

**European Population Conference 2024**  
**Abstract 250 words**

**Title:** Pension protection among minority ethnic groups in the UK: the role of investments and subjective indicators

**Theme:** Ageing and Intergenerational Relations

Previous research has evidenced ethnic differentials among working-age individuals' propensity to work for an employer who offers a pension scheme, and elderly individuals' propensity to receive pension income from different sources (state, occupational, private). Such research has shown that working-age Bangladeshi and Pakistani individuals are less likely than White British individuals to work for an employer who offers a pension scheme, while Bangladeshi and Pakistani persons aged 65+ are less likely than their White British counterparts to receive a state, occupational or private pension. However, such research has not considered the role of investments and of subjective indicators in ethnic differentials. This paper applies logistic regression techniques on data from Understanding Society (2020-21) and the Family Resources Survey (2021-22) to examine the role of investments, such as having an account or investment, and of subjective indicators, such as life satisfaction, income satisfaction and subjective financial status in the association between ethnicity and pension outcomes. Among working-age persons, the results show that Bangladeshi, Indian and Black individuals were less likely than White/ White British persons to have an account or investments, and that considering one's financial status as difficult was associated with a higher risk of being in paid work, but with a lower risk of working for an employer with a pension scheme. Among persons aged 65+, Pakistani, Bangladeshi and Chinese individuals were less likely than White/ White British persons to have any investments, while being dissatisfied with one's income made one less likely to receive an occupational pension.

## **Extended Abstract 2-4 pages**

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### **Introduction**

Previous research has evidenced ethnic differentials among working-age individuals' propensity to work for an employer who offers a pension scheme, and elderly individuals' propensity to receive pension income from different sources (state, occupational, private) (Steventon and Sanchez, 2009; Vlachantoni et al. 2015). Such research has shown that working-age Bangladeshi and Pakistani individuals are less likely than White British individuals to work for an employer who offers a pension scheme, while Bangladeshi and Pakistani persons aged 65+ are less likely than their White British counterparts to receive a state, occupational or private pension. However, such research has not considered the role of investments and of subjective indicators in such ethnic differentials, and has often been hampered by the relatively low number of survey participants from minority ethnic communities. This paper makes a unique contribution by combining the analysis of two nationally-representative datasets in the UK, and including additional subjective wellbeing indicators and indicators of financial investments in the analysis, in order to augment our understanding of the factors associated with pension protection across the life course and in later life.

### **Conceptualising pension protection among minority ethnic groups**

The explanations for ethnic differences in employment patterns point to the combined effect of lower levels of educational qualifications, lower level of English language fluency, as well as cultural norms which affect individuals' engagement in the formal labour market, particularly among women (Berthoud, 1998). Ethnic differentials can then accumulate across the life course, resulting in an 'ethnic penalty' in terms of pension entitlement, which can equate with lower financial resources and a higher risk of poverty (Vlachantoni et al. 2017). However, previous research with respondents from minority ethnic groups has also highlighted that different types of investment across the life course and in later life can 'offset' the adverse effect of poor pension entitlement (Khan, 2012). Similarly, subjective financial wellbeing has been shown to have an important role in maintaining overall wellbeing across the life course and in later life (Arber et al. 2014).

### **Data and Methods**

This paper applies logistic regression techniques on data from Understanding Society (2020-21) and the Family Resources Survey (2021-22) to examine the role of investments, such as having an account or investment, and of subjective indicators, such as life satisfaction, income satisfaction, general happiness, and subjective financial status in the association between ethnicity and pension outcomes. In addition, and in line with previous research, a range of demographic, health status, health risk behaviour and socio-economic variables are also considered. The USOC analytical sample included 10,310 individuals aged 45-64 and 7,505 individuals aged 65 and over, while the FRS analytical sample included 9,473 individuals aged 45-64 and 9,127 individuals aged 65 and over. For the sample aged 45-64, the outcome variables included being in paid work, working as an employee, working for an employer who offers a pension scheme, and being a member of such pension scheme. For the sample aged 65+ the outcome variables included the receipt of state pension, occupational pension, and private pension. For both samples, the outcome variables of having a bank account, having any investment, or having any other investment, were also examined.

### **Findings**

In line with previous research, the analysis showed that working-age individuals from certain minority ethnic communities (specifically Bangladeshi and Pakistani) were less likely than their White British counterparts to be in paid work, to be employees or to be working for an employer who offers a pension scheme. Indian, Pakistani, and Bangladeshi older persons were also less likely than White British persons to be receiving an occupational or private pension. The addition of subjective indicators and of indicators of financial investment has enhanced our understanding of this topic. More specifically, among working-age persons, the results show that Bangladeshi, Indian and Black individuals were less likely than White British persons to have an account or investments, and that considering one's financial status as difficult was associated with a higher risk of being in paid work, but with a lower risk of working for an employer with a pension scheme. Among persons aged 65+, Pakistani, Bangladeshi and Chinese individuals were less likely than White British persons to have

any investments, while being dissatisfied with one's income was associated with a lower risk of receiving an occupational pension (Table 1). The next part of the analysis will consider longitudinal patterns of pension protection and the time-lagged effect of demographic, health and socio-economic indicators on working-age and older individuals' pension arrangements.

The findings of this research have important policy implications, pointing both to an ethnic disadvantage among working-age individuals in terms of employment patterns, and to the accumulation of such disadvantage for elderly individuals from minority ethnic communities.

### **References**

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**Table 1 Binary logistic regression results of receipt of occupational pension among 65+ older adults in the UK (N=7,505 cases).**

	Occupational pension											
	Unadjusted		Demographic characteristics		Health & behaviour characteristics		Subjective characteristics		Socio-economic characteristics		Full	
	<i>Model 1</i>		<i>Model 2</i>		<i>Model 3</i>		<i>Model 4</i>		<i>Model 5</i>		<i>Model 6</i>	
	OR	SE	OR	SE	OR	SE	OR	SE	OR	SE	OR	SE
<b>Demographic characteristics</b>												
<b>Ethnicity</b>												
White British ®	1.00		1.00		1.00		1.00		1.00		1.00	
Other white	0.66***	0.08	1.00	0.14	0.98	0.14	1.00	0.15	1.00	0.16	1.01	0.16
Indian	0.37***	0.06	0.56*	0.15	0.60***	0.17	0.66	0.19	0.81	0.25	0.60*	0.14
Pakistani	0.06***	0.03	0.11***	0.06	0.13**	0.07	0.15***	0.08	0.21**	0.12	0.13***	0.06
Bangladeshi	0.07***	0.04	0.14**	0.10	0.17	0.12	0.22*	0.15	0.24*	0.18	0.19**	0.14
Chinese& other Asian	0.56	0.18	1.03	0.38	1.13	0.43	1.34	0.52	1.19	0.49	1.06	0.43
Black	0.58**	0.10	0.88	0.20	0.92	0.21	1.18	0.27	1.55	0.38	1.51	0.37
Mixed	0.64	0.19	0.83	0.27	0.85	0.28	0.96	0.32	1.07	0.39	1.05	0.38
Arabs & other ethnic groups	0.38*	0.16	0.58	0.26	0.61	0.28	0.69	0.32	0.69	0.35	0.63	0.31
<b>Gender</b>												
Men ®			1.00		1.00		1.00		1.00		1.00	
Women			0.36***	0.02	0.35***	0.02	0.34***	0.02	0.31***	0.02	0.31***	0.02
<b>Been in the UK</b>												
Born in UK ®			1.00		1.00		1.00		1.00		1.00	
Between 1930-1969			0.78	0.12	0.80	0.12	0.81	0.13	0.62**	0.10	0.61**	0.10
Between 1970-1999			0.51***	0.10	0.50***	0.10	0.53**	0.11	0.45***	0.10	0.42***	0.09
Between 2000-2017			0.13***	0.06	0.12***	0.05	0.12***	0.06	0.12***	0.06	0.12***	0.06
<b>Country of residence</b>												
England ®			1.00		1.00		1.00		1.00		1.00	
Wales			0.81*	0.08	0.87	0.09	0.87	0.09	0.95	0.10	0.95	0.10
Scotland			0.82*	0.07	0.83*	0.07	0.82*	0.08	0.93	0.09	0.93	0.09
Northern Ireland			0.40***	0.05	0.46***	0.05	0.46***	0.05	0.51***	0.06	0.50***	0.06
<b>Place of residence</b>												
Urban area ®			1.00		1.00		1.00		1.00		1.00	
Rural area			0.97	0.06	0.93	0.05	0.92	0.05	0.85**	0.05	0.85**	0.05
<b>Living with spouse</b>												
No ®			1.00		1.00		1.00		1.00		1.00	
Yes			1.31*	0.16	1.22	0.15	1.15	0.14	1.00	0.13	1.06	0.06
<b>Health and behaviour characteristics</b>												
<b>Long-term illness /disability</b>												
No ®					1.00		1.00		1.00	1.00		
Yes					1.02	0.06	1.02	0.06	1.07	0.07		
<b>SRH</b>												
Good ®					1.00		1.00		1.00		1.00	
Poor					0.63***	0.04	0.67***	0.05	0.80**	0.06	0.81***	0.05
<b>Ever smoked</b>												
No ®					1.00		1.00		1.00		1.00	

Yes					0.51***	0.05	0.55***	0.05	0.71***	0.07	0.72**	0.08
<b>Ever consumed alcohol</b>												
No ®					1.00		1.00		1.00		1.00	
Yes					1.36***	0.07	1.33***	0.07	1.15*	0.07	1.16**	0.07
<b>Subjective characteristics</b>												
<b>Life satisfaction</b>												
Satisfied ®							1.00		1.00		1.00	
Neutral							0.73***	0.08	0.77*	0.09	0.80*	0.09
Dissatisfied							1.01	0.11	1.08	0.12	1.10	0.11
<b>Income satisfaction</b>												
Satisfied ®							1.00		1.00		1.00	
Neutral							0.87	0.08	1.03	0.10	1.03	0.10
Dissatisfied							0.67***	0.07	0.78*	0.08	0.78*	0.08
<b>SFS in present</b>												
Comfortable ®							1.00		1.00		1.00	
Just about getting by							0.53***	0.04	0.78**	0.07	0.79**	0.07
difficult							0.44***	0.08	0.75	0.15	0.76	0.15
<b>SFS in future</b>												
Comfortable ®							1.00		1.00		1.00	
Just about getting by							0.77***	0.05	0.84*	0.06	0.83	0.06
Difficult							0.51**	0.12	0.71	0.17	0.70**	0.17
<b>Socioeconomic characteristics</b>												
<b>Housing tenure</b>												
own outright ®									1.00		1.00	
Owned with mortgage									0.74**	0.08	0.75**	0.08
Social rent									0.35***	0.03	0.35***	0.03
Rent privately									0.53***	0.08	0.53***	0.08
others									1.60	0.64	1.60	0.64
<b>Educational qualification</b>												
Degree ®									1.00		1.00	
A level									0.71*	0.11	0.72*	0.11
GCSE									0.56***	0.05	0.57***	0.05
Other qualification									0.35***	0.03	0.35***	0.03
No qualification									0.49***	0.05	0.49***	0.04
<b>Wealth status</b>												
Non-poor ®									1.00		1.00	
Poor									0.44***	0.03	0.44***	0.03
<b>Any income support</b>												
No ®									1.00		1.00	
Yes									0.23***	0.07	0.24***	0.07

**Source:** Understanding Society, wave 12 (2020-2021).

**Abbreviations:** Black category includes African/Caribbean/Black British; ; SFS-Subjective financial situations; SRH-Self rated health; UK-United Kingdom; ®- reference category.

**Note:** Age group, marital status, religious affiliation, living arrangements, number of children, long-term illness, health satisfaction, General Health Questionnaire caseness and General happiness were also considered in the model but were not statistically significant.

**Significance levels:** \*P<0.05; \*\*P<0.01; \*\*\*P<0.001.