Early access to pension savings: public attitudes

Secondary analysis of the 2009 Attitudes to Pensions Survey

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Background

The Coalition Government agreement¹ published in May 2010 gave a commitment to explore the potential to give people greater flexibility in accessing part of their personal pension fund early. To this end, HM Treasury issued in December 2010 a call for evidence on early access to pension savings².

In October 2010 the Department for Work and Pensions published *Attitudes to Pensions: the 2009 Survey*³ which presented the results of a representative survey of GB adults covering public attitudes to pensions and financial planning for later life. The survey included a number of questions relating to the accessibility of pension saving before retirement as well as the likelihood of the respondent changing their pension saving behaviour if early access to the savings became available.

Key figures from the Attitudes to Pensions survey report have been included in the HM Treasury call for evidence but since then a number of other analyses were completed. These are included in this paper.

Methodology

The 2009 Attitudes to Pensions Survey is a representative survey of GB adults aged 18-69 with a total achieved sample size of 1,654 and overall response rate of 48%⁴.

The survey questions of direct relevance to early access to pension savings are as follows:

- 1) Please say which statement comes closest to your view:
- Saving into a pension is a good way to save for retirement as it ensures you can't dip into your funds when you want to

0R

 I'm not in favour of pensions as they mean you can't get access to the money you have saved before retirement

¹ The Coalition: our programme for government is available from: http://www.cabinetoffice.gov.uk/sites/default/files/resources/coalition_programme_for_government.pdf

² HM Treasury's call for evidence *Early access to pension savings* is available from: http://www.hm-treasury.gov.uk/d/call for evidence on early access to pension savings.PDF

³ Attitudes to Pensions: the 2009 Survey is available from: http://research.dwp.gov.uk/asd/asd5/rports2009-2010/rrep701.pdf

⁴ Full methodological details can be found in *Attitudes to Pensions: the 2009 Survey: Technical Report* available from: http://research.dwp.gov.uk/asd/asd5/rports2009-2010/rrep701techrep.pdf

2) To what extent do you agree or disagree with this statement...

(those without pension provision)

I would be more likely to start saving in a pension if I could access my saving before I retired

(those with pension provision)

I would be more likely to save more in a pension if I could access my saving before I retired

- 1. Agree strongly
- 2. Agree
- 3. Neither agree nor disagree
- 4. Disagree
- 5. Disagree strongly

Bivariate analyses of the weighted dataset were undertaken to explore the responses to these questions by certain sub groups of the population.

The full questionnaire is available from the survey technical report: http://research.dwp.gov.uk/asd/asd5/rports2009-2010/rrep701techrep.pdf

Results

- Seventy nine per cent of respondents believe that the non-accessibility of pension savings makes pensions a good way of saving for retirement whilst 18 per cent stated that they are not in favour of pensions for this reason.
- Focusing on the 18 per cent that are not in favour of pensions due to non-accessibility of savings, 45 per cent of this group agreed that they would be more likely to save into a pension if early access was available (see Table 1).
- As many of the group not in favour of pensions due to savings non-accessibility
 already hold some savings (e.g. 48 per cent have a savings account, 38 per cent
 an ISA/TESSA) it is possible that more flexible arrangements for pension savings
 would encourage them to shift their savings behaviour towards pensions and
 away from other approaches to saving. (see Table 2).
- Attitudes to the non-accessibility of pension savings did not vary by gender, age
 or ethnicity. However, they did vary markedly by income and occupational group,
 with one quarter (25 per cent) of those with an annual income of less than
 £12,000 suggesting that they may be discouraged from pension saving because
 of the savings inaccessibility compared with 17 per cent of those earning between
 £12,000 and £26,000 and 15 per cent of those earning £44,000 or more (see
 Table 3).

 Additionally, one third (32 per cent) of those currently do not have a pension and who said they cannot afford to put money aside for retirement at the moment agreed or strongly agreed that they would be more likely to save into a pension if early access was available (see Table 4).

These findings suggest that respondents on lower incomes and a significant proportion of those with affordability concerns are attracted to the idea of early access. However, even those who think the inaccessibility of savings in pensions is a good thing can recognise the benefits of early access, with 30 per cent of this group saying they would save more into their pension if early access was available (see Table 1).

Table 1: Level of agreement that more likely to save into a pension if early access was available, by view on non-accessibility of pension savings

Row percentages
Whether more likely to save into a pension if
early acces was available

Attitude to non-accessibility of pension savings	Agree	Neither agree nor disagree	Disagree	Unweighted base	Weighted base
In favour ¹	30	22	46	495	536
Not in favour ²	45	24	28	192	185

Base: all respondents not yet retired and currently without pension provision

Table 2: Savings held by those not in favour of pensions due to the inaccessibility of the pension savings

Row percentages

Type of saving	Proportion holding this type of saving
No savings	23
Current account in bank or building society	60
Savings account in bank or building society	48
ISAs/TESSAs	38
National Savings	7
Stocks/Shares ¹	20
Insurance/endowments	15
Other	3

Base: all respondents who are not in favour of pensions due to inaccessibility of savings Unweighted base = 265; Weighted base = 256

^{1:} Those in favour of non-accessibility of pension savings agreed that "Saving into a pension is a good way to save for retirement as it ensures you cannot dip into your funds when you want to"

^{2:} Those not in favour non-accessibility of pension savings agreed that "I'm not in favour of pensions as they mean you can't get access to the money you have saved before retirement"

^{1:} Full list for this category is: Stocks, Shares, PEPS, Bonds, Investment Trusts, Unit Trusts

Table 3: Attitudes to non-accessibility of pension savings, by income and socio-economic group

Row percentages Attitude to non-accessibility of pension savings In Not in Unweighted Weighted base favour base favour Income ≤ £11,999 p.a. 70 25 269 216 £12,000 - £25,999 p.a. 81 17 305 276 £26,000 - £43,999 p.a. 82 16 308 316 ≥ £44,000 p.a. 84 15 405 352 Socio-economic group (NS-SEC 3 class) Managerial and professional occupations 86 13 501 517 Intermediate occupations 79 19 271 286 Routine and manual occupations 77 20 462 481 Base: all respondents not yet retired

Table 4: Proportion of those with no current pension provision and unable to afford to save for retirement at the moment agreeing they would be more likely to save into a pension if early access was available

Whether more likely to save into a pension	Percentage	
Agree strongly	3	
Agree	29	
Neither agree nor disagree	26	
Disagree	35	
Disagree strongly	6	

Base: all respondents with no current pension provision and who also agree or agree strongly that they cannot afford to save for retirement at the moment. Unweighted base = 202; Weighted base = 214