Pension protection for minority ethnic groups in Britain: determinants, prospects and policy implications

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Introduction

According to the 2011 Census, individuals from Black and Minority Ethnic (BME) groups comprised about 14% of the total population in England and Wales, while the younger age structure of the BME population means that BME groups comprise less than 4% of the population aged 50 and over. Projections by the Runnymede Trust and the Centre for Policy on Ageing show that by 2051, there will be an estimated 3.8 million people from BME groups aged 65 and over, and 2.8 million aged 70 and over (Lievesley, 2010). Key policy challenges are associated with the ageing of the BME population and substantial differentials in their economic and social resources compared to the majority White population (Allmark et al, 2010; Steventon and Sanchez, 2008; Evandrou, 2000).

Aim and research question

The overall aim of the project is to address policy-relevant questions about differentials in employment patterns and pension protection among BME populations. For example:

- Looking at today's working-age population and tomorrow's elders, how does occupational pension membership vary across 'traditional' and 'new' BME groups, and what factors can be put forward to explain such differentials?

Figure 1: The determinants of pension protection
Source: Authors' own.
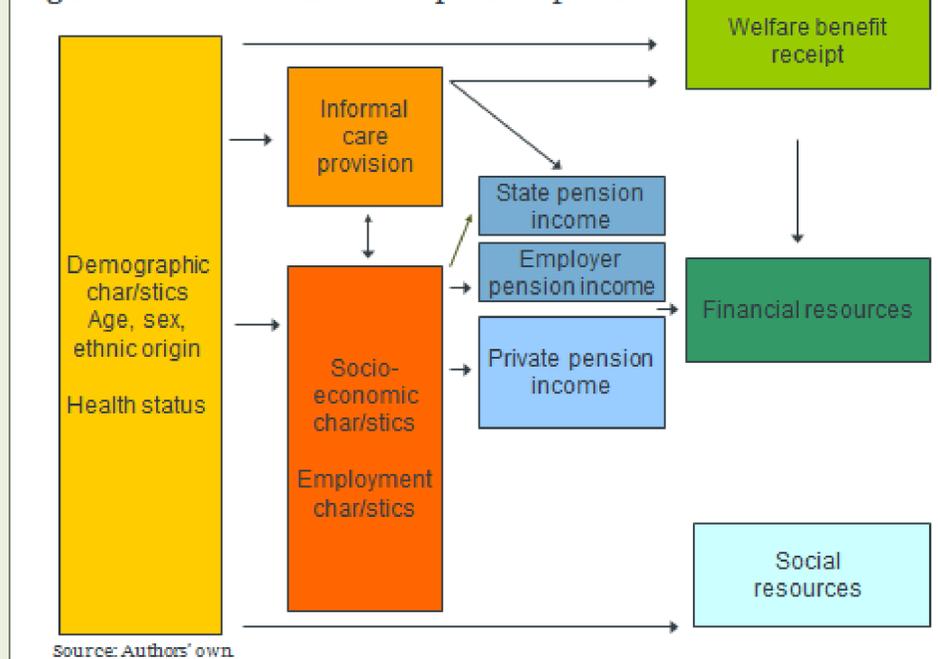
Data

Understanding Society (USOC) is a longitudinal survey of the socio-economic characteristics and behaviour of approximately 100,000 individuals living in 40,000 households in the UK. It includes an Ethnic Boost, which was designed to provide at least 1,000 adults from each of the five largest ethnic minority groups in the UK, which represent 'traditional' BME groups, that is the Indian, Pakistani, Bangladeshi, Caribbean and African groups.

The analysis focuses on the working-age population (25 to State Pension Age, which is 60 for women and 65 for men), using binary logistic regressions in order to understand the determinants of belonging in each of the following groups:

Were you in paid work last week?

If yes, are you an employee?

If yes, does your employer offer a pension scheme?

If yes, are you a member of your employer's pension scheme?

Results of bivariate analysis (all p<0.001)

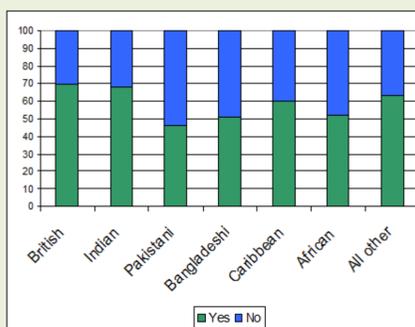Fig. 3: Were you in paid work last week?

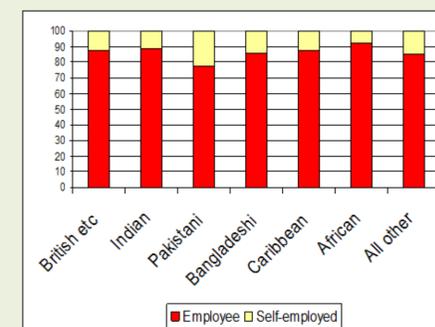
Fig. 4: Are you an employee or self-employed?

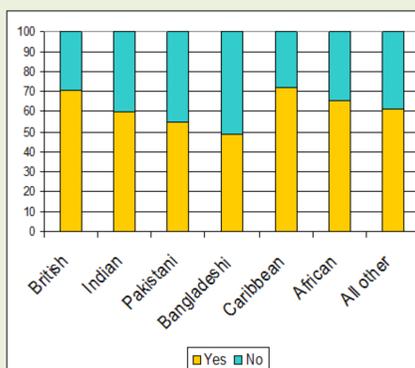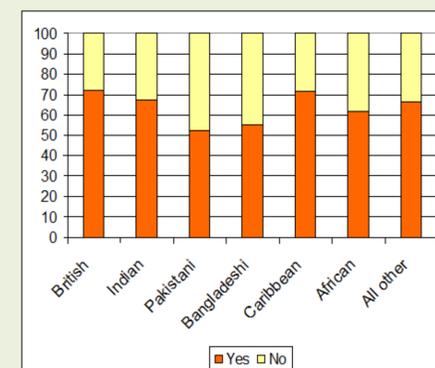Fig. 5: Does your employer offer an occupational pension scheme?

Fig. 6: Are you a member of this occupational pension scheme?

Results of multivariate analysis

Variables	Model 1 (determinants of being in paid work)	Model 2 (determinants of being an employee)	Model 3 (determinants of working for employer with pension scheme)	Model 4 (determinants of being a member of this pension scheme)
Age	***	***	***	***
Gender	***	***	***	***
Marital status	***	***	***	***
Health	***	NS	NS	NS
Report of LLSI	***	NS	NS	NS
Care provision	***	NS	NS	NS
Children	***	NS	NS	NS
Education	***	***	***	***
Housing tenure	***	***	***	***
Ethnicity	***	***	***	NS
Occupational social class	NS	NS	***	***
1st / 2nd generation migrant	NS	***	***	***
Quintile of take-home pay	Not included in the model	NS	***	***

***p<0.001; **p<0.01; *p<0.05; NS: not significant in the model

Discussion

Ethnicity is an important predictor of whether an individual will be in paid work and whether they will be an employee rather than self-employed, both of which can be crucial facilitators for the accumulation of pension contributions. However, once an individual works for an employer who offers a pension scheme, ethnicity becomes a less significant predictor of whether the individual will be a member of that employer's pension scheme.