Research Report

Individuals' attitudes and likely reactions to the workplace pension reforms 2009

by Tom Bourne, Andrew Shaw and Sarah Butt

DWP Department for Work and Pensions

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Research Report No 669

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A report of research carried out by the National Centre for Social Research (NatCen) on behalf of the Department for Work and Pensions

First Published 2010.

ISBN 978 1 84712 788 4

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Acknowledgements

This research project was commissioned by the Department for Work and Pensions (DWP) and was carried out by the National Centre for Social Research (NatCen). The authors would like to thank Tracy Simpson, Cate Fisher, John Stafford and Jackie Oatway at DWP for their ongoing support, advice and encouragement throughout the project.

At NatCen, a variety of people are due our thanks: the operations team who were responsible for managing the fieldwork; our programmer Sandra Beeson; and all those working in our fieldforce, including the interviewers who worked on this survey.

Last, but certainly not least, we would like to express our gratitude to the members of the public who took part in this research, and without whom this report would not be possible.

The Authors

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Andrew Shaw, Research Group Director, was the project director responsible for all elements of the study. Andrew joined NatCen in 1996, after a decade's work as a social science researcher in two British universities. His experience spans quantitative and qualitative methods, with particular emphasis on survey design, management, analysis and reporting. He has expertise in evaluation methodology and has led projects ranging from small-scale feasibility and design studies to major evaluations, including the Job Retention and Rehabilitation Pilot (a randomised control trial). From October 1998 to December 1999 he was seconded to be a Principal Research Officer (Grade 7) at the then Department of Social Security.

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Abbreviations

CAB	Citizen's Advice Bureau
CAPI	Computer Assisted Personal Interviewing
CRRA	Constant relative risk aversion
DB	Defined benefits
DC	Defined contribution
DEFT	Design effects
DSS	Department of Social Security
DWP	Department for Work and Pensions
FRS	Family Resources Survey
GB	Great Britain
HM	Her Majesty's
IFA	Independent Financial Adviser
ISA	Individual Savings Account
NatCen	National Centre for Social Research
NEST	National Employment Savings Trust
NMW	National Minimum Wage
ONS	Office for National Statistics
SEE	Social, environmental and ethical
SPA	State Pension age

Glossary

Automatic enrolment

In this report, this term refers to the mechanism by which jobholders will be automatically enrolled into a qualifying workplace pension arrangement, (including NEST (National Employment Savings Trust)), from October 2012. Those who fulfil the eligibility criteria (see *Automatic enrolment, eligible for*) will be automatically enrolled into a scheme, but will have the opportunity to opt out if they do not wish to participate.

Automatic enrolment, eligible for

In this report, this phrase refers to jobholders who would be eligible (based on current criteria) for automatic enrolment into a qualifying workplace pension arrangement (including NEST) should the schemes come into operation 'tomorrow'. Eligible individuals are those aged at least 22, who have not yet reached State Pension age who ordinarily work in Great Britain under a worker's contract and earn more than £5,035 (in 2006/07 earnings terms – this figure will be updated in 2012).

Computer Assisted Personal Interviewing (CAPI)

This was the method used for conducting interviews. The questions are programmed into an electronic format; interviewers access and administer the interview script via laptops. The questions appear on-screen for interviewers to read out, and respondents' answers are programmed directly into the laptop. Interview routing and most checks on data quality are performed by the CAPI script during interview.

Contribution cap

Total annual contributions to NEST will be capped at £3,600 (in 2005 earnings' terms – the limit will be uprated in line with earnings). It is anticipated that contributions exceeding this amount will be refunded. The annual cap applies only to NEST and not to other qualifying workplace pension arrangements.

Default fund

In this report, this term refers to an investment fund into which members' contributions will be automatically allocated if they do not make an active investment fund choice.

All automatic enrolment schemes, including NEST, will be required to offer such a fund to their members. For the purposes of this survey respondents were told that, if they did not make an active investment choice, their contributions would be invested by investment specialists into a default fund, and that the investments those specialists chose would be the same for all members of the default fund.

Defined contribution (DC) pension scheme

All qualifying workplace pension schemes will be DC schemes. These are pension schemes in which a member's benefit is determined by reference to contributions made by or behalf of the member and any investment return on those contributions. Sometimes referred to as money purchase schemes. These contributions are then invested, and the resulting pot of money (including accrued tax relief) is used to buy an annuity at retirement which will then provide the individual with an annual income payable for the rest of their life. The retirement income depends on the type of annuity purchased.

Defined Benefits (DB) schemes

Qualifying workplace pension schemes can be defined benefits schemes in which the scheme rules determine a member's benefits independently of the contributions paid into the scheme. The benefits are usually determined by reference to a pre-determined formula.

Hybrid schemes	Qualifying schemes can also be hybrid schemes that have defined contribution and defined benefits elements.
Employer contributions	In this report this term refers to the fact that employers will be required to make contributions in respect of jobholders' into qualifying workplace pensions schemes. Employers offering DC schemes will be required to contribute a minimum of three per cent of a set band of the jobholders' earnings (between £5,035 and £33,500 in 2006/07 earnings' terms – this figure will be updated in 2012). The minimum overall contribution to a qualifying DC workplace pension scheme needs to be eight per cent of that band of earnings. Employers can contribute more than three per cent if they choose to do so, unless – if the employer is using NEST – the total annual contributions fall within a set limit (see *Contribution cap*). Minimum employer contributions will be phased in from 2012, starting at one per cent, moving to two per cent and finally three per cent. See also *Jobholder contributions*. Employers offering DB and Hybrid schemes will pay pre-determined contributions agreed with the trustees, and scheme membership will be phased in over a transitional period.
Independent Financial Adviser	A professional financial adviser contracted privately by individuals to give them financial information and advice. These services, typically, have to be paid for.

Jobholder contributions

In this report, this term refers to the contributions that jobholders will pay into their qualifying workplace pension arrangement if they remain in the scheme after having been automatically enrolled by their employer.

The minimum overall contribution into a DC type of workplace pension arrangement needs to be eight per cent of a jobholder's qualifying earnings (a set band of between £5,035 and £33,500 in 2006/07 earnings' terms). The remainder is payable by the jobholder/worker, including around one per cent tax relief. Both employers and employees can contribute more than the minimum if they choose to do so unless – if they are in NEST – the total annual contributions fall outside the set limit, see *Contribution cap*. Minimum jobholder contributions will be phased in from 2012, starting at one per cent, moving to two per cent and finally three per cent. See also *Employer contributions*.

For hybrid and DB schemes, jobholder contributions will be agreed by the trustees and employer.

Opting out

In this report, this term refers to the fact that individuals who are automatically enrolled into a qualifying workplace pension arrangement (including NEST) will have the right to opt out of pension saving during the opt out period. A jobholder who opts out will be treated as having never been a member and is entitled to a full refund of any contributions they may have made.

Personal accounts scheme (now referred to as NEST – the National Employment Savings Trust)	A trust-based, defined contribution occupational pension scheme that will be set up in the United Kingdom from 5 July 2010. A jobholder will be automatically enrolled into the scheme if their employer does not have or does not wish to use their own qualifying workplace pension scheme. This pension scheme will work in a similar way to any other qualifying workplace pension scheme, but will be run at length from Government by an independent, not-for-profit trustee. This national scheme has recently been branded as NEST – National Employment Savings Trust.
Prompt cards	Materials used during the interviews to help explain the features of the reforms and personal accounts scheme to respondents. Examples of the prompt cards are provided in Appendix G.
Social, ethical and environmental (SEE) funds	For the purposes of this survey, respondents were told that SEE funds may involve investment in recycling companies or companies which have a good reputation for the fair treatment of their workers. Determining SEE funds may take place in a variety of ways, including the positive and/or negative screening of companies, and/or their use of strategies to influence their corporate social responsibility activities.
State Pension age	The age at which eligible individuals can start to receive their state pension in the UK. During fieldwork this was stated as currently 60 for women and 65 for men. Increases in the state pension age have since been announced and from April 2010 women's State Pension age has started to increase from 60 so it will be 65 in 2020. Between 2024 and 2046, the State Pension age will go up again, in stages, from 65 to 68.

Tax relief	In this report, this term refers to the fact that individual contributions paid into most qualifying workplace pension schemes are not subject to taxation. In effect this means that, for every four per cent of a jobholder's qualifying earnings that is paid into the pension scheme, members gain the equivalent of around one per cent from the Government in the form of normal tax relief.

Summary

Background, objectives and methodology

The Government estimates that around seven million people are not saving enough to meet their retirement aspirations.[1] There are low levels of pension saving by employees with low earnings.[2] In response, the Pensions Act 2008 sets out a series of measures that will aim, from their launch in 2012, to make it easier for individuals to save for their retirement.

A key element of the current workplace pension reforms is a new duty on employers to automatically enrol eligible workers into a qualifying pension scheme. If they wish, workers can opt out of pension saving after being automatically enrolled. Overall contributions to defined contribution schemes will need to total to a minimum of eight per cent of a worker's earnings on a band between £5,035 and £33,540 in 2006/07 earnings' terms.[3]

The Pensions Act 2008 also sets out plans for a new national, low-cost, pension scheme NEST (National Employment Savings Trust). NEST is focused on a target audience of low to moderate earners and is intended for use by employers that do not have, or do not wish to use, a qualifying scheme of their own. NEST will be run at arm's length from Government by trustees.

The National Centre for Social Research (NatCen) carried out research which updates and expands upon a survey conducted by Ipsos MORI Social Research in 2007. The participants in the 2009 survey were nationally representative of

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1 This figure is based on Department for Work and Pensions (DWP) modelling using data from the English Longitudinal Study of Ageing (ELSA) and was published in the May 2006 White Paper, *Security In retirement: towards a new pensions system*.

2 *Pension Trends*, Office for National Statistics, May 2010.

3 The earnings figure is in 2006/07 terms and will be updated for 2012.

those eligible for automatic enrolment under the workplace pension reforms.[4] The survey measured their attitudes and likely behaviour in relation to the key features of the reforms.

The 2009 survey included 1,406 individuals who had previously taken part in the Family Resources Survey 2008/09 (FRS). Of those, 1,027 achieved interviews were conducted with 'fully eligible' respondents, that is, those eligible for automatic enrolment at their FRS interview and remaining eligible at this follow-up survey. The majority of this report concentrates on the findings from those 1,027 cases.

Respondents were interviewed face to face in their own homes for an average of 40 minutes. Interviews were conducted using Computer Assisted Personal Interviewing (CAPI).

Awareness of and attitudes towards the workplace pension reforms

Given that the campaign to launch workplace pension reforms had not yet been targeted at workers at the time the survey was conducted, it was perhaps to be expected that two-thirds of respondents (66 per cent) had not heard of the workplace pension reforms. Most of those who had heard anything knew little or nothing of what they may entail. Familiarity with the reforms was shown to be lowest amongst those who had little or no savings.

Following an explanation of the key features of the reforms, broad support was evident amongst the sample and each feature was seen as attractive by a majority of respondents. Nine in ten (90 per cent) found the idea of an employer contribution attractive. Just over eight in ten (83 per cent) viewed as appealing the opportunity to opt out of the scheme following automatic enrolment, and approaching seven in ten (68 per cent) rated individual, salary deducted, contributions as an attractive feature of the plans. Automatic enrolment was rated as attractive by 64 per cent.

Staying in and opting out of a workplace pension scheme and personal accounts

Respondents were given prompt cards outlining the key features of the proposed workplace pension scheme and a worked example showing the impact of a typical four per cent contribution into a workplace pension, on their take-home pay so they could give an informed decision about their likely behaviour.

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4 Respondents were selected on the basis of their broad eligibility for automatic enrolment if the reforms had been brought in at the time of the research. They were aged between 22 and the State Pension age (SPA), were an employee earning over £5,000 a year and did not have a pension that their employer contributed to. See Section 1.2.2 for further details.

Around two in three (65 per cent) of respondents said that they would stay in the scheme if automatically enrolled 'tomorrow', including one in three (31 per cent) who said they would definitely stay in. One fifth (20 per cent) anticipated definitely or probably opting out. Fifteen (15) per cent were unsure of what they would do, saying 'it depends'.

Being of younger working age (under 30), earning less than £25,000 a year and having modest to large savings (£1,000-£49,999 in value) are all factors which *increased* the likelihood of eligible workers stating that they will stay in a workplace pension scheme after automatic enrolment.

Another feature of the current workplace pension reforms is that people who opt out will be re-enrolled automatically after a set time period of at least three years (assuming they are still eligible). Of those who said they would opt out of a workplace pension scheme, nearly half (46 per cent) said that they would still choose to opt out at re-enrolment, including three in ten (30 per cent) who stated that they would definitely choose not to take part. However, as many as four in ten (42 per cent) indicated that they would be willing to consider the circumstances at the time (by responding 'it depends'). Far fewer felt that they would stay in, though this was not a negligibly sized group (13 per cent).

Individuals were also asked to consider their response if their employer enrolled them into personal accounts (now NEST). Respondents were reminded of what they had said when asked whether or not they would stay in workplace pensions if automatically enrolled tomorrow. Respondents were then asked to consider whether their decision would be the same or different should their employer enrol them into the personal account scheme rather than another qualifying workplace pension scheme.

The majority (70 per cent – see Table 4.6) said they would make the same decision if their employer enrolled them into personal accounts. However, 11 per cent said they would change their decision, ten per cent said they were not sure and ten per cent said it would depend.

Reasons for staying in or opting out of a workplace pension scheme

Key reasons for individuals saying they would remain in a workplace pension scheme were the perceived need to start saving for retirement (53 per cent), the scheme offering an easy way to save (36 per cent) and employer contributions (29 per cent).

Amongst those who said they would opt out, the most common reason given was that it was unaffordable (54 per cent). The second most frequently mentioned concern was the effect that joining a workplace pension may have on respondents' jobs (11 per cent). In particular, these respondents were concerned about redundancy, a cut in pay or that their employer would not be able to afford their contributions.

Some of those interviewed said that their decision to participate in a workplace pension depended upon other issues. For around a third of these respondents (36 per cent) there was a need for further information regarding the reform package. A similar proportion (29 per cent) said that they were unsure about the affordability of a workplace pension, and a further ten per cent stated that they would consider possible alternative sources of retirement income before taking a final decision.

Levels of contributions

Members of a workplace pension scheme will generally have to contribute four per cent of a band of their income, with the option to pay in more. Interviewers described to respondents what this would mean in terms of contribution levels and resulting take-home pay, in each case using a worked example appropriate to the respondent's own income.

Overall, three-quarters of respondents (75 per cent) said that they could afford a four per cent contribution. This included those with an income of less than £15,000 a year. However, perceptions of affordability did differ depending on the respondents' financial circumstances – those in higher income groups (£33,000 or more a year) and people without debts were unsurprisingly more likely to say that they could afford a four per cent contribution (87 and 83 per cent respectively).

Half (48 per cent) of those who expected to remain in a workplace pension said they were likely to contribute above the four per cent minimum, with a higher proportion of men saying that they were likely to pay in more.

In making additional contributions, higher regular instalments was more popular than one-off payments. Forty-eight per cent chose higher regular instalments and 24 per cent one-off payments (with an additional 23 per cent saying they would use both methods).

Most (62 per cent) of those targeting regular additional payments thought that they might well contribute five or six per cent (this equates to one or two per cent above the minimum four per cent suggested). However, a sizeable minority said that they would make contributions of eight per cent or ten per cent on a regular basis (14 and 15 per cent respectively).

Overall, there may be a degree of optimism reflected in both the proportion who thought it likely the would pay in more and the levels of contributions anticipated by some as there is much evidence for the strength of 'inertia' in relation to pension saving.

Attitudes to investment choice and risk

Respondents were told that the personal accounts scheme will offer members a choice over how their contributions are invested, but that there will be a default fund for those who do not wish to make an active choice. If they had a personal account, one half of respondents envisaged that they would take up the opportunity to choose their own investments (52 per cent). Only one in eight (12 per cent) said they would definitely leave their contributions in the default fund, though many more – one in three (34 per cent) – felt they would probably do this. We wish to be careful not to overstate the finding that half (52 per cent) of respondents say they would choose investments rather than stay in the default fund, as evidence from the pensions industry indicates that a high proportion of members do save in the default fund.

Among those who would choose their investments, three quarters (75 per cent) agreed that level of return was more important than where the money was invested.

Seven in ten (69 per cent) of those who said they would make an active investment choice were interested in social, ethical and environmental (SEE) funds. However, most would only choose these if there was no difference in return compared to other investment options.

Information sources and communication preferences

Nine in ten respondents (89 per cent) currently access information about financial products, services and issues through a variety of sources. The sources varied by age and income. Differences appear to reflect access and affordability issues: for example, 38 per cent of higher earners (those earning at least £25,000 a year) accessed information about financial issues from an independent financial adviser (IFA) compared to 19 per cent of those earning less than £25,000 a year.

The majority (57 per cent) had not contacted any of the sources they were asked about for information and advice on planning for retirement. Less than one in five had contacted a financial adviser (18 per cent) or a bank/building society (12 per cent).

Respondents were asked which one source they would prefer to go to if they had questions or wanted more information about workplace pensions. Findings contrasted sharply with the sources which respondents had already actually used or contacted. The most popular preferred choice was the DWP (35 per cent); it is of note that over 80 per cent of those who would prefer to go to DWP with questions were earning under £25,000, of whom nearly half were earning under £15,000. A quarter selected their employer (25 per cent), while a similar proportion opted for either an independent organisation such as a Citizens Advice Bureau (13 per cent) or an IFA (ten per cent).

Respondents were asked about acceptable methods of communication with their preferred information source.[5, 6] Most (72 per cent) were content to meet in person, either on their own or with a partner, friend or relative. However, no other method of communication was selected by a majority, even though respondents were free to select as many as they wished from telephone, email/on line, letter/leaflet and in person within a group.

Internet access amongst respondents was widespread (85 per cent had accessed the internet for personal use in the month prior to the interview). There was a significant degree of interest in the on-line management of a personal accounts scheme (69 per cent of respondents were very or fairly interested in this). However, just a under a third of respondents were not at all or not very interested in managing their personal account on-line (31 per cent).

Employer's duties and the law

The survey measured individual's attitudes towards employer's compliance with their duties under the current reforms which were presented as hypothetical scenarios at the end of a questionnaire during which a lot of information had already been given on the details of the reform.

Three quarters of survey respondents (75 per cent) were in favour of an employer obligation to offer a pension to their workers. In contrast, only 11 per cent thought that employers should not have this responsibility.

The majority of respondents anticipate asserting their pension entitlements under the 2012 reforms, including:

- sixty per cent who expected to check their employers' intentions before 2012; and
- seventy-five per cent said they would challenge non-enrolment by asking their employer to enrol them into a qualifying scheme.

Respondents (and men in particular) mostly said they were prepared to challenge and potentially report unlawful employer non-compliance to an external authority. Specifically:

- seven in ten (71 per cent) respondents would be prepared to report an employer if encouraged by them to opt out; and
- three-quarters (73 per cent) would be prepared to report an employer who had failed to enrol them into a qualifying workplace pension with a minimum three per cent employer contribution.

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5 Presuming they selected a type of organisation and not the media or internet generally.

6 Answers were given in reference to each respondent's own organisational preference and not DWP in particular.

1 Background

This report contains the findings from a quantitative survey conducted by the National Centre for Social Research (NatCen) on behalf of the Workplace Pension Reform Division within the Enabling Retirement Savings Programme Directorate of the Department for Work and Pensions (DWP). The research updates and expands upon a 2007 survey conducted by Ipsos MORI Social Research[7], and the participants in the 2009 survey, as with 2007, were those eligible for automatic enrolment under the current workplace pension reforms.[8] The survey measured the attitudes and likely behaviour of those eligible for auto-enrolment in relation to the key features of the reforms.

This chapter provides policy and methodological background to the survey as well as setting out the main objectives of the research.

1.1 Research background

1.1.1 Policy background

The Government estimates that around seven million people are not saving enough to meet their retirement aspirations.[9] In response to this challenge the

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7 Webb, C., Pye, J., Jeans, D., Robey, R. and Smith, P. (2008). *Individuals' attitudes and likely reactions to the workplace pension reforms 2007: Report of a quantitative survey*. DWP Research Report No. 550.

8 The participants in this 2009 survey were those who would be eligible for automatic enrolment if the reforms were brought in at the time of fieldwork. Please note that the eligibility criterion for the survey represents a simplified and slightly modified version of the criteria that will apply to automatic enrolment in 2012. A key distinction between the 2007 and 2009 survey samples is that the latter included public sector workers who were eligible for automatic enrolment at the time of survey fieldwork. This group were screened out of the 2007 research.

9 This figure is based on DWP modelling using data from the English Longitudinal Study of Ageing (ELSA) and was published in the May 2006 White Paper, *Security In retirement: towards a new pensions system*.

Pensions Act 2008 sets out a series of measures that will be introduced from 2012 aimed at encouraging wider participation in workplace pension saving. The aim of these reforms is to overcome the decision-making inertia that currently characterises many individuals' attitudes towards pension saving and to make it easier for individuals to save for their retirement.

Currently, the key elements of the workplace pension reforms include[10]:

- A new duty on employers to automatically enrol eligible workers into a qualifying workplace pension arrangement, and contribute to that arrangement.
- *Automatic enrolment*. From 2012, employers will be required to automatically enrol eligible workers into a qualifying workplace pension arrangement. Eligible workers will be those aged at least 22 who have not reached State Pension age, earning over £5,035 a year in 2006/07 earnings' terms who are not already members of a qualifying scheme.[11] If they wish, workers can opt out of pension saving after being automatically enrolled.
- *Employer contributions*. Overall contributions to defined contribution schemes will need to total a minimum of eight per cent of a worker's earnings on a band between £5,035 and £33,540 in 2006/07 earnings' terms.[12] Employers must contribute a minimum of three per cent if the worker does not opt out of pension saving. The employer's contribution will be supplemented by the jobholder's own contribution and around one per cent in the form of tax relief. This means that the minimum that a participating worker will have to contribute to their pension will vary from zero to four per cent (depending on the amount contributed by their employer).[13] Both employers and workers can contribute more than the minimum if they wish.[14]
- *A staged introduction of the employer duty* from October 2012. This will start with large employers, medium and then small and micro. New businesses set up during the implementation period will be required to automatically enrol their eligible jobholders between March and September 2016.

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[10] Our summary outlines the policy as it presently stands. Not all these details were finalised at the time of fieldwork, and as such the information given to respondents is mentioned in the relevant chapters and in the appendix.

[11] The earnings figure is in 2006/07 terms and will be updated for 2012.

[12] ibid.

[13] Minimum contributions apply only to money purchase pension schemes. Defined benefits pension schemes can also be used.

[14] However, contributions into NEST (National Employment Savings Trust) will be capped at £3,600 (in 2006/07 earning terms). The contribution limit will be uprated in line with earnings.

- *Phasing in of contributions from October 2012*, as follows (including tax relief):
  - October 2012 to September 2016: one per cent employer and one per cent worker;
  - October 2016 to September 2017: two per cent employer and three per cent worker;
  - October 2017 onwards: three per cent employer and five per cent worker.
- The establishment of a new, low-cost pension scheme, NEST[15]. The intention is that the scheme will operate like any other trust-based, multi-employer, defined contribution occupational pension scheme. NEST is focused on a target audience of low to moderate earners and is intended for use by employers that do not have, or do not wish to use, a qualifying scheme of their own. NEST will be run at arms length from Government by trustees. Employers will be able to choose the qualifying pension scheme(s) they want to use (including their current scheme), provided the scheme(s) meet certain quality criteria.

1.1.2 Wider research programme

This survey is the Department's main vehicle for estimating behaviour of the target group following automatic enrolment, including whether they are likely to remain saving, or opt out.

The survey is part of a wider programme of research and analysis among employers, industry and individuals, to inform the development of the workplace pension reforms. This includes a parallel survey of employers' attitudes and likely reactions to key aspects of the reforms.[16]

1.1.3 Research aims and objectives

This study's overall aim was to capture statistically robust information about the eligible population's attitudes towards the pension reforms and their likely behaviour following automatic enrolment. Specifically, the survey set out to:

- measure awareness and attitudes towards the key features of the reforms;
- provide an estimate of the likely participation rate in workplace pension saving following automatic enrolment, and profile the groups who are most likely to remain in and opt out of pension saving;
- explore participants' reasons for saying they would remain in or opt out;
- explore individuals' likely contribution rates;

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15 NEST was referred to as a 'Personal Account' during interviews for this study, and for accuracy of reporting in general we retain this usage.

16 Bewley, H., and Forth, J. (2010). *Employers' attitudes and likely reactions to the workplace pension reforms 2009: Report of a quantitative survey*. Forthcoming DWP Research Report No. 683. Forthcoming.

- explore their attitudes towards investment choice and interest in making an active choice of investment fund;
- quantify levels of risk aversion among those eligible for automatic enrolment;
- investigate their preferred sources of information about financial products, and preferred means of communication about the workplace pension reforms; and
- explore individuals' attitudes towards employer compliance with their duties under the reforms.

The broad areas of coverage are similar to those of the 2007 survey. Care has been taken to maintain consistency with the previous survey as far as is possible. However, the policy position has moved on considerably in the intervening period and as a result the questionnaire has undergone substantial revision to ensure it accurately reflects both current policy and DWP's information needs. It follows that comparisons between the survey years are somewhat restricted and should be treated with caution, an issue which we return to in Chapter 10 of this report.

1.2 Research approach

The following section provides key details of the survey methodology followed. Appendix D presents further details regarding fieldwork, data preparation, design effects and weighting.

1.2.1 Research design

The research comprised a nationally representative quantitative survey of 'eligible' individuals in Great Britain (GB).[17] Due to the complex, and often unfamiliar, nature of the issues being explored, all interviews were conducted face to face in respondents' own homes. Interviews were conducted using Computer Assisted Personal Interviewing (CAPI) and took, on average, 40 minutes to complete. Three major advantages of CAPI technology meant that:

- Respondents were automatically directed through a questionnaire route appropriate to their own situation.
- Most of the checks on data quality were performed during the interview.
- Interviewers were automatically (and accurately) directed to any respondent specific examples/vignettes that researchers had prepared.

A key element of the research was ensuring that the reforms were explained clearly, using easily accessible language, to ensure respondents were making **informed** predictions of their likely future behaviour. To assist in this objective, respondents were provided with 'prompt' cards.[18] Four versions of the prompt cards were

[17] Here we refer to those who would be eligible for automatic enrolment if the reforms were brought in at the time of fieldwork.

[18] Appendix G presents these prompt materials in full.

produced. Each gave examples of what, financially, pension membership would entail, based on different income bands. Respondents were given the card based on the income nearest to that which they said they earned. Both monthly and weekly alternatives were provided. Three generic cards were also administered illustrating the key features of the reforms, the details of which are set out in the relevant analytical chapters which follow.

1.2.2 Sample design and 'eligibility'

The requirement for the study was a sample representative of individuals eligible for automatic enrolment. Those eligible for automatic enrolment[19] meet the following criteria:

- Aged from 22 to State Pension age.
- In paid work at an establishment located in Great Britain.
- With gross earnings of at least £5,035 a year from their main job.
- Not currently a member of a qualifying workplace pension scheme.

To achieve this requirement, a follow-up survey of respondents who took part in the 2008-09 Family Resources Survey (FRS) (a household level, GB representative, continuous study) was issued.[20] There was sufficient data in the FRS to establish with fairly reasonable accuracy whether or not a respondent met the eligibility criteria for this survey at the time of their FRS interview.[21] Thus, most of the process of identifying a representative sample was undertaken analytically. This was an efficient and pragmatic method of achieving a representative sample and its design and size represent a sharp departure from the sample drawn by Ipsos MORI in 2007. Then a random probability sample was selected from the Postal Address File (PAF) and interviewers subsequently screened for survey eligibility 'on the doorstep'. In 2007 a total of 754 interviews were achieved.

In 2009, the remit was to achieve 1,500 interviews, the significant majority being with 'eligible' respondents. Of course, many individuals will 'flit' between eligibility and non-eligibility. When interviewers returned to some selected sample members they found their circumstances had changed, meaning they were not currently eligible for automatic enrolment. Several, for example, had joined a workplace pension with an employer contribution or had regrettably been made redundant. Others may have become eligible since their FRS interview, but were not sampled.

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19 Respondents were selected on the basis of their broad eligibility for automatic enrolment if the reforms had been brought in at the time of the research. They were aged between 22 and State Pension age (60 for women and 65 for men), were an employee earning over £5,000 a year and did not have a pension that their employer contributed to.

20 For further details of the FRS, go to http://research.dwp.gov.uk/asd/frs/

21 Only those FRS respondents who had consented to be contacted for the purposes of a follow-up survey were sampled.

The decision was taken to treat people who move in and out of eligible employment as within the intended scope of this survey in order to include those with varied patterns of employment as well as those in more stable work. The sample represents large numbers (although not all) of those who will be 'in-scope' of the reforms.

Whilst in general the sample was satisfactorily diverse in several respects, it was not designed to include all those potentially impacted by the reforms. Partners of eligible workers are an obvious group that whilst being affected by the reforms from 2012, are not covered by this piece of research.

Interviewers were instructed to attempt to interview all sample members issued, but were also shown that the CAPI questionnaire automatically determined whether interviewees were still eligible for automatic enrolment via a series of built-in 'screening questions'. Those respondents determined by CAPI to be ineligible for automatic enrolment were routed through a 'shortened' interview, designed to avoid any questions relating to participation in the reforms and personal financial circumstance. This alternative was offered in order to be sensitive to changes in personal circumstance.

Initially, and for reasons of immediacy, an exhaustive sample of 1,825 individuals was selected from the NatCen portion of the FRS.[22] A small number of FRS households contained more than one eligible adult. Where this was the case, one was selected at random. All individuals selected had been interviewed for the FRS between 4 and 16 months previously.

Due to the complexities of the eligibility criteria and changes in individuals' employment circumstances, productivity from the originally issued sample proved particularly difficult to predict. As such, a second, or reserve sample of potentially eligible individuals was prepared by the Office for National Statistics (ONS) from their portion of FRS respondents. Approximately two thirds of the way into the fieldwork period, feedback indicated that a shortfall on the target of 1,500 interviews was likely and the reserve sample was activated. A further 664 cases were randomly selected and issued alongside re-issued original cases as a 'top-up' sample for existing interviewers. The main and additional samples were drawn from the same overall sampling frame using the same method. This is equivalent to drawing the sample in one step.

1.2.3 Questionnaire content and development[23]

A key change for the 2009 survey is that it addressed the reforms and qualifying workplace pension schemes more widely than in 2007. Then the survey largely focused on the 'personal accounts scheme', which at the time was used during fieldwork as a generic term for the reforms.

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22 The FRS is run by a consortium of research agencies, with NatCen and ONS each responsible for half of fieldwork in Britain.

23 See Appendix F for a full copy of the questionnaire.

As well as making a clear distinction between the general term ‘workplace pensions’ and the specific pension arrangement ‘a personal account’, the 2009 survey carried a number of new questions, often reflecting policy development since 2007. These touched upon themes such as:

- Engagement with a participation decision – whether the decision would be discussed with others, and if so, with whom.
- The perceived affordability of a minimum four per cent worker contribution.
- The policy of re-enrolment.
- The potential impact, if any, of a proposed £3,600 annual cap on personal accounts contributions (from all contribution sources combined).
- Factors that may encourage additional payments (above the minimum required) into a workplace pension arrangement.
- Worker’s enforcement of their rights as set out in law by the Pensions Act 2008.
- Frequency and type of internet use during the last month, and its potential impact on the proposed policy of allowing members to manage personal accounts (now NEST) on-line.

The 2009 survey also collected an array of additional demographic information, including:

- Recent employment history.
- Spouse/partner’s current work status (if applicable).
- Current financial management of bills and credit commitments.
- Household division of financial responsibility (if applicable).
- Receipt of benefits.
- Whether had any long-standing physical or mental impairment, illness or disability – and whether this places restrictions on the amount or type of work possible.
- Care responsibilities.

These new questions were developed by DWP, the research team and the Question Design and Testing (QDT) Hub at NatCen. Many were tested using cognitive interviewing methods. The cognitive research had two main aims, firstly to assess the extent to which the new questions would be understood as intended, and secondly to provide a qualitative assessment of their ability to yield valid and reliable data. Testing also focused on ensuring that the description of the reforms as set out in a series of prompt cards was clearly understood. A purposive quota of 23 cognitive interviews was completed, assessing 22 questions and seven prompt cards in total.

Following the cognitive testing, a number of revisions were made to both survey questions and materials, including:

- Simplifying and re-designing prompt materials with the help of an external communication agency.
- Clarifying words and phrases used in question and answer codes where they were not understood.
- The re-ordering of some questions to aid the questionnaire flow.

With revisions made, a pilot exercise was carried out in six areas of GB (mix of urban and rural) aiming to test the survey 'holistically'. Sixty-four interviews were achieved, and a debriefing session was then held with interviewers to capture feedback.

On the whole, pilot interviewers were positive about the interview process and survey materials, though significantly, the pilot survey highlighted that selection from the FRS was rather more complex than originally envisaged. In recognition of this, sampling measures were reviewed thoroughly and substantially revised culminating in the procedures set out in Section 1.2.2.

The objective was for the pilot to act as a 'dress rehearsal' for the main stage of data collection, although in practice, some post-pilot revisions and refinements to the questionnaire were required, mainly to fine tune respondent 'routing'.

1.2.4 Fieldwork

Interviewer briefings took place in early August 2009, with main stage fieldwork running between 12 August and 26 October 2009. An advance letter[24] explaining the purpose of the survey was sent to all selected individuals. Respondents who took part were given a £10 high street voucher.

Of the total 2,489 cases issued, 1,406 fully productive interviews were achieved. This represents a response rate of 56 per cent. The main unproductive outcome was refusals – at 26 per cent. This category includes both refusals to the NatCen Operations office and refusals to the interview 'in-field'. Non-contacts accounted for 13 per cent of the sample, with a further four per cent covered by other unproductives, such as the respondent being away or ill during fieldwork. Appendix D carries further details of the response rates to this survey.

Of the 1,406 achieved interviews, 1,027 were with fully eligible respondents, that is, those eligible for automatic enrolment at their FRS 2008/09 interview and remaining eligible at this follow-up survey. The remainder of this report concentrates on the findings from those 1,027 cases. For a discussion of the differences in findings between the core eligible sample, and those individuals who had become 'ineligible' since their FRS interview, see Appendix B.

[24] A copy of the advance letter is presented in Appendix E.

1.2.5 Calculation of design effects and weights

Design effects were calculated for a range of survey variables. Design effects are used to explain the extent to which the survey design affects the precision of the survey results. See Appendix D for more information about the calculation of weights and for specific design effect values.

1.3 Reporting conventions

During analysis, each key finding was, as a matter of course, cross-tabulated with the following demographic variables:

- Sex
- Age
- Personal income[25]
- Pension status
- Work status (including industry sector and employment status, e.g. full time/part time/maternity leave where numbers allowed)
- Levels of debt
- Amount of savings held

Where we refer, in the text, to differences on a particular topic by sub-group variables such as age or sex, the relationship between the topic variable and the analysis variable is statistically significant at the 95 per cent level unless we state otherwise.

Tables illustrating the key findings are shown within the body of the report. Key reporting conventions used in tables include:

- * = a percentage of less than 0.5 per cent but greater than 0 per cent.
- 0 = no respondents gave a particular answer.
- n/a = this category/answer option was not available to respondents.

Where respondents were able to give multiple answers to a question, this is indicated in notes under the table.

All tables are set up in the same format and should be interpreted in the same way, reading the percentage results down the column. Throughout this report percentages have been rounded up or down to the nearest whole number for presentation purposes.

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[25] Personal income was collected in four pre-defined income bands (presented on a showcard): £5,000-£14,999; £15,000-£24,999; £25,000-£32,999 and £33,000 or more in relation to the wage paid for the respondent's main job before deductions for tax. The intention was to allow robust analysis across the income bands. Later in the questionnaire, respondents were asked to provide the monetary value of their salary.

1.4 Content of the report

The remainder of the report contains findings from the research, and is set out as follows:

- Chapter 2 – profiles the key demographic characteristics of survey respondents, the intention being to provide an understanding of the sample and a context for findings.
- Chapter 3 – examines prior awareness of the reforms amongst the sample, and respondents' initial attitudes towards the key elements proposed. Chapter 3 also considers awareness of the personal account scheme[26], a specific type of pension arrangement under the workplace pension reforms.
- Chapter 4 – provides an estimate of the likely participation rate in workplace pension saving following automatic enrolment, and profiles the groups who are most likely to remain in and opt out of workplace pensions. Chapter 4 also explores the policy of re-enrolment, specifically asking what those predicting they would opt out might do on re-enrolment. Chapter 4 also considers participation in the personal accounts scheme.
- Chapter 5 – explores motivating factors behind respondents' decisions to remain in or opt out of a workplace pension. Consideration is given to factors that may encourage 'staying in' after re-enrolment.
- Chapter 6 – investigates the perceived 'affordability' of a minimum four per cent worker contribution, the level of contributions respondents predict they could make into a workplace pension, factors that may encourage additional payments and preferable methods of making them.
- Chapter 7 – progresses to capture attitudes towards investment choice and 'risk'. Specifically, analysis concentrates on the interest in making an active choice of investment fund, key concerns when choosing an investment fund and quantifying and segmenting risk aversion among those eligible for automatic enrolment.
- Chapter 8 – investigates current and preferred sources of information about financial products amongst the sample, as well collecting details on preferred means of communication about the workplace pension reforms.
- Chapter 9 – explores individual's views on employer's pension 'duties' generally, and attitudes towards employer compliance with their duties under law.
- Chapter 10 – compares the relationship between the 2009 findings and those reported by Ipsos MORI in 2007, highlighting comparisons on key variables.
- Chapter 11 – draws together a summary of the main findings in a policy context.

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26 'Personal accounts', as they were referred to during fieldwork, will now be known as the National Employment Savings Trust (NEST).

2 Respondent profile

This chapter looks at the key demographic characteristics of survey respondents, to provide an understanding of the sample and a context for the findings contained in the following chapters. In particular, analysis focuses on respondents' individual characteristics, employment status, financial and pension circumstances. These characteristics are used throughout this report as a means of understanding the variation in people's attitudes to pensions and their likely engagement with the reforms. The chapter should be read as a 'core' summary. Further demographic details of the sample are provided in Appendix A.

2.1 Individual characteristics

2.1.1 Background: A weighted dataset

The dataset is weighted to ensure that the resulting analysis is representative of those eligible for automatic enrolment should the reforms come into effect 'tomorrow'. To re-cap, 'eligible'[27] individuals are those:

- aged from 22 to State Pension age;
- in paid work at an establishment located in Great Britain;
- with gross earnings of at least £5,035 a year from their main job; and
- not currently a member of a qualifying workplace pension scheme.

The weighting itself was based on techniques widely used in Government and academic surveys. Full details can be found in Appendix D.

27 Respondents were selected on the basis of their broad eligibility for automatic enrolment if the reforms had been brought in at the time of the research. They were aged between 22 and State Pension age (60 for women and 65 for men), were an employee earning over £5,000 a year and did not have a pension that their employer contributed to.

An introduction to the weighting

A total 1,027 'eligible' respondents were interviewed, 485 men and 542 women (see Table 2.1). This reflects a lower response rate among men than women, especially as more male than female cases were originally issued for interview. However, the weighting ensures the proportion of men and women in the analysis reflects their distribution in the population.

Table 2.1 shows the numbers interviewed by age group and sex. This table implies that percentages based on the youngest age group – 22-29 – (particularly young males) are subject to greater uncertainty than for other age groups, because of the smaller number of interviews conducted. Part of the reason for the smaller numbers is a lower than average response rate amongst younger people, and in the analysis this is dealt with by having weights that give the right degree of representation to the younger and older age groups.

Throughout this report, both weighted and unweighted bases are presented under each analytical table for context. By and large, weighted bases appear to be 'lower' than the unweighted. This is the result of 'trimming' the weights for presentation purposes, and it would be perfectly possible to scale-up the weights so that weighted bases appear higher than the unweighted.

Table 2.1 Achieved sample numbers, by age group and sex

	Sex		
Age (years)	**Male (numbers)**	**Female (numbers)**	**All (numbers)**
22-29	81	96	177
30-39	121	159	280
40-49	113	163	276
50-64[1]	170	124	294
Unweighted base	*485*	*542*	*1,027*

Base: All eligible respondents.

1 This category includes women from the age of 50 to 59, and only men from the age of 50 right up to the age of 64.

The remainder of this chapter provides a respondent profile based upon weighted percentages.

2.1.2 Sex

Table 2.2 shows a roughly even sex distribution amongst the sample. Fifty-four per cent of respondents were men, whilst 46 per cent were women. Females in their 50s make up a relatively small sub-group of respondents (12 per cent), reflecting mainly the lower State Pension age for women.

Table 2.2 Sex profile, by age

	Age (years)				
	22-29	30-39	40-49	50-64[1]	All
Sex	%	%	%	%	%
Male	54	54	49	60	54
Female	46	46	51	40	46
Unweighted base	*177*	*280*	*276*	*294*	*1,027*
Weighted base	*250*	*288*	*253*	*205*	*996*

Base: All eligible respondents.
[1] This category includes women from the age of 50 to 59, and only men from the age of 50 right up to the age of 64.

2.1.3 Age

Age was also fairly evenly distributed amongst the sample (see Table 2.3). Approximately a quarter of respondents were each in their 20s, 30s, 40s and finally 50s to early 60s.

Table 2.3 Age profile, by sex

	Sex		
	Male	Female	All
Age (years)	%	%	%
22-29	25	25	25
30-39	29	29	29
40-49	23	28	25
50-64[1]	23	18	21
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.
[1] This category includes women from the age of 50 to 59, and only men from the age of 50 right up to the age of 64.

2.1.4 Marital status

The majority (61 per cent – see Table 2.4) of those who took part in the survey were living with a partner – half of respondents were married or in a civil partnership (50 per cent), with a further 11 per cent cohabiting. Single people constituted over a quarter of respondents (28 per cent), with the remaining respondents either separated, divorced or widowed (11 per cent). There was little difference in marital status between men and women.

Table 2.4 Marital status, by sex

	Sex		
	Male	Female	All
Marital status	%	%	%
Single (never married)	28	27	28
Married/In a civil partnership – living together	51	48	50
Married/In a civil partnership – living apart	0	1	*
Cohabiting	13	8	11
Separated	3	5	4
Divorced	5	9	7
Widowed	0	1	1
Refused	0	*	*
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

2.1.5 Housing tenure

Owner-occupation is potentially quite important in framing pension options. Home-owners may be able to release financial resources by moving to a cheaper home or by using various equity release methods. Such options would not be available to the 30 per cent of respondents who were renting (see Table 2.5) – at least not at their current life stage (for younger respondents later tenure changes could be of importance).

Almost two-thirds of respondents (62 per cent) were home owners, with almost no variation on the basis of sex. Fifty per cent were buying with a mortgage, and 11 per cent were outright owners.

2.2 Employment

Eight in ten respondents were in full-time employment when interviewed (79 per cent – see Table 2.6). A further 19 per cent were working part time, with the remaining two per cent on maternity leave from employment.

Table 2.6 also shows that employment status varied significantly by sex. Men were considerably more likely than women to have been in work full-time (90 per cent compared with 65 per cent), the converse being true of part-time work.

There is also evidence that work patterns varied on the basis of age. Table 2.7 shows that the percentage of the sample working full time decreased with age. Those in their 30s were the most likely to have been in full-time employment at the time of interview (82 per cent), with those in their 50s to early 60s most likely to have been in part-time employment (28 per cent).

Table 2.5 Housing tenure, by sex

	Sex		
Housing tenure	**Male %**	**Female %**	**All %**
Home owners	64	60	62
Owned outright	12	9	11
Buying it with the help of a mortgage or loan	50	50	50
Pay part-rent and part-mortgage (shared ownership)	2	1	1
Rent it	28	32	30
Live here rent free	6	5	6
Other	3	2	3
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

Table 2.6 Employment status profile, by sex

	Sex		
Employment status	**Male %**	**Female %**	**All %**
Full time	90	65	79
Part time	10	31	19
Maternity leave	0	5	2
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

Table 2.7 Employment status profile, by age

	Age (years)				
Employment status	**22-29 %**	**30-39 %**	**40-49 %**	**50-64[1] %**	**All %**
Full time	80	82	78	72	79
Part time	14	15	22	28	19
Maternity leave	5	3	0	0	2
Unweighted base	*177*	*280*	*276*	*294*	*1,027*
Weighted base	*250*	*288*	*253*	*205*	*996*

Base: All eligible respondents.

[1] This category includes women from the age of 50 to 59, and only men from the age of 50 right up to the age of 64.

2.3 Income and savings

2.3.1 Income from main job

Three quarters of survey respondents (77 per cent – see Table 2.8) reported earnings of less than £25,000 a year from their main job.[28] This group split evenly into those earning between £5,000 and £14,999 a year (37 per cent of all respondents) and those earning between £15,000 and £24,999 (40 per cent). A further one in seven (15 per cent) earned between £25,000 and £32,999, and only a small proportion of the sample (nine per cent) reported earnings of £33,000 or more.

Income patterns amongst the sample varied significantly on the basis of sex, with men, on average, earning more than women. Two salary categories proved most revealing. Firstly, whilst only three per cent of women were earning within the highest wage bracket of £33,000 or more, 14 per cent of men reported earnings of that value from their main job. Secondly, almost twice as many women as men earned less than £15,000 (48 per cent as compared to 27 per cent of males).

Table 2.8 Income profile, by sex

	Sex		
Income (£ a year)	**Male** %	**Female** %	**All** %
£5,000-£14,999	27	48	37
£15,000-£24,999	42	37	40
£25,000-£32,999	16	12	15
£33,000+	14	3	9
<£25,000	**69**	**85**	**77**
£25,000 or more	**31**	**15**	**23**
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

2.3.2 Savings – amount

Respondents were then asked to estimate the value of any savings and investments they currently held, if any. Responses were provided in reference to banded answer categories on a showcard. As Table 2.9 shows, the highest proportion of respondents had less than £1,000 worth of savings (23 per cent). Other than that group, 13-18 per cent of respondents were categorised under each savings band. Fifteen per cent of respondents had no savings. Table 2.9 shows minimal to no difference in the amount of savings respondents held by women compared to men.

28 Personal income was collected in four pre-defined income bands (presented on a showcard): £5,000-£14,999; £15,000-£24,999; £25,000-£32,999 and £33,000 or more in relation to the wage paid for the respondent's main job before deductions for tax.

Table 2.9 Amount of savings[29], by sex

	Sex		
Savings	Male %	Female %	All %
No savings	15	15	15
Less than £1,000	21	25	23
£1,000-£4,999	19	14	17
£5,000-£9,999	12	9	11
£10,000-£49,999[1]	17	20	18
£50,000 or more	14	11	13
Don't know	1	3	2
Refusal	2	2	2
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.
Note: £10,000-£49,999 was explored via four separate answer categories on the showcard: £10,000-£19,999; £20,000-£29,999; £30,000-£39,999; and £40,000-£49,999. For analytical purposes these categories have been combined.

2.3.3 Debt – amount

Three in five respondents (61 per cent) had some form of household debt,[30] whilst two in five (38 per cent) were debt-free.

Table 2.10 shows that one in five respondents (19 per cent) had debt of between £1,000 and less than £5,000. Roughly equal proportions had arrears of less than £1,000, £5,000-£9,999 and £10,000-£19,999 (11 per cent, 13 per cent and 12 per cent respectively). Only seven per cent had at least £20,000 worth of debt, including four per cent with liabilities totalling £30,000 or more. As with levels of savings, minimal to no difference was found in the debt levels of male and female respondents.

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29 'Savings' could include one or a combination of the following types of savings or investments that the respondent (or their partner) had:
- Current account in a bank or building society
- Savings account in a bank or building society
- Individual Savings Accounts (ISAs)/Tax Exempt Special Savings Accounts
- Stocks/shares/bonds/investment trusts/unit trusts
- Insurance/endowments
- Property – buy to let and/or own home
- National savings certificates
- 'Others'.

30 Respondents were asked not to include any credit card bills that would be paid off in full that month as debts. Respondents who were married/in a civil partnership or cohabiting were asked to include debts or credit commitments belonging to their partner.

Table 2.10 Amount of debt[31], by sex

	Sex		
	Male	Female	All
Debt	%	%	%
No debt	36	40	38
Less than £1,000	13	8	11
£1,000-£4,999	18	19	19
£5,000-£9,999	14	12	13
£10,000-£19,999	11	13	12
£20,000-£29,000	3	3	3
£30,000 or more	3	4	4
Refusal	2	1	1
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

2.3.4 Current financial status

To glean a broader sense of current financial status, respondents were also shown descriptions of five financial situations (on a showcard) and asked to state which best describes how they are managing financially at present.[32]

Table 2.11 shows that well over half of respondents (58 per cent) were keeping up with all their bills and credit commitments without any difficulties. A further three in ten (27 per cent) were keeping up with their financial commitments but reported that they did struggle to do so from time to time. One in ten (ten per cent) respondents were up to date with all bills and credit commitments, but mentioned that these commitments were a constant struggle. Just four per cent of those asked were falling behind with some of their financial commitments, including one per cent who reported that they were having real financial difficulties.

No significant differences were found in the current financial status of men and women.

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31 Debt could include one or a combination of the following types:
- Hire purchase agreements
- Personal loans (from a bank, building society or other financial institutions)
- Credit cards or store cards
- Catalogue or mail order purchase agreements
- Department of Social Security/Department for Work and Pensions Social Fund loan
- Other loan(s) from a private individual
- Overdrafts
- Student loan.

32 Respondents who were married/in a civil partnership or cohabiting were asked which description best represented themselves **and** their partner.

Table 2.11 Current financial status, by sex

	Sex		
Description of financial status	**Male** %	**Female** %	**All** %
Keeping up with all of our bills and credit commitments without any difficulties	59	58	58
Keeping up with all of our bills and credit commitments, but struggle to do so from time to time	28	26	27
Keeping up with all of our bills and credit commitments but it is a constant struggle	8	12	10
Falling behind with some of our bills or credit commitments	3	3	3
Having real financial problems and have fallen behind with many bills or credit commitments	1	1	1
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

2.4 Pensions and retirement income

2.4.1 Pension status

Respondents were asked about their current and historical pension arrangements. Table 2.12 shows that the overwhelming majority of respondents (80 per cent) were not currently paying into any pension – a finding evidently influenced by specifically targeting those without a pension with an employer contribution during sample selection. This breaks down into almost half of all respondents who had never had a pension (46 per cent) and just over a third who had paid into a pension in the past but were no longer making contributions (35 per cent). The remaining one in five respondents (20 per cent) were currently paying into a pension arrangement, albeit with no employer contribution. It is important to note that this group remain eligible for the reforms once in operation.

Table 2.12 also demonstrates evidence of a significant relationship between pension status and sex. Men in the sample were most likely to be paying into a pension arrangement at the time of this survey (25 per cent compared with 13 per cent of women).

Table 2.12 Pension status, by sex

	Sex		
Pension status	**Male** %	**Female** %	**All** %
Currently paying into a pension	**25**	**13**	**20**
Not currently paying into a pension	**75**	**87**	**80**
Previously paid into a pension, but not now	34	35	35
Never had a pension	40	52	46
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

2.4.2 Sources of retirement income

Having established the key demographic characteristics of survey respondents, the questionnaire moved on to expected source(s) of retirement income. Respondents were asked to predict what they thought both their main and additional sources of income in retirement would be, although we report solely on the main source here.

This section of the interview also served as an opening 'engagement' exercise asking respondents to begin to 'think-aloud' on the theme of pensions in preparation for the remainder of the questionnaire.

Half of those interviewed envisaged that their own state pension (including basic state pension/state second pension) would be their main source of retirement income (51 per cent – see Table 2.13). This source was the most frequently cited by a considerable margin. Only one in ten respondents expected their own company or occupational pension to be their primary financial source in retirement, with a similar proportion (eight per cent) predicting they would rely chiefly on a private personal pension (or the annuity bought from it). A smaller proportion of respondents mentioned a spouse/partner's occupational pension (five per cent); own earnings from paid work (four per cent) or savings held in a bank account (four per cent).

As Table 2.13 shows, while men were most likely to say their main retirement income would be their *own* occupational pension (12 per cent compared with seven per cent of women), women were more likely to say they would depend on their *spouse/partner's* occupational pension (10 per cent of women compared with one per cent of men).

Table 2.13 Expected main source of retirement income, by sex

	Sex		
Source of retirement income	Male %	Female %	All %
Own state pension	52	49	51
Own company or occupational pension	12	7	10
Own personal pension/annuity	11	5	8
Spouse's/partner's company or occupational pension	1	10	5
Own earnings from paid work	3	5	4
Savings accounts	5	3	4
Spouse's/partner's state pension	1	4	2
An inheritance	3	2	2
Rent from property (including subletting)	2	2	2
Profit from selling a large house and moving to smaller one/less expensive area	2	3	2
Spouse's/partner's personal pension/annuity	0	2	1
Own stakeholder pension	1	1	1
Social security benefits	1	1	1
ISA(s)	1	1	1
Stocks/shares/unit trusts	1	*	1
Spouse's/partner's earnings from paid work	0	1	1
Sale of possessions	1	*	1
Don't know	1	1	1
No main source of income (spontaneous)	1	1	1
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

3 Awareness of and attitudes towards the workplace pension reforms

This chapter examines awareness of the reforms amongst the sample, and their initial reactions to the key elements after these had been explained in detail by the interviewer using a series of descriptive 'prompt' cards.

3.1 Awareness of the workplace pension reforms

First, interviewers administered a short introductory description of the proposed reforms, after which respondents were asked how much, if anything, they knew about the workplace pension reforms.

Given that the campaign to launch workplace pension reforms had not yet been targeted at workers at the time of fieldwork, it was perhaps to be expected that two-thirds of respondents (66 per cent – see Table 3.1) had not heard of the 2012 reforms. A further 13 per cent of respondents had heard of the reforms but knew no details of what they may entail.

Perhaps more surprisingly, one in five respondents (20 per cent) said they did know something about the reforms – although even amongst this group knowledge was not extensive. Only one per cent of those asked suggested that they knew 'a great deal', three per cent said they knew a 'fair amount' whilst 16 per cent reported they knew 'a little'. An important caveat to these findings is that respondents were not asked to 'prove' their familiarity via a follow-up question.

Awareness varied significantly by a number of key demographic variables. First we consider personal income. Table 3.1 illustrates that awareness decreased incrementally with income, meaning those on lower incomes (i.e. under £15,000) were the most likely to report never having heard of the workplace pension reforms (75 per cent). Those in the highest income bracket (£33,000 or more) were most likely to know 'something' about the reforms (34 per cent) or to have heard of them without knowing any detail (21 per cent).

Table 3.1 Awareness of the workplace pension reforms, by income

	Income (£ a year)				
Awareness	**<15,000 %**	**15,000-24,999 %**	**25,000-32,999 %**	**33,000+ %**	**All %**
Hadn't heard of	**75**	**66**	**61**	**44**	**66**
Heard of, but knew nothing	**9**	**15**	**14**	**21**	**13**
Knew something	**16**	**19**	**25**	**34**	**20**
Knew a great deal	0	1	3	3	1
Knew a fair amount	2	3	2	7	3
Knew a little	14	15	20	24	16
Unweighted base	*417*	*379*	*140*	*91*	*1,027*
Weighted base	*366*	*397*	*145*	*88*	*996*

Base: All eligible respondents.

Table 3.2 demonstrates that awareness also varied by age, with knowledge of the reforms lowest amongst younger respondents. Those under 40 were most likely to report never having heard of the workplace pension reforms (70 per cent). In contrast, approaching a quarter of those aged 40 or over (24 per cent) suggested that they did know something about the reforms, even if just 'a little'.

Table 3.2 Awareness of the workplace pension reforms, by age

	Age (years)		
Awareness	**<40 %**	**40+ %**	**All %**
Hadn't heard of	**70**	**62**	**66**
Heard of, but knew nothing	**13**	**14**	**13**
Knew something	**17**	**24**	**20**
Knew a great deal	1	1	1
Knew a fair amount	2	4	3
Knew a little	13	19	16
Unweighted base	*457*	*570*	*1,027*
Weighted base	*538*	*458*	*996*

Base: All eligible respondents.

Having considered income and age, there is also evidence that awareness of the 2012 reforms varied according to respondents' pension status history. Table 3.3 shows that awareness was lowest amongst those who had never paid into a pension, 72 per cent of this group reporting they hadn't heard of the reforms. Conversely, those with a current pension arrangement were most likely to report a familiarity, 29 per cent suggesting they knew something about the reforms, even if just 'a little'.

Table 3.3 Awareness of the workplace pension reforms, by pension status[33]

	Pension status			
Awareness	**Current pension[1]** %	**Previous pension but none now[2]** %	**Never had a pension** %	**All** %
Hadn't heard of	56	64	72	66
Heard of, but knew nothing	15	16	12	13
Knew something	29	21	16	20
Knew a great deal	1	1	2	1
Knew a fair amount	5	3	2	3
Knew a little	23	17	12	16
Unweighted base	*216*	*388*	*420*	*1,027*
Weighted base	*195*	*344*	*454*	*996*

Base: All eligible respondents.

1 This category consists of individuals currently contributing to an employer or personal pension with no employer contribution.

2 This category includes individuals who have contributed to an employer or personal pension in the past, with or without an employer contribution, but no longer contribute.

Finally, Table 3.4 illustrates a significant relationship between awareness of the reforms and the amount of savings respondents held. Excluding those with no savings, the underlying trend in the data is for awareness to increase progressively with savings. Those with £50,000 or more in savings were most likely to know something about the reforms (37 per cent), even if just 'a little'. In contrast, amongst those with savings of less than £1,000, awareness was lowest – 76 per cent of this group not having heard of the reforms.

33 A pension status variable was derived from two separate questions about present and historical pension participation. Respondents were allocated to a category depending on their responses to these two questions.

Having considered awareness levels amongst various demographic sub-groups, it appeared that familiarity with the reforms was lowest amongst younger, low-earners who had little to no savings and had never contributed towards a pension. These groups are exactly those at which this major policy reform is targeted, so clearly this is an issue to consider for future information campaigns. With four variables seemingly having an effect upon levels of awareness, further analysis was carried out in order to isolate the independent effect of different characteristics on people's awareness of workplace pensions.[34] The results suggest that savings level is the factor most strongly associated with awareness; the higher people's level of savings the more likely they were to be aware of the workplace pension reforms. After controlling for the effect of savings, no other characteristics (including age, income or pension history) were significantly associated with awareness. This suggests future resources could be usefully targeted at raising awareness of the 2012 reforms among those who are not saving much at the moment.

Table 3.4 Awareness of the workplace pension reforms, by amount of savings[35]

	Amount of savings (£)						
Awareness	**None %**	**<1,000 %**	**1,000-4,999 %**	**5,000-9,999 %**	**10,000-49,999 %**	**50,000+ %**	**All %**
Hadn't heard of	68	76	72	65	63	47	66
Heard of, but knew nothing	13	14	12	15	10	16	13
Knew something	20	10	16	20	27	37	20
Knew a great deal	2	0	0	0	0	4	1
Knew a fair amount	4	1	2	4	4	4	3
Knew a little	13	8	14	16	23	29	16
Unweighted base	*161*	*235*	*165*	*111*	*184*	*134*	*1,027*
Weighted base	*150*	*228*	*168*	*105*	*182*	*127*	*996*

Base: All eligible respondents.

34 Multivariate analysis (logistic regression) was completed. The dependent variable in the regression model was coded so that know a great deal/fair amount/a little = 1 and heard of but know nothing/not heard of = 0. See Appendix C for the results of the regression analysis.

35 'Savings' could include one or a combination of the following types of savings or investments that the respondent (or their partner) had:
- Current account in a bank or building society
- Savings account in a bank or building society
- Individual Savings Accounts/Tax Exempt Special Savings Accounts
- Stocks/shares/bonds/investment trusts/unit trusts
- Insurance/endowments
- Property – buy to let and/or own home
- National savings certificates
- 'Others'.

3.2 Attitudes to key features of the workplace pension reforms

Interviewers administered a detailed explanation of the main features of the workplace pension reforms to respondents, including an explanation of eligibility.

Key features of the workplace pension reforms

What are they?

- The government is introducing changes to make sure all employers provide a pension scheme for their workers. These reforms are called the workplace pension reforms.
- They are separate to the State Pension and will not replace it.

Who do they apply to?

- To be eligible for automatic enrolment into a workplace pension, workers need to earn at least £5,000 a year before tax and be aged between 22 and State Pension age (at least 60 for women and 65 for men).

What are the new workplace pension schemes?

- The new workplace pension schemes will meet the government's minimum standard. These could include pension schemes currently offered by employers.

How do the new workplace pension schemes work?

- They will work in a similar way to existing workplace pension schemes in that:
  - you will put a percentage of your wage or salary into your pension – this will be automatically taken out of your wages;
  - your employer will also automatically pay into your pension; and
  - the money put into your pension will be invested to provide an income after you retire.
- But they will be different in that:
  - all eligible workers will be automatically enrolled into the scheme by their employer but can opt out if they do not wish to remain saving;
  - if you opt out you will be automatically re-enrolled no more frequently than every three years, if you are still eligible; and
  - if you do not want to take part you will be able to opt out again at this stage.

Respondents were also shown information (on a showcard) explaining the typical monthly or weekly contributions that a person on a comparable wage would pay into their workplace pension (assuming contributions at the minimum four per cent level on the set band of earnings), and the impact these contributions would have on their take-home pay. Respondents were then asked whether they thought certain key features of the reforms were attractive, unattractive or neither. In order to dissect the proposals, respondents were asked to think about each specific feature in isolation rather than the reforms as a whole. This section of the interview was intended to give an indication of the appeal of the key elements of the reforms to those likely to be eligible for automatic enrolment.

Broad support for the key features of the reforms was evident amongst the sample. Clearly certain features were perceived to be more appealing than others (see Table 3.5), and unsurprisingly, nine in ten (90 per cent) respondents found the idea of an automatic employer contribution attractive. A slightly lower proportion, though still just over eight in ten (83 per cent), viewed the opportunity to opt out of workplace pensions following automatic enrolment appealing, and approaching seven in ten (68 per cent) rated individual, salary deducted, contributions as an attractive feature of the proposals. Finally, the concept of automatic enrolment was rated as attractive by 64 per cent of respondents.

Table 3.5 Attractiveness of key features

Attractiveness	Employer contribution[1] %	Opportunity to opt out[2] %	Individual contribution[3] %	Automatic enrolment for eligible workers[4] %
Attractive	90	83	68	64
Neither	3	8	16	15
Unattractive	5	7	12	16
Don't know/not sure	2	2	4	5
Unweighted base	*1,027*	*1,027*	*1,027*	*1,027*
Weighted base	*996*	*996*	*996*	*996*

Base: All eligible respondents.

1 The exact wording of the statement was: 'The employer will automatically pay into their worker's pension'.

2 The exact wording of the statement was: 'People can choose to opt out'.

3 The exact wording of the statement was: 'People will pay a percentage of their wage or salary into their pension – this will be taken out of their wages'.

4 The exact wording of the statement was: 'Workers who are eligible will be automatically enrolled into a workplace pension scheme'.

The remainder of this chapter looks in more detail at each key feature in turn, beginning with the concept of automatic enrolment.

3.3 Automatic enrolment

Respondents were asked two questions regarding automatic enrolment. First they were asked on an 'agreement' scale whether automatic enrolment was a good idea generally. Secondly, and as touched upon previously (Section 3.2), respondents were asked whether they considered automatic enrolment attractive for 'eligible workers'.

Just over seven in ten respondents (71 per cent – see Table 3.6) agreed that automatic enrolment is a good idea generally, with approaching a third (29 per cent) agreeing strongly. Just less than one in five (18 per cent) disagreed, with 11 per cent neither agreeing nor disagreeing.

Table 3.6 Whether automatic enrolment is a good idea

Agreement	**All** **%**
Strongly agree	29
Tend to agree	42
Neither agree nor disagree	11
Tend to disagree	10
Strongly disagree	8
Agree	**71**
Disagree	**18**
Unweighted base	*1,027*
Weighted base	*996*

Base: All eligible respondents.

Table 3.7 shows that 64 per cent considered automatic enrolment an attractive option for eligible workers. Table 3.7 also illustrates a significant relationship between views on automatic enrolment and amount of savings held. Those with comparatively moderate levels of savings (i.e. £1,000-£4,999 and £5,000-£9,999) were most likely to view automatic enrolment as attractive (72 per cent and 70 per cent respectively). What is more, amongst those with savings of £1,000-£4,999, only seven per cent viewed auto-enrolment as unattractive. In contrast, savers with less than £1,000 were least likely to consider automatic enrolment for eligible workers 'attractive' (53 per cent).

Table 3.7 Attractiveness of automatic enrolment, by amount of savings

	Amount of savings (£)						
Attractiveness	**None %**	**<1,000 %**	**1,000-4,999 %**	**5,000-9,999 %**	**10,000-49,999 %**	**50,000+ %**	**All %**
Attractive	61	53	72	70	69	64	64
Neither	12	22	16	13	11	13	15
Unattractive	18	21	7	14	14	20	16
Don't know/not sure	9	4	5	3	5	3	5
Unweighted base	*161*	*235*	*165*	*111*	*184*	*134*	*1,027*
Weighted base	*150*	*228*	*168*	*105*	*182*	*127*	*996*

Base: All eligible respondents.

Table 3.8 suggests that automatic enrolment for eligible workers was viewed more favourably amongst those who earn less than £25,000 compared to those who earn £25,000 or more. Exactly two-thirds (66 per cent) of respondents earning less than £25,000 viewed automatic enrolment as attractive. This compares with 57 per cent of those earning at least £25,000.

Table 3.8 Attractiveness of automatic enrolment, by income

	Income (£ a year)		
Attractiveness	**<25,000 %**	**25,000+ %**	**All %**
Attractive	66	57	64
Neither	15	15	15
Unattractive	13	25	16
Don't know/not sure	6	3	5
Unweighted base	*796*	*231*	*1,027*
Weighted base	*763*	*233*	*996*

Base: All eligible respondents.

3.4 Option to opt out

Just over eight in ten respondents (83 per cent – see Table 3.9) found the idea of being able to opt out of a workplace pension attractive. That compares to seven per cent who view the option as unattractive. Views varied little according to most respondents' characteristics, however opinions do vary somewhat according to whether an individual has debt or not. A choice to opt out was seen as particularly attractive by those with debt (85 per cent compared with 80 per cent of those without debt).

Table 3.9 Attractiveness of the option to opt out, by whether has debt

	Whether has any debt		
	No, has no debt	Yes, has debt	All
Attractiveness	%	%	%
Attractive	80	85	83
Neither	9	8	8
Unattractive	9	5	7
Don't know/not sure	2	2	2
Unweighted base	*378*	*634*	*1,027*
Weighted base	*378*	*606*	*996*

Base: All eligible respondents.

3.5 Employer contributions

Unsurprisingly, nine in ten (90 per cent) respondents found the idea of an automatic employer contribution attractive. Indeed, this feature proved the most popular of those tested. The percentage of respondents who view an employer contribution as appealing was found to decrease with age (see Table 3.10). Those in their 20s were most likely to view an employer contribution to their pension arrangement as attractive (98 per cent). Whilst still overwhelmingly in favour of the feature, the percentage of those aged 50-64 considering employer contributions as attractive drops to 85 per cent.

Table 3.10 Attractiveness of the employer contribution, by age

	Age (years)				
	22-29	30-39	40-49	50-64[1]	All
Attractiveness	%	%	%	%	%
Attractive	98	90	87	85	90
Neither	1	3	5	5	3
Unattractive	1	5	7	8	5
Don't know/not sure	1	3	1	2	2
Unweighted base	*177*	*280*	*276*	*294*	*1,027*
Weighted base	*250*	*288*	*253*	*205*	*996*

Base: All eligible respondents.

1 This category includes women from the age of 50 to 59, and only men from the age of 50 right up to the age of 64.

Table 3.11 shows that the percentage of respondents who view an employer contribution as appealing also decreases as personal income levels increase. Those respondents earning £33,000 or more were least likely to consider the employer contribution attractive, though there is still much support for employer contributions at 83 per cent. Encouragingly, from a policy perspective, employer contributions were particularly popular amongst the intended benefactors of the reforms, i.e. those on low to moderate incomes.

Table 3.11 Attractiveness of the employer contribution, by income

	Income (£ a year)				
Attractiveness	**<15,000** %	**15,000-24,999** %	**25,000-32,999** %	**33,000+** %	**All** %
Attractive	92	92	84	83	90
Neither	4	3	3	4	3
Unattractive	2	4	11	11	5
Don't know/not sure	2	1	1	2	2
Unweighted base	*417*	*379*	*140*	*91*	*1,027*
Weighted base	*366*	*397*	*145*	*88*	*996*

Base: All eligible respondents.

3.6 Individual contributions

Almost seven in ten (68 per cent) respondents found the idea of an individual pension contribution, automatically deducted from their wages, attractive.

Although little variation was found in the answers of key demographic sub-groups (e.g. sex, age etc), Table 3.12 shows evidence that attitudes varied significantly between those who worked in the private and public sectors. Those not working in the public sector were most likely to view this feature positively, almost seven in ten (69 per cent) perceiving it to be 'attractive'. That figure drops to 54 per cent of those working in the public sector.

Table 3.12 Attractiveness of individual contributions, by employment sector

	Employment sector		
Attractiveness	**Public sector worker as main job** %	**Do not work in the public sector** %	**All**[1] %
Attractive	54	69	68
Neither	29	15	16
Unattractive	14	12	12
Don't know/not sure	4	4	4
Unweighted base	*101*	*907*	*1,027*
Weighted base	*103*	*878*	*996*

Base: All eligible respondents.

[1] Includes a small group who work in the public sector but not as their main job.

3.7 Awareness of the personal accounts scheme

As well as measuring awareness of the workplace pension reforms, respondents were asked about their awareness of the personal accounts scheme (now known as NEST (National Employment Savings Trust)). Interviewers informed respondents that the government would be setting up 'personal accounts' as it was known at the time of interview, for employers who did not have a qualifying scheme or for employers who did not wish to enrol their workers into their existing scheme.

As fieldwork was before the NEST brand had been announced and information available to workers, it is unsurprising that the majority of respondents (84 per cent) had not heard of the personal account scheme (see Table 3.13). A further six per cent said they recognised the term but knew nothing of the scheme itself. One in ten (10 per cent) did claim to know something, in the main 'a little' (seven per cent) rather than 'a fair amount' (two per cent) or 'a great deal' (one per cent). Levels of awareness did not vary by key characteristics.

Table 3.13 Awareness of personal accounts

Awareness	All %
Haven't heard of it	84
Heard of but knew nothing	6
Knew a little	7
Knew a fair amount	2
Knew a great deal	1
Unweighted base	*1,027*
Weighted base	*996*

Base: All eligible respondents.

4 Staying in and opting out

This chapter examines whether people thought they would stay in or opt out of qualifying workplace pension schemes and personal accounts if automatically enrolled and how this varied on the basis of key characteristics such as age and personal financial situation. It also looks at what people who said they would opt out initially might do upon later re-enrolment.

4.1 Levels of participation in the workplace pensions scheme

Respondents were asked to think about whether they would stay in or opt out assuming they were enrolled automatically in a workplace pension scheme. They were told that the reforms would be formally introduced in 2012 but asked to think about what their behaviour would be if they were enrolled 'tomorrow'.

So that respondents could give an informed decision about their likely behaviour they were provided with prompt cards outlining the key features of the proposed workplace pension schemes. These cards included information on the level of contributions required by the respondent (in addition to contributions from the Government and their employer). A set of examples showed the required contributions and resulting take-home pay for certain earning levels. Interviewers used the example which most closely matched each respondent's own earnings, so that he or she could better understand what participating in a workplace pension scheme would mean.

Table 4.1 shows that the majority of people (65 per cent) said that they would stay in a workplace pension scheme if automatically enrolled, including one in three (31 per cent) who said they would definitely stay in. A fifth (20 per cent) said they would definitely or probably opt out. Fifteen per cent of people were unsure of what they would do, saying 'it depends'.

Table 4.1 Stated participation in a workplace pension scheme

Participation	All %
Definitely stay in	31
Probably stay in	34
Probably choose to opt out	12
Definitely choose to opt out	9
It depends	15
Definitely/probably stay in	**65**
Definitely/probably opt out	**20**
Unweighted base	*1,027*
Weighted base	*996*

Base: All eligible respondents.

4.2 Stated participation by key characteristics

This section looks at how responses to automatic enrolment varied on the basis of key characteristics.

The participation rates of men and women did not differ significantly. However, the proportion saying they would stay in a workplace pension scheme did vary on the basis of age, with those under 30 most likely to say that they would stay in a workplace pension scheme (Table 4.2). Seventy-one per cent of those under 30 said they would definitely or probably stay in a workplace pension scheme compared with 63 per cent of those aged 30 or over. The effect of age on the decision to stay in the workplace scheme just failed to reach statistical significance at the 95 per cent confidence level,[36] however it emerged as a significant variable in more advanced analysis (set out later in this chapter).

The proportion of those who expected to stay in a workplace pension scheme also varied on the basis of income. Those earning less than £25,000 were more likely than those earning £25,000 or more to say that they would stay in a workplace pension scheme (66 per cent of those earning less than £25,000 compared to 60 per cent of those earning £25,000 or more – see Table 4.3). Moderate earners (those earning at least £25,000 but less than £33,000 a year) were the least likely to say that they would stay in a workplace pension scheme (58 per cent).[37]

36 Significance levels quantify how likely a result is due to chance. The most common level, used in the social sciences, is .95. This means that the finding has a 95 per cent chance of being true. However, this value also indicates that the finding has a five per cent (.05) chance of not being true.

37 Income fails to achieve statistical significance at the five per cent level in bi-variate analysis but is significant in multivariate analysis.

Table 4.2 Stated participation in a workplace pension scheme, by age

	Age (years)					
Participation	22-29 %	30-39 %	40-49 %	50-64 %	30+ %	All %
Definitely stay in	29	33	32	32	32	31
Probably stay in	42	33	31	28	31	34
Probably choose to opt out	12	11	12	11	12	12
Definitely choose to opt out	4	8	10	13	10	9
It depends	13	15	16	16	15	15
Definitely/probably stay in	**71**	**66**	**63**	**59**	**63**	**65**
Definitely/probably opt out	**16**	**19**	**22**	**25**	**22**	**20**
Unweighted base	*177*	*280*	*276*	*294*	*850*	*1,027*
Weighted base	*250*	*288*	*253*	*205*	*746*	*996*

Base: All eligible respondents.

Table 4.3 Stated participation in a workplace pension scheme, by income

	Income (£ a year)						
Participation	5,000-14,999 %	15,000-24,999 %	25,000-32,999 %	33,000+ %	<25,000 %	25,000+ %	All %
Definitely stay in	26	35	28	42	31	33	31
Probably stay in	37	34	30	22	36	27	34
Probably choose to opt out	10	12	12	14	11	13	12
Definitely choose to opt out	10	7	12	6	8	10	9
It depends	16	12	18	16	14	17	15
Definitely/probably stay in	**64**	**69**	**58**	**64**	**66**	**60**	**65**
Definitely/probably opt out	**20**	**19**	**24**	**20**	**20**	**22**	**20**
Unweighted base	*417*	*379*	*140*	*91*	*796*	*231*	*1,027*
Weighted base	*366*	*397*	*145*	*88*	*763*	*233*	*996*

Base: All eligible respondents.

The proportion saying they would stay in the workplace scheme also varied according to the amount of savings (Table 4.4). Those with savings between £1,000 and £49,999 were more likely to say they would stay in a workplace pension scheme when compared with those who had less than £1,000 worth of savings or £50,000 or more.

Table 4.4 Stated participation in a workplace pension scheme, by amount of savings[38]

	Amount of savings (£)			
	0-1,000[1]	1,000-49,999	50,000+	All
Participation	%	%	%	%
Definitely stay in	27	36	33	31
Probably stay in	34	34	29	34
Probably choose to opt out	14	9	15	12
Definitely choose to opt out	11	6	10	9
It depends	15	14	13	15
Definitely/probably stay in	**61**	**70**	**62**	**65**
Definitely/probably opt out	**24**	**16**	**25**	**20**
Unweighted base	*396*	*460*	*134*	*1,027*
Weighted base	*378*	*455*	*127*	*996*

Base: All eligible respondents.
[1] This includes those who said they had no savings.

Further analysis[39] was completed to identify the main characteristics associated with someone saying they would stay in a workplace pension scheme versus not, and to isolate the independent effect of individual characteristics on this decision. This analysis showed that age, income and amount of savings were all independently associated with expecting to stay in a workplace pension scheme. That is, being of younger working age (under 30), earning less than £25,000 a year and having modest to large savings (£1,000-£49,999) are all factors which increased the likelihood of eligible workers stating that they would expect to stay in after automatic enrolment.

The regression analysis also provided some evidence, at the 90 per cent confidence level,[40] that likely participation varies depending on the respondent's relationship status (those living with a partner were more likely to say they would stay in

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38 'Savings' could include one or a combination of the following types of savings or investments that the respondent (or their partner) had:
- Current account in a bank or building society
- Savings account in a bank or building society
- Individual Savings Accounts/Tax Exempt Special Savings Accounts
- Stocks/shares/bonds/investment trusts/unit trusts
- Insurance/endowments
- Property – buy to let and/or own home
- National savings certificates
- 'Others'

39 See Appendix C for the results of the logistic regression analysis.

40 This means that the finding has a 90 per cent chance of being true. However, this value also indicates that the finding has a ten per cent (.10) chance of not being true.

after automatic enrolment than those not living with a partner). There is also some evidence, again at the 90 per cent confidence level, that the likelihood of someone saying they would stay in a workplace pension scheme decreases among those with a more varied employment history (as measured by the number of different employers they have had in the past ten years).[41]

4.3 Levels of participation following re-enrolment

A key feature of the new workplace pension schemes is that people who opt out will be re-enrolled automatically after a set time period of at least three years (assuming they are still eligible). Respondents who said they would probably or definitely opt out of the workplace pension scheme now, were asked what they would do at this subsequent re-enrolment. Table 4.5 shows that nearly half of this group (46 per cent) said that they would still choose to opt out, including three in ten (30 per cent) who stated that they would definitely not take part. However, as many as two in five indicated that they would be willing to consider the circumstances at the time (by responding 'it depends'). Far fewer, just one in ten (13 per cent), said they would definitely or probably stay in.

Table 4.5 Stated participation in a workplace pension scheme following re-enrolment

Participation	All %
Definitely stay in	1
Probably stay in	12
Probably not take part	15
Definitely not take part	30
It depends	42
Definitely/probably stay in	**13**
Definitely/probably not take part	**46**
Unweighted base	*206*
Weighted base	*202*

Base: All eligible respondents who expect to opt out of a workplace pension scheme when first enrolled.

41 Other variables describing the respondent's employment situation (including size of firm, number of years planning to stay with current employer, and whether the respondent was self-employed) were included in earlier versions of the regression but were not found to have any effect. Relationship status and employment history just fail to reach significance at the five per cent level but are significant at the ten per cent level.

4.4 Levels of participation in the personal accounts scheme

As well as measuring likely participation following automatic enrolment into a qualifying workplace pension, individuals were also asked to consider their response if their employer enrolled them into personal accounts (now NEST). The questions on the personal accounts scheme were introduced to respondents following the provision of information and detailed questioning on workplace pension reforms[42].

Interviewers explained that the personal accounts scheme would be newly established but would work in a similar way to a workplace pension scheme, with the same rules for contributions and enrolment. They handed respondents a prompt card (below) which outlined key scheme features.

The personal accounts scheme

We mentioned earlier that eligible workers will be automatically enrolled into a workplace pension scheme chosen by their employer.

Employers may already have their own workplace pension scheme, which meets the new Government standards. For those employers who do not have such a scheme or do not wish to enrol their workers into their existing scheme, the Government will be setting up a new scheme known as the personal accounts scheme. It will work in a similar way to the workplace pension schemes we have already discussed.

For example it will require the same minimum employer and total contributions as any other workplace pension scheme, and individuals can opt out following automatic enrolment if they do not wish to remain saving.

Key features

- The personal accounts scheme will be run by a trustee organisation whose primary aim is to ensure that the pension scheme makes money for its members, rather than profits for shareholders.
- The personal accounts scheme will have a default investment fund option which will automatically select where people's savings are invested on their behalf. For people who wish to be more involved in how their contributions are invested there will be other options enabling them to choose the type of investments they make.

(continued)

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42 Appendix F shows the questionnaire and the order questions were asked during the interview.

- A maximum of £3,600 a year can be put into this scheme for each member.
- Transfers of other pension funds into personal accounts, or out of personal accounts into other pension funds, will not be possible.
- Individuals can remain contributing into their personal accounts pension scheme even if they move employers. If their new employer also uses this scheme, they will continue receiving contributions from their new employer and can continue to make their own contributions. If their new employer does not use personal accounts, or if they become self-employed, they can continue if they wish to make their own contributions into the scheme.

Respondents were then reminded of what they had said earlier in the survey when asked whether or not they would stay in workplace pensions if automatically enrolled tomorrow. They were then asked to consider whether their decision would be the same or different should their employer enrol them into the personal account scheme rather than another qualifying workplace pension scheme. Respondents were asked to select an answer from a card which listed the ways in which a decision could be maintained or changed and also carried options to allow respondents to say they were not sure what they would do or that their decision would 'depend'.

The majority (70 per cent – see Table 4.6) said they would make the same decision if their employer enrolled them into personal accounts. However, 11 per cent said they would change their decision, ten per cent said they were not sure and ten per cent said it would depend.

Table 4.6 Stated participation in the personal accounts scheme

Participation	All %
Same – remain in	45
Same – opt out	13
Same – it depends	12
Different – remain in	3
Different – opt out	4
Different – it depends	4
Not sure what would do	10
It depends	10
Total remain in	**47**
Total opt out	**17**
Total not sure/depends	**36**
Unweighted base	*1,027*
Weighted base	*996*

Base: All eligible respondents.

Overall, 47 per cent stated they would stay in a personal account scheme and 17 per cent said that they would opt out (Table 4.6). The proportion saying they would opt out of personal accounts was broadly similar to the level of opt out to workplace pensions (20 per cent). However, individuals appeared to be more uncertain in their response to being automatically enrolled into personal accounts. Around one-third (36 per cent) said they were not sure whether to stay in personal accounts or that it would depend, more than said so in relation to participating in a workplace pension scheme (15 per cent – Table 4.1).

There are several factors which may have influenced the higher level of uncertainty in relation to personal accounts. Firstly, the findings could reflect the low levels of awareness that individuals had of the personal accounts scheme at the time of interview. Respondents may have felt less certain about the benefits of joining a new, national scheme compared to more familiar employer-run schemes. Secondly, the level of uncertainty is likely, at least in part, to reflect the way that the possible answers were framed on the prompt card that respondents were given to help them. For example, four options (out of eight presented) allowed the respondent not to commit to staying in or opting out of personal accounts. In contrast, there was just one category (out of five) for ‘it depends’ in relation to staying in or opting out of workplace pension schemes. Thirdly, even though, as indicated, the personal accounts scheme was outlined carefully to respondents, it is also likely that introducing a second (and unfamiliar) concept for work-based pension saving may have made it more difficult for respondents to make a firm decision about their intended participation in personal accounts as the interview was largely framed around workplace pension schemes generally and information would have been interpreted and understood in that context.

5 Reasons for staying in or opting out of a workplace pension

This chapter examines the key reasons behind respondents' decisions either to stay in or to opt out of a workplace pension if automatically enrolled. It also explores the factors being considered by those who said their decision to participate depended on other issues.

The second half of the chapter moves on to consider the extent to which individuals envisage they would discuss their decision with others, and who those others would be. The chapter ends by asking all those respondents who said they would opt out of a workplace pension, what, if anything, would have to change for them to decide to stay in a workplace pension scheme post re-enrolment.

5.1 Reasons for staying in

Once respondents had stated whether or not they would stay in they were asked to explain the reasons for their answer.[43] To begin we consider the reasons given by those who said they would stay enrolled in a workplace pension scheme.

Three common reasons emerged as influential factors driving a 'stay in' decision. Just over half (53 per cent – see Table 5.1) of those asked cited a need to start saving for retirement as a reason behind their decision. Around a third (36 per cent) of respondents said they would stay enrolled because a workplace pension scheme appeared to be an easy way to save, and a similar proportion (29 per cent) cited the incentive of an employer contribution as influential to their decision.

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43 Responses were unprompted and respondents could give multiple reasons for their decision. Interviewers were provided with a coding frame based upon the answers given to a comparable question in the research conducted by Ipsos MORI in 2007. Answers that did not fit the existing coding frame were recorded verbatim and later coded during the edit process.

The fact that workplace pensions are encouraged by the Government was an important motivating factor for over one in ten respondents (13 per cent).

Several other factors were also suggested to be behind decisions to 'stay in'. These included the perception that employers would encourage membership (six per cent), the ambition of a 'better' or more secure life in retirement (three per cent) and lack of current pension provision (two per cent).

Although there was very little difference in the answers provided by various key sub-groups, age was an important indicator of the likelihood that respondents would cite a need to start saving for retirement or an employer contribution as reasons. Approaching three in five of those under 50 (58 per cent of those aged 22-29 and 56 per cent of both those aged 30-39 and 40-49) cited a need to start saving for retirement as an important reason behind their decision to stay in compared with 40 per cent of those aged 50-64 (see Table 5.1). Conversely, two in five of those aged 50-64 cited an employer contribution as an important incentive behind their decision to stay in compared with one in five of those aged 22-29.

Table 5.1 Reasons for staying in a workplace pension scheme, by age

	Age (years)				
	22-29	**30-39**	**40-49**	**50-64**[1]	**All**
Reason for staying in	**%**	**%**	**%**	**%**	**%**
Need to start saving for retirement	58	56	56	40	53
Easy way to save	42	33	31	40	36
Employer contributions	20	29	30	40	29
Government is encouraging membership	15	11	11	19	13
Employer would encourage membership	7	8	3	5	6
For security/better life in retirement	2	3	3	4	3
No current pension provision	2	2	3	1	2
Personal contributions seem affordable	0	*	2	1	1
Good idea/scheme	2	1	*	2	1
Other[2]	13	13	13	13	13
Unweighted base	*124*	*186*	*179*	*172*	*661*
Weighted base	*176*	*188*	*158*	*122*	*645*

Base: All eligible respondents who said they would stay in a workplace pension scheme.
Note: The figures in this table do not sum to 100 per cent as respondents could give more than one reason for staying in a workplace pension scheme.

1 This category includes women from the age of 50 to 59, and only men from the age of 50 right up to the age of 64.

2 In this chapter, 'other' answers relate to a diverse range of specific answers not listed in the codeframe or responses judged to be too vague to code.

Income was also an important predictor of the likelihood that respondents would cite an employer contribution as a reason for staying in a workplace pension scheme. Forty-two per cent of those earning £33,000 or more a year (see Table 5.2) cited an employer contribution as an important incentive behind their decision compared with 22 per cent of those earning less than £15,000 a year.

Table 5.2 Reasons for staying in a workplace pension scheme, by income

	Income (£ a year)				
Reason for staying in	**<15,000 %**	**15,000-24,999 %**	**25,000-32,999 %**	**33,000+ %**	**All %**
Need to start saving for retirement	56	51	54	53	53
Easy way to save	40	34	37	33	36
Employer contributions	22	32	28	42	29
Government is encouraging membership	9	17	13	13	13
Employer would encourage membership	4	8	6	4	6
For security/better life in retirement	3	4	1	6	3
No current pension provision	1	2	3	4	2
Personal contributions seem affordable	2	0	0	0	1
Good idea/scheme	*	3	0	2	1
Other[1]	11	10	19	27	13
Unweighted base	*270*	*246*	*84*	*61*	*661*
Weighted base	*232*	*272*	*84*	*56*	*645*

Base: All eligible respondents who said they would stay in a workplace pension scheme.
Note: The figures in this table do not sum to 100 per cent as respondents could give more than one reason for staying in a workplace pension scheme.
[1] In this chapter, 'other' answers relate to a diverse range of specific answers not listed in the codeframe or responses judged to be too vague to code.

5.2 Reasons for opting out

Respondents who stated that they would probably/definitely opt out of a workplace pension were also asked for the reason(s) behind their decision.[44] The most common reason given for an opt out decision was that membership of a workplace pension would be unaffordable (54 per cent – see Table 5.3). That response was qualified in three ways. Forty-three per cent of those who said they would opt out said a workplace pension was unaffordable in relation to other spending priorities. A further ten per cent reported that they could not afford the workplace pension arrangements because they have debts (other than student debt) to pay off, with the remaining four per cent currently making payments against a student loan.

[44] ibid.

Table 5.3 Reasons for opting out of a workplace pension scheme, by age[45]

Reason for opting out	Age (years) <40 %	40+ %	All %
I can't afford it	66	42	54
I have other spending priorities	*52*	*35*	*43*
I have debts [other than student debts] to pay off	*12*	*8*	*10*
I'm still paying off my student loan	*7*	*2*	*4*
It's a risk to employer/my job/my pay	5	17	11
I'm planning to retire on the state pension	2	9	6
I already save into a personal pension	5	6	6
I've already got enough provision for retirement/my partner can support me in retirement	4	8	6
I am concerned about the return on my investment/losing my money	4	4	4
There are other, better ways to save for retirement (e.g. investing in property)	4	5	5
I don't trust pensions	3	4	4
It's too late for me to save, I'm too old	0	7	4
Because I don't trust the Government	0	6	3
Other	21	18	19
Unweighted base	*82*	*124*	*206*
Weighted base	*96*	*106*	*202*

Base: All eligible respondents who said they would stay opt out of a workplace pension scheme.
Note: The figures in this table do not sum to 100 per cent as respondents could give more than one reason for staying in a workplace pension scheme.

The next most frequently mentioned specific concern was the effect that joining a workplace pension may have on respondents' jobs (11 per cent). In particular respondents were concerned that employers would make them redundant (five per cent), cut their pay or that pay rises may be lower (four per cent), or would not be able to afford their contributions (four per cent). Workers aged 40 or over were more likely than workers under 40 to have said they would not take part because of concerns about what their employer might do (17 per cent compared to five per cent respectively).

Other less frequently cited reasons for opting out of a workplace pension scheme centred on 'alternative' provision for retirement. Six per cent of respondents were each: planning to retire on the state pension, currently saving into a personal pension or felt they already had enough provision for retirement (for example, because their partner was a high earner and could afford to support them).

Smaller percentages of those who anticipate opting out of a workplace pension gave reasons that can be grouped together under a broad 'lack of faith' in pensions themselves. Four per cent were concerned about the return on their investment

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45 Only responses mentioned by at least three per cent of respondents were included in this table.

(or losing their money altogether) and five per cent thought that there were better ways to invest their money such as investing in property. A further four per cent had an outright lack of trust in pensions. Finally, one in five (19 per cent) mentioned at least one of a diverse set of 'other' considerations.

The majority of reasons mentioned as a basis for opting out of a workplace pension varied little across key demographic characteristics. In part this is because of the relatively low numbers of respondents stating they would opt out, and the resulting difficulty in making meaningful inferences for small sub-groups. That said, those under 40 were notably more likely than those aged 40 or over to say they would opt out of a workplace pension because it is 'unaffordable'. Two in three (66 per cent) of those aged under 40 (see Table 5.3) reported that they could not afford to become a member of a workplace pension compared with 42 per cent of those aged 40 or over.

5.3 Reasons for saying 'it depends'

Next, we explore the factors considered by those respondents who said that their decision to participate in a workplace pension depended upon other issues.

For around a third of those who said their decision 'depends' (36 per cent – see Table 5.4), there was a call for further information regarding the reform package. A similar proportion (29 per cent) said that they were unsure about the affordability of a workplace pension, and a further one in ten (10 per cent) stated that they would consider possible alternative sources of retirement income before taking a final decision. Smaller proportions of those who said 'it depends' mentioned a variety of other factors which they felt they would need to consider. Notably these included their employer's reaction to the reforms (eight per cent) – for example the type of pension their employer offers – and whether membership of a pension scheme would result in a pay cut or freeze (seven per cent).

In order to understand how individuals might assess the 'affordability' of the pension scheme offered to them, all those that said they would need to decide if they could afford to stay in were followed-up and asked, specifically, which financial factors they would consider. This turned out to be a small group of 50 respondents, and findings should therefore be interpreted with caution. For a third of this group (34 per cent – see Table 5.5), personal income was a critical factor in their decision-making process. For just over a quarter (27 per cent) the cost of their utility bills at the time would feed into their overall judgment. Smaller proportions stated that in order to assess 'affordability' they would consider their overall household income (seven per cent), the cost of mortgage payments (five per cent) and that of council tax (four per cent). Half of this group (54 per cent) mentioned at least one of a diverse set of 'other' considerations.

Table 5.4 Reasons for saying 'it depends'[46]

Reason	All %
Further information	36
Affordability	29
Possible alternative retirement incomes	10
Employer reaction/whether employer offers pension	8
Whether participation would result in a pay cut or 'freeze'	7
Whether under threat of redundancy	4
Level of savings	2
Return on investment	2
Other	20
Unweighted base	*156*
Weighted base	*145*

Base: All eligible respondents who said their decision about whether to participate in a workplace scheme would 'depends on other factors'.
Note: The figures in this table do not sum to 100 per cent as respondents could give more than one reason for saying 'it depends'.

Table 5.5 Financial factors to consider in whether to participate in a workplace pension

Factors	All[1] %
Personal income	34
Utility bills	27
Household income	7
Mortgage	5
Council tax	4
Other	54
Unweighted base	*50*
Weighted base	*41*

Base: All eligible respondents who said their decision about whether to participate in a workplace pension scheme would 'depend upon affordability'.
Note: The figures in this table do not sum to 100 per cent as respondents could cite more than one factor.
1 Note the very small base size and interpret with caution.

5.4 Attention given to decision to stay in or opt out

Having surveyed the range of reasons that individuals gave for staying in or opting out of a workplace pension, the questionnaire proceeded to assess the extent to which respondents would consider their decision. Although this is a difficult

46 Respondents could give multiple reasons for saying 'it depends'. Responses were unprompted.

concept to measure, one indicator of engagement would be that individuals had discussed their options with others before reaching a decision. On that basis, all respondents (regardless of their participation decision) were shown the following statement and asked the extent to which they agreed or disagreed:

> *'I would discuss my options with others before deciding whether to stay in the scheme or opt out.'*

Table 5.6 shows that seven in ten respondents (71 per cent) expected to discuss their options with others including one in three (33 per cent) who strongly agreed. In contrast, a quarter of respondents (23 per cent) indicated that they were unlikely to discuss their options with others, including seven per cent who strongly disagreed.

Very little variation was found in the answers of key demographic sub-groups, though there is evidence to suggest a relationship between levels of personal/conjugal[47] debt and predicted engagement with a pension decision. The percentage of respondents agreeing that they would discuss their retirement options with others was lower among those with a higher level of debt. Among those with less than £5,000 of debt, 76 per cent (Table 5.6) expected to consult others. That percentage drops to 62 per cent among those with debt of £10,000 or more.

Table 5.6 Whether would discuss options with others, by level of household debt

	Debt (£)				
Agreement	**None %**	**<5,000 %**	**5,000-9,999 %**	**10,000+ %**	**All %**
Strongly agree	30	35	36	34	33
Tend to agree	40	41	36	27	38
Neither agree nor disagree	9	6	3	4	6
Tend to disagree	16	13	14	23	16
Strongly disagree	5	5	12	11	7
Agree	**70**	**76**	**72**	**62**	**71**
Disagree	**21**	**18**	**26**	**34**	**23**
Unweighted base	*378*	*311*	*134*	*188*	*1,011*
Weighted base	*378*	*290*	*131*	*183*	*983*

Base: All eligible respondents.

5.4.1 Who would discuss options with

Having established that seven in ten respondents expect to discuss their options with others before making a decision as to whether they will stay in or opt out of a workplace pension, we now consider with whom, specifically, individuals anticipate they will consult.

47 Asked in relation to conjugal debt where respondents were identified as living with a partner.

All those agreeing that they would discuss their options with others were shown a card listing 15 pre-defined 'sources' and were asked which, if any, they would discuss their options with. 'Other' answers were allowed, although very few materialised.

Table 5.7 shows that more than three quarters of those asked (77 per cent) said they would consult friends, family or colleagues before taking a final decision. This suggests that individuals may carry out informal 'research' with immediate others. Around two in five (38 per cent) envisaged they would talk with their employer and one third (33 per cent) thought they would discuss their options with a financial adviser. Fewer than one in five said they would discuss their options with a pensions provider (17 per cent), use the internet to help make a decision (15 per cent) or discuss with a bank or building society (ten per cent). Other individuals or organisations were mentioned by fewer than ten per cent.

Key differences were found in the individuals and organisations that men and women said they would consult. Women were significantly more likely than men to say that they would talk with friends, family and colleagues (88 per cent as compared to 69 per cent of men). Men on the other hand, were more likely to anticipate they would i) discuss their options with a financial adviser (39 per cent as compared to 25 per cent of women) and ii) consult the internet (18 per cent of men as compared to 11 per cent of women).

Table 5.7 Who would discuss options with, by sex

	Sex		
Individual/organisation	**Male %**	**Female %**	**All %**
Friends/family/colleagues	69	88	77
Employer	37	40	38
Independent Financial Adviser	39	25	33
Pension provider	19	16	17
Internet generally	18	11	15
Bank/building society	11	9	10
DWP/DSS/The Pensions Service	8	10	9
Accountant	10	8	9
Citizens Advice Bureau	8	9	8
HM Revenue and Customs/Inland Revenue	4	5	5
Trade union	4	5	5
Consult media (newspapers, TV, radio)	5	3	4
The Government generally – no specific department	2	1	2
Insurance company	2	0	1
Help the Aged, Age Concern or similar	1	0	1
Unweighted base	*343*	*367*	*710*
Weighted base	*390*	*314*	*704*

Base: All eligible respondents who expected to discuss their options with others ahead of deciding whether they would stay in or opt out of a workplace pension.
Note: The figures in this table do not sum to 100 per cent as respondents could cite more than one 'source'.

Variation in the individuals and organisations which respondents expected to consult was also seen according to age, with those aged under 40 more likely to think they would discuss their options with friends, family and colleagues than those aged 40 or over. Table 5.8 shows that 86 per cent of 22–29 year-olds would confer with 'immediate others'. That percentage falls with age to 65 per cent of those aged 50-64. Younger groups were also more inclined to predict they would consult the internet before making their participation decision. Twenty-two per cent of those aged 22-29 would use this resource, a percentage that decreases gradually to just eight per cent of those aged 50-64.

Conversely, those aged 40 or over were significantly more likely than those under 40 to anticipate discussing their options with a financial adviser (43 per cent of respondents aged 40-49 and 41 per cent of those aged 50-64 compared to 23 per cent of those aged 22-29 and 27 per cent of those aged 30-39). The same trend is also true of anticipated consultation with the Department for Work and Pensions or The Pensions Service (mentioned by 15 per cent of those aged 50 or over as compared to six per cent of those aged 30-39 and seven per cent of those aged 20-29).

Table 5.8 Who would discuss options with, by age

	Age (years)				
Individual/organisation	**22-29 %**	**30-39 %**	**40-49 %**	**50-64[1] %**	**All %**
Friends/family/colleagues	86	83	71	65	77
Employer	45	39	37	30	38
Independent Financial Adviser	23	27	43	41	33
Pension provider	15	19	19	17	17
Internet generally	22	18	12	8	15
Bank/building society	9	7	14	11	10
DWP/DSS/The Pensions Service	7	6	9	15	9
Accountant	7	6	12	12	9
Citizens Advice Bureau	8	9	6	10	8
HM Revenue and Customs/Inland Revenue	6	5	2	5	5
Trade union	2	6	5	6	5
Consult the media (newspapers, TV, radio)	5	5	2	4	4
The Government generally – no specific department	1	1	1	4	2
Insurance company	1	*	2	1	1
Help the Aged, Age Concern or similar	0	*	1	2	1
Unweighted base	*129*	*194*	*183*	*204*	*710*
Weighted base	*177*	*205*	*182*	*140*	*704*

Base: All eligible respondents who expected to discuss their options with others ahead of deciding whether they would stay in or opt out of a workplace pension.
Note: The figures in this table do not sum to 100 per cent as respondents could cite more than one 'source'.
[1] This category includes women from the age of 50 to 59, and only men from the age of 50 right up to the age of 64.

Finally, responses also varied significantly on the basis of income. Those earning £33,000 or more a year were the most likely to anticipate consulting a financial adviser regarding their pension options (57 per cent – see Table 5.9). That compares to just 20 per cent of those earning under £15,000 a year. Those with earnings of £33,000 or more a year were also the most likely to anticipate consulting the internet (32 per cent as compared to six per cent of those earning less than £15,000 a year).

Table 5.9 Who would discuss options with, by income

	Income (£ a year)				
Individual/organisation	**<15,000 %**	**15,000-24,999 %**	**25,000-32,999 %**	**33,000+ %**	**All %**
Friends/family/colleagues	82	73	80	70	77
Employer	38	41	35	32	38
Independent Financial Adviser	20	34	47	57	33
Pension provider	16	18	19	23	17
Internet generally	6	17	23	32	15
Bank/building society	8	12	8	10	10
DWP/DSS/The Pensions Service	9	10	8	4	9
Accountant	5	9	16	9	9
Citizens Advice Bureau	12	7	6	2	8
HM Revenue and Customs/Inland Revenue	7	4	3	1	5
Trade union	4	6	3	3	5
Consult the media (newspapers, TV, radio)	2	5	4	11	4
The Government generally – no specific department	1	1	3	4	2
Insurance company	1	1	1	0	1
Help the Aged, Age Concern or similar	*	1	2	0	1
Unweighted base	*288*	*264*	*100*	*58*	*710*
Weighted base	*259*	*285*	*102*	*59*	*704*

Base: All eligible respondents who expected to discuss their options with others ahead of deciding whether they would stay in or opt out of a workplace pension.
Note: The figures in this table do not sum to 100 per cent as respondents could cite more than one 'source'.

5.5 Factors which encourage staying in after re-enrolment

All those who said they would probably or definitely opt out at the point of re-enrolment were asked what would have to change for them to decide to stay in a workplace pension.

Table 5.10 shows the diversity of the factors reported, a point which is illustrated by 'other' being the most common reason mentioned (39 per cent). Aside from 'other' responses, the factors which are most likely to have an influence are not directly related to the workplace pension reforms. Twenty per cent of respondents (or one in five) who anticipate opting out at re-enrolment reported that an increase in their wages may change their decision. Fourteen per cent suggested that they would need to see an improvement in the wider economy before they would stay in a workplace pension.

Around one in five (18 per cent) of those who said they would still opt out at re-enrolment said that nothing could change their decision. Seven per cent thought that they would be 'too old' to join a pension scheme or that it was too late for them to enjoy the potential rewards and 11 per cent said they would not join, but did not expand further on the reasons for their decision.

Of the factors that are related to the reforms, very small numbers of respondents (three per cent) suggested that a reduction in the personal contributions required to be a member of a workplace pension scheme (four per cent of a band of earnings) may encourage them to stay in a workplace pension post re-enrolment. The same percentage (three per cent) thought a guarantee of the worth of their final pension 'pot' at retirement may change their decision to opt out.

Three other changes which may improve the stay in rate post re-enrolment were also cited; the removal of a personal contribution requirement, an increase in the rate of Government tax relief (currently proposed to be one per cent) and an increase in the level of minimal employer contributions (currently proposed to be three per cent). However, each of these changes were suggested by less than three per cent of respondents.

Table 5.10 Reasons given on what would have to change to decide to stay in a workplace pension after re-enrolment

Factor	All %
General	
Increase in wage/salary	20
Improvement in the wider economy	14
Nothing (I just would not join)	11
Nothing, I'm too old/it's too late	7
Change in family circumstances	6
Paid off debts/loans	3
Scheme specific	
Reduction of personal contribution required	3
A guarantee of the worth of the pension at retirement	3
No personal contribution required	2
Increase in tax relief/Government contribution	2
Increase in employer contribution	1
Other	39
Unweighted base	*206*
Weighted base	*202*

Base: All eligible respondents who said they would probably or definitely opt out of a workplace pension at initiation and re-enrolment.
Note: The figures in this table do not sum to 100 per cent as respondents could cite more than one factor.

6 Contribution levels

One of the key features of the workplace pension reforms is that those enrolled are likely to have to contribute up to a minimum of four per cent of a band of their income into a workplace pension scheme[48]. This chapter looks at how affordable people consider this four per cent contribution to be and identifies which type of people would be interested in contributing above this threshold.

6.1 Affordability of four per cent contribution

The need to contribute four per cent of their income to the workplace pension scheme was explained to respondents early in the interview[49]. Interviewers informed respondents how much of their salary a four per cent contribution was and how much their take-home pay would be if they contributed at this level, using a worked example closest to the respondent's own level of income. Respondents were then asked whether they felt they could afford to put four per cent of their salary into a workplace pension scheme.

Overall, 75 per cent of respondents said that they could afford a four per cent contribution (Table 6.1). This included those with an income of less than £15,000 a year. Perceptions of affordability differed depending on respondents' financial circumstances – those in higher income groups (£33,000 or more a year) and people without debt were more likely to say that they could afford this level of contributions (87 and 83 per cent respectively). Full-time workers were more likely than part-time workers to say that they could afford to put four per cent of their salary into a workplace pension (77 per cent compared with 70 per cent) even after taking differences in income into account.

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48 Assuming their employer will contribute only a minimum of three per cent.

49 And before respondents were informed in detail about the key features of the reforms.

Table 6.1 Whether can afford four per cent contribution[50]

Respondent group	% say can afford	Weighted base	Unweighted base
All	75	*996*	*1,027*
Income			
£5,000-£14,999	75	*362*	*412*
£15,000-£24,999	71	*394*	*376*
£25,000-£32,999	80	*145*	*140*
£33,000+	87	*88*	*90*
Employment status			
Full time	77	*778*	*745*
Part time	70	*191*	*256*
Whether have debts			
Yes	71	*602*	*630*
No	83	*374*	*374*

Base: All eligible respondents.

6.2 Contributing above the minimum four per cent

Respondents who said they would definitely or probably remain in a workplace pension scheme following enrolment were then asked how likely they would be to contribute more than the minimum four per cent. As Table 6.2 shows, nearly half (48 per cent) said they were at least fairly likely to contribute more than four per cent, with one in five (20 per cent) saying they were certain or very likely. We look later in the chapter at whether or not these additional contributions are likely to be substantial.

Table 6.2 also shows that significantly more men than women said that they were likely to contribute above the four per cent minimum (55 per cent of men compared with 38 per cent of women).

Table 6.2 Likelihood of contributing more than four per cent, by sex

	Sex		
	Male	**Female**	**All**
Likelihood	**%**	**%**	**%**
Certain	9	2	6
Very likely	16	12	14
Fairly likely	31	25	28
Not very likely	28	46	37
Not at all likely	7	8	8
Would definitely not	5	6	5
Don't know	4	1	3
Certain/very likely/fairly likely to contribute more	**55**	**38**	**48**
Not very likely/at all likely/definitely not contribute more	**40**	**61**	**50**
Unweighted base	*318*	*345*	*663*
Weighted base	*352*	*295*	*647*

Base: All eligible respondents saying they would definitely or probably stay in workplace pension scheme.

50 Read the data presented in this table across the rows.

Higher income groups – those earning at least £25,000 a year – were more likely than those earning less than £25,000 to say that they would contribute more than four per cent (Table 6.3). Fifty-six per cent of those with an income of at least £25,000 a year said that this was at least fairly likely compared with 45 per cent of those earning less than £25,000 a year.

Table 6.3 Likelihood of contributing more than four per cent, by income

	Income (£ a year)						
Likelihood	**5,000-14,999 %**	**15,000-24,999 %**	**25,000-32,999 %**	**33,000+ %**	**<25,000 %**	**25,000+ %**	**All %**
Certain	6	4	9	7	5	8	6
Very likely	9	16	17	24	13	20	14
Fairly likely	27	29	32	23	28	28	28
Not very likely	38	37	32	35	37	33	37
Not at all likely	8	8	3	10	8	6	8
Would definitely not	10	3	5	0	6	3	5
Don't know	2	4	2	1	3	2	3
Certain/very likely/ fairly likely to contribute more	**42**	**48**	**57**	**54**	**45**	**56**	**48**
Not very likely/at all likely/definitely not contribute more	**56**	**48**	**41**	**45**	**52**	**42**	**50**
Unweighted base	*271*	*247*	*84*	*61*	*518*	*145*	*663*
Weighted base	*234*	*273*	*84*	*56*	*507*	*140*	*647*

Base: All eligible respondents saying they would definitely or probably stay in workplace pension scheme.

Those working full time were also more likely than those working part time to say that they would contribute more than four per cent (51 per cent compared with 40 per cent).

Further analysis[51] was completed in order to consider the independent effect of a range of characteristics on potential likelihood of contributing more than four per cent versus not being likely to do so. That analysis showed that sex was the key factor associated with likelihood of contributing more than four per cent into a workplace pension; men were more likely than women to say that they were likely to contribute above four per cent. After controlling for the effect of sex, income and employment status did not have an independent effect on the likelihood of making higher contributions, reaffirming sex as the key indicator. Additionally, after controlling for other characteristics, those living with a partner were less likely to say that they would contribute above four per cent, suggesting that women living with a partner may be amongst those least likely to contribute more than four per cent into a workplace pension.

[51] Logistic regression. See Appendix C for the results of the regression analysis.

Table 6.4 Likelihood of contributing more than four per cent, by employment status

	Employment status		
	Full time	Part time	All
Likelihood	%	%	%
Certain	6	5	6
Very likely	15	13	14
Fairly likely	30	22	28
Not very likely	34	43	37
Not at all likely	8	7	8
Would definitely not	5	9	5
Don't know	3	1	3
Certain/very likely/fairly likely to contribute more	**51**	**40**	**48**
Not very likely/at all likely/definitely not contribute more	**46**	**59**	**50**
Unweighted base	*475*	*174*	*663*
Weighted base	*499*	*132*	*647*

Base: All eligible respondents saying they would definitely or probably stay in workplace pension scheme.

6.3 Preferred method for making additional contributions

Respondents who said that they were at least fairly likely to make additional contributions to their workplace pension were then asked how they would prefer to make these contributions. That is, whether they would prefer to pay more on a regular basis or make extra one-off lump-sum payments. The idea of paying more on a regular basis was more popular than the idea of a one-off payment (Table 6.5). Almost half (48 per cent) said they would prefer to pay more on a regular basis, 24 per cent said they would prefer to make an extra one-off payment and 23 per cent said they would prefer to make both regular and one-off payments.

The preferred method for making additional contributions varied on the basis of income as shown in Table 6.5. Those earning less than £25,000 a year were more likely to say that they would prefer to pay in more on a regular basis (53 per cent). However, those earning at least £25,000 a year were more likely to say that they would prefer to make contributions through a combination of regular and one-off payments (37 per cent).

The preferred method for making additional contributions also varied on the basis of age (Table 6.6). Those aged 22-29 were more likely to say that they would make additional contributions via one-off payments than those aged 30 or over, whereas those aged 30 or over were more likely to say that they would make additional contributions by paying more on a regular basis.

Table 6.5 Preferred method for making additional contributions, by income

	Income (£ a year)		
	<25,000	25,000+	All
Preferred method	%	%	%
Extra one-off payment	23	27	24
Paying in more on a regular basis	53	34	48
Both	19	37	23
Neither[1]	5	2	5
Unweighted base	*216*	*78*	*294*
Weighted base	*229*	*79*	*308*

Base: All eligible respondents saying they were likely to make additional contributions.
1 This code was an option of the showcard shown to respondents.

Table 6.6 Preferred method for making additional contributions, by age

	Age (years)					
	22-29	30-39	40-49	50-64	30+	All
Preferred method	%	%	%	%	%	%
Extra one-off payment	42	19	15	16	17	24
Paying in more on a regular basis	42	48	55	49	51	48
Both	12	30	26	26	28	23
Neither[1]	4	3	3	9	5	5
Unweighted base	*53*	*80*	*74*	*87*	*241*	*294*
Weighted base	*88*	*86*	*67*	*67*	*220*	*308*

Base: All eligible respondents saying they were likely to make additional contributions.
1 This code was an option of the showcard shown to respondents.

6.4 Level of additional contributions

Respondents who said they were likely to make additional contributions to their workplace pension scheme were also asked how much they anticipated these additional contributions would be. Looking first at those people who said they would prefer to make additional contributions by regularly paying more, Table 6.7 shows that most people (62 per cent) in this group said that they would anticipate making regular contributions of five or six per cent of their wage/ salary. Nevertheless, a sizeable minority of this group said that they would make contributions of eight per cent, or ten per cent or more on a regular basis (14 and 15 per cent respectively).

Among those people who said they would prefer to make additional contributions through extra one-off payments, three in ten (30 per cent) said they did not know how much these one-off payments would be. For those who were able to suggest a figure, the average (median) amount mentioned for these extra payments was £500 a year.

Table 6.7 Level of regular contributions above minimum

Level of regular contributions above four per cent	All %
Five per cent (one per cent extra than required)	29
Six per cent (two per cent extra than required)	33
Seven per cent (three per cent extra than required)	5
Eight per cent (four per cent extra than required)	14
Nine per cent (five per cent extra than required)	1
Ten per cent or more (six per cent or more extra than required)	15
Don't know	2
Unweighted base	*216*
Weighted base	*220*

Base: All eligible respondents saying they were likely to make additional contributions through regular payments.

Overall, there may be a degree of optimism reflected in both the proportion who thought it likely they would pay in more and in the levels of contributions anticipated by some. Indeed, much of the evidence behind the 2012 reforms is based upon the strength of 'inertia' in relation to pension saving. This evidence suggests that even if large numbers of individuals understand the need to save, they suffer from inertia and do not get around to making the decision because current spending pressures seem more important than the futures[52]. In fairness, therefore, it should also be re-iterated that most of this group (62 per cent – see Table 6.7) felt that they would pay in only one or two per cent more than the minimum required.

6.5 Influence of contribution cap on additional payments

After saying how much they would anticipate paying in additional contributions, respondents were later told that there would be a limit to the total amount that could be contributed to a personal account scheme (now known as NEST (National Employment Savings Trust)) in any given year. This would be no more than £3,600 each year from all sources including the individual, employer and Government. They were then asked whether knowing about that limit would influence whether they would still like to pay more than four per cent of their salary into a personal account. Overall, 58 per cent of people who had previously said they were likely to pay in more than four per cent said they would still want to do so even with the cap in place. Around one in five (21 per cent) said they would not want to pay more and the remainder were unsure and said it would depend.

52 Clery, E., McKay S., Phillips M. and Robinson C. (2007). *Attitudes to pensions: The 2006 survey*. DWP Research Report No. 434.

Of those people who said they would still want to contribute more than four per cent, four in five (80 per cent) said the cap would not change the amount they planned to pay in additional contributions, whilst for nine per cent it meant they would pay more and eight per cent said it meant they would pay less.

6.6 Encouraging additional contributions

All respondents who said they would definitely or probably stay in a workplace pension scheme were asked what would encourage them to make additional contributions over and above the minimum four per cent required. As shown in Table 6.8, the main factors mentioned related to having more money available; 32 per cent mentioned an increase in wages or salary and 23 per cent mentioned an increase in disposable income as something which would encourage them to contribute more to the pension scheme. A small minority, eight per cent, said that nothing would encourage them to make additional contributions. 'Other' answers totalled 28 per cent and related to a diverse range of specific answers either mentioned by less than one per cent of all respondents or judged to be too vague to code.[53]

Those earning less than £25,000 a year were more likely to say that an increase in wages or salary would encourage them to make additional contributions; 35 per cent of those with an income less than £25,000 a year mentioned this compared with 22 per cent of those with an income of £25,000 or more (Table 6.8). Having more disposable income available was a particularly important factor for younger respondents; 34 per cent of those aged 22-29 mentioned that having more disposable income would encourage them to contribute more than four per cent compared with 18 per cent of those aged 30 or over (Table 6.9).

53 For example, small numbers of respondents thought that they may pay additional contributions should the State Pension cease to exist in the future, or if they were affected by a degenerative disease, but overall these responses 'summed' less than one per cent of all respondents so were not included individually in Table 6.8.

Table 6.8 Factors which would encourage additional contributions, by income

	Income (£ a year)		
Encourage additional contributions	<25,000 %	25,000+ %	All %
Increased income			
Increase in wage/salary	35	22	32
Increase in disposable income	22	24	23
Receipt of bonus payments from my employer	2	5	3
Employer/Government contributions			
If employer's contribution level increased	3	7	4
If employer matched contribution/payments	4	4	4
If Government's contribution level increased	3	7	4
If Government matched contribution/payments	1	1	1
Other			
A better return on investment	2	5	3
Greater tax relief	3	6	3
Increase in working hours/overtime	4	1	3
The chance of a more comfortable life in retirement/old age	3	3	3
If earned more from investment	2	2	2
The chance of early/earlier retirement	*	1	1
Other	27	31	28
Nothing	9	6	8
Unweighted base	*498*	*141*	*639*
Weighted base	*486*	*138*	*624*

Base: All eligible respondents saying they would definitely or probably stay in workplace pension scheme, excluding those who responded 'don't know' when asked about making additional contributions.
Note: The figures in this table do not sum to 100 per cent as respondents could cite more than one factor.

Table 6.9 Factors which would encourage additional contributions, by age

	Grouped age (years)		
Encourage additional contributions	**22-29 %**	**30+ %**	**All %**
Increased income			
Increase in wage/salary	35	31	32
Increase in disposable income	34	18	23
Receipt of bonus payments from my employer	2	3	3
Employer/Government contributions			
If employer's contribution level increased	5	3	4
If employer matched contribution/payments	4	4	4
If Government's contribution level increased	3	5	4
If Government matched contribution/payments	1	1	1
Other			
A better return on investment	2	3	3
Greater tax relief	1	4	3
Increase in working hours/overtime	4	3	3
The chance of a more comfortable life in retirement/old age	1	3	3
If earned more from investment	1	2	2
The chance of early/earlier retirement	*	1	1
Other	19	31	28
Nothing	8	8	8
Unweighted base	*122*	*517*	*639*
Weighted base	*171*	*453*	*624*

Base: All eligible respondents saying they would definitely or probably stay in workplace pension scheme excluding those who responded 'don't know' when asked about making additional contributions.
Note: The figures in this table do not sum to 100 per cent as respondents could cite more than one factor.

7 Attitudes to investment choice and risk

In this chapter we consider eligible individuals interest in and attitudes towards investing and managing their contributions should they be enrolled into a personal accounts scheme specifically.[54] This chapter also examines respondents' interest in different types of investments, including social, ethical and environmental (SEE) funds, and their disposition towards financial risk.

7.1 Individuals' views on whether they would make an active investment choice

Respondents were told that the personal accounts scheme will offer members a choice over how their contributions are invested, but that there will be a default fund for those who do not wish to make an active choice. This study did not seek views on whether choice should be available, since the 2007 survey established that 94 per cent of those asked reported that it was important that people could choose how to invest their personal accounts contributions (Webb *et al.*, 2008)[55]. Rather, the starting point in the 2009 survey was the extent to which respondents felt they would exercise their option to choose.

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[54] The subsequent branding of personal accounts as NEST (National Employment Savings Trust), in our judgement, does not affect the validity of the estimates provided in this chapter. This is because the investment and management options available under the personal accounts scheme were spelt out for respondents. Thus respondents were provided with relevant information upon which to base their response, rather than relying on prior understanding or perceptions of the term 'personal accounts'.

[55] Webb, C., Pye, J., Jeans, D., Robey, R. and Smith, P. (2008). *Individuals' attitudes and likely reactions to the workplace pension reforms 2007: Report of a quantitative survey*. DWP Research Report No. 550.

All respondents – irrespective of whether they said they would stay in or opt out of the personal accounts scheme if automatically enrolled – were asked whether they would be interested in choosing how to invest their money if they were to participate in the personal accounts scheme, or whether they would leave their money in the default investment fund. Interviewers explained that the default fund would be chosen by investment specialists.

Table 7.1 shows that just over a half of respondents said that if given the choice, they would choose how to invest their money (52 per cent). That breaks down evenly into one quarter (26 per cent) who said they would definitely choose and one quarter (26 per cent) who said they would probably choose how to invest their money. The other half reported they would leave their money in the default fund – 34 per cent said they would probably leave their money and 12 per cent said they would definitely leave their money in the default fund.

Those respondents who specifically said they would stay in a personal account scheme (if automatically enrolled) were also divided approximately equally into those who would and those who would not choose how to invest (Table 7.1). However, significantly more (53 per cent) judged that they probably would leave their contributions in the default fund.

Table 7.1 Individuals' likelihood of choosing their own investments, by whether or not they expected to stay in personal accounts

	Participation decision		
Likelihood	**Stay in %**	**Opt out %**	**All[1] %**
Definitely choose how to invest contributions	22	41	26
Probably choose how to invest contributions	25	24	26
Probably leave contributions in the default investment fund	42	17	34
Definitely leave contributions in the default investment fund	11	16	12
Don't know	1	1	1
Choose investments	**46**	**65**	**52**
Default fund	**53**	**33**	**47**
Unweighted base	*465*	*185*	*1,027*
Weighted base	*469*	*169*	*996*

Base: All eligible respondents.

1 Respondents who said they were not sure whether they would stay in the personal accounts scheme or 'it depends' are included in this column, but not in the preceding columns.

We wish to be careful not to overstate the finding that half (52 per cent) of respondents say they would choose investments rather than stay in the default fund, as evidence from the pensions industry indicates that a high proportion of members tend to save in the default fund.

7.2 Priorities for investment choice

When managing their personal accounts, it is anticipated that members are likely to consider potential levels of return and, in some cases, the opportunities to invest in SEE funds.

Those respondents who thought they would probably or definitely engage in selecting their own investment options were told about SEE funds via an on-screen prompt read aloud by the interviewer:

> *'…the options for investing your personal account money would include a range of different types of investments, as with other pensions. For example, people could have the option to invest in socially responsible, environmental or ethical investments, such as recycling companies or companies which have a good reputation for the fair treatment of their workers.'*

Respondents were then presented with statements which aimed to assess first whether maximising return would be a priority over-riding other considerations, then secondly their level of interest in SEE funds. For each statement, they were asked to say how far they agreed or disagreed on a five-point scale ranging from strongly agree to strongly disagree.

Responses to these statements are now examined in turn.

7.2.1 Interest in levels of investment return

> *'The level of return on my investment is more important than where the personal account money is invested.'*

Three quarters (75 per cent – see Table 7.2) of those asked said that the 'profitability' of their investments was more important to them than where their funds were specifically invested, including four in ten (40 per cent) who agreed strongly. Fourteen per cent disagreed, of which three per cent disagreed strongly. The remaining 11 per cent said they neither agreed nor disagreed that the level of return was more important to them than where their contribution is invested.

Men were significantly more likely than women to agree that profitability was more important than where contributions are invested (82 per cent of men compared with 67 per cent of women).

Table 7.2 Whether level of investment return is more important than where contributions are invested, by sex

	Sex		
Agreement	Male %	Female %	All[1] %
Strongly agree	46	33	40
Tend to agree	36	34	35
Neither agree nor disagree	8	15	11
Tend to disagree	8	15	11
Strongly disagree	2	3	3
Strongly/tend to agree	**82**	**67**	**75**
Strongly/tend to disagree	**10**	**18**	**14**
Unweighted base	*253*	*279*	*532*
Weighted base	*285*	*232*	*518*

Base: All eligible respondents who said they would be likely to choose their own personal account investments.

Table 7.3 illustrates that those working full time were more likely than those working part time to award a greater priority to 'returns'. Four in five full-time workers (79 per cent) agreed that the 'level of investment return is more important than where contributions are invested'. That compares to three in five (62 per cent) of part-time workers.

Table 7.3 Whether level of investment return is more important than where contributions are invested, by employment status

	Employment status		
Agreement	Full time %	Part time %	All %
Strongly agree	42	32	40
Tend to agree	37	30	35
Neither agree nor disagree	9	17	11
Tend to disagree	10	16	11
Strongly disagree	2	5	3
Strongly/tend to agree	**79**	**62**	**75**
Strongly/tend to disagree	**12**	**21**	**14**
Unweighted base	*387*	*133*	*520*
Weighted base	*404*	*103*	*507*

Base: All eligible respondents who said they would be likely to choose their own personal account investments.

7.2.2 Interest in SEE funds

Respondents were then asked how far they agreed with the following statements.

Those who agreed that level of return is more important than where funds are invested were presented with the following statement:

> *'If there were no difference in the likely level of return, I would choose to invest in social, ethical and environmental options over other investments.'*

Those who disagreed that level of return is more important than where funds are invested were presented with the following statement:

> *'I would choose to invest in social, ethical and environmental options over other investments.'*

Staying with those who said they were likely to choose how to invest their money rather than leave it in the default fund, Table 7.4 shows that a clear majority (69 per cent) were *potentially* interested in investing in SEE funds. However, for most (54 per cent) this interest is qualified, i.e. they agreed they would choose to invest in SEE funds over alternative investments only if there was no difference in the likely level of return between SEE funds and other investments. A modest (though far from negligible) minority (16 per cent) agreed that they would specifically choose to invest in SEE funds over other investments.

Ten per cent of those who said they would choose how to invest their money indicated they would not choose to invest in SEE funds, and 20 per cent were unsure about their likely uptake of this option.

Table 7.4 Interest in SEE funds[56]

Level of interest	All %
Would invest in SEE funds	**69**
Would invest in SEE funds over other investment types	16
Would invest in SEE funds over alternatives if no difference in level of return	54
Not interested in SEE funds	**10**
Not sure	**20**
Unweighted base	*533*
Weighted base	*519*

Base: All eligible respondents who said they would be likely to choose their own personal account investments.

56 Respondents were asked to agree/disagree with two statements. For presentation purposes, responses to these two statements have been surmised into the 'level of interest' categories presented in Table 7.4.

7.3 Attitudes to investment risk

7.3.1 Risk versus reward

Having considered potential investment choices available within a personal account scheme, the questionnaire proceeded to examine the level of 'risk' that individuals would be prepared to take with their retirement savings.

To begin, respondents were asked to consider two statements related to financial risk, and to say how far they agreed or disagreed with each.

> *'It is better to play it safe with your savings even if investing in higher risk investments could make you more money.'*
>
> *'You can't expect to get a good return on your money if you don't take certain risks.'*

The statements were intended to measure attitudes towards risk, but also served the purpose of engaging interviewees with the topic at a general level, prior to a more complex risk classification exercise (Section 7.3.2).

Three-quarters of respondents (76 per cent – see Table 7.5) agreed that it was better to play it safe with their savings, rather than use higher risk investments in the hope of a higher return. Twelve per cent disagreed and 13 per cent neither agreed nor disagreed. The cautious approach towards investment shown in Table 7.5 prevailed consistently across all key demographic sub-groups.

Table 7.5 Whether it would be better to play it safe with savings even if investing in higher risk investments could make you more money

Agreement	All %
Agree strongly	29
Agree	47
Neither agree nor disagree	13
Disagree	10
Disagree strongly	2
Agree	**76**
Disagree	**12**
Unweighted base	*1,027*
Weighted base	*996*

Base: All eligible respondents.

There was less agreement among respondents when considering whether returns on investments are dependent upon taking certain risks. Just over half (53 per cent – see Table 7.6) agreed that you cannot get a good return without taking risks, though only eight per cent agreed strongly. Around one in three (29 per cent) disagreed that returns were dependent on risks, though again few disagreed strongly (three per cent) and 18 per cent neither agreed nor disagreed that a good return required taking certain risks.

Taken together, responses to these two measures suggest that this sample of those eligible for automatic enrolment would tend to be averse to financial risk taking.

Table 7.6 You can't expect to get a good return on your money if you don't take certain risks

Agreement	All %
Agree strongly	8
Agree	45
Neither agree nor disagree	18
Disagree	26
Disagree strongly	3
Agree	**53**
Disagree	**29**
Unweighted base	*1,027*
Weighted base	*996*

Base: All eligible respondents.

7.3.2 Risk classification

As well as two attitudinal measures of 'risk aversion', the questionnaire also included a more detailed 'exercise' aimed at calculating each respondent's attitude towards investment risk based on a standard measure of constant relative risk aversion (CRRA).

CRRA, as an analytic technique, has now been established for a number of years, and as well as being used widely within the financial industry, was carried out in Ipsos MORI's 2007 survey[57].

Specifically, the exercise asked respondents to imagine a situation in which:

- they were planning to retire in three years time;
- over their working life they had saved a sum of money that is equivalent to around three times their current salary as their main source of income for when they retire.
- they wanted to invest this money over the next three years;
- they were offered an investment opportunity with a 'well-known' bank where there was an equal chance of doubling the amount they invested or losing a third of the amount invested;

57 Webb, C., Pye, J., Jeans, D., Robey, R. and Smith, P. (2008). *Individuals' attitudes to the workplace pension reforms 2007: Report of a quantitative survey*, DWP Research Report No. 551.

- they could invest all, some, or none of their savings with the bank in the investment opportunity described; and
- any money not invested would be placed in a savings account with three per cent interest every year they save.

To illustrate the scenario in concrete terms, monetary values were calculated for the mid-point of several income bands and the example relating most closely to the respondent's own income was displayed to them on a showcard. Respondents were invited to provide either a percentage or monetary amount in response. Any monetary values given were converted into percentages, and those percentages were then used to classify how financially risk averse respondents were in the form of a CRRA score.

People who rejected the offer, or who were only willing to invest a small percentage of their savings (up to and including 16 per cent) in the investment opportunity, were classified as 'risk averse'. Those willing to invest slightly more of their savings, although not quite a third (17 to 32 per cent), were classified as 'mildly risk averse', and those willing to invest a third or more of their savings (33 per cent and upwards) were classified as being 'risk loving'[58].

Table 7.7 demonstrates quite how polarised responses to this exercise were. Just over four in ten respondents (44 per cent) were classified as 'risk averse', with the vast majority of this group – over a third of all respondents (37 per cent) – unwilling to invest any money at all in the opportunity presented. In comparison, a similar percentage (40 per cent) can be seen grouped at the other end of the spectrum, classified as 'risk loving'. Only seven per cent of respondents were categorised as 'mildly risk averse', which perhaps partly reflects the narrowness of the definition for this category. The remaining one in ten respondents (nine per cent) did not know how they would react to the offer.

Attitudes to financial risk varied significantly on the basis of a number of key demographic characteristics. Considering sex to begin with, men were more likely than women to be classified as 'risk loving' (44 per cent men were 'risk loving' compared to 35 per cent of women). As many as half of women (51 per cent) were classified as 'risk averse', including 45 per cent who were unwilling to invest any of their savings at all.

58 We have adopted previously used labels. Given the terms of the investment, it could be argued that 'risk loving' does not best sum up the whole of this third group. Someone investing half of their savings stands to increase their total savings by 50 per cent (plus bank interest on the remaining half), while risking a reduction of only approximately 17 per cent of their total. This perhaps suggests more of a calculated risk taker than a risk lover.

Table 7.7 Attitudes to financial risk, by sex

	Sex		
	Male	Female	All
CRRA classification	%	%	%
Risk averse	37	51	44
Zero per cent	**31**	**45**	**37**
Mildly risk averse	8	6	7
Risk loving	44	35	40
Don't know	10	8	9
100 per cent	**7**	**4**	**5**
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

Looking at age, those aged 40 or over were more likely than those under 40 to be classified as financially risk averse. Half (49 per cent – see Table 7.8) of those aged 40-64 were considered 'risk averse' compared to 39 per cent of those aged 22-39. Forty-four per cent of those aged 40-64 would invest nothing at all. A greater proportion of those classified as 'risk loving' were aged under 40. Forty-four per cent of those aged 22-39 were willing to invest over one third of their savings in the investment opportunity, compared to 36 per cent of those aged 40 or over.

Table 7.8 Attitudes to financial risk, by age

	Age (years)		
	22-39	40-64	All
CRRA classification	%	%	%
Risk averse	39	49	44
Zero per cent	**32**	**44**	**37**
Mildly risk averse	7	7	7
Risk loving	44	36	40
Don't know	10	9	9
100 per cent	**6**	**5**	**5**
Unweighted base	*457*	*570*	*1,027*
Weighted base	*538*	*458*	*996*

Base: All eligible respondents.

There is also evidence that attitudes towards financial risk varied on the basis of working patterns. Table 7.9 shows that full-time workers were significantly more likely than part-time workers to be classified as 'risk-loving' (42 per cent of full-time workers as compared to 34 per cent of part-time workers). Part-time workers on the other hand were most likely to be 'risk averse' according to the CRRA scale (55 per cent of part-time workers compared to 40 per cent of full-time workers). Just under half (46 per cent) of part-time workers said they would reject the offer proposed and would invest nothing at all.

Table 7.9 Attitudes to financial risk, by employment status

	Employment status		
	Full time	**Part time**	**All**
CRRA classification	**%**	**%**	**%**
Risk averse	40	55	44
Zero per cent	**35**	**46**	**37**
Mildly risk averse	8	4	7
Risk loving	42	34	40
Don't know	10	7	9
100 per cent	**6**	**4**	**5**
Unweighted base	*750*	*259*	*1,027*
Weighted base	*783*	*193*	*996*

Base: All eligible respondents.

Finally, looking at income, low earners (those earning under £15,000 a year) were the most likely (at 50 per cent – see Table 7.10) to be classified as 'risk averse'. Table 7.10 shows risk averseness to decrease as income increases meaning higher earners (£33,000 or more a year) were the least likely to be classified as 'risk averse' (29 per cent), and the most likely, at 41 per cent, to be categorised as 'risk loving'.

Table 7.10 Attitudes to financial risk, by income

	Income (£ a year)				
	<15,000	**15,000-24,999**	**25,000-32,999**	**33,000+**	**All**
CRRA classification	**%**	**%**	**%**	**%**	**%**
Risk averse	50	41	42	29	44
Zero per cent	**44**	**33**	**39**	**27**	**37**
Mildly risk averse	3	6	11	21	7
Risk loving	37	43	37	42	40
Don't know	10	9	10	8	9
100 per cent	**5**	**7**	**3**	**7**	**5**
Unweighted base	*417*	*379*	*140*	*91*	*1,027*
Weighted base	*366*	*397*	*145*	*88*	*996*

Base: All eligible respondents.

8 Information sources and communication preferences

This chapter examines where respondents currently get financial information and information related to their retirement. It also highlights their preferred information source and communication 'medium' in relation to a workplace pension specifically. The chapter ends by exploring current use of the internet amongst the sample, and levels of interest in managing their personal account (as it was known at the time of interviewing) on-line, if they had one.[59]

8.1 Information sources and communication preferences

8.1.1 Current sources of financial information

Respondents were first asked to state from which sources, if any, they currently get information about 'general financial products, services or issues'. The most common sources were banks and building societies (48 per cent) followed by family and friends (39 per cent) (Table 8.1). The print and broadcast media and the internet were each mentioned by three respondents in ten (31 and 29 per cent respectively). A quarter of respondents (24 per cent) got information from a financial adviser, while one in eight (12 per cent) did so from their employer. A range of other sources, from financial companies through government

59 The subsequent branding of personal accounts as NEST (National Employment Savings Trust), in our judgement, does not affect the validity of the estimates provided in this chapter. This is because the on-line management opportunities potentially available under the personal accounts scheme were spelt out for respondents. Thus respondents were provided with relevant information upon which to base their response, rather than relying on prior understanding or perceptions of the term 'personal accounts' .

departments and voluntary organisations, were each mentioned by less than ten per cent of respondents. While respondents commonly gave two or three sources, a small minority (11 per cent) indicated that they accessed none of these sources for information on financial matters.

Overall, men and women displayed a similar pattern in the sources of general financial information they used, though men were rather more likely to use the media (35 per cent compared to 25 per cent among women). Use of the internet as a source of financial information followed an almost identical pattern (34 per cent of men compared to 23 per cent among women).

Table 8.1 Current sources of financial information, by sex

	Sex		
	Male	**Female**	**All**[1]
Source	**%**	**%**	**%**
Bank/building society	47	49	48
Friends/family/colleagues	36	42	39
The media (newspapers, TV, radio)	35	25	31
Internet generally	34	23	29
Independent Financial Adviser	26	21	24
Employer	11	13	12
Pension provider	10	5	7
Insurance company	7	6	7
Accountant	7	5	6
HM Revenue and Customs/Inland Revenue	6	5	5
Citizens Advice Bureau	3	4	4
Trade union	4	3	3
Department for Work and Pensions (DWP)/ Department of Social Security (DSS)/The Pensions Service	3	2	3
The Government generally – no specific department	3	2	3
Help the Aged, Age Concern or a similar organisation	0	1	*
Other	1	2	1
None of these	11	11	11
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

[1] Percentages sum to more than 100 per cent as respondents could give more than one answer.

Of the five most frequently mentioned sources of information, the use of two varied significantly with age. Respondents aged under 40 were more likely to mention family, friends and colleagues and the internet than those aged 40 or over (Table 8.2). However, these differences were modest in comparison to those according to income. Higher earners were very much more likely to cite the media, the internet and/or a financial adviser (Table 8.3). For example, over one half (55 per cent) of the highest earners (those earning at least £33,000 a year) and over one third (37 per cent) of those earning £25,000-32,999 got information from the internet. In contrast, not even one in five (18 per cent) of those earning less than £15,000 did so. Similarly, more than two in five (42 per cent) of higher earners accessed a financial adviser compared to fewer than one in six (15 per cent) of those earning less than £15,000. Hence, not only did higher proportions of the better paid respondents use each of these key sources but, on average, this group accessed more sources. As many as 16 per cent of those earning less than £15,000 a year used no source (of those listed on the showcard) at all.

Table 8.2 Leading[60] sources of financial information, by age

	Age (years)				
	22-29	30-39	40-49	50-64	All
Source	%	%	%	%	%
Bank/building society	55	45	47	45	48
Friends/family/colleagues	43	46	34	32	39
The media (newspapers, TV, radio)	26	33	27	38	31
Internet generally	32	36	23	22	29
Independent Financial Adviser	21	22	27	25	24
Unweighted base	*177*	*280*	*276*	*294*	*1,027*
Weighted base	*250*	*288*	*253*	*205*	*996*

Base: All eligible respondents.

Table 8.3 Leading sources of financial information, by income

	Income (£ a year)				
	<15,000	15,000-24,999	25,000-32,999	33,000+	All
Source	%	%	%	%	%
Bank/building society	46	49	48	53	48
Friends/family/colleagues	34	39	45	50	39
The media (newspapers, TV, radio)	26	30	31	53	31
Internet generally	18	30	37	55	29
Independent Financial Adviser	15	24	35	42	24
No sources[1]	16	10	5	2	11
Unweighted base	*417*	*379*	*140*	*91*	*1,027*
Weighted base	*366*	*397*	*145*	*88*	*996*

Base: All eligible respondents.
1 Of all those listed in Table 8.1.

A second question asked respondents which, if any, of these sources they had ‘contacted for information and advice on planning for retirement’. The majority

60 ‘Leading sources’ refer to the five most frequently cited current sources of financial information as shown in Table 8.1. Each of these sources were mentioned by more than one in five (20 per cent) of respondents.

(57 per cent) had not made contact with any of these sources for information about retirement, particularly women (63 per cent compared to 53 per cent of men – see Table 8.4).

Financial advisers (18 per cent) had been contacted more than any other source (Table 8.4). Banks and buildings societies (12 per cent) and family and friends (11 per cent) came next. A wide range of other sources had been accessed by fewer than ten per cent, or often fewer than five per cent, of respondents. These included the DWP or Pensions Service, contacted by only two per cent. Women mentioned fewer contacts and were significantly less likely to have been in touch with a financial adviser (14 per cent compared to 21 per cent of men).

Table 8.4 Sources contacted for information/advice about retirement, by sex

	Sex		
Source	**Male %**	**Female %**	**All %**
Independent Financial Adviser	21	14	18
Bank/building society	14	9	12
Friends/family/colleagues	13	10	11
Employer	8	9	8
Pension provider	10	4	7
Internet generally	5	3	4
DWP/DSS/The Pensions Service	2	3	2
Accountant	2	2	2
Insurance company	3	1	2
The media (newspapers, TV, radio)	2	1	2
Citizens Advice Bureau	2	1	1
HM Revenue and Customs/Inland Revenue	1	0	1
Trade union	1	*	*
The Government generally – no specific department	1	0	*
Help the Aged, Age Concern or a similar organisation	0	0	0
Other	*	*	*
None of these	53	63	57
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

Age differences were observed. In particular, the youngest respondents (aged 22-29) were most likely not to have contacted a source for information and advice on planning for retirement (67 per cent), and least likely to have seen a financial adviser (eight per cent compared to 25 per cent of 40–49-year-olds and 26 per cent of those aged 50-64). However, even among those approaching retirement, few had contacted DWP or The Pensions Service (five per cent of 50–64-year-olds).

Differences by income were much more substantial. Most of those with an income of £25,000 or more a year had contacted at least one source, including as many as two–thirds of those earning £33,000 or over (Table 8.5). These higher earners were much more likely to have contacted a financial adviser, their employer or a pension provider.

Table 8.5 Leading sources contacted for information/advice about retirement, by income

	Income (£ a year)				
	<15,000	15,000-24,999	25,000-32,999	33,000+	All
Source	%	%	%	%	%
Independent Financial Adviser	10	17	26	40	18
Bank/building society	9	12	16	15	12
Friends/family/colleagues	8	11	15	17	11
Employer	5	8	11	19	8
Pension provider	4	7	10	18	7
No sources[1]	69	57	43	33	57
Unweighted base	*417*	*379*	*140*	*91*	*1,027*
Weighted base	*366*	*397*	*145*	*88*	*996*

Base: All eligible respondents.

[1] Of all those listed in Table 8.4.

8.1.2 Preferred source of information about workplace pension schemes

Looking forward to when the reforms are launched from 2012, respondents were asked which one source (from a revised list) they would prefer to go to if they had questions or wanted more information about workplace pension schemes. The findings contrasted sharply with the sources which respondents had already actually used or contacted.

The most popular preferred choice was the DWP itself, which was chosen by one third of respondents (35 per cent – see Table 8.6). A quarter selected their employer (25 per cent), while a similar proportion opted for either an independent organisation such as a Citizens Advice Bureau (CAB) or the Pensions Advisery Service (13 per cent) or an independent financial adviser (IFA) (ten per cent). The preferences of men and women were quite similar, though again men were more inclined towards IFAs as a preferred source of information (13 per cent men compared to seven per cent of women).

Respondents aged 40 or over were also more likely to prefer an IFA (17 and 11 per cent of 40-49 and 50 plus groups – see Table 8.6). However, the proportion preferring to approach their employer very much declined with age, from a third (33 per cent) of 22–29-year-olds to one in seven (14 per cent) of those 50 or over.

Respondents with the lowest incomes were especially likely to prefer DWP (41 per cent) or an independent organisation such as a CAB (15 per cent) when compared to the preferences of high earners (£33,000+). As would be expected from findings earlier in this chapter, those on higher incomes were relatively more likely to prefer to contact an IFA (17 per cent of those earning £25,000 to £32,999 and 25 per cent of those earning more). However, even among those earning £25,000 or more a greater proportion of respondents selected their employer (30 per cent). Instead, it was DWP, as well as independent organisations, such as the CAB who received fewer preferences among higher earners. This may have implications for any information DWP provides: over 80 per cent of those who would prefer to go to DWP with questions were earning under £25,000, of whom nearly half were earning under £15,000.

Table 8.6 Preferred source of information about a workplace pension scheme, by age

	Age (years)				
	22-29	**30-39**	**40-49**	**50-64**	**All**
Source	**%**	**%**	**%**	**%**	**%**
DWP	36	33	32	40	35
Your employer	33	28	21	14	25
An independent organisation such as the Citizens Advice Bureau	12	10	14	15	13
An Independent Financial Adviser	5	8	17	11	10
The internet generally	9	9	5	4	7
The independent (non-government) body set up to run personal accounts	3	5	5	6	5
A trade union	1	3	2	3	2
The Government generally – no specific department	0	2	1	1	1
The media (newspapers, TV, radio)	0	1	1	1	1
Other	0	0	*	2	*
None of these	1	*	2	4	2
Unweighted base	*176*	*279*	*274*	*293*	*1,022*
Weighted base	*247*	*287*	*250*	*204*	*987*

Base: All eligible respondents.

Table 8.7 Leading[61] preferred source of information about a workplace pension scheme, by income

	Income (£ a year)				
	<15,000	15,000-24,999	25,000-32,999	33,000+	All
Source	%	%	%	%	%
DWP	41	35	29	20	35
Your employer	21	25	30	30	25
An independent organisation such as the Citizens Advice Bureau	15	15	7	2	13
An Independent Financial Adviser	7	7	17	25	10
The internet generally	5	7	9	11	7
Unweighted base	*415*	*376*	*140*	*91*	*1,022*
Weighted base	*364*	*391*	*145*	*88*	*987*

Base: All eligible respondents.

8.1.3 Acceptable channels of information about workplace pensions

Respondents who selected one of the named organisations (Table 8.6) as their preferred source of information on workplace pensions were also asked which method(s) of communicating with this organisation would be acceptable to them. Answers were given in reference to each respondent's own organisational preference and not DWP in particular, though we group answers by 'method of communication' in the findings that follow. Most (72 per cent) said it would be acceptable to meet in person, either on their own or with a partner, friend or relative (Table 8.8). However, no other method of communication was selected by a majority, even though respondents were free to select as many as they wished (and a few – four per cent – indicated that all five methods were acceptable to them). Four in ten (40 per cent) mentioned the telephone and one third (33 per cent) email or on-line communication. Only a quarter (26 per cent) chose a letter or leaflet, which was not a significantly different proportion than opted for in-person contact as part of a group (23 per cent). Of those who were happy to meet in person, either on their own or as part of a group, one in two (47 per cent) found at least one other non face-to-face channel of information acceptable.

Men and women gave very similar responses. There were differences by age: as one might have expected, younger respondents were more likely to identify a preference for electronic communication through email or on-line (Table 8.8). However, it is important not to misrepresent the preferences of these younger workers. Those under 30 were still much more likely to select communication in

61 Leading preferred sources' refer to the five most frequently cited preferred sources of information about a workplace pension scheme as shown in Table 8.6.

person (71 per cent) than by email or on-line (39 per cent), which was marginally less favoured than the telephone (46 per cent). One further difference to note was that those earning less than £15,000 a year were relatively unlikely (24 per cent) to accept email or on-line communication.

Table 8.8 Acceptable channels of communication, by age

	Age (years)				
	22-29	**30-39**	**40-49**	**50-64**	**All**[1]
Communication channel	%	%	%	%	%
In person (on own or with partner, friend or relative)	71	71	76	71	72
By telephone	46	42	35	37	40
By email or on-line (through the internet)	39	40	25	23	33
In a letter or leaflet	29	27	25	23	26
In person: with a group of people (for example with colleagues at workplace)	26	23	23	19	23
Unweighted base	*158*	*249*	*248*	*266*	*921*
Weighted base	*223*	*255*	*230*	*182*	*890*

Base: All who mentioned an organisation (rather than media/internet) as their preferred source of information.

1 Percentages sum to more than 100 per cent as respondents could give more than one answer.

8.2 Internet use

Respondents were asked to indicate their frequency of personal internet use over the preceding month. A very large majority (85 per cent) had used the internet, including half (53 per cent) who said they did so every day (Table 8.9). Indeed, over three-quarters of respondents (78 per cent) reported at least weekly personal use of the internet. Though only a small minority (15 per cent) had not used the internet in the last month, this proportion was higher among those aged 50-64 (34 per cent of 50–64-year-olds compared with four per cent of those aged 22-29 years). Similarly, the proportion of those who had not used the internet in the last month was notably higher amongst those with the lowest earnings (24 per cent of those who earned less than £15,000 a year – see Table 8.10).

Table 8.9 Frequency of personal internet use in past month, by age

	Age (years)				
	22-29	30-39	40-49	50-64	All
Frequency	%	%	%	%	%
Used in the past month	**96**	**91**	**83**	**66**	**85**
Every day	68	57	49	33	53
At least four times a week	10	17	15	10	13
One to three times a week	14	10	11	11	11
Less than once a week, but more than once a fortnight	3	4	4	6	4
One or two times a month	1	4	4	5	4
Not used in the last month	**4**	**9**	**17**	**34**	**15**
Unweighted base	*177*	*280*	*276*	*294*	*1,027*
Weighted base	*250*	*288*	*253*	*205*	*996*

Base: All eligible respondents.

Table 8.10 Frequency of personal internet use in past month, by income

	Income (£ a year)				
	<15,000	15,000-24,999	25,000-32,999	33,000+	All
Frequency	%	%	%	%	%
Used in the past month	**76**	**88**	**93**	**98**	**85**
Every day	45	55	61	64	53
At least four times a week	10	13	16	21	13
One to three times a week	13	13	6	8	11
Less than once a week, but more than once a fortnight	3	5	5	2	4
One or two times a month	5	2	4	2	4
Not used in the last month	**24**	**12**	**7**	**2**	**15**
Unweighted base	*417*	*379*	*140*	*91*	*1,027*
Weighted base	*366*	*397*	*145*	*88*	*996*

Base: All eligible respondents.

Those who had used the internet in the past month were asked to indicate whether they had done so for any of a pre-listed range of finance-related reasons. A very large majority (82 per cent) had done so, and mentioned an average of at least two different purposes (Table 8.11). Buying products or services and managing bank accounts were the two uses cited by more than half of respondents who had used the internet in the last month (59 and 56 per cent respectively). Those aged under 40 were particularly likely to have made use of the internet in these ways when compared to those aged 40 or over.

Paying bills (46 per cent), accessing comparison websites (36 per cent) and searching for financial advice or information (27 per cent) were also common, while one in six (16 per cent) mentioned checking investments on the internet in the last month.

Table 8.11 Type of internet use in past month, by age

	Age (years)				
	22-29	30-39	40-49	50-64	All[1]
Type of use	%	%	%	%	%
Bought products or services on-line	65	64	50	55	59
Managed current/savings account on-line	57	66	50	46	56
Paid bills on-line	48	50	43	42	46
Accessed comparison websites, e.g. Money Supermarket	39	40	34	27	36
Searched on the internet for advice/information on financial issues	31	28	23	25	27
Checked investments on the internet, e.g. ISAs/ pensions	18	15	13	18	16
Accessed a forum or blog about financial issues	4	7	4	3	5
None of the above	13	16	23	21	18
Unweighted base	*170*	*255*	*227*	*191*	*843*
Weighted base	*241*	*262*	*210*	*135*	*849*

Base: All eligible respondents using the internet in the last month.

1 Percentages sum to more than 100 per cent as respondents could give more than one answer.

Use of the internet for financial purposes was related quite sharply to income (Table 8.12). A third (32 per cent) of internet users earning under £15,000 a year had not been on-line for financial purposes in the last month. Hence, the proportion citing each of the uses was lowest among those earning under £15,000. Nevertheless, there is still quite a lot of use even among this group. For instance, buying goods or services and managing an account were each mentioned by at least two in five of all low-earning respondents using the internet in the last month.

Table 8.12 Type of internet use in past month, by income

	Income (£ a year)				
Type of use	<15,000 %	15,000-24,999 %	25,000-32,999 %	33,000+ %	All[1] %
Bought products or services on-line	48	62	66	73	59
Managed current/savings account on-line	41	62	66	68	56
Paid bills on-line	37	49	49	65	46
Accessed comparison websites, e.g. Money Supermarket	24	41	43	44	36
Searched on the internet for advice/ information on financial issues	17	28	32	48	27
Checked investments on the internet, e.g. ISAs/pensions	8	17	22	27	16
Accessed a forum or blog about financial issues	2	5	4	13	5
None of the above	32	12	9	9	18
Unweighted base	*306*	*319*	*130*	*88*	*843*
Weighted base	*278*	*350*	*134*	*86*	*849*

Base: All eligible respondents using the internet in the last month.
1 Percentages sum to more than 100% as respondents could give more than one answer.

Nearly all internet users had access at home (96 per cent – Table 8.13). Four in ten (42 per cent) had made personal use of the internet at work in the preceding month. This proportion varied hugely by income, from 20 per cent of those earning less than £15,000 to 79 per cent of those earning at least £33,000.

Other places of access were mentioned far less frequently, though note that five per cent of the lowest income group (those earning less than £15,000 a year) accessed the internet at a library.

Table 8.13 Places where internet was accessed in past month, by income

	Income (£ a year)				
Location	<15,000 %	15,000-24,999 %	25,000-32,999 %	33,000+ %	All[1] %
At home	95	96	96	96	96
At work	20	43	58	79	42
At families'/friend's house	4	3	2	1	3
Library	5	2	*	1	3
Via a mobile phone	3	2	1	0	2
At internet café	1	1	1	3	1
College or university	1	1	2	0	1
Unweighted base	*306*	*319*	*130*	*88*	*843*
Weighted base	*278*	*350*	*134*	*86*	*849*

Base: All eligible respondents using the internet in the last month.

1 Percentages sum to more than 100 per cent as respondents could give more than one answer.

8.3 Appetite for managing the personal accounts scheme on-line

One proposal under the 2012 reform package is to offer participating members of a personal account scheme[62] the opportunity to manage their investments on-line. All respondents were asked, if they had a personal account, how interested they would be in managing this on-line 'in the same way that you might manage a bank account on-line'. Seven in ten (69 per cent – see Table 8.14) said they would be very or fairly interested, including approaching half (44 per cent) who were very interested. Again, differences were evident by age and income. Very large majorities of younger respondents aged under 40 were interested in on-line management compared to fewer than half of 50–64-year-olds. Fewer of those earning less than £15,000 a year expressed an interest in managing their personal account on-line, though in this case it was still a clear majority who did so (57 per cent – see Table 8.15).

62 This on-line management facility will be offered to personal account scheme members only. Personal accounts (as they were known at the time of fieldwork) will now be referred to as NEST.

Table 8.14 Interest in on-line management of the personal accounts scheme, by age

	Age (years)				
	22-29	30-39	40-49	50-64	All
Level of interest	%	%	%	%	%
Very interested	53	56	36	26	44
Fairly interested	36	23	24	17	25
Not very interested	3	6	10	9	7
Not at all interested	8	16	30	47	24
Very/fairly interested	**89**	**79**	**60**	**44**	**69**
Not very/not at all interested	**11**	**21**	**40**	**56**	**31**
Unweighted base	*177*	*276*	*274*	*294*	*1,021*
Weighted base	*250*	*285*	*251*	*205*	*991*

Base: All eligible respondents.

Finally, it is noteworthy that the group of respondents who judged that they would stay in the personal account scheme upon automatic enrolment were more likely to say they were interested in on-line management (75 per cent compared to 58 per cent of those who said they would opt out – see Table 8.16).

Table 8.15 Interest in on-line management of the personal accounts scheme, by income

	Income (£ a year)				
	<15,000	15,000-24,999	25,000-32,999	33,000+	All
Level of interest	%	%	%	%	%
Very interested	30	47	59	64	44
Fairly interested	27	26	21	23	25
Not very interested	8	7	7	2	7
Not at all interested	35	20	14	11	24
Very/fairly interested	**57**	**73**	**80**	**87**	**69**
Not very/not at all interested	**43**	**27**	**20**	**13**	**31**
Unweighted base	*412*	*378*	*140*	*91*	*1,021*
Weighted base	*362*	*397*	*145*	*88*	*991*

Base: All eligible respondents.

Table 8.16 Interest in on-line management of the personal accounts scheme, by (summary) participation decision

	Participation decision		
	Stay in	**Opt out**	**All**[1]
Level of interest	**%**	**%**	**%**
Very interested	46	43	44
Fairly interested	29	16	25
Not very interested	5	5	7
Not at all interested	19	37	24
Very/fairly interested	**75**	**58**	**69**
Not very/not at all interested	**25**	**42**	**31**
Unweighted base	*462*	*184*	*1,021*
Weighted base	*468*	*167*	*991*

Base: All eligible respondents.

[1] Respondents who said they were not sure whether they would stay in the personal accounts scheme or 'it depends' are included in this column but not in the previous columns.

9 Employer duties and the law

This chapter explores individual's attitudes towards employer's compliance with their duties under the reforms. The first section begins by considering any notion of pension 'entitlement' amongst the sample. The second assesses the extent to which respondents would be prepared to challenge an employer in reference to various areas of possible non-compliance. For context, it is important to note that figures presented in this chapter relate to answers given in relation to hypothetical questions, that behaviour itself was not measured and that these questions came at the end of a questionnaire during which a lot of information had already been given on the details of the reform.

9.1 Attitudes towards employer's pension 'duties'

All interviewees were asked to consider employers pension 'duties', discussing the theme relatively broadly at first. To instigate discussion, respondents were asked to think about whether, in their opinion, employers should have a duty to provide a pension for their workers.

Table 9.1 shows that three-quarters of those asked (75 per cent) thought an employer should offer a pension to their workers. In contrast, only 11 per cent of respondents thought that employers should not have this responsibility, whilst a further eight per cent said 'it depends'. A smaller group – seven per cent – were unsure either way.

Table 9.1 also demonstrates that views on whether employers should provide a pension varied on the basis of age, with younger respondents more likely to be in favour of an employer obligation. Those aged 22-29 were more likely to think an employer has a duty to provide a pension – 84 per cent – compared to 67 per cent amongst those aged 40-49 and 73 per cent of those aged 50-64.

Table 9.1 Whether employers should have duty to provide pension, by age

	Age (years)				
	22-29	30-39	40-49	50-64	All
View	%	%	%	%	%
Yes	84	75	67	73	75
No	6	12	15	11	11
Don't know/not sure	8	7	7	5	7
It depends	3	6	11	11	8
Unweighted base	*177*	*280*	*276*	*294*	*1,027*
Weighted base	*250*	*288*	*253*	*205*	*996*

Base: All eligible respondents.

Attitudes towards whether employers should provide a pension to their workers also varied according to the amount of savings respondents held at the time of the survey. Amongst savers, the proportion of those in favour of an employer duty decreased the more savings a respondent held. Those with savings of up to £4,999[63] were most likely (79 per cent – see Table 9.2) to be of the opinion that employers should have a duty to provide a pension for their workers. This view was less common amongst those who had accumulated larger savings, and in particular drops to 62 per cent amongst those with savings of £50,000 or more. Correspondingly, those with £50,000 or more in savings were the most likely to say they did not think that employers should provide a pension, although it must be noted that even among this group only 20 per cent held this view.

9.2 Workplace pension rights

9.2.1 Background

As well as documenting statutory duties for employers, The Pensions Act 2008 sets out a series of 'entitlements' for workers, established in law. It is that topic on which the questionnaire next focused.

So that respondents could give an informed decision about their likely reaction to employer non-compliance, they were provided with a 'prompt card' which summarised employers' duties and outlined key elements of law under the proposed reforms.

63 This group includes both those categorised as having £1-£999 and £1,000-£4,999 worth of savings.

Specifically, respondents were told:

> *'Once the reforms come into place, employers will be required to enrol all their eligible workers into a workplace pension scheme offering at least a three per cent employer contribution.*
>
> *Your employer will be breaking the law if they:*
>
> - *Fail to enrol you into a qualifying workplace pension scheme and provide at least a three per cent employer contribution*
> - *Try to encourage you to opt out of the workplace pension scheme, perhaps by offering you something in return for opting out, or force you to opt out by threatening to do something unless you do so*
> - *Ask, when recruiting you, whether you would want to stay in a workplace pension scheme if you started to work for them.*
>
> *The Pensions Regulator is the body which will be responsible for enforcing the new employer duties. It will run a 'whistle-blowing' helpline through which people can report an employer that has broken the law'.*

Table 9.2 Whether employers should have a duty to provide pension, by amount of savings[64]

	Amount of savings (£)						
View	**None %**	**<1,000 %**	**1,000-4,999 %**	**5,000-9,999 %**	**10,000-49,999 %**	**50,000+ %**	**All %**
Yes	77	79	79	77	71	62	75
No	8	9	6	8	13	20	11
Don't know/not sure	10	5	10	8	4	5	7
It depends	5	6	5	8	11	13	8
Unweighted base	*161*	*235*	*165*	*111*	*184*	*134*	*1,027*
Weighted base	*150*	*228*	*168*	*105*	*182*	*127*	*996*

Base: All eligible respondents.

64 'Savings' could include one or a combination of the following types of savings or investments that the respondent (or their partner) had:
- Current account in a bank or building society
- Savings account in a bank or building society
- Individual Savings Accounts/Tax Exempt Special Savings Accounts
- Stocks/shares/bonds/investment trusts/unit trusts
- Insurance/endowments
- Property – buy to let and/or own home
- National savings certificates
- 'Others'.

9.2.2 Checking employer compliance in advance

One method by which workers may wish to assert their new 'entitlements' is to check, ahead of 2012, whether their employer intends to comply fully with the reform package. 'Checking' could involve anything from testing the water via an informal discussion through to an organisation-wide consultation, and care was taken to reflect the potential diversity of arrangements in the question text.

To estimate the proportion of workers who may discuss the reforms with their employer ahead of 2012, respondents were asked:

> *'Would you speak to your employer about the workplace pension reforms before 2012 to make sure they are planning to meet their duties?'*

Overall, six in ten (60 per cent – see Table 9.3) of those asked said that they would check their employer's intentions before 2012. Much fewer, though a substantial quarter of respondents (24 per cent), said they would not speak to their employer before the reforms come into effect, and a further 15 per cent were either unclear what they would do (ten per cent) or said their decision would depend (five per cent). Table 9.3 also shows evidence of a significant sex divide, with a greater proportion of men saying they would speak to their employer ahead of 2012 (65 per cent of men compared to 56 per cent of women).

Table 9.3 Whether would speak to employer before 2012 to ensure they are planning to meet their duties, by sex

	Sex		
View	**Male** **%**	**Female** **%**	**All** **%**
Yes	65	56	60
No	23	26	24
Don't know/not sure	8	12	10
It depends	4	7	5
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

Intentions to confirm future compliance (with an employer) also varied according to the current pension status of respondents. Table 9.4 shows that those with a current pension arrangement (albeit with no contribution from their employer) were more likely than those without to say they would speak to their employer before 2012 (69 per cent as compared to 58 per cent of those with no current pension). Those without a current pension arrangement were most likely to be unsure either way as to whether or not they would speak to their employer (11 per cent as compared to four per cent of those currently paying into a pension).

Table 9.4 Whether would speak to employer before 2012 to ensure they are planning to meet their duties, by pension status

	Pension status		
	Current pension[1]	No current pension	All
View	%	%	%
Yes	69	58	60
No	23	25	24
Don't know/not sure	4	11	10
It depends	4	6	5
Unweighted base	*216*	*808*	*1,027*
Weighted base	*195*	*798*	*996*

Base: All eligible respondents.

1 Individuals currently contributing to an employer or personal pension with no employer contribution.

9.2.3 Challenging non-enrolment

Having considered the percentage of eligible individuals likely to check their employer's intentions ahead of 2012, the next step was to assess the extent to which respondents would be prepared to challenge non-compliance once the reforms are in operation. To begin, we probed whether respondents would be prepared to ask their **current** employer to enrol them in a workplace pension in the event that their employer had failed to do so automatically. Specifically, respondents were asked to imagine that they were still working for their current employer in 2012, and were not automatically enrolled into a workplace pension scheme despite knowing that they were eligible.[65]

Three-quarters (75 per cent) of those asked said that they *would* ask their current employer to enrol them into a qualifying workplace pension scheme. One in ten (11 per cent) reported that they would not request their current employer to enrol them, with the remaining 13 per cent either unsure what they would do (five per cent) or saying it depends (eight per cent). In considering why the proportion of respondents saying they are prepared to challenge non-enrolment (75 per cent) is higher than the anticipated stay in rate for workplace pensions (65 per cent – see Table 4.1), it must be reiterated that the former was asked in reference to a prompt card (detailed in Section 9.2.1) which clearly stated that failure on behalf of the employer to comply with the reforms is 'breaking the law'. This contrasts with the rather more impartial manner in which respondents were asked whether or not they would choose to stay enrolled in a workplace pension scheme.

65 At this point in the interview the eligibility criterion for automatic enrolment was explained again by the interviewer.

Table 9.5 shows that a higher proportion of men said they would be ready to ask their current employer to enrol them into a workplace pension following failure to automatically enrol (78 per cent of men compared to 71 per cent of women). However, although a significant finding, any sex divide must not be overstated given the very large majority of both sexes saying they would ask to be enrolled.

Table 9.5 Whether would ask current employer to enrol if not enrolled automatically, by sex

	Sex		
View	**Male** **%**	**Female** **%**	**All** **%**
Yes	78	71	75
No	10	13	11
Don't know/not sure	4	6	5
It depends	7	10	8
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

The likelihood of an individual being willing to challenge non-enrolment (by asking their current employer to enrol them into a qualifying workplace pension scheme) also varied significantly on the basis of income. Although Table 9.6 shows that a minimum of seven in ten respondents across all income bands would ask to be enrolled, it is apparent that those earning £33,000 or over a year said they would be the most likely to ask their current employer to enrol them (81 per cent), whilst those earning less than £15,000 said they would be the least likely to do so (70 per cent).

Table 9.6 Whether would ask employer to enrol, by income

	Income (£ a year)				
View	**<15,000** **%**	**15,000-24,999** **%**	**25,000-32,999** **%**	**33,000+** **%**	**All** **%**
Yes	70	79	71	81	75
No	13	10	13	10	11
Don't know/not sure	8	4	4	1	5
It depends	9	7	12	8	8
Unweighted base	*417*	*379*	*140*	*91*	*1,027*
Weighted base	*366*	*397*	*145*	*88*	*996*

Base: All eligible respondents.

9.3 Reporting an employer

The Pensions Regulator (the current UK regulator of work-based pension schemes) will be responsible for enforcing the employer duties set out by the Pensions Act 2008, for maximising compliance and for ensuring safeguards. It will run a 'whistle-blowing' helpline through which people can report an employer that has broken the law.

To assess whether eligible individuals would be willing to make use of the proposed support facilities, we asked respondents how they would react to three **hypothetical** questions which described situations in which employers attempt to counter the entitlements they will be required to provide. Specifically:

> *'Would you be prepared to report an employer to the Pensions Regulator if...*
>
> - *...they asked, when recruiting you, whether you would join the workplace pension scheme, if you started working for them?*
> - *...they tried to encourage or force you to opt out of the workplace pension scheme?*
> - *...they failed to enrol you into a workplace pension scheme with a three per cent employer contribution?'*

Behaviour itself was not measured. The remainder of this chapter examines each of these three questions in turn.

9.3.1 The recruitment process

One risk to the successful delivery of the workplace pension reforms is that during future recruitment, employers may 'sound-out' whether potential candidates would wish to remain in a workplace pension if they started working for them. The argument then follows that those candidates stating they would opt out may be looked upon more favourably as they would 'cost' an employer less in any overall remuneration package. To explore whether this kind of practice would be reported by the Great Britain workforce and therefore detected, we asked eligible individuals whether they would be 'prepared to report an employer who asks at the recruitment stage whether they would want to remain in a workplace pension scheme'.

Table 9.7 shows that only fractionally over a half (54 per cent) of respondents anticipated that they would report an employer if they were asked whether they would join the workplace pension scheme during recruitment. In comparison, exactly a quarter (25 per cent) of those asked said they would not report an employer who asked during recruitment about their expected participation in a workplace pension scheme. A smaller fraction of respondents were unsure of their reaction (14 per cent), with the remainder saying that it would depend on the circumstances (eight per cent).

Table 9.7 also shows a sex difference in preparedness to challenge employer non-compliance during the recruitment process. Men were significantly more likely than women to say they would report an employer if asked about participation during recruitment (59 per cent of men compared to 48 per cent of women).

Table 9.7 Whether would report employer if asked about workplace pension participation during recruitment, by sex

	Sex		
	Male	Female	All
View	%	%	%
Yes	59	48	54
No	22	28	25
Don't know/not sure	11	17	14
It depends	8	8	8
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

9.3.2 Encouraging non-participation

Another risk to the delivery of the reform package, related to the last (Section 9.3.1), might be that employers actively encourage non-participation amongst present and future staff. 'Encouragement' could come in a variety of forms, for example a monetary inducement or a more punitive threat which pressurises staff into opting out. Table 9.8 considers the percentage of eligible individuals prepared to report an employer for such behaviour.

Seven in ten (71 per cent) respondents stated they would be prepared to report an employer if encouraged by them to opt out. Only one in ten (12 per cent) said they would not report an employer under these circumstances, with a further nine per cent unsure and eight per cent saying it would depend on circumstances. Additionally, Table 9.8 shows that those with debt were more likely than those who had no debts to report an employer if encouraged by them to opt out (74 per cent as compared to 67 per cent of those without debt).

9.3.3 Contributions beneath minimum level

The final non-compliance scenario put to our sample was a situation in which their employer had failed to enrol them into a workplace pension with a three per cent employer contribution (three per cent being the minimum employer contribution level authorised under the 2012 reform package). Respondents were then asked whether they would be prepared to report their employer in that event.

Table 9.8 Whether would report if encouraged to opt out, by whether have debts

	Whether has any debts		
View	No, has no debts %	Yes, has debts %	All %
Yes	67	74	71
No	13	11	12
Don't know/not sure	11	7	9
It depends	9	7	8
Unweighted base	*378*	*634*	*1,027*
Weighted base	*378*	*606*	*996*

Base: All eligible respondents.

The results presented in Table 9.9 show that almost three-quarters of those asked (73 per cent) would be prepared to report an employer who had failed to enrol them into a qualifying workplace pension with a minimum three per cent employer contribution. That percentage can be referenced against just over one in ten (12 per cent) who expect they would not report their employer in that circumstance. The remaining 15 per cent of respondents were relatively evenly distributed between those unsure of their reaction (eight per cent) and those for whom their response would 'depend' (seven per cent).

Table 9.9 Whether would report if not enrolled with three per cent employer contribution

View	All %
Yes	73
No	12
Don't know/not sure	8
It depends	7
Unweighted base	*1,027*
Weighted base	*996*

Base: All eligible respondents.

10 Comparisons between 2007 and 2009

This chapter examines the relationship between the research findings presented within this report and those reported by its forerunner in 2007.[66] Comparisons on a range of key variables are offered. The distinct sampling methodologies and weighting strategies[67] of the two surveys mean it is not advisable to test statistically for change over time: observed differences which appear significant may not be due wholly to real change. Moreover, the substantial revisions to the questionnaire in order to make it policy relevant may have impacted on responses, even to individual questions which were unaltered. The comparative estimates presented here need to be read in that context.

That said, the studies had much in common and so one would expect broadly similar findings, unless notable change had occurred. Given the substantial international and national economic transformations which had happened between the surveys, such changes did seem plausible. Therefore, this chapter highlights the similarities and differences which were recorded on key measures common to both studies but, as mentioned, the comparative estimates should be interpreted with caution.

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66 Webb C., Pye J., Jeans D., Robey R. and Smith P., 2008. *Individuals' attitudes and likely reactions to the workplace pension reforms 2007: Report of a quantitative survey*. DWP Research Report No. 550. See Chapter 1 for further details.

67 Ipsos MORI did not weight for non-response in 2007.

10.1 Awareness, participation and contributions

10.1.1 Awareness

A general lack of awareness of the proposed workplace pension reforms was to be expected in 2007 and again in 2009. In both years, nearly all respondents knew nothing or little of the reforms. However, there was a decline in the numbers who were wholly unaware, from 77 per cent of respondents in 2007 to 66 per cent in 2009. Correspondingly, those reporting that they knew something of the reforms rose from ten per cent in 2007 to 20 per cent in 2009. Most of this increase was caused by a rise in those saying they knew a little of the scheme, up from eight per cent to 16 per cent. The percentage of respondents saying that they knew a fair amount about the proposals remained very small in both years (two per cent, 2007; three per cent, 2009), as did the percentage who said they knew a great deal (less than one per cent, 2007; one per cent, 2009). The proportion of those who had heard of the reforms, but knew nothing about them, remained stable (12 per cent, 2007; 13 per cent, 2009).

10.1.2 Attitudes

The key features of the reforms received support from large and similar majorities of respondents in both survey years. In 2007, 91 per cent of respondents thought that the employer contribution incentive was attractive, with 90 per cent doing so in 2009. In 2007, nine in ten (90 per cent) also thought that the opportunity to opt out was an attractive feature; in 2009 a somewhat lower proportion concurred (83 per cent). The individual contribution element was thought attractive by 72 per cent of respondents in 2007 and 68 per cent in 2009, while automatic enrolment for eligible people was judged to be attractive by 64 per cent in both years.

10.1.3 Participation

The proportion of respondents reporting that they would probably or definitely stay in after automatic enrolment 'tomorrow' also varied little between the surveys, even though the focus of this key participation question shifted from a personal account scheme to a workplace scheme. In 2007, 69 per cent reported that they would definitely or probably stay in, which was nearly matched by a figure of 65 per cent in 2009. However, there was a notable increase in the numbers saying they would definitely stay in a scheme, from 24 per cent in 2007 to 31 per cent in 2009. Consequently there was a fall in the number who said they would probably stay in, from 45 per cent to 34 per cent. A stable proportion – one in five – said they would probably or definitely opt out (22 per cent, 2007; 20 per cent, 2009).

In both surveys younger respondents were more likely than older respondents to report that they would probably or definitely stay in a pension scheme, although the gap narrowed in 2009. In 2007, 75 per cent of those in the 22-29 and 30-39 age groups reported that they would probably or definitely stay in but this fell to 71 per cent and 66 per cent respectively in 2009. The proportion of 40–49-year-olds who said they would stay in the scheme fell from 69 per cent in 2007 to

63 per cent in 2009, while the percentage of 50–64-year-olds who said they would probably or definitely stay in rose from 54 per cent to 59 per cent.

Respondents on lower incomes were more likely than those on higher incomes to report that they would stay in a pension scheme, in both 2007 and 2009. However, there is again evidence of a narrowing gap. In 2007, 72 per cent of those earning less than £25,000 a year said they would probably or definitely stay in a personal account scheme; in 2009 this fell to 66 per cent in reference to a workplace pension more generally. The proportion of those earning £25,000 or over who reported that they would remain in a qualifying scheme remained stable (59 per cent, 2007; 60 per cent, 2009). The biggest change occurred among respondents earning £5,000-£14,999 a year. In 2007, 71 per cent of this group said they would probably or definitely stay enrolled (in a personal account); in 2009 this fell to 64 per cent, the same proportion as among those earning £33,000 or more a year.

10.1.4 Reasons for staying in or opting out

The three major factors identified as reasons for staying in a qualifying pension scheme were identical in 2007 and 2009. The most popular reason given in both years was the need to start saving for retirement, cited by 49 per cent in 2007 and 53 per cent in 2009. In 2007, the same percentage of respondents, 31, identified 'easy way to save' and employer contributions as reasons for staying in the scheme; in 2009 the figures for these reasons were 36 and 29 per cent respectively.

In terms of reasons for opting out of a workplace pension there was a marked contrast between 2007 and 2009. In 2007, the most popular reason given was that there are other, better ways to save for retirement (e.g. investing in property), mentioned by 27 per cent. However, in 2009, only four per cent gave this reason. In 2009, the most popular reason given for opting out was that the respondent could not afford to stay in the scheme, cited by 54 per cent, a large change from 16 per cent in 2007. Clearly one possible explanation is the impact of the global recession of 2008/09 on household budgets, coupled with a sharp decline in some UK house prices over the same period. Another is the addition of two answer categories, in 2009, touching upon 'affordability'. As the question remained 'unprompted' respondents would have been unaware of this change, though it may have allowed interviewers to be more precise in their categorisation of responses.

There were also shifts in the explanations given by respondents who said that their decision to stay enrolled (or not) depended upon other issues. In 2007, the most popular reason given was (un)affordability, cited by 46 per cent, whereas in 2009 this reason was mentioned by just 29 per cent of this fairly small group of respondents. The most popular reason given in 2009 was the need for further information with 36 per cent saying their decision depended on this, a vast increase from the seven per cent who gave this reason in 2007. One likely explanation for this increase is that in 2009, 'a need for further information' was addressed in the on-screen coding frame provided for interviewers. Again, respondents should have been unaware of this change but the additional code would have allowed interviewers to be more precise in their categorisation of responses. In 2007 interviewers would have needed to open a second interview 'tab' and record 'more information' as an 'other' verbatim response.

10.1.5 Contributions

Another difference between responses to the 2007 and 2009 surveys is evident in the proportion of respondents saying that they would contribute more than four per cent to a workplace pension scheme.[68] In 2007 61 per cent said that they would be certain or likely to contribute more than four per cent. In 2009 this dropped to 48 per cent. Correspondingly, those reporting that they would definitely not or were unlikely to contribute more than four per cent stood at 34 per cent in 2007 but had risen to 50 per cent in 2009.

The 2007 survey identified that men (66 per cent) were more likely than women (54 per cent) to anticipate contributing more than four per cent to their workplace pension. That sex difference increased in 2009: 55 per cent of men and 38 per cent of women. The proportion of women saying they were unlikely to or would definitely not contribute more than four per cent was 41 per cent in 2007 but 61 per cent in 2009. For men, the figures were 29 per cent and 41 per cent.

Of those respondents who anticipate contributing more than the minimum four per cent to the scheme, the level of higher regular instalments they expected to make was very similar in 2007 and 2009. The most popular figure in both years was a six per cent regular contribution, identified by 28 per cent of respondents in 2007 and 33 per cent in 2009. Second popular, in both years, was a five per cent contribution rate, identified by 26 per cent in 2007 and 29 per cent in 2009. A contribution rate of ten per cent or more was the third favoured response in both years, identified by 19 per cent in 2007 and 15 per cent in 2009.

10.2 Investment and risk

In 2009 respondents were more likely than they had been in 2007 to say that they would leave their pension contributions in the default investment fund, rather than actively choosing how to invest it. Sixty-seven per cent of all 2007 survey respondents said that they would definitely or probably choose how to invest their contributions. In 2009, 52 per cent of respondents reported that they would do this.

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68 There was a modest question change here. The 2007 question text read 'how likely do you think you'd be to pay-in…'. In 2009 we replaced 'pay-in' with 'personally contribute'.

In both survey years there was strong agreement among respondents who anticipated choosing their own personal account investments that the level of investment return is more important than where their pension contributions are invested. In 2007 68 per cent of these respondents agreed with this view, with 75 per cent doing so in 2009.

Similar levels of interest in investing in social, ethical and environmental (SEE) funds were also evident across survey years. In 2007, 49 per cent of those who said they were likely to make an active investment choice, said they would invest in SEE funds if they provided equal return with other investments; in 2009, 54 per cent of respondents took this view. In 2007, 23 per cent of this group reported that they would invest in SEE funds regardless of the level of return on investment, a figure which was lower (16 per cent) in 2009. The proportion saying they had no interest in SEE funds was nine per cent in 2007 and an almost identical ten per cent in 2009.

Attitudes towards financial risk were broadly similar in both survey years but with some movement towards rather than away from risk taking. In 2007 and 2009, 44 per cent of all respondents were classified as being risk averse. However, whereas only 29 per cent of 2007 respondents were identified as being risk loving, as many as 40 per cent were so classified in 2009. In 2007, 17 per cent of people were classified as being mildly risk averse; with only seven per cent identified in this (quite narrowly defined) category in 2009.

10.3 Information and the internet

In both survey years, the leading current source of financial information for respondents was financial providers, such as banks or building societies. In 2007, 31 per cent of respondents said they got financial information from this source; with 48 per cent saying the same in 2009. In 2009, there was a notable increase in the proportion of respondents saying they receive financial information from friends, family or colleagues (39 per cent compared with 21 per cent in 2007). This increase made it the second most popular source of financial information cited in 2009, overtaking the media and the internet which both had smaller rises.

There was a distinct difference, between 2007 and 2009, in the ways in which respondents said they wished to receive information about the pension reform schemes. However, a big change had been implemented in the options presented to respondents. In 2007, the three most preferred sources of information were all independent sources: the (non-government) body set up to run personal accounts (27 per cent); an organisation such as a Citizens Advice Bureau (21 per cent) and an Independent Financial Adviser (19 per cent). Only 16 per cent cited their employer as their preferred source of information and 12 per cent said the Government. However, in 2009, respondents' most preferred way of receiving information about the workplace pension scheme was from the Department for Work and Pensions itself, cited by 35 per cent of respondents. The second most popular source was the respondent's employer, cited by 25 per cent. Only 13 per cent of respondents said that the Citizens Advice Bureau was their preferred source and ten per cent said an Independent Financial Adviser. The most preferred source in 2007, the independent (non-government) body set up to run personal accounts, was cited by only five per cent of respondents in 2009. As indicated, question changes were crucial here.

A very large majority of both 2007 and 2009 survey respondents reported personal internet use in the month prior to their interview. Yet there still appears to have been scope for a noticeable increase in use in just two years (85 per cent in 2009 compared to 71 per cent in 2007). Approaching two-thirds (63 per cent) of 2007 respondents reported at least weekly personal use of the internet, and this figure rose to 78 per cent in 2009. In both survey years, internet use (during the last month) was highest amongst younger respondents and those on a higher income.

Interest in on-line management of the personal accounts scheme was noticeably higher in 2009 than it had been two years earlier. In 2007, 56 per cent of respondents said that they were very or fairly interested in on-line management; in 2009, 69 per cent of respondents expressed this view. Correspondingly, the proportion of respondents who said that they were not at all or not very interested in on-line management was 43 per cent in 2007 but only 31 per cent in 2009.

In both years, younger respondents expressed a (perhaps expected) greater interest in on-line management than older groups and although interest was higher among all age groups in 2009, the biggest increases in interest were among younger people. In 2007, 74 per cent of 22–29-year-olds said that they were very or fairly interested in on-line management; in 2009 this figure was as high as 89 per cent. Of those in the 50-64 age group, 34 per cent expressed an interest in on-line management in 2007, with 44 per cent doing so in 2009.

11 Concluding remarks (in the policy context)

Interviews for this survey took place during a severe economic recession. At this time, the arguably crucial question was whether or not respondents would welcome the news (and for most it was news) that there were to be new pension arrangements which would see them enrolled automatically.

Most eligible workers felt that the main features of the scheme were attractive, that they would stay in upon automatic enrolment and that a four per cent contribution was affordable. Of course, there was a hypothetical element to this reaction, given in relation to enrolment 'tomorrow' but after a necessary explanation that real decisions were some years away. Nevertheless, the following key findings do suggest broad support for – or at very least acceptance of – the principles underlying the reforms as well as their basic design:

- The main features of the workplace pension reforms remain appealing and received support from the majority of respondents.
- Participation estimates continue to show that two thirds (65 per cent) of those asked expect to stay in a workplace pension scheme following automatic enrolment. This includes one in three (31 per cent) who said they would definitely stay in.
- There is evidence to suggest that the specific pension arrangement into which workers are enrolled will have only moderate impact on participation rates. When asked whether their decision to remain in or opt out of a workplace pension would change if enrolled into a personal account rather than a pension scheme run by their employer, a large majority (70 per cent) say they would maintain their original decision.
- Proposed contribution rates were perceived to be affordable. Overall, three-quarters of respondents said that they could afford a four per cent contribution. This included those with an income of less than £15,000 a year. Half (48 per cent) of those who said they would remain in a workplace pension were interested in contributing above the four per cent minimum.

- Social, ethical and environmental (SEE) funds were a potentially popular investment option. Seven in ten (69 per cent) of those who said they would make an active investment choice were interested in SEE funds, most if returns matched those elsewhere but 16 per cent regardless of the level of return.

This report has also documented our important findings in relation to communication, account management and compliance:

- The most popular choice of information source regarding workplace pensions was the Department for Work and Pensions (DWP) itself (35 per cent). It is of note that over 80 per cent of those who would prefer to go to DWP with questions were earning under £25,000, of whom half were earning under £15,000.
- There was a significant (and continued) degree of interest in the on-line management of a personal accounts scheme (69 per cent of respondents were very or fairly interested in this).
- Most respondents anticipated asserting their pension entitlements granted under the 2012 reform package. Employer non-compliance evidently struck a nerve, and the majority (particularly males) seem prepared to challenge and potentially report unlawful non-compliance to an external authority.

Overall, the research presented within this report outlines a 'solid foundation' on which the reform package might build. The reforms were generally seen by workers as sensible and worthwhile, with appropriate responsibilities and options for both themselves and their employers.

Our report has also shown that DWP has room to enhance the development and subsequent delivery of the reform package by addressing the following risks:[69]

- Two-thirds of individuals (66 per cent) are unaware of the 2012 reform package and hardly anyone understood details ahead of the survey interview. This was to be expected and may not be of concern at this stage. However, it does underline the scale of the task to be addressed. In response, the Government has plans to ensure that information is available to people who are automatically enrolled so they can decide if they wish to remain in the scheme or opt out. It is expected that information about workplace pension reform will be available from spring 2012, in time for the introduction of automatic enrolment.

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69 This chapter concentrates solely on the concerns raised by this research among eligible workers. Employers' views and support for the workplace pension reforms, will report alongside this publication Bewley, H. and Forth, J. (2010). *Employers' attitudes and likely reactions to the workplace pension reforms 2009: Report of a quantitative survey*. DWP Research Report No. 683. Forthcoming.

- Amongst those who said they would opt out or were unsure of their choice, the most common reason given for that decision was that workplace pensions were unaffordable, particularly when coupled with other spending priorities. Short-term financial considerations were particularly important to those aged under 40.
- Those whose intention it was to remain out of a workplace pension after re-enrolment were asked for factors which may encourage them to stay in a workplace pension scheme post re-enrolment. The factors which were adjudged most likely to have an influence were not directly related to the workplace pension reforms and included 'an increase in wages' and/or 'an improvement in the wider economy'.
- Most respondents seem prepared to challenge and report unlawful non-compliance. The potential therefore exists for workplace pensions to be quite quickly viewed as an entitlement along with others such as the minimum wage. However, only fractionally over a half (54 per cent) of respondents anticipated that they would report an employer who asks at the recruitment stage whether they would want to remain in a workplace pension scheme.

Appendix A
Extended respondent profile

This short annex offers five tables covering several key demographic characteristics not mentioned during Chapter 2 ('Respondent profile'). These characteristics were used intermittently during analysis (particularly during multi-variate analysis) and offer a more in-depth understanding of the sample. In particular, analysis focuses on respondents' employment characteristics including, firm size, number of previous employers and socio-economic circumstance (NS-SEC)[70].

Employer size

How many people are employed by your employer in all locations across the UK?

- One third of respondents (34 per cent – see Table A.1) worked for an employer with 1,000 or more employees across Great Britain.
- Four in ten respondents (38 per cent) worked for an employer with less than 50 employees.
- Employer size varied little (to not at all) on the basis of sex and income.

70 The National Statistics Socio-economic Classification. The NS-SEC is an occupationally-based classification.

Table A.1 Number of workers employed by employer across GB, by sex

	Sex		
Number of workers at firm	**Male %**	**Female %**	**All %**
1-2	5	2	4
3-9	13	10	12
10-24	14	12	13
25-49	11	9	10
50-99	8	6	7
100-199	5	7	6
200-499	7	6	6
500-999	6	4	5
1,000 or more	31	37	34
Don't know (but 25 or more)	1	5	3
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

Number of *previous* employers over last ten years

These days' people often work for a number of employers during the course of their life. Excluding your current employer, how many employers have you had in the last ten years?

- Two-thirds of survey respondents (66 per cent – see Table A.2) reported having had one to three previous employers over the last ten years.
- Only three per cent of respondents had worked for ten or more previous employers over that same period.
- Numbers of previous employers (in the last ten years) varied little (to not at all) on the basis of sex and income.
- Those aged 50-64 were the most likely (23 per cent) to have remained with their current employer (and hence have had no previous employer) over the last ten years.

Table A.2 Number of *previous* employers over the last ten years, by age

	Age (years)				
	22-29	30-39	40-49	50-64	All
Number of previous employers	%	%	%	%	%
0	7	11	14	23	13
1-3	59	67	71	67	66
4-6	24	15	13	8	15
7-9	4	5	*	1	3
10+	6	1	2	1	3
Unweighted base	*177*	*280*	*276*	*294*	*1,027*
Weighted base	*250*	*288*	*253*	*205*	*996*

Base: All eligible respondents.

Socio-economic classification

Headline findings

The NS-SEC is now the preferred method for measuring socio-economic status in social surveys. The NS-SEC is an occupationally-based classification but has rules to provide coverage of the whole adult population.

- Around two in five (37 per cent) survey respondents were classified as being in a managerial or professional career (Table A.3).
- Just over one in ten (12 per cent) were in an 'intermediate occupation'.
- Half, (49 per cent) reported being in a routine or manual occupation.
- Sex differences were observed, for example women were more likely than men to be undertaking intermediate clerical and administrative work, the converse being true of routine technical employment.

Table A.3 Socio-economic classification (NS-SEC), by sex

NS-SEC	Sex Male %	 Female %	 All %
2.0 Higher managerial occupations	5	3	4
3.0 Higher professional occupations			
3.1 Traditional employees	3	2	3
3.2 New employees	3	1	2
4.0 Lower professional and higher technical occupations			
4.1 Traditional employees	7	11	9
4.2 New employees	2	2	2
5.0 Lower managerial occupations	13	13	13
6.0 Higher supervisory occupations	3	7	5
7.0 Intermediate occupations			
7.1 Intermediate clerical and administrative	2	10	6
7.2 Intermediate sales and service	1	8	4
7.3 Intermediate technical and auxiliary	2	2	2
7.4 Intermediate engineering	1	0	1
10 Lower supervisory occupations	10	7	9
11.0 Lower technical occupations			
11.1 Lower technical craft	6	1	4
11.2 Lower technical process operative	2	0	1
12.0 Semi-routine occupations			
12.1 Semi-routine sales	5	5	5
12.2 Semi-routine service	6	12	9
12.3 Semi-routine technical	3	1	2
12.4 Semi-routine operative	4	1	2
12.5 Semi-routine agricultural	1	1	1
12.6 Semi-routine clerical	1	2	1
12.7 Semi-routine childcare	1	2	1
13.0 Routine occupations			
13.1 Routine sales and service	*	2	1
13.2 Routine production	2	2	2
13.3 Routine technical	11	1	7
13.4 Routine operative	6	3	5
13.5 Routine agricultural	*	1	*
Unweighted base	*485*	*542*	*1,027*
Weighted base	*540*	*457*	*996*

Base: All eligible respondents.

Health status

Do you have any long-standing physical or mental impairment, illness or disability? By 'long-standing' I mean anything that has troubled you over a period of at least 12 months or that is likely to trouble you over a period of at least 12 months.

- Nine in ten respondents (89 per cent – see Table A.4) reported no long-standing physical or mental impairment/illness/disability.
- Incidences of health impairments increased with age meaning that those aged 50-64 were the most likely (21 per cent) to have long-standing health impairments.
- Incidences of health impairments varied little on the basis of sex or income.

Table A.4 Whether have long-standing physical or mental impairment/illness/disability, by age

	Age (years)				
Long-standing impairment	**22-29 %**	**30-39 %**	**40-49 %**	**50-64 %**	**All %**
Yes	3	9	11	21	11
No	97	91	89	78	89
Unweighted base	*177*	*280*	*276*	*294*	*1,027*
Weighted base	*250*	*288*	*253*	*205*	*996*

Base: All eligible respondents.

Spouse/partner's current employment situation, by sex

Please tell me which one of these best describes your spouse/partner's current situation?

- In eight out of ten cases, the spouse or partner of non-single survey respondents were in paid employment (or self-employment). This trend was particularly true of women (91 per cent compared to 72 per cent of men – see Table A.5).
- The spouse/partner of one in ten respondents (12 per cent) were 'looking after the home or family'. This was particularly true of male respondents (20 per cent compared to one per cent of female respondents).

Table A.5 Spouse/partner's current employment situation, by respondent sex

	Respondent sex		
Spouse/partner's employment status	**Male** %	**Female** %	**All** %
In paid employment or self-employment (or away temporarily)	72	91	80
Looking after the home or family	20	1	12
Retired from paid work	3	2	2
Going to school or college (including on vacation)	1	1	1
Looking for paid work or a Government training scheme	2	1	1
Permanently unable to work because of long-term sickness	1	2	1
On a Government training scheme for employment training	*	0	*
Intending to look for work but prevented by temporary sickness	0	1	*
Waiting to take up paid work already obtained	0	1	*
Other	1	2	1
Unweighted base	*328*	*295*	*623*
Weighted base	*343*	*261*	*605*

Base: All eligible respondents with a spouse or partner.

Appendix B
The ineligible sample: key differences

The main body of this report has concentrated on a 'core' sample, eligible for automatic enrolment into a workplace pension at two points in time (their Family Resources Survey (FRS) 2008/09 interview and this follow-up survey in the summer/autumn of 2009). That core sample represents large numbers (although not all) of those who will be 'in-scope' of the reforms.

As well as this group, the decision was taken to treat people who move in and out of eligible employment as within the intended scope of this survey in order to include those with varied patterns of employment as well as those in more stable work. As a result, those individuals who were eligible for automatic enrolment based upon the data they provided at FRS interview, but determined by Computer Assisted Personal Interviewing to be ineligible at the time of this survey were routed through a 'shortened' interview. That interview route avoided any questions related to participation and personal financial circumstance but did collect a range of important information, including (but not limited to):

- expected source of retirement income;
- awareness of and attitudes towards the key elements of the reforms;
- use of and preferences for information sources/channels.

This alternative was offered in order to be sensitive to changes in personal circumstance.

Strikingly, most research findings for both the core and wider 'ineligible' sample were broadly similar and it should not be overlooked that those who became ineligible had similar characteristics and views. The purpose of this short chapter however, is to document any differences that existed, presenting comparisons on a range of key variables.

Demographic profile of the wider sample

All individuals issued for interview were eligible for automatic enrolment into a workplace pension at the time of their FRS 2008/09 interview. That is, they were:

- aged from 22 to 64 for men and 59 for women;
- in paid work at an establishment located in Great Britain;
- with gross earnings of at least £5,035 a year from their main job;
- not currently a member of a qualifying workplace pension scheme.

During fieldwork, these four criteria were used to identify any individuals who, through a change in circumstance, were no longer eligible for automatic enrolment.

Of the 410 cases (379 unweighted respondents) discovered to be 'presently ineligible', 45 per cent were no longer 'employees' in full or part-time work. This group were now either self-employed (46 per cent), unemployed (35 per cent), looking after family or home (six per cent), long-term sick or disabled (five per cent), a full-time student (three per cent) or 'doing something else' (five per cent).

A similar proportion (42 per cent[71]) were found to be in a pension scheme with an employer contribution, whilst 12 per cent had seen their wage fall out of range – below £5,000. Two per cent were identified as now being older than the State Pension age.

The demographic make-up of the 'ineligible' sample was remarkably similar to that of the 'core' sample. Fifty-eight per cent of 'ineligible' respondents were men, whilst 42 per cent were women. That compares to 54 per cent and 46 per cent respectively amongst the 'core' sample. Age was again fairly evenly distributed amongst the sample, with approximately a quarter of respondents each in their 20s, 30s, 40s and 50s to early 60s. Finally, two thirds (66 per cent) of those who took part in the survey were living with a partner. That compares to 61 per cent amongst the 'core' sample.

Source of retirement income

Those who had become 'ineligible' for automatic enrolment since their FRS interview were significantly less likely than eligible respondents to anticipate relying primarily on the State Pension in retirement (35 per cent compared to 51 per cent of 'eligibles'). The same group were also more likely to expect their own occupational pension to be their main source of income in retirement (28 per cent citing this resource compared to ten per cent of the 'eligible' sample).

[71] This figure may include a number of respondents who were actually in a pension scheme with an employer contribution at FRS, and who mis-reported their pension status. Their true pension status, therefore, may only have been established during the screening for this survey.

Awareness of and attitudes towards the workplace pension reforms

Respondents who had become 'ineligible' for automatic enrolment since their FRS interview were more likely to know 'something' about the 2012 reforms than the 'core' eligible sample (27 per cent of the former compared to 20 per cent of the latter). Much of this increase can be accounted for by a five per cent difference in those reporting they 'know a little'.

Broad support for the key features of the reforms was evident amongst the sample as a whole. That said, those presently ineligible for automatic enrolment under the reforms were more likely to rate individual, salary deducted, contributions as attractive (75 per cent compared to 68 per cent of the 'core sample').

Just over eight in ten 'eligible' respondents (83 per cent) found the idea of being able to opt out of a workplace pension attractive. That percentage decreased to 76 per cent of those who were found to be ineligible at the time of their research interview, though this still represents the significant majority.

Information source and communication preferences

The 'partial' questionnaire intended for those currently ineligible for automatic enrolment also collected information about how respondents' access general financial information and information related to their retirement.

- 'Ineligibles' were somewhat more likely than 'eligibles' to be currently consulting the media (e.g. newspapers, TV and radio) for general financial information (42 per cent compared to 31 per cent of the 'core eligible' sample).
- Amongst both the 'core' and 'ineligible' sample, financial advisers had been contacted for information and advice on planning for retirement more than any other resource. That said, the ineligible sample were slightly more likely to have contacted this source than the former group (23 per cent compared to 18 per cent of all 'eligibles').

Concluding remarks

As stated at the beginning of this chapter, it should not be overlooked that those who became 'ineligible' for automatic enrolment since their FRS interview (between six and 16 months previously) shared similar characteristics and views to those who had remained eligible. There was no evidence that this 'ineligible' group are disadvantaged relative to the core sample in terms of their pension arrangements or expectations. Nor, that they will view the reforms differently.

Appendix C
Findings from multi-variate analysis

This appendix includes the tables of odds ratios from the multi-variate analysis showing the effect of key characteristics on awareness and participation of the workplace pension reforms.

Table C.1 Logistic regression model of workplace pension awareness

Variable	Odds ratio	Standard error	Significance level
Age (<40)			
40+	1.20	0.256	0.402
Sex (male)			
Female	1.34	0.295	0.188
Tenure (own outright)			
Mortgage	0.92	0.268	0.773
Rent	0.72	0.257	0.351
Income (<15K)			
£15,000-£24,999	1.19	0.320	0.520
£25,000-£32,999	1.34	0.426	0.353
£33,000+	2.04	0.723	0.043
Pension history (previous pension, not current)			
Current pension	1.40	0.339	0.160
Never had pension	0.97	0.240	0.911
Sector (private)			
Public sector	0.81	0.278	0.531
Employment status (part time)			
Full time	0.79	0.220	0.406
Savings (50K+)			
None	0.70	0.257	0.337
<£1,000	0.30	0.103	0.000
£1,000-£4,999	0.53	0.173	0.053
£5,000-£9,999	0.43	0.164	0.027
£10,000-£49,999	0.76	0.216	0.326
Debt (yes)			
No debt	0.84	0.168	0.384
Unweighted base			*882*

1 = Know at least something about pension reform.
0 = Heard about but know nothing/not heard about.

Table C.2 Logistic regression model of likely participation decision in a workplace pension scheme

Variable	Odds ratio	Standard error	Significance level
Age (<30)			
Age (30+)	0.45	0.121	0.003
Sex (male)			
Female	0.74	0.138	0.113
Marital status (not living with partner)			
Living with partner	1.44	0.270	0.052
Tenure (own outright)			
Mortgage	1.24	0.352	0.457
Rent	1.61	0.534	0.155
Pension status (previous pension but not current)			
Current pension	1.25	0.300	0.356
Never had pension	1.02	0.204	0.930
Income (<25K)			
Income (25K+)	0.62	0.139	0.034
Sector (public)			
Not public sector	0.91	0.248	0.720
Employment status (full time)			
Part time	1.32	0.272	0.182
Debt (no)			
Has debt	0.97	0.183	0.859
Savings (less than 1K)			
£1,000-£49,999 savings	1.57	0.327	0.029
£50,000+ savings	1.07	0.314	0.814
Employers (no other employer in past 10 years)			
1 other	0.79	0.225	0.406
2-3 other	0.73	0.192	0.229
4+ other	0.57	0.176	0.067
Unweighted base			*875*

The dependent variable in the regression model was coded to have three outcomes: ‘Stay in’ versus ‘Opt out’ versus ‘It depends’.

Table C.3 Logistic regression model of likelihood of additional contributions

Variable	Odds ratio	Standard error	Significance level
Age (<30)			
Age 30-39	0.93	0.299	0.831
Age 40-49	0.94	0.320	0.856
Age 50-64	1.25	0.432	0.512
Sex (male)			
Female	0.54	0.124	0.007
Living with partner (no)			
Yes	0.60	0.140	0.028
Tenure (own outright)			
Buying with mortgage	0.78	0.279	0.488
Rent	0.98	0.404	0.967
Pension status (current pension)			
Previous pension	0.91	0.250	0.740
Never had pension	1.00	0.258	0.988
Income (<25K)			
£25,000+	1.47	0.388	0.145
Sector (private)			
Not public sector	0.73	0.275	0.407
Employment status (full time)			
Part time	0.74	0.192	0.253
Debts (no)			
Any debts	0.80	0.181	0.329
Savings (no)			
Savings <£1,000	1.22	0.431	0.575
Savings £1,000-£4,999	1.19	0.451	0.648
Savings £5,000-£9,999	2.37	0.963	0.034
Savings £10,000-49,999	1.54	0.576	0.246
Savings £50,000+	1.68	0.685	0.203
Unweighted base			*567*

1 = At least fairly likely to make contributions over four per cent.
0 = Not.

Appendix D
Technical details

This short technical appendix details the key methodological points not covered within the main body of this report.

Questionnaire development/testing

A pilot exercise, in preparation for the main stage of this project, was undertaken and is documented in Section 1.2.3 of this report. In addition to piloting the questionnaire, the program was also tested by the Research and Operations teams at NatCen as well as the Department for Work and Pensions (DWP).

Checks were made to ensure the accuracy and sense of questionnaire wording and response options, as well as the accuracy of showcard references. Scenarios were tested to ensure that routing was correct and that respondents would not be asked inappropriate questions dependent on their circumstances. There were also checks for screen layout, spelling and the clarity of instructions to interviewers.

Fieldwork

Interviews were carried out in late summer 2009 (between 12 August and 26 October). An advance letter explaining the purpose of the survey was sent to all selected individuals (a second translated version was also sent to all Welsh addresses). This provided a way of introducing the survey and explained to respondents how their addresses had been selected. The letter also contained a contact number for a member of NatCen's Operations Department in case the respondent had any queries. Both the NatCen and DWP logos were on the letter in order to emphasise the status of the survey and to encourage response. Respondents who took part were given a £10 high street voucher.

Response rate

The response rate for the sample was 56 per cent (see Table D.1). The main unproductive outcome was refusals – at 26 per cent. This category includes both refusals to the NatCen Operations office and refusals to the interview 'in-field'. Non-contacts accounted for 13 per cent of the sample, with a further four per cent covered by other unproductives, such as the respondent being away or ill during fieldwork.

Table D.1 Outcomes for combined sample

	Number	% issued sample
Issued sample	**2,489**	**100**
Ineligible	**9**	*****
Address is outside UK	7	*
Sample member had died	2	*
Unproductives	**1,074**	**43**
Non-contact	335	13
Refusals	646	26
Other unproductives[1]	93	4
Productives	**1,406**	**56**
Eligible at FRS 2008/09 and this survey	1,027	41
Eligible at FRS 2008/09 but not this survey	379	15

1 Such as the respondent being away or ill during fieldwork.

Data preparation and output

Interviewers carry out most of the data validation of Computer Assisted Personal Interviewing (CAPI) surveys in the field. Interviewer checks included in the CAPI program allow interviewers to clarify and query data discrepancies directly with the respondent. The CAPI program applies range and consistency checks and both types of checks were used throughout the questionnaire.

However, some more complex checks and coding of verbatim responses are time consuming and may prove detrimental to the successful completion of the interview (for example, adding to respondent fatigue). As a result, a separate coding and editing exercise was required, post data-collection. This involved a coder working through each interview in turn, using a modified version of the CAPI program.

An experienced data processing team at NatCen's Operations office worked to 'tidy' data on arrival from the field. The main tasks were to interpret interviewer memos/remarks, to quantify 'open' responses, to wherever possible back-code 'other-specify' codes to a pre-coded answer (additional codes were occasionally needed), to rid the data of any errant codes, and to resolve any inconsistencies. The coding task also included the coding of occupation and industry (SOC 2000/SIC 2007).

It was also deemed necessary to run final edit checks to confirm that the integrity of the data had been maintained during transit to the office and that no errors had been introduced during office operations.

Finally, a coded and edited data in SPSS[72] format was produced. The resultant dataset was 'flat', i.e. one record per respondent.

Weighting

The weighting applied to the final dataset was based on techniques widely used in Government and academic surveys. It was used firstly to adjust for unequal selection probabilities, for example in households where more than one eligible adult was present and one was selected at random. It also contained a second adjustment, which ensured that the sample mirrored control totals calculated from the 'eligible' population of the FRS 2007/08.[73] To generate the control totals all those eligible for automatic enrolment in the FRS 2007/08[74] were identified and analysed for demographic measures.[75] The weighted eligible adults from the FRS 2007/08 were then used to generate population estimates, which were used as control totals in order to calibrate the pension reform sample. This approach assumes that the characteristics of adults that would have been eligible in 2007/08 are similar to the characteristics of those that were eligible in 2008/09.

Sampling errors and design effects

No sample precisely reflects the characteristics of the population it represents, because of both sampling and non-sampling errors. The sample drawn for this survey, like that drawn for most large-scale surveys, was clustered into a number of postcode sectors. With a complex design like this, the sampling error of a percentage giving a particular response is not simply a function of the number of respondents in the sample and the size of the percentage; it also depends on how that percentage response is spread within and between sample points.

The complex design may be assessed relative to simple random sampling by calculating a range of design effects (DEFTs) associated with it. A DEFT of one means that the complex sample has achieved the same precision as a simple random sample of the same size, whereas a design factor greater than one means the complex sample is less precise than its simple random sample equivalent. If the DEFT for a particular characteristic is known, a 95 per cent confidence interval for a percentage may be calculated.

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72 SPSS is a computer program used for statistical analysis.

73 Ideally we would want to incorporate the weights from the FRS 2008/09 (from which the sample was selected) in the weighting strategy. However, this was not possible as the FRS 2008/09 weights were not available in time.

74 Using both NatCen and Office for National Statistics data.

75 Regardless of whether they agreed to be re-contacted or not.

Table D.2 gives examples of the DEFTs and confidence intervals calculated for a range of different questions. The table shows that most of the questions asked of all eligible sample members have a confidence interval of around two to three per cent of the survey percentage, meaning that we can be 95 per cent certain that the true population percentage is within two to three per cent (in either direction) of the percentage we report. Sampling errors for percentages based on sub-groups within the sample will be larger.

Table D.2 Complex standard errors and confidence intervals of selected variables

			95% confidence interval				
Answer	**Point est. %**	**Std err. %**	**Lower %**	**Upper %**	**Design effect %**	**Design factor %**	**Un-wtd base %**
Sex							
Male	54.2	1.8	50.5	57.7	1.397	1.182	485
Female	45.8	1.8	42.3	49.5	1.397	1.182	542
Age							
22-29	25.1	1.8	21.7	28.9	1.853	1.361	177
30-39	28.9	1.7	25.7	32.3	1.435	1.198	280
40-49	25.4	1.5	22.5	28.5	1.283	1.133	276
50-64	20.6	1.3	18.2	23.2	1.045	1.022	294
22-39	54.0	1.8	50.4	57.5	1.377	1.173	457
40-64	46.0	1.8	42.5	49.6	1.377	1.173	570
Marital status							
Single	27.6	1.8	24.2	31.3	1.661	1.289	237
Married/in a civil partnership – living together	49.8	1.9	46.2	53.5	1.429	1.195	526
Married/in a civil partnership – living apart	.5	.2	.2	1.1	.894	.946	8
Cohabiting	10.7	1.2	8.5	13.3	1.573	1.254	90
Separated	3.9	.7	2.8	5.4	1.224	1.106	45
Divorced	6.9	.8	5.5	8.6	.963	.981	109
Widowed	.6	.2	.3	1.3	.763	.873	11
Housing tenure							
Owned outright	10.7	1.1	8.8	13.0	1.242	1.115	115
Buying it with the help of a mortgage or loan	49.8	1.9	46.1	53.4	1.428	1.195	526
Pay part-rent and part-mortgage (shared ownership)	1.4	.5	.7	2.8	1.876	1.370	12
Rent it	29.8	1.7	26.5	33.3	1.483	1.218	322
Live here rent free	5.5	1.1	3.8	8.0	2.216	1.489	32
Other	2.6	.7	1.5	4.4	1.975	1.405	18
Current employment status							
Full-time employed	78.6	1.4	75.7	81.2	1.178	1.085	750
Part-time employed	19.4	1.3	16.9	22.0	1.114	1.055	259
Maternity leave	2.1	.6	1.2	3.6	1.726	1.314	18

Continued

Table D.2 Continued

Answer	Point est. %	Std err. %	95% confidence interval Lower %	Upper %	Design effect %	Design factor %	Un-wtd base %
Personal income							
£5,000-£14,999	36.8	1.8	33.3	40.3	1.412	1.188	417
£15,000-£24,999	39.9	1.8	36.3	43.6	1.456	1.207	379
£25,000-£32,999	14.5	1.3	12.1	17.3	1.422	1.193	140
£33,000+	8.8	1.0	7.1	11.0	1.272	1.128	91
£5,000-£24,999	76.6	1.6	73.5	79.5	1.380	1.175	796
£25,000+	23.4	1.6	20.5	26.5	1.380	1.175	231
Level of savings							
No savings	15.0	1.3	12.6	17.9	1.452	1.205	161
Less than £1,000	22.9	1.6	19.9	26.1	1.453	1.205	235
£1,000-£4,999	16.8	1.5	14.2	19.9	1.570	1.253	165
£5,000-£9,999	10.6	1.1	8.5	13.0	1.376	1.173	111
£10,000-£49,999	18.2	1.4	15.6	21.2	1.412	1.188	184
£50,000 or more	12.8	1.2	10.6	15.2	1.245	1.116	134
Don't know	1.9	.5	1.2	3.1	1.280	1.131	20
Refusal	1.8	.5	1.1	3.1	1.392	1.180	17
Level of debt							
No debt	38.6	1.9	35.0	42.3	1.487	1.220	384
Less than £1,000	10.7	1.2	8.6	13.1	1.430	1.196	110
£1,000-£4,999	18.5	1.4	15.9	21.4	1.326	1.152	202
£5,000-£9,999	13.2	1.2	11.0	15.7	1.318	1.148	134
£10,000-£19,999	11.8	1.2	9.7	14.4	1.380	1.175	123
£20,000-£29,999	3.1	.6	2.1	4.5	1.164	1.079	33
£30,000 or more	3.5	.7	2.4	5.2	1.427	1.194	32
Refusal	.6	.2	.3	1.3	.948	.974	8
Debt Yes/No							
Yes	60.8	1.9	57.1	64.4	1.481	1.217	634
No	37.9	1.8	34.4	41.6	1.491	1.221	378
Refusal	1.1	.4	.6	2.2	1.310	1.144	12
Current financial status							
keeping up…without any difficulties	57.9	1.8	54.3	61.5	1.392	1.180	550
keeping up…but struggle to do so from time to time	27.0	1.6	23.9	30.3	1.396	1.182	297
keeping up…but it is a constant struggle	9.9	1.0	8.0	12.1	1.216	1.103	114
falling behind	2.9	.5	2.0	4.2	1.072	1.035	35
having real financial problems	1.4	.3	.8	2.2	.827	.909	21
Pension status							
Current pension	19.7	1.4	17.1	22.6	1.264	1.124	216
Previous pension but none now	34.6	1.7	31.3	38.1	1.353	1.163	388
Never had a pension	45.7	1.9	42.1	49.4	1.464	1.210	420

Continued

Table D.2 Continued

Answer	Point est. %	Std err. %	95% confidence interval Lower %	Upper %	Design effect %	Design factor %	Un-wtd base %
Workplace pension participation							
Definitely stay in	31.4	1.7	28.1	34.9	1.413	1.189	329
Probably stay in the scheme	33.5	1.8	30.1	37.1	1.461	1.209	334
Probably choose to opt out	11.6	1.2	9.4	14.3	1.551	1.245	109
Definitely choose to opt out	8.6	1.0	6.9	10.8	1.236	1.112	97
It depends	14.8	1.3	12.4	17.5	1.376	1.173	158
Definitely/probably stay in	64.9	1.8	61.4	68.3	1.414	1.189	663
Definitely/probably opt out	20.3	1.5	17.5	23.4	1.421	1.192	206
Workplace pension participation (following re-enrolment)							
Definitely stay in	.9	.6	.3	3.1	.726	.852	3
Probably stay in the scheme	11.7	2.9	7.0	18.8	1.698	1.303	21
Probably choose not to take part	15.2	2.9	10.3	21.9	1.356	1.164	31
Definitely choose not to take part	30.3	3.6	23.7	37.9	1.259	1.122	70
It depends	41.8	4.1	34.0	50.1	1.439	1.199	81
Likelihood of contributing more than minimum 4%							
Certain	5.5	1.2	3.6	8.4	1.766	1.329	31
Very likely	14.1	1.6	11.3	17.4	1.329	1.153	94
Fairly likely	28.0	2.2	23.9	32.5	1.602	1.266	169
Not very likely	36.5	2.2	32.3	41.0	1.389	1.178	254
Not at all likely	7.7	1.1	5.7	10.2	1.185	1.088	56
Definitely not	5.4	.9	3.9	7.6	1.126	1.061	41
Don't know	2.8	.8	1.5	5.0	1.685	1.298	18
Personal account participation							
Stay in	47.2	1.9	43.5	50.8	1.441	1.201	465
Opt out	17.0	1.4	14.5	19.8	1.333	1.155	185
Not sure	10.2	1.1	8.2	12.7	1.453	1.205	105
It depends	25.6	1.6	22.6	28.8	1.342	1.158	271
Whether would exercise choice over investments							
Definitely	26.4	1.6	23.3	29.8	1.425	1.194	269
Probably	25.7	1.6	22.6	29.0	1.397	1.182	264
Probably leave contributions in the default investment fund	34.2	1.8	30.7	37.8	1.474	1.214	341
Definitely leave contributions in the default investment fund	12.4	1.2	10.2	14.9	1.342	1.158	133
Don't know	1.4	.4	.8	2.3	1.076	1.037	20

Continued

Table D.2 Continued

Answer	Point est. %	Std err. %	95% confidence interval Lower %	Upper %	Design effect %	Design factor %	Un-wtd base %
Value of regular contributions							
5% (1% extra than required)	29.5	4.0	22.3	37.8	1.627	1.276	62
6% (2% extra than required)	32.7	3.9	25.6	40.7	1.450	1.204	71
7% (3% extra than required)	5.0	1.9	2.3	10.3	1.611	1.269	8
8% (4% extra than required)	14.5	2.7	10.0	20.5	1.226	1.107	34
9% (5% extra than required)	1.5	.7	.6	3.8	.743	.862	5
10-15% (6-11% extra than required)	13.8	2.9	9.0	20.6	1.522	1.234	28
16-20% (12-16% extra than required)	1.1	1.1	.1	7.2	2.284	1.511	1
20% (17% or more extra than required)	.3	.3	.0	2.3	.690	.830	1
Don't know	1.7	.8	.7	4.2	.768	.877	6
CRRA scale							
Zero	37.3	1.8	33.9	40.9	1.397	1.182	405
Risk averse	6.2	1.0	4.6	8.4	1.644	1.282	61
Mildly risk averse	7.0	1.0	5.4	9.1	1.422	1.192	73
Risk loving	40.0	1.8	36.5	43.7	1.425	1.194	400
Don't know	9.3	1.2	7.3	11.9	1.631	1.277	88
Interest in on-line management of personal account							
Very interested	43.9	1.9	40.3	47.5	1.429	1.196	437
Fairly interested	25.2	1.7	22.0	28.8	1.639	1.280	223
Not very interested	6.8	.9	5.3	8.7	1.218	1.104	77
Not at all interested	23.6	1.5	20.8	26.6	1.244	1.115	284
Don't know	.5	.2	.2	1.2	1.080	1.039	6
Whether would report employer if asked about workplace pension participation during recruitment							
Yes	53.9	1.9	50.3	57.5	1.422	1.193	555
No	24.7	1.6	21.8	27.9	1.365	1.169	254
Don't know	13.6	1.3	11.3	16.3	1.418	1.191	140
It depends	7.8	1.0	6.0%	10.0	1.461	1.209	78
Whether would report employer if encouraged to opt out							
Yes	71.2	1.7	67.8	74.4	1.426	1.194	734
No	12.1	1.2	10.0	14.6	1.305	1.143	130
Don't know	8.6	1.1	6.6	11.1	1.644	1.282	81
It depends	8.1	1.0	6.3	10.3	1.379	1.174	82

Continued

Table D.2 Continued

Answer	Point est. %	Std err. %	95% confidence interval Lower %	Upper %	Design effect %	Design factor %	Un-wtd base %
Whether would report if not enrolled with 3% employer contribution							
Yes	73.0	1.6	69.7	76.1	1.410	1.188	750
No	12.1	1.2	9.9	14.6	1.392	1.180	123
Don't know	8.2	1.0	6.4	10.4	1.431	1.196	83
It depends	6.7	.9	5.1	8.7	1.389	1.178	70
Level of interest in SEE funds							
Would invest regardless of level of return	15.8	1.8	12.5	19.7	1.325	1.151	91
Would invest if equal return with other investments	53.5	2.6	48.5	58.5	1.397	1.182	275
Not interested in SEE funds	10.2	1.6	7.6	13.7	1.405	1.186	54
Not sure	20.5	2.1	16.6	24.9	1.452	1.205	113

Appendix E
Advance letter

NatCen National Centre for Social Research DWP Department for Work and Pensions

Summer/Autumn 2009

P2882: Research into saving for retirement

You may remember taking part in the Family Resources Survey 2008/09, where you agreed to be approached to take part in follow-up studies.

I am writing to invite you to take part in an important study being carried out to explore people's attitudes towards saving for retirement. In particular, the study is designed to gather views on a new government scheme to help people save for their retirement. The research is being carried out by the National Centre for Social Research (NatCen), an independent research organisation, on behalf of The Department for Work and Pensions (DWP).

Having your point of view is important to ensure the study correctly represents all individuals affected by the scheme. By talking to one of our interviewers you can take part in shaping the future. Each person's interview will take around **40 minutes**. As a token of our thanks, you will receive a **£10 gift voucher** on completion of your interview.

This study is being conducted in accordance with the Data Protection Act. This means that your personal details will be kept strictly confidential and the data will be anonymised before being passed to DWP. Neither you nor your household will be identifiable by DWP from the data. The information will be used for **research purposes only. Please be assured that your involvement is entirely voluntary** and nothing you say will affect any current or future dealings you may have with the DWP or any other government department.

An interviewer from NatCen will be calling in the next few days and will be happy to make an appointment if they call at an inconvenient time. All our interviewers wear identification badges with their photo. Please only allow people who carry this official identification in to your home.
Your interviewer for this survey will be__________________________________.

I hope that you feel able to take part and enjoy talking to our interviewer. However, if you do not want to be interviewed or have any questions about the survey, please call us on freephone 0800 652 4574. If you do not wish to take part, your name will be taken off the list of people that we will contact. Alternatively, you can tell the interviewer when he or she calls.

Thank you very much in advance of your help.

Yours,

RAldridge

Project assistant
National Centre for Social Research

National Centre for Social Research
Operations department, Kings House, 101-135 Kings Road, Brentwood, Essex, CM14 4LX
Tel: 01277 200 600

Appendix F
Questionnaire

Workplace pension reform survey

Documentation of the Blaise questionnaire

Notes:

- This is a documentation of the mainstage interview Blaise program. Not all variables that appear here will be on the SPSS file, and additional edit codes are not shown.
- Unless otherwise specified, "Don't know" and "Refused" answer categories were available at each question.
- The variable name is shown in bold text, and is a maximum of 8 characters.
- Routing instructions appear above the variable name.
- Sections within the question text shown in brackets were textfilled as appropriate on the interviewers' computers.

Summer 2009

P2882

BLOCK: Eligibility

Intro
Before we start the interview, I'd just like to confirm a few things to make sure that the questions I ask you are the most appropriate for your current situation.

- **1 Press 1 and <Enter> to continue.**
- **8 DON'T KNOW**
- **9 REFUSED**

Sex
INTERVIEWER: PLEASE CODE SEX OF RESPONDENT

- **1 Male**
- **2 Female**

Age
Can I start by asking your age last birthday?

- **16 - 120 Range**
- **999 REFUSED**

EmpStat
SHOWCARD SCR1

Which of the descriptions on this card best describes your current employment situation?

- **1 Full-time employed**
- **2 Part-time employed**
- **3 Maternity leave**
- **4 Self employed**
- **5 Unemployed**
- **6 Looking after family or home**
- **7 Full-time student/ At school**
- **8 Long-term sick or disabled**
- **9 On a government training scheme**
- **10 Something else**
- **99 REFUSED**

TO BE ASKED IF EMPSTAT = 1 OR 2 OR 3.
IndSect
SHOWCARD SCR2

Looking at this list of public sector organisations, can I just check - in your main job as an employee do you work for any of these public sector organisations?

1 Yes - public sector worker as main job
2 Yes - public sector worker, but not as main job
3 No - do not work in the public sector
9 REFUSED

TO BE ASKED IF EMPSTAT = 1, 2, 3 OR 4.
PersIncm
SHOWCARD SCR3

Throughout the questionnaire we provide examples according to four income bands. Can you tell me which band on this card the wage you are paid for your main job falls into, just read out the letter that applies. This is the wage you earn before tax is deducted.

1 Under £5,000
2 A £5,000-£14,999
3 B £15,000-£24,999
4 C £25,000-£32,999
5 D £33,000+
6 Refused
8 DON'T KNOW

TO BE ASKED IF EMPSTAT 4 - 9
PenCurn2
Are you a member of a personal pension scheme?

1 Yes
2 No
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF EMPSTAT = 1 – 3.

PenCurnt
And are you currently a member of a pension scheme?

1 Yes - arranged through employer
2 Yes - arranged myself
3 No
8 DON'T KNOW
9 REFUSED

Maximum number of mentions: 2

TO BE ASKED IF PENCURNT = 1 OR 2
EmpCont
Can I check, does your employer pay money into your pension in addition to any payments you make yourself?

1 Yes
2 No
3 Don't know (pension arranged by employer)
4 Don't know (pension arranged by themselves)
9 REFUSED

BLOCK: Pension provision

Intro
Now for the main part of the interview.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF PENSCURNT = 1 OR 2 AND EMPCONT = 2 OR 4
CurCon
SHOWCARD A1

Do you currently make regular payments into any of the following pension schemes?

INTERVIEWER: CODE ALL THAT APPLY

1 A personal pension fund, or retirement annuity
2 A group personal pension (these are personal pensions arranged by an employer for a group of employees)
3 A company or occupational pension scheme
4 A group stakeholder pension scheme (these are stakeholder pensions arranged by an employer on behalf of employees - the employer may or may not contribute to such a pension)
5 None of these
97 Other (please specify)
98 DON'T KNOW
99 REFUSED

Maximum number of mentions: 5

TO BE ASKED IF CURCON = 97
CurConO
WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

PastCon
[NOWTXT] I'd like you to think about any pensions you may have had in the **past**.

Have you ever had a pension which you or anyone else used to pay into?

1 Yes
2 No
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF PASTCON =1
PastTyp
SHOWCARD A2

You said you paid into a pension in the past. Please can you look at the statements on this card and tell me which, if any, apply to you.

INTERVIEWER: CODE ALL THAT APPLY

1 I used to have a pension that was arranged by an employer, but neither I nor my employer pays into it anymore
2 I used to have a personal pension that I arranged myself, but I no longer pay into it
97 Other
98 DON'T KNOW
99 REFUSED

Maximum number of mentions: 3

TO BE ASKED IF PASTTYP = 97
PastTypO
INTERVIEWER: WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

RetInc1
SHOWCARD A3

Looking at this card, which, if any, of these do you think will be your **main** source of income in retirement? Just read out the number that applies.

1	**Own State pension (including Basic State Pension / State Second Pension / SERPS)**
2	**Spouse's/partner's State Pension (including Basic State Pension / State Second Pension / SERPS)**
3	**Own company or occupational pension**
4	**Spouse's / partner's company or occupational pension**
5	**Own personal pension / annuity bought from personal pension**
6	**Spouse's / partner's personal pension / annuity bought from personal pension**
7	**Ex-spouse's pension(s)**
8	**Own stakeholder pension**
9	**Spouse's / partner's stakeholder pension**
10	**Social security benefits**
11	**Own earnings from paid work**
12	**Spouse's / partner's earnings from paid work**
13	**Endowment / life assurance policy**
14	**Other insurance policy**
15	**Stocks/shares/unit trusts**
16	**Savings accounts**
17	**ISA(s)**
18	**Inheritance / income from inheritance**
19	**Income from annuity**
20	**Rent from property (including subletting)**
21	**The profit from selling a large house and moving to a smaller one / less expensive area**
22	**Equity release scheme**
23	**Sale of possessions**
24	**Income or allowance from family or children**
97	**Other (specify)**
98	**SPONTANEOUS (No main source of income)**
998	**DON'T KNOW**
999	**REFUSED**

TO BE ASKED IF RetInc1 = 97
RetInc1o
INTERVIEWER: WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

RetInc2
SHOWCARD A3

Now looking again at SHOWCARD A3, do you think any of the following will be an additional source of income in retirement?

INTERVIEWER: CODE ALL THAT APPLY

1	**Own State pension (including Basic State Pension / State Second Pension / SERPS)**
2	**Spouse's/partner's State Pension (including Basic State Pension / State Second Pension / SERPS)**
3	**Own company or occupational pension**
4	**Spouse's / partner's company or occupational pension**
5	**Own personal pension / annuity bought from personal pension**
6	**Spouse's / partner's personal pension / annuity bought from personal pension**
7	**Ex-spouse's pension(s)**
8	**Own stakeholder pension**
9	**Spouse's / partner's stakeholder pension**
10	**Social security benefits**
11	**Own earnings from paid work**
12	**Spouse's / partner's earnings from paid work**
13	**Endowment / life assurance policy**
14	**Other insurance policy**
15	**Stocks/shares/unit trusts**
16	**Savings accounts**
17	**ISA(s)**
18	**Inheritance / income from inheritance**
19	**Income from annuity**
20	**Rent from property (including subletting)**
21	**The profit from selling a large house and moving to a smaller one / less expensive area**
22	**Equity release scheme**
23	**Sale of possessions**
24	**Income or allowance from family or children**
97	**Other (specify)**
98	**SPONTANEOUS (None of these)**
998	**DON'T KNOW**
999	**REFUSED**

Maximum number of mentions: 26

TO BE ASKED IF RetInc2 = 97
RetInc2o
INTERVIEWER: WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

BLOCK: Awareness and attitudes

Intro
SHOWCARD B1

The Government has recently announced a new system for encouraging more people to pay into a workplace pension. All eligible employees will be automatically enrolled into a workplace pension scheme from 2012. This is referred to as the workplace pension reforms. People will pay a percentage of their wage or salary into their workplace pension scheme and money will also be paid in by their employer and by the Government in the form of normal tax relief.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

KnowPen
SHOWCARD B2

I will explain the reforms in more detail in a moment, but first we just want to get an idea of whether you have heard about them before and how much - if anything - you know about them.

Before today, how much, if anything, would you say you knew about the workplace pension reforms?

1 Knew a great deal
2 Knew a fair amount
3 Knew a little
4 Heard of but knew nothing
5 Haven't heard of it
8 DON'T KNOW
9 REFUSED

Prompt1
INTERVIEWER: HAND PROMPT CARD 1 TO RESPONDENT AND READ WITH THEM.

FULL TEXT ON HELP SCREEN <F9>

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

AutoEn
SHOWCARD B3

As I've mentioned, workers who are eligible will be automatically enrolled into a workplace pension scheme from the year 2012. This means that money will be automatically deducted from their wages and paid into a workplace pension scheme, unless they choose to opt out of the scheme.

Please could you tell me whether you agree or disagree that it is a good idea for people to be automatically enrolled in this way. And do you tend to strongly agree/disagree?

1 Strongly agree
2 Tend to agree
3 Neither agree nor disagree
4 Tend to disagree
5 Strongly disagree
8 DON'T KNOW
9 REFUSED

ConIn
Money will be paid into an individual's workplace pension scheme from three different sources: by the person themselves, by their employer, and by the Government in the form of normal tax relief. Most people will pay in 4% of whatever they earn between £5,000 and £33,500

INTERVIEWER: IF NECESSARY, PLEASE EXPLAIN THAT PEOPLE CAN PAY IN MORE OF THEIR WAGE/SALARY IF THEY WANT TO. WE WILL COME TO THIS SHORTLY. FOR NOW WE WANT TO FOCUS ON THIS 4%.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

Prompt2
INTERVIEWER: HAND PROMPT CARD 2 ([NAMETXT]) TO RESPONDENT AND READ WITH THEM.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

WeekMnth
I am now going to show you cards with examples of what this means. To help me explain this in the most appropriate way, please can you tell me whether [WKTXT]?

1 Weekly (USE PROMPT CARDS 3b, 4b, ETC).
2 Monthly (USE PROMPT CARDS 3a, 4a, ETC).
8 DON'T KNOW
9 REFUSED

ASKED ONLY OF ELIGIBLES

Prompt3
INTERVIEWER: HAND PROMPT CARD 3[ABTXT] ([NAMETXT]) TO RESPONDENT AND READ WITH THEM.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

ASKED ONLY OF ELIGIBLES
Afford
Could you afford to put 4% of your salary/wage into a workplace pension scheme?

1 Yes
2 No
8 DON'T KNOW
9 REFUSED

ReliefExp
People will not have to pay tax on the money they save into their workplace pension. This means that they also get a contribution to their pension from the Government in the form of tax relief. You may remember I mentioned that a person's employer will also pay into their workplace pension. This card explains how the Government's and employers' payments would work.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

Prompt4
INTERVIEWER: HAND PROMPT CARD 4[ABTXT] ([NAMETXT]) TO RESPONDENT AND READ WITH THEM.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

KeyFeat
SHOWCARD B4

To recap, I'm going to read out the key features of the new workplace pension reforms. For each feature I read out, can you tell me whether you find it attractive, unattractive or neither?

Please think about the specific feature rather than the reforms as a whole.

INTERVIEWER: READ OUT EACH STATEMENT
REPEAT ANSWER CATEGORIES AS REQUIRED
REITERATE THIS IS NOT A TEST

Workers who are eligible will be automatically enrolled into a workplace pension scheme.

1 Attractive
2 Neither/nor
3 Unattractive
4 Don't know/not sure
8 DON'T KNOW
9 REFUSED

FeatOut
People can choose to opt out.

(Do you find this attractive, unattractive or neither?)

1 Attractive
2 Neither/nor
3 Unattractive
4 Don't know/not sure
8 DON'T KNOW
9 REFUSED

FeatPCt
People will pay a percentage of their wage or salary into their pension - this will be taken out of their wages.

(Do you find this attractive, unattractive or neither?)

1 Attractive
2 Neither/nor
3 Unattractive
4 Don't know/not sure
8 DON'T KNOW
9 REFUSED

FeatEmpA
The employer will automatically pay into their worker's pension.

(Do you find this attractive, unattractive or neither?)

1 Attractive
2 Neither/nor
3 Unattractive
4 Don't know/not sure
8 DON'T KNOW
9 REFUSED

BLOCK: Participation (WHOLE MODULE ONLY ASKED OF ELIGIBLES)

QPSTomo
SHOWCARD C1

On the basis of what you currently know about the workplace pension reforms, if you were automatically enrolled into a workplace pension scheme tomorrow, what do you think you would do... READ OUT...

1 **Definitely stay in the scheme**
2 **Probably stay in the scheme**
3 **Probably choose to opt out of the scheme**
4 **Definitely choose to opt out of the scheme**
5 **It depends?**
8 **DON'T KNOW**
9 **REFUSED**

TO BE ASKED IF QPSTOMO = 3 OR 4
ReasOut
Why do you say you would choose not to take part?

INTERVIEWER: DO NOT PROMPT

CODE ALL THAT APPLY

IF DOES NOT FIT CATEGORY THEN USE 97-OTHER

1 **Because I already save in a personal pension**
2 **Because I already save in an occupational pension (but employer doesn't contribute)**
3 **Because my partner is a high earner and can support me in retirement**
4 **Because I am planning to retire on the state pension**
5 **Because I've already got enough provision for retirement - other reasons than above**
6 **Because it will be financially difficult for my employer to pay the contributions**
7 **Because my employer would discourage me from taking part**
8 **Because my employer might cut my salary/cut my pay rise**
9 **Because I'm concerned about losing my job - I think my employer will try and make people who save in this scheme redundant**
10 **Because I'm concerned about losing my job - it's not the right time to start saving into a workplace pension**
11 **I can't afford it - because I am still paying off my student loan**
12 **I can't afford it - I have debts [other than student debts] to pay off**
13 **I can't afford it - I have other spending priorities**
14 **I'm too young to worry about it**

15 **It's too late for me to save, I'm too old**
16 **Because I don't feel this is something I need to worry about - other reasons than above**
17 **There are other, better ways to save for retirement (e.g. investing in property**
18 **Because I don't trust pensions**
19 **I'd be worried about the investment return that my pension would receive**
20 **I'd be worried worried about no longer being eligible for benefits if I have a pension**
21 **I'd be worried about the pension scheme collapsing and losing my money**
22 **I don't feel I know enough about qualifying workplace pensions at this stage**
97 **Other (specify)**
98 **DON'T KNOW**
99 **REFUSED**

Maximum number of mentions: 23

TO BE ASKED IF REASOUT = 97
ReasoutO
INTERVIEWER: WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

TO BE ASKED IF QPSTOMO = 5
ReasDep
What would it depend on?

INTERVIEWER: DO NOT PROMPT
CODE ALL THAT APPLY
IF DOES NOT FIT CATEGORY THEN USE 97-OTHER

1 **Whether employer offers pension**
2 **Whether I thought my employer might cut my salary/cut my pay rise**
3 **Whether I'm going to be made redundant**
4 **I would need to decide if I could afford it**
5 **What other options I have to generate an retirement income**
6 **Further information, as I'm not quite sure what it would mean in practice**
97 **Other (specify)**
98 **DON'T KNOW**
99 **REFUSED**

Maximum number of mentions: 6

TO BE ASKED IF REASDEP = 97
ReasDepO
INTERVIEWER: WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

TO BE ASKED IF REASDEP = 4
ReasDepA
You said you would need to decide if you could afford to stay in the workplace pension scheme.

What financial factors would you consider?

INTERVIEWER: PROBE FULLY

DON'T KNOW Allowed
REFUSAL Allowed

TO BE ASKED IF QPSTOMO = 1 OR 2
ReasIn
Why do you say you would stay in the scheme?

INTERVIEWER: DO NOT PROMPT

CODE ALL THAT APPLY

IF DOES NOT FIT CATEGORY THEN USE 97-OTHER

1 I want my employer to pay into my pension/savings for retirement
2 I need to start saving for retirement
3 This seems like an easy way to save
4 My employer would encourage me to join
5 The Government is encouraging me to join/the reforms are supported by the Government
97 Other (specify)
98 DON'T KNOW
99 REFUSED

Maximum number of mentions: 6

TO BE ASKED IF REASIN = 97
ReasInO
INTERVIEWER: WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

ASKED ONLY OF ELIGIBLES
Discuss
SHOWCARD C2

Please could you tell me whether you agree or disagree with the following statement? And do you tend to strongly agree/disagree?

I would discuss my options with others before deciding whether to stay in the scheme or opt out.

1 **Strongly agree**
2 **Tend to agree**
3 **Neither agree nor disagree**
4 **Tend to disagree**
5 **Strongly disagree**
8 **DON'T KNOW**
9 **REFUSED**

TO BE ASKED IF DISCUSS = 1 OR 2.
DiscussO
SHOWCARD C3

Which, if any, of the following would you discuss your options with?

INTERVIEWER: CODE ALL THAT APPLY

1 **Financial adviser**
2 **Bank / Building society**
3 **Employer**
4 **Accountant**
5 **Friends / family / colleagues**
6 **DWP / DSS / The Pensions Service**
7 **HM Revenue & Customs / Inland Revenue**
8 **The Government generally - no specific department**
9 **Insurance company**
10 **Pension provider**
11 **Trade union**
12 **Citizens Advice Bureau**
13 **Help the Aged, Age Concern or a similar organisation**
14 **The media (newspapers, TV, radio)**
15 **Internet generally**
16 **None of these**
97 **Other (SPECIFY)**
98 **DON'T KNOW**
99 **REFUSED**

Maximum number of mentions: 16

TO BE ASKED IF DISCUSS0 = 97
DiscusOO
INTERVIEWER: WRITE IN OTHER SOURCE

DON'T KNOW Allowed
REFUSAL Allowed

TO BE ASKED IF QPSTOMO = 3 OR 4.
ReEnrol
As I mentioned earlier, a feature of the new workplace pension scheme is that people who opt out will be re-enrolled after a set time of at least three years if they are still eligible.

If you were re-enrolled after this time would you... READ OUT...

1 Definitely stay in the scheme
2 Probably stay in the scheme
3 Probably choose not to take part
4 Definitely choose not to take part
5 It depends?
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF REENROL = 3 OR 4.
ReEnrolC
What would have to change for you to decide to stay in the workplace pension scheme after re-enrolment?

INTERVIEWER: PROBE FULLY

DON'T KNOW Allowed
REFUSAL Allowed

BLOCK: Contributions (WHOLE MODULE ONLY ASKED OF ELIGIBLES)

Intro
INTERVIEWER: Show respondents prompt card 4[ABTXT] ([NAMETXT]) again

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF QPSTOMO = 1 OR 2
ContLev
SHOWCARD D1

How likely do you think you would be to pay in more than 4% into your pension each [WEEKMONTH]?

1 Certain
2 Very likely
3 Fairly likely
4 Not very likely
5 Not at all likely
6 Would definitely not contribute more than the 4% minimum
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF CONTLEV = 1 OR 2 OR 3
ContTyp
SHOWCARD D2

It will be possible to make extra one-off payments from time to time to your workplace pension, or to pay more in on a regular basis either weekly or monthly. Or to do both of these.

How would you prefer to pay more money into your pension?

1 Extra one-off payments
2 Paying in more on a regular basis
3 Both one-off payments and payments on a more regular basis
4 Neither of these
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF CONTTYP = 1 OR 3
OneoffAm
How much do you anticipate you will pay in **extra one-off** payments into your pension per year?

INTERVIEWER: WRITE IN AMOUNT IN £S ONLY

MORE THAN ONE PAYMENT COULD BE MADE PER YEAR, BUT PLEASE RECORD TOTAL AMOUNT PAID IN THE YEAR

1 - 100,000,000 Range
999,999,998 DON'T KNOW
999,999,999 REFUSED

TO BE ASKED IF CONTTYP = 2 OR 3
Prompt5
I now have another example...

INTERVIEWER: HAND PROMPT CARD 5[ABTXT] ([NAMETXT]) TO RESPONDENT AND READ WITH THEM.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF CONTTYP = 2 OR 3
RegAmt
How much do you think you would pay in each month/week, as a percentage of your overall wage or salary?

INTERVIEWER: DO NOT PROMPT

1 5% (1% extra than required)
2 6% (2% extra than required)
3 7% (3% extra than required)
4 8% (4% extra than required)
5 9% (5% extra than required)
6 10-15% (6-11% extra than required)
7 16-20% (12-16% extra than required)
8 20% (17% or more extra than required)
98 DON'T KNOW
99 REFUSED

TO BE ASKED IF CONTLEV = RESPONSE
EncPaym

What, if anything, would encourage you to make additional payments into a pension?
INTERVIEWER: PROBE FULLY

DON'T KNOW Allowed
REFUSAL Allowed

BLOCK: Personal accounts

Intro
We are now going to look at the personal accounts scheme.

Employers may already have their own workplace pension scheme which meets the new government standards. For those employers who do not have such a scheme or do not wish to enrol their workers into their existing scheme, the government will be setting up 'personal accounts'.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

KnowPer
SHOWCARD E1

Before today, how much, if anything, would you say you knew about the personal accounts scheme?

1 Knew a great deal
2 Knew a fair amount
3 Knew a little
4 Heard of but knew nothing
5 Haven't heard of it
8 DON'T KNOW
9 REFUSED

ASKED ONLY OF ELIGIBLES
Prompt7

INTERVIEWER: HAND PROMPT CARD 7 TO RESPONDENT AND READ WITH THEM.

FULL TEXT ON HELP SCREEN <F9>

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

ASKED ONLY OF ELIGIBLES
TO BE ASKED IF QPSTOMO = 1 OR 2 OR 3 OR 4 OR 5 OR D/K
DecChnge
SHOWCARD E2

As I just mentioned people may be automatically enrolled into the personal accounts scheme.

You mentioned earlier that if you were automatically enrolled into a workplace scheme you [PARTICTXT]. If your employer decided to enrol you into the personal accounts scheme rather than another workplace pension scheme, would your decision about whether to remain in the scheme be the same or different?

1 Yes it would be the same - I would still remain in the scheme
2 Yes it would be the same - I would still opt out of the scheme
3 Yes it would be the same - it would depend
4 No it would be different - I would remain in the scheme
5 No it would be different - I would opt out of the scheme
6 No it would be different - it would depend
7 I'm not sure what I would do
8 It depends
98 DON'T KNOW
99 REFUSED

ASKED ONLY OF ELIGIBLES
TO BE ASKED IF DECCHNGE = 4 OR 5 OR 6
DecChngO
You say your decision would be different - why is this?

DON'T KNOW Allowed
REFUSAL Allowed

ASKED ONLY OF ELIGIBLES
TO BE ASKED IF DECCHNGE = 8
DecChngD
What would it depend on?

INTERVIEWER: DO NOT PROMPT

DON'T KNOW Allowed
REFUSAL Allowed

ASKED ONLY OF ELIGIBLES

AIntro
INTERVIEWER: Show respondents prompt card 4[ABTXT] ([NAMETXT]) again

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

ASKED ONLY OF ELIGIBLES
AContLev
SHOWCARD D1

How likely do you think you would be to pay in more than 4% into your pension each [WEEKMONTH]?

1 Certain
2 Very likely
3 Fairly likely
4 Not very likely
5 Not at all likely
6 Would definitely not contribute more than the 4% minimum
8 DON'T KNOW
9 REFUSED

ASKED ONLY OF ELIGIBLES
AContTyp
SHOWCARD D2

It will be possible to make extra one-off payments from time to time into your pension, or to pay more in on a regular basis either weekly or monthly. Or to do both of these.

How would you prefer to pay more money into your pension?

1 Extra one-off payments
2 Paying in more on a regular basis
3 Both one-off payments and payments on a more regular basis
4 Neither of these
8 DON'T KNOW
9 REFUSED

ASKED ONLY OF ELIGIBLES
AOneoffAm
How much do you anticipate you will pay in **extra one-off** payments into your pension per year?

INTERVIEWER: WRITE IN AMOUNT IN £S ONLY

MORE THAN ONE PAYMENT COULD BE MADE PER YEAR, BUT PLEASE RECORD TOTAL AMOUNT PAID IN THE YEAR

1 - 100,000,000 Range
999,999,998 DON'T KNOW
999,999,999 REFUSED

ASKED ONLY OF ELIGIBLES
APrompt5
I now have another example...

INTERVIEWER: HAND PROMPT CARD 5[ABTXT] ([NAMETXT]) TO RESPONDENT AND READ WITH THEM.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

ASKED ONLY OF ELIGIBLES
ARegAmt
How much do you think you would pay in each month/week, as a percentage of your overall wage or salary?

INTERVIEWER: DO NOT PROMPT

1 5% (1% extra than required)
2 6% (2% extra than required)
3 7% (3% extra than required)
4 8% (4% extra than required)
5 9% (5% extra than required)
6 10-15% (6-11% extra than required)
7 16-20% (12-16% extra than required)
8 20% (17% or more extra than required)
98 DON'T KNOW
99 REFUSED

ASKED ONLY OF ELIGIBLES
AEncPaym
What, if anything, would encourage you to make additional payments into a pension?

INTERVIEWER: PROBE FULLY

DON'T KNOW Allowed
REFUSAL Allowed

ASKED ONLY OF ELIGIBLES
Intro2
There will be a limit on the amount that employers and individuals can pay into the personal accounts scheme. No more than £3,600 can be paid into the scheme from all sources - you, your employer and the government - per year. Contributions made over this limit will be refunded.

1 **Press 1 and <Enter> to continue.**
8 **DON'T KNOW**
9 **REFUSED**

ASKED ONLY OF ELIGIBLES
TO BE ASKED IF INTRO2 = 1

Limit
[LIMITTXT]
Knowing about this limit of £3,600, would you still want to pay more than 4% of your salary/wage if you were enrolled into the personal accounts scheme?

1 **Yes**
2 **No**
3 **It depends**
8 **DON'T KNOW**
9 **REFUSED**

ASKED ONLY OF ELIGIBLES
TO BE ASKED IF LIMIT = 1
PayMore
Earlier you said you would pay in [CONTRTXT] to your pension.
Knowing about the £3,600 limit, would you still pay in this amount if you were enrolled into the personal accounts scheme, or would you pay in more or less?

1 **Pay in the same amount**
2 **Pay in more**
3 **Pay in less**
4 **Pay in both more and less (e.g. more as a lump sum but less in regular contributions or vice versa)**
8 **DON'T KNOW**
9 **REFUSED**

BLOCK: Investment choice

(WHOLE MODULE ONLY ASKED OF ELIGIBLES)

Intro

As part of the personal accounts pension scheme, members will have a choice over how the money in their account is invested. However, people who don't want to make a choice won't have to - if you do nothing, the money in your account will be invested in what is known as a 'default fund'. This means your money will be invested in ways that are chosen by investment specialists.

INTERVIEWER: PLEASE REPEAT IF NECESSARY, BEFORE PROCEEDING WITH FOLLOWING QUESTIONS.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

ChoiceAct

SHOWCARD F1

Which of the statements on this card best describes what you would do if you were given the choice over how your personal accounts scheme money was invested... READ OUT...

1 If I had a personal account, I would definitely choose how to invest my money
2 If I had a personal account, I would probably choose how to invest my money
3 If I had a personal account, I would probably leave my money in the default investment fund
4 If I had a personal account, I would definitely leave my money in the default investment fund
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF CHOICEACT = 1 OR 2

IntrEven

As I've mentioned, the options for investing your personal account money would include a range of different types of investments, as with other pensions. For example, people could have the option to invest in socially responsible, environmental or ethical investments, such as recycling companies or companies which have a good reputation for the fair treatment of their workers.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

ReturnE
SHOWCARD F2

Can you tell me how far you agree or disagree with each of these statements?

The level of return on my investment is more important than where the personal account money is invested

1 Strongly agree
2 Tend to agree
3 Neither agree nor disagree
4 Tend to disagree
5 Strongly disagree
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF RETURNE = 1 OR 2
EthicA
SHOWCARD F2

If there were no difference in likely level of return, I would choose to invest in social, ethical and environmental options over other investments.

1 Strongly agree
2 Tend to agree
3 Neither agree nor disagree
4 Tend to disagree
5 Strongly disagree
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF RETURNE = 3 – 5
EthicB
SHOWCARD F2

I would choose to invest in social, ethical and environmental options over other investments.

1 Strongly agree
2 Tend to agree
3 Neither agree nor disagree
4 Tend to disagree
5 Strongly disagree
8 DON'T KNOW
9 REFUSED

BLOCK: Risk

Safesav
SHOWCARD G1

Now for something different.

Here are some things some people have said about savings and stock market investments. Please tell me to what extent you agree or disagree with each.

It is better to play it safe with your savings even if investing in higher risk investments could make you more money?

1 Agree strongly
2 Agree
3 Neither agree nor disagree
4 Disagree
5 Disagree strongly
8 DON'T KNOW
9 REFUSED

Risks
SHOWCARD G1

And how much do you agree or disagree with this statement?

You can't expect to get a good return on your money if you don't take certain risks?

1 Agree strongly
2 Agree
3 Neither agree nor disagree
4 Disagree
5 Disagree strongly
8 DON'T KNOW
9 REFUSED

Offer
I now want you to imagine that you plan to retire in 3 years time and over your working life you have saved an amount of money that is equivalent to three years worth of your current salary as your main source of income when you retire, about £[THREETIMES]. You want to invest this money over the next three years.

A well-known bank offers you the opportunity to invest some money with them. If you take up this offer, there is an equal chance that you will double the amount you invest, or lose a third of the amount you invest. So when you retire, if you invested all of the money, the investment would be worth either £[DOUBLE] or £[MINUSTHIRD].

As an example, prompt card 6 shows how this would apply to [NAMETXT] if [HESHE] invested [HISHER] savings in the bank.

INTERVIEWER: HAND RESPONDENT PROMPT CARD 6 ([NAMETXT])

You can either invest all your savings with the bank, some of your savings, or reject the offer and invest nothing at all. Any remaining money you choose not to invest would be put in a savings account with 3% interest every year you save.

Now imagine that they are your savings. How much of the about £[THREETIMES] would you be prepared to pay into this investment?

CODE ANSWER TYPE, THEN IF AMOUNT OR PERCENTAGE GIVEN, CODE AT NEXT QUESTION.

1 Amount given
2 Percentage given
3 Nothing, I would decline the offer
4 Don't know/not sure

TO BE ASKED IF OFFER = 1
Amount
INTERVIEWER: INSERT AMOUNT TO NEAREST £

0 - 999,997 Range
999,998 DON'T KNOW
999,999 REFUSED

TO BE ASKED IF OFFER = 2
PerCent
INTERVIEWER: INSERT PERCENTAGE

0 - 100 Range
998 DON'T KNOW
999 REFUSED

BLOCK: Information sources and preferences

Intro
And now I'd like to move onto something else. First, some questions about different sources of information.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

InfSourc
SHOWCARD H1

From which sources do you currently get information about **general financial products, services or issues,** if at all?

INTERVIEWER: CODE ALL THAT APPLY

1 Financial adviser
2 Bank / Building society
3 Employer
4 Accountant
5 Friends / family / colleagues
6 DWP / DSS / The Pensions Service
7 HM Revenue & Customs / Inland Revenue
8 The Government generally - no specific department
9 Insurance company
10 Pension provider
11 Trade union
12 Citizens Advice Bureau
13 Help the Aged, Age Concern or a similar organisation
14 The media (newspapers, TV, radio)
15 Internet generally
97 Other (SPECIFY)
98 None of these
998 DON'T KNOW
999 REFUSED

Maximum number of mentions: 16

TO BE ASKED IF INFSOURC = 97
InfSourO
INTERVIEWER: WRITE IN OTHER SOURCE

DON'T KNOW Allowed
REFUSAL Allowed

InfCon
SHOWCARD H1

Which, if any, of the following have you **contacted** for information and advice on **planning for retirement**?

INTERVIEWER: CODE ALL THAT APPLY

IF QUERIED, RESPONDENT SHOULD INCLUDE ASKING FOR PENSIONS FORECAST(S)

1 Financial adviser
2 Bank / Building society
3 Employer
4 Accountant
5 Friends / family / colleagues
6 DWP / DSS / The Pensions Service
7 HM Revenue & Customs / Inland Revenue
8 The Government generally - no specific department
9 Insurance company
10 Pension provider
11 Trade union
12 Citizens Advice Bureau
13 Help the Aged, Age Concern or a similar organisation
14 The media (newspapers, TV, radio)
15 Internet generally
97 Other (SPECIFY)
98 None of these
998 DON'T KNOW
999 REFUSED

Maximum number of mentions: 16

TO BE ASKED IF INFCON = 97
InfConO
INTERVIEWER: WRITE IN OTHER SOURCE

DON'T KNOW Allowed
REFUSAL Allowed

ASKED OF ELIGIBLES ONLY
PersInf
SHOWCARD H2

When the reforms are launched in 2012, which **one** of the sources on this card would you prefer to go to if you had questions or wanted more information about workplace pension schemes?

1 DWP (The Department for Work and Pensions)
2 The Government generally - no specific department
3 The Independent (non-Government) body set up to run personal accounts
4 Your employer
5 An independent organisation such as the Citizen's Advice Bureau or the Pensions Advisory Service
6 An Independent Financial Advisor (you may have to pay for this service)
7 A Trade Union
8 The Media (newspapers, TV, radio)
9 The Internet generally
10 None of these
97 Other
98 DON'T KNOW
99 REFUSED

TO BE ASKED IF PERSINF = 97
PersInfO
INTERVIEWER: WRITE IN OTHER SOURCE

DON'T KNOW Allowed
REFUSAL Allowed

ASKED OF ELIGIBLES ONLY
TO BE ASKED IF PERSINF = 1 - 7
ComChan
SHOWCARD H3

Which of the following ways of communicating with [PERSINFTXT] about workplace pension schemes would be acceptable to you?

INTERVIEWER: CODE ALL THAT APPLY
PROBE - WHAT OTHERS?

1 In person: on own/with partner, friend or relative
2 In person: with a group of people (for example with colleagues at workplace)
3 By telephone
4 In a letter or leaflet
5 By email or online (through the internet)
6 All of the above
97 Some other way (please specify)
98 DON'T KNOW
99 REFUSED

Maximum number of mentions: 7

TO BE ASKED IF COMCHAN = 97
ComChanO
INTERVIEWER: WRITE IN OTHER WAY

DON'T KNOW Allowed
REFUSAL Allowed

IntUse
SHOWCARD H4

Thinking about the last month, how often, if at all, have you used the internet for personal use - that is, unconnected with your job?

1 Never
2 Every day
3 At least four times a week
4 One to three times a week
5 Less than once a week, but more than one a fortnight
6 One or two times a month
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF INTUSE = 2 - 6
TypeUse
SHOWCARD H5

In the last month, have you done any of the following?
(HELP <F9>)

1 Managed your current or savings account online
2 Checked investments on the internet e.g. ISA's / Pensions
3 Paid bills on-line e.g. gas, electricity, telecomms
4 Bought any products or services on-line
5 Accessed comparison websites e.g. Money Supermarket
6 Searched on the internet for advice / information on financial issues such as mortgages, pensions, savings and investments
7 Accessed a forum or blog about financial issues
8 None of the above
98 DON'T KNOW
99 REFUSED

Maximum number of mentions: 7

TO BE ASKED IF INTUSE = 2 – 6
IntLoc
SHOWCARD H6

Again thinking about the last month, in which of the places on this card, if any, have you accessed the internet for personal use?

INTERVIEWER: CODE ALL THAT APPLY

1 At home
2 At work
3 At internet café
4 Library
5 College or university
97 Other
98 DON'T KNOW
99 REFUSED

Maximum number of mentions: 6

TO BE ASKED IF INTLOC = 97
IntLocO
INTERVIEWER: WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

OONLY ASKED OF ELIGIBLES
MngePA

If you did have a personal account, how interested, if at all, would you be in managing this online - in the same way that you might manage a bank account online?

Would you be ...READ OUT...

1 Very interested
2 Fairly interested
3 Not very interested
4 Not at all interested?
8 DON'T KNOW
9 REFUSED

BLOCK: Compliance

(WHOLE MODULE ONLY ASKED OF ELIGIBLES – BAR: INTROI, PROMPT8 & EMPDUTY)

IntroI
[QUESTTXT] regarding employers' duties.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

Prompt8
INTERVIEWER: HAND PROMPT CARD 8 TO RESPONDENT AND READ WITH THEM.

FULL TEXT ON HELP SCREEN <F9>

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

EmpDuty
SHOWCARD I1

Do you think that employers should have a duty to provide a pension to their workers?

1 Yes
2 No
3 Don't know/not sure
4 It depends
8 DON'T KNOW
9 REFUSED

EmpSpk
SHOWCARD I1

Would you speak to your employer about the workplace pension reforms before 2012 to make sure they are planning to meet their duties?

1 Yes
2 No
3 Don't know/not sure
4 It depends
8 DON'T KNOW
9 REFUSED

EmpSpkEn
SHOWCARD I1

Now imagine you are still working for your current employer and you are not automatically enrolled into a workplace pension scheme when the reforms are introduced despite knowing you are eligible. Would you ask your employer to enroll you?

1 Yes
2 No
3 Don't know/not sure
4 It depends
8 DON'T KNOW
9 REFUSED

RepRecr
SHOWCARD I1

Would you be prepared to report an employer to the Pensions Regulator if...

...they asked, when recruiting you, whether you would join the workplace pension scheme, if you started working for them?

1 Yes
2 No
3 Don't know/not sure
4 It depends
8 DON'T KNOW
9 REFUSED

RepOpt
SHOWCARD I1

Would you be prepared to report an employer to the Pensions Regulator if...

...they tried to encourage or force you to opt out of the workplace pension scheme?

1 Yes
2 No
3 Don't know/not sure
4 It depends
8 DON'T KNOW
9 REFUSED

RepCont
SHOWCARD I1

Would you be prepared to report an employer to the Pensions Regulator if...

...they failed to enrol you into a workplace pension scheme with a 3% employer contribution?

1 Yes
2 No
3 Don't know/not sure
4 It depends
8 DON'T KNOW
9 REFUSED

BLOCK: Demographics

Intro

I would now like to ask you a few questions about yourself and your family. Having this up-to-date information will help us a great deal when analysing the results of the survey.

INTERVIEWER: REITERATE CONFIDENTIALITY IF NECESSARY.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

MarStat

What is your current legal marital status, are you ... READ OUT...

INTERVIEWER: CIVIL PARTNERSHIP/COHABITING INCLUDES SAME SEX COUPLES

1 Single - that is, never married or never in a legally recognised civil partnership
2 Married/ In a legally recognised civil partnership - living together
3 Married/ In a legally recognised civil partnership - living apart
4 Cohabiting
5 Separated
6 Divorced / Civil partnership legally dissolved
7 Widowed?
8 Refused
98 DON'T KNOW
99 REFUSED

DependC

How many dependent children do you have, if any? By dependent I mean those who are under 16 or 16 to 18 and in full-time education, for whom you are legally or financially responsible.

0 None
1 One
2 Two
3 Three
4 Four or more
8 DON'T KNOW
9 REFUSED

Tenure
SHOWCARD J1

And in which of these ways do you occupy this accommodation? Please read out the number that applies.

1 **Own it outright**
2 **Buying it with the help of a mortgage or loan**
3 **Pay part rent and part mortgage (shared ownership)**
4 **Rent it**
5 **Live here rent free (including rent free in a relative's/friend's property, excluding squatting)**
6 **Squatting**
97 **Other**
98 **DON'T KNOW**
99 **REFUSED**

TO BE ASKED IF TENURE = 97
TenureO
INTERVIEWER: WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

Health
Do you have any long-standing physical or mental impairment, illness or disability? By 'long-standing' I mean anything that has troubled you over a period of at least 12 months or that is likely to trouble you over a period of at least 12 months.

1 **Yes**
2 **No**
8 **DON'T KNOW**
9 **REFUSED**

TO BE ASKED IF HEALTH = 1
Rstrct
SHOWCARD J2

Some people are restricted in the amount or type of work they can do, because they have an injury, illness or disability. Which of these statements comes closest to your own position at the moment?

INTERVIEWER: CODE FIRST THAT APPLIES

1 I am restricted in the amount or type of work I can (could) do.
2 I am not restricted in the amount or type of work I can (could) do.
8 DON'T KNOW
9 REFUSED

Care1
Is there anyone who is sick, disabled or elderly who you look after or give special help to (for example, a sick, elderly or disabled relative/husband/wife/friend etc.)?

INTERVIEWER: IF ANSWER ALREADY CLEAR, NO NEED TO ASK - JUST CODE ANSWER

1 Yes
2 No
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF CARE1 = 1
Care2
In total how many hours do you spend each week looking after or helping (him/her/them)?

1 0-4 hours per week
2 5-9 hours per week
3 10-19 hours per week
4 20-34 hours per week
5 35-49 hours per week
6 50-99 hours per week
7 100 or more hours per week/continuous care
8 Varies under 20 hours per week
9 Varies 20 hours or more a week
98 DON'T KNOW
99 REFUSED

BLOCK: Employment status history

EmpIntro
The next questions are about all periods in or out of employment since [FRSDATES], even if they only lasted for a month. Do not tell me about each job you have had, just about each period of paid employment or things like looking after the family, being unemployed or in education.

To help you remember your employment history, you may wish to use this calendar to note down important events such as the month in which you started or finished with an employer or the birth of a child, etc.

INTERVIEWER: HAND RESPONDENT **EMPLOYMENT STATUS HISTORY CALENDAR**

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

Preloaded WHFlag
Flag - current work status reached

1 Yes
2 No
8 DON'T KNOW
9 REFUSED

FOR WRKHIST = 1 TO 20

Name	Question Text	Code Category
LESHST	SHOWCARD K1 [TXT1] [TXT2] INTERVIEWER: DO NOT CODE EACH 'JOB' SEPARATELY. ONE PERIOD OF PAID EMPLOYMENT CAN INCLUDE MORE THAN ONE JOB.	0 [CURRSTAT] 1 Self-employed 2 Full-time employed 3 Part-time employed 4 Unemployed 5 Maternity leave 6 Looking after family or home 7 Full-time student/At school 8 Long-term sick or disabled

Name	Question Text	Code Category
		9 On a government training scheme
		97 Something else
		98 DON'T KNOW
		99 REFUSED
LESHEM	When did you start this period of being [STATUSTXT]?	1 January
	CODE MONTH AND YEAR.	2 February
	PLEASE ENTER THE MONTH	3 March
		4 April
		5 May
		6 June
		7 July
		8 August
		9 September
		10 October
		11 November
		12 December
		98 DON'T KNOW
		99 REFUSED
LESHES	IF MONTH NOT KNOWN, CODE SEASON	13 Winter/ December
		14 Winter/January/February
		15 Spring
		16 Summer
		17 Autumn
		98 DON'T KNOW
		99 REFUSED

Name	Question Text	Code Category
LESHSY4	PLEASE ENTER THE YEAR	2,008 - 2,009 Range 9,998 DON'T KNOW 9,999 REFUSED

FOR Employ.WrkHist.JobNo = **1**to **20**do

Employ.WrkHist.JobNo ARRAY[1..20] OF BWrkHist

NOTE: BEGINNING OF **Employ.WrkHist.JobNo** *LOOP:*

QUESTIONS Employ.WrkHist.JobNo THROUGH ***LESHSY4*** *ARE REPEATED* **1 to 20**

LESHST
SHOWCARD K1

[TXT1]

[TXT2]

INTERVIEWER: DO NOT CODE EACH 'JOB' SEPARATELY. ONE PERIOD OF PAID EMPLOYMENT CAN INCLUDE MORE THAN ONE JOB.

0 [CURRSTAT]
1 Self-employed
2 Full-time employed
3 Part-time employed
4 Unemployed
5 Maternity leave
6 Looking after family or home
7 Full-time student/At school
8 Long-term sick or disabled
9 On a government training scheme
97 Something else
98 DON'T KNOW
99 REFUSED

TO BE ASKED IF LESHST >0
LESHEM
When did you start this period of being [STATUSTXT]?

CODE MONTH AND YEAR.

PLEASE ENTER THE MONTH

1	January
2	February
3	March
4	April
5	May
6	June
7	July
8	August
9	September
10	October
11	November
12	December
98	DON'T KNOW
99	REFUSED

TO BE ASKED IF LESHST >0
LESHES
IF MONTH NOT KNOWN, CODE SEASON

13	Winter/ December
14	Winter/January/February
15	Spring
16	Summer
17	Autumn
98	DON'T KNOW
99	REFUSED

TO BE ASKED IF LESHEM >0
LESHSY4
PLEASE ENTER THE YEAR

2,008 - 2,009	Range
9,998	DON'T KNOW
9,999	REFUSED

PrevEmp
These days people often work for a number of employers during the course of their life. Excluding your current employer, how many employers have you had in the last ten years?

0 - 50 Range
98 DON'T KNOW
99 REFUSED

UnEmp
In the last ten years, have you had any continuous periods of over a year when you were not working, or looking for work, because of ill health or caring responsibilities?

1 Yes
2 No
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF UNEMP = 1
UnEmpP
In months, could you tell me how long you were not working?

12 - 120 Range
998 DON'T KNOW
999 REFUSED

SelfEmp
In the last ten years, have you had any continuous periods of over a year when you were self-employed?

1 Yes
2 No
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF SELFEMP = 1
SelfEmpP
In months, could you tell me how long you were self-employed?

12 - 120 Range
998 DON'T KNOW
999 REFUSED

Intro
Now [JOBTXT] job. Please answer these questions in relation to your main job.

1 **Press 1 and <Enter> to continue.**
8 **DON'T KNOW**
9 **REFUSED**

JBTerm1
Leaving aside your own personal intentions and circumstances, [ISWAS] your job... READ OUT...

1 **A permanent job**
2 **Or [ISWAS] there some way that it [ISWAS] not permanent?**
8 **DON'T KNOW**
9 **REFUSED**

TO BE ASKED IF JBTERM1 = 2
JBTerm2
In what way [ISWAS] the job not permanent, [ISWAS] it... READ OUT...

INTERVIEWER: CODE ALL THAT APPLY

1 **Seasonal work**
2 **Done under contract for a fixed period or a fixed task**
3 **Agency temping**
4 **Casual type of work**
5 **Or [ISWAS] there some other way that it [ISWAS] not permanent?**
8 **DON'T KNOW**
9 **REFUSED**

Maximum number of mentions: 4

TO BE ASKED IF JBTERM1 = 1
JBTerm3
Can I just check, [AREWERE] you employed... READ OUT...

1 **Directly by an employer**
2 **Or by an agency (although working in another organisation)?**
8 **DON'T KNOW**
9 **REFUSED**

JBSIC07
What [DOESDID] the firm/organisation you work for mainly make or do (at the place where you [WORKED])?

INTERVIEWER: PROBE MANUFACTURING OR PROCESSING OR DISTRIBUTION ETC. AND MAIN GOODS PRODUCED, MATERIALS USED, WHOLESALE OR RETAIL, ETC. INFORMATION ON INDUSTRY IS NECESSARY TO DISTINGUISH BETWEEN SOME OCCUPATIONS AT THE DETAILED LEVEL. DESCRIBE FULLY.

DON'T KNOW Allowed
REFUSAL Allowed

JbSoc00
What [ISWAS] your main job?

INTERVIEWER: IF MORE THAN ONE JOB, MAIN JOB IS THE JOB WITH MOST HOURS. IF EQUAL HOURS, THEN MAIN JOB IS JOB THAT IS HIGHEST PAID.
ENTER JOB TITLE

DON'T KNOW Allowed
REFUSAL Allowed

JbSoc00b
What [DODID] you mainly do in your main job?

INTERVIEWER: CHECK SPECIAL QUALIFICATIONS/TRAINING NEEDED TO DO THE JOB.
DESCRIBE FULLY WORK DONE

DON'T KNOW Allowed
REFUSAL Allowed

JbMngr
In your job, [DODID] you have any managerial duties or [DODID] you supervise any other employees?

1 **Manager**
2 **Foreman/supervisor**
3 **NOT manager or supervisor**
8 **DON'T KNOW**
9 **REFUSED**

JbSize
How many people [AREWERE] employed by your employer in all locations across the UK?

INTERVIEWER: INCLUDE ALL EMPLOYEES INCLUDING PART-TIME AND SHIFT WORKERS. EXCLUDE VOLUNTEERS

1 1 - 2
2 3 - 9
3 10 - 24
4 25 - 49
5 50 - 99
6 100 - 199
7 200 - 499
8 500 - 999
9 1000 or more
10 Don't know but fewer than 25
11 Don't know but 25 or more
98 DON'T KNOW
99 REFUSED

JbHrs
Thinking about your (main) job, how many hours, excluding overtime and meal breaks, [AREWERE] you expected to work in a normal week?

INTERVIEWER: IF NO NORMAL HOURS, ASK FOR AVERAGE HOURS.
CODE HALF HOURS BY USING A DECIMAL PLACE, E.G. 37.5

1 - 97 Range
98 DON'T KNOW
99 REFUSED

JbOt
And how many hours overtime [DODID] you usually work in a normal week?

INTERVIEWER: IF NO USUAL HOURS, ASK FOR AVERAGE HOURS
IF NONE CODE 0

0 - 97 Range
98 DON'T KNOW
99 REFUSED

JBBGDat
And on what date did you start working for your [PRESENT] employer?

INTERVIEWER: PLEASE ENTER THE DAY/MONTH/YEAR
IF FULL DATE NOT KNOWN, RECORD AS DK AND ENTER SEPARATE DAY, MONTH AND YEAR WHERE KNOWN AT SUBSEQUENT QUESTIONS.

DON'T KNOW Allowed
REFUSAL Allowed

TO BE ASKED IF ANY JBBGDAT = D/K
JBBGD
PLEASE ENTER THE DAY

1 - 31	**Range**
98	**DON'T KNOW**
99	**REFUSED**

TO BE ASKED IF ANY JBBGDAT = D/K
JBBGM
PLEASE ENTER THE MONTH

1	**January**
2	**February**
3	**March**
4	**April**
5	**May**
6	**June**
7	**July**
8	**August**
9	**September**
10	**October**
11	**November**
12	**December**
98	**DON'T KNOW**
99	**REFUSED**

TO BE ASKED IF ANY JBBGDAT = D/K
JBBGY
PLEASE ENTER THE YEAR

1,940 - 2,009	**Range**
9,998	**DON'T KNOW**
9,999	**REFUSED**

LengthC
SHOWCARD K2

And how long do you expect to stay with your current employer, from today?

1	**Less than a month**
2	**Over a month, but less than two months**
3	**Two to six months**
4	**Six months to a year**
5	**A year to two years**
6	**Two years to five years**
7	**Five years to ten years**
8	**Ten years +**
9	**Depends**
10	**Until retirement**
98	**DON'T KNOW**
99	**REFUSED**

J2HAS
Do you currently earn any money from a second job, odd jobs or from work that you might do from time to time, apart from any main job you have?

INTERVIEWER: INCLUDE BABY SITTING, MAIL ORDER AGENTS, POOLS AGENT ETC.

1 **Yes**
2 **No**
8 **DON'T KNOW**
9 **REFUSED**

TO BE ASKED IF J2HAS = 1
J2SOC00
What is it that you do (and what does the firm or person you work for make or do)?

INTERVIEWER: DESCRIBE FULLY WORK DONE
ENTER JOB TITLE

DON'T KNOW Allowed
REFUSAL Allowed

TO BE ASKED IF MARSTAT = 2, 3 OR 4
pNActiv
SHOWCARD K3

Please tell me which one of these best describes your spouse/partner's current situation?

1 **Going to school or college (including on vacation)**
2 **In paid employment or self-employment (or away temporarily)**
3 **On a Government training scheme for employment training**
4 **Doing unpaid work for a business that you own, or that a relative owns**
5 **Waiting to take up paid work already obtained**
6 **Looking for paid work or a Government training scheme**
7 **Intending to look for work but prevented by temporary sickness or injury (CHECK 28 DAYS OR LESS)**
8 **Permanently unable to work because of long-term sickness or disability (USE ONLY FOR MEN AGED 16-64 OR WOMEN AGED 16-59)**
9 **Retired from paid work**
10 **Looking after the home or family**
97 **Doing something else (WRITE IN)**
98 **DON'T KNOW**
99 **REFUSED**

TO BE ASKED IF PNACTIV = 97
PNActiO
INTERVIEWER: WRITE IN WHAT PARTNER IS DOING

DON'T KNOW Allowed
REFUSAL Allowed

TO BE ASKED IF MARSTAT = 2, 3 OR 4
PartCon

Has your spouse/partner ever paid regular contributions into any pension scheme?

1 Yes
2 No
8 DON'T KNOW
9 REFUSED

BLOCK: Income, savings and debt

(TO BE ASKED ONLY OF ELIGIBLES)

Intro
I'd now like to ask you some questions about the money that [HHTXT] coming in. Please be assured that we are only collecting this information to help us analyse the data.

1 Press 1 and <Enter> to continue.
8 DON'T KNOW
9 REFUSED

Pay
First, may I ask what your usual pay is for your main job? Please exclude any tax credits, or bonuses and commissions that are not usually received.

INTERVIEWER: REITERATE CONFIDENTIALITY IF NECESSARY
ENTER EXACT AMOUNT IN WHOLE £s

0 - 1,000,000 Range
9,999,998 DON'T KNOW
9,999,999 REFUSED

TO BE ASKED IF PAY = RESPONSE (OTHER THAN D/K)

FRWC
What period does that cover?

1 One week
2 Two weeks
3 Three weeks
4 Four weeks
5 Calendar month
6 Two Calendar months
7 Eight times a year
8 Nine times a year
9 Ten times a year
13 Three months/13 weeks
26 Six months/26 weeks
52 One Year/12 months/52 weeks
90 Less than one week
95 One off/lump sum
96 None of these (INTERVIEWER: EXPLAIN IN NOTE)
98 DON'T KNOW
99 REFUSED

TO BE ASKED IF PAY = RESPONSE (OTHER THAN D/K)
BATax
And is that before or after tax?

1 **Before tax**
2 **After tax**
3 **It depends**
8 **DON'T KNOW**
9 **REFUSED**

TO BE ASKED IF PAY = D/K
PayEst
SHOWCARD L1

What is your best estimate? Just read out the number that applies

INTERVIEWER: IF NO USUAL AMOUNT, GIVE AVERAGE AND CODE AMOUNT VARIES.

1 **1 £5,000 - £7,499 £417 - £584 £96 - £134**
2 **2 £7,500 - £9,999 £585 - £723 £135 - £166**
3 **3 £10,000 - £12,499 £724 - £863 £167 - £198**
4 **4 £12,500 - £14,999 £864 - £1,002 £199 - £231**
5 **5 £15,000 - £19,999 £1,003 - £1,282 £232 - £295**
6 **6 £20,000 - £24,999 £1,283 - £1,561 £296 - £359**
7 **7 £25,000 - £29,999 £1,562 - £1,840 £360 - £424**
8 **8 £30,000 - £34,999 £1,841 - £2,119 £425 - £488**
9 **9 £35,000 - £39,999 £2,120 - £2,417 £489 - £557**
10 **10 £40,000 - £44,999 £2,418 - £2,667 £558 - £615**
11 **11 £45,000 - £49,999 £2,668 - £2,918 £616 - £672**
12 **12 £50,000 or more £2,919 or more £673 or more**
13 **13 Amount varies - average given**
98 **DON'T KNOW**
99 **REFUSED**

Maximum number of mentions: 2

TO BE ASKED IF J2HAS = 1
J2PAY
You mentioned earlier that you currently earn money from a second job or from work that you might do from time to time. How much do you earn from your second and all other occasional jobs?

INTERVIEWER: IF NO USUAL PROBE FOR LAST AMOUNT RECEIVED
ENTER TO NEAREST £

0 - 1,000,000	**Range**
9,999,998	**DON'T KNOW**
9,999,999	**REFUSED**

TO BE ASKED IF J2PAY = RESPONSE (OTHER THAN D/K)
J2PayPd
What period does that cover?

1	**One week**
2	**Two weeks**
3	**Three weeks**
4	**Four weeks**
5	**Calendar month**
6	**Two Calendar months**
7	**Eight times a year**
8	**Nine times a year**
9	**Ten times a year**
13	**Three months/13 weeks**
26	**Six months/26 weeks**
52	**One Year/12 months/52 weeks**
90	**Less than one week**
95	**One off/lump sum**
96	**None of these (INTERVIEWER: EXPLAIN IN NOTE)**
98	**DON'T KNOW**
99	**REFUSED**

TO BE ASKED IF J2PAY = RESPONSE (OTHER THAN D/K)
BATax2
And is that before or after tax?

1	**Before tax**
2	**After tax**
3	**It depends**
8	**DON'T KNOW**
9	**REFUSED**

TO BE ASKED IF MARSTAT = 2 OR 4
HousInc
Now I'd like you to think about all of the income coming in to your household from you as well as other household members over the past year. Can I ask what your total household income was?

Please include ALL sources of income, such as those on SHOWCARD L2

INTERVIEWER: ENTER EXACT AMOUNT IN WHOLE £s

0 - 100,000,000	**Range**
999,999,998	**DON'T KNOW**
999,999,999	**REFUSED**

TO BE ASKED IF HOUSINC = RESPONSE (OTHER THAN D/K)
FRWC2
What period does that cover?

1	**One week**
2	**Two weeks**
3	**Three weeks**
4	**Four weeks**
5	**Calendar month**
6	**Two Calendar months**
7	**Eight times a year**
8	**Nine times a year**
9	**Ten times a year**
13	**Three months/13 weeks**
26	**Six months/26 weeks**
52	**One Year/12 months/52 weeks**
90	**Less than one week**
95	**One off/lump sum**
96	**None of these (INTERVIEWER: EXPLAIN IN NOTE)**
98	**DON'T KNOW**
99	**REFUSED**

TO BE ASKED IF HOUSINC = RESPONSE (OTHER THAN D/K)

BATax3
And is that before or after tax?

1	**Before tax**
2	**After tax**
3	**It depends**
8	**DON'T KNOW**
9	**REFUSED**

TO BE ASKED IF HOUSINC = D/K
HousEst2
SHOWCARD L1

What is your best estimate? Just read out the letter that applies

INTERVIEWER: IF NO USUAL AMOUNT, GIVE AVERAGE AND CODE AMOUNT VARIES.

1 **1 £5,000 - £7,499 £417 - £584 £96 - £134**
2 **2 £7,500 - £9,999 £585 - £723 £135 - £166**
3 **3 £10,000 - £12,499 £724 - £863 £167 - £198**
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11 **11 £45,000 - £49,999 £2,668 - £2,918 £616 - £672**
12 **12 £50,000 or more £2,919 or more £673 or more**
13 **13 Amount varies - average given**
98 **DON'T KNOW**
99 **REFUSED**

Maximum number of mentions: 2

SavType
SHOWCARD L3

I'd now like you to look at this card and tell me whether you [PARTNER] have any of the types of savings or investments shown. Just read out the number or numbers that apply.

INTERVIEWER: CODE ALL THAT APPLY

1 **No savings or investments**
2 **Current account in a bank or building society**
3 **Savings account in a bank or building society**
4 **ISAs/TESSAs**
5 **National Savings**
6 **Stocks/shares/bonds/investment trusts/unit trusts**
7 **Insurance/endowments**
8 **Property - buy to let and/or own home**
9 **Other**
98 **DON'T KNOW**
99 **REFUSED**

Maximum number of mentions: 8

TO BE ASKED IF SAVTYPE = 4
ISAtype
You said you have an ISA, can I check, is that a cash ISA or a stocks and shares (or equity) ISA or do you have both?

1 **Cash ISA**
2 **Stocks and Shares / equity ISA**
3 **Both**
8 **DON'T KNOW**
9 **REFUSED**

TO BE ASKED IF SAVTYPE = 2 – 9
SavVal
SHOWCARD L4

How much, in total, do you think all your savings and investments are currently worth? Just read out the number that applies.

INTERVIEWER: IF UNSURE, PROBE FOR BEST ESTIMATE

1 **1 Less than £999**
2 **2 £1,000 - £4,999**
3 **3 £5,000 - £9,999**
4 **4 £10,000 - £19,999**
5 **5 £20,000 - £29,999**
6 **6 £30,000 - £39,999**
7 **7 £40,000 - £49,999**
8 **8 £50,000 or more**
98 **DON'T KNOW**
99 **REFUSED**

TO BE ASKED IF (SAVVAL = RESPONSE OTHER THAN D/K OR REF) + (MARSTAT = 2, 3 OR 4.)
CoupSav
Can I just check, did you answer for you and your partner/spouse, or for you alone?

1 **Respondent only**
2 **Respondent and partner / spouse**
3 **Mixture / Can't say**
8 **DON'T KNOW**
9 **REFUSED**

DebtTy
SHOWCARD L5

And a similar question, but this time in relation to any loans or credit you might have. [APARTTXT] you [PARTNER] owe any money on the things listed on this card?
Please do not include any credit card or other bills you will pay off in full this month.
Just read out the number or numbers that apply

INTERVIEWER: CODE ALL THAT APPLY

1 Hire purchase agreements
2 Personal loans (from bank, building society or other financial institutions)
3 Credit cards or store cards
4 Catalogue or mail order purchase agreements
5 DSS/DWP Social Fund loan
6 Other loan(s) from a private individual
7 Overdrafts
8 Student loan
9 No loans or debts held
97 Other
98 DON'T KNOW
99 REFUSED

Maximum number of mentions: 9

TO BE ASKED IF DEBTTY = 97
DebtTyO
INTERVIEWER: WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

TO BE ASKED IF DEBTTY = 1 - 8
DetAmnt
SHOWCARD L4

How much, in total, do you think you owe? Just read out the number that applies.

INTERVIEWER: IF UNSURE, PROBE FOR BEST ESTIMATE

1 1 Less than £999
2 2 £1,000 - £4,999
3 3 £5,000 - £9,999
4 4 £10,000 - £19,999
5 5 £20,000 - £29,999
6 6 £30,000 - £39,999
7 7 £40,000 - £49,999
8 8 £50,000 or more
98 DON'T KNOW
99 REFUSED

FinMang
SHOWCARD L6

Looking at this card, which of the following best describes how you [PARTNER] are managing financially at present? Please just read out the number that applies?

1 I am/we are keeping up with all of our bills and credit commitments without any difficulties
2 I am/we are keeping up with all of our bills and credit commitments, but struggle to do so from time to time
3 I am/we are keeping up with all of our bills and credit commitments but it is a constant struggle
4 I am/we are falling behind with some of our bills or credit commitments
5 I am/we are having real financial problems and have fallen behind with many bills or credit commitments
97 Other
98 DON'T KNOW
99 REFUSED

TO BE ASKED IF FINMANG = 97
FinMangO
INTERVIEWER: WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

FinRes
SHOWCARD L7

And can I ask, do you have overall responsibility for this household's finances, such as making saving deposits, pension payments and paying bills?

1 **Yes, sole responsibility**
2 **Yes, but joint responsibility**
3 **No**
4 **It depends**
8 **DON'T KNOW**
9 **REFUSED**

BLOCK: Receipt of benefits

AnyBen
SHOWCARD M1

Do you receive any of the state benefits or tax credits on this card at present?

HELP SCREEN AVAILABLE - <F9>

1 Yes
2 No
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF ANYBEN = 1
BenFTNFW
SHOWCARD M1
Which ones?
INTERVIEWER: PROBE: Which others?
HELP SCREEN AVAILABLE - <F9>

1 State retirement pension (National Insurance)
2 War Pension (War Disablement Pension or War Widows/Widowers Pension)
3 Armed Forces Compensation Scheme
4 Bereavement Allowance/ Bereavement Payment/Widow's Pension / Widowed Parent's Allowance
5 Jobseeker's Allowance
6 New Deal Payment
7 Income Support (not for pensioners)
8 Pension Credit / Minimum Income Guarantee / Income Support for Pensioners
9 Child Benefit / Guardian's Allowance
10 Child Tax Credit
11 Working Tax Credit
12 Housing Benefit (Rent Rebate / Rent Allowance)
13 Council Tax Benefit (or Rebate)
14 Incapacity Benefit / Sickness Benefit / Invalidity Benefit
15 Disability Living Allowance (for people under 65)
16 Attendance Allowance (for people aged 65+)
17 Severe Disablement Allowance
18 Carers Allowance (formerly Invalid Care Alllowance)
19 Industrial Injuries Disablement Benefits
20 Employment and Support Allowance
21 Maternity Allowance
22 Winter Fuel Payments
97 Other state benefit (WRITE IN)

98 DON'T KNOW
99 REFUSED

Maximum number of mentions: 23

TO BE ASKED OF BENFTFNW = 97
BenFTNFO
INTERVIEWER: WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

FOR Benefits.j = **1**to **23**do

Benefits.j ARRAY[1..23] OF ENUM(3)

NOTE: BEGINNING OF **Benefits.j** *LOOP:*

QUESTIONS Benefits.j THROUGH ***FRJT*** *ARE REPEATED* **1 to 23**

TO BE ASKED OF EACH ENUMERATED BENEFIT
FRJT
Thinking about the **[BENTYPE]**.

Do you receive that solely in your name or jointly with someone else?

HELP SCREEN AVAILABLE - <F9>

1 Sole
2 Joint
3 Both (spontaneous)
8 DON'T KNOW
9 REFUSED

Maximum number of mentions: 23

BLOCK: Contact information

FRSLink
Finally, I would like to inform you that for analysis purposes only, NatCen will add some information from your 2008/09 FRS interview to the answers you have given today.

Please could you tell me if you are happy for us to do this?

1 **Proceed**
2 **Refuse Linkage**
3 **Delete interview**
8 **DON'T KNOW**
9 **REFUSED**

TO BE ASKED IF FRSLINK = 2 OR 3
Ethnic
SHOWCARD N1
And to which of these ethnic groups do you consider you belong?

INTERVIEWER: CODE ONE ONLY

1 **British/English/Scottish/Welsh/Northern Irish**
2 **Irish**
3 **Gypsy or Irish Traveller**
4 **Any other white background**
5 **White and Black Caribbean**
6 **White and Black African**
7 **White and Asian**
8 **Any other mixed background**
9 **Indian**
10 **Pakistani**
11 **Bangladeshi**
12 **Chinese**
13 **Any other Asian background**
14 **Caribbean**
15 **African**
16 **Any other Black background**
17 **Arab**
97 **Any other ethnic group**
98 **DON'T KNOW**
99 **REFUSED**

TO BE ASKED IF ETHNIC = 97
EthnicO
WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

TO BE ASKED IF FRSLINK = 2 OR 3
CountBrn
In which country were you born?

1	England
2	Scotland
3	Wales
4	Northern Ireland
5	Republic of Ireland
6	France
7	Germany
8	Italy
9	Spain
10	Poland
11	Cyprus
12	Turkey
13	Australia
14	New Zealand
15	Canada
16	U.S.A.
17	China/Hong Kong
18	India
19	Pakistan
20	Bangladesh
21	Sri Lanka
22	Kenya
23	Ghana
24	Nigeria
25	Uganda
26	South Africa
27	Jamaica
97	Other country
98	DON'T KNOW
99	REFUSED

TO BE ASKED IF COUNTBRN = 97

CountBnO
WRITE IN OTHER

DON'T KNOW Allowed
REFUSAL Allowed

Recall
That brings me to the end of my questions. Thank you very much for your time and patience. You have been a great help.

In the future NatCen may want to re-contact some people we've talked to in this survey for quality control purposes. Would you be willing for us to contact you again for this purpose?

1 **Yes**
2 **No**
8 **DON'T KNOW**
9 **REFUSED**

TO BE ASKED IF RECALL = 1
RHLand
In that case could I please have your home landline number?

INTERVIEWER: USE ONLY NUMBERS, SPACES AND '-'.
ENTER '0' IF DOES NOT HAVE A LANDLINE NUMBER

DON'T KNOW Allowed
REFUSAL Allowed

Computed PhoneNum
Confirmed telephone number 1

DON'T KNOW Allowed
REFUSAL Allowed

TO BE ASKED IF RECALL = 1
MobUse
Do you have a mobile phone?

1 **Yes**
2 **No**
8 **DON'T KNOW**
9 **REFUSED**

TO BE ASKED IF MOBUSE = 1
RPHMob
And can I please have your personal mobile phone number?

INTERVIEWER: USE ONLY NUMBERS, SPACES AND '-'.

DON'T KNOW Allowed
REFUSAL Allowed

Computed PhoneNu2
Confirmed telephone number 2

DON'T KNOW Allowed
REFUSAL Allowed

ReContct
Sometime in the future there may be a follow-up study to this. Such a study would be agreed with the Department for Work and Pensions. Would you be willing to be contacted again, so either we or another approved social research organisation can carry out the study?

We may not contact you again, but, if we do, you will still be free to decide whether you wish to participate in any follow-up study.

1 **Yes**
2 **No**
8 **DON'T KNOW**
9 **REFUSED**

TO BE ASKED IF RECONTCT = 1 + RECALL = 2, D/K, REFUSED
RHLand2
In that case could I please have your home landline number?

INTERVIEWER: USE ONLY NUMBERS, SPACES AND '-'.
ENTER '0' IF DOES NOT HAVE A LANDLINE NUMBER

DON'T KNOW Allowed
REFUSAL Allowed

TO BE ASKED IF RECONTCT = 1
MobUse2
Do you a mobile phone?

1 Yes
2 No
8 DON'T KNOW
9 REFUSED

TO BE ASKED IF MOBUSE2 = 1
RPHMob2
And can I please have your personal mobile phone number?

INTERVIEWER: USE ONLY NUMBERS, SPACES AND '-'.

DON'T KNOW Allowed
REFUSAL Allowed

Thank
INTERVIEWER: THE INTERVIEW IS FINISHED.

PLEASE THANK THE RESPONDENT FOR THEIR CO-OPERATION, GIVE THEM A £10 VOUCHER AND ASK THEM TO SIGN A VOUCHER RECEIPT FORM.

THEN ENTER '1' TO CLOSE THE INTERVIEW.

1 Finish

Appendix G
Prompt cards

PROMPT CARDS

NatCen
National Centre for Social Research

Card 1

KEY FEATURES OF THE WORKPLACE PENSION REFORMS

What are they?

- The government is introducing changes to make sure all employers provide a pension scheme for their workers.
- These reforms are called the Workplace Pension Reforms.
- They are separate to the State Pension and will not replace it.

Who do they apply to?

To be eligible for automatic enrolment into a workplace pension workers need to earn at least £5,000 per year before tax and be aged between 22 and state pension age (at least 60 for women and 65 for men).

What are the new workplace pension schemes?

These will be pension schemes which meet the government's minimum standard. These could include pension schemes currently offered by employers.

How do the new workplace pension schemes work?

They will work in a similar way to existing workplace pension schemes in that:

- You will put a percentage of your wage or salary into your pension – this will automatically be taken out of your wages
- Your employer will also automatically pay into your pension
- The money put into your pension will be invested to provide an income after you retire

But they will be different in that:

- All eligible workers will be automatically enrolled into the scheme by their employer but can opt out if they do not wish to remain saving.
- If you opt out after you are automatically enrolled into the workplace pension you will be automatically re-enrolled no more frequently than every 3 years, if you are still eligible.
- If you do not want to take part you will be able to opt out again at this stage.

NatCen

Card 2 - Pat

PAT DECIDES TO SAVE INTO A WORKPLACE PENSION SCHEME

Pat is an administrator and earns £10,000 a year before tax and national insurance.

He doesn't pay anything into his workplace pension scheme on the first £5,000 he earns.

Because he earns £10,000, this means he pays in an amount that is worked out on around £5,000 of his salary. We will refer to this £5,000 as Pat's "pensionable" salary.

NatCen

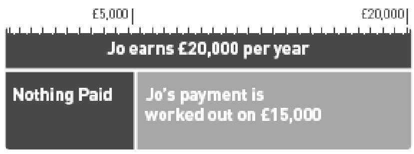
Card 2 - Jo

JO DECIDES TO SAVE INTO A WORKPLACE PENSION SCHEME

Jo is an administrator and earns £20,000 a year before tax and national insurance.

She doesn't pay anything into her workplace pension scheme on the first £5,000 she earns.

Because she earns £20,000, this means she pays in an amount that is worked out on around £15,000 of her salary. We will refer to this £15,000 as Jo's "pensionable" salary.



NatCen

National Centre for Social Research

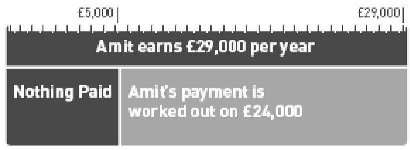
Card 2 - Amit

AMIT DECIDES TO SAVE INTO A WORKPLACE PENSION SCHEME

Amit is a sales manager and earns £29,000 a year before tax and national insurance.

He doesn't pay anything into his workplace pension scheme on the first £5,000 he earns.

Because he earns £29,000, this means he pays in an amount that is worked out on around £24,000 of his salary. We will refer to this £24,000 as Amit's "pensionable" salary.



NatCen

National Centre for Social Research

Card 2 - Rob

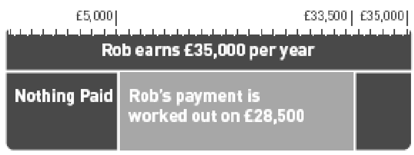
ROB DECIDES TO SAVE INTO A WORKPLACE PENSION SCHEME

Rob is a factory foreman and earns £35,000 a year before tax and national insurance.

He doesn't pay anything into his workplace pension scheme on the first £5,000 he earns.

He also doesn't pay contributions on what he earns above £33,500.

Because he earns £35,000, this means he pays in an amount that is worked out on around £28,500 of his salary. We will refer to this £28,500 as Rob's "pensionable" salary.



NatCen
National Centre for Social Research

Card 3a - Pat

PAT'S WORKPLACE PENSION SCHEME

What that means for Pat is...

Pat pays 4% of his "pensionable" salary (before tax and national insurance) into his workplace pension – this is £16.50 a month.

This means that he takes home £719 a month.

NatCen
National Centre for Social Research

Card 3a - Jo

JO'S WORKPLACE PENSION SCHEME

What that means for Jo is...

Jo pays 4% of her "pensionable" salary (before tax and national insurance) into her workplace pension – this is £50 a month.

This means that she takes home £1,260 a month.

NatCen

Card 3a - Amit

AMIT'S WORKPLACE PENSION SCHEME

What that means for Amit is...

Amit pays 4% of his "pensionable" salary before tax and national insurance into his workplace pension – this is £80 a month.

This means that he takes home £1,748 a month.

NatCen

Card 3a - Rob

ROB'S WORKPLACE PENSION SCHEME

What that means for Rob is...

Rob pays 4% of his "pensionable" salary (before tax and national insurance) into his workplace pension – this is £95 a month.

This means that he takes home £2,078 a month.

NatCen

Card 3b - Pat

PAT'S WORKPLACE PENSION SCHEME

What that means for Pat is...

Pat pays 4% of his "pensionable" salary (before tax and national insurance) into his workplace pension – this is £3.80 a week.

This means that he takes home a week £166.

NatCen

Card 3b - Jo

JO'S WORKPLACE PENSION SCHEME

What that means for Jo is...

Jo pays 4% of her "pensionable" salary (before tax and national insurance) into her workplace pension – this is £11.50 a week.

This means that she takes home a week £291.

NatCen

Card 3b - Amit

AMIT'S WORKPLACE PENSION SCHEME

What that means for Amit is...

Amit pays 4% of his "pensionable" salary (before tax and national insurance) into his workplace pension – this is £18.50 a week.

This means that he takes home a week £403.

NatCen

Card 3b - Rob

ROB'S WORKPLACE PENSION SCHEME

What that means for Rob is...

Rob pays 4% of his "pensionable" salary (before tax and national insurance) into his workplace pension – this is £21.90 a week.

This means that he takes home £479 a week.

NatCen

Card 4a - Pat

PAT MONTHLY

The total amount of money paid into the pension scheme every month will amount to 8% of a worker's "pensionable" salary before any deductions for tax and national insurance are made. 4% is paid in by the worker, or in this example £16.50 a month for Pat, 3% is paid in by the employer and 1% comes from the government. This means that...

- When Pat pays in £4....
- The Government pays in £1...
- And his employer pays in £3...

This total 8% contribution is intended to provide an affordable means of paying into a pension while Pat is working, and is in addition to the basic State Pension.

To have more money in retirement, Pat would have to save more money into his pension pot now. Workers can pay more than 4% of their "pensionable" wage or salary into their pension if they want, but most will have to pay at least 4%.

NatCen

Card 4a - Jo

JO MONTHLY

The total amount of money paid into the pension scheme every month will amount to 8% of a worker's "pensionable" salary before any deductions for tax and national insurance are made. 4% is paid in by the worker, or in this example £50 a month for Jo, 3% is paid in by the employer and 1% comes from the government. This means that...

- When Jo pays in £4...
- The Government pays in £1...
- And her employer pays in £3...

This total 8% contribution is intended to provide an affordable means of paying into a pension while Jo is working, and is in addition to the basic State Pension.

To have more money in retirement, Jo would have to save more money into her pension pot now. Workers can pay more than 4% of their "pensionable" wage or salary into their pension if they want, but most will have to pay at least 4%.

NatCen
National Centre for Social Research

Card 4a - Amit

AMIT MONTHLY

The total amount of money paid into the pension scheme every month will amount to 8% of a worker's "pensionable" salary before any deductions for tax and national insurance are made. 4% is paid in by the worker, or in this example £80 a month for Amit, 3% is paid in by the employer and 1% comes from the government. This means that...

- When Amit pays in £4...
- The Government pays in £1...
- And his employer pays in £3...

This total 8% contribution is intended to provide an affordable means of paying into a pension while Amit is working, and is in addition to the basic State Pension.

To have more money in retirement, Amit would have to save more money into his pension pot now. Workers can pay more than 4% of their "pensionable" wage or salary into their pension if they want, but most will have to pay at least 4%.

NatCen
National Centre for Social Research

Card 4a - Rob

ROB MONTHLY

The total amount of money paid into the pension scheme every month will amount to 8% of a worker's "pensionable" salary before any deductions for tax and national insurance are made. 4% is paid in by the worker, or in this example £95 a month for Rob, 3% is paid in by the employer and 1% comes from the government. This means that...

- When Rob pays in £4...
- The Government pays in £1...
- And his employer pays in £3...

This total 8% contribution is intended to provide an affordable means of paying into a pension while Rob is working, and is in addition to the basic State Pension.

To have more money in retirement, Rob would have to save more money into his pension pot now. Workers can pay more than 4% of their "pensionable" wage or salary into their pension if they want, but most will have to pay at least 4%.

NatCen

Card 4b - Pat

PAT WEEKLY

The total amount of money paid into the pension scheme every week will amount to 8% of a worker's "pensionable" salary before any deductions for tax and national insurance are made. 4% is paid in by the worker, or in this example £3.80 per week for Pat, 3% is paid in by the employer and 1% comes from the government. This means that...

- When Pat pays in £4...
- The Government pays in £1...
- And his employer pays in £3...

This total 8% contribution is intended to provide an affordable means of paying into a pension while Pat is working, and is in addition to the basic State Pension.

To have more money in retirement, Pat would have to save more money into his pension pot now. Workers can pay more than 4% of their "pensionable" wage or salary into their pension if they want, but most will have to pay at least 4%.

NatCen

Card 4b - Jo

JO WEEKLY

The total amount of money paid into the pension scheme every week will amount to 8% of a worker's "pensionable" salary before any deductions for tax and national insurance are made. 4% is paid in by the worker, or in this example £11.50 per week for Jo, 3% is paid in by the employer and 1% comes from the government. This means that...

- When Jo pays in £4...
- The Government pays in £1...
- And her employer pays in £3...

This total 8% contribution is intended to provide an affordable means of paying into a pension while Jo is working, and is in addition to the basic State Pension.

To have more money in retirement, Jo would have to save more money into her pension pot now. Workers can pay more than 4% of their "pensionable" wage or salary into their pension if they want, but most will have to pay at least 4%.

NatCen

Card 4b - Amit

AMIT WEEKLY

The total amount of money paid into the pension scheme every week will amount to 8% of a worker's "pensionable" salary before any deductions for tax and national insurance are made. 4% is paid in by the worker, or in this example £18.50 per week for Amit, 3% is paid in by the employer and 1% comes from the government. This means that...

- When Amit pays in £4...
- The Government pays in £1...
- And his employer pays in £3...

This total 8% contribution is intended to provide an affordable means of paying into a pension while Amit is working, and is in addition to the basic State Pension.

To have more money in retirement, Amit would have to save more money into his pension pot now. Workers can pay more than 4% of their "pensionable" wage or salary into their pension if they want, but most will have to pay at least 4%.

NatCen

Card 4b - Rob

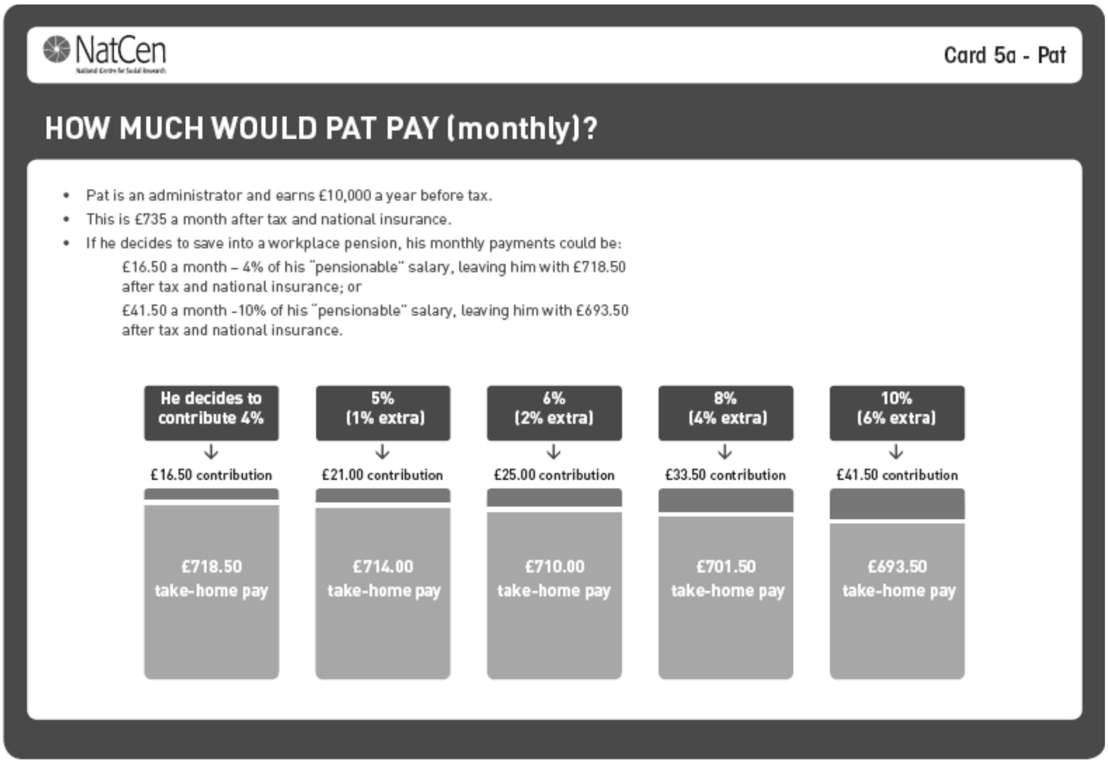
ROB WEEKLY

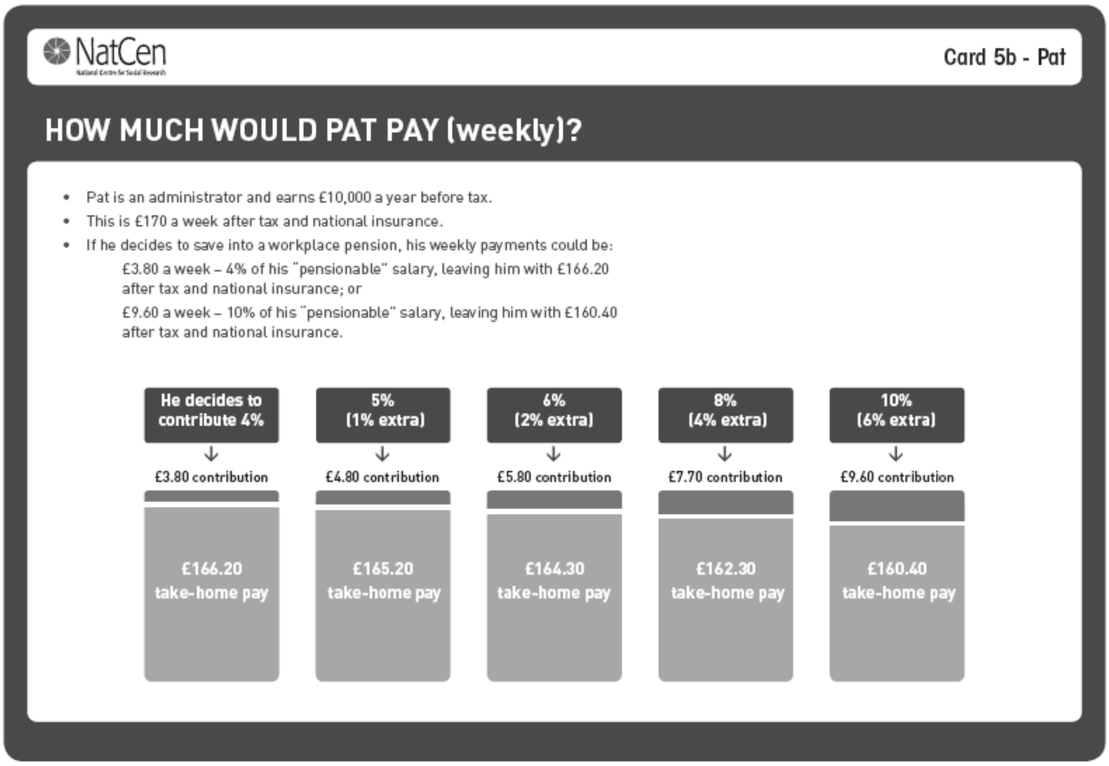
The total amount of money paid into the pension scheme every week will amount to 8% of a worker's "pensionable" salary before any deductions for tax and national insurance are made. 4% is paid in by the worker, or in this example £22 per week for Rob, 3% is paid in by the employer and 1% comes from the government. This means that...

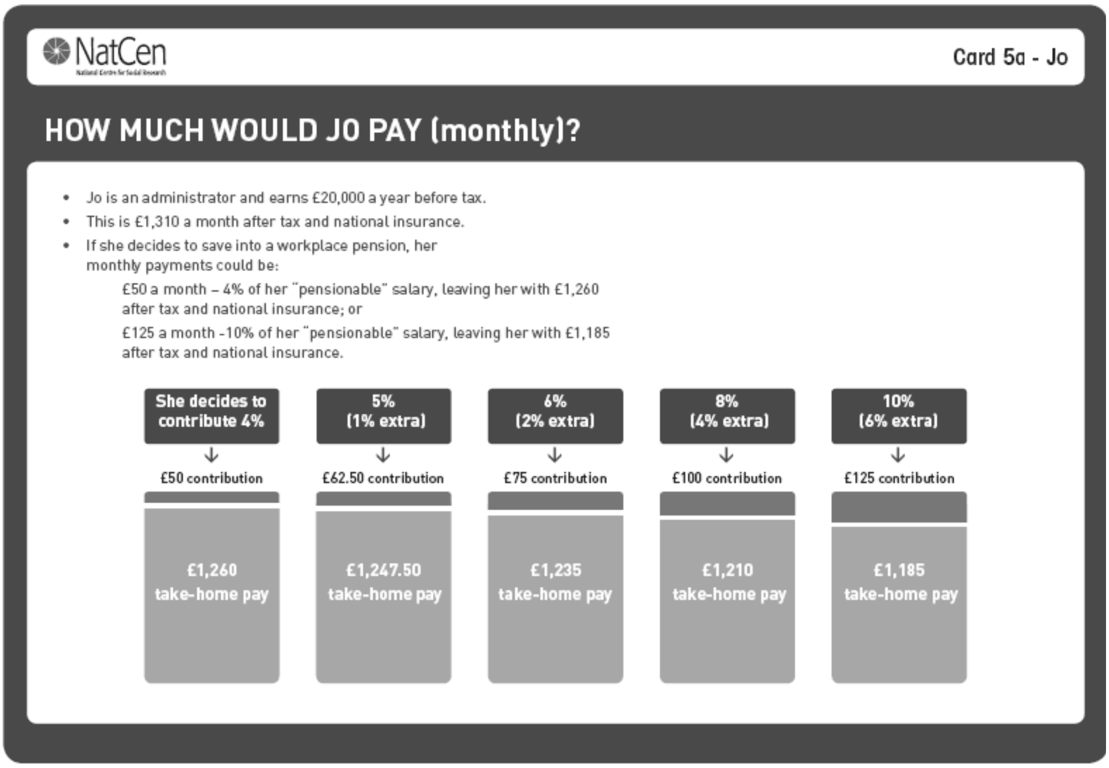
- When Rob pays in £4...
- The Government pays in £1...
- And his employer pays in £3...

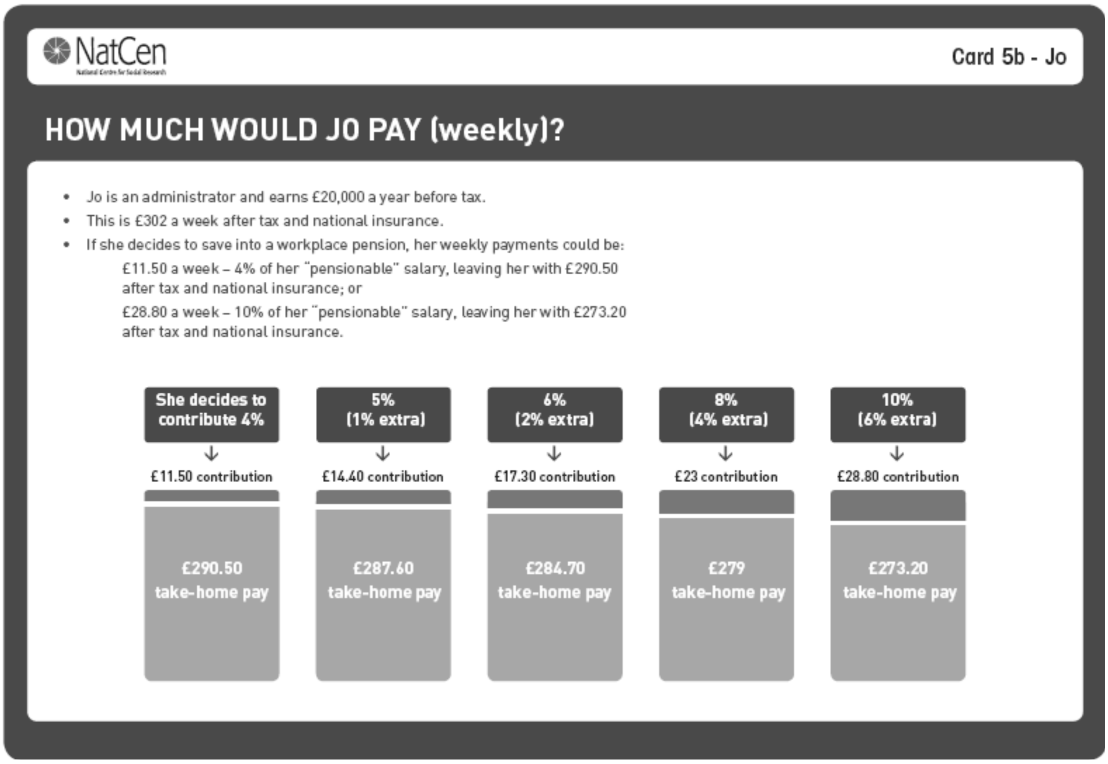
This total 8% contribution is intended to provide an affordable means of paying into a pension while Rob is working, and is in addition to the basic State Pension.

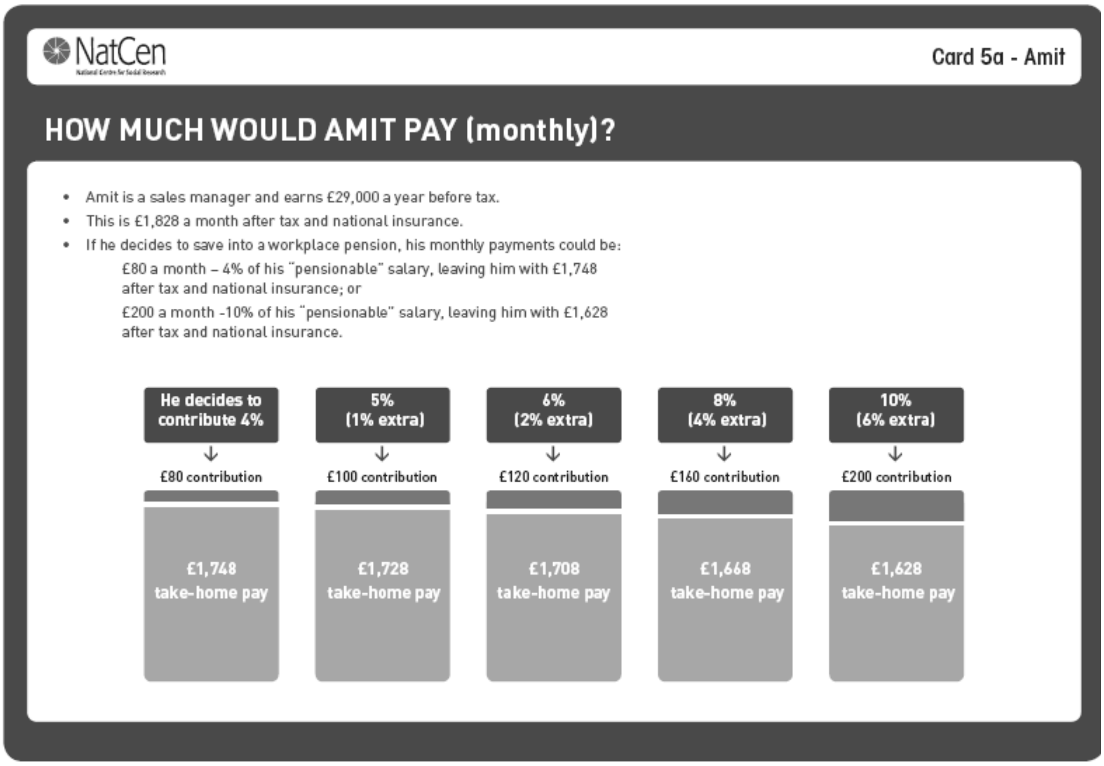
To have more money in retirement, Rob would have to save more money into his pension pot now. Workers can pay more than 4% of their "pensionable" wage or salary into their pension if they want, but most will have to pay at least 4%.

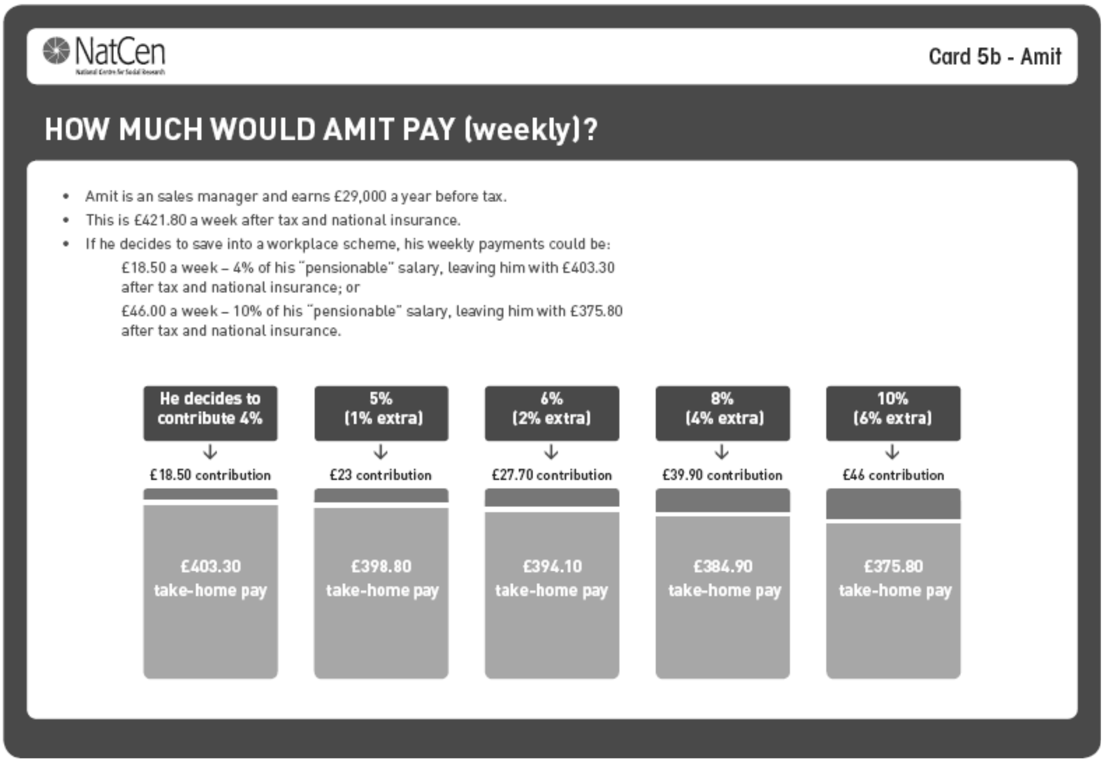

NatCen
Card 5a - Pat
HOW MUCH WOULD PAT PAY (monthly)?
• Pat is an administrator and earns £10,000 a year before tax.
• This is £735 a month after tax and national insurance.
• If he decides to save into a workplace pension, his monthly payments could be:
£16.50 a month – 4% of his "pensionable" salary, leaving him with £718.50 after tax and national insurance; or
£41.50 a month -10% of his "pensionable" salary, leaving him with £693.50 after tax and national insurance.
He decides to contribute 4%
5% (1% extra)
6% (2% extra)
8% (4% extra)
10% (6% extra)
£16.50 contribution
£21.00 contribution
£25.00 contribution
£33.50 contribution
£41.50 contribution
£718.50 take-home pay
£714.00 take-home pay
£710.00 take-home pay
£701.50 take-home pay
£693.50 take-home pay

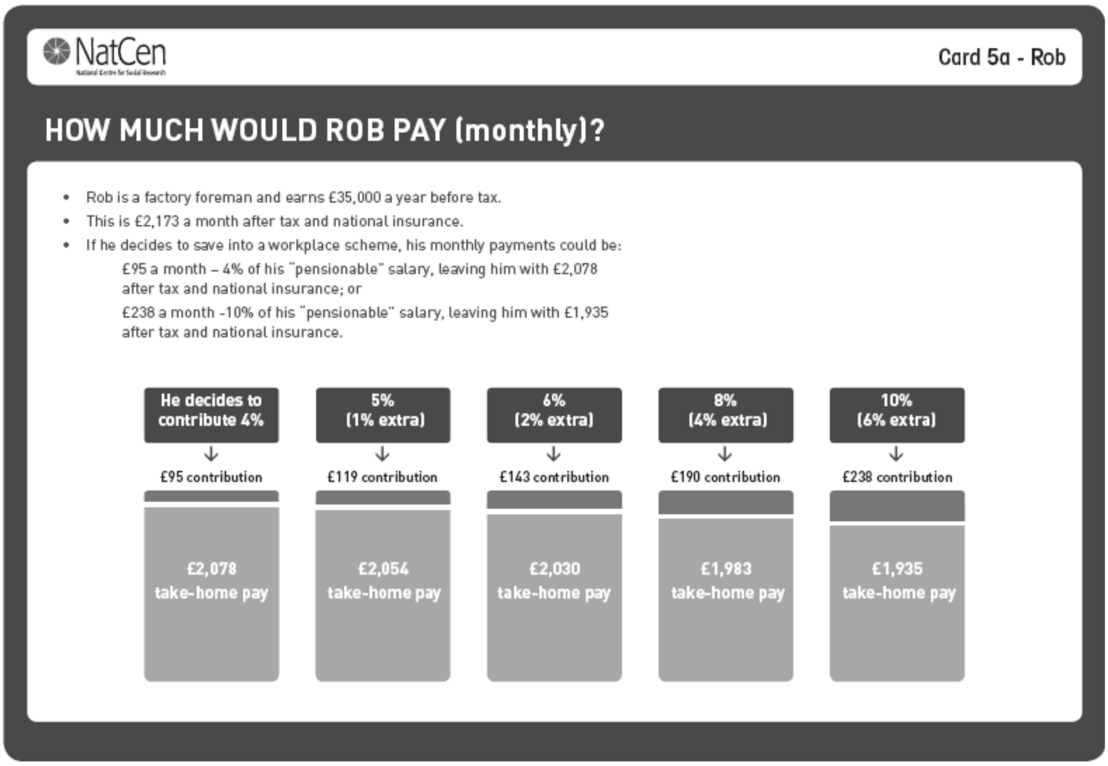

NatCen
Card 5b - Pat
HOW MUCH WOULD PAT PAY (weekly)?
• Pat is an administrator and earns £10,000 a year before tax.
• This is £170 a week after tax and national insurance.
• If he decides to save into a workplace pension, his weekly payments could be:
£3.80 a week – 4% of his "pensionable" salary, leaving him with £166.20 after tax and national insurance; or
£9.60 a week – 10% of his "pensionable" salary, leaving him with £160.40 after tax and national insurance.
He decides to contribute 4%
5% (1% extra)
6% (2% extra)
8% (4% extra)
10% (6% extra)
£3.80 contribution
£4.80 contribution
£5.80 contribution
£7.70 contribution
£9.60 contribution
£166.20 take-home pay
£165.20 take-home pay
£164.30 take-home pay
£162.30 take-home pay
£160.40 take-home pay

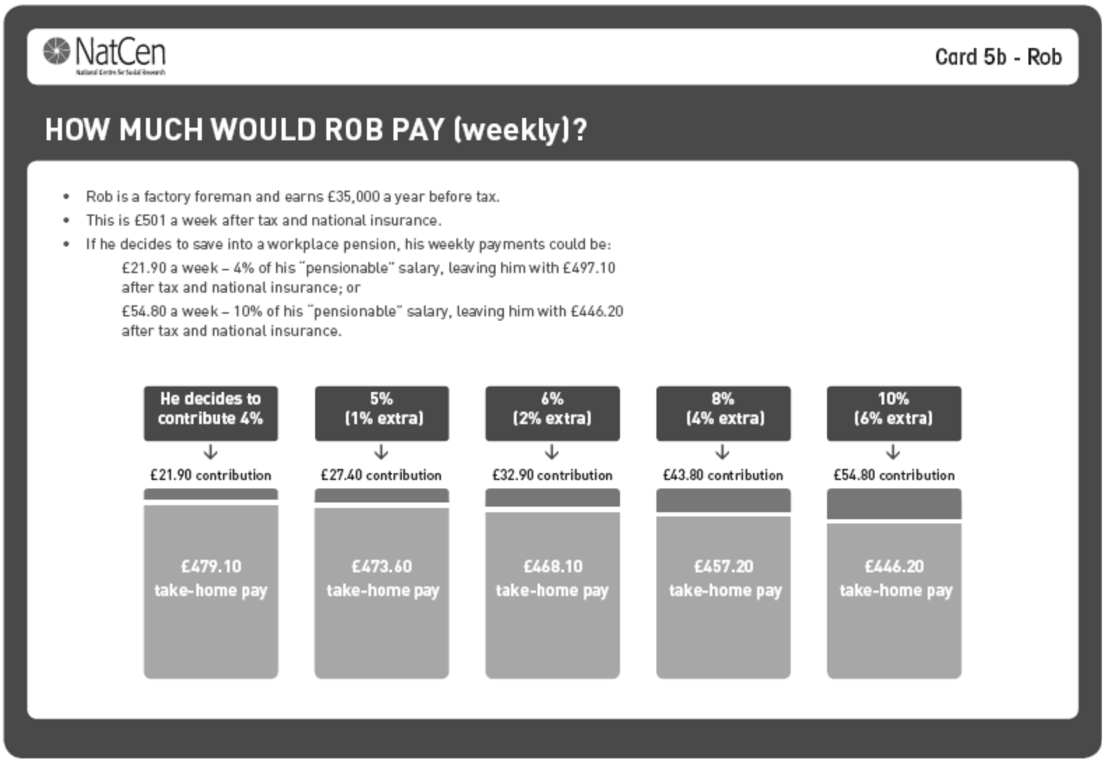

NatCen
Card 5a - Jo
HOW MUCH WOULD JO PAY (monthly)?
• Jo is an administrator and earns £20,000 a year before tax.
• This is £1,310 a month after tax and national insurance.
• If she decides to save into a workplace pension, her monthly payments could be:
£50 a month – 4% of her "pensionable" salary, leaving her with £1,260 after tax and national insurance; or
£125 a month -10% of her "pensionable" salary, leaving her with £1,185 after tax and national insurance.
She decides to contribute 4%
5% (1% extra)
6% (2% extra)
8% (4% extra)
10% (6% extra)
£50 contribution
£62.50 contribution
£75 contribution
£100 contribution
£125 contribution
£1,260 take-home pay
£1,247.50 take-home pay
£1,235 take-home pay
£1,210 take-home pay
£1,185 take-home pay


NatCen
Card 5b - Jo
HOW MUCH WOULD JO PAY (weekly)?
• Jo is an administrator and earns £20,000 a year before tax.
• This is £302 a week after tax and national insurance.
• If she decides to save into a workplace pension, her weekly payments could be:
£11.50 a week – 4% of her "pensionable" salary, leaving her with £290.50 after tax and national insurance; or
£28.80 a week – 10% of her "pensionable" salary, leaving her with £273.20 after tax and national insurance.
She decides to contribute 4%
5% (1% extra)
6% (2% extra)
8% (4% extra)
10% (6% extra)
£11.50 contribution
£14.40 contribution
£17.30 contribution
£23 contribution
£28.80 contribution
£290.50 take-home pay
£287.60 take-home pay
£284.70 take-home pay
£279 take-home pay
£273.20 take-home pay


NatCen
Card 5a - Amit
HOW MUCH WOULD AMIT PAY (monthly)?
Amit is a sales manager and earns £29,000 a year before tax.
This is £1,828 a month after tax and national insurance.
If he decides to save into a workplace pension, his monthly payments could be:
£80 a month – 4% of his "pensionable" salary, leaving him with £1,748 after tax and national insurance; or
£200 a month -10% of his "pensionable" salary, leaving him with £1,628 after tax and national insurance.
He decides to contribute 4%
5% (1% extra)
6% (2% extra)
8% (4% extra)
10% (6% extra)
£80 contribution
£100 contribution
£120 contribution
£160 contribution
£200 contribution
£1,748 take-home pay
£1,728 take-home pay
£1,708 take-home pay
£1,668 take-home pay
£1,628 take-home pay


NatCen
Card 5b - Amit
HOW MUCH WOULD AMIT PAY (weekly)?
Amit is an sales manager and earns £29,000 a year before tax.
This is £421.80 a week after tax and national insurance.
If he decides to save into a workplace scheme, his weekly payments could be:
£18.50 a week – 4% of his "pensionable" salary, leaving him with £403.30 after tax and national insurance; or
£46.00 a week – 10% of his "pensionable" salary, leaving him with £375.80 after tax and national insurance.
He decides to contribute 4%
5% (1% extra)
6% (2% extra)
8% (4% extra)
10% (6% extra)
£18.50 contribution
£23 contribution
£27.70 contribution
£39.90 contribution
£46 contribution
£403.30 take-home pay
£398.80 take-home pay
£394.10 take-home pay
£384.90 take-home pay
£375.80 take-home pay


NatCen
Card 5a - Rob
HOW MUCH WOULD ROB PAY (monthly)?
Rob is a factory foreman and earns £35,000 a year before tax.
This is £2,173 a month after tax and national insurance.
If he decides to save into a workplace scheme, his monthly payments could be:
£95 a month – 4% of his "pensionable" salary, leaving him with £2,078 after tax and national insurance; or
£238 a month -10% of his "pensionable" salary, leaving him with £1,935 after tax and national insurance.
He decides to contribute 4%
£95 contribution
£2,078 take-home pay
5% (1% extra)
£119 contribution
£2,054 take-home pay
6% (2% extra)
£143 contribution
£2,030 take-home pay
8% (4% extra)
£190 contribution
£1,983 take-home pay
10% (6% extra)
£238 contribution
£1,935 take-home pay

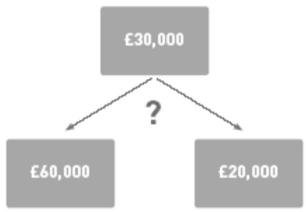

NatCen
Card 5b - Rob
HOW MUCH WOULD ROB PAY (weekly)?
Rob is a factory foreman and earns £35,000 a year before tax.
This is £501 a week after tax and national insurance.
If he decides to save into a workplace pension, his weekly payments could be:
£21.90 a week – 4% of his "pensionable" salary, leaving him with £497.10 after tax and national insurance; or
£54.80 a week – 10% of his "pensionable" salary, leaving him with £446.20 after tax and national insurance.
He decides to contribute 4%
£21.90 contribution
£479.10 take-home pay
5% (1% extra)
£27.40 contribution
£473.60 take-home pay
6% (2% extra)
£32.90 contribution
£468.10 take-home pay
8% (4% extra)
£43.80 contribution
£457.20 take-home pay
10% (6% extra)
£54.80 contribution
£446.20 take-home pay

NatCen — Card 6 - Pat

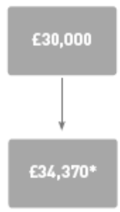
INVESTMENT SAVINGS

- Pat is planning to retire in 3 years time and has saved up the equivalent of 3 years of his current salary, £30,000, as his main source of income when he retires.
- He has been given the opportunity to invest his savings with a high-street bank, with an equal chance that he will either double his savings OR lose a third of his savings.
- Pat can choose to invest all, some or none of his savings:

IF PAT INVESTS ALL OF HIS SAVINGS:



IF PAT INVESTS NONE OF HIS SAVINGS:



*Putting the money in a savings account with 3% interest every year he saves.

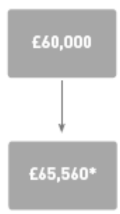
NatCen — Card 6 - Jo

INVESTMENT SAVINGS

- Jo is planning to retire in 3 years time and has saved up the equivalent of 3 years of her current salary, £60,000, as her main source of income when he retires.
- She has been given the opportunity to invest her savings with a high-street bank, with an equal chance that she will either double her savings OR lose a third of her savings.
- Jo can choose to invest all, some or none of her savings:

IF JO INVESTS ALL OF HER SAVINGS:

IF JO INVESTS NONE OF HER SAVINGS:



*Putting the money in a savings account with 3% interest every year she saves.

NatCen

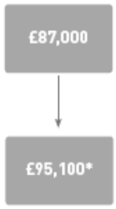
Card 6 - Amit

INVESTMENT SAVINGS

- Amit is planning to retire in 3 years time and has saved up the equivalent of 3 years of his current salary, £87,000, as his main source of income when he retires.
- He has been given the opportunity to invest his savings with a high-street bank, with an equal chance that he will either double his savings OR lose a third of his savings.
- Amit can choose to invest all, some or none of his savings:

IF AMIT INVESTS ALL OF HIS SAVINGS:

IF AMIT INVESTS NONE OF HIS SAVINGS:



*Putting the money in a savings account with 3% interest every year he saves.

NatCen

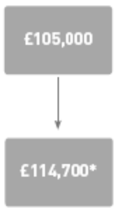
Card 6 - Rob

INVESTMENT SAVINGS

- Rob is planning to retire in 3 years time and has saved up the equivalent of 3 years of his current salary, £105,000, as his main source of income when he retires.
- He has been given the opportunity to invest his savings with a high-street bank, with an equal chance that he will either double his savings OR lose a third of his savings.
- Rob can choose to invest all, some or none of his savings:

IF ROB INVESTS ALL OF HIS SAVINGS:

IF ROB INVESTS NONE OF HIS SAVINGS:



*Putting the money in a savings account with 3% interest every year he saves.

NatCen

Card 7

PERSONAL ACCOUNTS SCHEME

We mentioned earlier that eligible workers will be automatically enrolled into a workplace pension scheme chosen by their employer.

Employers may already have their own workplace pension scheme, which meets the new government standards. For those employers who do not have such a scheme or do not wish to enrol their workers into their existing scheme, the government will be setting up a new scheme known as the personal accounts scheme. It will work in a similar way to the workplace pension schemes we have already discussed.

For example, it will require the same minimum employer and total contributions as any other workplace pension scheme, and individuals can opt out following automatic enrolment if they do not wish to remain saving.

Key features of the personal accounts scheme

- The personal accounts scheme will be run by a trustee organisation, whose primary aim is to ensure that the pension scheme makes money for its members, rather than profits for share-holders.
- The personal accounts scheme will have a default investment fund option which will automatically select where people's savings are invested on their behalf. For people who wish to be more involved in how their contributions are invested there will be other options enabling them to choose the type of investments they make.
- A maximum of £3,600 a year can be put into this scheme for each member.
- Transfers of other pension funds into personal accounts, or out of personal accounts into other pension funds, will not be possible.
- Individuals can remain contributing into their personal accounts pension scheme even if they move employers. If their new employer also uses this scheme, they will continue receiving contributions from their new employer and can continue to make their own contributions. If their new employer does not use personal accounts, or if they become self-employed, they can continue if they wish to make their own contributions into the scheme.

NatCen
National Centre for Social Research

Card 8

EMPLOYER DUTIES AND THE LAW

Once the reforms come into place, employers will be required to enrol all their eligible workers into a workplace pension scheme offering at least a 3% employer contribution.

Your employer will be breaking the law if they:

- fail to enrol you into a qualifying workplace pension scheme and provide at least a 3% employer contribution
- try to encourage you to opt out of the workplace pension scheme, perhaps by offering you something in return for opting out, or force you to opt out by threatening to do something unless you do so
- ask, when recruiting you, whether you would want to stay in a workplace pension scheme if you started to work for them

The Pensions Regulator is the body which will be responsible for enforcing the new employer duties. It will run a 'whistle-blowing' helpline through which people can report an employer that has broken the law.

Appendix H
Frequently asked questions

P2882: FAQs for the workplace pension reforms survey 2009[76]

How to respond in interviews:

1 **Why are the workplace pension reforms not going to be introduced until 2012?**

There is a great deal of work involved in developing the legal and administrative framework required by the workplace pension reforms. It takes time to get all the details right and that is why the Government is working towards 2012.

2 **Why are the self-employed not going to be automatically enrolled?**

People will be automatically enrolled through their employer, therefore self-employed people cannot be automatically enrolled. However, self-employed people will be able to opt in to the personal accounts scheme voluntarily and save at a level of their choosing (subject to the annual limits on contribution amounts).

3 **Why are younger (under 22s) people not going to be automatically enrolled?**

Age 22 is when the adult rate for the National Minimum Wage (NMW) is payable. Aligning the age at which people are automatically enrolled in to a workplace pension scheme with the NMW makes the system as simple as possible and easier to administer for employers. It also reduces employer exposure to early job-switching by young people.

76 This information was provided during fieldwork between August and October 2009.

4 Why are people earning under about £5,035 a year not going to be automatically eligible?

£5,035 is around the same as the earnings level above which people start making contributions (through National Insurance) that qualify them for a State Pension. The reason for the lower earnings limit being set at this level is to avoid a situation where people are poorer in work than they are in retirement. Workers with incomes below around £5,035 may opt in to a workplace pension, but their employers are not required to contribute, although they may choose to do so.

5 Will money be taken out of my pay whilst I'm still deciding whether or not to opt out of a workplace pension scheme?

Yes. You will have a specified period of time to make your decision and will be required to pay contributions during this time. If you opt out, any contributions you made will be refunded.

6 If I stay in a scheme following automatic enrolment but then decide to leave later, what happens to the money that I have already saved into my pension?

This will depend on how long you have been making contributions for and on the specific rules of your scheme. Some schemes will allow you to transfer your fund to another scheme.

The personal accounts scheme will not allow transfers but will allow you to continue contributing to your fund even after you move employers to one which does not use personal accounts (see Prompt Card 6: Personal Accounts Scheme).

7 Will I be able to take a contribution holiday?

You can decide to stop paying contributions into your workplace pension scheme at any time, but if you decide to do this you will no longer receive an employer contribution, or tax relief. If you wish to receive an employer contribution again later, you will have to opt back into the scheme and start paying contributions again.

8 Will I be automatically enrolled if I am still in my probation period at work?

Yes. Employers will be obliged to automatically enrol eligible workers straight away, regardless of any probationary periods.

9 If someone opts out of a workplace pension scheme, can they opt back in later if they decide they want to?

Yes. In fact, all people who choose to opt out will automatically be re-enrolled into a workplace pension scheme after a certain period of time (currently expected to be no more frequently than every three years). This is because peoples' circumstances often change. For example, someone might opt out at first because they don't believe they can afford to save, but a year or two later they may be earning more and decide they would like to save for their retirement in this way.

10 What will happen to the money saved in to a workplace pension/how will the money be invested?

Individuals, their employer and the state (through normal tax relief) will all contribute to workplace pension schemes. The money in the scheme will be invested in order to provide an income in retirement.

People enrolled into the personal accounts scheme will be given a choice over how to invest their money. If they do not wish to choose, their money will be invested in a "default fund". Other workplace pension schemes will have to offer a similar default mechanism so that members are not forced to make an investment fund choice if they do not wish to. However, some schemes may also offer a choice to their members.

11 What is 'normal' tax relief?

Normal tax relief refers to basic rate tax relief, which is currently 22 per cent. Most workers pay income tax at this 'basic' rate of 22 per cent (more if they are on a higher income). This means that for every £1 they earn, they pay the Government 22p in tax. However, if they paid that £1 into a workplace pension scheme, they do not pay any tax on that money. This means that the Government essentially pays 22p into each person's workplace pension for each £1 they pay in themselves, or to put it another way, for every £4 the person pays in themselves the Government pays in around £1.

12 Why are contributions based on gross earnings between £5,000 and £33,500?

This income range covers the target group for the workplace pension reforms – i.e. those on moderate or lower incomes, who are not currently part of a good employer pension scheme. It is expected that those on higher incomes will be more easily able to access their own, or an employer's, pension scheme. Thus the workplace pension reforms are intended to bolster rather than displace existing private pension provision.

13 Why don't I pay contributions on the first £5,000 I earn?

To limit the cost of making contributions for those people on the lowest incomes.

14 Why has four per cent been chosen as the amount that most people will personally contribute to their workplace pension scheme?

The four per cent contribution forms part of the overall eight per cent contribution rate. This total eight per cent, in conjunction with the Basic State Pension, has been designed to provide an income in retirement that is just under half of working income, depending on the individual's work history and average income. People can, however, pay in more than four per cent if they choose.

15 Will people be able to change the percentage they pay into their workplace pension scheme after they are first enrolled on the scheme?

People who want to save more than the minimum level will be able to. However, if they are enrolled into the personal accounts scheme their total contributions (i.e. their own, their employer's and the state contributions) will be subject to a £3,600 annual limit based on 2005 earning levels.

16 If I save more than four per cent of my salary, will my employer put more money into my workplace pension scheme?

Your employer is free to contribute more than minimum three per cent. If you decide to save more than four per cent into your workplace pension your employer may also increase their contributions, but is not required to do so.

17 What incentives do employers have to participate in these reforms?

Employers will have a legal duty to provide a pension scheme for their eligible workers. However, to make sure that the burden on employers is kept to a minimum, a number of measures are being taken to help them adjust, including the minimum employer contribution of three per cent being phased in over three years.

18 Will my current/future employer get rid of the pension they currently offer workers and replace it with the personal accounts scheme, or with a different (and possible not as generous) workplace pension scheme?

The Government is keen to encourage employers who already offer pension arrangements to maintain these. The workplace pension reforms and the personal accounts scheme are intended to be an addition to existing pension provision rather than competing with or replacing existing occupational pension schemes.

19 Who decides whether I will be automatically enrolled into my employer's workplace pension scheme or into the personal accounts scheme?

It is up to your employer whether to enrol you into their workplace pension scheme (provided it meets the Government's minimum requirements) or the personal accounts scheme.

20 How does a 'default' fund work?

Personal accounts members will be able to choose how they wish to invest their money. If they prefer not to make a choice their money will automatically be invested into what is known as a default fund.

Similarly, workplace pension schemes will all provide a default mechanism to ensure that members do not have to make an investment choice if they do not wish to.

21 What are socially responsible, environmental or ethical funds?

Social, environmental and ethical (SEE) investment represent a small but growing part of total UK investments. SEE can involve investing in companies or funds that are founded on particular social, religious or environmental principles (e.g. equal opportunities, community involvement, recycling companies or those producing sustainable energy). It can also involve deliberately avoiding investing in companies that do not meet certain social, environmental or ethical criteria (e.g. those dealing in arms, deforestation or animal testing, or which have a poor human rights record).

This report presents findings from a 2009 survey with individuals who would be eligible for automatic enrolment under the workplace pension reforms. It contains evidence on their attitudes towards key features of the reforms and their likely behaviour, including whether they are likely to stay in workplace pensions and their likely contribution levels. The 2009 findings update estimates from an earlier survey conducted in 2007 and will be used by the Department for Work and Pensions to estimate the likely impact of the reforms on future pension saving.

This survey was commissioned as part of a wider programme of research and analysis carried out by the Department to inform the implementation and estimation of the likely impacts of the workplace pension reforms.

If you would like to know more about DWP research, please contact:
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http://research.dwp.gov.uk/asd/asd5/rrs-index.asp

Research Report No. 669
ISBN 978 1 84712 788 4