



# PENSION PROTECTION AMONG ETHNIC MINORITIES IN THE UK: DIFFERENTIALS AND POLICY IMPLICATIONS

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*Existing research has shown that individuals from certain Black and Minority Ethnic (BME) groups are less likely to be employed than the White British majority population, and when they are employed, they are more likely to be self-employed, which can have an adverse effect on their pension protection prospects. This brief summarises the findings from a project analysing the UK's Household Longitudinal Study in order to understand the employment and occupational pension protection patterns among individuals of working age from five key BME groups in the UK (Box 1).*

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## **Key findings:**

- *Ethnicity has a significant effect on an individual's chances of being employed, being employed as an employee, and working for an employer who offers a pension scheme.*
- *Among the BME population, individuals from the Pakistani and Bangladeshi groups are consistently more likely to face a disadvantage in these areas compared to other BME groups and the White British population.*
- *However, once an individual from a BME group works for an employer offering a pension scheme, their ethnicity is less important in affecting their chances of being a member of such a scheme.*
- *Policies aimed at ameliorating the 'pensions gap' between BME groups and the White British majority population need to focus on both promoting the uptake of second pensions amongst BME employees and facilitating better protection for self-employed individuals.*

## Box 1. The UK Household Longitudinal Study (UKHLS)

The UKHLS is a longitudinal survey of the members of approximately 40,000 households in the UK. It includes an Ethnic Minority Boost Sample, designed to provide responses from at least 1,000 individuals of Indian, Pakistani, Bangladeshi, Caribbean and African background. More information on this dataset can be accessed here: <http://ukdataservice.ac.uk/>.

This policy brief draws on the following sequential questions in the questionnaire:

- i. Were you in paid work during the previous week?
- ii. If yes, are you an employee as opposed to self-employed?
- iii. If you are an employee, does your employer offer a pension scheme?
- iv. If your employer offers a pension scheme, are you a member of such a scheme?

## WHAT ARE THE PENSION PROSPECTS OF BME GROUPS?

Preliminary results show that working-age individuals from BME groups are less likely than their White British counterparts to be employed. However, once employed, individuals from certain ethnic groups (eg. African) are more likely than their White British counterparts to be employees. All BME groups except for the Caribbean group are less likely than the White British group to be working for an employer who offers a pension scheme, once they are employees, or to be a member of such a scheme. This may be explained by the historical timing of migration by this group to the UK, and their greater likelihood to be employed in the public sector (eg. transport, health and social care). Across all indicators, the Pakistani and Bangladeshi groups appear to have the lowest chances across all BME groups to be employed, to be employees, to be working for an employer who offers a pension scheme, and to be a member of such a scheme.

## HOW DOES ETHNICITY AFFECT ONE'S PENSION PROSPECTS?

Preliminary results from multivariate analysis show that ethnicity significantly affects the chances of working-age individuals of being employed, being an employee and working for an employer who offers a pension scheme. However, once an individual works for an employer who offers a pension scheme, ethnicity appears to have disappeared.

The results emphasise the role of social policy in promoting the uptake of second pensions among individuals from BME groups, and facilitating better pension protection for individuals from BME groups who are self-employed.

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