be eight per cent, so employees of an employer that contributes three per cent will need to put in four per cent from their pay. Employees and employers may contribute more than the minimum if they wish.

The Pensions Act also allows for the establishment of the personal accounts scheme. This will be a trust-based, defined contribution occupational pension scheme that employers must use if they do not have, or do not wish to use, their own qualifying workplace pension scheme. The personal accounts scheme will be run at arm's length from government by a corporate trustee.

Appendix B

Qualitative sample details (scoping)

Thirty depth interviews (two hours) in-home as follows:

Category	No of interviews (30 sample)
Gender	
Male	15
Female	15
Age	
22-29	3
30-39	9
40-49	7
50-59	7
60-69	4
Lifestage	
Single	7
Married/cohabiting (with no kids)	5
Young family	5
Older family	7
Empty nesters	6
Ethnicity	
Ethnic minority	4
White	26
Disability	
Long-term disability	1
No disability	29
Pension status	
Have additional pension provision	15
No additional pension provision	15

Continued

Category	No of interviews (30 sample)
Educational attainment	
Up to GCSE	11
Up to A Level	9
Up to HND	3
P to Degree	4
SEG	
A	–
B	6
C1	8
C2	8
D	4
E	4
Working hours	
Working full-time	13
Working part-time	8
Not working	9
Employment	
Employed	7
Status	
Self-employed	13
Neither (home keeper, carer, unemployed)	10
Income	
<£5k	5
£6k-15k	5
£16k-20k	8
£21k-25k	6
£26k-30k	2
£31k-34k	2
>£34k	2
Location*	
England – North	5
England – Midlands	5
England – South	4
England – London	4
Scotland	6
Wales	6
Region	
Urban and Suburban	20
(Large City)	10
Rural and Semi- rural	
(Small Town)	
Total	30

General Attitude at Recruitment	1	<ul style="list-style-type: none"> – I really enjoy spending money. – If I need to make a major purchase I tend to use my credit card and pay it off later. – I don't save but I'm not worried about retirement. 	4
	2	<ul style="list-style-type: none"> – I do save money but life is too short to put it all away. – Spending a bit more sometimes gives me a good quality of life which I enjoy. – I'd rather enjoy myself now and I'll be able to deal with whatever comes later. 	7
	3	<ul style="list-style-type: none"> – I like to be able to afford things like holidays but I'm not very good at saving. – Sometimes I take an overdraft or loan to be able to afford things I want. – Retirement is a long way away – I'll worry about that later. 	5
	4	<ul style="list-style-type: none"> – I'm careful with my money because I have to make a little go a long way. – I use credit cards, loans and hire purchase if I need to but I try to keep this under control. – If I could afford it, I would like to save more. 	5
	5	<ul style="list-style-type: none"> – I know how to manage my money. – I use a credit card with caution – you have to be careful because you can't trust all financial companies. – I save when I can but I wouldn't dabble with investments. 	3
	6	<ul style="list-style-type: none"> – I make an effort to find out the best ways to invest my money and make it grow. – It's important to save for retirement now so you are in good position in the future. 	4
	7	<ul style="list-style-type: none"> – I'm hopeless with money – I never know how much I have in the bank or where it goes]. – I try not to think about the future and savings – it's too complicated. – I try not to think about the future and savings – it's too complicated. – I think I might be storing up trouble for myself but I don't want to think about it. 	2

- Fieldwork took place between 14 April to 1 May 2008.
- Specific locations included: Glasgow, Wrexham, Bridgend, Liverpool, Nottingham, Leicester, Hemel Hempstead, Barnet, Enfield.

Appendix C

Qualitative sample details (interactive gallery)

Depth interviews with 60 respondents (1½ hours) in **Interactive Gallery** as follows:

Category	No of interviews (60 sample)
Gender	
Male	31
Female	29
Age	
22-25	6
26-35	12
36-45	12
46-55	11
56-60	9
61-69	10
Lifestage	
No children	13
Young family	18
Older family	14
Empty nesters	15
Marital status	
Single	15
Married/cohabiting	40
Separated/divorced	5
Ethnicity	
Ethnic minority	6
White	54

Continued

Category	No of interviews (60 sample)
Pension status	
Have additional pension provision	27
No additional pension provision	33
Educational attainment	
No qualifications	14
Up to GCSE	20
Up to A Level	12
Up to HND	2
Up to Degree	12
SEG	
A	–
B	6
C1	8
C2	8
D	4
E	4
Working hours	
Working full-time	32
Working part-time	14
Not working/retired	14
Employment status	
Employed (or retired-employed)	45
Self-employed (or retired self-employed)	9
Neither, but not retired (home keeper, carer, unemployed)	6
Income	
<£5k	8
£6k-15k	13
£16k-20k	8
£21k-25k	6
£26k-30k	6
£31k-34k	5
>£34k	10
Location	
England – North	19
England – Midlands	8
England – South	14
England – London	5
Scotland	6
Wales	8
Region	
Urban and Suburban (Large City)	38
Rural and Semi- rural (Small Town)	22
Total	60

General Attitude at Recruitment	1	<ul style="list-style-type: none"> – I really enjoy spending money. – If I need to make a major purchase I tend to use my credit card and pay it off later. – I don't save but I'm not worried about retirement. 	7
	2	<ul style="list-style-type: none"> – I do save money but life is too short to put it all away. – Spending a bit more sometimes gives me a good quality of life which I enjoy. – I'd rather enjoy myself now and I'll be able to deal with whatever comes later. 	13
	3	<ul style="list-style-type: none"> – I like to be able to afford things like holidays but I'm not very good at saving. – Sometimes I take an overdraft or loan to be able to afford things I want. – Retirement is a long way away – I'll worry about that later. 	8
	4	<ul style="list-style-type: none"> – I'm careful with my money because I have to make a little go a long way. – I use credit cards, loans and hire purchase if I need to but I try to keep this under control. – If I could afford it, I would like to save more. 	11
	5	<ul style="list-style-type: none"> – I know how to manage my money. – I use a credit card with caution – you have to be careful because you can't trust all financial companies. – I save when I can but I wouldn't dabble with investments. 	6
	6	<ul style="list-style-type: none"> – I make an effort to find out the best ways to invest my money and make it grow. – It's important to save for retirement now so you are in good position in the future. 	11
	7	<ul style="list-style-type: none"> – I'm hopeless with money – I never know how much I have in the bank or where it goes. – I try not to think about the future and savings – it's too complicated. – I think I might be storing up trouble for myself but I don't want to think about it. 	2

- Fieldwork took place between 3 and 16 June 2008.
- Specific locations included: Glasgow, Cardiff, Manchester, Birmingham, Leicester, Bristol, Hemel Hempstead and Enfield.

Appendix D

Qualitative issues covered: by phase of research

	Phase 1	Phase 2
Wider attitudes		
– Attitudes to life, risk, money, future	✓	✓
– How current needs and future aspirations connect and are reconciled against each other		✓
– Aims, aspirations and expectations for later life, attitudes to working later in life	✓	
– Social trends impacting on attitudes to working longer/saving for later life		✓
Financial attitudes, knowledge and behaviour	Phase 1	Phase 2
– Financial products currently bought and owned		✓
– Level of knowledge and understanding (or lack of understanding) of financial products for later life	✓	✓
– Attitudes to and associations with financial products and advisory/provider brands	✓	✓
– Perceived benefits of pension products and needs they meet	✓	✓
– Other products thought of in a similar way to pension products		✓
Triggers and barriers to saving for later life	Phase 1	Phase 2
– Rational and emotional triggers for action/non-action	✓	✓
– Specific points/moments of truth when people are most receptive to messages about planning for later life		✓
– What can be learnt/transferred from other financial categories that bear similarities to saving for later life	✓	✓
Communication with each segment	Phase 1	Phase 2
– vocabulary, language and narrative that:	✓	✓
– most powerfully motivates each segment to save for later years		
– expresses the benefits of working longer		
– creates positive consideration of later life		
– Most effective communication channels to generate consumer response	✓	✓
– Sources of information trusted	✓	✓
Consumer segments	Phase 1	Phase 2
– Drivers of different behavioural/attitudinal clusters	✓	✓
– What triggers movement between clusters over time	✓	✓

Appendix E

Quantitative methodology and weighting

The telephone questionnaire was developed based on the findings from the qualitative stage and using questions from other pensions/retirement related surveys where relevant for comparison purposes. It was tested in a pilot stage, with interviews listened to by the project team, and subsequently amended to improve respondent understanding and reduce the overall length of the survey. The average interview length was 36 minutes, but with a remarkably low rate of incomplete interviews. A full breakdown of call responses, refusal rates etc is provided below.

To minimise the possibility of respondents giving what they felt to be the 'correct' answer, the wording of the questions was carefully phrased to ask if they felt they were the sort of person that did certain things, or agreed with certain attitudes.

All telephone interviews were conducted at Continental Research's telephone centre at its offices in central London, which is Interviewer Quality Control Scheme (IQCS) approved and the fieldwork ran from August to 21 of September 2008. Lehman Brothers collapsed on 16 September, heralding the start of the problems with the banking sector and the economy more generally, so the majority of interviews were conducted prior to this.

The average interview length was 36 minutes and 1,390 interviews were incomplete – a low proportion given the subject matter and interview length. More potential respondents were screened out because they did not meet the recruitment criteria, or were in a demographic that had already achieved its quota of interviews. A full breakdown is provided below.

To complete 3,033 interviews a total of almost 216,000 calls were made:

- 1,390 incompletes;
- 17,606 refusals;
- 4,278 quota/screening failures;
- 2,944 specific appointments (cumulative);
- 32,514 general call backs (cumulative);
- 157,179 engaged/no answer/phone problems.

Quotas were set by region and within region by age, gender and social grade, based on Census data but boosted for the 25-44 age group, of key interest, and for certain regions, to ensure sufficient interviews were conducted. Such amendments were corrected at the weighting stage. The quotas are shown in full below:

Total target	Scotland	North			West Midlands			East Midlands			East Anglia	Wales	South			Total
		North	Y'Humb	West	West Midlands	Midlands	East Midlands	East Midlands	West	London			South East			
Male	150	100	113	150	125	100	100	100	100	150	112	175	225	1,500		
Female	150	100	112	150	125	100	100	100	100	150	113	175	225	1,500		
18-24	41	27	31	40	34	26	25	25	25	40	28	50	58	400		
25-34	68	44	52	69	58	45	46	46	46	64	49	105	100	700		
35-44	88	58	63	87	68	58	58	58	58	84	63	99	124	850		
45-59	84	59	64	84	73	58	56	56	56	88	67	77	133	843		
60+	19	12	15	20	17	13	15	15	15	24	18	19	35	207		
AB	45	44	72	46	50	42	50	50	50	69	54	62	101	635		
C1	75	80	52	107	73	68	90	90	90	45	70	152	175	987		
C2	75	52	47	63	55	50	26	26	26	114	52	63	99	696		
DE	105	24	54	84	72	40	34	34	34	72	49	73	75	682		
Total	300	200	225	300	250	200	200	200	200	300	225	350	450	3,000		

Weighting was then applied – by age and gender within region, and then nationally for social grade. The results for some questions (financial products held, internet usage etc) were then compared to other data sources and found to be broadly comparable, given that this is **not** a nationally representative sample.

The weighting regime was applied as follows:

Weighting	Scotland	North		Y'Humb		North		West Midlands		East Midlands		East Anglia		Wales		South West		South East		London
				West	West	West	West	Midlands	Midlands	Midlands	Midlands	Anglia	Anglia	Wales	Wales	West	West	East	East	
18-24 men	0.6%	0.3%	0.6%	0.8%	0.6%	0.6%	0.6%	0.5%	0.8%	0.6%	0.5%	0.6%	0.3%	0.6%	0.6%	0.9%	0.9%	0.9%	1.0%	
25-34 men	1.0%	0.4%	0.9%	1.2%	1.0%	1.0%	1.0%	0.8%	1.0%	1.0%	0.8%	1.0%	0.5%	0.9%	0.9%	1.5%	1.5%	1.5%	1.9%	
35-44 men	1.1%	0.5%	1.0%	1.4%	1.1%	1.1%	1.1%	0.9%	1.1%	0.9%	0.9%	1.1%	0.6%	1.0%	1.0%	1.7%	1.7%	1.7%	1.6%	
45-59 men	1.4%	0.7%	1.3%	1.8%	1.4%	1.4%	1.4%	1.2%	1.4%	1.2%	1.5%	1.5%	0.8%	1.4%	1.4%	2.2%	2.2%	2.2%	1.6%	
60+ men	0.4%	0.2%	0.4%	0.6%	0.5%	0.5%	0.5%	0.4%	0.5%	0.4%	0.5%	0.5%	0.3%	0.5%	0.5%	0.7%	0.7%	0.7%	0.5%	
18-24 women	0.6%	0.3%	0.6%	0.8%	0.6%	0.6%	0.6%	0.5%	0.6%	0.5%	0.6%	0.6%	0.3%	0.5%	0.5%	0.9%	0.9%	0.9%	1.0%	
25-34 women	1.0%	0.4%	0.9%	1.2%	1.0%	1.0%	1.0%	0.8%	1.0%	0.8%	1.0%	1.0%	0.5%	0.9%	0.9%	1.5%	1.5%	1.5%	1.9%	
35-44 women	1.1%	0.5%	1.0%	1.4%	1.1%	1.1%	1.1%	0.9%	1.1%	0.9%	1.1%	1.1%	0.6%	1.0%	1.0%	1.7%	1.7%	1.7%	1.6%	
45-59 women	1.4%	0.7%	1.3%	1.8%	1.4%	1.4%	1.4%	1.2%	1.4%	1.2%	1.5%	1.5%	0.8%	1.4%	1.4%	2.2%	2.2%	2.2%	1.6%	
60+ women	0.4%	0.2%	0.4%	0.6%	0.5%	0.5%	0.5%	0.4%	0.5%	0.4%	0.5%	0.5%	0.3%	0.5%	0.5%	0.7%	0.7%	0.7%	0.5%	
Total	8.9%	4.3%	8.6%	11.6%	9.1%	9.1%	9.1%	7.4%	9.1%	7.4%	9.5%	9.5%	4.9%	8.5%	8.5%	14.1%	14.1%	14.1%	13.1%	

Social grade weighting was then applied nationally:

- AB 21 per cent
- C1 35 per cent
- C2 22 per cent
- DE 22 per cent

Appendix F

Deriving the segments

As discussed earlier in this report, the qualitative stage which preceded this segmentation study identified two key axes:

- whether the respondent was worried or confident about the future based on their current retirement plans (Q49 in subsequent quantitative questionnaire);
- whether they felt that they currently had plans in place for funding their retirement (Q50 in subsequent quantitative questionnaire).

Taking these two questions together allowed respondents to be placed in one of four categories:

- 42 per cent had plans in place and were confident about the future;
- 14 per cent had plans in place but were not confident about the future;
- 19 per cent had no plans in place but were confident about the future;
- 25 per cent had no plans in place and were not confident about the future.

The following questions were included in the final segmentation analysis:

- Q14 Attitudes to organising life;
- Q20 knowledge of financial matters;
- Q21 Confidence in financial matters;
- Q49 Confidence about future;
- Q50 Plans in place for retirement;
- Q63 Confidence about retirement decisions;
- Q64 Attitudes to retirement;
- Q15 Most important current needs;
- Q17 Spending would find hardest to give up;

- Q36 Thoughts about later life;
- Q48 Constraints to funding retirement.

All questions were normalised to mean 0, variance 1 after replacing any missing values with mean scores. The latter happened very little, as the questionnaire was designed deliberately to minimise the number of DK/missing values.

The cluster analysis uses Wards method with Euclidean distance as the dispersion method and used the 16 factors derived from these questions through a varimax factor analysis, as the input variables. The agglomeration method used was hierarchical and all solutions from 2 to 20 segments were examined. The ten segment solution was selected as this showed a significant break point in the agglomeration schedule.

The segments derived from the quantitative survey also fell across the four qualitatively derived quadrants.

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