Connecting policy with the personal: UK pension reforms and individual financial decision making

A thesis submitted to the University of Manchester for the degree of Doctor of Philosophy in the Faculty of Humanities

Submitted in 2019

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Word Count – 82,010 words excluding reference list.

List of figures and tables

Abstract

Connecting policy with the personal: UK pension reforms and individual financial decision making

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Pensions play an important role in our society as they provide for a time later in life when people cannot, or do not want to, continue working. However, falling private pension saving rates in the UK have led to concerns regarding the adequacy of provision for later life. The automatic enrolment policy was introduced in 2012 to encourage private pension saving by automatically enrolling employees into workplace pension schemes. Automatic enrolment has led to more people participating in workplace pensions; yet, most of those newly enrolled are saving at the minimum default contribution rates, which are unlikely to deliver adequacy in later life, and members are not engaging with financial incentives offered for greater contributions. The economic models of decision-making that have provided the foundation for the pensions industry and supporting policy have not been able to explain sufficiently why people are not engaging with pension saving as expected.

This Thesis approaches pension decision-making as a practice embedded in the complexities of everyday life which reflects the subjective nature of individual experience, drawing on literature from the sociology of consumption. The research follows a constructivist-interpretivist methodology using semi-structured interviews with 42 participants aged 25 to 45 years old who had experienced automatic enrolment into workplace pensions. The findings suggest that there are different approaches to pension decisions which connect to the subjective understandings of the social, cultural and moral worlds of individuals. The research identifies a typology of decision-making, with four approaches to pension decisions, which are Threshold Adults, Protectionist Savers, Market Investors and Sceptical Speculators. These are ideal types, which means that participants did not fit neatly into one box, yet most were inclined towards one type. These approaches were not fixed and may change over time, responding to the shifting context of an individual's everyday experience. These pension approaches represent specific challenges for policy and industry in terms of recognising the complex and varied nature of personal interaction with pension decisions. The contributions of this research are threefold. First, it provides an empirically-grounded and theoretical understanding of pension decision-making, which contributes to the formation of a sociological model of financial decisions. Second, it promotes the importance of qualitative research methods to understand financial behaviours, as opposed to the quantitative approaches dominant in literature. Third, it offers policy solutions which may help to improve pension adequacy in later life.

Declaration

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other University or other Institute of Learning.

Copyright statement

Acknowledgements

I want to thank my supervisors, Debora Price and Tine Buffel, for their support that has certainly gone over and above what I could have expected at the start of this. I am so pleased to have worked with you both, and I am particularly honoured to have had such an esteemed all-female supervision and examination team.

I must also thank Chris Curry enough for the all the assistance and encouragement that the he has given me throughout this process, and Chris Phillipson for his indispensable guidance during my annual reviews.

I've been fortunate to be part of a number of wonderful teams throughout my PhD. To everyone in MICRA, UoM Sociology, the Pensions Policy Institute and the King's Gerontology gang (with Helsinki extras!) – thanks for all your help and support.

And finally, to the Friday Wine club – Alex, Scarlet, Samuele, Rita, Nadim, Charlotte, Alice and, most especially, my office-other-half, Will – thank you all for consistently partaking of more drinks than you probably needed. I bet you don't realise quite how much you've all kept me sane and motivated during these years, and I am thankful for your friendship.

Preface

This research has been the culmination of a long and unexpected journey. After completing my undergraduate degree in BSc International Business at Warwick Business School, I followed what all the most dedicated business students did and joined a prestigious consultancy firm. I spent 6 years working as a management consultant, during which time I also qualified as a management accountant. I grew increasingly frustrated by the narrow and detached view of social life that formed the basis of much business theory and practice. In particular, I was constantly irked by the way money was considered to be the only measure of value, when all of the real world evidence (including the consulting business model) demonstrated that this just was not true.

This frustration led me to decide to take a career break by doing a Masters. I chose the MA Social Anthropology at Goldsmiths University of London because it seemed interesting and very different from everything I had done before. I became immersed in the literature of economic and political anthropology, which gave me the language to express the contradictions I had experienced at work, and I thought that qualitative research offered the potential to challenge the economic and capitalist models that dominated our understanding of value.

I started researching everyday economic practices that did not fit the normative models of mainstream economics. My Masters research focussed on community currencies and how their use enacted alternative forms of social and cultural values which frustrated the idea of 'homo economicus', the rational and maximising economic man. I felt that these alternative values could be applied to other money and finance decisions, and luckily found the advert for the PhD Studentship for Connecting Policy with the Personal. I had limited experience with pensions, yet the studentship interested me because of how meaningful and provocative they are for so many people. I felt that investigating the social and cultural ways people engaged with their pension in their everyday lives could challenge the dominance of rational choice models in financial decision-making.

I was very fortunate to be offered the PhD Studentship on this basis and have spent the last few years trying to understand pensions. This research has continually surprised me, as I found that pension decisions were less 'rational' and more culturally situated than I'd expected. In particular, I had not anticipated the gendered bias in how we approach and understand financial decision-making. I hope that this research manages to contribute towards the goal of challenging the concept of homo economicus because I strongly believe there is a need for a more inclusive model of economic behaviour.

Chapter 1: Introduction

Pensions have become an important aspect of modern society, as they provide for a time in later life when people cannot, or do not want to, continue to work. The UK pension landscape encompasses the state pension, which is a flat-rate universal benefit provided by the government to deliver a minimal level of poverty alleviation, and the private pension system, which includes workplace and personal pensions provided by employers and the financial industry and is intended to provide adequacy in later life (PPI, 2018b). Since the 1980s, the format of workplace pensions has moved from defined benefit, which provide participating employees with a fixed pension for the duration of their retired lives, to defined contribution schemes, where the pension outcome is dependent on contributions made over the working life and the value achieved through the investment of the contributions by the pension scheme management (PPI, 2012b, 2018b). The move towards the defined contribution format has meant that individuals are increasingly responsible for preparing and providing for their later life needs. Despite this, private pension saving rates had been decreasing up until 2012. The coverage of private pensions reached its peak in 1967 at 53 per cent of the working population, which represented around 12.2 million people (Office for National Statistics, 2005; Pemberton, Thane and Whiteside, 2006; Price, 2008). By 2011, the coverage of private pensions had fallen to a low of 7.8 million members, less than one-third of the working population (Office for National Statistics, 2014).

The automatic enrolment policy was introduced in 2012 with the aim of improving the coverage of the private pension system (The Pensions Commission, 2006). This policy requires employers to automatically enrol employees into workplace pension schemes (The Pensions Commission, 2006). The policy has been successful in increasing participation rates. By the end of 2018, the number of people who participate in a workplace pension rose to 17.7 million (Department for Work and Pensions, 2018a; The Pensions Regulator, 2018a). However most people who have been automatically enrolled are saving at the default contribution rates, which are unlikely to deliver adequacy in later life, as will be discussed below (PPI, 2013; Morley, 2014). The economic models of decision-making that have provided the foundation for the pensions industry and supporting policy have not been able to sufficiently explain why people are not engaging with pension saving after being automatically enrolled.

With the growth in financialisation and individual risk in the pension landscape, there is thus urgent interest across policy and business to understand how people interact with money in general and pensions specifically (Martin, 2002; Taylor-Gooby, Larsen and Kananen, 2004; Taylor-Gooby, 2008; Ring, 2010; Langley and Leaver, 2012; Grady, 2016). Therefore, this research aims to provide an empirically-grounded understanding of pension decision-making. This research will develop a theoretical understanding of financial decision-making and contribute to the formation of a sociological model of decision-making, which will challenge the dominance of economic models. It will also prove the strength of qualitative research methods in understanding the complex nuances of individual decision-making which cannot be attained through quantitative approaches. Finally, this thesis will suggest future policy development which may lead to better provision for later life.

This introduction provides the foundation for the rest of the thesis and is structured as follows. The first section will briefly consider the background that has led to this research project. The second section will introduce the research questions that have been formulated for this research. The final section will outline the structure of the thesis, in terms of chapters and content.

Background

The first real state pension in the UK was implemented with the explicit purpose of preventing older-age poverty through redistribution (Bozio, Crawford and Tetlow, 2010). It was introduced in the 1908 Old Age Pension Act alongside the Royal Commission on the Poor Laws and Relief of Distress (1905 – 1909) which considered reform to address structural causes of involuntary poverty (Englander, 2013). The Act introduced a non-contributory, redistributive pension, although receipt was based on criteria such as the character of the individual (Thurley, 2008; Salter *et al.*, 2009).

The first universal state pension in the UK started with the establishment of the welfare state and in the 1950s, which provided the format for the current pensions landscape (Grady, 2010; PPI, 2018b). The purpose of the state pension was (and continues to be) to provide financially for a time in older age when individuals could not work anymore and therefore had to retire. From the 1960s, the growth of workplace pensions as an employment benefit (initially defined benefit occupational pension schemes) meant that retirement began to be framed as a time for leisure. This meant that pensions started to be considered as a tool for providing for individuals who did not want to work in later life, rather than those who could not work. The dual nature of pension provision continues to be present in the system in the UK today. The UK pension landscape is comprised of two forms of provision: the state pension, which is broadly universal and offers a very low level of support with the explicit aim of preventing poverty, and the private pension system, which includes workplace and personal pensions provided by employers and the financial industry and is intended to provide adequacy in later life (PPI, 2018b). The private pension system does this by facilitating the spread of individual income over one’s lifetime (Pemberton, Thane and Whiteside, 2006; PPI, 2016a). This thesis is focussed on these private pensions, specifically workplace pensions that are provided by employers and represent a large proportion of private pension system participation.

By 2012, participation in private pensions (across all forms) in the UK had fallen to a low of 7.8 million members, less than one-third of the working population (Office for National Statistics, 2014). This means many people would be at risk of having an inadequate income in later life. In 2012, the UK introduced automatic enrolment into workplace pensions, which is a national voluntary UK scheme where most employees are automatically enrolled into workplace pension schemes, with employer contributions and tax benefits. This policy was introduced to encourage people to save through a private pension in order to achieve an adequate income for their retirement. The policy covers all employees aged between 22 and the

State Pension Age (currently 65 for men and women) and earning over £10,000 per year (PPI, 2017b). The total minimum contributions set by the automatic enrolment policy are 8 per cent of band earnings, which refers to the level of earnings which qualify for automatic enrolment, comprised of 4 per cent employee contribution, 3 per cent employer contribution and 1 per cent Government tax relief on the contributions (PPI, 2017b, 2018b). This was phased in from 2012, with total contributions initially set at 2 per cent of band earnings. Contributions were increased to 5 per cent in April 2018 and will reach the full amount provided for in the policy in April 2019 (National Audit Office, 2015; Department for Work and Pensions, 2017b).

The introduction of this policy was driven by the challenges of demographic ageing, changing labour markets and fiscal austerity, with a major aim of achieving future financial sustainability for the state pension by encouraging private saving (The Pensions Commission 2005; 2006). The auto-enrolment policy does this by harnessing the power of inertia, which is the tendency to do nothing: by automatically enrolling people into a workplace pension, it is unlikely they will opt-out and therefore will continue to save. This policy has been deemed a success, since pension participation has increased significantly in the UK. Since the introduction of automatic enrolment, 9.5 million eligible employees have been automatically enrolled into a workplace pension, taking the number of eligible employees who participate in a workplace pension up to 17.7 million (Department for Work and Pensions, 2018a; The Pensions Regulator, 2018a). This represents a proportion of 84 per cent of eligible employees, a vast increase from 55 per cent before the automatic enrolment policy was introduced in 2012 (Department for Work and Pensions, 2017b, 2018a; PPI, 2017b; The Pensions Regulator, 2018b)

Despite the success in increasing participation in workplace pension saving, the policy has been less successful in encouraging greater amounts of saving above the mandatory minimum levels. Data so far show that people tend to stick to the minimum contribution levels, which are unlikely to guarantee an adequate income in retirement even at the higher levels which will be implemented in 2019 (Department for Work and Pensions, 2017a; PPI, 2017b, 2018b). There are also concerns regarding opt outs and cessation rates, especially that they may rise as minimum contribution rates reach the full levels of 8 per cent of band earnings (the level of earnings which qualify for automatic enrolment) by 2019 (PPI, 2017b, 2018b). The number of opt outs have been found to be around 10 per cent but vary substantially by the size of the employer with large employers experiencing lower opt-out rates (Department for Work and Pensions, 2014a). Cessation rates, which refers to people who stopped saving after the one month opt out period, are reported as 14 per cent and 23 per cent amongst medium and large employers (Department for Work and Pensions, 2017a). While it has been suggested that a large proportion of cessation is caused by job leavers based on employer reporting on automatic enrolment, there is very little detailed information about the profile of cessations (Department for Work and Pensions, 2017a).

These concerns demonstrate that automatic enrolment, while appearing successful, may not necessarily deliver adequate pensions in later life. This highlights the need to better understand how individuals respond to the automatic enrolment policy, in order to consider how best to provide for pensions.

There are two existing bodies of research which have sought to understand individual pension saving behaviours. The first comes from the discipline of economics and has driven the prevalent perspective of pension saving in the pensions industry (Simon, 1957; Sen, 1977; Hansson, 2005; Jaeger *et al.*, 2013). This body of work considers individual decision-making as driven by rational choice, which suggests that people objectively weigh up their options and seek to maximise potential outcomes. The main way this has been applied to pensions is through the life cycle model of saving. The life cycle model suggests that pension saving is an inverted U shape over the life-course, where assets are accumulated throughout earlier life before being spent, or de-cumulated, during retirement (Ando and Modigliani, 1963; Hall, 1978; Laibson, 1998). It is thought that assets accumulated will be proportional to income and wealth earned during the working life, as a way of smoothing consumption over the lifetime (Hall, 1978; Laibson, 1998; Stewart, 2003). This model forms the foundations of the private pension industry in the UK, although it has not been empirically demonstrated (Granovetter, 1985; Etzioni, 1986; Sayer, 2011; Altman, 2012; Mcknight, 2015).

More recently, research from behavioural economics, which combines the theories of economics with experiment-based research methods from psychology, has suggested that while individuals are fundamentally rational, our decision-making is subject to systematic biases and heuristics which mean we do not always make the best decisions. This perspective has become influential on policy in the UK since the 2000s and behavioural economics concepts, such as inertia, formed the basis of the automatic enrolment policy (Kahneman and Tversky, 1979; Institute for Government, 2010; McConnell, 2013; PPI, 2017a). Much behavioural economics research has highlighted the role of present bias, which suggests people prefer immediate over future benefits, in limiting pension participation. This has led to suggestions in the pensions industry that encouraging people to think more about their future would increase engagement with pension saving, although again there is little empirical evidence to confirm this.

There is an alternative existing body of literature which examines pensions from a sociological, life-course perspective. Existing research in this area has been mainly quantitative and focussed on pension contributions or outcomes (i.e. the outcomes of individual decision-making). This literature suggests that there are important structural factors that individuals face in accumulating pension entitlement for later life, as described by the theory of cumulative advantage or disadvantage (Dannefer, 2003; Vickerstaff and Cox, 2005; Vickerstaff, 2006; Loretto and Vickerstaff, 2013; Lain, 2016; Phillipson, 2018). This relates inter-individual divergence in pensions to systematic tendencies over time, highlighting the role of structural processes in determining outcomes and inequalities between individuals over the life-course (Dannefer, 2003; Vickerstaff and Cox, 2005; Vickerstaff, 2006; Loretto and Vickerstaff, 2013; Lain, 2016; Phillipson, 2018). Poverty in old age has been associated with gender, ethnicity, marital status, maternal status, social class and lower education levels (Ginn and Arber, 1996; Ginn, Street and Arber, 2001; Ginn, 2003a; Vickerstaff and Cox, 2005; Price, 2006, 2009; Loretto and Vickerstaff, 2013). All those who are disadvantaged in the workplace due to low employment, low pay or poor terms and conditions, have a high risk of poverty in later life due to the importance of workplace pensions in providing for adequacy (Glaser *et al.*, 2009; Gough and Adami, 2013).

However, these perspectives have often ignored the agency of the individual in making decisions about their pension during their working lives, and the variation that arises within structural constraints because of it. Agency has been demonstrated to be a powerful aspect in decision-making within other fields. For example, the sociology of consumption has demonstrated the role of agency in practices of buying and using consumer goods which relate to subjective understandings of status and identity (Warde, 1990; Sewell Jr, 1992; Aldridge, 1998; Bauman, 2004; Miller, 2008; Pink, 2012). However, this body of literature has focussed on the consumption of material goods, with little attention on financial services (Aldridge, 1998; McFall, 2009a, 2014; Deville, 2014). Therefore, this research aimed at addressing this gap by considering agency in pension decisions and therefore understanding pension decisions as a rich area of personal, affective meaning-making.

The findings of this research suggest that pension decisions are embedded in the complex contexts of everyday life (Granovetter, 1985; Etzioni, 1988; Aldridge, 1998; Sayer, 2011; McFall, 2014). The experiences of participants in this research demonstrate how pension decisions are not driven by the calculative, maximising rationality assumed by models from economics and behavioural economics. Rather, this research demonstrates subjective life positions, multiple rationales and risk perspectives also play a significant role in pension decision-making.

The thesis identifies a typology of four common approaches to pension decisions, which reveals the variety and complexity of pension decision-making and how the pension decision connects to the social and cultural worlds of individuals. The typology suggests that real-life pension behaviours do not fit the ‘one-size-fits-all’ approach currently operating in pensions industry and policy. This thesis argues that there is a need for a more realistic and empirical model of behaviour in order to improve provision for later life.

Research questions

The main research question for this project is:

- How do individuals understand and make meaningful decisions about their workplace pension in the complex contexts of their everyday lives?

This question represents the focus on agency which is implemented in this research, as well as setting the pension decision in the social and cultural context of the individual. This will be achieved through the following sub-questions:

- What are the social, cultural and moral forms of meaning that individuals draw on in the process of making a pension decision?
- To what extent do contextual, social perceptions of risk and trust shape pension decision-making for individuals?
- How do the social and cultural models of ageing and retirement shape how individuals think about and prepare for later life?

These sub-questions represent the areas of literature that will be examined in the literature review chapters two, three and four and reflected upon in the empirical findings of the research in chapters six, seven and eight.

The next section will outline the chapters of this thesis.

Outline of the thesis

This thesis is structured over the next eight chapters as follows. Three chapters consider the literature that is relevant to the research. The first discusses the background of the UK pension system and how the automatic enrolment policy came to be implemented. It also considers the impact that automatic enrolment has had on workplace pension saving in the UK since its introduction in 2012.

The second literature review chapter considers how financial decisions have been understood, particularly the economic models of decision-making which have underpinned pension industry and policy. It will also consider the sociological research which has challenged these models. This chapter argues that there is a need for research to consider pensions as a rich area of personal meaning-making.

The third literature review chapter considers areas of subjective understanding, where there is extensive sociological literature that might be relevant for the study of pension decisions. This includes money practices, perspectives on risk and trust, and perceptions on ageing and retirement. This chapter argues that qualitative research is necessary to investigate how these concepts play out in individual pension decision-making.

The next chapter outlines the methodology employed in this research. This follows a constructivist epistemology through the use of semi-structured qualitative research interviews and an analysis approach inspired by grounded theory to privilege the accounts of participants.

The subsequent three chapters discuss the empirical findings of this research. The first chapter considers how ideas of the present and future feature in the workplace pension decisions of participants and suggests that decisions are anchored in their present context. This chapter also introduces the typology of pension decisions that was identified from the experiences of participants.

The second empirical chapter discusses two of the approaches in detail, which are the Threshold Adults and the Protectionist Savers. The Threshold Adult approach highlights how many young adults limit their pension participation while they seek to establish themselves in their adult life. The Protectionist Saver approach highlights how once they feel established, some individuals tend to consider pension saving something that one ought to do and are happy to rely on the workplace pension system to facilitate their pension saving.

The third empirical chapter discusses the remaining two approaches, which are the Market Investors and the Sceptical Speculators. The Market Investor approach highlights a market-orientated perspective where the pension is considered one of a portfolio of investments. The Sceptical Speculator approach highlights how some individuals feel they cannot rely on the workplace pension system to provide for them in later life and prefer to find other solutions which offer more reliable returns.

The last chapter will discuss the findings of this research, along with the important theoretical, methodological, and policy implications of the findings. The major theoretical contributions of this thesis are threefold. First, the thesis demonstrates the importance of forms of social, cultural and moral rationality in financial decision-making. Second, it highlights the need for a sociological model of financial decision-making which builds on the agency perspective followed in this research. Finally, it offers an understanding of the variation and complexity of pension decision-making approaches, which has not been previously considered in literature, industry and policy. The methodological implications of this research contribute to the literature regarding qualitative, social constructivist research methods, specifically on the use of qualitative research methods to investigate the field of financial decision-making. The research has also contributed to how telephone interviews and theoretical or purposive sampling can be usefully deployed in qualitative research projects in this field (James, Price and Buffel, 2018). There are also important policy implications arising from the research that may be relevant for the provision of pension systems at a national or an organisational level, in particular highlighting the need for a broader conceptualisation of behaviour which recognises the diversity and complexity of individual experiences. The research has shown how pension behaviours are deeply entwined in the context of everyday lives, which highlights the importance of qualitative research to support policy development.

This introduction has provided the foundation for the rest of the thesis by considering the background that has led to this research project, presenting the research questions that have been formulated for this research and outlining the structure of the thesis. The next chapter will commence the review of literature that is relevant for this research. It will consider the background of the UK pension system, how the automatic enrolment policy came to be implemented, and the impact that automatic enrolment has had on workplace pension saving in the UK since its introduction in 2012.

Chapter 2: Understanding the UK pension landscape – the policy background to automatic enrolment

Introduction

This chapter considers the background to the policy of automatic enrolment into workplace pensions that was introduced in the UK from 2012, in terms of how and why the policy was implemented. This background is necessary in order to formulate the research questions that will be explored in this thesis.

The current UK pension landscape is comprised of state and private provision. The chapter considers how these elements have evolved since the introduction of the first universal state pension in 1948. This review suggests that the state pension landscape in the UK has developed through piecemeal changes driven by highly political considerations of affordability for the state, with the focus on providing a minimal level of poverty alleviation through state pensions. The provision of adequate pensions for later life has been considered a function of the private system of pension provision. Since the 1980s, private pension provision has been increasingly financialised through de-regulation and free market policies (Martin, 2002; Taylor-Gooby, Larsen and Kananen, 2004; Taylor-Gooby, 2008; Grady, 2010; Ring, 2010; Langley and Leaver, 2012). Financialisation describes the process by which financial tools, markets and institutions have become increasingly important in economic and political systems (Martin, 2002; Taylor-Gooby, Larsen and Kananen, 2004; Ring, 2010). This process has driven a major change in the format of workplace pensions, which have moved from defined benefit, which provides participating employees with a fixed pension for the duration of their retired lives, to defined contribution schemes, where the pension outcome is dependent on contributions made over the working life and the value achieved through the investment of the contributions by the pension scheme management (PPI, 2012b, 2018b). The automatic enrolment policy has furthered this trend as most workplace participants have joined defined contributions schemes (The Pensions Regulator, 2018b).

This chapter suggests that the automatic enrolment policy can be understood as the culmination of the long-term trend of minimal state provision coupled with the principles that adequacy is the responsibility of the individual and should be delivered through market-based private provision. While automatic enrolment has been successful in encouraging more people to participate in workplace saving, most people who have been auto-enrolled are sticking to minimum levels of contributions (Department for Work and Pensions, 2017b, 2017a). These levels are unlikely to provide adequacy in the long-term (PPI, 2013; Morley, 2014). This means that individuals need to make an active decision to save more through their workplace pensions. However, little is known about why people respond to automatic enrolment in the ways that they do. This thesis aims to address this gap by considering how individuals rationalise and make decisions about their pensions.

This chapter is structured in two parts. First, it will consider the development of the pension landscape in the UK across five major stages from the introduction of the first universal state pension in 1948 up to the recommendations of the Pension Commission in 2005. Second, it will examine the impact of the automatic enrolment into workplace pension policy that was introduced in 2012 on pension saving in the UK, before drawing conclusions.

The development of the UK pensions landscape

This section will consider the historical development of pension provision in the UK from the introduction of the first universal state pension in 1948. The purpose of this section is to establish the political and industrial context that led to the implementation of the auto-enrolment policy.

The first real state pension in the UK was implemented with the explicit purpose of preventing older-age poverty through redistribution (Bozio, Crawford and Tetlow, 2010). It was introduced in the Old Age Pension Act 1908 alongside the Royal Commission on the Poor Laws and Relief of Distress (1905 – 1909) which considered reform to address structural causes of involuntary poverty (Englander, 2013). The Act introduced a non-contributory, redistributive pension, although receipt was based on criteria such as the character of the individual (Thurley, 2008; Salter *et al.*, 2009).

The first universal state pension in the UK came about with the establishment of the welfare state and in the 1950s, which provided the format for the current pensions landscape (Grady, 2010; PPI, 2018b). Many changes to the pensions landscape have been made in this period, which arguably has been driven by short-term political considerations rather than a long-term analysis of pension provision (Pemberton, Thane and Whiteside, 2006). This section will consider five major stages in the development of the pension landscape leading up to the recommendations for automatic enrolment. The five stages are the introduction of the welfare state, the development of earnings-related provision in 1950s and 1960s, the Thatcher era in 1980s, New Labour in 1990s and the recommendations of the Pensions Commission in 2005/6. Each of these stages deals with a number of reforms, which will be referred to throughout the chapter and have been summarised in the timeline in Figure 2.1 below.

The reforms will be considered in terms of the function and aims behind the change, following definitions by Bovenberg et al (2012) and the World Bank (2005) respectively. Bovenberg et al (2012) proposed that there were three general functions of pension systems, which are to provide consumption smoothing over the course of an individual's life, to redistribute money to those who may suffer poverty in older age and to provide insurance for individual longevity. The World Bank (2005) identified four aims of a pension system, which are first, adequacy, defined as the provision of sufficient benefits to avoid old-age poverty for the majority of members; second, affordability, which questions if the system remains within the financing capacity of individuals and society; third, sustainability and whether the system can remain financially sound for the foreseeable future and finally, the system must be robust in order to withstand major shocks. The following analysis of pension reforms suggests that the UK pension legislative regime has focussed on the functions of consumption smoothing and redistribution and the aims of affordability and sustainability. The insurance function and the aims of adequacy and robustness have been implicitly ignored in the reforms to the UK

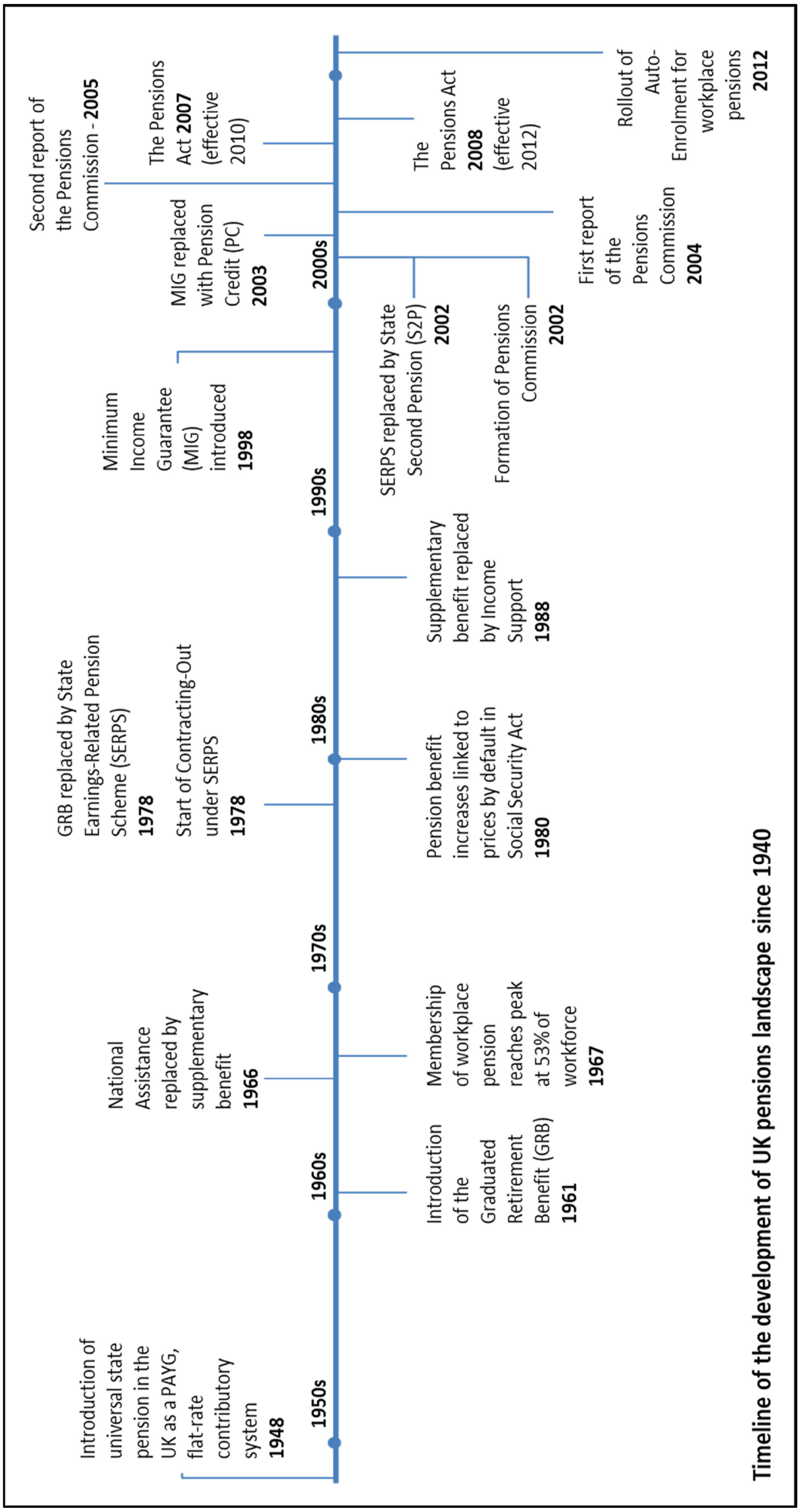

Figure 2.1: Timeline of the reforms in the UK pensions landscape up until the introduction of auto-enrolment in 2012, author's own analysis based on information provided in Bozio, A., Crawford, R. & Tetlow, G., 2010. The history of state pensions in the UK: 1948 to 2010, London: IFS

pension landscape. This will be elaborated throughout the following sections.

The introduction of the Welfare State

In the aftermath of World War II, a new political consensus driven by the collective experience of war, as well as reformist pressure that had been building since the first World War, led to the creation of the welfare state (Macnicol, 2002). This was a system of universal, comprehensive and adequate social security to tackle poverty and provide a minimum standard of life to all (Macnicol, 2002; Bozio, Crawford and Tetlow, 2010). This followed the recommendations of the Beveridge committee, named after Sir William Beveridge, the architect of the modern welfare state in the UK who chaired the committee (Macnicol, 2002; Bozio, Crawford and Tetlow, 2010).

The measures were to be funded by compulsory national insurance contributions from all people of working age (Bozio, Crawford and Tetlow, 2010). This included a redistributive state pension, which the Beveridge report recommended should be based on a social insurance format, where each person's contribution would fund their own pension (Macnicol, 2002; Bozio, Crawford and Tetlow, 2010). However, the state pension scheme was introduced as a pay-as-you-go (PAYG) system, where each generation of tax-payers funds the contemporary pension burden, in the National Insurance Act of 1946 and the National Assistance Act 1948 (Bozio, Crawford and Tetlow, 2010). This was due to concerns, particularly from the Treasury, regarding the significant and immediate cost required to pay for current pensioners, who would not have had the opportunity to build up their contributions (Macnicol, 2002; Salter *et al.*, 2009; Bozio, Crawford and Tetlow, 2010).

The Basic State Pension (BSP) started as a basic, flat-rate pension scheme, where everyone receives the same basic amount. The BSP was initially set at 26s 0d for single people and 42s 0d for couples, a level which was not as generous as the 'subsistence' level envisaged in the Beveridge report, reflecting concerns regarding the funding of the scheme (Macnicol, 2002). The value of the BSP was increased on an ad-hoc basis until 1974 when the level was linked to the greater of the increase in National Average Earnings and the Retail Prices Index (Bozio, Crawford and Tetlow, 2010; PPI, 2018b).

At the point of introduction, the BSP was payable from age 65 for men and 60 for women. These ages had already become embedded in public consciousness, and BSP served to further validate retirement as a function of age rather than (a lack of) ability to work (Macnicol, 2002). At this point, full life expectancies at the time were 66 years for men, and 71 years for women (see Appendix A), which means that half of the population would live longer than this. This suggests that the BSP would be expected to provide for a significant period for many people. Access to the BSP was based on national insurance contributions through earnings over a specified number of qualifying years of their working life (Bozio, Crawford and Tetlow, 2010; PPI, 2018b). There were additional mean-tested benefits that add to BSP for pensioners with low incomes and savings who fell through the gaps of the basic pension provision, to provide an adequate level of income (Bozio, Crawford and Tetlow, 2010; PPI, 2018b). This was initially called National Assistance, before being renamed Supplementary Benefit in 1966 and being replaced in 1988 by Income Support (Bozio, Crawford and Tetlow, 2010; PPI, 2018b).

The redistributive PAYG structure of the state pension scheme has stayed in place ever since, albeit with some modifications which will be discussed in the following sections (Pemberton, Thane and Whiteside, 2006; PPI, 2018b).

This means that the main function of the state pension at this early stage was redistribution at a national level, with concerns about the affordability for the state taking priority (World Bank, 2005; Salter *et al.*, 2009; Bozio, Crawford and Tetlow, 2010; Bovenberg, van Ewijk and Westerhout, 2012). The next section will consider the development of earnings-related pension provision in 1950s and 1960s in both private and state pension systems.

The development of earnings-related provision in 1950s and 1960s

The redistributive, flat-rate BSP was only intended to provide a minimal level of subsistence to ameliorate poverty amongst those in need (Macnicol, 2002; Salter *et al.*, 2009). This means that the state system was supposed to be supplemented by additional, earnings-related pension schemes (World Bank, 2005; Salter *et al.*, 2009; Bovenberg, van Ewijk and Westerhout, 2012). These supplementary schemes were mostly delivered through private pension systems, including employer-sponsored workplace schemes and private personal pensions.

Employer-sponsored or workplace pensions are those which are arranged through the employer (PPI, 2018b). While they have origins in the late 19th century, workplace pensions developed rapidly in the 1950s because they were offered by employers to strengthen employment contracts in a period of strong trade union activity, and help with recruitment and retention of employees in a period of economic growth (Blackburn, 2003; Bozio, Crawford and Tetlow, 2010; Phillipson, 2013).

During the period of development, the majority of workplace pension schemes were defined benefit schemes, where participating employees were entitled to a fixed pension for the duration of their post-retirement lives (PPI, 2012b). Employers shouldered the burden of adequacy and provided collective insurance for longevity for employees, but this was not a major concern for the organisations providing the schemes based on the assumption that the earning power of firms would continue to grow substantially given the positive economic climate (Blake, 2002; Orenstein, 2011). This contributed to the development of the concept of retirement as something to be enjoyed, rather than just for those who are unable to work (Macnicol, 2002; Pemberton, Thane and Whiteside, 2006). At this stage, it was compulsory for employees to be a member of a workplace scheme where one was offered.

This means that the function of workplace defined benefit schemes was redistribution at a local level, as the schemes were effectively redistributing future profits to previous employees, and basic longevity insurance through collective provision. The main aim was providing pension adequacy to eligible employees as a reward to secure their labour in the short term.

From the 1960s onwards, government reforms attempted to establish an earnings-related pension which would be available through the state system, so that those who were not covered by a workplace pension could participate in a supplementary scheme (Salter *et al.*, 2009; Bozio, Crawford and Tetlow, 2010; PPI, 2018b). It was not intended to challenge the strength of private market provision, but to fill the gaps where people did not have access to a workplace scheme by adding to the state system. The first of these reforms was the introduction of the Graduated Retirement Benefit (GRB) in 1961, which provided an increased pension based on additional, graduated NI contributions (Salter *et al.*, 2009; Bozio, Crawford and Tetlow, 2010; PPI, 2018b). These contributions bought additional pension units costing £7.50 per unit for men and £9 per unit for women, and each unit was worth an extra 11.89 pence on top of the basic state pension (UK Pensions Calculator, 2016). However, the government did not adjust the nominal value of the increased pension entitlement to account for inflation during the 1960s and 1970s and the scheme became ineffective as the real impact decreased (Salter *et al.*, 2009; Bozio, Crawford and Tetlow, 2010; PPI, 2018b).

In 1978, GRB was replaced by the State Earnings-Related Pension Scheme (SERPS), an additional pension entitlement which was related to contributions above those required for the BSP over 20 years (Salter *et al.*, 2009; Bozio, Crawford and Tetlow, 2010; PPI, 2018b). Given the impact of inflation in undermining the GRB, the SERPS scheme was intended to be an inflation-proof earnings-related scheme by linking contributions above the lower earnings limit over 20 years to average wage growth, although the long-term sustainability of the scheme was not a specific consideration (Salter *et al.*, 2009; Bozio, Crawford and Tetlow, 2010; PPI, 2018b). Yet this scheme continued to emphasise private provision, as those who had a workplace pension were encouraged to participate in it through the process of contracting out, which offered lower National Insurance contributions for both employee and employer instead of accruing entitlements under SERPS (PPI, 2018b).

This means the function of state earnings-related schemes was consumption-smoothing, with a focus on affordability for the state (World Bank, 2005; Bovenberg, van Ewijk and Westerhout, 2012). Adequacy was really the concern of the individual based on their decision to participate. As with the private earnings-related provision, sustainability and robustness of the scheme were not a focus since it was assumed that market growth would continue to reap rewards (Orenstein, 2011). The next section will consider how this assumption of market growth continued to drive the developments in the UK pension landscape that took place during the Thatcher era in the 1980s.

The Thatcher era 1980s

Margaret Thatcher came into power as Prime Minister in 1979 as leader of the Conservative Party based on a right-wing, liberal platform. The social consensus that had been established with the introduction of the welfare state had started to fray in the 1970s due to economic crises and industrial conflict, along with rising inflation and unemployment. Thatcher started the era of neoliberalism based on laissez-faire economic policies, which involved increasing financialisation, privatisation, and de-regulation. These processes increased the political focus on the viability of state pension provision, often based on the assumption that free markets would deliver better outcomes, and led to a number of reforms which furthered the dominance of the private pension system in providing for adequacy (Blackburn, 2003, 2012). The funding of the state pension scheme (as well as other social security provisions) had already begun to be construed by Conservative politicians and neoliberal economists as preventing economic growth in the 1970s (Taylor-Gooby, Larsen and Kananen, 2004; Grady, 2010). This gained traction in the 1980s and it became widely held that private markets would deliver more adequate, sustainable and robust pensions than government provision (Blackburn, 2003; Grady, 2010; Orenstein, 2011). This assertion also served to uphold the importance of individual free choice, a key tenet of neoliberal politics, as individuals could decide whether or not to participate in private pension schemes (Blackburn, 2003; Grady, 2010; Orenstein, 2011).

This was reflected in pension reforms which privileged individual free choice and encouraged private provision of pensions, thereby limiting the government's role (Blackburn, 2003; Grady, 2010; Orenstein, 2011). In the Financial Services Act 1986, compulsory pension scheme membership for employees in employer-sponsored schemes was removed and private personal pensions were introduced as an alternative to workplace provision (Blake, 2002; Stapleton, 2015). Reliance on the government's earning related provision (SERPS) was reduced by making it easier and more beneficial to contract out of the state pension, as well as reducing the real value of SERPS by about two-thirds through a series of measures (Blake, 2002). These measures included the reduction of SERPS value from 25 per cent of qualifying earnings over the best 20 years of one's career to 20 per cent over all working life and the reduction in the widow's pension from 100 per cent to 50 per cent of SERPS value (Blake, 2002; Salter *et al.*, 2009). Also, the revaluation factor for qualifying earnings under SERPS was decreased by 2 per cent in the Pensions Act 1995 (Blake, 2002).

Throughout the Thatcher years, the political emphasis on private provision also extended to undermining the BSP by reducing its real value (Pemberton, Thane and Whiteside, 2006; Macnicol, 2015). In the 1990 Social Security Act, the link between the value of the Basic State Pension and average earnings was removed, and instead the BSP value was linked to increases in the Retail Price Index (Blake, 2002). The purpose of this was to reduce costs for the government by around 2 per cent of pension spending, but it served to erode the value of the BSP relative to earnings of the rest of the population (Blake, 2002; PPI, 2018b). At its real-value peak in 1978, the BSP represented over 25 per cent of average earnings; by 1990 this had already fallen to around 19 per cent and it continued to fall to around 16 per cent of average earnings in 2008 (Bozio, Crawford and Tetlow, 2010). Supplementary benefits were replaced by Income Support in 1988, which needed to be claimed, meaning not all those entitled actually took up the additional support available to them (Salter *et al.*, 2009; Bozio, Crawford and Tetlow, 2010; PPI, 2018b).

Yet despite these reforms to prioritise the private system of pension provision, private pension membership was actually decreasing (Pemberton, Thane and Whiteside, 2006; Office for National Statistics, 2012). The coverage of private pensions reached its peak in 1967 when 53 per cent of the working population was covered through workplace schemes, which represented 12.2 million people (Office for National Statistics, 2005; Pemberton, Thane and Whiteside, 2006; Price, 2008). There was a slow continuous decline in private pension scheme membership up until 2011, when the coverage of private pensions had declined to a low of 7.8 million members, less than one-third of the working population (Office for National Statistics, 2014). There were two major factors driving the decline in private pension scheme membership. First, the sustainability and robustness of defined benefit schemes began to be challenged by a number of factors (Pemberton, Thane and Whiteside, 2006; Price, 2008). These challenges included increasing longevity, as members were living longer than anticipated causing higher costs (Price, 2008). Furthermore, new regulations requiring accounting transparency revealed the holes in the funding of many defined benefit schemes, while the diminishing power of trade unions meant they were less able to advocate for pension provision (Price, 2008). Many schemes were forced to close to new members and the coverage of defined benefit schemes dropped rapidly. For example, amongst medium and large business employees covered by defined benefit schemes, membership fell from 60 per cent to 50 per cent in just two years, from 1996 to 1998 (Bridgen and Meyer, 2005). These challenges led to defined contribution workplace pension schemes becoming more widespread (Office for National Statistics, 2005, 2012). In defined contribution schemes, the pension outcome is dependent on contributions made over the working life and the value achieved through the investment of the contributions by the pension scheme management (PPI, 2015b, 2018b). These schemes are consumption smoothing devices where adequacy is solely the responsibility of the individual, meaning that they may be less attractive to employees.

Second, following the liberalisation of the pensions market in 1980s, the industry endured mis-selling scandals, where insurance companies sold products to people who would have been better off staying with existing providers, and governance failures like the Maxwell scandal of 1992, where pensions assets where misused (Blake, 2002; Taylor-Gooby, Larsen and Kananen, 2004). It is estimated that these scandals have resulted in over £11bn being paid in compensation (Blake, 2002; Stapleton, 2015). Overall these factors led to a lack of trust and confidence in private pension outcomes amongst the general public, and caused many to reconsider participation in workplace pensions (Taylor-Gooby, Larsen and Kananen, 2004; Grady, 2010).

This means that during the Thatcher era, the main function of the state pension was limited redistribution (with an intention of moving towards zero redistribution), and instead, the priority was on the function of consumption-smoothing in the private pension system. In these reforms, achieving affordability for the state was paramount, with the aims of sustainability and robustness assumed to be delivered by the free market. Adequacy was seen as delivered through free choice, implicating individual responsibility in providing for later life needs, which meant that the function of pensions as insurance through collective provision was implicitly side-lined. These trends were to continue into the next decade, albeit with some change in regards to the new political climate brought in by the arrival of New Labour, which will be considered in the next section.

1990s and New Labour

The end of Thatcher's time in power came after eighteen years when Labour won by a landslide at the general election in 1997. This New Labour, led by Tony Blair, was founded on a more centrist platform which promoted economic balance and social justice, rather than the trade unionism and welfare state traditionally associated with left-wing politics (Norris, 2001).

The effects of the neo-liberal reforms to pension policy implemented by Thatcher had resulted in widespread pensioner poverty during the 1990s (Blackburn, 2003, 2012). In 1997, the relative poverty rate for single persons over 65 years based on 60 per cent of median equivalised income reached 47 per cent, compared to overall population poverty rate of 22 per cent in the same year (European Commission, 2001; IFS, 2016). The New Labour government made reforms to put greater focus on the redistribution of resources to prevent poverty in the Welfare Reform and Pensions Act 1999 (Blake, 2002; Bozio, Crawford and Tetlow, 2010; PPI, 2018b). This included the introduction of the Minimum Income Guarantee in April 1999 at £75 per week, a level high enough to alleviate the worst of pensioner poverty, which was means-tested and indexed to earnings (Blake, 2002; IFS, 2016).

Further to this, the government continued to encourage private saving, for example, by introducing Pensions Credit (to replace Income Support), which offered an additional 60p of state pension income for every pound of savings, income or earnings (Blake, 2002). The 1999 Act also replaced the complex SERPS system with the State Second Pension, known as S2P. This was an earnings-related second pension until 2007 when it would become flat-rate, even though contributions were still earnings-related (Blake, 2002; PPI, 2018b). This was intended to encourage middle- and high-earners to continue to contract out of the additional state pension as had been the case under SERPS (Blake, 2002).

These reforms did reduce pensioner poverty, which fell to under 30 per cent from 1995 onwards (IFS, 2016). However, the reforms did little to change the neo-liberal direction set by the Conservatives before them, which emphasised the role of private pensions system supported by market-based policies and individual free choice with a minimal role for government (Blake, 2002; Blackburn, 2003, 2012; Macnicol, 2015).

This means that during the New Labour era, the function of redistribution through the state pension had a less minimal role than under the Conservatives, but pensions reforms still served to prioritise the function of consumption-smoothing through private pension systems, with little focus on the function of insurance. The aim of pension reforms continued to be affordability for the state, with sustainability and robustness assumed to be delivered through the free market, and adequacy regarded as being down to individual free-choice. These trends led to the recommendations of automatic enrolment and the flat-rate state pension by the Pensions Committee in the early 2000s, which will be considered in the next section.

The recommendations of the Pensions Commission

At the turn of the 21st century, there were a number of trends that were seen as threats to the long-term sustainability of the UK pension regime (PPI, 2016a, 2018b). First, demographic trends meant that many people were living longer due to significant improvements in mortality amongst older people (Wilmoth, 2007). In particular, the approaching retirement of the baby boomer generation, which refers to the children born in the fertility boom during the period of post-war recovery from 1946 to 1964, was projected to vastly increase the proportion of people in older age (The Pensions Commission, 2005). This was often subject to much hyperbole, for example, being referred to as the 'demographic time-bomb' (Orenstein, 2011; Macnicol, 2015), yet nonetheless served to raise concerns about the level of funding needed to meet the needs of the population in the future (PPI, 2016a, 2018b). The increases in longevity, coupled with low fertility rates created an ageing population in the UK, illustrated in the use of dependency ratios which compares the number of retired people (over State Pension Age) with the working age population (Orenstein, 2011; Macnicol, 2015). Despite the problems with such ratios, there was a focus on how this affected the sustainability of the state system given its pay-as-you-go structure based on current taxes (Orenstein, 2011; Macnicol, 2015).

Second, the private pension system offered just partial coverage of those in employment, representing a failure of market forces to provide robust pensions (Blackburn, 2012; PPI, 2018b). In 2003, just 52 per cent of employees had access to any form of pension provision and this dropped to 31 per cent in 2011 (Department for Work and Pensions, 2004, 2012b). Participation continued to fall to a low of 7.8 million members in 2012, less than one-third of the working population (Office for National Statistics, 2014). This meant that many people would likely be solely reliant on the state system for their pension provision, particularly women and ethnic minorities who are disproportionately reliant on basic and means-tested state pension provision rather than private pensions (Ginn and Arber, 2001; Ginn, 2003a; Price *et al.*, 2015; Vlachantoni *et al.*, 2015). This resulted in a greater potential burden on state funding and increased likelihood of widespread poverty amongst disadvantaged groups.

These challenges set the stage for pension reform. The Blair government had already made it clear that their intention was to reduce public spending on pensions by increasing private sector provision from 40 per cent to 60 per cent of pensions provided, thereby reducing government expenditure (Taylor-Gooby, Larsen and Kananen, 2004; The Pensions Commission, 2005). This meant inevitably that measures to tackle the issues had to draw on the private pension system. The government set up the Pensions Commission, chaired by Adair Turner, a leading financial services businessman and academic, with John Hills, a social policy academic, and Jeannie Drake, a trade unionist, to evaluate the long-term sustainability of the voluntarist system of private pension savings.

From the first report, the Commission set out that increases to the savings rate and retirement age would be required to ensure the long-term sustainability of the pensions system. Despite this, the Commission favoured encouraging, rather than mandating pension participation, highlighting the continued focus on free choice in the recommendations (The Pensions Commission, 2004; Orenstein, 2011). The Commission recommended two key elements of reform. The first was to revitalise the voluntary system of private pension saving through the implementation of automatic enrolment into workplace pensions. This policy meant that employers would be obliged to automatically enrol employees into a workplace pension scheme, which tended to be defined contribution in the private sector. It was believed that this would increase workplace pension participation since few employees would overcome inertia to opt-out (The Pensions Commission, 2005; Thaler and Sunstein, 2008). There was evidence to support the effectiveness of automatic enrolment from other countries. For example, a study of participation rates and savings behaviour of employees in a large U. S. corporation after auto-enrolment was introduced found that participation rates rose from 49 per cent to 86 percent (Madrian and Shea, 2001). The automatic enrolment proposal also involved employer contributions and tax incentives to make it more attractive for people to save. The Pensions Commission suggested that contribution levels for automatic enrolment be set at 3 per cent employers, 4 per cent workers, 1 per cent government contribution (through tax relief), which was calculated to provide an adequate level of benefits for later life. The Commission also recommended the establishment of a low-cost and more transparent national pension savings scheme, which employers could contract to run their workplace pension scheme (The Pensions Commission, 2005).

In May 2006, the government published the white paper ‘Security in Retirement: Towards a New Pensions System’, which led to the implementation of the changes proposed by the Pensions Commission in the 2007 and 2008 Pensions Acts

(Department for Work and Pensions, 2006). Automatic enrolment was to be implemented through a phased roll-out starting with large employers from 2012 and reaching micro-employers in 2018. The contribution levels were also to be phased in, starting with just 2 per cent total contributions from 2012, rising to 5 per cent in April 2018 and reaching the full 8 per cent from 2019 (PPI, 2016a).

This means that the major function envisaged by the introduction of automatic enrolment was consumption smoothing provided through the private pension system. Affordability for the government was still a driving aim, as the policy served to push people into the private system. Adequacy was still maintained as being the responsibility of the individual. In contrast to the previous phases, there were some concerns about sustainability, evidenced in the recognition that there needed to be a lower-cost and more transparent pension offering to support automatic enrolment. However, the robustness of defined contribution schemes was not considered. Findings from Clark (2016) suggest that defined contribution schemes reinforce structural advantages and disadvantages caused by socio-demographic characteristics such as labour market participation, education and class. Rather than addressing the real issues at the core of the pension crisis, the recommendations of the Pensions Commission may have been limited by the previous trajectory of the pension landscape (Clark, 2016; Lain, 2016).

The Pensions Commission also made recommendations about the state system, as it determined that it would not be possible to review the private system in isolation from the state system given the extensive interaction of the two (The Pensions Commission, 2005; Price, 2008). The Commission recommended that the state pension should move away from means-testing and towards becoming universal and flat-rate in the long-term to improve the position of many pensioners who rely on state pension provision to stay above the poverty line, which was around 76 per cent of older women and 66 per cent of older men (Price *et al.*, 2015). This would benefit those future pensioners who would not be well- served by the automatic enrolment policy if it were being implemented later in their working lives.

The new flat-rate state pension, known as the Single Tier Pension, was introduced in April 2016 for those reaching SPA after that date at a rate of £159.55 per week (Department for Work and Pensions, 2018b; PPI, 2018a). It is based on 35 years of contributions or credits, with at least 10 years of contributions or credits needed to qualify, with between 10 and 34 years contributions or credits receiving a proportional amount of benefit (Department for Work and Pensions, 2018b; PPI, 2018a). This was implemented in conjunction with increases to the state pension age when the STP was implemented to make the state pension more affordable for the government. In 2016, the state pension age was 63 for women and 65 for men, by December 2018 women's SPA reached 65 (Department for Work and Pensions, 2017c). From December 2018 to October 2020 it will rise to 66 for both men and women, then to 67 by 2028, and thereafter it is intended to be linked to life expectancy (Department for Work and Pensions, 2017c). Full life expectancies in 2013 were 82.78 years for women and 79.01 years for men, which means that half of the population would live for even longer[1]. This suggests that a significantly higher proportion of people would reach state pension age and live beyond it.

This means that the introduction of the flat-rate state pension intends to improve pension adequacy through the function of redistribution (Bovenberg, van Ewijk and Westerhout, 2012). Alongside concerns of minimal adequacy, in terms of preventing poverty, affordability for the state has remained a key aim of this reform (World Bank, 2005; Bovenberg, van Ewijk and Westerhout, 2012).

Summary

This section has considered the historical development of the pension landscape in the UK since the introduction of the first universal state pension in late 1940s at the start of the welfare state. The five stages that have been considered are the introduction of the welfare state, the development of earnings-related provision in 1950s and 1960s, the Thatcher era in 1980s, New Labour in 1990s and the introduction of the flat-rate pension in 2016. Table 2.1 below summarises the various reforms that have taken place in the UK pensions landscape in the since

[1] Source: The Human Mortality Database, accessed 11/11/2015 http://www.mortality.org/cgi-bin/hmd/country.php?cntr=GBR&level=2

1940, along with the function and aim of the reform. The analysis of pension reforms across these stages has suggested that the pension landscape in the UK has been developed through piecemeal changes driven predominantly by highly political considerations of affordability for the state, rather than the adequacy, sustainability or robustness of the system (World Bank, 2005; Bovenberg, van Ewijk and Westerhout, 2012). Furthermore, there has been an increasing focus on pensions as delivering a limited amount of redistribution (generally through the minimal state pension) and consumption-smoothing functions (through the private pension system), with less attention on the collective insurance function of pensions (World Bank, 2005; Bovenberg, van Ewijk and Westerhout, 2012). These reforms mean that the role of the state and employers has diminished while individuals have been left to bear greater responsibility of providing for their older age through the private pension system.

Pension stage	**Function**	**Aim**
1. The introduction of the Welfare State	Redistribution (national level)	Affordability for state
2. The development of earnings-related provision in 1950s and 1960s		
- Workplace pensions	Redistribution (local level) Longevity insurance	Adequacy for eligible employees
- State provision	Consumption smoothing	Affordability for state Adequacy as individual responsibility
3. The Thatcher era in 1980s	Restricted distribution Consumption smoothing through private market devices	Affordability for state Adequacy as individual responsibility
4. New Labour in 1990s	Redistribution Consumption smoothing through private market devices	Affordability for state Adequacy as individual responsibility
5. The recommendations of the Pensions Committee		
- Automatic enrolment	Consumption smoothing	Affordability for state

Pension stage	Function	Aim
		Adequacy as individual responsibility
- Flat rate state pension	Redistribution	Affordability for state Minimal adequacy

Table 2.1: Stages of pension development with the main function and aim of the scheme - author's analysis based on definitions provided in World Bank (2005) and Bovenberg et al (2012)

The next section will continue this analysis to consider the introduction and implementation of automatic enrolment into workplace pensions in detail.

The impact of auto-enrolment into workplace pensions in the UK

The previous section has considered the historical development of the UK pension landscape. It suggested that the automatic enrolment policy was a culmination of two major trends: first, the focus on affordability for the state in providing pensions as redistribution, and second, the assumption that private, market-based provision would be able to provide adequacy, sustainability and robustness through pensions as consumption-smoothing. This means that the recommendation to implement automatic enrolment was driven by path dependency, rather than any detailed considerations of the needs of individual savers.

This section will now turn to consider the actual impact that the automatic enrolment policy has had on individual pension saving behaviours in the UK since the start of implementation in 2012. This section will suggest that while the policy has been successful in encouraging more people to participate in workplace saving, it is not clear whether it will deliver adequacy in the long-term. To achieve adequacy, individual pension savers need to make an active decision to save more than the minimum contributions, yet data shows that most people are sticking to the minimum levels. This section will consider the impact of automatic enrolment in terms of the number of scheme members, the level of contributions, and opt-out and cessation rates.

Automatic enrolment into workplace pensions in the UK was phased in from October 2012 to February 2018, first with large businesses with over 250 employees. Medium-sized employers followed from 1st April 2014 and 1st April 2015, followed by small employers with fewer than 50 employees who have auto-enrolment dates up to February 2018 (National Audit Office, 2015; Department for Work and Pensions, 2017b). The auto-enrolment policy covers all employees aged between 22 and the State Pension Age (now 65 for both men and women, rising to 66 by October 2020 (Department for Work and Pensions, 2014b) and earning over £10,000 in 2018/2019 (National Audit Office, 2015; Department for Work and Pensions, 2017c). The policy set minimum contributions for auto-enrolment at 8 per cent of earnings, comprised of 4 per cent employee contribution, 3 per cent employer contribution and 1 per cent government tax relief on the contributions, which is being phased in (National Audit Office, 2015; Department for Work and Pensions, 2017b). From the start of the implementation in 2012 total contributions were 2 per cent of qualifying earnings, which rose to 5 per cent in April 2018, and will reach the full 8 per cent in April 2019 (National Audit Office, 2015; Department for Work and Pensions, 2017b). Both employers and employees are able to contribute more should they wish to, with many employers offering additional employer matching for contributions above the minimum levels. Employees are able to stop participating at any time, and employees who are not participating must be re-enrolled in the scheme every three years.

By 2018, almost 1 million employers had complied with the automatic enrolment policy with over 9.5 million eligible employees automatically enrolled into a workplace pension, taking the number of eligible employees who participate in a workplace pension up to 17.7 million (Department for Work and Pensions, 2018a; The Pensions Regulator, 2018a). This represented a proportion of 84 per cent of eligible employees, a vast increase from 55 per cent before the automatic enrolment policy was introduced in 2012 (Department for Work and Pensions, 2017b, 2018a; PPI, 2017b; The Pensions Regulator, 2018b).

This means that auto-enrolment appears to have achieved the goal of encouraging more people to participate in a private pension saving scheme so far (National

Audit Office, 2015; The Pensions Regulator, 2016). However, there is ambiguity regarding the long-term effects of auto-enrolment on saving behaviours and adequacy in later life (National Audit Office, 2015; PPI, 2016a). The next section will therefore consider the impact of the introduction of auto-enrolment into workplace pensions in terms of the number of participants, the contributions and opt-out and cessation rates in the UK.

Number of scheme members

From the introduction of auto-enrolment in 2012 to the end of 2018, the total number of participants in workplace pensions has risen to 17.7 million people, representing an increase of 29 percentage points from 55 per cent to 84 per cent amongst eligible workers (Department for Work and Pensions, 2017b, 2018a; The Pensions Regulator, 2018a). While participation rates have remained the highest amongst older employees, the younger age groups have seen the largest increases in participation, for example, participation amongst 20 to 29 year-olds rose 44 percentage points to 79 per cent and amongst 30 to 39 year-olds there was a 29 percentage-point rise to 83 per cent (Department for Work and Pensions, 2017b, 2018a; PPI, 2018c). Amongst 40 to 49 year-olds, there was a 24 percentage-point rise, taking participation in this group up to 86 per cent (Department for Work and Pensions, 2017b, 2018a; PPI, 2018c).

The majority of new pension participants work in the private sector, where participating eligible workers increased from 42 per cent in 2012 to 81 per cent in 2017 (Department for Work and Pensions, 2017b, 2018a; The Pensions Regulator, 2018a). In comparison, public sector participation has increased from 88 per cent to 92 per cent in the same period (Department for Work and Pensions, 2017b, 2018a; The Pensions Regulator, 2018a). It is worth noting that in the period 2012 to 2017, overall employment increased from 71.2 per cent to 75.1 per cent (Office for National Statistics, 2017b). Private sector employment as a share of total employment increased from 80.3 per cent in 2012 to 82.9 per cent in 2017, while public sector employment fell from 19.7 per cent to 17.1 per cent as a share of total employment (Office for National Statistics, 2017b). This suggests that the increases in workplace pension participation have not come from newly employed people, especially in the public sector where participation has increased despite overall employment levels decreasing.

However, there were up to 10 million people out of the 31 million people in employment in the UK in 2017 who were not eligible for automatic enrolment (Department for Work and Pensions, 2018a). In 2017, there were 4.3m self-employed people who were not covered by the automatic enrolment policy (Department for Work and Pensions, 2017b). These people may be saving in a personal pension, although pension participation amongst the self-employed tends to be low: participation was just 17 per cent in 2014 (National Audit Office, 2015; PPI, 2015d; New Policy Institute, 2016).

Furthermore, many employed people are excluded because they do not meet the criteria for auto-enrolment regarding earnings (earning over £10,000 per annum in 2018/2019) and age (aged 22 years to State Pension age) (Department for Work and Pensions, 2015b; PPI, 2015d). It is estimated that 3.5 million people are excluded from automatic enrolment because they earn less than £10,000 per year per incidence of employment (PPI, 2015d). Voluntary pension participation is low amongst low-income workers. In 2015, just 18.5 per cent of full-time workers with between £100 and £200 gross earnings per week were participating in a pension scheme (£192 a week being approximately the cut-off point of eligibility for auto-enrolment) (Office for National Statistics, 2016). Participation amongst eligible private sector employees earning between £10,000 and £20,000 increased from 34 per cent in 2012 to 76 per cent in 2017, suggesting that other low-income workers might similarly benefit from automatic enrolment (Department for Work and Pensions, 2018a). In terms of age, it has been suggested that lowering the age criteria from 22 to 18 years would bring a further 900,000 young people into automatic enrolment (Department for Work and Pensions, 2017b).

Specific groups appear to be disadvantaged by the automatic enrolment policy, since women, minority groups, people with disabilities and carers have been found to be less likely to meet the eligibility criteria (PPI, 2015d). In 2016, it was estimated that around 4m (32 per cent) of female workers did not meet the criteria for auto-enrolment compared to 16 per cent of male workers (Meyer, 2014; PPI, 2015d). It was also estimated that thirty-two percent of Pakistani workers, 33 per cent of Bangladeshi workers and 29 per cent of Black/African/Caribbean workers did not meet the qualifying criteria, compared to 23 per cent of white workers (PPI, 2015d). Similarly, 30 per cent of disabled workers and 81 per cent of employed carers did not meet the qualifying criteria in 2016 compared to 23 per cent of disability-free employed people who were outside of the care industry (PPI, 2015d). People who work for small employers or in service industries were also less likely to be eligible for automatic enrolment. Of those working for small employers (those with 10 employees or less), only 61 per cent met the qualifying criteria for auto-enrolment in 2016, compared to 90 per cent of those working for large employers (with 500 or more employees) (PPI, 2015d). Only 55 per cent of people employed in the service sector met the qualifying criteria for automatic enrolment in 2016, compared to between 70 per cent and 90 per cent for those employed in other sectors (PPI, 2015d). These groups who have been identified as disadvantaged by the automatic enrolment policy are also among those who are most likely to have many of the 'alarm bell' characteristics that are already associated with lower pension incomes in later life, including low pay, part-time working and periods of unemployment or inactivity (PPI, 2015d, 2016b). This means that auto-enrolment is unlikely to improve pension outcomes for these significant groups who already have a high risk of becoming under-pensioned and potentially being dependent on state funding (PPI, 2016b).

Level of contributions

A major impact of auto-enrolment has been the shift towards defined contribution pension schemes and away from defined benefit schemes in the private sector. Ninety percent of private sector workplace pension savers are in defined contribution schemes, while active defined benefit scheme membership in the private sector has fallen to a low of 900,000 in 2017 (The Pensions Regulator, 2018b). This means that for the vast majority of savers, pension outcomes will be explicitly dependent on contributions made, along with the scheme's charges and performance, and choices made in the decumulation phase. This means that the impact of automatic enrolment on the level of contributions is highly pertinent.

Total contributions in workplace pensions increased from £73.7bn in 2012 to £90.3bn in 2017 (Department for Work and Pensions, 2018a). However, this represents a decrease per saver from £6,885 per individual in 2012 to £5,101 in 2017 based on participation figures, which suggests that individual contributions have not necessarily increased (Department for Work and Pensions, 2018a). The total contribution into an individual's workplace pensions is made up of employee contributions, employer contributions and tax relief, which will each be considered in turn.

First, total employee contributions into workplace pensions grew from £19.8bn in 2012 to £27.5bn in 2017 (Department for Work and Pensions, 2018a). This equates to a reduction from £1850 to £1553 per person per year (Department for Work and Pensions, 2018a). Almost 40 per cent of private sector eligible employees in 2016 were making contributions at a rate between 0 per cent and 2 per cent of their salary, which suggests that newly enrolled participants were contributing at minimum levels (PPI, 2015c; Department for Work and Pensions, 2017b). The numbers of those saving at higher rates does not appear to have been affected by automatic enrolment as these have remained broadly consistent (Department for Work and Pensions, 2015a, 2017b; Office for National Statistics, 2015) .

Second, employer contributions have increased in total from £47.5bn in 2012 to £53.8bn in 2017, and again this represents a reduction from £4437 to £3039 per saver per year (Department for Work and Pensions, 2018a). Around 35 per cent of employer contributions represent a rate between 0 per cent and 2 per cent of employee salaries in line with the minimum levels (Department for Work and Pensions, 2017b, 2017a). While a quarter (24 per cent) of employers were found to be contributing at least 3 per cent to worker pensions from the start of automatic enrolment (i.e. above the minimum levels), the proportion of employers contributing at levels above the minimum has decreased since the introduction of automatic enrolment (Department for Work and Pensions, 2017b, 2017a).The proportion of workers experiencing some form of levelling down (where employers reduce existing contribution rates or other outcomes to limit the impact of automatic enrolment) rose from 6 per cent in 2012 to 10 per cent in 2016 (Department for Work and Pensions, 2017b, 2017a).

Finally, total contributions to pension saving from tax relief increased from £6.3bn in 2012 to £9bn in 2017, which represents a decrease per saver from £589 in 2012 to £508 in 2017 (Department for Work and Pensions, 2018a). This suggests that overall, there is a pattern of increasing total pension contributions on aggregate but most individuals and their employers are contributing at minimum levels.

This raises two potential issues. First, it is unclear how the phased increase of minimum contributions up to 2019 will affect contributions, as more employees may decide to opt-out when faced with higher minimum rates of contribution. There is little research which might help anticipate responses. Existing research has suggested that younger adults are doing very little in the way of long-term saving through other channels, as less than one in ten adults aged between 30 and 49 years-old had saved any money for retirement outside of the workplace pension between 2012 and 2014 (Suh, 2017).

Second, even higher levels of contribution may not be enough to provide an adequate pension for most people (PPI, 2013; Morley, 2014). Adequacy can be defined as the extent to which individuals have a retirement income that allows them to replicate the standards of living they had while in working life. Previous PPI research has suggested that a minimum contribution level of 11 per cent would be required to achieve target income in retirement for three-quarters of people (PPI, 2013). However, this analysis was based on starting saving at 22 and saving continuously until retiring at the state pension age which will not be the case for most people (PPI, 2013; Corna *et al.*, 2016). Similarly, DWP analysis has shown that someone earning £28,900 would need to save 11.2 per cent of salary throughout the working life to have a chance of a comfortable retirement (Morley, 2014). Therefore, some ambiguity remains regarding the long-term effects of auto-enrolment on individual saving and whether this will lead to pension adequacy in the future (National Audit Office, 2015; PPI, 2015a). A recent report from the DWP (2017c) suggests that even with automatic enrolment in place, there are still 12 million individuals under-saving for their retirement (i.e. not projected to be saving enough for an adequate retirement income). These under-savers make up 38 per cent of the working age population (Department for Work and Pensions, 2017b). This questions to what extent automatic enrolment is able to provide adequate pensions in later life and necessitates research into why people are responding to automatic enrolment in this unanticipated manner (Grady, 2016; PPI, 2017b).

Opt-out and cessation rates

Opting-out refers to employees who decide that they do not want to participate in a workplace pension scheme within one month of being automatically enrolled. The opt-out rate for auto-enrolment has been estimated by the DWP around 9 per cent overall, albeit with variations by size of employer (Department for Work and Pensions, 2017a). Small employers had the highest opt-out rate at around 12 per cent, with micro employers experiencing 10 per cent opt-out rates(Department for Work and Pensions, 2017a). The rate of opt-outs was 9 per cent for medium employers and 8 per cent for large employers (Department for Work and Pensions, 2017a). Yet, there has been limited research on why people have decided to opt-out. The DWP (2013a, 2013b) has suggested that age is the main demographic characteristic that influenced opting-out, with opt-rates amongst people over 50 between twenty-five percent and fifty percent higher than amongst under 50s from a sample of 50 case study organisations. It is suggested that this age affect is because people over 50 may already have provisions in place for later life and therefore do not feel they need to save through the workplace mechanism (Department for Work and Pensions, 2013b, 2013a).

However, there are also cessation rates, which refer to people who stopped saving after the one month opt-out period. These have been reported as around 16 per cent and were highest amongst medium and large employers, where they reached 23 per cent (Department for Work and Pensions, 2017a). Information provided by employers through the EPP Survey in 2017 suggests that 67 per cent of cessation is caused by job leavers, but it is unclear why the remaining 33 per cent of employees decide to cease their participation (Department for Work and Pensions, 2017a). The EPP also suggested that around four in ten (41 per cent) of employers said that the majority of employees who had ceased had done so between one to three months after automatic enrolment, which suggests this may represent a lag after being automatically enrolled (Department for Work and Pensions, 2017a).

Summary

This section has considered the impact of automatic enrolment since the start of implementation in 2012, on pension saving behaviours in the UK in terms of the number of workplace pension scheme members, the level of contributions and opt-outs and cessation rates. It is shown that while participation in workplace pension schemes has increased significantly since the introduction of automatic enrolment, the contribution levels of new members has remained at minimum levels, which may not deliver adequacy in later life. Furthermore, it is unclear why some employees decide to opt-out of or cease workplace pension participation. To achieve adequacy in later life, individual pension savers need actively to save more than the minimum contributions, yet very little is known about what leads some people to decide to save more through a workplace pension and others not. This represents an important gap in our understanding, which this thesis aims to address.

Conclusion

This chapter has considered the background to the policy of automatic enrolment into workplace pensions that was introduced in the UK from 2012 to 2018, in terms of how and why the policy was implemented. The current UK pension landscape is made up of a redistributive, compulsory state scheme which offers a minimum level of support aimed at poverty relief, and a voluntary predominantly market-based private pension system, that has been developed through piecemeal legislative changes since the introduction of welfare state policies after the Second World War. This chapter has shown that during this time, the state scheme has focussed on affordability for the state with adequacy seen as a function of the private system. However, since the 1980s private pension provision has been subject to de-regulation and free market policies which has put the burden of adequacy on the individual.

This chapter has suggested that the automatic enrolment policy can be understood as the continuation of these trends of prioritising affordability for the state and adequacy delivered through market-based private provision, albeit with responsibility for it on the individual. The latest results of auto-enrolment suggest that the policy has been successful in encouraging more people to participate in workplace saving, yet most people who have been auto-enrolled are sticking to minimum levels of contributions, which are unlikely to provide adequacy in the long-term. This means that individuals need actively to decide to save more through their workplace pensions.

This highlights a gap in our understanding since responses to automatic enrolment, including why people decide to save more or opt-out, are not well understood. This thesis aims to address this gap by considering how individuals rationalise and make decisions about their pensions. The next chapter will begin this analysis by considering how decision-making has been conceptualised in literature from the disciplines of economics, psychology and sociology, and how this might apply to pension decisions.

Chapter 3: Understanding decision-making through a multi-disciplinary perspective

Introduction

The previous chapter examined the background to the policy of automatic enrolment into workplace pensions that was introduced in the UK from 2012, in terms of how and why the policy was implemented. It suggested that automatic enrolment has been driven predominantly by the aim of affordability for the state and the provision of adequacy through the private pension system. While automatic enrolment has increased the number of people participating in workplace pensions, the likelihood of savers achieving adequacy in later life will depend on choices made after automatic enrolment. Why and how people make choices following automatic enrolment is not well understood, and this thesis aims to address this gap by examining how individuals understand and make decisions about their workplace pension after automatic enrolment.

This chapter aims to consider what is known about individual pension decision-making drawing on literature from economics, behavioural economics, sociology and anthropology to understand the decisions made after automatic enrolment into workplace pensions. This is necessary because decision-making is a multi-disciplinary field of study. This chapter seeks critically to assess this literature and identify the gaps in our understanding of decision-making that will then be explored in this thesis.

The first section of this chapter will consider the rational choice model of decision making, how this has been modified by behavioural economics, and how these ideas have been applied in research on pension decisions. This section argues that the dominant model of financial decision-making has been (and continues to be) rational choice theory from economics. This theory suggests that we choose the option which maximises the output based on our preferences (Jaeger *et al.*, 2013). This theory portrays the individual as an analytical processer of possible outcomes. However, this model of economic rationality has been criticised as having limited application to understanding real-world behaviour, as it fails to recognise the complex nature of people's experiences (Granovetter, 1985; Etzioni, 1988; Sayer, 2011). The discipline of behavioural economics has highlighted the role of heuristics and biases, such as present bias, which serve as shortcuts in decision-making (Jaeger *et al.*, 2013). This discipline portrays individuals as fundamentally economically rational yet flawed in their decision-making practices. This literature has led to the implementation of automatic enrolment, as research in this field has highlighted a bias towards inertia in decision-making which the policy seeks to exploit. However, like rational choice theory, behavioural economics has not engaged with actual individual decision practices and their long-term outcomes, and fails to recognise the role of structure and agency in influencing individual decisions.

The second section of this chapter will consider research from sociology that has focussed on real-world pension behaviours, particularly literature which has examined structural impacts on pension outcomes. Research from sociology has focussed on the empirical study of real-life decisions and outcomes. There is a large body of literature which examines the impact of structural factors such as gender, ethnicity, income and employment on pension accumulation. This literature has highlighted how many people are structurally disadvantaged by pension systems that assume a male, heteronormative life-course (Ginn, 2003a; Vickerstaff and Cox, 2005; Meyer and Pfau-Effinger, 2006; Vickerstaff, 2006; Frericks, Knijn and Maier, 2009; Price, 2009; Loretto and Vickerstaff, 2013; Grady, 2015; Madero-Cabib and Fasang, 2016; Price *et al.*, 2016). However, there has been much less focus on agency in pension decision making, so we know little about how individuals think about their pension decisions and how this relates to their behaviour.

Finally, literature from the sociology of consumption connects the importance of consumerism in the post-modern world to subjective personal understandings of identity and status, demonstrating how agency in decision-making can be approached. However, the sociology of consumption has focused on material goods, and less is known about the consumption of financial products and other services. This thesis aims to draw on this body of research to consider how individuals might make decisions about their pension in a way that reflects the complexities of their everyday lives. This will contribute to the development of a sociological approach to financial decision-making.

Rational choice theory and pension decision-making

This section aims to consider literature on the decision-making model of rational choice theory, and how this has contributed to understanding pension decisions. It will also consider how this model has been modified by the discipline of behavioural economics. This is necessary given the dominant role rational choice theory has played (and continues to play) in policy and industry approaches to decision-making since it arose from neo-classical economics in the late 19th and early 20th century (Simon, 1957; Giddens, 1999; Ekberg, 2007).

Rational choice theory suggests that individuals make rational and logical decisions by calculating the outcomes of potential options then selecting the one which maximises outcomes (Jaeger *et al.*, 2013; Weyman and Barnett, 2016). This paradigm casts the individual as an analytical and calculative processor of the available choices and their outcomes, assuming that the individual has access to all relevant information to do so (Sen, 1977; Hansson, 2005; Jaeger *et al.*, 2013). The constant and calculative nature of rational choice theory suggests that there will be an optimum choice in every decision (Laibson, 1997, 1998; Hansson, 2005). Outcomes are measured in terms of utility, a concept in economics which refers to the satisfaction an individual derives from the consumption of a good or service, yet it is usually defined in terms of money or resources (Simon, 1957; Sen, 1977; Hansson, 2005). While satisfaction is subjective, rationale choice theory suggests that utility can be determined through consumer behaviour based on the assumption of consistent preferences (Sen, 1977; Hansson, 2005). This means that if an individual chooses product A over B, it can be deduced that product A offers greater utility to her, and she will always choose product A over B (Sen, 1977; Hansson, 2005). This economic understanding of rationality excludes other normative and affective factors to focus solely on measurable outcomes, with anything else deemed irrational (Etzioni, 1988). For example, Expected Utility

Theory, a model based on rational choice theory, suggests that the optimum choice can be found by calculating the expected utility (usually monetary value) and the probability of each choice and determining which one delivers the highest return (Kahneman and Tversky, 1979; Hansson, 2005).

Rational choice theory has been dominant in neoclassical economic theory and research as well as policy and industry (Sen, 1977; Wynne, 1982; Roeser, 2006; Sayer, 2011; Lee, Moon and Kim, 2017). It has been applied to pension decision-making through the life cycle savings model, which suggests that people make decisions about how much to spend and save based on expected income over their lifetime. The model suggests that consumption can be represented by an inverted U shape over the life-course, where assets are accumulated through the working life before being spent, or decumulated, during retirement (Ando and Modigliani, 1963; Knoll, Tamborini and Whitman, 2012). It suggests that assets accumulated for retirement during the working life will be proportional to income and wealth earned in total, as a way of smoothing consumption over the lifetime (Stewart, 2003). While the model has been subject to critique from within economics (for example, considering the role of individual's estimates about consumption and hyperbolic discounting (Hall, 1978; Laibson, 1998), it continues to underpin much of policy and industry thinking about pensions. The life cycle saving model has been used to justify much of the free-market orientated policies of the government aimed at promoting consumption smoothing through the private pension system, as discussed in Chapter 2 (Hall, 1978; Altman, 2012; Börsch-Supan, 2013; Mcknight, 2015).

However, there is very little empirical evidence to suggest that rational choice theory and the life cycle saving model reflect real-life behaviours. There are three key critiques that have been levelled against the theory. First, the assumption of constant preferences in rational choice theory is unrealistic and does not offer any explanation of why people prefer certain things (Sen, 1977; Etzioni, 1986, 1988). The life-cycle model allows for some adjustment of consumption; however it assumes that at any point in time people would be able to anticipate their future consumption needs without explaining the content of those needs (Ando and

Modigliani, 1963; Sen, 1977; Etzioni, 1986, 1988). While there have been attempts to formulate more realistic assumptions about preferences, for example, considering transient and dynamic time preferences (Laibson, 1998; McConnell, 2013), these solutions remain essentially tautological since the underlying suggestion is that individuals choose what they want to (Etzioni, 1986, 1988; Sayer, 2011; Jaeger *et al.*, 2013).

Second, rational choice theory assumes that maximisation and self-interest are the driving forces of individual behaviour, which suggests there is one best outcome in any decision (Simon, 1957; Sen, 1977; Etzioni, 1988). It suggests that individuals are mechanistic processors of options available to them (Jaeger *et al.*, 2013). Much empirical research has countered this view by highlighting the importance of normative, affective and subjective experiences in people's lives (Etzioni, 1988; Zelizer, 1997; Henrich, 2004; Roeser, 2006; Sayer, 2011). These experiences may support or constrain decision-making in different ways, meaning that there may not always be one best outcome available (as in rational choice theory) but multiple and conflicting possibilities that individuals must navigate (Etzioni, 1988; Zelizer, 1997; Henrich, 2004; Roeser, 2006; Sayer, 2011). This will be discussed in more detail in the third section of this chapter, which considers literature from sociology.

Finally, the theory assumes a perfect environment where individuals can make calculative decisions, which is highly unrealistic. Individuals face constraints which affect their decision-making practices such as cognitive biases, information availability and time pressures (Simon, 1957; Hansson, 2005). The concept of bounded rationality seeks to recognise these constraints within the model of economic rationality (Simon, 1957; Hansson, 2005). It was developed by Simon (1957) and suggests that people are rational yet bounded or restricted by both internal and external factors. This theory has led to the development of the discipline of behavioural economics, which highlights the role of heuristics and biases which negatively affect decision-making. This will now be considered in detail.

Decision-making in behavioural economics

Behavioural economics is an innovative branch of research in economics which combines economic theory and psychological experiments to identify the systematic constraints on individual decision-making abilities, following the concept of bounded rationality (Kahneman and Tversky, 1979; Institute for Government, 2010; McConnell, 2013; PPI, 2017a). It portrays individuals as fundamentally economically rational when it comes to decisions, but with flaws in the process of decision-making (Kahneman and Tversky, 1979; Hansson, 2005; McConnell, 2013; Weyman and Barnett, 2016). A good illustration of this bounded rationality is the financial education agenda, which suggests that people make bad financial decisions because they lack financial literacy, and the solution is specific financial education, since more education will lead to improved financial literacy and therefore, improved behaviours and decisions (Hathaway and Khatiwada, 2008; Willis, 2009; Price, 2015). However, it has been recognised that there is a lack of empirical evidence to support the effectiveness of financial education in improving either financial literacy or financial decision-making (Hathaway and Khatiwada, 2008; Willis, 2009; Miller *et al.*, 2015; Price, 2015).

Research from behavioural economics has developed the idea of bounded rationality further by identifying many decision-making flaws that are caused by heuristics, which are mental shortcuts that we use to make judgements, and lead to biases which negatively affect how the individual makes decisions (Kahneman and Tversky, 1979; Hansson, 2005; McConnell, 2013; Weyman and Barnett, 2016). These heuristics and biases explain why individuals sometimes appear to make 'irrational' decisions as they systematically affect how individuals interpret and respond to their environment (Kahneman and Tversky, 1979; Jaeger *et al.*, 2013; Weyman and Barnett, 2016). For example, Prospect Theory suggests that decision-making consists of two phases, editing and evaluation (Kahneman and Tversky, 1979; Hansson, 2005). In the editing phase, options that are not considered to be relevant may be removed from the decision process before they are evaluated, which could lead to suboptimal decisions, for example, individuals deciding on a transport method may consider driving or taking the train, without considering that there is a low cost bus that goes direct to their destination. This highlights the importance of how decisions are presented to the individual in the process of decision-making (Kahneman and Tversky, 1979; Hansson, 2005).

Much work in behavioural economics recommends ways to influence individual's decisions in order to correct the systematic flaws. These tools have been vigorously adopted by public and private sector organisations to influence individual decision-making. For example, a report entitled *MINDSPACE: Influencing behaviour through public policy* was published by the Institute for Government and the Cabinet Office in 2010 with the aim of using behaviour change theory to meet current policy challenges (Institute for Government, 2010). Behavioural economics techniques have provided the foundation to the automatic enrolment policy discussed in Chapter 2. The bias of inertia suggests that people tend to do nothing, and this forms the basis of the auto-enrolment policy as it suggests that those auto-enrolled are unlikely to opt-out of pension saving (Duflo and Saez, 2004; The Pensions Commission, 2005; McConnell, 2013; PPI, 2017a).

Research has also considered how other common heuristics and biases may be relevant to pension decisions, such as present bias (Duflo and Saez, 2004; McConnell, 2013; PPI, 2017a). Present bias describes how individuals place more value on immediate and short term benefits than those accruing in more distant time frames (Duflo and Saez, 2004; McConnell, 2013; PPI, 2017a). A number of researchers in behavioural economics have shown how present bias features significantly in inter-temporal decisions, meaning that individuals tend to prioritise rewards in the present over rewards in the future (Ersner-Hershfield *et al.*, 2009; Ersner-Hershfield, Wimmer and Knutson, 2009; Weyman and Barnett, 2016). In pensions, research from behavioural economics has found that individuals do not save for the future because they are systematically biased towards the present. This finding suggests that to get more people saving, we need to encourage people to think more about the long-term (Ersner-Hershfield *et al.*, 2009; Ersner-Hershfield, Wimmer and Knutson, 2009; Weyman and Barnett, 2016). This has gained traction in the pensions industry, evidenced in recent adverts from Aviva in 2016 where they used prosthetics to give people the experience of later life. This will be considered in more detail in Chapter 4, which considers literature about how people think about their later life.

The findings of behavioural economics represent a step forward from classic rational choice theory, yet they still fail to fully explain individual behaviour. This is illustrated by the impact of the automatic enrolment policy, as discussed in Chapter 2. This showed that while the mechanism of auto-enrolment has been successful in getting people to participate in workplace pension saving through inertia, people are not subsequently engaging with saving in the ways anticipated by the policy by responding to the incentives offered in the terms of employer contributions (PPI, 2017b). This represents a gap in our understanding of pension saving behaviour. This gap may be caused by the narrow view of behaviour taken in economics models. Like the conventional model of rational choice, behavioural economics considers individuals as mechanistic processors (albeit ones with flaws) (Jaeger *et al.*, 2013; McConnell, 2013; Weyman and Barnett, 2016). This does not resolve one of the fundamental issues with rational choice theory, which does not take into account the role of subjective individual experience in influencing decision-making practices. As mentioned above, sociological literature has considered real-world experiences of pensions, in particular, highlighting the role of structural factors and affective values which are ignored by economic models such as rational choice theory (Etzioni, 1988; Zelizer, 1989; Sayer, 2011). This will be considered in the next section.

Sociological research on pension decision-making

This section will consider sociological literature on decision-making and how this applies to pension decisions. The purpose of this is to compare these approaches to the economic models of decision-making that were introduced in the previous section and identify enduring gaps in the understanding of pension decisions which will guide this research project.

In contrast to the literature from economics and behavioural economics previously discussed, sociological research has highlighted the complex social realities of individual decision-makers (Sen, 1977; Ortiz, 2005; Jaeger *et al.*, 2013). While there is no single sociological model of decision-making, individual decisions are generally considered as embedded in the context of real, everyday lives, with emphasis on how decisions are shaped and constrained by their environment (Granovetter, 1985; Sayer, 2011). This embeddedness includes the role of structural factors, such as gender, class and ethnicity in affecting personal experiences as well as the role of individual agency which responds to the environment in affective and meaningful ways.

Most existing sociological research on pension decisions has focussed on the role of structural factors that individuals face in accumulating pension entitlement for later life (Ginn and Arber, 1996, 2001; Biggs, Estes and Phillipson, 2003; Dannefer, 2003; Vickerstaff and Cox, 2005; Meyer and Pfau-Effinger, 2006; Glaser *et al.*, 2009; Bettio, Tinios and Betti, 2013; Loretto and Vickerstaff, 2013; Madero-Cabib and Fasang, 2016). The theory of cumulative advantage or disadvantage suggests that inequalities in privilege compound over time, leading to systematic advantages or disadvantages in later life (Dannefer, 2003). Since people accumulate pension entitlement through their working lives in both the state and pensions systems, the pension system assumes a male, heteronormative lifestyle with steady, full-time work from the end of full-time education to retirement (Ginn, Street and Arber, 2001; Vickerstaff and Cox, 2005; Loretto and Vickerstaff, 2013). Much research has demonstrated how inequalities during the working life, when people are accumulating pension entitlement through both the state and private pension schemes, lead to higher risks of poverty in later life for disadvantaged groups (Ginn and Arber, 1996; Ginn, Street and Arber, 2001; Dannefer, 2003; Evandrou and Glaser, 2003; Vickerstaff and Cox, 2005; Glaser *et al.*, 2009; Loretto and Vickerstaff, 2013; Price *et al.*, 2015). As occupational or workplace pensions have taken an increasingly important role in terms of provision for later life as discussed in Chapter 2, any groups that are disadvantaged in the work place because of low (or un-) employment, low pay or poor terms and conditions, are less likely to accumulate pension entitlements in the private system (Evandrou and Glaser, 2003; Glaser *et al.*, 2009; Gough and Adami, 2013). The groups that have been identified as disadvantaged in this way include women and minority ethnic groups.

First, much research has found that women are disadvantaged when it comes to pensions, both state and non-state pensions (Ginn and Arber, 1996; Ginn, Street and Arber, 2001; Evandrou and Glaser, 2003; Loretto and Vickerstaff, 2013; Gardiner, Robinson and Fakhfakh, 2016). It has been highlighted that this is caused to some extent by the legacy effects of systems since the 1950s, which focussed on a breadwinner model which disadvantaged women (Bettio, Tinios and Betti, 2013; Madero-Cabib and Fasang, 2016). However there are also ongoing inequalities in employment, such as employment status (such as working part- or full-time) and remuneration, which affect the likelihood of scheme membership as well as contribution levels (Ginn and Arber, 1996; Stewart, 2003; Glaser *et al.*, 2009). Gardiner et al (2016) examined data from 2,492 participants of the English Longitudinal Survey on Ageing, aged 50 to 59, to examine the heterogeneity of women's private pension wealth and variation of gender disadvantage across different occupations. They found that women were 20 per cent less likely to be a member of a pension scheme than men (Gardiner, Robinson and Fakhfakh, 2016). Further, while private pension wealth amongst women varied with labour market orientation and lifetime earnings, it was consistently lower than the men in the sample (Gardiner, Robinson and Fakhfakh, 2016).

The pension system does not take into account the burden of unpaid domestic work, including caring which falls on most women (Ginn and Arber, 1996; Ginn, Street and Arber, 2001; Loretto and Vickerstaff, 2013; Vlachantoni *et al.*, 2015). This negatively affects working hours and earning potential over the lifetime: for example, family duties have been linked to the high prevalence of working part-time amongst women (Ginn and Arber, 1996; Ginn, Street and Arber, 2001; Vlachantoni *et al.*, 2015). An analysis of data from the British Household Panel Survey has found that for single male and pensioner couples, pension income and wealth was directly related to lifetime earnings (Stewart, 2003). However, the pensions of single women had a much lower elasticity of 0.33 than single men, meaning that a 1 per cent increase in lifetime earnings led to only a 0.33 per cent increase in pension income and wealth (Stewart, 2003). This indicates the presence of factors that restrict women's accumulation of pension wealth. Similarly, Ginn

(2003b) showed that women who have children and women who experience divorce suffer a significant loss of pension entitlements compared to peers who did not have children or did not go through divorce (Ginn, 2003b).

Second, it has been found that minority ethnic groups are disadvantaged in regard to pension wealth as they generally spend less time in full-time, secure, paid work than the pension policy model expects (Steventon and Sanchez, 2008). In an analysis of wave 1 of the UK Household Longitudinal Study, Vlachantoni et al (2015) found strong evidence that minority ethnic groups were less likely to benefit from pensions because ethnicity has a negative association with prospects of having paid work, being an employee, and having an employer who offers a pension scheme (based on data that had been collected before the implementation of automatic enrolment). The authors found that once in paid work, the pension differentials reduce for most minority groups, suggesting that access rather than lack of inclination to save causes the disparity in saving levels amongst ethnic groups (Vlachantoni *et al.*, 2015). There is research which suggests there is an intersectional hierarchy of disadvantage related to workplace pension participation where ethnicity interacts with gender disadvantage discussed above (Ginn and Arber, 2001; Gough and Adami, 2013).

These findings draw attention to the challenges within the institutional structures of pension provision. However, the literature has assumed the operation of structural constraints with little attention to the variation afforded by individual agency within advantaged and disadvantaged groups. The existing research does not consider how the individual's agency in making decisions about their pension during their lifetime may affect the accumulation of pension wealth within these structural constraints (Sewell Jr, 1992; Connidis and McMullin, 2002). The role of agency in shaping experience within structures has been highlighted by various sociologists. For example, the concept of 'habitus' (Bourdieu, 1977) describes how structural conditions become embodied in our dispositions through our life experiences. This means that the way we experience and respond to the social world is influenced by our gender, class, education, nationality and religion, and our behaviour reflects the socialisation of these aspects (Bourdieu, 1977). The notion of habitus suggests a mutually-reinforcing relationship between structure and agency (Bourdieu, 1977).

Another concept is structuration theory, which suggests that structure and agency work in tandem to maintain social systems (Giddens, 1984). Sociological ambivalence suggests that structural factors condition social relationships, which are then created and reproduced by individual action (Connidis and McMullin, 2002). Sewell (1992) described agency as a key constituent of the structure that empowers and constrains social action, and advocated for a theory of structure which embraced human agency within it. This perspective has been given little or no attention in existing research on pensions.

Where research has considered the subjective experiences of individuals when it comes to pensions, it has focussed on attitudes to pension saving. This literature has suggested that attitudes towards pension saving tend to be positive, although this is not reflected in incidence of saving behaviour (Baker, 2009; Gough and Hick, 2009; Department for Work and Pensions, 2012a; Foster, 2012, 2015). A survey by the Department for Work and Pensions (2012) based on a randomly selected sample of 1,949 adults in the UK, found that levels of pension resources varied with age, gender and economic circumstance, but were not aligned to attitudes. In a study based on analysis of 30 qualitative research interviews and data from the 2005/6 Family Resources Survey, Baker (2009) examined retirement saving behaviour and attitudes amongst young people under the age of 35 in the UK. This research highlighted the discrepancy between attitudes (which were generally positive) and behaviour (actual saving was limited) and suggested this was due to lack of access. Similar findings have been echoed in qualitative research with other groups. For example, Gough and Hick (2009) conducted qualitative research on attitudes to pension saving amongst ethnic minority groups, who accumulate less pension entitlements. The authors found a strong belief in the need for retirement saving, despite the lower incidence of saving (Gough and Hick, 2009).

This literature on pension attitudes tends to relate the discrepancies between attitudes and pension saving to the impact of structural factors discussed above.

This means that the behaviour of those who go against these structural trends is not well understood. We do not know why some people with limited disposable income decide to save for a pension, or why some people with high disposable income choose not to participate in workplace pension saving. This requires more focus on agency within decision-making, to understand how individuals think about their pensions and how this relates to their behaviours.

The need to consider agency in pension decision-making has been demonstrated through the work of Foster (2012; 2015) and Taylor-Gooby (2008). The authors have focussed on what their work has said about the operation of structural factors on individual experience. Yet their research also highlights how factors such as identity, knowledge, confidence and trust, which are related to individual agency, play into individual pension decisions.

Foster (2012; 2015) conducted qualitative research with young people (aged 18-30) on pension attitudes and planning and highlighted the role of subjective factors, such as perceived knowledge, trust and risk on engagement with pensions. Foster (2012) undertook a study with young women aged 18 -30 highlighted potential gender differences and socio-economic class differences in pensions planning. The author found that participants recognised that opportunities to save are not equal between men and women, yet found a prevailing sense of individual responsibility for pension saving. This showed the tension between structural conditions and individual agency. This study highlighted how subjective factors such as trust, risk and perceived knowledge affected decisions and varied amongst socio-economic groups, with higher socio-economic groups more likely to highlight the need to build up pension entitlement. While this undoubtedly shows the role of class in forming pension experiences, it also flags the potential to further examine the variations within these social groups.

In another qualitative study of thirty young men and women, Foster (2015) suggested that young people tended to focus on short-term concerns rather than pensions because they are dissuaded by the effort needed to assemble all the information to make an informed decision about their pension. Around a quarter of participants suggested they would be more inclined to save if they had a better understanding of how pensions work (Foster, 2015). This appears to give precedence to the structures of age and knowledge in forming pension engagement, which may lead to recommendations of more education for young people as a structural response. Yet it also highlights the potential to consider how variations in knowledge are perceived and experienced by individuals, and how this plays out in their decision-making. This focus on agency operating within structural conditions would deepen our understanding of pension engagement, which could lead to more nuanced policy solutions.

Taylor-Gooby (2008) studied the role of uncertainty, trust and risk in pension decisions through focus groups with full-time working adults aged 30-45 years old. While this research took place before the implementation of automatic enrolment, the participants represent part of the key target groups for the policy (Taylor-Gooby, 2008). The author found that trust in government was generally low and this affected trust in both state and private pensions. The author highlighted class divisions in how people responded to this problem, since middle-class participants felt more confident that private investments would be better, while working class participants felt they had no choice but to rely on state pensions for their long-term security. However, this also suggests that there may be variations in trust as a subjective measure within class groups, and an agency-based approach may uncover nuance about how trust plays into individual decision-making.

This body of research highlights that there are subjective influences on pension decision-making, which calls into question the underlying model of decision-making as rational choice which dominates pension policy and industry. This has not been systematically explored in research on pension decisions.

The final section therefore considers the sociology of consumption, an area of literature which demonstrates how subjective, personal processes of meaning-making can be approached through theoretical and empirical research. This will be considered with the aim of contributing to the development of a sociological approach to financial decision-making that will be followed in this research.

Consumption practices

This section will discuss literature around consumption practices and consider how individual pension decision-making may be considered through an agency-based approach. Sociological literature has shown the complex processes of meaning-making involved in consumption practices, which has been driven by the rise of consumerism in the late 20th century (Bauman, 2004; Gabriel and Lang, 2015). Bauman (2004) suggested that under post-modernism, individuals became consumers rather than producers, as freedom and choice increased. This suggests that consumerism is a key aspect of subjective personal experience. Yet, most of this research has focussed on material goods and largely ignored the increasing role of services such as financial products in our everyday lives (McFall, 2009b, 2009a, 2014; Deville, 2014). This section considers how this literature may be applied to pension decisions.

Consumption practices refer to how and why people buy goods and services. In economic models, consumption decisions are portrayed as a function of demand and supply, where buyers rationally calculate the utility of goods offered by sellers and select the one that maximises their return (as described by rational choice theory). Yet there is much sociological literature which suggests that decisions to buy goods and services are socially-constructed and reflect complex meanings of identity, status and belonging (Bourdieu, 1977; Warde, 1990; Sewell Jr, 1992; Bauman, 2004). The study of material culture has been a major part of this literature. In *An Outline of A Theory of Practice* (1977) Bourdieu theorised that the home and the items within it signal and reproduce the social structures that individuals operate within. The author discussed how the layout and features of homes in a North African Berber community, the Kabyle, represent cultural understandings of the community, such as gender and status (Bourdieu, 1977; Sewell Jr, 1992). For example, the author described how the home has gendered spaces, as women are associated with the darker, private areas while men were associated with the brighter, externally-facing sections, reflecting traditional gendered expectations of the private and public spheres. The author suggested that the materiality of the home environment is produced by and reproduces these cultural meanings (Bourdieu, 1977; Sewell Jr, 1992). This idea has been extended to the study of consumer goods, and how cultural models such as identity and belonging are similarly expressed through practices of consumption (Bourdieu, 1977; Bauman, 2004; Sayer, 2010).

Much of the research on consumption practices has related them to identity. Identity refers to the ways we define ourselves as an individual, such as beliefs, personality and social roles, and there is a constant process of negotiating the construction of identity. Much literature suggests that the process of identity-making through consumption is dynamic. In an early study, Veblen (1899) introduced the idea of conspicuous consumption, which suggests that people buy consumer goods in order to portray an image of themselves to others, for example, buying a sports car suggests someone is fun and outgoing (Veblen, 1899). This idea has been developed to suggest that we buy consumer goods for who we want to be, rather than who we already are at the time (McCracken, 1986, 1990). There is also much research on clothing as embodying and signifying identity (McCracken and Roth, 1989; Hodkinson, 2002; Jones, 2012). In his work on working class stereotypes, Jones (2012) suggested that clothing such as Adidas tracksuits and the Burberry print are used to identify and undermine working class people in the UK. Hodkinson (2002) discussed how clothes were actively used by goths in the UK to build and strengthen their individual and group identity, alongside other consumer goods such as music and media.

Research has also demonstrated how consumption practices represent social relationships and cultural values (Warde, 1990; May, 2011). For example, anthropological research has suggested that shopping practices represent meaningful relationships of love and care, such as a mother who particularly purchases her children's favourite food, even if there are cheaper or easier options (Miller, 1998). Even something as apparently mundane and routine as laundry practices are related to the cultural models that we associate with. For example, some people would wash an item after every use, whereas others would test it by smelling it, and only wash if it smelt bad (Pink, 2005). These practices varied by the type of item and what that item represented, such as a work shirt would be washed more than a casual T shirt (Pink, 2005). These cultural models of what clean means, and what clothes themselves mean, led to different purchasing decisions of laundry products (Pink, 2005).

While much research in this field has focussed on the consumption of material goods, consumption practices are not just about the good itself but also about how goods are acquired and used (Warde, 1990; Miller, 1998). Warde (1990) suggested that the meanings associated with a good or service refer to the conditions of consumption, including the modes of production, access and delivery relating to a good or service (Warde, 1990; Miller, 1998). The author examines this in the context of food, since it is a basic and essential need, yet there are many varied modes of consumption with different subjective meanings (Warde, 1990; Baldock and Ungerson, 1997). For example, practices of eating together at home have been connected to conviviality and familial belonging, while eating out at a fancy restaurant involves rituals that signify status and identity (Warde, Martens and Olsen, 1999; May, 2011; Bell and Valentine, 2013).

This body of literature suggests that practices of consumption are laden with meanings that relate to the material object being consumed and the broader context of consumption. However, there is less literature around the consumption of intangible products such as healthcare or financial services (Aldridge, 1998; McFall, 2009a, 2009b, 2014; Deville, 2014). It could be that services are less 'meaning-rich' than tangible consumer goods. For example, they tend to be consumed privately out of sight of others, leading to less conspicuous acts of consumption. However, the relative importance of these products in our economy suggests that this is a significant gap in our understanding. While literature has considered consumerism as a key feature of post-modernism, this period also saw the rise of services, including financial products, as a major industry, yet they have been given scant attention in studies of consumption practices (Aldridge, 1998; McFall, 2009a, 2009b, 2014; Deville, 2014). This may be due to the dominance of economic models in these areas of industry, although studies in cultural economy have shown the extent to which even such understandings of finance and economy are culturally constructed (Aldridge, 1998; Langley, 2006; Callon, 2008; Langley and

Leaver, 2012). For example, Callon has argued that economic systems are made up of agencements, meaning socio-technical models that give inherent meaning to and sustain the broader socio-cultural system of economy in which we are all actors (Callon, 2008).

One piece of research that does address the service gap in consumption practice literature is Baldock and Ungerson's (1997) work on the consumption of care services following reforms which brought market-based provision into an area that was previously covered by the state. The researchers found that the experience of care was significantly varied, yet did not appear to correlate to any personal identifiers such as age or type of service received (Baldock and Ungerson, 1997). This was surprising because care is usually seen as a homogenous and basic service, and so the researchers sought to understand the impact of reforms on individuals by considering their wider social context (Baldock and Ungerson, 1997). The researchers followed 32 people who had recently become consumers of care by conducting interviews and participant observation with the individuals and their families for a duration of six months (Baldock and Ungerson, 1997). They identified a typology of care consumers, based on the level of participation in the acquisition of care services, ranging from low (passive) to high (active) participation, and whether the approach was individualist (market-based) or collectivist (public services).

There were four types of care consumer in the typology (Baldock and Ungerson, 1997). First, **Consumerism** described an approach to purchasing care which was individualistic with high participation. This meant that the individual expected very little from the state and is happy to engage with private markets to satisfy their needs. The Consumerist individual was sceptical about whether public provision would work for them and tended to have enough resources to not have to resort to considering state provision (Baldock and Ungerson, 1997).

Second, **Privatism** described an approach to purchasing care that was individualistic with low participation. This was a passive approach with little consumer activity following the purchase of the service. The Privatist consumer put a lot of value on retaining autonomy but became increasing puzzled and frightened when the service did not meet their needs (Baldock and Ungerson, 1997).

Third, **Welfarism** was described as a collective approach to purchaseing care with high participation. This was associated with very active participation in negotiating services drawing on citizenship and welfare rights. The Welfarist individuals tended to be well-educated with experience in the public sector (Baldock and Ungerson, 1997).

Finally, **Clientalism** described a collective and low participation approach, where consumers were passive and gratefully accepting of the public services offered to them, even in the face of omissions, inflexibility and gaps in service. The clientalist consumer did not attempt to understand or change how the services offered to them work (Baldock and Ungerson, 1997).

Out of these four positions, the authors highlighted that the worst outcomes were usually associated with privatism, where individuals were often frustrated by the services available to them. The best outcomes were associated with welfarism, although the authors pointed out that if this strategy was employed by more people, the public sector would be overwhelmed. The authors found that the approach to consumption of care services did not appear to relate to income or wealth as may have been anticipated. The authors highlighted that there were potential effects related to class, gender and education level as subjective aspects of personal experience. This work shows the embedded nature of the consumption of care services as socially and relationally constructed rather than being standardised and homogenous (Granovetter, 1985; Baldock and Ungerson, 1997).

This literature suggests there is an opportunity to consider how people engage with pensions as a meaning-laden practice of consumption connected to their personal contexts. This may reveal more subjective patterns of behaviour in how individuals think about and relate to their pension. This consumption orientated approach would be innovative in the study of pension decisions. As has been suggested earlier in this chapter, pension policy and industry perspectives have tended to see pensions as a rational and calculative decision with the consumer as an objective participant (Gabriel and Lang, 2015). Where attention has been given by pensions policy and industry to pension savers as consumers, it has usually been to suggest that they play an active role in the regulation of the market (Farnsworth, 2016; Zokaityte, 2017). For example, Farnsworth (2016) analysed transcripts of House of Lords debates on pension reform which suggested that financial education was necessary to ensure that consumers could actively hold providers to account. However, this is complex because in practice individuals do not tend to choose their workplace pension provider: it is chosen by the employer on behalf of the employees, with little opportunity to influence this decision other than by opting out of workplace pension saving. Therefore it is unclear to what extent workplace pension scheme members consider themselves to be active (and potentially regulating) consumers, and how this affects their pension decisions.

In summary, there is little research which considers how consumption practices play into an individual's decision about their workplace pension. Literature on consumption has focussed on the practices of buying and using tangible, material objects, with little focus on the consumption of financial services such as pensions. This is a gap that this research seeks by investigating individual pension decisions as a rich area of personal and subjective meaning-making.

Conclusion

This chapter has considered existing literature about decision-making drawing on literature from economics, behavioural economics, sociology and anthropology in order to understand the decisions made after automatic enrolment into workplace pensions. Taking a multi-disciplinary perspective is necessary in order to identify the interdisciplinary gaps that will be explored in this thesis.

This chapter has shown that the dominant model of financial decision-making has been (and continues to be) rational choice theory from economics, which suggests that decisions are calculative and mechanistic as individuals seek to maximise their utility. The discipline of behavioural economics has developed rational choice theory by highlighting the role of heuristics and biases which serve as shortcuts in decision-making (Jaeger *et al.*, 2013). This portrays individuals as economically rational yet flawed in their decision-making practices. However, these models of decision-making fail to recognise the complexity of real-life decision-making as demonstrated in the impact of the automatic enrolment policy as discussed in Chapter 2.

In contrast to the economic research, sociological research has focussed on the empirical study of real-life pension decisions and outcomes as embedded in people's personal contexts. There is a large body of literature which has shown how many people are structurally disadvantaged by pension systems (Ginn, 2003a; Vickerstaff and Cox, 2005; Meyer and Pfau-Effinger, 2006; Vickerstaff, 2006; Frericks, Knijn and Maier, 2009; Price, 2009; Loretto and Vickerstaff, 2013; Grady, 2015; Madero-Cabib and Fasang, 2016; Price *et al.*, 2016). However, there has been less focus on the role of agency within pension decisions to explain behaviour within those structures. Literature from consumption studies has shown how practices of consumerism connect to subjective ideas of identity and status in the post-modern world, yet this body of literature has focussed on material, tangible goods rather than financial services. Therefore it is necessary to consider the processes of meaning-making that are associated with the practice of consuming a workplace pension.

The next chapter seeks to further contribute to this goal by anticipating some of forms of meaning that may feature in individual accounts of decision-making. The fields that will be explored in this chapter are money practices, perceptions of risk and trust, and perceptions of retirement and ageing.

Chapter 4: Alternative forms of meaning in pension decisions

Introduction

The previous chapter has considered how decision-making has been conceptualised in literature from economics, behavioural economics and sociology, and suggested that there is a need to develop an agency-focussed model of decision-making which reflects the complex realities of people's everyday lives. The sociology of consumption is a field which demonstrates this agency-focus, as it shows how processes of buying and using consumer goods are connected to subjective, personal ideas of status and identity. Yet this body of literature has not explored the consumption of financial services. This research seeks to address this gap, by considering pensions as a rich area of meaning-making in order to contribute to the development of a sociological model of financial decision-making.

This chapter seeks to further contribute to this goal by anticipating some of the specific forms of meaning that may feature in individual accounts of pension decision-making. This chapter turns to other fields of sociological literature where there is significant existing research on aspects of behaviour which have so far not been applied to pension decisions. The fields that will be considered in this chapter are money practices, risk and trust, and perceptions of ageing and retirement. These fields represent social, cultural or moral models for engaging with pension decision-making.

This chapter is structured into three parts. The first considers research on money practices from sociology and anthropology which has demonstrated the importance of social, cultural and moral rationales which reflect the complexities of everyday lives. There is a need to consider these multiple forms of rationality and how they are used in the process of pension decision-making. The second part considers how the concepts of risk and trust might influence individual pension decisions. These concepts have been much explored in sociological research and in some literature on the pension system, yet have not been extensively addressed in regard to individual decisions about pensions. The final part considers how perceptions of ageing and retirement feature in individual decisions about pensions. These are important cultural models, yet there are also many negative stereotypes about later life, and it is unclear how this may impact pension decision-making. This chapter suggests that qualitative investigation is needed to determine as to how these concepts and ideas feature in individual accounts of pension decision-making.

Money practices

This section will consider sociological and anthropological research on everyday money practices to illustrate how and why forms of social, cultural and moral rationales may be relevant for pension decisions. Money is usually held to be an impersonal, objective, rational tool, especially the form of modern Western currencies that support the economies of nation states (Hann and Hart, 2009). However, there is much literature which suggests that money is socially and culturally embedded in terms of how it is used and understood by people (Granovetter, 1985; Dodd, 2014). Money practices are bound by the contextual practices of exchange in the society in which they operate (Parry and Bloch, 1989; Hann and Hart, 2009; Martin, 2015). For example, certain things tend to be excluded from overt monetary exchange for social, cultural or moral reasons, such as access to elite universities (Hart, 2001) and bodily processes such as reproduction and organ donation (Martin, 2015).

Much research has demonstrated how money practices are related to the social, cultural and moral contexts of those who use it (Dodd, 1994; Zelizer, 1997; Martin, 2015). Zelizer's (1997) *The Social Meaning of Money* is a leading work in this area, which shows how money is used to enact different social and cultural values rather than fulfilling the tenets of economic rationality. The author draws on her own ethnographic research and a variety of cultural sources to illustrate the practice of earmarking. Earmarking is when people set aside money for different purposes, for example, money that is given as a birthday gift is usually handled and spent in a specific way, rather than being included in everyday expenditure. This practice allows people to create meaning through their use of money to fit with their social relationships and cultural values. For example, a person may decide to spend twenty pounds on a birthday gift for a friend rather than save it because they value the relationship with that friend and this takes precedence over the potential gain from saving (Zelizer, 1997). These value-laden practices are found especially in vulnerable areas of life. For example, in an ethnographic study of decision-making with households in Oaxaca, Mexico, Ortiz (2005) found that people followed a 'safety first' strategy in their monetary practices. This involved securing the basic means of life and maintaining prevailing social relations before considering other opportunities (Ortiz, 2005). This means that people spent their money with the aim of preserving their identity and autonomy, even if they could make more rationally profitable investments.

These multiple rationalities do not exclude economic rationality as much as interact in the tensions and contradictions of everyday life to form multiple conceptions (Perrow, 1984; Joffe, 2003). For example, Joffe (2003) refers to an ethnographic study by Jodelet (1991) which illustrated how French farming communities who lived with people with mental illness knew the illness was not contagious, but still kept items belonging to the mentally ill person separately as if to prevent kinds of contamination, demonstrating different types of values held simultaneously (Jodelet, 1991; Joffe, 2003). This suggests that investigating different forms of rationale used in pension decisions may be beneficial to understanding individual pension decision-making and will help to develop a sociological model of pension decisions in this thesis.

One such form of rationale is morality. Concepts of morality have been explicitly excluded from the economic theories that underpin much of pension policy and industry approaches to decision-making, as the rational choice model is considered to be objective and free of moral implications (Etzioni, 1988). However, critical literature has shown how even the most liberal, free market economies rationalise their existence through moral and ethical justifications (Dodd, 1994; Martin, 2002; Langley, 2006; Pryke and Du Gay, 2007; Callon, 2008). Sayer (2015) suggests that given that the purpose of the economy is to provide for our survival and well-being which ultimately has a moral nature, it is necessary to 'examine and assess the moral justifications of the basic features of economic organisation' (Sayer, 2015). Economic interactions offer a point where moral assumptions from different spheres of meaning come into contact, revealing tensions and conflicts, which deserves investigation (Zigon, 2008).

In capitalist economies, maximisation of wealth is justified as morally-appropriate behaviour and therefore expected as a social norm (Dodd, 1994; Langley, 2006). However, these behaviours create the potential for lasting inequalities in society as wealth can be accumulated and transmitted across generations (Bohannan, 1959; Hart, 2005). Ethnographies of non-capitalist societies have shown how individual wealth accumulation has been tolerated as a short-run pursuit, but in the long-run, such practices were seen as morally inferior to the values of the society, and this served to minimise inequalities (Bohannan, 1959; Parry and Bloch, 1989; Hart, 2001; Hann and Hart, 2009). Parry and Bloch (1989) suggested a key difference between capitalism and other economic systems is that under capitalism the pursuit of individual wealth is often seen as a long-term moral value at the expense of other societal values. This is relevant to pensions, because the increasing importance of private, defined contribution pensions means that the adequacy of pension outcomes is dependent on how much an individual saves during their life. It has been shown that this leads to increasing inequality, as people who are less able to save will be disadvantaged in later life (Clark, Knox-Hayes and Strauss, 2008; Clark, 2016). It is not clear to what extent (if at all) these moralistic concerns are taken into consideration when individuals are making decisions about their pension.

Another interesting point regarding morality and pensions relates to the concept of financialisation. Financialisation describes the process by which financial tools, markets and institutions have become increasingly important in economic and political systems (Martin, 2002; Taylor-Gooby, Larsen and Kananen, 2004; Ring, 2010). Much has been written about financialisation as a political and economic practice in the neo-liberal landscape and its impact on pensions policy as discussed in Chapter 2 (Martin, 2002; Taylor-Gooby, 2006, 2008; Grady, 2010; Ring, 2010; Langley and Leaver, 2012). It has been suggested that the principles of financialisation, such as individualisation and responsibilisation, have become moralistic ideologies for the individuals who must operate within such systems (Martin, 2002). For example, the rhetoric around personal responsibility suggests that individuals should bear the burden of providing for themselves instead of depending on the state (Aldridge, 1998; Martin, 2002; Rowlingson, 2002; Nyqvist, 2008; Ring, 2010). The rhetoric of responsibility has been criticised because it does not take into account the complex realities of people's lives and the constraints they face (Aldridge, 1998; Martin, 2002; Rowlingson, 2002; Nyqvist, 2008; Ring, 2010). For example, much research has shown how intergenerational transfers of resources help young people achieve responsible goals such as buying a house (Heath and Calvert, 2013; Heath *et al.*, 2017; Heath, 2018). This means that young people from less privileged backgrounds may be restricted in their ability to perform and enact the expectations of personal responsibility.

Yet we know very little about how these representations of morality influence individual pension decisions. A survey by the DWP in 2012 based on a randomly selected sample of 1,949 adults in the UK revealed that the proportion of people who agree that it is one's personal responsibility to save for a pension has increased from 52 per cent in 2006 to 60 per cent in 2012; however, the survey also suggested that the size of pension resources people had accumulated did not appear to align with their attitudes towards pensions (Department for Work and Pensions, 2012a). This means that it is not clear to what extent responsibility as a moral concept influences their actual pension decisions, which supports the need for more research in this area (Department for Work and Pensions, 2012a).

Another area of this literature considers how money practices follow social and cultural models of gender. Through qualitative research using questionnaires and interviews with British heterosexual couples, Pahl (1989) constructed a typology of household money control and management practices. The author identified four main types, which are management by either one of the spouses; housekeeping allowance; joint management (which can be full or partial), and independent management (Pahl, 1989; Coelho, 2014). The author suggested that type may be influenced by structural factors such as income, employment and education, but more importantly, highlights the role of the values and ideals of the couple around gender and families in establishing a household approach to money (Pahl, 1989; Coelho, 2014). Those with more traditional beliefs, such as the gendered roles of 'breadwinner' and 'homemaker', were more likely to lead to control of money and finances by the male partner (Pahl, 1989; Coelho, 2014).

Gendered money practices have been demonstrated in pensions, as pensions policies reflect hetero-patriarchal norms (Price, 2006, 2009; Grady, 2015). Through quantitative analysis of cross-sectional data from two years of the General Household Surveys (2001 and 2002), Price (2009) highlighted how most women who have ever had a child contribute less than a third to joint earnings, which has implications for pension accumulation. The analysis suggested that these gendered household structures create financial dependency in later life (Price, 2009). In the US, Knoll, Tamborini, and Whitman (2012) analysed data on retirement saving behaviours from the 2001, 2004 and 2007 waves of the US Surveys of Consumer Finances, representing 13,379 couples aged between 22 and 35 years old. Using descriptive and multivariate regression techniques, the authors found that marital status accounts for some variability in young people's saving behaviours, with stronger positive effects on women than men. This suggests that getting married may encourage people to save for retirement, especially women. However, we do not know how these cultural models qualitatively feature in practices of pension contributions, since there has been very little research which considers this.

In summary, sociological and anthropological literature suggests that money practices are embedded in the complex realities of people's lives and reflect their social, cultural and moral values. This suggests it may be important to consider how forms of social, cultural and moral rationale are used in pension decision-making, rather than assuming that they are determined by the calculative logic of maximisation. Very little is known about how individuals actually practice pension contributions and how this connects to their personal contexts, since the critical focus in academic research as well as policy and industry has been on systemic and structural considerations. Therefore, this research proposes to consider this gap by investigating the social and cultural rationales associated with pensions.

Like the literature explored in this section, there is a much sociological research on the concepts of risk and trust, yet these concerns have not been extensively addressed in research into individual decisions about pensions. The next section turns to consider how risk and trust might influence individual pension decisions.

Risk and trust

This section will consider how perceptions of risk and trust might influence individual pension decision-making practices. The term risk refers to an uncertain event that could lead to good or bad outcomes (Jaeger *et al.*, 2013). Pensions are a device for managing risk, since the aim of a pension is to control the uncertainty of older age by financially providing for a time when one may not be able to or not want to work. The term trust refers to a feeling of reciprocal co-operation and support, which is related since it also represents a way of dealing with uncertainty (Luhmann, 1993; Nickel and Vaesen, 2012; Vickerstaff *et al.*, 2012). Trust is an essential part of the pension system, since most pension members rely on employers, pension providers and the government to manage or run their schemes. Therefore, it is necessary to consider how perceptions of risk and trust play a role in individual decision making.

Much literature on individual perceptions of risk is dominated by economics and in particular rational choice theory, which suggests that individuals make rational and logical decisions by rationally calculating the outcomes of potential options then selecting the one which maximises outcomes, as discussed in Chapter 3 (Jaeger *et al.*, 2013; Weyman and Barnett, 2016). This perspective sees risk as objective and it focusses on the calculable probabilities and outcomes of risk, portraying a trade-off between negative and positive consequences (Friedman and Savage, 1948; Short, 1984; Thompson and Dean, 1996; Giddens, 1999; Taylor-Gooby and Zinn, 2006; Collard, 2015). Accordingly, individuals are considered to be rational and consistent processors of risk, which is conceptualised as a statistical-probabilistic concept (Taylor-Gooby and Zinn, 2006). This is illustrated by many studies in which participants are asked to rate risks on numerical scales and the ratings are analysed quantitatively (Slovic, 1987; Jaeger *et al.*, 2013). For example, Starr (1969) developed the revealed preference approach, where participants judge a number of risks and the results are compared against each other to determine apparently underlying preferences. The author calculated the perceived risk-benefit trade-off for a variety of activities such as nuclear power, smoking and mountain climbing to suggest which were considered to be the most 'risky' (Starr, 1969; Starr and Whipple, 1980).

Research from behavioural economics has responded to these critiques of rational choice theory by suggesting that heuristics and biases in decision-making also affect risk judgements (Jaeger *et al.*, 2013; PPI, 2017a). For example, optimism bias suggests that people are overly optimistic when assessing risks for themselves and those close to them (Harris and Middleton, 1994; Joffe, 1999). Weinstein et al (2005) found that smokers underestimated their risk of lung cancer relative to other smokers and non-smokers. In a telephone survey, 6,369 participants were asked questions about risks associated with smoking on a scale of 1 (meaning very low) to 5 (meaning very high) (Weinstein, Marcus and Moser, 2005). Current and former smokers judged their risk of lung cancer to be lower than the estimate by the average smoker, with current smokers estimating their own risk to be 3.17 compared to 3.77 by the average smoker and former smokers judged their risk at 2.14 compared to 4.05 by average smoker (Weinstein, Marcus and Moser, 2005). There is literature that suggests that optimism bias occurs frequently in risk judgements, for example, Taylor and Brown (1994) suggest that as many as 95 per cent of people are unrealistically positive about risk based on their studies involving groups of students evaluating various forms of risk (Taylor and Brown, 1994).

This statistical-probabilistic perspective of risk tends to be used in technical and industrial work on risk, including in the pensions industry (Giddens, 1999; Taylor-Gooby and Zinn, 2006; Ekberg, 2007). Pension providers often use risk appetite scales which are supposed to represent an individual's attitude towards the risk and reward trade-off. However, such scales have been criticised for reducing the complex concept of risk to a one-dimensional scale (Collard, 2015), which simply reflects thoughts and attitudes rather than behaviour (Sjöberg, 2000; Joffe, 2003). Investing in a pension, especially a defined contribution pension, comprises a number of very different types of risk, including market risk but also policy, inflation, interest rates and governance risks, amongst others (Black, 2002; Collard, 2015). It is not possible that all these factors can be understood through one single version of risk, as they are often incalculable even with all possible information (Joffe, 2003; Collard, 2015). Since most of this research does not consider real-life situations, the statistical-probabilistic perspective offers little understanding of how people actually evaluate and respond to risks in their specific contexts (Black, 2002; Roeser, 2006; Taylor-Gooby and Zinn, 2006; Lidskog and Sundqvist, 2012; Collard, 2015).

In contrast to these economic models of risk perception, literature from sociology has focussed on the contextual and social construction of risk and challenged the rational view of risk (Douglas, 1994; Taylor-Gooby and Zinn, 2006; Lidskog and Sundqvist, 2012; Jaeger *et al.*, 2013). This portrays risk as a complex and subjective process based on multiple factors including the characteristics of the risk itself and of the person perceiving and responding to it (Douglas and Wildavsky, 1983; Thompson and Dean, 1996; Taylor-Gooby and Zinn, 2006; Collard, 2015). This body of literature aims to better understand the factors that influence how individuals understand risk in their specific context (Douglas, 1994; Lanchester, 2010; Collard, 2015).

As an illustration, Joffe (1999) has built on the behavioural economics literature regarding risk heuristics such as optimum bias to determine a risk framework which is summarised as ‘Not Me, Other’. The author conducted a series of interviews regarding responses to the AIDS crisis in the early 1990s amongst young, urban adults with a high level of education in Britain and South Africa, who had a variety of exposure to AIDS prior to the interview (Joffe, 1999). The author found that, when faced with a risk, people assume that it will not happen to them, and instead attribute the responsibility for the risk to someone else. This ‘someone else’ is normally an ‘other’ group, that is, people who we do not see as members of our own group, and this study found that the AIDS disease was connected to homosexual males. The framework suggests that the response is that risk is not just determined by individual level processing, but that group membership and identity also play a role in determining the individual’s response to risk (Joffe, 2003). Joffe’s work moves away from the rational paradigm by demonstrating a contextualised and socially-constructed view of risk perception and response which highlights the role of social and cultural factors (Wynne, 1982; Joffe, 1999; Taylor-Gooby and Zinn, 2006).

One area of literature that has explored the role of social and cultural factors in risk perception is the study of worldviews, which are described as orienting dispositions about how the individual sees the world, and act as a foundation for the perception of risk (Douglas and Wildavsky, 1983; Dake, 1991, 1992). Based on ethnographic data and cultural sources from Europe, America and other countries, Douglas and Wildavsky (1983) identified four cultural types, or worldviews, which they suggested form the basis of different risk perceptions. The four worldviews are individualists, who tend to focus on the positive side of embracing risk, fatalists, who tend to do nothing and ignore the risk, egalitarians who try to collectively eliminate risk and hierarchists who try to regulate risks (Douglas and Wildavsky, 1983; Lidskog and Sundqvist, 2012). Empirical research has suggested that worldviews may affect real-life risk perceptions, for example, the fact that potential risks are frequently interpreted in light of already-held opinions or beliefs (Douglas and Wildavsky, 1983; Sjöberg, 2000; Joffe, 2003). This was demonstrated in a study by Fowlkes and Miller (1987). The authors studied the risk responses of local residents following the Love Canal incident, where dangerous chemicals were found to be leaching in a residential area from landfill nearby. The level of risk that the residents were exposed to was unclear, and residents in the broader community faced a long and protracted fight to get support to move out of the area. The authors found that two polarised perspectives arose amongst the householders in the area, which they called minimalist and maximalist (Fowlkes and Miller, 1987). The minimalists concurred with the authorities that the risk was small and insignificant and there was no need to leave the area, while the maximalists felt the risk was great and challenged the prevailing view of the authorities. The authors found that where the prevailing opinion on the risk aligned with an individual’s predisposed perspective, individuals were happy to accept it, but those who were not so aligned had to work harder to validate their position by conducting a greater information search (Fowlkes and Miller, 1987). The predisposed perspective of each group may represent potential underlying worldviews, which significantly influenced their response to the risk issue at hand (Douglas and Wildavsky, 1983; Fowlkes and Miller, 1987).

However, it is unclear how worldviews are formed and how stable worldviews are, as this was not addressed in Douglas and Wildavsky's research. Psychometric tests have found that worldviews may explain only 5 per cent of variation in risk perception (Dake, 1991, 1992; Sjöberg, 1995; Sjoberg, 1998). In the Love Canal study, Fowlkes and Miller (1987) suggest that demographic factors may play a role. The authors highlighted that there was a common demographic profile in the two groups, since the minimalists tended to be older with no children living at home, and the maximalists tended to be younger with young children. However, demographics did not entirely explain the position taken; while all of the young families were maximalists, not all of the maximalists were young families. The authors therefore proposed that demographic characteristics offer a guide as to what would be important to an individual and thus how they would judge risk (Fowlkes and Miller, 1987). This understanding of worldviews then suggests that one's worldview may change and adapt to one's circumstances, rather than being the stable foundation that the term 'worldview' suggests. It is also not clear to what extent the worldviews are culturally bounded, since the original work drew mostly on cultural sources from the US and other Western countries. This means there may be inter-cultural and inter-ethic differences in how worldviews are formed and used. This necessitates more research to establish the role of worldviews in people's decision-making practices.

While there is much discussion about risk in the pensions industry, there are very few studies of individual perceptions of pensions risk in the UK. Clark and Strauss (2008) have highlighted the role of demographic factors such as gender, age, income and household status in affecting risk-related attitudes in pension saving through a custom survey of UK pension plan participants' risk-related attitudes and behaviour of 1,000 selected members of the British population. The authors used logit and probit non-linear probability models, along with a linear probability model, and the three models produced equivalent results. The authors found that middle-aged people tend to be more risk averse than either younger or older groups, that high-income individuals were less risk averse than medium and low incomes, and that women were slightly more risk averse than men (Clark and Strauss, 2008). However this does not explain how these risks are responded to in real-life decisions. This suggests that we know little about how social and cultural factors such as demographics and worldviews affect individual decision-making in context. This is a gap that this thesis seeks to address.

This leads on to the consideration of the role trust plays in individual decision-making on pensions. Trust has been described as a reciprocal attitude of co-operation based on moral and political authority, which draws on the social theory of Hobbs (Nickel and Vaesen, 2012). Yet, it has also been suggested that trust represents a leap of faith which has a functional purpose: to overcome uncertainty (Luhmann, 1993; Nickel and Vaesen, 2012). In this sense trust is related to risk since both are methods for dealing with uncertainty, and placing trust in another entity may remove the effort needed to make a detailed evaluation of risk (Luhmann, 1993; Nickel and Vaesen, 2012). This is particularly relevant in the post-modern world, where we are expected to put our trust in the experts and institutions who are thought to have the right knowledge and skill-set to manage risk for us (Freudenburg, 1993; Blake, 2016). This has resulted in the prioritisation of expert knowledge in risk assessment (Wynne, 1982; Jaeger *et al.*, 2013). For example, Wynne (1982) analysed policy making involved in the Windscale Inquiry, which tackled the question of nuclear power, and concluded that the process of policy deliberation was imposed by authorities and did not take into account the concerns of the general public. The author described a 'deficit model' where the supposedly objective viewpoint of scientists is taken more seriously than the irrational lay opinions (Wynne, 1982; Joffe, 2003). This is particularly relevant in pensions, where pension scheme members are considered to not understand the risks associated with pensions and this leads to calls for the experts, such as providers and regulators, to do more to protect them (Blake, 2016). However, it is unclear to what extent pension members trust that these organisations will or can protect them.

Therefore, it is necessary to consider the role of trust in individual decision-making about pensions.

As was the case with literature on risk, many studies of trust have drawn on the rational paradigm which focusses on trust as calculative in nature (Luhmann, 1993). Yet this has been criticised by literature which suggests that trust is a complex and fragile socio-cultural behaviour (Slovic, 1999; Ben-Ner and Halldorsson, 2010; Vickerstaff *et al.*, 2012). Annette Baier (1986) has criticised rational approaches to trust for only considering trust in quasi-contractual relationships, when trust is most commonly found in familial and intimate relationships (Baier, 1986; Nickel and Vaesen, 2012). Baier also suggests that there is a moral aspect to these trust relationships, which can be seen in the kind of responses one sees when trust is broken, appealing to moral rather than calculative sense (Baier, 1986; Nickel and Vaesen, 2012). This is further evidenced by the asymmetrical nature of trust, where negative events have a greater impact on people's perceptions (Slovic, 1999; Vickerstaff *et al.*, 2012).

There are few studies that consider this in regard to individual decision-making practices. Most research on trust operates to measure trust as an attitudinal concept, for example, through quantitative analysis of data, such as in the Financial Services Trust Index produced by the Financial Services Research Forum or alternatively, through qualitative interviews or surveys which gauge trust amongst the general public (Vickerstaff *et al.*, 2012). However, these methods generally suffer the methodological challenge regarding the relationship between trust as an attitude or feeling and the behaviours that follow from it (Vickerstaff *et al.*, 2012). Given the complexity and multi-dimensional nature of trust, its influence on specific behaviours such as pension decisions is not well understood.

In the UK, it has been found that public trust in some government institutions, such as the NHS, is falling (Beck, 1992; Freudenburg, 1993; Taylor-Gooby, 2006; Vickerstaff *et al.*, 2012). In a study on trust in relation to pensions, Taylor-Gooby (2005) suggests that the declining trust in government institutions has been caused by a change in the type of trust being practised, moving from a passive, accepting trust to a more active, discriminating trust. The authors suggest that there are differences in how different socio-economic groups respond to this. While middle-class people tended to turn to private services and their own initiative to provide security where they fail to trust government institutions, working class people didn't feel they had any other choice and therefore reluctantly trusted the institutions, which the author described as ambivalent active trust (Taylor-Gooby, 2005). This study was conducted before the implementation of auto-enrolment, and we do not know to what extent, if at all, these ideas of trust have changed with the new policy. The implications of trust on pension decision-making following automatic enrolment, and therefore the long-term success of the policy, remain unclear.

In summary, we know little about the role of trust in individual decision-making about pensions, nor how this interacts with risk judgements within the decision-making process. This is a gap that this thesis seeks to address.

Building on this gap, two further cultural models which might affect pension decisions are retirement and ageing. Much literature has suggested that there are many difficulties and negative stereotypes when it comes to thinking about later life, yet how this might affect pension decisions has not been considered. This will be the topic of the next section.

Perceptions of ageing and retirement

This section will consider literature around perceptions of ageing and retirement to consider how this might apply to individual pension decision-making. These are prominent social and cultural models which may be relevant for pension decisions, in terms of thinking about and preparing for later life, yet have not been explored in pension research.

As mentioned in Chapter 3, much research around pension saving has focussed on the structural factors that affect pension accumulation, such as social class, ethnicity and gender, and the inequalities they cause. Where research has addressed individual decisions, it has been in terms of general attitudes towards pension saving, which do not appear to fully explain behaviour. This means that this literature has not addressed how individuals' feelings or expectations of the future play into their decisions about pensions in the present.

Time is an important element of how we think about and experience the world (Adam, 1990; Crow and Heath, 2002). We make sense of time by learning socially constructed references such as the clock and the calendar (Adam, 1990; Crow and Heath, 2002). In modern societies, time has become something that is increasingly organised and scheduled in ways that are predictable (Adam, 1990; Crow and Heath, 2002; Cook, 2017). This plays out in the idea of the life-course, which is a social script for experiencing the passing of time over the course of our lives (Neugarten, Moore and Lowe, 1965; Nelson, 2005; May, 2011). However, much sociological research has highlighted that people think about and experience time in multiple and complex ways (Crow and Heath, 2002; May, 2011, 2016; Cook, 2017). In an in-depth qualitative study with twenty-eight 18-34 year olds, Cook (2017) studied the ways in which people think about the present and the future, and how these relate to each other. The author found that avoiding thinking about the future does not necessarily imply an inability to connect to it as a real possibility. Rather, the author suggests that people develop strategies for managing the wider emotions arising from thinking about the future which reconcile with their subjective position in the present. This highlights the importance of considering how perceptions of ageing and retirement may influence decisions about pension saving in the present.

In regards to ageing in general, it is widely recognised that attitudes towards ageing tend to be negative, based on stereotypes and misconceptions of older age (Select Committee on Public Service and Demographic Change, 2013; Abrams *et al.*, 2015; Ferraro, 2018). Ageism is widespread, although it has received less attention than other forms of discrimination, despite being something that everyone may face during their lifetimes (Ferraro, 2018). Two theoretical explanations have come from social psychology for the persistence of ageism: terror management theory and the functional perspective, which are usually considered to be related (Nelson, 2005; Ferraro, 2018). Terror management theory suggests that negative attitudes towards ageing are caused by the need to avoid comprehending one's own mortality

(Martens, Goldenberg and Greenberg, 2005; Nelson, 2005; Popham, Kennison and Bradley, 2011). This theory draws from the idea that survival is a key driver of our behaviour, and this survival instinct is challenged by thinking about ageing and death. Research on terror management suggests the need to confront these fears and identify more positive associations of ageing, for example, accepting mortality and other bases for meaning in later life (Martens, Goldenberg and Greenberg, 2005; Nelson, 2005; Popham, Kennison and Bradley, 2011). The functional perspective of ageism suggests that it arises out of the need to protect one's sense of self by denying the threat that natural processes of ageing represent (Snyder and Miene, 1994; Nelson, 2005; Ferraro, 2018). This research follows work in social psychology, which demonstrates how the self is used to make meaning and organise our experience, thoughts, feelings, actions (Markus and Nurius, 1986; Snyder and Miene, 1994).These meanings are challenged by processes of ageing, which causes people to block them from their sense of self by 'othering' older people (Snyder and Miene, 1994).

Much literature has suggested that this functional denial of ageing can be overcome by encouraging people to connect to their future, possible selves (Markus and Nurius, 1986; Snyder and Miene, 1994). The idea of possible selves relates to adaptive, future-orientated representations of the self (Dake, 1991; Waid and Frazier, 2003). Following theories of symbolic interactionism, which suggests there is a link between the self and behaviour, it is suggested that possible selves guide behaviour in two ways: first, they help to evaluate current behaviour, and second, they motivate the individual to take action in order to move towards positive and away from negative versions of the future self (Mead, 1934; Markus and Nurius, 1986; Stryker and Burke, 2000).

The concept of possible selves has been used to investigate expectations of ageing and later life, in particular, showing how possible selves change and adapt over the lifespan. This has mostly been done through the use of questionnaires to collect data about possible selves and compare across age groups. For example, Hooker (1992) examined the relationship between possible selves and health amongst younger and older cohorts. This was based on two studies, the first with 114 adults aged 55 to 89 years in a face-to-face interview based on a questionnaire about possible selves (Hooker, 1992). The second involved 114 college students aged 17 to 23 years who completed the same questionnaire themselves (Hooker, 1992). The author found that health becomes increasingly incorporated into possible selves with age. Lacey, Smith and Ubel (2006) examined how happiness changes with ageing. This research showed that there is a tendency to think happiness decreases with age amongst people of all age groups, even though it is not necessarily true (Lacey, Smith and Ubel, 2006). The authors suggest that beliefs about ageing are important as they may influence decisions about preparing for older age (Lacey, Smith and Ubel, 2006). The study involved 273 participants aged 21 to 40 years, and 269 participants aged 60 to 86 years, who undertook a survey evaluating past, present and future happiness measures. The researchers found that self-reports of happiness were higher for older than younger participants, however, all participants believed happiness was likely to reduce with age (Lacey, Smith and Ubel, 2006). However, these studies are cross-sectional rather than longitudinal, so there may be unidentified cohort or period effects that affect the purported changes in possible selves as people get older. These studies also tell us little about how possible selves affect behaviour.

It is also unclear how these perceptions of ageing may influence pension saving decisions during younger years (Abrams *et al.*, 2015; PPI, 2017a). The concept of possible selves has been considered in light of savings behaviours by Parfit (1971) who suggested that if one does not feel connected to a future self, there may be no reason to reward that person through prudent behaviour such as saving (Parfit, 1971). This has been drawn upon by researchers in behavioural economics who have postulated this as an explanation for present bias as discussed in Chapter 3, where individuals tend to prioritise rewards in the present over rewards in the future (Ersner-Hershfield *et al.*, 2009; Weyman and Barnett, 2016). This hypothesis suggests that the greater a connection one feels to the future self, the more one will save for the future and vice-versa. Ersner-Hershfield et al (2009) tested this idea using a psychometric measure of future self-continuity, which assessed an individual’s endorsement of similarity between present and future selves, and tests designed to interrogate inter-temporal decision-making, where individuals have to choose between rewards now or in the future. The researchers found that differences in future self-continuity significantly predicted delayed gratification (Ersner-Hershfield *et al.*, 2009). This suggests that people who feel connected to future selves are more likely to provide for them through saving (Ersner-Hershfield *et al.*, 2009). However, this research does not explore the causality of this relationship, and this has not been empirically studied in real-life decision-making. Nonetheless this idea has gained traction in the pensions industry, evidenced in recent adverts from Aviva in 2016 where they used prosthetics to give people the experience of later life, with the intention of encouraging pension saving. This raises the need to consider how, if at all, possible selves influence individual pension decision-making.

It is also necessary to consider how ideas of retirement may influence pension saving behaviours. The concept of retirement represents a shared cultural representation in society (Moscovici, 1988; Feldman and Beehr, 2011; Phillipson, 2018). As discussed in Chapter 2, ever since retirement was first established in policy with the introduction of the state pension in the 1950s, the concept has been subject to much cultural, political and policy change (Vickerstaff and Cox, 2005; Moen *et al.*, 2006; Lain, 2016; Phillipson, 2018). The first pension schemes were based on a pattern of retirement where people were expected to work until 60 or 65 before retiring from work completely (Vickerstaff and Cox, 2005; Moen *et al.*, 2006; Lain, 2016; Phillipson, 2018). From the late 1970s, there began to be encouragement for workers to retire earlier, supported by generous occupational pension packages, as it was thought this would make jobs available for younger workers and contribute to resolving rising unemployment rates (Pemberton, Thane and Whiteside, 2006; Lain, 2016). During the 1980s, these defined benefit occupational schemes ran into funding and sustainability challenges as described in Chapter 2, which meant that the model of early retirement became unviable for most people. Faced with challenges of rising pensioner poverty and low private pension coverage, from the 1990s onwards the political agenda around retirement has moved to extending working lives, comprising political support and cultural change to encourage people working past retirement age (Vickerstaff and Cox, 2005; Lain, 2016; Platts *et al.*, 2017; Phillipson, 2018).

The extending working lives agenda has been subject to much critique, since research has highlighted the variations in people's ability to work past retirement age (Honig, 1996; Shultz and Wang, 2007; PPI, 2012a, 2014; Platts *et al.*, 2017; Di Gessa *et al.*, 2018; Phillipson, 2018). In particular, there is much literature that has highlighted the role of structural factors on retirement experiences, and the detrimental income, health and quality of life impacts of working longer for some groups of older people (Shultz and Wang, 2007; Zhan *et al.*, 2009; Phillipson, 2018). For example, Di Gessa et al (2018) analysed Wave 4 and Wave 7 of the English Longitudinal Study of Ageing relating to men aged 65–74 and women aged 60–69 (n = 2,502) and found that one-third of those working past the state pension age were doing so due to financial need. These people reported significantly lower quality of life compared to those who retired at the state pension age. Those who were working past the state pension age out of choice rather than necessity reported higher quality of life. This suggests that a significant proportion of the population may suffer if they are forced to extend their working lives (Di Gessa *et al.*, 2018). Platts et al (2018) studied patterns of unretirement, where people return to work, using the British Household Panel Survey (1991–2008), and following participants into Understanding Society (2010–2015), based on a survival analysis of people aged 50–69 years (N = 2,046). The authors found that around 25 per cent of participants experienced unretirement, although unretirement rates did not seem to be driven by financial need (Platts *et al.*, 2017). Rather, they suggest that unretirement is a strategy used by those who are already advantaged, and as such it could lead to greater income inequalities in later life (Platts *et al.*, 2017). Research has also highlighted the role of other demands on retiree's time, such as caring and grandparenting experiences, which may limit choices when it comes to retirement (Zhan *et al.*, 2009; Lain, 2016; Price *et al.*, 2016).

However there is also research which suggests that subjective factors also play a role in the retirement decision process (Feldman and Beehr, 2011; Shultz and Wang, 2011; Blekesaune and Skirbekk, 2012; Gardiner, Robinson and Fakhfakh, 2016). This literature suggests that how individuals view retirement and how it fits with their personal context will play a role in their decision to retire. This includes cognitive-affective aspects of personality, such as attitudes, personality type, self-esteem and identity (Feldman and Beehr, 2011; Shultz and Wang, 2011; Blekesaune and Skirbekk, 2012). For example, Robinson et al (2010) conducted an online survey with 365 participants who had retired or were close to retiring which analysed personality, life satisfaction, and retirement decisions. The authors found evidence that personality types were connected to different experiences of retirement and life satisfaction in retirement (Robinson, Demetre and Corney, 2010).

Vickerstaff and Cox (2005) have approached the investigation of retirement decisions as a site of structured individualisation, which combines the structure and agency theories represented in the previous literature. They studied retirement transitions amongst 60 employees from three case study organisations through semi-structured interviews. The authors highlighted the fragmentation of experiences at retirement, which can no longer be considered a point of mass transition for cohort groups. Despite this, they found there were structural patterns in terms of the decisions individuals made about their retirement. For example, potential income in retirement was a factor in restricting choice and women were subject to more precarity than men. The authors argued that the fragmentation of retirement experiences had resulted in an increase in the risks that individuals faced at the point of retirement.

This literature shows how decisions at retirement are shaped by personal context as well as structural factors. Despite this, very little research has considered how anticipating retirement may influence pension decision-making during the working life. There is some quantitative research, mostly from the US, which considers how expectations of retirement play into pension planning amongst middle-aged and older adults. Moen et al (2006) analysed data on financial and lifestyle planning from about 1,283 dual earner couples in their 40s and 50s from the Ecology of Careers Study from 1998 to 2000 (Moen *et al.*, 2006). The study found that feelings of mastery, meaning the ability to control the future, led to greater levels of planning for retirement amongst both men and women (Moen *et al.*, 2006).

However, the authors highlighted that retirement has become an ‘incomplete institution’, which means it is fragmented, and as such it is hard for people to feel able to make an informed decision about their future (Moen *et al.*, 2006).

Behringer et al (2016) used data from the Health and Retirement Study, a national panel study conducted by the University of Michigan Social Research Institute with support of the National Institute of Ageing, to analyse expectations about retirement in dual earner couples, where at least one of the pair was in the paid labour force and approaching 65 years old. The authors found evidence that most couples had expectations to retire together driven predominantly by the male partner’s retirement prospects, although this was influenced by age differences, the length of the marriage and race (Behringer, Perrucci and Hogan, 2005). Non-white couples were more likely to have separate plans for retirement, which the authors related to the lower prevalence of early retirement amongst African American and Hispanic women (Honig, 1996; Behringer, Perrucci and Hogan, 2005). The authors suggest that cultural norms influence retirement decisions, and in particular, disadvantage women who often lack financial or family resources (Behringer, Perrucci and Hogan, 2005).

These studies are based in the US, where there is a different model of pension provision, and it is not clear whether retirement decisions in the UK would follow the same pattern. Also, these studies have only considered adults who are approaching retirement and there is little research that considers the influence of expectations of retirement on pension decisions amongst younger adults. This raises the need for research to understand how expectations of retirement, which draw on prevalent social and cultural models, relate to pension decision making amongst younger adults.

In summary, this section has discussed research around perceptions of retirement and ageing, particularly negative stereotypes of ageing, possible selves as expectations of ageing and the changing cultural models of retirement. This has highlighted that there is little qualitative research which considers how these concepts play out in an individual’s decision about their workplace pension. This is a gap that this research seeks to address by considering how social and cultural models of ageing and retirement shape pension decisions.

Conclusion

This chapter sought to contribute to the development of a sociological model of decision-making based on multiple forms of rationale by anticipating some of the social, cultural and moral rationales that may feature in individual accounts of decision-making. It has drawn on literature from related fields of sociology where there is significant research which has not been considered in the field of pension decision-making. This chapter has suggested that these fields represent potential social, cultural or moral models for engaging with pension decisions, and has considered in particular literature on money practices, risk and trust, and perceptions of retirement and ageing.

Research on money practices from sociology and anthropology has demonstrated the social, cultural and moral rationales which reflect the complexities of everyday lives. There is a need to consider the forms of social, cultural and moral rationality that individuals draw on in the process of making decisions about their pension. The concepts of risk and trust have been explored in sociological literature and work on pensions, yet this chapter suggests there is a need to consider how these themes play out in individual decisions about pensions. The chapter also considered how perceptions of retirement and ageing may be influential in how people think and act in regard to their pension. This chapter suggests that these areas deserve further qualitative investigation to establish their role in individual pension decision making.

This chapter has built upon the previous one to establish the key research questions for this thesis. The next chapter will set out the research questions to be investigated and consider the methodology that will be used to explore these research questions.

Chapter 5: Aims and Methods

Introduction

The automatic enrolment policy, which requires employees to be enrolled by default by the employer into a private, workplace pension with a minimum level of contributions from the employer and employee, is considered successful, as the number of people saving through workplace pensions has rapidly increased in the UK since its introduction. However there remain concerns regarding whether participants will be better off in the long-run, especially since many have stuck to minimum contributions levels. This means there is a need to better understand pension decision making. This research aims to study the individual's experience of automatic enrolment into workplace pensions through in-depth qualitative research interviews with employees who have experienced auto-enrolment to understand the forms of rationality that are utilised in the decision.

The previous chapters have highlighted the need to consider multiple forms of rationality, including forms of social and cultural rationality and risk perceptions, in order to understand individual pension decision making. This is important as the findings from this research may help to improve policy-making at the organisational, provider and national level.

This chapter will outline the methodology used to undertake this research along with the epistemological and empirical issues arising from this method. The research follows a constructivist-interpretivist epistemological framework, which considers findings to be actively constructed through the research process by the researcher and participants together. This was necessary to explore this field given the complex and subjective nature of pension decision-making as part of an individual's lived experience. The methodology for the research was based on qualitative research interviews, following a constructivist grounded theory approach to data collection and analysis.

The first section will consider the research questions and the epistemological framework set out for this research, along with reflections on the position of the researcher in this framing. The second section will detail the research process. This will include an account of the initiation of the research, the data gathering process, the data analysis methods and the write-up phase. The final sections will consider the ethical implications and limitations of the research.

Research questions and epistemological framework

As has been established in Chapters 2, 3 and 4, the main research question for this research is:

- How do individuals understand and make meaningful decisions about their workplace pension in the complex contexts of their everyday lives?

This will be investigated by asking the following sub-questions:

- What are the social, cultural and moral forms of meaning that individuals draw on in the process of making a pension decision?
- To what extent do contextual, social perceptions of risk and trust shape pension decision-making for individuals?
- How do the social and cultural models of ageing and retirement shape how individuals think about and prepare for later life?

These research questions recognise the complexity and subjectivity of pension decision-making as part of an individual's own lived experience (Mason, 2002; Devine and Heath, 2009; Pink, 2012). This necessitates a qualitative research methodology to explore individual experiences and derive a deep understanding of the nuances of individual meaning-making in the process of making decisions about workplace pensions (Mason, 2002; Devine and Heath, 2009; Pink, 2012). The research aims to consider the realities of people's meaningful experiences, which are often taken for granted (Pink, 2012; Rosenberg, 2016). These experiences are not fixed and have 'multiple potentials' (Pink, 2012). The aim of the research is to develop an orientation within this complex landscape, and in particular, to develop theoretical understandings by comparing the experiences of participants to the economic model of rational decision-making that has served as foundation to the pensions industry and policy (Pink, 2012; Rosenberg, 2016; Swedberg, 2018).

The research was based on a subjective epistemology following the constructionist-interpretivist paradigm, which suggests that “realities are apprehendable in the form of multiple, intangible mental constructions, socially and experientially based, local and specific in nature” (Guba, Lincoln and others, 1994). This means that findings are seen as created through the interaction of participants with a researcher through the course of the research (Guba, Lincoln and others, 1994; Annells, 1996; Charmaz, 2008; Koro-Ljungberg, 2008). This epistemological framework was considered most appropriate for this research due to the complex and subjective nature of the field of investigation.

In accordance with this epistemological framework, the research followed Charmaz’ (2008, 2014) constructionist version of the grounded theory method for creating and interrogating data (Charmaz, 2008, 2014). This approach proposes four principles to guide qualitative research (Charmaz, 2008):

1. Reality is multiple, processual and constructed under the conditions of the research process.
2. The research process emerges from interaction.
3. The research process takes into account the researcher’s positionality, as well as that of the research participants.
4. The researcher and the researched co-construct the data through the research process.

Following these principles, data was gathered through 42 in-depth, semi-structured, face-to-face research interviews. According to the epistemological foundations of this research, sufficient opportunity was required to explore the space without overburdening the analysis of data (Mason, 2002; Devine and Heath, 2009; Baker and Edwards, 2012). This method of data collection was most suitable because it provided participants an opportunity to consider the complexities of pension decisions during the research interaction, working with the researcher to construct an account of their experiences (Guba, Lincoln and others, 1994; Yanow, 2006). This drew on a constructionist framing of the research interview as a dialogical act of meaning-making (Charmaz, 2008; Koro-Ljungberg, 2008). Respondents would be aged between 22 and 45 years to reflect the target group for the auto-enrolment policy.

The research was channelled through three large, private sector organisations who had already implemented auto-enrolment into workplace pensions. Choosing a small number of organisations limited contextual variation amongst participants while still providing an opportunity to recruit enough participants and to compare findings between the sites (Mason, 2002; Emmel, 2013). Participants were selected using the theoretical or purposive sampling method. This method seeks to combine the rigorous exploration of empirical phenomena that is associated with theoretical sampling with the more pragmatic nature of purposive sampling, which aims to identify the most appropriate and insightful cases (Mason, 2002; Emmel, 2013). It is an inductive and interpretive strategy in which the researcher can review the process of sampling, data gathering and data analysis throughout the research, which is in keeping with Charmaz' constructivist grounded theory method.

Following the constructive-interpretivist epistemology, data were analysed using a systematic, iterative approach which took place alongside data collection, allowing meaning to emerge from the data, and enabling the continuous adjustment of the data gathering process as new themes arose from the data (Strauss and Corbin, 1990; Charmaz, 2008, 2014). Coding was employed in two phases: first, an open coding process in the initial phase, remaining open to any new themes or concepts that arose throughout the research, and second, axial coding which aimed to understanding the relationships and dynamics between codes (Strauss and Corbin, 1990; Charmaz, 2008, 2014). These themes were then constructed into a typology of individual pension decision making including four different approaches. These are 'ideal types', following Weber's conception of the ideal type as a tool for the systematic scrutiny of empirical situations (Weber, 1978). Yet in keeping with the constructivist-interpretivist epistemology of the research, the aim of the typology was to represent the diversity of responses and compare different empirical situations (Kluge, 2000; Alarcão *et al.*, 2015; Rosenberg, 2016). The typology facilitates the development of theoretical understandings of the phenomena by comparing these constructions to the economic model of rational decision-making that underpins the pensions industry and policy (Baldock and Ungerson, 1997; Kluge, 2000; Alarcão *et al.*, 2015; Rosenberg, 2016).

Finally, the positionality of the researcher in the research interaction was considered in the process of research design and throughout the operation of data collection, analysis and write-up. It is not possible for the researcher to enter the field without any preconceived ideas or opinions that apply to the field of research, which necessitates a thorough examination of what the researcher brings through their role in the research interaction (Thomas and James, 2006; Devine and Heath, 2009). This must also be considered in relation to the positionality of the research participants (Charmaz, 2014). This will be documented in the next section.

The positionality of the researcher

As has been established in the epistemological framework that supports this research, the researcher plays an important role in the construction of data in these interviews (Charmaz, 2008; Koro-Ljungberg, 2008). A reflexive account of the researcher's own positionality is required to understand the research process as well as its findings. This section will be written in the first person in order to reflect the position of the researcher in the centre of the methods used.

I am a white woman and I am in my early 30s at the time of conducting this research. I am from a working-class background, as I was born and grew up in a working-class family in a former steel town in South Wales, although my professional and educational experiences place me in a more middle-class milieu. I was the first member of my family to go to University, and after completing a BSc in International Business, I joined a graduate scheme at a prestigious professional services firm. I spent seven years working as a management consultant, during which time I became increasingly uncomfortable with the narrow and detached view of social life that formed the basis of much business theory and practice. I decided to leave this career path to explore this issue, which took me to an MA in Social Anthropology, where I focused on Economic and Political Anthropology as a way of developing my understanding of the capitalist system. This led me to undertake research regarding real-life everyday economic practices that do not fit the normative models of mainstream economics and public policy. This goal has flowed into my PhD research, where my aim has been to show the diversity of practices around pensions which do not cohere with the rational model of decision-making, which has been discussed in Chapter 3.

The participants in this research were all upper working to middle class in their 20s, 30s and 40s. They were mostly professionals with a variety of educational backgrounds. This meant that I had a lot of common ground with my participants, which was a benefit in this research, as it meant I could quickly build rapport with them. My age placed me in the middle of the participants' ages, which means I did not appear to be too far away from their own life stage, and my ambiguous class position meant that I seemed similar to them and could be assumed to understand their experiences. I think this was aided by my professional background, which meant I was able to communicate with them in a way they were familiar with and I was comfortable when interviewing them in their workplace environment. All of the participants seemed happy to share their personal money and decision-mkaing practices with me, which suggested a level of trust and understanding. I interviewed both men and women for this research and I did not notice any differences in how participants responded to my gender during the interviews.

There are two key moments in the research process which require a more detailed examination of my positionality in conjunction with that of the participants, which are the interaction of the interview and the coding and analysis phase.

The interaction of the interview

The interview is an important site of interaction where the researcher and participants co-construct the data. The way in which the participants perceive the researcher will influence how they respond, and therefore the construction of meaning throughout the interview (Weiss, 1995; Wengraf, 2001).

As above, it is clear that I am part of the group I am trying to study. This is beneficial in terms of the objective understanding that was achieved from the interview, as we had a lot of shared references and understanding throughout the interview context (Wengraf, 2001). However, in such circumstances there is also a danger that elements are taken for granted and not explored fully through the interview (Wengraf, 2001). This needed careful consideration and reflection, not just during the interview but afterwards as well. An example of this is around the comparison of pension payments to student loans repayments or tax deductions. After a number of interviews, I realised that many participants had made this comparison, and it was one that I felt I understood, having experienced these things during my previous employment. However, I had failed to consider why this was the case, so I had not really probed this during the interviews. I determined to flag this in future interviews, and I also went back to one of my participants who had spoken about this to ask for more detail on why she felt these payments were similar. It transpired that the reason for this was the feeling of a lack of control over the payments, which led to a sense of detachment from the ownership of that money, and this was echoed by subsequent participants. These findings will be discussed further in the analysis chapters; however this serves to demonstrate how the constructivist-interpretivist approach to this research played out in the practice of research.

Furthermore, social desirability bias means it is possible that the participants will give the answer they believe is expected of them during an interview interaction (Weiss, 1995; Koro-Ljungberg, 2008). This was a very real concern in this research, especially as many people assumed the purpose was to make a judgement about whether pension decisions were right or wrong. However, the constructionist nature of this research suggests that there is no single truth but a version of reality, so even if participants tell me the version they think they I wanted to hear, it still tells us something about how individuals understand or rationalise their pensions decisions (Koro-Ljungberg, 2008). The voluntary nature of this research probably attracted people who had strong views on this, in one way or another, so it may be reasonable to assume that those I interviewed held extreme positions. This could be seen as beneficial under the theoretical or purposive sampling approach which seeks to explore the phenomena to the maximum variation and identify ideal types (which will be discussed later in this chapter). This fits with the epistemological foundations of this research as it seeks to construct an understanding of the phenomena of pension decisions by exploring the boundaries and working inwards. This will be reflected on further in relation to the analysis of the data.

Coding and analysis

During coding and analysis, it is important that a researcher is aware of how subjectivity may have impacted on the data (Charmaz, 2014). Contrary to the principles of grounded theory, a researcher cannot approach the research without any preconceived notions about the phenomena of pension decisions making. As detailed above, there were a very specific set of experiences that brought me to undertake this study. My personal aim of breaking down normalising assumptions about everyday economic practices will have influenced the understanding and prioritisation of topics through the coding and analysis phase. However, I have attempted not to let this bias dominate the research by considering how the topics raised can improve the understanding of pension behaviours. For example, the assumption of present bias in financial decisions is a key tenet of pension policy, and one that was supported by almost every interview. Yet what we do not know is how individuals understand and rationalise this bias in their decisions, which is something I tried to explore and will be discussed in detail in Chapter 6. In this sense, this thesis is not intended as a critique of the pension landscape, but rather, it seeks to offer a more nuanced view of individual decision-making practices in response to the pensions system in keeping with the epistemological foundations of the research.

These considerations of positionality will continue to be reflected on throughout the next section, which details the practicalities of the research process as it was undertaken. The remainder of this chapter will revert to being written in the 3rd person.

Research Process

This section will describe the practical application of the methodology set out in the first section. The section is in four parts, which cover the initiation, data gathering, data analysis and write-up phases.

Initiation of the research

This section will detail what happened during the initiation phase of the research, including the research setting, entry to the research site, and the selection and recruitment of participants. It will also consider the challenges faced in this area and how these were overcome during the research.

The research setting

Since the auto-enrolment policy is enacted at the organisation level (PPI, 2017b), it was decided that the research would be channelled through three large, private sector organisations. This was because the majority of employees in the UK work for large organisations who had implemented automatic enrolment first, so had the most number of employees who had been through the automatic enrolment process (PPI, 2017b). Large employers also offered an opportunity to reach a diverse sample of employees. Restricting the number of organisations to three served to limit contextual variation in terms of the specific details of pension schemes while still providing an opportunity to compare findings between the sites (Mason, 2002; Vickerstaff and Cox, 2005; Emmel, 2013). Three organisations were identified in collaboration with the Pensions Policy Institute, a sponsor of the research which has close relationships with a variety of organisations through their work. Company A is a publicly-listed hospitality company with over 10,000 workers and around £3bn turnover each year in the UK. Company B is a privately-owned firm in the fashion and design industry with over 10,000 workers and over £3bn annual turnover internationally. Company C (who were brought on board later in the research process to specifically target people who had opted out of workplace pension saving) is a large financial sector organisation with 77,000 employees and a turnover of £12bn internationally. All three companies already had voluntary pension schemes in place before implementing automatic enrolment, and offered an additional contribution match above the minimum requirements of the auto-enrolment policy.

The PPI supported with introductions to the relevant contacts in the pension teams at potential organisations. This was followed by lengthy discussions regarding the research process and the companies' involvement, including obtaining the relevant internal approvals for the research to go ahead. Of the three sites that were used, Company A were first contacted in April 2016 and the first interview was held in December 2016, Company B were contacted in September 2016 and the first interview was held in January 2017, and Company C were contacted in March 2017 with the first interview held in July 2017. This means that setting up the research took at least four months from the initial conversation with the company to the first interview with one of their employees. One additional company was contacted and discussions were initiated during this period, but did not go ahead with the research due to internal challenges in approving the project. This meant that the process of initiation took a lot of time.

The companies were generally supportive of the research and particularly interested in the outcomes of it, so it was agreed that the researcher would report back to them on the findings after the research was completed in return for access and support for the research.

Entry to the research site

The first stage of the research was to work with gatekeepers to understand how pensions worked in the company. A gatekeeper refers to a person at the research site who is responsible for the researcher's access to the site (Mason, 2002; Bernard, 2006). This is an important role in a qualitative research project, as the gatekeeper has significant influence over the progress of the research (Ahern, 2014). Therefore, there was the need to build relationships with the gatekeepers.

In all three companies, a member of the pension team was appointed to play this role, and the researcher organised a face-to-face meeting with the gatekeeper to discuss the pensions approach in the company. This was followed by the sharing of information about the workplace pension scheme by email as necessary. In this way, the researcher was able to learn about the pension scheme offered, how employees accessed information about their pension, and other relevant information about the company's pension system, which would be instrumental in understanding the participant's account of their pension decisions, as well as start building the relationship with the gatekeeper.

The next stage was to agree an approach to the selection and recruitment of participants from amongst the employees, and the challenges faced in this area. This will be discussed next.

Selection and recruitment of participants

The selection and recruitment of participants for this research was a challenging phase, which forced adaptions to the planned research design (within the same epistemological framework) while in the process of conducting research. This included the time and effort needed to engage the companies, restrictions on access to data which meant that certain recruiting and sampling techniques were not possible and the lack of gatekeeper time to support the research process. These challenges and the lessons learned from them have been reflected on in detail in a recent paper (James, Price and Buffel, 2018). This offered some important lessons for future research, most importantly, the importance of having adequate support in research organisations, the need for plenty of time for the research to deal with challenges, and the benefits of contacting potential participants directly using technology such as online surveys (James, Price and Buffel, 2018). Therefore, this section will focus on what was ultimately put into practice in terms of sampling and recruiting participants.

The selection and recruitment of participants was based on the theoretical or purposive sampling method, following the work of Emmel (2013) and Mason (2002).

The theoretical or purposive method reduces the burden of fully exploring emergent theories (as would happen under theoretical sampling) by purposively seeking out the most insightful cases to further the development of theory (Mason, 2002; Emmel, 2013). The theoretical or purposive sampling method highlights the importance of decisions that are made during the research process and reflect on the meaning of these decisions for the outcome of the research (Devine and Heath, 2009; Emmel, 2013). In this sense this approach not only helped to overcome the challenges faced in the field but also fitted the constructivist nature of the research and Charmaz' constructivist application of grounded theory which was followed during the research (Charmaz, 2014). The sampling technique also seeks to include negative cases or outliers which could further strengthen the explanatory value of this inductive approach (Mason, 2002; Emmel, 2013). This strategy was applied in this research by understanding the range of responses to auto-enrolment amongst participants, which resulted in three categories of pension decisions[2]:

- People who had decided to do nothing – so they have stayed in the pension scheme at the contribution level of auto-enrolment.
- People who had decided to increase monthly payments above the minimum contribution level of auto-enrolment.
- People who had decided to opt-out of the pension scheme, either at the beginning of auto-enrolment or subsequently.

Subsequently, the research aimed to recruit participants across these categories with variation by gender, marital status and parental status, as well as income and organisation role. This strategy would serve to enable the purposive exploration of the phenomena. An illustration of this is that after a number of interviews, the researcher found that the choice of contribution level was not simply about the affordability of contributions, which is commonly assumed to be connected to income within pension literature. One potential participant was prioritised for interview because she paid minimum contributions even though she earned a much higher income than all of the previous participants. This interview confirmed that her decision was not simply connected to what she could afford, and this allowed

[2] It was considered whether there may also be participants who had initially opted out, yet had since been re-enrolled and stayed in the pension scheme, although no such participants came forward during recruitment.

the researcher to focus on exploring other experiences that were not connected to the affordability of contributions in this and subsequent interviews, such as how the individual's ideas about the future affected their pension decision. This was much less intensive than having to seek out a larger number of participants at various levels of income (as would be expected under a theoretical sampling strategy). This meant that the method was practically suited to working in the private sector, where time and resources for the research are limited.

To support the use of theoretical or purposive sampling, short, introductory surveys were introduced to recruit and obtain some basic data about potential participants which could then be used to inform the selection of participants. The survey link was circulated electronically by the gatekeepers to reach a wide audience within the company quickly. This method was suggested by the gatekeeper of Company A, to overcome challenges faced in recruiting at this site, and was subsequently rolled out to Company B too (James, Price and Buffel, 2018). The survey link was initially sent (in an explanatory email) to various groups of employees, who were asked to complete the survey and to share within their own teams. This new approach proved successful, with 74 surveys completed and 22 respondents volunteering to be interviewed at Company A (with 13 interviews completed). At Company B, over 40 people completed the survey with 27 volunteering to participate in an interview (18 interviews were completed).

However, very few of the participants who volunteered through this method had opted-out of workplace pension saving, which was likely due to low opt-out rates in both companies, meaning these people were hard to reach. A small number of participants who had opted-out were recruited through the networks of existing participants, some of whom worked in different organisations. Through the relationship with PPI, another company was identified who had experienced a higher than anticipated opt-out rate on their long-standing workplace pension scheme, and wanted to investigate this further. This was Company C, a large financial and banking services company based in the UK and part of an international group. Following discussions with the company regarding the challenges of recruiting participants in general and participants who had opted-out specifically, the gatekeeper suggested that they might be able to source participants through an internal network of employees who have volunteered to be part of new initiatives within the firm. This meant that the gatekeepers were able to give me the names of employees who had opted-out of the pension scheme and were willing to participate in the research. This required a lot of internal effort from the gatekeeper to identify and verify these individuals, which the other companies had not been willing or able to undertake. This reflected the fact that Company C were already interested in the issue around opt-outs before interacting with the researcher, and were therefore willing to put more effort into supporting the research.

Outcomes of recruiting and sampling

In total, 42 participants were recruited for interview, representing a variety of demographic, social and workplace situations. The participants are shown in Table 5.1 below with key socio-demographic characteristics. A more detailed version of this table can be found in Appendix B. Contextual summaries of each individual participant and the research interaction with them can also be found in Appendix C.

The 42 participants in this study were drawn from three companies, as detailed previously and Table 5.1, with thirteen from Company A, eighteen from Company B, and five from Company C, as well as six opt-outs from other companies who came forward through word-of-mouth channels. Out of the forty-two research participants, twenty-two paid increased contributions, with twelve on minimum contributions levels and ten had opted-out of workplace pension saving. This means that the sample was biased towards people who had actively chosen to pay higher contributions. While this is not representative of the overall population in the UK, this did reflect the patterns of engagement the companies involved in the study, which had low levels of minimum saving and opt-outs.

No.	Pseudonym	Company	Method	Pension participation	Age	Gender	Marital status	Salary (£ p.a.)	Living arrangements	Children	Education level
1	Will	Other	Face-to-face	Increased contributions	30-39	Male	Married	50k-59,999	Rented (private)	0	Masters
2	Rebecca	Other	Face-to-face	Increased contributions	30-39	Female	Single	Over 60k	Own house (mortgage)	0	Masters
3	Lauren	A	Face-to-face	Minimum contributions	18-29	Female	Single	20k-29,999	Living in a house owned by s	0	Batchelor
4	Naomi	A	Face-to-face	Minimum contributions	30-39	Female	Married	20k-29,999	Own house (mortgage)	0	Batchelor
5	Rae	B	Face-to-face	Increased contributions	30-39	Female	Common law	40k-49,999	Rented (private)	1	Batchelor
6	James	A	Face-to-face	Minimum contributions	30-39	Male	Married	10k-19,999	Rented (private)	0	Batchelor
7	Charlotte	Other	Face-to-face	Opted-out	30-39	Female	Single	30k-39,999	Rented (private)	0	Masters
8	Joanne	B	Face-to-face	Increased contributions	18-29	Female	Common law	40k-49,999	Rented (private)	0	Masters
9	Emily	B	Face-to-face	Minimum contributions	30-39	Female	Single	30k-39,999	Own house (mortgage)	0	Batchelor
10	Jordan	B	Face-to-face	Increased contributions	18-29	Male	Common law	30k-39,999	Own house (mortgage)	0	Batchelor
11	Jemma	B	Face-to-face	Increased contributions	18-29	Female	Common law	20k-29,999	Own house (mortgage)	0	Batchelor
12	Kristina	B	Face-to-face	Minimum contributions	18-29	Female	Common law	20k-29,999	Rented (other)	0	Batchelor
13	Kim	Other	Face-to-face	Opted-out	30-39	Female	Married	Over 60k	Own house (mortgage)	0	Masters
14	Carly	B	Face-to-face	Minimum contributions	30-39	Female	Single	30k-39,999	Rented (private)	0	Batchelor
15	Phil	B	Face-to-face	Increased contributions	40-49	Male	Married	Over 60k	Own house (mortgage)	3	Masters
16	Matt	B	Face-to-face	Increased contributions	40-49	Male	Common law	40k-49,999	Own house (mortgage)	1	Batchelor
17	Leanne	Other	Face-to-face	Opted-out	30-39	Female	Married	10k-19,999	Own house (mortgage)	2	Secondary (A level)
18	Alison	Other	Face-to-face	Opted-out	30-39	Female	Married	30k-39,999	Own house (mortgage)	2	Masters
19	Toby	A	Telephone	Minimum contributions	18-29	Male	Single	20k-29,999	Living in a house owned by s	0	Batchelor
20	Amy	A	Telephone	Increased contributions	18-29	Female	Single	20k-29,999	Living in a house owned by s	0	Batchelor
21	Alfie	A	Telephone	Minimum contributions	18-29	Male	Single	20k-29,999	Rented (private)	0	Batchelor
22	Stuart	A	Telephone	Minimum contributions	30-39	Male	Single	50k-59,999	Own house (mortgage)	0	Other
23	Carolina	A	Face-to-face	Minimum contributions	30-39	Female	Civil partnership	Over 60k	Rented (private)	1	Batchelor
24	Kirsty	A	Telephone	Increased contributions	18-29	Female	Common law	20k-29,999	Rented (private)	0	Batchelor
25	Jamie	A	Telephone	Increased contributions	18-29	Male	Single	50k-59,999	Own house (mortgage)	0	Secondary (A level)
26	Kylie	A	Telephone	Increased contributions	18-29	Female	Common law	40k-49,999	Own house (mortgage)	0	Other
27	Chris	C	Face-to-face	Opted-out	18-29	Male	Single	Over 60k	Rented (private)	0	Other
28	Adam	A	Face-to-face	Increased contributions	18-29	Male	Common law	Over 60k	Own house (mortgage)	0	Batchelor
29	Mina	A	Face-to-face	Minimum contributions	18-29	Female	Common law	10k-19,999	Rented (private)	0	Batchelor
30	John	C	Telephone	Opted-out	30-39	Male	Married	Over 60k	Own house (mortgage)	2	Batchelor
31	Richard	C	Face-to-face	Opted-out	18-29	Male	Single	30k-39,999	Own house (mortgage)	0	Secondary (A level)
32	Jane	C	Face-to-face	Opted-out	18-29	Female	Married	20k-29,999	Own house (mortgage)	0	Masters
33	Sarah	B	Face-to-face	Increased contributions	40-49	Female	Married	Over 60k	Own house (mortgage)	0	Batchelor
34	Alice	B	Face-to-face	Increased contributions	30-39	Female	Married	40k-49,999	Rented (private)	1	Batchelor
35	Peter	B	Face-to-face	Increased contributions	40-49	Male	Married	40k-49,999	Own house (mortgage)	2	Other
36	Ash	B	Face-to-face	Increased contributions	18-29	Male	Single	10k-19,999	Living in a house owned by s	0	Batchelor
37	Meera	C	Telephone	Opted-out	18-29	Female	Single	30k-39,999	Living in a house owned by s	0	Unassigned
38	David	B	Face-to-face	Increased contributions	30-39	Male	Married	Over 60k	Own house (mortgage)	2	Masters
39	Anna	B	Face-to-face	Minimum contributions	30-39	Female	Married	20k-29,999	Rented (private)	0	Batchelor
40	Jodie	B	Face-to-face	Opted-out	18-29	Female	Married	20k-29,999	Own house (mortgage)	0	Batchelor
41	Izzy	B	Face-to-face	Increased contributions	18-29	Female	Common law	20k-29,999	Own house (mortgage)	0	Batchelor
42	Brian	B	Telephone	Increased contributions	40-49	Male	Civil partnership	50k-59,999	Own house (mortgage)	1	Masters

Table 5.1: Summary of research participants

The rest of this section will discuss the research participants of this study, first covering the demographic aspects of gender, age and income in detail, before considering the financial status of participants, using a report by the Financial Conduct Authority (2017) entitled *'Understanding the Financial Lives of UK Adults'* for comparison. The data behind this report is based on a tracking survey on consumers and finance involving nearly 13,000 face-to-face and online interviews, and the report describes the experiences of different groups of consumers (Financial Conduct Authority, 2017). This analysis provides a basis for comparison between the research participants and the general UK population in order to identify the ways in which the participants of this study may be biased and anticipate how this might affect the findings of this study.

Socio-demographic characteristics

The first socio-demographic characteristic to consider is gender. There were more women than men in the sample, with twenty-six female participants to sixteen male. This female bias was strongest amongst participants aged 20-29 and 30-39 years old and there were more men in the oldest category, 40-49 years old, with four men to one woman.

In terms of age, most of the participants (male and female) were aged between 20 and 29 years old. There were twenty participants in this age bracket, with the youngest participant being 22 years of age at the time of interview. The next largest group was the 30 to 39 years bracket, with seventeen participants. There were five participants aged between 40 and 49 years old. While the two younger brackets included participants in varied living situations, all of the participants in the 40 to 49 years age bracket were in long-term relationships (married, civil partnerships or common-law relationships), living with their partners in mortgaged properties.

In terms of income, only four participants volunteered for the research who were earning between £10,000 and £19,999 per annum. Furthermore, these four participants all had Bachelor degrees, so may have been unlikely to be on low incomes for all of their lives. This suggests that the participants may not represent the experiences of low-income workers. There were twelve participants earning between £20,000 and £29,999 per annum, which was the biggest income category in the sample. This is in line with the median equivalised household disposable income in the UK, which was £26,300 in 2016 (Office for National Statistics, 2017a). Across the other income categories, six participants earned between £30,000 and £39,999 and six people earned between £40,000 and £49,999 per annum. Four participants earned between £50,000 and £59,999 per annum and ten participants earned over £60,000 per annum. This suggests there is a bias in the sample towards privileged people on medium-to-high incomes.

There was a mixture of educational levels amongst participants but most participants had a Batchelor degree or above, especially within the younger age groups. This means the sample is biased towards educated people. There was also a mixture in terms of relationship status and living arrangements. About a third of participants had children, compared to two-thirds without, which is probably to be expected with the prevalence of participants in the 20-29 years of age category.

Overall, this suggests that the participants in this sample were reasonably privileged, as they were all in stable full-time jobs with a bias towards medium to high incomes and those with high education levels. However, this bias may be useful for this research. As discussed in Chapter 3, people on lower incomes and with broken work histories are less likely to have good pension outcomes. Since the people who participated in this research are privileged in these respects, they may be considered to be the vanguard of pension saving, who can expect good outcomes. Therefore it is useful to understand the variation amongst this privileged group in term of how they form meaning about their pension and how this influences their decisions. This especially applies to those people who are in stable full-time job with a good income, yet are not participating in the workplace pension to the extent that they might be expected to (i.e. those on minimum contributions or who have opted-out of workplace pension saving altogether). This will be reflected on in regards to the findings of this research.

Financial status

In terms of overall financial confidence, the FCA report (2017) highlighted that 46 per cent of adults report low knowledge on financial matters and 24 per cent have little or no confidence in managing their money. The report also suggested that confidence in managing money and other financial matters increases with age, as does satisfaction with financial circumstances.

Participants in this research were asked to fill out a short questionnaire which included a rating of their skill at dealing with money and financial matters on a scale of 1 to 10, where 1 is bad and 10 is excellent. The vast majority of participants in this research rated themselves over 5. Just four participants rated themselves under 5, which means around 10 per cent of the participants felt they had low knowledge and/or little confidence in financial matters. In line with the FCA findings, the oldest group of participants did rate themselves higher in terms of financial knowledge than the younger groups on average. However, the only participants that rated themselves as a 10 on the financial knowledge scale were in the 20-29 years age group. This could suggest that these individuals felt they were comparatively knowledgeable for their age group, or were overconfident about their abilities. Overall, this may suggest the participants were more capable or confident in financial decisions than the general public, as reported in the FCA report (Financial Conduct Authority, 2017).

The FCA report suggests that 46 per cent of adults are paying for credit, and that 50 per cent of consumers show signs of financial vulnerability, such as low financial resilience, a recent experience such as divorce or bereavement, low financial capability, or a health issue that affects day-to-day activities (Financial Conduct Authority, 2017). The participants of this research seemed more privileged in comparison, as few demonstrated any of these signs (although participants may have avoided talking about these things in a research interaction). Furthermore, almost all participants in this research reported on the questionnaire that they had no debt (other than mortgages and student loans). For some participants, it was subsequently revealed through in-depth discussion they did have some credit services such as credit cards and loans. It is possible that more participants underestimated their exposure to credit when completing the questionnaire, especially as there is a cultural tendency not to talk about debt. Yet, there were also a few participants who particularly stressed how they were using credit as a short-term device and avoiding paying for credit, which would mean they were not as exposed as the group highlighted by the FCA (Financial Conduct Authority, 2017).

The FCA report offers more detail on the financial practices of four age groups which overlap with my participants, which will be each considered in turn here.

18-24 years old

The FCA suggests that 30 per cent of 18-24 year olds save through a pension (Financial Conduct Authority, 2017). This is lower than the proportion of participants in this age group who participated in workplace pension saving in this research. This may be due to the participants being employed full-time by large organisations who have more attractive workplace pension schemes or selection bias in recruitment which attracted mostly people who are pension scheme members. The report highlighted the ‘fledgling financial needs’ of 18-24 year olds, such as saving for big ticket items, a focus on affordability, and present bias in terms of focus on living for today (Financial Conduct Authority, 2017). These key themes came through in the interviews with the younger participants.

25-34 years old

According to the report, 61 per cent of people aged 25-34 years old save through a pension, which is lower than the proportion of participants who saved in this research, as with the 18-24 years group above (Financial Conduct Authority, 2017). The report suggests that some members of this age group are in a similar position to the younger group with ‘fledgling financial needs’, but this age groups sees the start of more complex needs, with more property ownership, more use of loans and credit. The FCA report suggests that this group is the most at risk of over-indebtedness (Financial Conduct Authority, 2017).

35-44 years old

The report suggests that 71 per cent of this age group are saving through a pension (Financial Conduct Authority, 2017). This is higher than the younger groups, and this was reflected amongst the research participants, as this group had more pension savers than the younger groups. This is lower than the proportion of pension scheme members amongst the research participants. The report highlights that despite this high rate of pension saving, retirement planning remains a low priority, which was echoed amongst the research participants, none of whom had started thinking about their retirement in detail. The FCA also suggested that this age group have complex financial needs, including property ownership, loans and credit, and also insurance products. These themes were all brought up during the research (Financial Conduct Authority, 2017).

44-54 years old

The FCA reported that 77 per cent of people aged 44-54 years are pension savers, while all of the research participants in this age group were pension scheme members (Financial Conduct Authority, 2017). This group had complex needs like the previous group, but still lacked priority on retirement planning, which was found amongst the oldest research participants, who still had not started thinking about their retirement in detail.

In summary, based on the information presented by the FCA, the participants in this research were more financially aware and less vulnerable than many of the UK population. There were higher pension saving rates amongst participants of all age groups when compared with the FCA findings, which could be due to working full-time for large employers or the selection bias within the study. Despite this, the research participants reflected similar themes in terms of their financial needs as their peer groups, as reported by the FCA. Yet, it should also be noted that the research participants may have been more highly educated and more confident than the general public, and with lower debt. These differences will be reflected on later in the research in regard to the findings.

Data gathering process

This section will detail how data were gathered for this research, including why research interviews were chosen as the data collection method, the interview procedure and feedback on the research interaction.

Research interviews

In-depth research interviews were determined to be the most appropriate data gathering method for this research since the topic area is complex and involves subjective understandings of an individual's lived experience. One-on-one, in-depth interviews allow these understandings to be explored through the interaction with the interviewer to construct meaning (Charmaz, 2014). In this sense, the research interviews were a meaning-making act, with both the researcher and the participant as knowing subjects (Charmaz, 2008; Koro-Ljungberg, 2008).

The interviews were in-depth, which allowed the topic to be covered in detail to examine the deep complexity of the pension decision-making process. The meanings associated with these decisions may be revealed through direct discussion in the interview, or indirectly through the discourse, referents and subjectivity of the interview (Wengraf, 2001). This was taken into account in the analysis process, which considered the entirety of the research interaction as a specific cultural interaction, and this was captured during coding, such as where participants demonstrated discomfort or frustration (Charmaz, 2008; Koro-Ljungberg, 2008).

The interviews were semi-structured to allow flexibility while also providing some structure. While this is thought to result in more comprehensive and more insightful data because topics may come up which were not anticipated, it does require an interviewer to give up some of the control to the interviewee as they can talk about what they wish to (Weiss, 1995; Wengraf, 2001). This also necessitated extensive preparatory work on the topic guide to account for the semi-structured nature of the interview. The topic guide was developed and reviewed by the PhD supervisors, before being piloted to ensure it worked in practice with two participants who were recruited from outside of the case study organisations. It included topics such as employment and pension participation history, current employment and pension participation, how and why they made these pension decisions, and ideas about retirement and the future. The full topic guide is included in Appendix D.

Interview medium

Since participation in this research was voluntary, the interview procedure needed to be as straightforward as possible to encourage people to participate. Once identified as willing to take part in the research, participants were emailed and asked when and where would be most convenient for them to participate in an interview. Initially, the interviews were planned to be face-to-face, taking place at a convenient location for the participant. However, during the research it became apparent that it would benefit the recruitment to not be limited to locations that the researcher could easily travel to and the possibility of doing the interview by telephone may also be more convenient for participants.

There is little literature on the use of telephone interviews in qualitative research and they are often not discussed as an alternative to face-to-face interviewing in qualitative methods textbooks. In the literature that does exist, concerns have been raised that interviewing by telephone instead of face-to-face means losing some of the rich quality of the research interaction, such as body language and other social cues (Shuy, 2003). However, there is increasing recognition of the possible benefits from using telephone interviews, such as the anonymity provided by a voice-only interaction, and some research has found that there were no significant differences in interview content compared to face-to-face interviewing (Sturges and Hanrahan, 2004; Irvine, Drew and Sainsbury, 2013).

Two interviews were conducted with employees of Company A by telephone as pilots for the continued use of the method. The first interview went reasonably well, although during transcription it was noted that the researcher interrupted the participant at one point, which caused the participant to be less forthcoming in responding for a period afterward. It suggested that in telephone interviews, a researcher may need to make sure to give participants more space to talk. This was an important learning to be taken into the subsequent interviews, and this was put into practice in the second interview. The researcher made sure not to interrupt the participant and leave time to make sure they had finished, even if this created empty silences. This approach worked, and despite some technical issues where the signal failed, it was a very successful interview.

Overall, in comparison with the face-to-face interviews conducted, there were no significant differences in terms of content covered in the pilot interviews with the telephone medium, reflecting the findings of Irvine et al (2013) and Sturges & Hanrahan (2004). Therefore, it was decided to proceed with the use of telephone interviews in the study.

Ten interviews were completed by telephone out of the total of 42, with seven from Company A, one from Company B, and two from Company C, all of which were voice recorded in the same way as the face-to-face interviews. The remaining eight telephone interviews reflected the experience in the two pilots, although one telephone interview stood out, which was conducted with an employee of Company C. It was the seventh interview completed, so the researcher was comfortable with the method by then. The participant had a very strong regional accent which the researcher found hard to understand over the telephone, and the researcher had to ask the participant to repeat themselves. This made it hard to dive into questions in detail, as it felt like there was less rapport with the participant. This experience suggested that telephone interviews may be more challenging when there is less connection with the participants, and this is something that was worked on in the remaining interviews. It remains an important consideration for future use of telephone interviews.

Interview procedure

Once participants had volunteered to participate in the research, either by contacting the researcher directly or completion of the short survey, the researcher would reply to the participant to organise the interview. A template email was produced for each company for this purpose, which was adapted to suit any information that was known about the participant (such as location), and included the information sheet as an attachment for reference. An example of this template email is shown in Appendix E.

Following this email, it usually took a short correspondence to find a suitable time and place, after which the researcher would send a calendar invite to confirm the agreed details. A few days before, the researcher would confirm the arrangements for the interview by sending another email to the participant. If it was going to be a telephone interview, the researcher would send through the consent form and if the participant had not already completed the survey, a short questionnaire document which asked similar background information. The email would ask the participant to look over the documents in advance, to be discussed further during the call, so the researcher could address any questions they had on the documents.

Immediately before the interview, the researcher would review the relevant documents and write some brief handwritten notes about what was anticipated from that interview. Once the participant had arrived, the researcher would introduce themselves and offer an overview of the research, referring to the information sheet (that would also be given to the participant in hard copy). The researcher would then ask if the participant had any questions about the interview, before asking them to complete the consent form. In face-to-face interviews, this would be completed live, whereas in telephone interviews the researcher would ask the participant to return the forms after the call (although some participants sent it back in advance without prompting).

The researcher would explain the content of the interview, which first covers any previous experience of workplace pensions before their current employment, before moving to cover the detail of their current workplace pension decision, and finally, to consider what they think they will do in the future regarding pensions. If the participant was comfortable, the interview would proceed to the first topic. In general, the conversation would flow on from there, although the researcher would occasionally check the topic guide to make sure everything had been covered. Other topics that often came up during the interviews included selecting employment, life-course changes, budgeting practices and other saving and investment decisions.

At the end of the interview, the researcher would ask the participant if there was anything else that they felt was important about their pension experience that hadn't been mentioned. She would also ask the participants what they thought of the interview, and whether it met their expectations, before offering thanks and agreeing any follow-up, such as informing them about the findings of the research or contacting them about further questions. Immediately after the interview, the researcher wrote handwritten notes about how she felt the interview went, and key themes that had arisen from the interview.

In total, twenty-six hours of interview data were recorded. Interviews ranged from 20 minutes up to 55 minutes in length (with recording starting from after the initial set-up of the interview), with the mean length being around 37 minutes across both modes of interview (10 telephone interviews and 32 face-to-face interviews).

Participant feedback on interviews

Participants were asked for feedback on how they felt the interview went at the end of the session. Very few participants appeared to find the experience uncomfortable, although there were some specific moments of discomfort, which will be reflected on in the analysis chapters. Most participants said that the experience met with their expectations, with the rest suggesting that the experience had been easier than anticipated, since they had thought it would require more detailed financial knowledge about their pension. This indicates that the interview was not too challenging and participants felt able to contribute, however it highlights that people may have been discouraged from participating by the term 'interview'. This was discussed in detail with one participant in particular who suggested advertisements should have referred to a 'conversation' rather than interview. This reflects findings from constructivist literature such as Koro-Ljunberg (2008) who questioned whether a constructivist interview should be called an interview as it so fundamentally different from the question-and-answer format associated with interviews.

Some participants suggested that they had found the interview interesting, as pensions were not something they had really thought about before and the interview experience had awakened their interest in the topic. The researcher suggested that if anything came to mind following the interview, the participant could contact the researcher with anything they wanted to discuss. None of the participants did so, but when some of them were contacted to clarify or verify content of their interview (which will be discussed in detail in the next section), some mentioned they had been thinking about the content in more detail. This meant they were very happy to continue to be involved in the research process, which offered valuable insight in the analysis process. This highlighted the importance of offering participants the opportunity to be more involved in the research process, rather than seeing the interview as a singular and one-off interaction. Again, this draws reflections upon the term 'interview' itself, as discussed above. Of course, this ongoing involvement might not be practical for all participants, yet it is something that must be considered in future research.

Data analysis process

Recording and managing data

After each interview, the data recording was downloaded and stored in a password protected file on the University server and removed from the recording device as soon as possible. The file names were identified by their interview number rather than any identifier that could be traced back to the participant to maintain confidentiality (Wiles *et al.*, 2008; Devine and Heath, 2009). The researcher listened to the interview soon after the interview, and made additional notes on key themes or ideas to complement those made immediately before and after the interview.

The first stage of processing the data was transcription. This was done as soon as possible after the interview. The transcripts took around eight hours for each hour of interview recording, resulting in approximately 208 hours of transcription in total. During this exercise, this researcher was able to get very close to the data and think deeply about the content of the interview.

The completed transcripts were also stored in a secure file on the University server. The transferring of data files (including raw interview recordings and processed transcripts) was kept to a minimum to limit the chances of data being accessed by others, although the researcher kept a portable secure backup device of the data files which was occasionally used to enable working away from the University facility (for example, at home).

NVivo (version 11) was used to manage the data and for the purposes of coding and analysis. NVivo is a software package which supports qualitative data analysis. It was decided to use NVivo because the researcher had existing expertise in using the software which could aid the processes of coding and analysis. These processes will be considered in more detail in the following section.

Coding and analysing data

Coding is the process of categorising or indexing qualitative data (Strauss and Corbin, 1990; Mason, 2002; Charmaz, 2008, 2014). While at a basic level this process aids retrieval of data, it also feeds into the deeper analysis of the data, since it also serves to provide different views of the data and therefore the meanings contained within (Mason, 2002). This means it is a key analytical tool in qualitative research practice (Strauss and Corbin, 1990; Mason, 2002; Charmaz, 2008, 2014).

The process of coding and analysis draws on tacit skills which means it is often hard to articulate an approach that will work in every situation (Strauss and Corbin, 1990; Mason, 2002; Charmaz, 2008, 2014). It is impossible to achieve perfection in coding and analysis, so instead a researcher must recognise that qualitative research is messy, and one must constantly respond to the data in the most effective way to get the most out of the data (Mason, 2002; Charmaz, 2014). This section will document the overall approach to coding and analysis, recognising that this was an active, reflective and often messy process.

As mentioned above, the research followed the constructivist grounded theory approach, which is based on constant comparative analysis (Charmaz, 2008, 2014). This means that coding and analysis occurred alongside each other and the framework used to analyse and code the data was constantly revisited as each interview was recorded, managed and analysed (Charmaz, 2008, 2014). This enabled continuous refinement of the analysis as well as providing feedback for the data gathering process itself, for example, themes could be built into the topic guide for future interviews (as discussed earlier in regard to the comparison of pension payments with student loans).

A key tenet of the grounded theory approach to data analysis is that codes are allowed to emerge from the data, rather than being based on any preconceived theories (Strauss and Corbin, 1990; Charmaz, 2008). This principle was followed by employing an open coding process in the initial phase, but remaining open to any new themes or concepts that arose throughout the research, before undertaking a second level of axial coding which aimed to understand the relationships and dynamics between codes (Strauss and Corbin, 1990; Charmaz, 2008).

The first stage of coding was to ask three key questions of the data (Charmaz, 2014):

- What is this data a study of?
- What category does this incident indicate?
- What is actually happening in the data?

This coding was done on a small-segment-by-small-segment basis, where a small segment referred to a spoken sentence or two. At this stage, the aim was just to reflect what the data was saying, even if this resulted in many different codes, reflecting an open coding process (Strauss and Corbin, 1990; Mason, 2002; Charmaz, 2008, 2014). This process was completed immediately after the transcription using NVivo. There were about 140 first level codes, and examples are shown in Appendix F.

The second phase of coding was intended to synthesise the codes by bringing them together and identifying the categories emerging from the data, and subsequently draw them into themes (Charmaz, 2014). This is referred to as axial coding (Strauss and Corbin, 1990; Mason, 2002; Charmaz, 2008, 2014). The second period of coding started when most of the interviews were completed (around 34, with the remainder completed in September 2017). The researcher revisited the first-level codes, identifying categories amongst them and then reviewing the interview segments relating to these categories in detail to ensure the researcher was happy with the categorisation. The purpose of this activity was to eventually draw out the major themes arising from the data through the iterative process of forming categories. This process confirmed that theoretical saturation had been reached, as there were no new themes emerging from the data (Strauss and Corbin, 1990; Mason, 2002; Charmaz, 2008, 2014).

By the end of the coding process, there were 32 second level codes, examples of which are shown in the Appendix F. There were six key themes that emerged from these codes, which were:

- Level of participation
- Reliance on pension
- Rationale of pension saving
- Risk and trust
- Older age
- Interview context

These themes represented the relevant dimensions of individual pension decision-making, and these were used to inform the approach to writing up the findings, which will be detailed in the next section.

Writing up

In presenting the findings, this research has constructed a typology of individual approaches to pension decision-making. The approaches can be considered as ideal types, following Weber's conception of the ideal type as a tool for the systematic scrutiny of empirical situations (Weber, 1978; Baldock and Ungerson, 1997; Kluge, 2000; Rosenberg, 2016; Swedberg, 2018).While Weber considered the ideal type to be an objective tool based on scientific rationality (Weber, 1978), in this research, the concept was applied in keeping with the constructivist-interpretive foundations of the research. This epistemological framework suggests that there is no one objective reality that could be encompassed into one single ideal type; instead, this research posits multiple types to compare different empirical situations that represent the lived experiences of participants (Guba, Lincoln and others, 1994; Kluge, 2000; Mason, 2002; Rosenberg, 2016; Swedberg, 2018). It is recognised that ideal types cannot be absolute, exhaustive or complete representations of the field, nor are they ideal in terms of being a goal for behaviour. The typology seeks to provide constructions which represent the diversity of responses to pension decisions amongst participants and to develop theoretical understandings of the phenomena by comparing these constructions to the economic model of rational decision-making that underpins the pensions industry and policy (Baldock and Ungerson, 1997; Kluge, 2000; Alarcão *et al.*, 2015; Rosenberg, 2016).

The process of constructing the typology was active and iterative, rather than linear (Kluge, 2000; Alarcão *et al.*, 2015). This means that the researcher created an initial version of the typology which was revisited and refined through multiple iterations to reach the final version. The construction of the typology was also comparative through the systematic testing of the types identified. The following describes the general process that was undertaken, which draws on Kluge's (2000) model of empirically grounded type construction (Kluge, 2000; Alarcão *et al.*, 2015). First, the process involved understanding the general view of participants experiences based on the key dimensions which had been identified during coding (Lazarsfeld, 1937; Barton, 1955; Kluge, 2000). This was represented by the grid which was constructed on the dimensions of participation and reliance, the two most salient themes that were identified. Then participants' experiences were located on the grid and grouped on the basis of shared properties (which were the other themes identified, in particular, rationales of decision-making and perspectives of risk). These groups were then tested in terms of the similarities within the group and the difference between the groups (Lazarsfeld, 1937; Barton, 1955; Kluge, 2000). This resulted in some adjustments to the typology, iteratively moving between locating, grouping participants and then testing the emerging types.

At a later stage in this process, the researcher determined to review the typology with participants through second interviews to verify the understanding that had been developed. These were in-depth second interviews lasting between 40 minutes and 1 hour. Based on the emergent typology described above, the researcher contacted participants who appeared to fit each approach to garner their feedback on the typology and how their behaviour fit within it. In total, the researcher reached out to seven participants in this manner. This approach was highly beneficial because it allowed the refinement of the typology and ensured that the perspectives and opinions of participants remained in the foreground of this study. The accounts of the seven participants who took part in the second interviews form a large part of the empirical analysis in Chapters 7 and 8.

Ethical considerations

A consideration of ethical issues is essential to any research project. The research was approved by the University of Manchester Research Ethics Committee (historical project number 2017-2017-2849) through the School of Social Sciences in June 2016, and fieldwork started shortly after this.

There were key ethical issues that were taken into account in the research design and in the practice process of interviews, which will be discussed below. This will be followed by a discussion of ethical issues that arose during the project.

Interviews are close, personal interactions.

The research interview is by nature a close interaction with participants which could make participants feel uncomfortable. To reduce the likelihood of this happening, the researcher ensured that participants had a clear understanding of the aims of the study and what would be expected of them by sharing the information sheet with them beforehand. However, there were still occasionally moments when the participant was showing signs of discomfort, for example, extended silences or fidgeting. In these cases, the researcher checked if the participant was okay, sought to reassure them and moved away from the topic of discussion.

Financial matters in particular are personal and sensitive; discussion may lead to disclosure

The topic of finances and financial decisions is often seen as personal and sensitive, which heightens the potential for discomfort as mentioned above. Some participants demonstrated that they were uncomfortable talking about specific figures when it came to their finances, and the researcher did not pressure them to do so. The researcher also sought to reassure participants that the interview is confidential, so the information they provide will only be used for the study and anonymously.

For some participants, the discussion of financial matters led to disclosure of related sensitive topics, such as bankruptcy. The researcher was prepared to deal with such topics by providing information about potential sources of support, which was offered to the participants. Some participants also highlighted they felt they needed more information or advice about their pension, and the researcher was able to direct them to a number of free online resources, such as webpages of the Money Advice Service.

Ethical concerns that arose through the project

One ethical issue that arose during the research was around paying participants. The research had been designed as voluntary with no payment to participants. This was considered to be the best approach in order to limit the potential that people participate for the offered incentive. Since participants were being contacted through their workplaces, this added credibility to the study without the use of incentives. For many participants, the interview took place during paid working hours, which reduced the need to compensate for their time.

However, in the period when few participants had come forward the researcher considered whether paying incentives would benefit recruitment by appealing to a broader audience. Ethical approval was sought to add this to the research design; although in the meantime other methods avenues were pursued and in the end incentives were not used. This is something to bear in mind for future research, especially in terms of recruiting participants from very low-income groups.

Another issue that came up was the discomfort that some participants experienced when talking about ageing. Almost all participants suggested it was difficult to think about the future, and many used humour to detract from this (which will be reflected on in the analysis chapters). Some participants gave noticeable signs of discomfort, such as sighing, pausing for prolonged periods, or looking away. The researcher had anticipated that talking about money and finances would provoke discomfort, so it was interesting that it was more often the topic of ageing instead that triggered this. The researcher sought to comfort the participants and ensured that they knew they did not have to answer if they felt uncomfortable. The researcher also sought to use ways of approaching the topic without directly asking for their idea of older age, for example, asking if the participant knew anyone who was currently receiving a pension and then comparing what they think their experience will be to this person. For some people however, this was not appropriate as they demonstrated strong discomfort and the researcher did not push the topic any further.

Limitations

While the epistemological framework and methodology set out in this chapter represents the best method for approaching the research field, it is impossible for a single piece of research to tackle the whole landscape of tensions and interactions in any social phenomena (Harding, 1991). Like all research projects, there are some limitations to the scope of this study and it is important to recognise these. There are three limitations that have been identified in regard to this research, which will be discussed in brief here and returned to in the discussion chapter.

First, the voluntary nature of participation meant that those who volunteer to be involved are self-selected, and are likely to have a specific opinion about pensions and auto-enrolment, since they think it is worthwhile to participate in such a study. As was discussed in an earlier section, it is possible that the participants had strong views about pensions, either positive or negative, and as such this study may lack the perspective of people who are indifferent to the topic. This will be considered throughout the analysis chapters, to reflect upon how this may impact on the understanding of pension decision making developed through this study.

Another limitation is the lack of participants on low incomes. There were few participants earning between £10,000 and £19,999 per annum, and most were in the upper regions of this bracket. The organisations in the study did have fewer employees in this bracket due to the nature of their businesses, although it is also likely that lower income participants were not attracted to participate in the study due to stigmas associated with being on low incomes and not feeling able to afford pension contributions. It is suggested that a different research design would be required to target these individuals in particular in such a research project, for example, clearer targeting, use of different language which avoids these stigmas and the use of incentives during recruitment and selection of participants. However, as discussed earlier in this chapter, this bias towards medium- and high-income individuals in stable, full-time jobs provides an opportunity to study pensions as a meaningful part of everyday lives amongst people who are privileged in their access to and ability to participate in workplace pension saving. In particular, considering the experiences of the people in these groups who choose not to save in a workplace pension may be particularly informative to understand the role of agency in decision-making.

Finally, by interviewing individuals from large organisations in the UK, the research findings are not generalizable to employees of small- or medium-sized organisations in the UK, people who are not in paid work, or indeed to people in other countries. This research project determined to focus on large organisations as a fertile ground for investigation since the majority of employees in the UK work for large organisations where they would be offered a workplace pension. Large organisations also offered an opportunity to reach a diverse sample of employees. While the substantive findings of the research may not be generalised to small or medium businesses, the findings suggest the benefits of this approach to investigating pension decision-making amongst the employees of small- and medium-businesses, and may offer a basis for comparison of these contextual differences through future research. Similarly, since auto-enrolment is a specific piece of policy implemented into a unique pensions system in the UK, the findings of the research are specific to the UK context; yet again they may serve to aid comparison in other country contexts. These types of projects could build on the findings of this research by considering different countries, contexts or groups of people, to develop a more in-depth and complete theoretical understanding of individual pension decision-making.

Conclusion

This chapter has outlined the epistemological and empirical framework and methodology utilised in this research. The first section considered the research questions, which focus on how individuals make decisions about their pension and the constructivist-interpretivist epistemological framework used in this research. This section also offered reflections on the positionality of the researcher as key to the epistemology of the research. The second section detailed the research methodology, including the data gathering process, the data analysis methods, and the write-up phase. The methodology used semi-structured qualitative research interviews, which offered opportunity to explore and construct an account of the participants' experiences of pension decision-making. The methodology followed a constructivist grounded theory approach, where themes were allowed to emerge from the data to privilege the participants' accounts, and with data collection and analysis occurring iteratively and mutually informing each other. In the write-up phase, the research drew on Weber's concept of ideal types, adapted for the constructivist-interpretivist epistemological framework, to develop a typology of pension decision-making approaches.

The chapter concluded by describing the ethical considerations and limitations that are relevant to understanding the findings of this research.

The next chapters will turn to the empirical findings of the research. Chapter 6 will consider the timeframes of pension decision-making, and introduce the typology of pension decisions, which suggests four approaches to decision-making which are grounded in the present context of participants' lives.

Chapter 6: The timeframes involved in pension decisions

Introduction

This chapter focusses on timeframes that are used by individuals when making decisions about their pension. Pensions are often portrayed as a choice between having money in the present and the future, as in the lifecycle model, and literature has highlighted the role of present bias in pension decision-making, as discussed in Chapter 3. It has been proposed that encouraging people to think about their later life will overcome this short-termism to increase pension contributions (Ersner-Hershfield *et al.*, 2009; Ersner-Hershfield, Wimmer and Knutson, 2009; Weyman and Barnett, 2016). However, there is little empirical evidence regarding how this bias towards the present, nor how ideas about the future, are experienced in real life pension decisions. This chapter considers how considerations of the present and future played into participants' pension decision-making.

The chapter will argue that participants' pension decisions did not involve thinking about or planning for the future. Participants suggested that they found it hard to think about their later lives in general, including people who paid higher contributions into their pension. This connects to sociological literature which highlights the challenges faced when imagining the future, as well as literature from gerontology which highlights the stigmas around ageing and the impact of this on how we think about later life. Participants also felt unable to predict what retirement would mean for them, often highlighting the variety of potential pathways which made it difficult to anticipate. This connects to literature on the changing patterns of work and retirement in later life. Again, this difficulty was highlighted across all levels of pension contributions, which suggests that ideas about retirement are not driving pension participation. Finally, the uncertainty about later life and retirement meant that participants found it difficult to estimate how much money they would need in later life, even when they tried to calculate it.

This meant that decisions about their current pension contributions could not be, and were not being, planned on this basis.

Instead, participants related their decisions about their pension to their present context. Participants prioritised the maintenance of their current lifestyle when making decisions about their pension. This connects to sociological literature which highlights the importance of consumption practices in defining status and identity. Those who paid increased pension contributions did not appear to have overcome the need to prioritise the present, but rather, felt fortunate that they were able to maintain their current lifestyle while affording increased pension contributions. This is an important finding, since it suggests that interventions to encourage people to think about their future will not necessarily lead to increased pension saving, and may even discourage them from preparing for later life.

This research identified different ways of approaching pensions in relation to their present context. The last section of this chapter introduces a typology of pension decision-making approaches that emerged from participants' accounts. The typology demonstrates that pension decisions are subjective, complex and embedded in the context of everyday life. The different approaches connected to the subjective life position of participants and were justified through multiple forms of rationale and risk perspective. The approaches described in the typology will be illustrated through empirical evidence in the following two chapters.

This chapter is structured as follows. The first section considers how participants considered their later lives, illustrating how most found it difficult to think about their later lives, did not feel able to predict what their retirement would be like, and had very little idea about how much money they would need in retirement (even where they tried to calculate this). Therefore planning for later life was not a feature of pension decision-making for all participants. The second section considers how pension decisions were much more focussed on the participants' present context and in particular maintaining their current standard of living. The final section introduces the pension decision-making typology which emerged from this research and outlines the approach for the next two chapters.

Imagining the future

This section will consider how participants imagined their future, in terms of later life and retirement, and how this connected to their pension decisions. As discussed in Chapter 4, time is an important element of how we think about and experience the world, and much sociological research has highlighted that people think about and experience time in multiple and complex ways (Adam, 1990; Crow and Heath, 2002; May, 2011, 2016; Cook, 2017). Yet, much existing research on pension decisions has focussed on the presence of short-termism in decision making, such as present bias (Duflo and Saez, 2004; McConnell, 2013; PPI, 2017a). Present bias refers to how individuals place more value on immediate and short term benefits than those accruing in more distant time frames, as discussed in Chapter 3. This suggests that people do not save for the future because they prefer the immediate gratification of spending that money sooner (Duflo and Saez, 2004; McConnell, 2013; PPI, 2017a). Present bias is described as a flaw in decision-making, based on the assumption that saving for the future is the rational choice because it maximises utility in the long-term, as discussed in Chapter 3. The literature on present bias tends to recommend that it can be overcome by encouraging people to think about their future (and the benefits that a pension may offer in the long-term), which should lead to increased pension contributions (Ersner-Hershfield *et al.*, 2009; Ersner-Hershfield, Wimmer and Knutson, 2009; Weyman and Barnett, 2016).

However, this section will argue that pension decisions of participants in this research did not appear to be driven by considerations of the future, even those who paid increased contributions. This is supported by empirical evidence which shows that participants found it difficult to think about their later life, found it challenging to plan what retirement would be like for them, and were therefore unable to assess how much money they would need for their retirement. This meant that, rather than them placing more value on the short-term, it was impossible for them to base decisions about their pensions on the benefit in their imagined future. These findings will be illustrated in this section.

The difficulties of thinking about later life

The experiences of participants suggested they found it difficult to think about their later life. Some explicitly explained that they found the topic of later life in general uncomfortable, and this meant they did not want to think about this period of their life. They highlighted the negative emotions associated with thinking about ageing and later life. This may be related to widespread negative stereotypes about ageing, as discussed in Chapter 4, which highlighted two related theoretical explanations of ageism. These are terror management theory, which suggests that ageing is associated with death and is therefore frightening so we avoid thinking about it, and the functional perspective, which suggests that ageing poses a threat to our sense of self and so we defend against this by othering older people. These were both evidenced in participants' accounts.

For example, Matt was in his 40s and one of the older participants. He paid increased pension contributions because he felt it was good to benefit from increased employer matching. When asked what he thought about later life, Matt said that he tended not to think about it because:

> *"…getting old in general, it's an embarrassment that. I hate being as old as I am."*

In this extract, Matt suggests that he finds ageing an uncomfortable topic and he dislikes the experience of growing older that he has had so far. Matt does not suggest that he cannot think about older age but stresses the negative emotions he experiences when thinking about ageing. Matt's account connects to the functional perspective of ageism since he connects ageing his sense of self. Throughout the interview, Matt did not offer any ideas regarding what his retirement might be like, which may mean that his negative perspective of ageing has prevented him from thinking about and planning for his later life in detail. Despite this, Matt paid increased contributions into his pension. He did not suggest this was driven by his discomfort with ageing, but stressed the importance of the employer matching in guiding his decision.

Given that Matt was one of the older participants in this research, it is also worth noting that younger participants offered similar accounts. For example, Naomi was in her early 30s and lived with her husband in their mortgaged house. She paid minimum contributions into her pension after being automatically enrolled because she thought it seemed like a good idea. When discussing what she thought of later life, Naomi said:

> *"Especially for our age, we don't want to think about getting old, or even the scary thought just getting old. You don't wanna think that far ahead, you know."*

Naomi suggests that she does not want to think about ageing. Like Matt's account above, she suggests a negative emotional experience, rather than any practical difficulty in thinking about the future. Yet Naomi's account appears to connect more to the terror management theory, since she explains that she finds ageing frightening. Naomi uses the generic pronoun 'you' to stress that her avoidance of thinking about the distant future is a common experience amongst her peer group. Like Matt, Naomi did not have a clear idea of what her later life would be like, which may mean that her fear has prevented her from thinking about it. Despite this, Naomi paid minimum contributions into her workplace pension.

Other participants appeared to feel unable to think about later life. While this was often explained in practical terms, such as having a long time until they reached that age, it is possible that this was caused by the emotional challenges of thinking about later life articulated by Matt and Naomi above.

For example, Joanne was in her 20s and lived with her partner in a rented apartment. She had decided to increase her pension contributions after attending a pension information session a few years previously with colleagues. When asked about what she thought her later life might be like, she said:

"I think I'm so obsessed with the here and now that I try not to worry too much about retirement. It just seems so far away."

In this extract, Joanne suggests that she does not think about retirement because she has a long time to go until then. Joanne suggests that thinking past the immediate future causes apprehension or discomfort. She uses the idea of physical space as a metaphor for the amount of time that will pass before she gets to retirement age, effectively distancing herself from needing to think about later life. This may connect to the functional perspective since Joanne is distancing herself from the idea of becoming old. This means that her decision to pay increased pension contributions was unlikely to have been driven by her ideas about what later life and retirement might be like.

Similarly, James was in his 30s but paid minimum contributions. He was married and lived with his wife in a rented apartment. He had been auto-enrolled into the workplace pension scheme and had decided not to opt-out because it did not seem like a lot of money, yet he felt he could not afford to increase his contributions yet. When asked what he thought about retirement, James said:

"Is it [state pension age] 65 now for guys?... That's like 40 years, well not quite, 30, 40 years in time, it's like, I don't know, that's what I've already lived so far, you know what I mean, it's like, I can't, my head just can't think about that on a daily basis, so yeh."

James suggests that he does not think about retirement because it seems so far in the future. He compares the amount of time until he retires to the period he has already lived. He implies that the complexity of his lived experience over thirty years mean that it is difficult to comprehend what another thirty or forty years in the future might be like. James does not feel able to think this far into the future in the context of his everyday life. Like Joanne, this again relates to the functional perspective, as he distances himself from becoming old. James' decision not to opt-out of pension saving was therefore not connected to his view of retirement or later life.

Whether participants felt uncomfortable or unable to think about ageing and later life, they seemed to resolve this by avoiding thinking about it. This was directly experienced during the interview through the use of humour when asked about later life or retirement.

For example, Jemma was in her 20s, lived with her partner in a flat that they owned with a mortgage, and she paid increased pension contributions. She had decided to pay more into her pension to emulate her parents, who had benefitted from good workplace pensions. In response to a question about when she might retire Jemma laughed and said:

> *"Next week!"*

In this extract, Jemma jokes about her retirement coming sooner than it will. It illustrates the absurdity of thinking about when she might retire, because contrary to her joke, there is a substantial (and unpredictable) amount of time until retirement. This suggests that Jemma is reluctant to think about retirement in detail.

This avoidance was illustrated in more depth by Adam, who was in his mid-20s and paid increased pension contributions. Adam was in a long-term relationship and lived with his partner in a house that they had recently bought with a mortgage. Like Matt and Naomi, Adam referred to the negative emotions that thinking about later life generated for him. He felt that because of these negative emotions, it was pointless to think about the future, which connects back to Joanne and James' experiences. Adam said:

> *"I try not to think about the future… yes you should think about the future but if you think about it too much you'll probably just get really anxious and things like that… I think well you don't know what the future will be like, so if you're trying to worry about something that you don't know what's going to happen, well it's pointless."*

Here, Adam suggests that he feels he should think about the future, but he admits that he avoids doing so. Adam explains that it is impossible to know what the future is going to be like, so trying to plan for it causes anxiety. This appears to be a non-specific anxiety about the future as something uncertain. Adam suggests that this anxiety is futile and therefore his solution is to avoid thinking about it at all. His account suggests a worrying lack of ontological security about the future and what it may mean for him. Yet again, Adam's lack of engagement with his future does not seem to have prevented him from participating in a workplace pension since he was making increased contributions at the time of the interview. This suggests that encouraging people to think about the future may not encourage greater engagement with long-term saving and could in fact have the opposite effect.

These accounts illustrate examples where participants appeared to find it difficult to think about their later life. Despite this difficulty, many participants were making pension contributions at either minimum or increased levels. This suggests that this difficulty in considering later life had not affected their decision about their workplace pension.

The challenges of planning for retirement

Participants also suggested that they felt unable to judge what their retirement would be like, in particular emphasising the variety of potential pathways in later life. Many participants were not sure whether they would retire (and stop working completely) or continue working (potentially in a different format) in later life. As discussed in Chapter 4, changes to the cultural model of retirement have contributed to the breakdown of the traditional model of work plus retirement. This has introduced flexibility for many people in later life, yet it means there is no one established script to base ideas of retirement on (Moen *et al.*, 2006; Phillipson, 2018). Furthermore, changes to the structures of provision, including the demise of defined benefit pensions and the insecurity of the state pension, along with instability in housing and healthcare, may also make it more difficult to imagine what retirement would be like (Moen *et al.*, 2006). These cultural changes may contribute to a lack of ontological security about the future in general, as mentioned in the previous section.

For example, Toby was in his early 20s and had joined his organisation on a graduate scheme. He was saving to buy a house so he only felt able to pay minimum contributions after being automatically enrolled, although he intended on increasing his contributions once he became a homeowner. When asked about retirement, Toby said:

> *"To be honest, I don't think personally I would enjoy it [being retired]. Umm, I know quite a lot of people who have retired and then get bored and begin working as a contractor again! Both my girlfriend's parents retired and then started working again because they literally were just bored!"*

Here, Toby starts this by saying 'to be honest', which suggests he feels he is going against a widely accepted idea. He then says that he does not think that he would like retirement. Toby explains that he knows people that have un-retired because they felt bored. This contradicts the traditional view of retirement as a time for stopping work and doing leisure activities. This implies that Toby would prefer to continue to work in later life. This may mean he will be less reliant on a pension to provide for his later life, yet Toby is paying minimum contributions into his pension and intends to contribute more in the future. His ideas about working in later life do not seem to be related to his pension decisions.

Another example was Will, who was in his 30s and lived with his wife and one child in a mortgaged house. He worked in a management role, and paid increased contributions into his workplace pension, as well as paying annually into a self-invested private pension. Will seemed to be torn between different ideas of what his later life might be like:

> *"The thing is it depends on, I mean, there's a lot of factors that go into the retirement decision right, as in, can I afford to retire and what sort of life can I afford living, am I enjoying my work, am I enjoying what I do every day… well, I'd like to be in a job where I'm earning a lot of money until I'm like 60 ish and then have something where it's errr, maybe have something more casual, maybe retire completely. I don't know or maybe just like- I think the*

thing is I don't like having a boss, I like having flexibility right, so I could be some sort of, I don't know, investor of some description."

This long extract illustrates the active process Will goes through when thinking about his retirement. Will does not seem to be sure what his later life and retirement will be like. He highlights a number of factors that would play a part in determining his options in later life, such as what he can afford and whether he enjoys his job at the time. It is interesting that he does not mention health at this stage. Will suggests a number of different options that are available to him, such as retiring completely, continuing to work or seeking investment options. This shows that the traditional view of retirement is not dominant for him. Will does not suggest this choice concerns him, although it does means he is unable to plan for his retirement in detail. Like Toby, this lack of planning did not seem to connect to his pension decision. Will was paying a lot into his workplace and private pension, which he may not need if he was going to continue to work in later life. It is possible that Toby and Will see pensions as a safety net or back-up in case they are unable to work, although this was not explicitly articulated during their interviews and did not seem to be playing any implicit role in their thinking either.

These accounts illustrate examples where participants found it difficult to define what their retirement would be like as there was no single script for retirement which they could plan for. Despite this difficulty, many participants were making pension contributions at either minimum or increased levels. This suggests that this difficulty in considering retirement had not affected their decision to pay into a pension.

The complexities of calculating financial needs in retirement

The previous two sections have illustrated how participants found it difficult to think about later life and retirement. Accordingly, none of the participants had any idea of how much money they might need during this phase of life (apart from two who had made some attempt to calculate this and will be discussed below). This is particularly a concern for defined contribution pension savers, since members need actively to think about and take responsibility for their financial needs in later life as discussed in Chapter 2.

The participants suggested this lack of financial planning was because they felt unable to connect the amount of money they contributed to their pension in the present to the imagined future, which was often described as the money not seeming real. This was the case even for participants who were active savers and paid increased contributions into their pension. For example, Alice, who was in her mid-30s and paid increased pension contributions, was one of the few participants who had a clear idea of what her later life would be like. She imagined retiring from work with her partner and being able to offer support to their children by caring for grandchildren. She regularly paid increased contributions into her workplace pension, as well as making occasional additional contributions. She said:

> *"The retirement date is so far away, I feel like I did everything I am supposed to do, I am saving, I'm enrolled in the pension... It seems a bit surreal. I get this letter, what once a quarter? Oh nice, okay, file it. And in 30 years, you don't know, so let's say, whatever I've saved I will get £200 a month, in 30 years do you know what 200 pounds will be worth? No clue. You can buy one coffee. So I think it's not real."*

Despite her very active pension participation, Alice describes a sense of disconnect to what her pension will actually mean for her in the future. She suggests it feels surreal because she cannot comprehend what that money will represent when she reaches retirement age, since the value of that money is likely to change. This implies that her active approach to pension saving is not directly connected to her idea of later life. Instead, she suggests that she pays into a workplace pension because she is supposed to, recognising that there is much that she cannot control about her future and hoping that it will lead to the outcomes she desires.

Another example came from Kristina, who was in her late 20s and paid minimum contributions. During the interview, Kristina put forward a very vivid picture of her later life, as she suggested her future self would shout back 'Thanks!' for the money she was currently saving. When discussing her pension contributions, Kristina said:

> *"It feels like money you don't have. Like it's just another tax or loan payment that's always come out of your salary before you get it. I mean I know I can control it – but what harm is it doing if I don't notice it anyway?"*

Despite this vivid imagining of her future self, Kristina suggests that she does not feel ownership over her pension contributions. She compares it to other payments that are automatically deducted from your salary, such as tax or a student loan, where people tend to have little influence over the payments. This is surprising, since taxes or student loan payments are not developing assets or future income in the same way that a pension is. Kristina recognises that she can control her pensions contributions, yet the comparison to these other outgoings suggests that she does not connect to the value of a pension as an asset and what that money will ultimately mean for her in the future. Kristina goes on to reason that it is okay if she does not notice the contributions, probably because this allows her to start building a pot for the future without really thinking about it. Nonetheless Kristina's case raises concerns about engagement in defined contribution pension saving. If individuals do not connect their saving to the value of the pension in their future, it is challenging for them to take responsibility for financial adequacy in later life. This lack of connection may be reinforced by automatic enrolment and the workplace pension saving mechanism, which could prevent real engagement with thinking about pension contributions. This aligns with research discussed in Chapter 2, which has suggested that being automatically enrolled may reduce savings ratings in the long-term, since people stick to the minimum levels after being automatically enrolled. If people build substantial pots after being automatically enrolled that they only really start to engage with when they approach retirement, this would be a good thing, yet there is a danger that these pots do not turn out to be substantial, and people engage with pension saving too late really to be able to save enough to provide for their later lives.

There were only two participants, John and Phil, who had attempted to calculate how much money they would need in retirement and tried to connect this to their decisions about contributing to the workplace pension.

John was in his late 30s, was married with children and lived with his family in a mortgaged house that he owned. He had been an active pension saver since he first started work and tried to increase his pension contribution percentage every time he had a pay rise. Recently, he had generated an overall figure for the cost of retirement with the help of an online calculator and reported that the estimate was much higher than he had expected. This motivated him to try to work towards that by topping up his regular increased contributions with additional voluntary contributions as much as possible, for example, by adding a lump sum to his pension when he received a bonus. John suggested that he wanted to make up his pension pot as early as possible in his career in case he suffered from shocks in employment or falls in income later in his career.

Phil was in his 40s, married with two children and lived in his mortgaged house. He paid increased pension contributions, having been a member of workplace pension schemes since his first job. While he felt he would start planning in detail for his retirement when he was in his 50s, Phil explained that he had tried to calculate the gap between his existing entitlements (which included state and some legacy defined benefit pension) and what he might need in the future, in order to work out what he needed to save before then. However, Phil felt that a lot of decisions about his retirement were dependant on other things in his life, such as what his children decided to do and when his wife chose to retire, and he concluded that he could not afford to save any more than the increased level of contributions anyway.

John and Phil were the only participants who had attempted to calculate their specific financial needs for retirement, although this did not appear to be driven by a clearer perspective of what their future might be like. However, John and Phil were the most established out of all participants in terms of their family life and careers. They also held a very rational, calculative approach to their finances in general, so they assumed their retirement needs could be calculated. Yet their experiences reveal the uncertainty involved in calculating retirement needs, as both John and Phil had really ended up relying on just saving as much as they could at the time. This is a very subjective position with little long-term assurance of adequacy, especially in defined contribution pension schemes. The idea of saving as much as one can, and what this means in practice, will be discussed further in the next section, which considers how pension decisions were based on the participants' present context, with a focus on maintaining their current lifestyle.

This section has illustrated that pension decisions were not directly connected to how individuals imagined their later life. The experiences of participants suggested that it was difficult to think about later life, that they were unable to predict what retirement would be like for them, and that it was subsequently impossible to know how much money they would need in later life. This was the experience for the participants, regardless of their personal determinants and pension contributions, even where participants were active pension savers. Given the literature about ageism and the changing cultural model of retirement as discussed in Chapter 4, it is perhaps unsurprising that people find it difficult to plan for their later lives. This calls into question the model of rational decision-making underlying the pensions system, since people are expected to objectively plan for their later lives. The lifecycle model of saving suggests that people can evaluate lifelong earnings and later life needs, yet this empirical evidence contends that this is very difficult, or even impossible. The evidence also questions whether encouraging individuals to think about the future will lead to any greater engagement with pension saving, or put people off preparing for the future at all. This is important given the traction that thinking about the future has gained in the pension industry and policy measures as a solution to under-saving.

The detachment between pension decision-making and the future meant that participants instead connected their decisions to their present context. While this appeared to relate to theories of present bias, the accounts of participants revealed why the present was important and how this bias was experienced in their everyday contexts. The next section will illustrate this, drawing on literature from the sociology of consumption.

Maintaining the present

The first section of this chapter has demonstrated that pension decisions were not based on considerations of the future. This section now turns to consider timeframes that *were* involved in pension decisions. In particular, this section illustrates how participants related their pension decisions to their present context. This could be related to the concept of present bias, although it appeared to be a considered approach to the pension decision, rather than a behavioural flaw. Participants demonstrated a focus on maintaining their current standard of living in the immediate and near future, which suggests that participants did not want to sacrifice consumption in order to serve their future. This was noted across all personal determinants and levels of pension contributions. Those who paid higher contributions had not overcome this focus on the present as much as felt that they could save through a pension without sacrificing their current standard of life. This connects to literature which highlights the important role of consumption practices for status and identity (Bourdieu, 1977; McCracken, 1990; Warde, 1990; Miller, 2008).

First, participants' pension decisions appeared to be strongly anchored in the participants' experiences in the present. Much literature has highlighted the role of present bias in pension decisions, which describes how people prefer immediate benefits over future benefits, even where the future benefits offer a better outcome. The participants' experiences in this research did not appear to be a bias towards the present as much as a considered course of action. Many participants highlighted the need to focus on the present because the future is so uncertain. This connects to recent research which suggests that avoiding thinking about the future does not necessarily imply an inability to connect to it as a real possibility (Cook, 2017). Cook (2017) suggests that people develop strategies for managing the wider emotions arising from thinking about the future which reconcile with their subjective position in the present. The experiences of participants connect with this idea, as in their decision-making they focussed on their present position and subjected considerations of the future to it.

For example, Richard, who was in his mid-20s, had decided to opt-out of workplace pension saving at the moment in order to focus on saving for buying a house and then paying off his mortgage as soon as possible. He intended on saving for a pension once he had paid off his mortgage, and felt he would have time to save enough for his retirement. When asked whether he thought this would give him adequacy in retirement as he might live for a long time, he explained:

> *"Yeh, of course people are living longer, that's no secret, and yeh I could live to be 120, but at that age again, what level of life or standard of life, quality of life is that? This provides me with an opportunity to live some life now, you know, yeh I could pay into the pension and still overpay my mortgage but then I'd probably not have much else. This allows me to pay off my mortgage, have holidays, have nice things… although I'm risk averse, I'm also very, erm, things will happen. There's no point worrying about it too much. I can make all these plans, in preparation, but you never know what's going to happen tomorrow, or the day after, so. If something happens something happens, and you have to react at the time. There's no point getting too worked up about things, and too stressed."*

In this extract, Richard recognises that lifespans have increased, and suggests that he could live to be one hundred and twenty. Since this is rather unlikely, this reference appears to suggest that Richard thinks it is pointless to try to overcome the uncertainty around his later life. He highlights that he does not know what his later life would be like, implying that he does not feel able to prepare for it. Richard goes on to suggest that by putting off pension saving, he feels he can enjoy his life now and pay off his mortgage, which he feels is an important investment. This suggests that Richard prefers to ensure his standard of life in the present and near future, because he cannot guarantee what the future will be like. Like Adam earlier, he takes a fatalistic approach in saying that worrying about something so uncertain is futile. Richard is seeking to avoid the negative emotions that would be generated by trying to plan for an uncertain future by focussing on the things that are important to him now.

This is also illustrated in the following extract from an interview with Carly. She was in her early 30s and paid minimum pension contributions. She was a very active saver through other channels, such as ISAs and bank accounts, but was unsure about increasing her pension saving. Carly had previously worked as a contractor, and when asked about whether she had thought about a pension at that point she said:

> *Carly: No, I just save as a rule myself, but no. But because I- I suppose my reasons being because it feels so far away, that, I dunno, I think saving and having it a little closer to me, something that I can access, when it's a rainy day, you know, or if I wanna buy a house- buying a house is more important to me than having a pension. So I prioritise that in terms of saving.*
>
> *Interviewer: Is that because you need the house now?*
>
> *Carly: Yeh I suppose it's because, I mean, hopefully I'll live to 65, but what if I don't? I'm pretty sure I will see a flat before I see a pension, do you know what I mean, and a lot can change in the world and in personal circumstances.*
>
> *Interviewer: Yeh, absolutely. Do you think that owning property or owning a flat now would maybe contribute to security in older age too?*
>
> *Carly: Exactly, I think owning a flat would contribute to kind of financially now, because obviously my rent costs would be lower, I'd have a home for my future children, I'd be able to pass it on to my future children. All these things feel like they will be wins before a pension would.*

In this extract, Carly explains how uncertainty around her long-term future has influenced her saving behaviours. She suggests that she might not live until she is 65. Since it is highly likely that she will live to see this age, it highlights her sense of uncertainty. In comparison to Richard, she does not express that thinking about later life causes her to worry. Yet, like Richard, she feels that prioritising saving for things she can control in her immediate future is better. In particular she highlights that she would experience the benefits of home ownership in her near future, before she would benefit from pension saving. She calls these more immediate benefits 'wins', which suggests that they seem more guaranteed than saving for a pension. This infers that she sees these saving decisions as a gamble, where the uncertainty of saving for the long-term means she prefers to focus on things that are more predictable in her present and near-future.

This focus on the present situation was also illustrated by the need for a buffer, meaning disposable income that allows them to secure their current standard of living by allowing for any unexpected occurrences. Many participants suggested they needed a buffer before they would feel able to commit to a level of pension savings.

For example, James, who was in his early 30s, lived in an apartment that he rented with his wife, and paid minimum contributions said:

> *"I'm on a management scheme that in a couple of months… when the wages do go up I think it might be more that I'll be looking at paying a bit more in. I mean, that's the thing, I think I'm stable now, but it's just having that extra buffer I suppose of income, that I can throw an extra £20-£30 in there sort of, you know what I mean?"*

In this extract, James mentions that he has recently joined a scheme which will prepare him for promotion to management level at his work, which will lead to higher wages. James suggests that when his income increases, he feels he will be able to pay more into his pension than he currently does. He notes that he feels his income is stable, which may suggest an established standard of living, yet he feels the need to have more disposable income available before he can commit to paying more into his pension, which he describes as an 'extra buffer'. This suggests a focus on protecting their current lifestyle before committing to more pension saving, although this commitment is facilitated by increases in income.

Lauren was in her late 20s and paid minimum pension contributions after being automatically enrolled into the workplace pension scheme. She had not increased her contributions because she felt focussing on saving through other channels would be better, in order to have flexibility over what she does with the money. Lauren described affording the minimum level of pension contributions as follows:

> *"I never really miss it. Because, I don't know it was there. I don't miss it, I don't think, oh god, I really could do with that money this month."*

When asked whether she could afford to pay more contributions Lauren said:

> *"There could be a month where I could be really, really tight, and actually that could be the kind of deciding factor I guess."*

In this extract, Lauren suggests that she does not miss the money that she contributes to her pension. She refers to the way in which the money is taken before she is paid, which means she feels that she does not notice it. However, when asked about affording higher contributions (which would be taken through the same mechanism) she suggests that she might notice the lack of that money. This suggests there is a level of tolerance around her disposable income which she wants to maintain for unexpected things within her normal standard of living. This means that she is reluctant to commit to increasing her contributions.

Participants across all age, income and pension contribution levels demonstrated this focus on maintaining present standard of life. It was not the case that participants who paid increased contributions had overcome the need to maintain their standard of living, but instead felt that they could pay contributions without affecting their current lifestyle. This was illustrated by the description of the money paid as pension contributions as not being missed or lost, which was common amongst those who paid increased levels of contributions. For example, Amy was in her early 20s and had joined her employer on a graduate scheme after finishing her undergraduate degree and had decided to increase her pension contributions above the minimum (although not to the level which attracted the most employer matching). She did not feel able to afford any more than this at the moment, as she was focussing on saving to buy a house. When she was asked if the pension contributions affected her standard of living she said:

> *"It is more than I was paying before but it doesn't make a big difference in the grand scheme of things, it's less than one hundred a month so it doesn't break the bank losing that every month… I'd have only wasted that money… you know when you have leftover money at the end of the month and you*

just waste it on things you don't need, like silly things like food and stuff, you don't need rather than eating what's in the cupboard, going out for dinner and things."

Amy suggests that she does not feel the loss of the money she pays into her pension each month, even though she had started to pay increased contributions. She suggests that if she did not pay it into her pension she would waste that money, by which she means paying for things that are not essential to her, such as dining out. This implies that Amy is able to maintain a standard of living that she is happy with without the money that she pays into her pension. It also implies that pensions are part of what Amy considers to be non-essential, luxury items.

Participants who paid increased contributions felt they were privileged or fortunate to be able to afford pension contributions without affecting their current lifestyle. Many participants who paid increased contributions suggested that if pension contributions were to affect their lifestyle, they would probably decide not to participate. For example, Will (aged 30-39 years, paid increased contributions) said:

"If I had the money which I am saving in my bank account now, I don't know if my life would be much different, if I'd do things much differently. By paying this money into my pension pot, it doesn't stop me from, I don't know, going on holiday next month for example. Umm, so if yeh if I was paying that money in and because of that I didn't have the option to do this, then who knows, then my decision making might be different, or probably would be different, and in reality, I'd probably care less about the future and more about now. But, I guess I'm in a lucky situation that I can, that that's not such an issue".

Here, Will suggests that paying into his pension does not affect his lifestyle, such as he is still able to go on holiday when he chooses. He suggests that if paying pension contributions did affect his ability to live his life in the way he wants to, then he would probably be less keen to pay into a pension. This suggests that he is only able to care about his future because he is able to do so without affecting his current lifestyle. Will concludes that he is fortunate not to have to think about this issue because he can afford to pay increased contributions into his pension.

This focus on maintaining present levels of consumption connects to ideas about consumption as a complex process of meaning-making which were discussed in Chapter 4 (Bourdieu, 1977; McCracken, 1990; Warde, 1990; Miller, 2008). This literature suggests that consumption practices play a key role in how individuals form and enact status, identity and belonging. While this literature has tended to focus on the consumption of material goods, it has been suggested that the consumption of services may also involve these subjective meaning-making practices. Work by Baldock and Ungerson (1996) highlights how the consumption of care services in the UK were influenced by subjective aspects of personal experience. The experiences of participants in this research suggest that this may also be the case in the consumption of pensions. However, as with Baldock and Ungerson's work, how the pension decision related to participants' personal experience was varied, resulting in different decision-making approaches. The last section of this chapter introduces the typology of decision-making approaches that emerged from the participants' experiences.

A typology of pension approaches

The first two sections of this chapter have illustrated how pension decisions were not connected to ideas of the future and were instead related to an individual's present context. However, how the pension decision related to the individual's present context varied amongst participants. This section will introduce and explain the pension decision-making typology developed in this research, which describes four approaches to decision-making that emerged from the experiences of participants. The methodological approach which led to the emergence of this typology was discussed in Chapter 5. The following two chapters will illustrate the pension decision-making approaches included in the typology in detail, drawing on empirical evidence.

From the initial analysis of participants' accounts, two themes emerged as salient in determining how they approached their pension decision. These themes were first, the level of participation, meaning the extent to which individuals choose to contribute to a workplace pension. This ranged from opting out (i.e. no participation) to choosing to pay increased contributions (described as high participation). The second theme was reliance, meaning the role of the workplace pension in the individual's preparations for later life. This ranged from those who had opted out of workplace saving (i.e. no reliance) to those who felt that the pension would provide for their needs in later life (high reliance). These two themes characterised the outcomes of participants' decision making, and the interaction of these themes identified four decision-making approaches. This follows the work of Baldock and Ungerson, who applied a similar typology in their work on care decisions as discussed in Chapter 4.

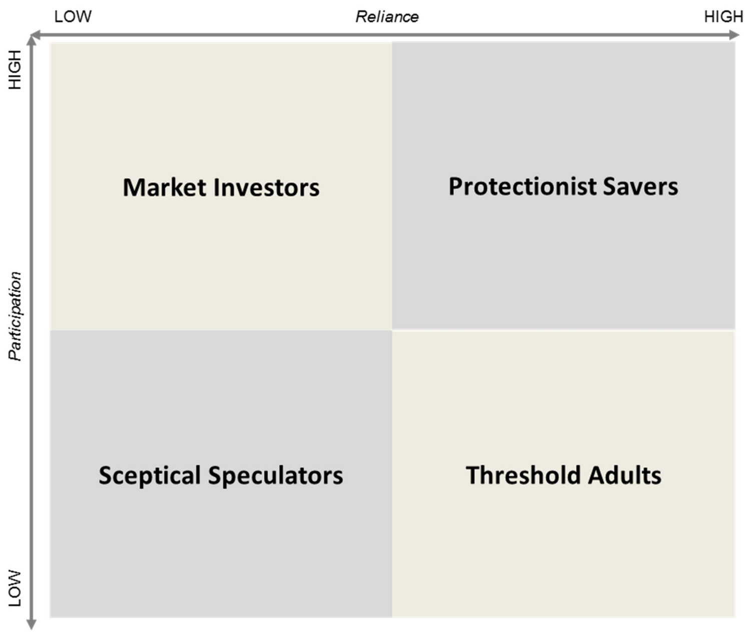

Figure 6.1: A Typology of Pension Decision-Making, author's analysis

The four approaches that featured in the typology were the Threshold Adults, Protectionist Savers, Market Investors and Sceptical Speculators. The approaches are ideal types, as described in Chapter 5, in the sense that participants did not fit neatly into one box but most were inclined towards one type more than the others.

There were three elements which defined each pension approach. The first was the subjective life position, which refers to how the participants understood their status and identity in the world, which influenced how they approached their pension. The second two elements were the form of rationale, and risk perspectives. These were used by participants to justify why they followed the approach. These elements will be described in detail in turn.

Subjective Life Position

The experiences of participants suggested that they approached their pension decision based on a subjective view of their life position. This was often indirectly related to age, gender or income as signifiers of their status and identity, which contradicts the way that these determinants have been instrumentalised in much work on pensions. This subjective life position recognises the role of agency in responding to the structural conditions highlighted in previous pension research. This was particularly evidenced in how participants appeared to transition between approaches over time. This was not connected to an objective view of the life-course, but rather to how participants saw themselves in terms of status and identity. The transitions were not linear yet were interpreted by participants in the context of their self-positioning. This will be illustrated in the chapters that follow.

The four decision-making approaches each reflected a distinct subjective life position. The Threshold Adults tended to be younger people who felt they were not yet established in their adult lives. They paid no or low contributions into their pension because they felt they needed to prioritise other important things in their life, although they usually recognised that pension saving was something they would do in the future. The Protectionist Savers felt established in their adult lives and tended to pay increased pension contributions, as they felt that pension saving was a responsible thing to do, and they did little other investing. The Market Investors were also established adults who were active pension savers, but in contrast to the Protectionist Savers, they were confident with financial matters and tended to have a broad portfolio of investments. Finally, the Sceptical Investors represented the most diverse group in terms of personal determinants, yet they shared the belief that the pension system was not right for them, which drove them to limit their pension contributions.

This section has discussed how the subjective life-position was connected to the pension decision-making approach. The next sections will consider the other two elements which were used by participants to justify their approach, which are the form of rationale and risk perspective used.

Form of Rationale

The first element that provided the foundation for the pension decision-making approach relates to the multiple rationales as discussed in Chapter 3. Multiple rationales refer to the various forms of social, cultural and moral influences that form part of decision-making. This includes economic rationales of maximisation, although unlike rationale choice theory, it does not limit decision-making to this simplistic motivation. The identification of multiple rationales recognises the complexity of individual decision-making embedded in the context of everyday lives.

While pension decisions are subject to many different subjective ideas, the participants' revealed that two types of rationale appeared to be instrumental in accounts of pension decision-making. These were named market and moral rationales in this analysis.

Market rationale

The market rationale was portrayed as involving analysis or calculation of the costs and benefits involved in the decision to maximise outcomes. This is similar to the concept of economic rationality, yet the market rationale demonstrated by participants in this research was much more subjective than the model of homo economicus suggests. While participants described themselves as calculative or analytical, very few actually demonstrated this in practice. For example, very few had considered the charges associated with their pension scheme or the investment options available to them through the scheme. In this sense, the market rationale was about performing rationality rather than actually practising an analytical approach. This rationale connects to critical literature from cultural economy which shows how understandings of the market are socially and culturally constructed, as discussed in Chapters 3 and 4 (Aldridge, 1998; Langley, 2006; Callon, 2008).

Moral rationale

In contrast, the moral rationale meant considering what is the right or correct action in a given circumstance (Etzioni, 1986, 1988, Sayer, 2000, 2010, 2011, 2015). This draws on a deontological understanding of morality, which sees morality as obligation- or duty-based (Etzioni, 1988). In regards to pension decisions, this connected to the belief that being sensible or responsible in financial and monetary decisions were good behaviours, which justified making active pension decisions. This was often related by participants to pension saving as a social norm with very little consideration of the details of pension saving (such as outcomes or returns). This connects to literature on morality in areas of economy, such as the work of Andrew Sayer (2000, 2010, 2011, 2015) and Amitai Etzioni (1986, 1988), as discussed in Chapter 3.

Risk perspectives

The second element that provided a foundation to the pension decision approach was the individual's risk perspective (Douglas and Wildavsky, 1983; Taylor-Gooby and Zinn, 2006). This follows the work of Douglas and Wildavsky (1983) which identified four worldviews which represented cultural types of approaching and responding to risks, as discussed in Chapter 4. These worldviews recognise the subjective nature of risk in everyday lives, which stands in opposition to the way risk is usually treated as objective and calculable in industrial and policy approaches to pensions. However, a worldview may not be a fundamental underlying position but instead could move and change, depending on the individual's situation. It is this critical understanding of worldviews that is drawn upon in this analysis.

Participants in this research expressed perspectives on risk through the different approaches to pension decisions which appeared to connect to the worldviews identified by Douglas and Wildavsky (1983). These risk perspectives emerged from the participants' own accounts, rather than being pre-supposed in this research. As with the forms of rationale, it was not the case that these risk perspectives were used by participants in a singular manner, as many referred to different perspectives throughout their interview. However for each participant, there tended to be a dominant risk perspective in determining their pension decision approach, which may or may not have been used for other types of decision. In this sense, the findings of this research support Douglas and Wildavsky's (1983) worldviews, yet suggest that more research is needed to explore how and why individuals draw on these cultural models of risk.

The four risk perspectives that will be discussed in the following chapters are the following:

An **individualistic** worldview sees risk as objective, and something to be managed through entrepreneurialism. Participants who followed this perspective felt they needed to manage risk for themselves through a portfolio of investments with different risk profiles, with the pension as one element of this.

A **hierarchal** worldview considers risk as systemic and seeks to avoid risk. Participants in this research who followed this perspective felt that the system was risky because there were few opportunities for them to participate in decisions about their investments. Therefore they preferred to save and invest through means which they felt they had more control over (even if this exposed them to other forms of risk).

A **collectivist** worldview refers to a group- or societal-level response to the risk, where risk is transferred to the communal solution. Participants who drew on this perspective felt happy to rely on the pension system and the experts who managed it.

Finally, a **fatalistic** worldview described a passive acceptance of risk, which leads to feelings of apathy or futility. In pension decisions this was illustrated by a lack of engagement in pension saving.

The following two chapters will focus on the four pension decision-making approaches, drawing on empirical evidence from this research to illustrate the groups, how they connect to the everyday life of the participants, including rationales and risk perspectives. Chapter 7 will consider the approaches which drew on a moral rationale for saving, which are the Threshold Adults and the Protectionist Savers. Chapter 8 will consider the groups who used a market rationale for saving, which were the Market Investors and the Sceptical Speculators.

Figure 6.2 over the page shows how the participants were distributed across the four approaches, which will be discussed further in the following empirical chapters and returned to in the discussion chapter.

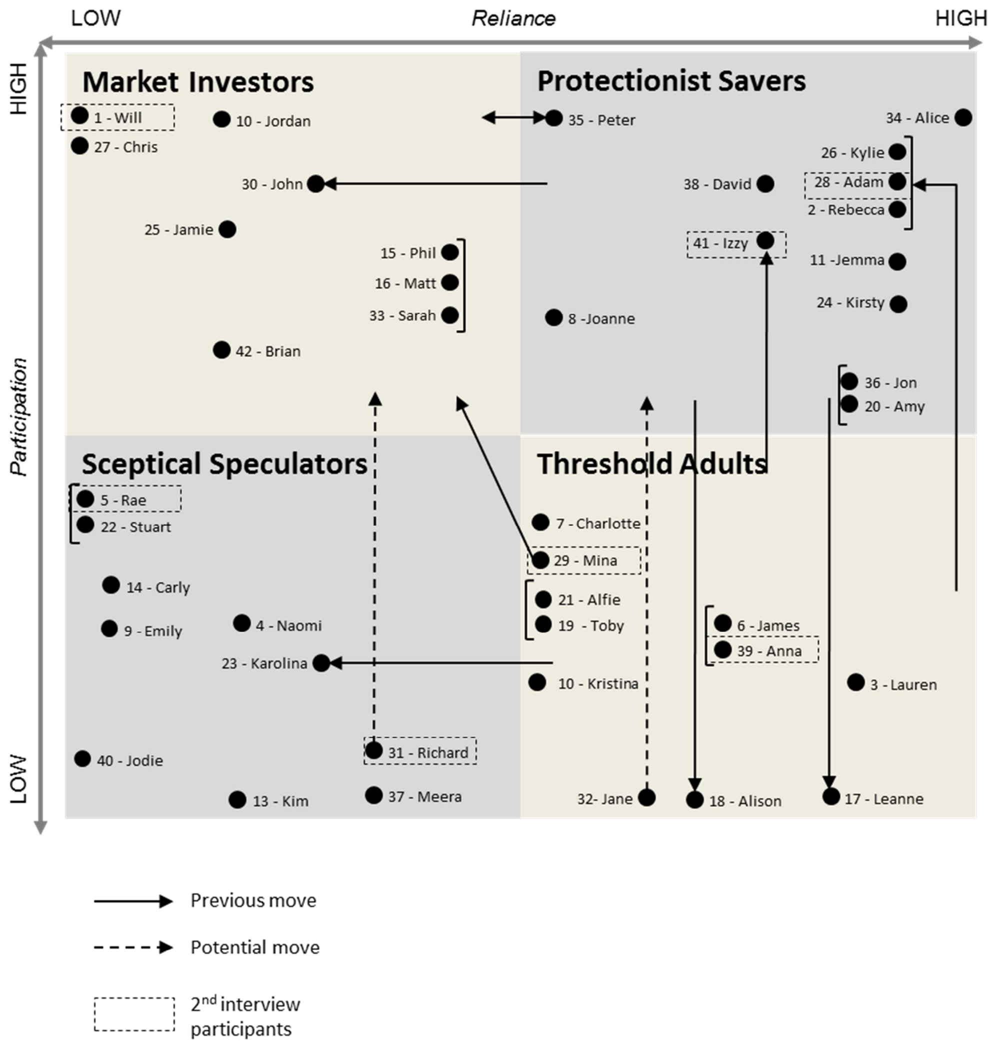

Figure 6.2: Research participants plotted across the typology of pension decision approaches, author's analysis

Conclusion

This chapter has considered how considerations of the present and future play into individual pension decisions, including imagining later life and retirement, calculating retirement needs, and managing the needs of current lifestyles. It has argued that pension decisions amongst participants in this research did not tend to relate to their ideas about what their later lives would be like. This was because participants found it difficult to think about what their later lives and retirement might be like, which connects to literature around ageism and changing cultural models of retirement. Because of these uncertainties regarding the future, participants found it hard to estimate how much money they might need to support their retirement. These challenges were apparent even amongst those who were active pension savers. This means that pension decisions did not appear to be based on considerations of the future.

Instead, this chapter has argued that pension decisions were based on the individual's present context, demonstrating in particular the importance of maintaining their current lifestyle. This connected to literature on consumption practices and their role in defining status and identity. Those who were active pension savers had not overcome this need to prioritise their current lifestyle, but were fortunate enough to afford pension contributions without jeopardising this. This is an important finding, since it suggests that interventions to encourage people to think about their future will not necessarily lead to increased pension saving, and may have the opposite effect.

The final section of this chapter introduced the typology of four pension decision-making approaches that emerged from the participants' accounts, and underpins the remaining findings of this research. While all participants' pension decisions focussed on the present, approaches to pension decisions varied. The typology suggests that pension decisions are subjective and complex, and highlights how financial or money decisions are embedded in the context of everyday life. Each approach was connected to the subjective life position of participants, who justified why they had taken that approach through different forms of rationale and risk perspectives.

The next chapters will illustrate the four decision-making approaches, drawing on empirical evidence from the participants in this research. Chapter 7 will consider the approaches which drew on a moral rationale for saving, which are the Threshold Adults and the Protectionist Savers. Chapter 8 will consider the groups who used a market rationale for saving, which were the Market Investors and the Sceptical Speculators. Finally, Chapter 9 will discuss these findings and their theoretical, methodological and policy implications.

Chapter 7: Threshold Adults and Protectionist Savers

Introduction

The previous chapter has argued that pension decisions were embedded in the present context of individuals' everyday lives. It also highlighted that different approaches to pension saving were related to what the individual felt was appropriate for their life position, and these approaches were driven by different forms of rationale and risk perspectives.

This chapter will consider two pension saving approaches in detail, the Threshold Adults and the Protectionist Savers. The Threshold Adult approach involved limited pension participation, justified by the prioritisation of achievement of goals related to adulthood. The Protectionist Savers were established adults who had decided to increase their pension contributions, yet demonstrated a passive acceptance of pension saving as a social norm. Both of these approaches were underpinned by a moral rationale, which suggests that pension saving is something one ought to do, drawing on ideas of being sensible or responsible with money.

This chapter will argue that each of these approaches has distinct challenges that represent important considerations for policy and industry. For Threshold Adults, automatic enrolment had helped many by encouraging them to participate at minimum levels, although they may need specific support which recognises the challenges they face in establishing themselves as adults, in order to increase their pension engagement any further. For the Protectionist Savers, they had actively chosen to pay increased contributions yet this was underpinned by a passive acceptance of the workplace pension scheme. They assumed that as long as they participated now, they would be looked after in the future, which frustrates the narrative of personal responsibility, as well as pension consumers as regulators.

These two approaches will be covered first since the Threshold Adults approach represented a starter position when it comes to workplace saving, with the Protectionist Savers sharing a similar yet more developed logic. In this chapter, these two approaches will be described in terms of the subjective life position, rationale and risk perspective that formed the approach, as well as transitions, exceptions and challenges.

Threshold Adults

The Threshold Adult approach to pension decision-making involved limited participation in workplace saving. Following automatic enrolment, they had either continued to save at minimum levels, or had decided to opt-out. These actions were justified by the prioritisation of goals which contributed to the establishment of adulthood. This approach will be illustrated in detail through this section in terms of how the approach was defined by the subjective life position and driven by the form of rationale and risk perspective. It will also consider the transitions, exceptions and challenges related to the Threshold Adults saving approach.

There were eleven participants in the Threshold Adults groups who were up to 39 years old. There were no Threshold Adults in the 40-49 years age group. The Threshold Adults had limited participation in pension saving, as they tended to either pay minimum levels of contributions or to have opted out of pension saving completely. They also tended to be on lower incomes within this sample, with all earning under £30,000 per annum (apart from one exception which will be discussed later). There were more women in this group, as just three Threshold Adults were male (although this may reflect the overall bias towards female participation in the study). Relationship status was mixed amongst the group, although only two had children (which will be discussed later). There was a mixture of education levels and self-assessed financial knowledge amongst the group.

Subjective life position

The Threshold Adults did not consider themselves to be fully-fledged adults, even though they had some of the markers of adulthood. They referred to themselves as ‘still young’ or ‘not proper’ adults to justify their lack of engagement with pension saving. The threshold adult participants felt that pensions were really something to consider once established in adulthood, and in the meantime they were comfortable paying low or no contributions, even if they could afford to pay more. In this sense, the Threshold Adults seemed to be involved in a process of evaluating and prioritising the various opportunities and demands they faced in establishing themselves as adults. This may be connected to the concept of extended adolescence, which describes how the period of adolescence has grown longer with the traditional markers of adulthood such as marriage and parenthood occurring later in life (Vickerstaff, 2006; Arnett, 2007; Sawyer *et al.*, 2018). This subjective life position formed the context for decisions regarding their workplace pensions.

For example, Toby was in his early 20s and had joined his organisation after finishing his undergraduate degree. As described in the previous chapter, he was saving to buy a house so he only felt able to pay minimum contributions after being automatically enrolled. Toby described why he had decided to stay in the workplace pension scheme rather than opting-out:

> *"Um, I think it worthwhile, but it's not a considerable amount of money and at least you are contributing, especially at my age anyway. I'm only 24. So you don't, at a younger age you don't tend to think too much about pensions. I'll probably be working until I'm 75 at this rate!"*

In this extract, Toby explains that he thinks paying minimum contributions is a good thing. He recognises it is not a lot of money, but feels that contributing something is good at his age since he thinks most young people do not think about or contribute to a pension at all. This suggests that Toby thinks that minimum contributions are enough at his stage of life, which implies that the minimum contributions are seen as a form of recommendation. Toby goes on to highlight that he is young, and comments that he will probably be working until he is 75, reflecting the increasing state pension age in the UK. He thinks this means that he has a lot of time to think about his pension once he is established in his adult life.

The idea of Threshold Adulthood was also illustrated by Kristina, who was in her late 20s and paid minimum contributions because she felt it was more important for her to be saving for a house at the time. Kristina described pension saving as follows:

> *"Probably one of, like, the things you do as an adult, isn't it. When I started here and I realised I was paying into a pension, I did actually post on social media saying, 'officially paying into a pension, does that mean I'm a real adult?', and everyone was like, 'yes!!!' "*

Kristina suggests that she considers pension saving to be a marker of being an established adult. She posted her opinion on social media, and found agreement from lots of other people. This suggests she was proud of achieving this marker of adulthood. However, Kristina only paid minimum contributions into her pension. While she accepts she has made some first steps into adulthood by enrolling in a pension scheme, she appears to not yet be ready to commit to really engaging with pension saving above the minimum level.

What becoming established in adulthood meant held varied meanings for participants, who each had different subjective goals that they felt would contribute to them feeling like an adult. These goals commonly included home ownership and major life events.

In terms of home ownership, most Threshold Adults felt that owning a home was a priority because it would offer a broader sense of stability in their lives. The Threshold Adults felt they had plenty of time to save for a pension after they were established as a home owner. Kristina, who was introduced above, was in her 20s at the time of the interview and paid minimum contributions after being auto-enrolled into the workplace pension. She explained why she felt the need to prioritise saving for a house over a pension:

> *"I recently opened a savings account for like help to buy, even though it's going to take me forever, like five to eight years, I thought at least I'd start… I'm lucky enough that my rent is cheap and I can still save a few hundred every month. So I could probably make my pension more but I'd rather save*

it for other things. Because I figure once I've got that, then I can start saving for a pension. It comes first, in like, logical steps."

Kristina suggests that while she could afford higher contributions than the minimum levels she currently paid, she felt that buying a house was a more important priority for her. Kristina describes how she saves a few hundred pounds each month into a Help to Buy ISA, with the intention of buying a property in the future. This is a rather large amount in comparison to her pension contributions, which were less than fifty pounds a month. Kristina explains that she considers saving for a property to be more important because it is something that will impact her life sooner, and then after that she can start paying more into a pension. This highlights the need to feel established as a home owner before engaging with pension saving.

The Threshold Adults' sense of establishment was also connected to major life events, such as getting married or having children. These events were influential because they seemed to contribute to a sense of stability which makes threshold adults feel ready to think about saving for their future, connected to notions such as 'settling down' and 'getting things sorted'. Being established in their social lives appeared to provide a platform for threshold adults to prepare for the future.

For example, Jane had previously opted-out of pension saving because she felt she needed the money for more immediate goals. After experiencing a number of life changes, she had begun to feel ready to engage with pension saving. Jane had recently bought a house, got married and turned 30, and she referred to these milestones when explaining her change of attitude regarding pensions. When asked why she opted out of workplace pension saving, she said:

Jane: "Erm, mostly because I just wanted the money, and wasn't really thinking too much long-term, I guess."

Interviewer: "Is that because you were younger?"

Jane: "Yep, younger."

Later in the interview, Jane revealed she had started to think differently:

Interviewer: "What's driven you to start thinking more long-term?"

Jane: "Errmmmm…. I think, I don't know. Just getting a house, getting married…."

Interviewer: "Did those two things come together?"

Jane: "Coming up to thirty, I think it's all like, yeh, so I moved and I got married three weeks ago…. And then I've got my thirtieth in three weeks. I think it's all just like, ahhh I should probably start you know, getting things in place."

Jane initially relates her decision to opt out of workplace pension schemes to the idea of youth as a time when it is not necessary to think about the future. She suggests she was very focussed on the short-term, which prevented her from engaging with workplace pension saving and led to her decision to opt out. Later in the interview, Jane reveals that she had started to think more long-term and related this to the life events she has recently experienced. She mentions home ownership in this account, although not in the sense of the financial considerations of saving for a home, but as another marker of establishment along with getting married and turning thirty. Jane suggests that these things have made her feel more established and now she feels able to 'get things in place' for the next part of her adult life.

The Threshold Adults were passive pension savers who were focussed on achieving the goals of adulthood before they wanted to engage with pension saving. The next sections will consider why the Threshold Adults did not need to engage with pension saving further, with reference to the rationale and risk perspective underpinning their experiences. These sections will draw in detail on two individuals, Anna and Mina, who participated in second interviews, as this permitted further reflection on the rationale and risk perspective. The participants will be introduced below.

Rationale

The Threshold Adults tended to draw on a moral rationale when justifying their pension saving decisions by suggesting that pension saving was a good and responsible course of action. This connects to the deontological sense of morality, which refers to morality as the right course of action, as discussed in Chapter 4 (Etzioni, 1986, 1988, Sayer, 2000, 2010, 2011, 2015). The Threshold Adults recognised the moral rationale for pension saving, even though this did not seem to really fit with their own situations as they were making very low or no contributions. Many were keen to stress that they would be more engaged in the future, while some also felt that just making minimal contributions made them feel responsible enough for the time being, connected to their subjective life position of still being young. This suggested a weak connection to the moral rationale, especially in comparison to the Protectionist Savers who, as will be seen later, tended to use much stronger moralistic language to support their own behaviour. None of the individuals in the Threshold Adults group appeared to have considered the specific outcomes of the workplace pension (such as employer contribution) in support of their pension decision.

The first participant who will be discussed in this section is Anna, who participated in a second interview. She was in her early 30s and had worked at her current employer for around three years. Anna lived with her husband in rented accommodation. She had been automatically enrolled onto the pension scheme at minimum levels and has stuck with this contribution amount. Anna stressed that the pension is not something she had really thought about in detail, and she thought she would start to engage more with the topic once she starts a family. Anna felt that having children would encourage her to face responsibilities and think about the future.

In her first interview, Anna said:

> *"I was signed up straight away [when I joined Company B], I thought maybe this is the time I really start to think about it. Now I'm 32 and I'm planning to*

have a family, I thought it would be nice to having something in place. It does give you some security for the future.

[…] I think I need to increase my contributions. It's something I need to discuss with my husband, because we really need to do it, but I don't know if it will happen this year or next year."

Anna suggests that when she was auto-enrolled, she decided to stay in the workplace pension scheme at minimum contributions because she felt it was time she started think about saving for the future. She implies that the pension is a good thing, particularly as she thinks that it gives some security for the future. This relates to the idea of the pension being the right form of provision as described by the moral rationale. Anna suggests that, in relation to her age and social situation, having some sort of pension provision in place is 'nice' rather than essential, which may imply a lack of imperative to save anymore at the moment. She stresses that she recognises the need for her to engage more in pension saving by increasing her contributions but she is not clear when exactly that will happen. This may be interpreted as Anna acknowledging the norm of pension saving and wanting to suggest she will abide by this, without any specific commitment.

In the second interview, Anna was asked whether she felt her employer offered a good pension scheme, and she replied:

"Yes, I trust my employer [to have a good scheme]... If I had a choice I think I'd rather go through increasing my pension contributions through work than doing it through an independent provider, because it's such a good company it makes sense."

In this extract, there is further validation that Anna thinks that workplace pension saving is good, as she suggests she would rather be a member of the employer's scheme than saving separately. This often formed part of the moral rationale, as workplace pension saving is seen as the 'right' sort of provision. This is echoed in Anna's comment that it makes sense because she trusts her employer. This type of trust in an employer to deliver the right provision often featured in the more moralistic accounts of pension decisions, since this was usually based more on an instinct or expectation, rather than any real evaluation of the scheme. Anna knew very little about the details of the scheme, as she had not looked at any information that her employer provided about it.

The second participant who will be discussed in this section is Mina, who participated in a second interview. She was in her mid-20s and had worked for her current employer for about 5 years, starting in a part-time role alongside her studies and more recently moving into a full-time role. Mina lived with her partner in privately rented accommodation and they were saving to buy a house. She had been auto-enrolled into the workplace pension while working part-time at her current employer and wanted to opt-out at first, but found this process complicated and time-consuming. In the meantime Mina decided it was something worth doing, and she continued with the minimum level of contributions.

Mina had a different approach to Anna yet still drew on the forms of moralistic rationale in her first interview. When asked why she decided to stay in the pension scheme after being auto-enrolled, she said:

> *"I think [I've stayed in at minimum levels] because it's good to start saving now for when you retire. I guess you don't know what's going to happen in the future…. I don't know whether we are going to have to retire later, so the more money I can save up now the better I will be when I retire, and the more money you put into a pension, the better off you are at the end I guess…. You are responsible for your own financial situation. So if you, like, some people have unfortunate circumstances, but I think generally you're responsible for your own person… if you make the decision to put into a pension, so that you'll be more comfortable when you retire, then that's you know, the decision you make."*

Mina suggests her decision to be a member of the pension scheme was based on the consideration that it is good to save, and the more you save the better. These are both typical assertions of the moralistic rationale, which suggests that pension saving is something you ought to do with very little consideration of the amounts or returns involved. Mina also draws on the idea of responsibility, as she suggests individuals are responsible for their own decisions and should therefore accept the outcomes. Mina's use of 'you' as a generic pronoun, suggests that she has accepted these understandings rather than being specific to her situation or experience, especially since she is paying minimum contributions. This may be connected to pensions being a social norm which is part of the moral rationale, as it suggesting it is the correct course of action.

The next section will turn to the risk perspective, which worked with the moral rationale to form the Threshold Adult approach.

Risk perspective

The Threshold Adults shared a fatalistic approach to risk in pension saving. Fatalism refers to a passive acceptance of risk which often involves a feeling of apathy or futility, as discussed in Chapter 4 (Douglas and Wildavsky, 1983; Taylor-Gooby and Zinn, 2006). This meant that although the Threshold Adults recognised the need to engage with pension saving, they did not feel ready to confront it or take any specific action about it and accepted the risk of being poor in older age for the time being. They described the need to live for today and not worry too much about the future, usually because they felt they had enough to deal with in their immediate circumstances. They had not given any further consideration to specific risks or concerns about pension saving or their later lives, other than accepting pension saving as a good thing to do based on a moralistic rationale, as detailed in the previous section.

In the first interview, Anna illustrated this fatalistic approach:

> *"It does make me worry, because I'm not organised with that part of my life, but you do need to be. It's not something you can kind of avoid... It does worry me, but there's so many things in life, you just never sit down and think about it [laughing]."*

In this extract, Anna suggests that she does not feel she is organised in terms of providing for her later life and she recognises that this is something she needs to do. Despite this, she laughs it off by suggesting that there are many other things that take up her time and she does not really get time to think about pension saving. This is a fatalistic approach, since Anna suggests she has to focus on the present and not think about the future.

This was explored further in Anna's second interview. She said:

> *"I know that I can sometimes be over the top with worrying. Looking back when I was younger, I was on my own and wasn't living with my husband so I had all the responsibility, and things like paying the bills and the money I'd saved, it was all on me, and since we got together he took some of the responsibility. Money is the biggest worry in my whole life, which is wrong, there are more important things. It almost drove me crazy sometimes, I decided that you have to switch off a little bit, you have to let it go, still have control but not overthinking. it's just not something I deal very well with. Being more relaxed makes me happier... It doesn't make me happy in the sense of knowing what is going to happen erm, having a pension in place and mortgage and so on, would make me happier. My approach, the way I've changed my approach has helped me deal with day to day."*

Anna suggests that she worries about money even though she thinks she should not do so. She describes how she found it hard to cope with financial responsibilities, such as paying bills and saving, when she was single. Anna suggests that since being in a relationship with her husband, she has found that being more relaxed about financial responsibilities makes her feel better equipped to cope with her day-to-day life. Anna implies that having more solid plans in place, such as a pension and a mortgage, would give her a sense of security, yet for the moment she feels that preventing herself from worrying about these things is the best option for her. This reinforces the fatalistic response to risk, since Anna seems to think that she cannot achieve the level of planning for the future she would ideally like, so she has decided it is better not to worry about it and instead focus on the present.

Mina also seemed to take a fatalistic approach in her first interview:

> *"I do worry that I won't have enough money when I retire… I've always wanted to be financially stable and independent for myself and I worry that I'll get to retirement age and not be in that position…. I'm 24 so I'm just thinking about the fact that, you know, I want to get on the property ladder, I'd like to have enough money behind me and I feel like maybe when I'm 26- not that something drastic is going to change but 2 years from now my hope is I'll be in a steadier job and I'll be in a position where I'll start to think, right, this is how many years I've got until I retire…."*

In this extract, Mina recognises the risk of not having enough money in later life, yet she feels that she needs to focus more on current goals such as buying a house. She suggests that once she has more stability, including a more stable job, she would then be able to think more about the long-term. This suggests that dealing with her immediate situation takes up Mina's attention and she does not feel able to consider anything else. Like Anna described above, this again suggests a fatalistic response to risk.

In her second interview, Mina reflected further on this:

> *"Our conversation made me think, oh my god how have you not thought about this before? You know, why has this not been on your agenda? I guess it just hadn't come up. In my head, I was just like, the next 6 months, the next 6 months, just moving from one thing to another, just focussing on getting my career, rather than thinking 10, 20 years down the line… You put all your focus on, like, dedicating myself to this thing right now, and I don't want to think about anything else."*

Here Mina reiterates that she had not thought about pension saving because she had been so focussed on the immediate situation, which included concerns about her career and potentially living situation. She suggests that dedicating herself to current goals meant that she did not think about what might happen ten or twenty years down the line. This implies a fatalistic approach to risk. However, Mina also suggests that having participated in an interview about pension decisions made her reassess why she was not thinking about the future and her approach to pension saving, which resulted in a different risk perspective being put forward in the second interview. This is something that will be considered further in the next section on transitions, which describes how participants changed their pension saving approach over time.

Transitions

The Threshold Adults were at the start of their pension saving journey. They felt that in future they would become more active savers by increasing their contributions, extending the moral form of rationale that they had utilised in their current pension decisions. This seemed to follow a Protectionist Saver approach, which shared the moralistic rationale for pension saving that underpinned the Threshold Adult approach, and will be discussed in more detail in the second half of this chapter. However, some Threshold Adults stressed that they would need to really think about pension saving once they reached the point where they were ready to engage. This means that it was unclear which approach they would follow once they started to evaluate what they wanted from their pension saving.

In her first interview, Anna suggested that she felt she would increase her pension savings in the future in a way that seemed in line with the Protectionist Saver approach. In the second interview, she was encouraged to reflect more on her future intentions using the typologies model:

> *"At the moment I'd probably say I'd be between the Protectionist and Sceptical. Because when you start looking into it you start comparing different options... It doesn't mean I have to stay with the provider my company works with. I might keep that at minimum and do other things with the rest of the money. When the baby arrives I might completely change my mind, but yeh, I am a bit sceptical about the whole thing... My way of thinking is definitely on the high reliance side, however, because, I think it's*

the personal belief in how successful the pension is going to be by the time of you retire, which does worry me."

In this extract, Anna suggests she is not sure what approach she will take once she is ready to start engaging with pension saving and she relates to both the Protectionist Saver and Sceptical Investor approaches. While in the first interview, Anna seemed to suggest she would take a Protectionist Saver approach in the future, here she suggests that she would compare different options before making a decision. Anna also suggests that the potential outcome of pension saving worries her, which was not raised in the first interview. This may suggest that during the first interview, Anna put across a strongly normative position on pensions, influenced by the strength of the social norm of pension saving, which meant that she did not feel comfortable discussing her concerns. When given an opportunity to reflect on this matter in more detail during the second interview, Anna seemed to feel able to bring up opinions that may not have been aired otherwise. In the second interview, Anna had seen the typology which highlighted the diversity of practices on pension saving, and potentially this encouraged her to feel about to share her feelings. Anna's experience also highlights the evolving nature of pension decision making approaches which interact with the context of people's everyday lives.

Mina represented a very different journey to Anna because by second interview, she had radically changed her approach to pension saving. At the time of the first interview, Mina was a typical Threshold Adult who paid minimum contributions while she was focussed on saving to buy a house. She did not seem ready to think about pensions and her later life. By the second interview, Mina had increased her pension contributions to the level where employer contributions were maximised, and suggested this was part of a diversified strategy for providing for her later life. Mina suggested that participating in the first interview had been instrumental in encouraging her to engage with pension saving. She said:

"I think just the fact that I hadn't really thought about it [pension saving] before, and then having thought about it and realised how little I was paying

in, made me think I should probably look at increasing my contribution, so I'm prepared for the future.... I did a bit more research on what our pension scheme is, and what I should be paying as a kind of healthy contribution now, with an idea to look at private pensions and you know, build a strategy about how I am going to support myself when I do eventually retire…. I don't just want to rely on a pension. [I'd like to] spread that across lots of different savings and investments."

In this extract, Mina suggests that the first interview prompted her to think about pension saving and preparing for the future. She reports that she gathered information about the pension scheme and decided what action she should take. This suggests a very objective, analytical approach, which resulted in her choosing to pay into her pension at the contribution level which maximised the employer contribution. Mina also suggests that she intends on 'building a strategy' for preparations for later life, which means not just relying on a pension but considering a variety of investments types. She suggests that this diversification across different platforms will spread risk. This is a vast change in approach to pension saving from the first interview, and now Mina seems more like a Market Investor, underpinned by a market rationale focussed on outcomes and the diversification of risk across investments (which will be discussed further in the next section).

While Mina attributed the interview experience in encouraging her to think about her long-term savings as instrumental in the change, it is possible that other events had also contributed to it. In the time between the two interviews Mina had achieved a more stable job, which might have contributed to a sense of establishment, as described earlier in this section. Yet Mina did not think this had caused her change of approach to pension saving:

"No, I'd thought about this before, I'd thought about what I was going to do and how I was going to do it before I got the offer [for the new job]. To an extent it allowed me to save more money, but erm, you know it hasn't spurred me on to look at it. I already had it in my head to go and do that."

In this extract, Mina suggests that getting a more stable job had not caused to her change of approach because as she had already started thinking along these lines before she achieved her new job. Rather, she suggests that having a more stable job has allowed her to fulfil her plans, since she has a more guaranteed income in her new role. This highlights the subjective role of establishment, in that achieving markers of establishment do not automatically mean that Threshold Adults will start thinking about their pensions, but that these improve their ability to act once they feel ready to start thinking about the future.

Mina also emphasised the impact of changing pension provision encouraging her to take the Market Investor approach, although she felt her personality and background also contributed:

> *"I think the days are gone where pensions are brilliant. I think pensions now are fairly basic packages. If I look at my grandparents, when my grandad retired they paid for everything for him, and that's no longer the case anymore. I just don't think it would be enough to support the lifestyle that you kind of want…. If you don't do it yourself, who is going to do it for you? [laughing]…*
>
> *I'm the type of person that once I get my mind to something, I want to research it and understand it, think about it in a strategic way….. I think it's probably partly to do with my upbringing, I'm from a working-class background where you know, we didn't really have a lot of money. It taught me to appreciate everything I have, and not just waste it."*

In this extract, Mina references the changing context of pensions and suggests that she cannot rely on state or workplace provision to provide for a good lifestyle in later life. Mina accepts that pensions are not as generous as in her grandparents' experiences, yet she does not appear overly critical about it and instead highlights the need for individual responsibility in filling this gap. This may be something she has become more conscious of since she started looking into the details of her workplace pension offering.

In justifying this more active approach to pension saving, Mina suggests that her personality traits and life experiences have contributed to forming a more Market Investor type approach. This was something that was commonly found amongst the Market Investors, who often felt that they were naturally inclined to be calculative and strategic in their decisions. However, it is not clear to what extent this was encouraged by the nature of the system itself. This is something that will be reflected on further in the next chapter, which considers Market Investors specifically. Like Anna’s account, Mina’s experience also illustrates the evolving nature of pension decision making approaches in the context of everyday lives.

Exceptions

There were two exceptions in the Threshold Adults group. Leanne and Alison had very different experiences from the rest of the group, as they were the only parents in the group. They were both in their thirties and had recently returned to work after maternity leave. Despite different income levels (Leanne was earning under £20,000 per annum and Alison was earning over £30,000 per annum), both had decided to opt-out of workplace pension saving to better afford childcare costs. Leanne and Alison often used much stronger moralistic language about their pension than the other Threshold Adults who had opted-out of pension saving, more like Protectionist Savers. They both had previously paid increased contributions, and wanted to continue to do so, but felt they were limited in their ability to contribute. This led to a frustrated fatalistic position, in that they felt that they had to focus on their current situation even though they wanted to save for the future. While these cases are being highlighted as exceptions in this group, this illustrates the structural constraints that have been highlighted through much research on pension saving.

Challenges

The Threshold Adults approach to pension saving highlights some important challenges. While these accounts might suggest that automatic enrolment is good for Threshold Adults, as it at least encourages them to save at a minimum level, it is clear that in order to achieve adequacy in later life in the current system, individuals need to be active savers from an early stage in their working lives, as discussed in Chapter 3. The subjective nature of the Threshold Adults position meant that people were passive about pension saving well into their thirties, which means they will be exposed to a greater risk of inadequacy in later life. This suggests that the defined contribution system of pension saving, which requires active saving over the working life, does not reflect the realities of peoples' experiences.

In particular, the experiences of the Threshold Adults suggest that the defined contribution pension saving system may exacerbate inequalities. Young people who are from more privileged backgrounds may benefit from intergenerational transfer of resources which help them achieve their establishment goals, such as buying a house, which would mean they are more likely to be able to save for their later life (Heath and Calvert, 2013; Heath *et al.*, 2017; Heath, 2018). Those less privileged may be restricted in their abilities to achieve establishment and therefore pension saving is put off for longer, and be less likely to achieve adequacy for their later lives.

Furthermore, there is a concern that automatic enrolment may reinforce inertia once they are in the system. Many Threshold Adults seemed content to stay at minimum levels of pension saving until they had achieved their establishment goals, as they felt they were a form of recommendation.

Finally, the exceptions in this group highlighted the experiences of mothers who feel they have to opt-out of pension saving in order to afford childcare costs. This illustrates the structural constraints that have been highlighted through much research on pension saving.

The next section will consider the Protectionist Savers approach, which follows a similar moral rationale to the Threshold Adults, but connected to a collectivist risk perspective.

Protectionist Savers

The Protectionist Saver approach to pension decision-making describes active participation in workplace saving driven by a strong moralistic rationale. This approach will be illustrated in detail through this section in terms of how the approach was defined by the subjective life position driven by the form of rationale and risk perspective. It will also consider the transitions, exceptions and challenges related to the Protectionist Savers approach.

There were twelve Protectionist Savers, all of whom paid increased levels of pension contributions above the minimum levels into their workplace pensions. As with the Threshold Adults there were more women in this group: four out of twelve Protectionist Savers were male, which was close to the overall split between men and women in the study. There was representation across all age groups, but most Protectionist Savers were in the 30 – 39 years and 40 – 49 years brackets. They also tended to be on higher incomes, with most earning over £40,000 per annum. There were fewer single people in the Protectionist Savers group compared to the Threshold Adults, with more participants in long-term cohabiting relationships or married, and a few were parents, which may also relate to the slightly older age profile. There was a mixture of education levels in the group, although self-assessed financial knowledge tended to be lower (particularly in comparison to the Market Investors, which will be discussed more in that section).

Subjective life position

The Protectionist Savers tended to be older and on higher incomes than the Threshold Adults, although the differences in terms of personal determinants was not pronounced. Rather, what marked the Protectionist Savers was that they felt they were established adults. They did not draw on the narratives of youth and establishment as the Threshold Adults did, and they had achieved the milestones that the Threshold Adults were aspiring to. This meant that they felt ready to engage with pension saving, and described taking an active decision to increase their contributions after being automatically enrolled. They used purposeful language to describe the choice they made.

For example, Kylie, who was in her early 20s, earnt over £40,000 per annum and owned the flat she lived in with a mortgage, paid increased contributions into her workplace pension. She described joining the pension scheme at her current employer as follows:

> *Kylie: We were auto-enrolled, yeh. But we had the choice, it was auto-enrolment at 1% umm, and I chose 4%.*
>
> *Interviewer: Okay. Why did you decide to do 4%?*
>
> *Kylie: Umm, just because 1% doesn't seem like a lot of money, and it just seems smart, you know, while I can and I haven't got any children, anything like that, I'm not going to miss that, I might as well just put it into my pension.*

In this extract, Kylie describes how she was auto-enrolled with her cohort group into the workplace pension at minimum contributions. She switches to the first person when she discusses her decision to increase her contributions, which highlights her sense of agency in making this decision. Kylie describes this as a 'smart' thing to do, implying that she actively took time to consider and evaluate this decision. She suggests that she is able to maintain her current standard of living while still saving for her future, as discussed in Chapter 6. The use of 'I might as well' seems to refer to her confidence in her actions, as it does not allow for any other course of action. Overall, Kylie's portrayal of her pension decisions is active and purposeful. This contrasts with many of the Threshold Adults, who were passive about their pension participation by sticking at minimum contribution levels. Kylie was younger than some of the Threshold Adult participants, yet it was clear that she felt established in her life, for example, through being a homeowner.

For the Protectionist Savers, pension contributions tended to represent a large proportion of their total regular savings, with most doing little saving and investing outside of the workplace pension. They may have also been undertaking alternatives such as saving for a house or participating in share save schemes, yet they usually paid a smaller proportion of their saving into alternative platforms than members of the other groups. The reason that most Protectionist Savers put such a large proportion into their workplace pensions seemed to be that they felt they would be reliant on their workplace pension to provide for their older age. They appeared to be happy to accept that the workplace pension would be able to facilitate this based on what they knew about their scheme, although they had often not considered in any detail what the potential outcomes of the scheme might be.

This perspective was illustrated in the following extract from the interview with Kylie, who was introduced above. When asked whether she thought her pension would provide for her retirement she said:

> *Kylie: I don't know, I think, I have sort of assumed that would be the case, that I'd have enough to get me by and I'd have savings and you know, things like that, and hopefully be asset rich and, all of them nice things. Yeh, I sort of assume my pension will be enough.*
>
> *Interviewer: Okay, when you say asset rich and things, that's about things that you've built up through your life as well?*
>
> *Kylie: Yeh, so hopefully I'll have like two houses, and I'll have no mortgage, and you know, I'll have lots of equity and all of them nice things*
>
> *Interviewer: Right, ok so you're not just relying that when you get to old age, you'll just have your pension?*
>
> *Kylie: Hopefully yeh, but I would, you know, part of me thinks that the pension sits in the middle of that.*

In this extract, Kylie suggests that she thinks her workplace pension will provide for her retirement. Her account suggests she has not really considered this in detail before, but rather that it is something that she has taken for granted. She recognises that she may have other assets that would benefit her in older age too, such as savings and housing equity, however it seems that these things are less important than her pension. This is because she describes the workplace pension as being central to her later life provision, which suggests that that it is the most important part of her anticipated provision for later life.

Joanne was introduced in Chapter 6 because she felt she focussed more on the present and did not think about the future. She was in her late 20s and paid increased contributions into her workplace pension, after attending a session with colleagues. Joanne knew very little about the specific details of her scheme, yet highlighted how she was happy to be part of a workplace pension scheme, as she felt she would be unlikely to save otherwise:

> *"If that scheme [the workplace pension] wasn't there, I don't know if I would have sorted it out myself. Because it's a business wide scheme and they make it very easy for you to sign up and it's available to you, I kind of slotted in but had I done it on my own back, I probably would still not have gotten round to doing it."*

In this extract, Joanne highlights how the ease of the workplace pension scheme has encouraged her to save. She highlights that the workplace pension scheme makes pension saving straightforward, with little effort required on her behalf. Joanne feels that she would be unlikely to save to the same extent if she was not part of such a scheme. This suggests that Joanne has accepted the scheme as it was presented to her, and this was validated by the fact that other colleagues were part of it too. She did not feel the need to understand it any further.

This acceptance of the workplace pension system was present even where participants had specific financial knowledge. Alice was introduced in Chapter 6 as she had quite a clear idea of what her later life would be like yet described a sense of disconnect in terms of what her pension would actually mean for the future. Alice was in her 30s, married and expecting a child. She lived with her partner in a house they owned with a mortgage and paid increased contributions into her workplace pension. Alice considered herself to have high financial knowledge, given that she had a degree in Banking and Finance, and her career was in this field. When asked about how she felt about the information she had received about her workplace pension, she said:

> *"Neutral, yeh. But it's also in fairness because I haven't asked for information. So they didn't have the option to prove one way or another."*

In this extract, Alice suggests that she cannot assess whether the information provided by her employer about the workplace pension is good or not because she has not requested any. This seems strange because it is necessary for employers to provide information about the scheme for employees when they are enrolled, so this suggests that Alice has not looked at the information available to her. With her background in the Finance industry, it may be reasonable to anticipate that Alice would be able to examine the information offered, yet surprisingly it appears she has chosen not to do so. This may relate to the detachment she feels to the pension, which was described in Chapter 6, yet nonetheless this illustrates that Alice is comfortable to accept the workplace pension scheme offered to her without interrogating the details of it.

The Protectionist Savers were active pension participants who thought that the pension would be important to them in the future. However, this appeared to be based on a passive acceptance of the workplace pension as a system, rather than any consideration of the details of the scheme or future needs. The next section will consider how the rationale and risk perspective used by the Protectionist Savers led this situation. These sections will draw on two individuals, Adam and Izzy, who participated in second interviews, as this permitted further reflection on the rationale and risk perspective. The participants will be introduced below.

Rationale

The Protectionist Savers drew on a strong moral rationale for justifying their workplace pension saving. They described pension saving as something you ought to do and felt that they were being sensible or responsible by saving for a pension.

This was connected to a deontological sense of morality which sees pension saving as the right course of action, as well as morally-loaded concepts of responsibility in regard to money as described in Chapter 4. This moral rationale for pension saving was reinforced as a social norm through interpersonal connections, such as parents, partners and peer groups. For example, parents or grandparents were described as influences on attitudes to money, and also, where they had benefitted from pensions, were considered role models for pension saving. Since they may have had very different pension rights, they were not able to know the details of workplace pension offering but suggested it was something that one 'ought' to do. Similarly, very few couples knew the content of each other's pension, yet suggested they were just happy to know their partner was in a pension scheme. Finally, peer group comparisons were often used to confirm that workplace pension saving was the right thing to do, in the sense of 'if everyone else is doing it, I should be too'. These forms of interpersonal influence were not entirely unique to the Protectionist Savers approach, but they did appear to be more important to the Protectionist Savers' experience of decision-making than the other participants.

The first participant who will be considered in this section is Adam, who undertook a second interview. Adam was in his late 20s and lived with his partner in a house that he owns with a mortgage. At the time of the interview, Adam had worked for his employer for less than a year. He was auto-enrolled into the workplace pension and chose to make higher contributions where he maximised the employer match (although he thought this was the maximum he could pay in). Adam did not consider himself to be a good saver, and he liked how the workplace pension system makes it easy for him to save. He saved generally for home improvements and other big purchases, but a relatively large proportion of his saving went towards his pension. In the first interview, Adam was asked why he decided to join the workplace pension scheme. He replied:

> *"Ummm [pause 3secs] I suppose at the time it was, I wasn't really thinking of saving for the future, I know it was a good thing to do, so I joined it, it wasn't that much out of my salary, and I knew that I'd probably be there for quite a while so it would build up […] I think what I come back to is, I know that, will*

> *it be enough I don't know but at least I'm saving something towards the future rather than nothing."*

Adam takes quite a long pause at the start of his answer, which indicates he is actively thinking about this question. He then starts his answer with 'I suppose', which adds to the sense of active consideration. Adam admits that he was not really thinking about the future when making his pension decisions, but rather he just knew it was a good thing to do. There are multiple possible interpretations of Adam's use of 'good' here. It could relate to the fact that he thinks his pot will grow so it would be worthwhile saving, although he then makes this as a separate point to it being a good thing to do. It could also be interpreted as meaning the right or correct thing to do, which connects to the social norm of pension saving. A final interpretation could relate to the idea of responsibility. Adam refers to this when he says at least he is doing something as opposed to doing nothing, which would mean taking no responsibility for oneself. This suggests that Adam may think that pension saving is a good thing because it is a responsible thing to do. The two latter interpretations relate to the moral rationale of pension saving.

Adam also highlighted the role of his partner in encouraging him to join the workplace pension scheme. When asked whether he discussed his decision to join with anyone else, he replied:

> *"Erm, my, my other half is more rational than I am. I, I'm not very good with money, so he said you know make sure you join a pension straight away. He didn't say to increase it or not, but I just put in the maximum that I could because I knew it would be better."*

Adam suggests that he considers his partner to be better at making money decisions than he is, and Adam took his advice about joining the workplace pension scheme. His partner did not seem to offer any detailed advice about the scheme however, as Adam suggests he decided to put in the maximum on his own. This highlights how partners may reinforce the moral rationale around pension saving as something that ought to be done, without considering the details, which was common to many Protectionist Savers.

The other participant who will be considered in this section is Izzy, who also participated in a second interview. She was in her mid-20s and lived with her partner in a house that she owned with a mortgage. Despite being young, Izzy was proud to consider herself to be a 'fully-fledged adult'. Izzy had joined her employer on a short-term contract initially and paid minimum contributions. When she was offered a permanent role she immediately increased her pension contributions. She felt that this was part of becoming an adult, along with getting a stable job and a mortgage. She considered herself to be cautious with money because the idea of being without it worries her.

Like Adam, Izzy did not have a clear picture of what she would be doing in later life that supported her pension decision. She appeared surprised by this during the first interview, as it wasn't something she had ever really considered before. She commented:

> *"I suppose you pay into a pension because it's the right thing to do. I guess I haven't really correlated it to what I actually want to do with it. I suppose you just follow suit, don't you, because everyone else does it."*

In this extract, Izzy reasons that her decision to pay into a pension is not connected to what she wants in the future. Instead, she suggests that it is motivated by a sense of pension saving being the right thing to do and that this is reinforced by the fact that most other people do pay into a pension, representing the social norm of pension saving. Izzy uses the verb 'I suppose' twice here, which demonstrates that she is actively thinking about this during the interview. Izzy also uses 'you' as a generic pronoun when talking about this moral obligation of pension saving. This feels impersonal and suggests she has just accepted that it is the right thing to do, without really considering this in detail or relating it to her own circumstances, much like Mina in the previous section.

Later in the first interview, Izzy suggests that:

> *"You can have a good life when you retire if you're sensible when you're young."*

While Izzy does not seem to have really thought about pension saving and what it means for her future, she thinks that being sensible during your younger years will lead to a positive experience in retirement. In this case, this refers to being sensible with money in general and it was clear that Izzy considered paying into a pension scheme in preparation for later life as a sensible money decision. Izzy again uses 'you' as a generic pronoun, which is impersonal and suggests like something she has been told or has learned, rather than something she really believes in.

Like Adam, Izzy also referred to interpersonal connections. For example, in the first interview, Izzy said

> *"I remember my manager being like, do it [sign up for the enhanced pension]. Be sensible and do it... The girl who was sat opposite me was like 30-odd and she was like, I'm going to increase mine even more, so I thought I really should do it. Because my parents are really strict about things like pension saving and stuff like that, and I think that's probably why I did it, and now I'm really glad that I do."*

Later in the interview, Izzy commented:

> *"My boyfriend pays loads into his pension each month. His grandparents are really strict too, they are like, be sensible when you're young. So like, both of our parents being quite strict about it. They've all got good pensions, so that's like an influence factor."*

In these extracts Izzy highlights a number of people who have influenced her decision to pay into a workplace pension. In the first part, she describes receiving encouragement from her manager and being influenced by a peer who was saving a lot more than her, which gave her impetus to increase her contributions. Izzy relates this to the attitude towards money that she has learnt from her parents, since they are strict about being sensible with money. The second part reveals more familial influences, because Izzy suggests that her partner is also an engaged pension saver, and that this is partly because his grandparents are strict in the same way her parents are. Izzy also suggests that because her parents and his grandparents have got good pensions, this encourages them to save to emulate their experience.

The importance of the interpersonal ties connects to the collectivist risk perspective that was adopted by the Protectionist Savers, which will now be considered.

Risk perspective

The Protectionist Savers shared a similar perspective on risk, in that they were usually happy to rely on the pension system to provide for their later lives. This meant that once they contributed at an increased level, they felt they had transferred or delegated that risk to the collective system and did not need to further consider any risk. They trusted the pension system to manage risk for them, usually because the people in charge were considered to be experts. For example, most of the protectionist savers expressed trust in their employer to choose an appropriate provider, which gave them confidence in the workplace pension. This can be described as a collectivist solution as it suggests a collective or societal response to the risks faced by individuals in later life. This risk perspective still involved some passivity on behalf of the Protectionist Savers, because once they had actively decided to increase their pension contributions, they accepted the pension saving and did not assess it any further.

When it comes to her pension, Izzy suggested that she did not worry about risks:

> *"I suppose, I know it sounds bad, but I don't really think about it [risk]. I'm just like, I pay into my pension I've done the right thing… There's almost, like, a naive point of view. I know it's a third-party pension company, but I put my trust in my employer, if that makes sense."*

In this extract, Izzy appears to realise that risk is not something she really considers in regard to her pension. She feels that as long as she is paying into her pension, she has done the right thing (demonstrating the moral rationale) and this seems to indicate that then she does not need to worry about any risks. She suggests that this is not driven by trust in the pension provider, but rather trust in her employer to provide a decent pension scheme. Izzy recognises that this might not be the best approach, since she thinks it might be a naïve perspective. Izzy's experiences are illustrative of the Protectionist Saver approach, as there is a focus on the collective solution with a high degree of trust in the workplace pension system, especially the employer.

However, in the second interview, Izzy considered her perspective on risk in pensions further:

> *"I do worry that I might lose money on my pension, that the percentage that they put in doesn't outweigh what you lose, then you'd be better off investing it in other ways. You could put it in an ISA or keep it under your bed, that's your money then. But while they are giving more money than you are.... If there was a downfall you'd want it to be less than that. I suppose that's why you diversify and have lots of different pots of saving. But so far I haven't done that, you can only save versus what your outgoings are."*

Izzy recognises that she does think about the risks of pension saving. She suggests that she worries that her pension might lose value which could outweigh the benefits of pension saving, namely, the employer contribution. If this were the case, then Izzy thinks it might be better to hold the money in other ways. She describes these alternatives as 'your money', which may indicate a greater sense of control than for pensions. She considers that this might be why people diversify to spread this risk, although this is not something she does at the moment. She suggests that this is because of her limited ability to save, but also, given the trust she has in her employer as illustrated in the previous extract, the prospect of loss of pension value may seem unlikely. This is interesting as it indicates the potential to develop a different approach, which will be discussed further in the section on Transitions.

Adam offered a similar perspective to Izzy's first interview, although he demonstrated more concern than Izzy about the workplace pension. For example, when asked about affording contributions he said:

> *"It is a larger chunk of money, now. And I must admit I would like, I think it comes out to almost £200 a month, even at 4%, erm and so it is a large chunk of money but I know that it is something that will be there in the future - hopefully, unless [the company] goes under. Erm, which I hope they won't, I'm sure they won't! Yeh, it will be good for the future, that's for sure."*

In this extract, Adam at first suggests that he feels he is paying a lot into his pension and he is confident it will be there for him in the future. However, he then reveals some uncertainty about this, as he appears to think there may be a chance of him losing some money if his employer were to close. Adam is a member of a defined contribution pension scheme which means pension savings are mostly protected in the instance of employer collapse, although there are some limits and distinctions to this protection. However cases such as BHS, which were dealing with loss of defined benefit pensions, featured great public scrutiny and this has influenced many people to consider that something similar might happen to them. Adam suggests that he hopes this does not happen, before re-establishing his confidence, saying he is sure it will not happen. It feels like he is convincing himself that he should be confident in the pension system.

In the second interview, this was explored further. When considering whether he trusted the workplace pension system because they were experts, he said:

> *"I think so, I'd hope so anyway… I would hope they are experts, I'd hope that [my employer] has a [reputable] trust that provides the pension. With any financial institution there's an element of risk, but I guess pensions are always a low risk thing, I mean they aren't really risk are they?.... I do think that offloading that saving to someone else is better than me trying to do it myself."*

Here Adam suggests that he hopes that his employer has selected a good provider who is an expert, but the use of 'hope' implies he is not certain or has not verified this. Adam recognises that there is always a risk in financial investment yet he considers pensions to be minimal risk. He reassures himself by suggesting they are not really risk at all. As with the first extract from Adam, this appears to be an unstable form of confidence in pensions. Adam seems to stop himself from questioning his trust in the system. The final sentence may shed light on why this is the case, in that he feels that it is better for someone else to manage this saving for him, than for him to do it himself. This might lead us to consider whether individuals really feel they have many alternatives to pension saving. In this way, the risk perspective amongst protectionist savers could be described as accepting the collective model of pension saving.

The next section on transitions related to the Protectionist Saver approach, which describes how people developed this approach or moved away from it.

Transitions

Many of the Protectionist Savers described having previously taken a Threshold Adults approach to pension decisions. This was true of both Adam and Izzy, who both started to pay into their pensions when they had achieved some degree of establishment, as discussed earlier in this chapter.

In his first interview, Adam had described a period earlier in his life where he did not have a pension, and in his second interview, he confirmed:

> *"When I was 19 or 20 I had my first job, working in a fast food place and I certainly wasn't thinking about pensions back then. It was only really when I moved into a career-type role that I began to think about pensions."*

Adam suggests that his first job was not intended to be long-term, and this meant that he did not think about pensions at the time. He suggests that he started to engage with pension saving when he gained more long-term employment in a career role. This role potentially offered more stability in both social and financial terms. This echoes the experiences of the Threshold Adults, who limited their participation in order to focus on adult establishment. Adam's experience illustrates the result of that process of establishment in the Protectionist Saver approach.

Izzy also illustrated this process of establishment:

> *"I was paying minimum pension contributions at my old job and they did contact me to say do you want to increase it and I was like, no because I don't earn enough, and I don't want to stay here. My attitude was completely different….. Whereas now, in the last few years I've had promotions at work, I've bought my own house. In terms of maturity, I've moved quite quickly and it all fell into place quite naturally and my boyfriend was exactly the same. And now, we feel like fully-fledged adults."*

Izzy describes that in a previous employment, she did not feel able to contribute any more than minimum contributions to the workplace pension scheme. This was not just because she could not afford it, but also because she did not want to stay in what she considered to be a short-term role. Izzy suggests that her attitude was different then compared to the last few years. She describes a number of things that have helped to make her feel more established, including promotions at work and buying a house. Izzy feels that these changes have happened to her quickly, but she seems comfortable with the changes as they 'all fell into place'. This was also the period where Izzy decided to increase her regular pension contributions. She suggests that after these changes, she feels like a 'fully-fledged adult', meaning an established adult, and this reflects her becoming a Protectionist Saver.

This highlights that from being disengaged Threshold Adults in their approach to pension saving, many people may move to a passive acceptance of workplace pension saving underpinned by a moral rationale and a collectivist risk perspective, as illustrated by the Protectionist Saver approach. This will be reflected on further in the final challenges part of this section.

There was also appeared to be some potential for those in the Protectionist Saver group to move towards being a Market Investor by implementing a more market-driven approach. This transition was expected to be caused by either having more disposable income and therefore more money to spread across alternative investments, or by gaining more clarity closer to retirement age, which would enable individuals to think more critically about their saving and investments.

This was suggested by both Adam and Izzy. For example, Adam described why he felt he was a Protectionist Saver now, and how this might change in the future:

> *"Quite naturally I am not a big risk taker, therefore I wouldn't put all my savings into the market. I'd like to think I'm quite sensible, so I know that without saving for the future, I'm going to have a very hard time without an income. I guess that is what puts me in that box [protectionist saver]."*
>
> *[…]*
>
> *"I would try in the future to do more investment… I will start thinking about exactly how much I will need to live off, exactly how much I'll have from my pension and what I will need to do to make that up. I'd like to hope I'd be able to retire by the time I'm at the retirement age."*

In this extract, Adam suggests that being risk-adverse and sensible are personal characteristics that put him into the Protectionist Saver type. Adam says he would 'like to hope' that he will be able to retire by the state pension age, which highlights just how much he is not able to judge the pension outcomes at this stage of his life. In the short term, this lack of clarity does not prevent him from saving, bolstered by the moral rationale and trust in the system that have been discussed earlier in this section. In the long-term, however, he recognises that there may be a shortfall from his pension that he might need to make up in other ways, such as using other forms of investment. This is driven by knowing more clearly what he will need and what his pension might provide as he gets closer to retirement.

Izzy also felt that she would become more investment driven in the future. In the risk perspective section, Izzy suggested that she recognises the need to save across different platforms to spread the risk of losing value, but it is not something she is able to do now. When talking about her level of contributions in the second interview, she echoed a similar idea:

> *"Sometimes I worry that I don't pay enough in…. I will definitely up it when I have more money… I hope I have savings too... I wouldn't predominantly rely*

on the pension. I hope I'd have savings or inheritance, things like that.... I would do savings like ISAs and things as I got older."

Izzy suggests that her pension contributions may not be enough for her retirement, and this makes her think she will increase her contributions when her pay increases. Yet she also suggests that she does not want to predominantly rely on the pension in the future. This differs from the approach put across in the first interview, where Izzy seemed to think she would be fairly reliant on the pension. This is possibly because the alternatives are things that Izzy thinks she will do more of in the future, as her income increases. This illustrates the potential to move to a more market-orientated approach. However, it must be recognised that Izzy may also have felt normative pressure from the first interview to be less passive about her pension saving.

Exceptions

There were two participants in the Protectionist Savers group who did not share the same subjective life position of the other participants in the group. Ash and Amy were both in their twenties and had recently joined their organisation at a junior level. They described having immediate goals of establishment like the Threshold Adults discussed in the previous section, such as buying a house or accessing further education. Yet despite this, they had chosen to pay increased contributions into their workplace pensions. Ash and Amy suggested that they had become more engaged with pension saving after having an opportunity to independently consider it early on in their working lives. For Ash, this had come about through his sister, who worked in the pensions industry and had given him what he considered to be an informed view on pension saving. For Amy, this was driven by a university project she completed in her final year which assessed pension contributions as an employment benefit. This had led them to take an informed decision to increase their pension contributions, even if this meant saving less towards their immediate goals. This was also similar to the experiences of Mina discussed in the Threshold Adult part of this chapter, who had actively engaged with pension saving after the first interview. This highlights the importance of actively engaging young people in pension saving rather than relying on default mechanisms, which could actually lead to less engagement if people perceive defaults as recommendations, as with the minimum contributions of automatic enrolment suggested by the experiences of the Threshold Adults.

Challenges

The Protectionist Saver approach raises important challenges regarding their pension saving practices. This approach was underpinned by an acceptance of pension saving as a social norm. This acceptance was positive as it had encouraged the Protectionist Savers to contribute at increased levels. However, the downside to this acceptance was that the Protectionist Savers did not really know much about their pension. They seemed to expect that by participating they would eventually be looked after by the system. Yet there is no guarantee that saving at increased levels will lead to an adequate retirement, and the Protectionist Savers will be very disappointed if they are let down by the collective solution, especially since they are not saving and investing in other ways. The defined contribution system puts the responsibility for adequacy on the individual, yet the Protectionist Savers did not appear to be fully aware of what this means for them in the long term. This is an important consideration for policy solutions which aim to encourage pension saving without detailed engagement, such as defaults. This also frustrates the narrative of pension consumers as regulators, because these members were not actively engaging with their pension scheme, meaning they could be at risk of poor scheme management or investment decisions.

Furthermore, the exceptions in the Protectionist Savers group added to the challenge of engagement that was raised for the Threshold Adults group. Two Protectionist Savers faced similar establishment goals as the Threshold Adults yet had actively engaged with pension saving. These participants suggested this engagement was driven by having the opportunity to reflect on and make an informed choice about pension saving. This highlights the importance of actively engaging young people in pension saving rather than relying on default mechanisms, which could actually lead to less engagement if people perceive default pathways as recommendations.

Conclusion

This chapter has considered the Threshold Adult and Protectionist Saver pension saving approaches. The Threshold Adult approach involved limited pension participation, justified by the prioritisation of achievement of goals related to adulthood. The Protectionist Savers were established adults who had decided to increase their pension contributions, yet demonstrated a passive acceptance of pension saving as a social norm. Both of these approaches were underpinned by a moral rationale, which suggests that pension saving is something one ought to do, drawing on ideas of being sensible or responsible with money. They had different risk perspectives, since the Threshold Adults demonstrated a fatalistic response to risk by not wanting to think about it, while the Protectionist Savers were more collective and happy to rely on the pension system.

This chapter also highlighted that each of these approaches has distinct challenges that represent important considerations for policy and industry. For the Threshold Adults, there is a need to consider how best they can be supported in recognising the complex realities young people face when establishing themselves as an adult. For the Protectionist Savers, the acceptance of pension saving as a social norm and the collective approach to risk means that they may not be fully aware of the responsibilities on them in the defined contribution system, which could lead to disappointment in the future.

The next chapter moves on to consider the other two pension saving approaches, the Market Investors and Sceptical Speculators.

Chapter 8: Market Investors and Sceptical Speculators

Introduction

This thesis has argued that pension decisions are embedded in and made meaningful by the contexts of people's everyday lives. This research has developed a typology of pension saving approaches which illustrates the ways in which pension decisions connect to personal subjective experiences. The previous chapter illustrated two approaches from the typology using empirical evidence from the real-life experiences of participants in this research. These approaches were the Threshold Adults and the Protectionist Savers, who shared an underlying moral rationale for pension saving as something one ought to do, yet were driven by different subjective life positions and risk perspectives.

This chapter furthers this analysis by considering the remaining two pension saving approaches from the typology, both of which were underpinned by a market rationale for pension saving. This form of rationale involved focussing on maximising the returns of pension saving, in a way that was portrayed as calculative or analytical. This related to the economic rationale of maximisation as discussed in Chapter 3. However, the participants were not always being calculative as they portrayed and instead drew on subjective ideas to support their decisions. In this sense, the market rationale was about performing rational maximisation and using this to justify their perspective.

The market rationale played out in two different ways which will be considered in this chapter. These are the Market Investors and the Sceptical Speculators. The Market Investors were active pension savers yet the pension represented a relatively small part of their overall saving and investing practices as they sought to diversify across different platforms to maximise their returns. The Sceptical Speculators limited their participation in workplace pension saving because they were not confident about the long-term outcomes of pension saving and felt they could achieve better outcomes elsewhere, which they diverted more money towards.

This chapter will argue that, once again, each of these approaches has distinct challenges that represent important considerations for policy and industry. While the Market Investors approach seemed to be the closest to the model of homo economicus, they still did not truly act as the rational actor anticipated by the defined contribution system. Furthermore, the Market Investors tended to be people with specific knowledge, access, and social and economic capital. This means that this approach may not be open to all pension savers. For the Sceptical Speculators, the automatic enrolment policy had encouraged many of them to save at minimum levels, yet it also seemed to reinforce underlying scepticism about pension saving. This highlights the need to evaluate the effect of automatic enrolment on public confidence in the outcomes of workplace pension saving, and whether further measures are need to improve long-term security for later life. These challenges are particularly important given the gender bias in pension saving, where women appear to be disadvantaged by the hetero-patriarchal norms of the pension system, not just in terms of outcomes but also in how they approach decisions about their pensions.

In this chapter, each approach will be described in terms of the subjective life position, rationale and risk perspective that formed the approach, as well as transitions, exceptions and challenges. The chapter will first cover the Market Investors, before turning to the Sceptical Speculators.

Market Investors

The Market Investor approach involved active participation in workplace pension saving up to the level of contributions which attracted the most matching from their employer. They also did a lot of saving and investing using other channels alongside their pension, which meant that the workplace pension was a relatively small part of their portfolio. There were nine Market Investors, all of whom paid increased pension contributions above the minimum levels, apart from two exceptions who had opted out of workplace pension saving, who will be discussed later. In contrast to the other groups, the Market Savers were mostly male, with just one woman out of nine. This was surprising given the female bias in overall sample. The Market Investors tended to be older, as most participants aged 40-49 years old were in this group (although there was some representation across all age categories). They also tended to have higher incomes, as all earnt over £40,000 per annum, apart from one who was in the £30,000-£39,999 per annum bracket. The Market Investors were all home-owners, although there was a mixture in terms of relationship status and children. While education status was mixed, this group included the most people who had some form of financial qualification and tended to have higher self-assessed financial knowledge.

The Market Investor approach will be illustrated in detail through this section in terms of how the approach was defined by the subjective life position and driven by the form of rationale and risk perspective. It will also consider the transitions, exceptions and challenges related to this pension saving approach.

Subjective life position

The Market Investors were, like the Protectionist Savers, established in their adult lives and had actively chosen to pay increased contributions into their workplace pension, apart from the two who had opted out who will be discussed later. They were comfortable with affording the increased contributions since it did not affect their standard of living, as discussed in Chapter 6.

However in contrast to the Protectionist Savers, the Market Investors were very active in terms of saving and investing through other channels. This did not appear to be due to any greater level of disposable income, since there were Protectionist Savers on similar levels of income. The Market Investors appeared to be more confident in their ability to save and invest than the Protectionist Savers.

This was illustrated in the interview with Jamie, who was in his 30s and lived alone in a flat that he owned through a mortgage. Jamie paid increased contributions into his workplace pension and he was also saving across a number of other channels including savings accounts, ISAs, bonds as well as a share-save scheme through work.

> *"I like to have the freedom, or would like to have the freedom, if I wanted to or needed to in worst case, do something more shorter term, then I could do that. So that's what I mentioned, I've got some stuff which is in a cash account, so that's easy access if there's, I don't know… some type of emergency, and then there's the more medium term stuff with ISAs and the bonds, which is, I know in the next couple of years I'll probably think about maybe erm, moving home and there's the costs associated with that, and then there's the way longer term, which is the pension."*

Here, Jamie speaks confidently about his saving and investing practices, which involve a number of different channels. He highlights the need for flexibility in his saving and investing practices and describes a time-delineated portfolio, where his investments provide for different schedules of needs. Jamie suggests that he has immediate access funds for emergency situations such as fixing the car and medium-term funds such as ISAs and bonds for life events such as moving house. He suggests that the workplace pension provides for the longer-term . A much larger proportion of Jamie's income went into his short- and medium-term funds than into his pension. Jamie is confident in his approach and handling these different investments.

This confidence in saving and investing practices was also noticeable in how Market Investors thought about their pension too. John was in his late 30s and married with children. He suggested that he wanted to invest his pension in different ways during this retirement. When asked about what would support him in his later life, John said:

> *"Well I'd mostly be relying that I'd take my pensions, and maybe invest it in income funds. I might, I don't know yet, but I might use a lump sum to invest in something, I don't know if that's a small business or what yet."*

In this extract, John suggests that he would not simply be reliant on his private pension as an income in later life, but he would take it as a lump sum and invest it in something that would continue to deliver returns. This is not a very typical way of using a private pension, with most people believing it will either provide a steady income, or lump sums which they could spend on things like holidays or home improvements (PPI, 2014). John is using his private pension as a savings device which he will then invest to provide a greater income for his later life. He appears confident in his ability to undertake this type of investment.

The Market Investors portrayed themselves as financially capable, reflecting the fact that this group tended to have higher self-assessed financial knowledge. This is illustrated by Jordan, who was in his 20s and owned a flat through a mortgage, where he lived with his partner. He was in the £30,000 - £39,999 per annum earning bracket, so the lowest earner in the Market Investor group, yet he had increased his pension contributions as soon as he could after being automatically enrolled to benefit from employer contributions. Jordan was fairly confident in his financial knowledge and he described his investments in stocks and shares:

> *"I inherited [a pot of money] all kind of already [invested in stocks and shares]. But now I'm actually adding money to it, where I'm the full- it's all in my name now…. Umm, so it's all me, I get all the communications from the person, so yeh I feel very much involved in it… I'm curious and I kind of like to experiment, I like, you know, be investing in interesting things."*

Jordan explains that he inherited a portfolio of stocks and shares investments from his Grandad. He stresses that he has now begun to actively engage with and manage these investments, by adding more money and making decisions about it. Jordan portrays himself as capable when it comes to handling these investments, drawing on personal characteristics such as being inquisitive to reinforce this.

In describing themselves as confident, capable investors, the Market Investors often drew upon typically male identities, such as that of the breadwinner. This identity refers to the usually male partner who provides for the rest of the family, and the participants in this group highlighted the important role of their financial decisions for their family too. This was even present in the experiences of the only female member of this group. Sarah was in her 40s and lived with her husband in a flat that they owned. She paid increased pension contributions, but felt that other investments would be more important to her in later life. Sarah appeared to be the breadwinner as she described how her money paid for the bulk of their living costs:

> *"With my husband and I, my money pays for everything and his money is all saved. So his money just gets saved and sometimes used for nice things…. We used to have ISAs and all that sort of thing... I think really my savings [for retirement] is the flat, because it's in central London... And I've nearly paid off the mortgage as well."*

In this extract, Sarah describes how her income pays for the cost of living for her and her husband. This suggests that she is the breadwinner in the household, as she covers the necessary living expenses. Sarah says that his income is kept aside for additional things such as saving or luxuries which are not part of their core cost of living. She describes saving through ISAs, which they have done together, and seems to have come from her husband's income, implying they are extra things. Sarah feels that her flat is a large part of her savings for later life. She highlights that it is in central London, implying she can expect a good return on it, especially since she has almost paid off the mortgage. It is marked that here she uses the singular 'I', which suggests that the mortgage payments have come out of her income, as part of their core living expenses. This illustrates the breadwinner role, as she is providing for her and her husband out of her income by investing in property. It also demonstrates how Market Investors did not feel they would be dependent on their pension, but invested in and put more importance on other channels alongside.

The Market Investors were active pension savers, although the pension represented a small part of their overall saving and investing portfolio, with other forms of investment being considered more important. The next sections will consider why the Market Investors adopted this position, with reference to the rationale and risk perspectives driving their decisions. These sections will again draw on two individuals, Will and Phil, in particular to permit deeper reflection on this saving approach. These participants will be introduced in the section below.

Rationale

The Market Investors tended to use a market rationale for their workplace pension decisions which focussed on maximising the returns of the pension. This specifically meant the employer contribution and tax benefits which were often described as 'free money'. In this sense, the market rationale appeared to overlap with economic rationality as discussed in Chapter 4. Yet, unlike economic rationality, the market rationale was not entirely calculative (Dodd, 1994; Martin, 2002; Langley, 2006; Pryke and Du Gay, 2007; Callon, 2008). For example, participants did not calculate the long-term investment returns of their pension in detail, and also failed to consider the costs or charges associated with pension saving. The Market Investors had rarely done any detailed information search on these topics and had made their decision based on the contribution rates presented only. This meant that the Market Investors were performing rational maximisation, rather than actually behaving as a rational decision-maker. This was commonly illustrated in the characterisation of different investment options, which drew on a more emotional or instinctive understanding. For example, the Market Investors tended to consider pensions as reliable but uninspiring compared to other channels, such as property or stock market investments, despite being able to make choices about their pension fund investments, which could be invested into similar categories of assets.

The first person who will be discussed in this section is Will, who participated in a second interview and agreed that he followed a Market Investor approach to pension decision-making. Will was in his early 30s and was married with one child.

He earned £50,000 per year and lived with his family in a home that he owned through a mortgage. He paid increased contributions into his workplace pension at the level which maximises the employer matching and also had a self-invested personal pension, which he contributed to each year at the rate which maximised the tax benefits. Will considered himself to be a good money manager and was confident with financial investing. In the first interview, he described his motivations for joining the workplace pension scheme as follows:

> *"Well I guess- it's kind of silly really, but my dad has always said pensions were good, it's like, a sensible way of doing things… I put in the max up to where the match is best. It's free cash right? I guess I'm fortunate enough that I don't necessarily need the, you know, say if I put a hundred quid or a couple of hundred quid extra in a pension pot, I don't need that for monthly living. Umm, so yeh if by putting that money in I get an extra match that makes it more in the future, you know, it's a better deal essentially".*

In this extract, Will suggests that his father has played a role in encouraging him to have a pension because this is a sensible thing to do. However, Will prefaces this by implying this is not a good reason to save for a pension by itself when he calls it 'silly'. This contrasts with the experiences of the Protectionist Savers discussed in the previous chapter, who confidently described the interpersonal influences on their pension decisions. Will goes on to suggest that he is looking for the best deal, meaning the one which maximises the outcomes. He suggests the best option is to contribute at a level which maximises the employer contribution since this is 'free cash', meaning a guaranteed return. There is no consideration of any other costs or benefits associated with his pension, such as investment returns or charges.

Will goes on to say that he is fortunate not to need the money he contributes to his pension in the short term. He feels there is no cost of foregoing alternatives in the present by paying into the pension, as discussed in Chapter 6. This suggests that were Will to need that money for something else, he might decide not to participate in pension saving. This means that Will can afford to seek to maximise his returns by accessing the employer contribution without needing to fully calculate the impact of the decision. This is an example of opportunity cost analysis, rather than calculative maximisation. Furthermore, Will's account does not seem to suggest any underlying obligation towards pension saving, in contrast to those who drew on more moralistic rationales.

In the second interview, Will was encouraged to reflect more on why he thought pension saving was such a good deal and he further highlighted the importance of the employer contribution as a guaranteed return. He said:

> *"Whatever I put in is doubled straight away, because the employer matches the contribution. And then the doubled money goes into the stock market, and then it can grow there too. So win-win. Rather than me taking that money, putting it into the stock market, then it's only half the principle putting in. I get twice the principle going into it."*

In this extract, Will suggests that the contribution from his employer doubles the amount of money that is put into the stock market on his behalf. He believes that this money will increase once invested through his pension scheme, although he does not elaborate on the values involved. Will describes pension saving as a 'win-win' scenario, which means that it is a situation where he is certain to do well, rather than a situation where both parties benefit. This implies a strong belief in the benefit of the stock market to deliver investment returns.

Will also suggests that, if he did not contribute that money into the workplace pension scheme, his likely alternative would be to invest in the stock market through other channels. This again suggests a fundamental acceptance that the market will deliver investment returns, rather than analysing the different options available to him as would be expected from a rational actor. Will uses technical, financial language, such as the term 'the principle' which refers to the starting value of an investment, and this serves to portray him as financially knowledgeable.

The second participant who will be discussed in this section is Phil. He was in his 40s and was married with three children. He paid increased contributions into his workplace pension in order to benefit from the maximum employer matching. Phil appeared not to be as financially confident as some of the other Market Investors, so he described seeking advice from people he knew who were knowledgeable about financial matters (always other men). Phil thought his retirement will be funded through a combination of workplace pension, state pension, some previous defined benefit entitlement, and the equity in his property. He felt his house was his most important investment:

> *"Any pension thoughts are slightly dwarfed by the house, because I know there's bigger numbers involved… The pension for me is just a steady, boring thing in the background, but reassuring, like an old loyal friend. The house is kind of, umm, exciting and it's great but it's also scary and horrible… Ummm so with the house there's more uncertainty but it's got more potential, it's more exciting but a bit more stressful in terms of the thinking around it, whereas the pension is a trusted old friend in the background that I don't think about".*

In this extract, Phil explains that the pension is not something he worries about a lot because he feels that his property is more important. He suggests this is because his house is worth more money than his pension and also because there is greater potential for returns. Phil appears to suggest that he is maximising his returns by investing in different products, however, he goes on to characterises his property investment as uncertain but exciting in comparison to the reliable but boring pension. This characterisation draws on subjective feelings Phil has in regard to his investments. He uses emotive terms such as scary, horrible, exciting and loyal. This is far from an objective calculative approach and demonstrates how the Market Investors focussed on returns to perform rational decision-making.

The Market Investor's use of the market rationale was supported by a specific perspective of risk. This will be considered in the next section.

Risk Perspective

The Market Investors treated risk as something objective to be managed through their own entrepreneurialism. They primarily considered risk to be a measurable determinant of financial reward, with higher risk seen as meaning higher returns combined with little consideration of losses. The Market Investors felt that the best way to handle financial risk was to act as an individual risk manager by combining investments with different risk profiles to maximise their returns through a portfolio of investments. This suggests an individualistic response to risk since the Market Investors felt they needed to undertake this diversification required by themselves rather than relying on anyone or anything else to do this for them (Douglas and Wildavsky, 1983; Vickerstaff and Cox, 2005; Taylor-Gooby and Zinn, 2006). The workplace pension was treated as one part of their personal portfolio and was considered to be low risk and low return (even though the pension would be invested in diversified funds which they could choose).

The Market Investors often dismissed other forms of risks related to pension saving, such as political or governance risks, despite these being potentially significant considerations that were mentioned by other groups. This may have been facilitated by their underlying belief in the free market system as they felt confident that their pension would deliver the outcomes they expected. They did acknowledge that markets could fail, yet they felt it would be unlikely to happen to them. This may connect to the 'Not me, Other' response to risk that was highlighted in Chapter 4, which suggests that people downgrade risk for themselves in order to distance themselves from it (Joffe, 1999).

Furthermore, the Market Investors often referred to the laws and regulations that support the pension system. They felt confident that they would have recourse to and be protected by these provisions as an individual consumer if anything went wrong with their pension, even though they were not clear on what the laws and regulations actually were. This again highlights the individualistic nature of their risk perspective (Douglas and Wildavsky, 1983; Vickerstaff and Cox, 2005; Taylor-Gooby and Zinn, 2006).

In the first interview, Will was asked whether he thought about any risks regarding his pension, and he first spoke about his personal pension:

> *"Well, in the SIPP it's personal, it's self-invested, so if I don't make good decisions, umm, the money I put in there is worthless. Basically the biggest risk I consider with my pension is me making a bad investment decision."*

This extract first of all reveals that Will considers his personal pension more important than his workplace one, because when asked about his pension in general his thoughts moved immediately to his personal pension. This may be because he thinks his SIPP is more risky than the workplace pension (which he later implied he sees as low-risk and low-reward). Will focuses on how risk relates to the returns he gets from his pension investments. Will dramatically states that if he makes bad decisions about his personal pension, he will lose all value from it. This demonstrates that Will recognises that the market does not always deliver value yet he feels that this will not be the case for him. He does not consider any broader risks related to the functioning of the market overall or the pension system he is investing through. Will's perceptions of risk are focussed on his decisions and actions and his comments underline his own confidence in financial matters. This highlights the individualistic nature of this risk perspective.

Will was then asked about risks regarding the workplace pension specifically. He took a long pause and then said:

> *"I mean, if the company goes bust, I guess what happens then? But I think there's laws protecting your money. The money's in a pot at the side and it's not accessible to debtholders, I believe. I don't know the rules on it. Cos as far as I know, the money is locked aside and it's mine right? So I don't see it disappearing. I would trust there would be no mistakes in like, err, you're owed this proportion or whatever…. I think I'll have a pretty good idea of what I'm expecting as well, and I feel like if there was an issue I'd be able to address it."*

Will paused before answering this question to actively consider his answer, which may suggest this is not something he has thought about in detail before. He recognises that there is a risk that the organisation he works for might not exist in the future but he suggests that there are rules protecting his pension which means his pot would not be lost in the event that his employer goes bankrupt. It is interesting that Will is not really clear on what this protection is, which suggests that he has not checked or clarified the rules. There is protection for defined contribution pension schemes in the instances of bankruptcy through the Pension Protection Fund, although this is limited meaning that members may face reductions in pot value. Will does not appear to be aware of this at all, yet has assumed that his money is protected. It seems that Will had no reason to question that he may not receive what he is due from his pension, since he seems to recognise that the market may fail but does not think it will happen to him. Will further highlights his self-confidence as he thinks he would know what he is entitled to and be able to address any issues should something happen to disrupt his pension pot. Will portrays himself as an individual risk manager operating within the framework of free market provision.

This was validated in the second interview, where Will was asked why he takes this individualistic approach to managing risk. He said:

> *"As opposed to what? Why do I believe that I should diversify to manage risk? Because that's what it is. If you're going to put all your money into the stock market you don't put all your money into one stock because if that stock crashes you lose out….*
>
> *"Historically the market has always gone up though, right? The past isn't always an indication of the future... So it is possible it all comes crashing down and all the value is destroyed... But I don't see it."*

This extract illustrates the extent to which Will assumes his objective and individualistic approach which focusses on financial risk to risk to be the correct approach. He questions what other approach to risk there could even be, effectively dismissing the role of all other non-financial risks such as political or governance risks. This demonstrates his confidence in his approach. Will also suggests that he does not believe that the stock market will crash entirely because it has always performed well before. He talks in prescriptive and financialised terms which presume stock market investment to be the only option, which again suggests his underlying belief in free markets.

Phil similarly demonstrated the focus on measurable, financial risk that was common amongst the Market Investors. During the interview he was asked what he thought about the pension provider at a previous employer:

> *"My perception wasn't so much is it a good provider, but within the policy, is that the right policy, and I realised that there was one that was managed that was higher risk, and one that was safer but lower. And umm, in my mind that was the decision I thought about. I was never particularly worried by the name of the company."*

In this extract, Phil suggests that he was not concerned about who the pension provider was and whether they were trustworthy or not, effectively dismissing forms of governance risk. Instead, he suggests that he has focussed on the risk profile of his investments in order to maximise his returns. This suggests that Phil mainly considers measureable, financial risk. Phil suggests that he did think about the investment options available to him within his pension. However, he only considers higher risk as leading to higher reward and does not mention the potential for higher losses that comes with it. This again illustrates the performative nature of being rational that was illustrated in the previous section.

Later in the interview, Phil was asked if he had any concerns about his current pension scheme:

> *"A tiny bit, that [the pension provider] would go bust. I know the government would fund up to eighty thousand, so it did cross my mind that maybe I should be moving it across two [providers]. But I'll probably lose money by doing it, paying commission to two companies, and the pension provider is a very big famous company, it's on the FTSE 100! So it's a very*

> *short-term worry, not a serious worry... I remember being told that as you get nearer to your retirement age, at that point it's better to go for lower risk options so moving away in case there's a stock market crash and you're stuffed. Umm, so that's been at the back of my mind, but I certainly haven't done anything about that. I think I'm a few years off thinking like that."*

Phil acknowledges there is a risk that the pension provider could fail. However, he dismisses this as he thinks there is protection for pension pots of up to eighty thousand pounds, which would protect the majority of his pot. However, this form of protection is for bank savings rather than pension pots, which suggests that Phil has not made a point of checking the rules in this regard. Nonetheless Phil suggests that he has considered whether he should spread his pension pot across two providers for greater security, but he feels this would be inefficient due to paying two lots of charges, although he did not know anything about the charges or commission he was paying in his current pension scheme. This illustrates how Phil is trying to act rationally by maximising his returns, even though he has not really analysed this in any detail.

Phil goes on to remark that the provider is on the FTSE 100, which appears to make him feel confident about their reliability. This stands in contrast to the earlier extract, as it seems he is not concerned about who the pension provider is, as long as they are validated by free market institutions. Phil then returns to focussing on financial risk as measurable and related to return. He acknowledges that there is the risk of a stock market crash which could erode the value of his pension but he does not seem to think this is relevant for him. He has focussed on high risk investments without considering the potential losses associated with this. Phil is trying to act as an individual risk manager albeit with limitations to his understanding of risk and how this relates to his investments.

The next section on transitions will consider how people started to behave like a Market Investor and how their pension saving approach changed over time.

Transitions

In the previous chapter, it was discussed how Mina, a member of the Threshold Adult group, had taken a Market Investor approach following the first interview. That chapter also demonstrated how members of the Protectionist Savers group felt that they might take a more market-driven approach later in their lives. This suggests that people from the other groups may become Market Investors further along their pension saving journey. This was substantiated by the profile of the Market Investor group, since they tended to be older and more confident about their financial knowledge and capability, which could arise from experience in financial matters.

Despite this, the Market Investors tended to suggest that they had always followed this sort of approach to pension saving. They felt that this approach reflected their personal characteristics, such as having a calculative or strategic nature, which was often described as something they had developed from a young age. This was illustrated in the experiences of Mina discussed in the previous chapter on Threshold adults, who suggested that her personality traits and personal experiences had led her to take a Market Investor approach following the first interview. This was something that was commonly found amongst the Market Investors, who often felt that they had sought out opportunities to develop their financial literacy given these personal inclinations.

For example, Will was asked why the thought he followed the Market Investor approach to pension saving. He said:

> *"My dad's influence... telling me from a young age to minimise my tax, and when someone gives you something for free you might as well take it… He's always told me to start building that pot, and find ways to optimise it and maximise the stuff going into it. My MBA, I got my MBA in 2014, but I'd say I was operating as a Market Investor from before that. So I don't think it was my MBA that turned me into that. I'd say it's my dad's influence that made me into a market investor and that happened to me in my teens probably. And yeh, MBA and all this stuff came afterwards."*

In this extract, Will suggests that his father had a formative influence over his approach to money and finance. However, this does not appear to be in the same way that interpersonal influences encouraged the social norm of pension saving for the Protectionist Savers, as he suggests his father specifically encouraged him to save and maximise financial returns, which Will now applies to his pension. This highlights the benefit Will has gained from having a parent who understood financial investment. Will had completed a Masters in Business Administration, which included some financial training, although he stresses that he already took a market-driven approach to his finances before he undertook this education. He suggests that due to his father's influence, he started thinking in market-driven ways from his teens. This reinforces the perception that the Market Investor approach was a natural fit for him.

The Market Investors did not feel that they would change their approach in the future, given the fit of this approach to their personal characteristics and experiences. This suggests that they felt this was the optimal approach to pension saving, which was also substantiated by the Threshold Adults and Protectionist Savers moving towards, or at least feeling like they ought to move towards, this approach. In many ways, this approach is the closest to what the model of rational choice (the decision-making model underpinning the pension system as discussed in Chapter 3) assumes about individual behaviour, since it presents a calculative and maximising approach. However as the Market Investors were not really being calculative or maximising in the ways they considered themselves to be, they were performing this cultural idea of rationality. The model of rationality has been embedded in our political and economic systems for some time, so it possible that they are following the lead of the system and feel like they are achieving success in this, which reinforces these behaviours as optimal. Yet it is clear that the Market Investors were highly privileged in their access to economic, social and cultural resources, which means that this approach could not be followed by everyone. This will be further discussed in relation to the challenges related to the Market Investor approach in the section below.

Exceptions

There were two exceptions within the group of Market Investors. John and Chris demonstrated similar use of the market rationale and individualistic risk perspective as the other Market Investors, but they had opted out of workplace pension saving. This was facilitated by the fact that their employer, Company C, offered a specific policy where employer pension contributions could be taken as part of a benefit package. This means that employees were not locked into workplace pension saving (however, it is important to note that not all Company C employees were in the Market Investor group). Both John and Chris had opted out of pension saving because they preferred to put this money into a private pension, where they felt it would be invested more profitably and result in greater returns. They contributed large amounts into their pensions regularly, usually at rates which maximised the tax benefits of this mode of saving. This decision was based on the fact that they had more options in regard to pension provider and investment choice, which was supported by their confidence in their own ability to make these choices, since like the other Market Investors they both felt they had and demonstrated high financial literacy. These participants were not really exceptions as they practically behaved in the same way as the rest of the group but they serve to demonstrate the extent to which the Market Investor approach seeks out opportunities to maximise returns, with little moral rationale of the workplace pension as the "right" form of provision.

Challenges

The Market Investors were active pension savers with a belief that the market will deliver value for the pension. This is the closest approach to that envisaged by the rational choice model underpinning the defined contribution pension system, as it appeared to aim at maximising and calculative behaviour. Yet, the performative nature of this approach means that it still falls short of being a rational consumer. The Market Investors were not rationally considering their future needs, nor were they calculating or analysing options available to them to maximise outcomes.

Furthermore, this analysis of the Market Investor group suggests that it is unlikely that this approach could be followed by everyone since it requires specific knowledge, access, social and economic capital. This suggests that this approach may not be open to all pension savers, which raises concerns about the equity of a system that does not reflect the varied experiences of everyday lives. In particular, the group of Market Investors was almost exclusively male, which was notable given the female bias amongst the participants overall. This is significant since, as discussed in Chapter 3, research has shown that women are also structurally disadvantaged in pension saving due to the assumption of male working patterns throughout the life course. These findings add to this concern, since it suggests there are also subjective hetero-patriarchal norms in pension practices which may further disadvantage women.

It is important to note, of course, that not all men were Market Investors. The Market Investor approach tended to be followed by men with specific financial education or experience. However, the Market Investors suggested that their approach was driven by personal characteristics and experiences which had also led them to seek out opportunities to develop their financial knowledge. This indicates that it may not be possible to improve financial knowledge through education or experience alone, as individuals need a specific worldview to support such learning. This may have implications for the financial literacy agenda, which purports to improve financial decision-making through education, especially since even the Market Investors were not really acting as rational maximisers anyway.

The next section will consider the Sceptical Speculators approach, which follows a similar market rationale to the Market Investors, but connected to a hierarchical risk perspective.

Sceptical Speculators

The Sceptical Speculators limited their pension participation because they were not confident that the pension system was suited for their needs, so they preferred to save and invest through other channels.

Overall there were ten Sceptical Speculators, who were all aged either 20-29 years or 30-39 years, with no participants in the 40-49 years age group (a similar age profile to the Threshold Adults). However, in comparison to the Threshold Adults there was a wider mix of income levels amongst the Sceptical Speculators, as the group included people earning from £20,000 per annum to over £60,000 per annum. Despite this, the majority of the group paid low or no contributions (apart from Rae, who will be discussed in detail during the chapter). There was a bias towards women in the group, as just two out of the ten participants in this group were male. There was a mixture in terms of relationship status, children, and home-ownership as well as education levels and self-assessed financial knowledge amongst the Sceptical Speculators.

The Sceptical Speculators approach will be illustrated in detail throughout this section in terms of how the approach was defined by subjective life positions driven by the form of rationale and risk perspective. As with the other groups, it will also consider the transitions, exceptions and challenges related to this pension saving approach.

Subjective life position

The Sceptical Speculators approach was found amongst people who were active savers, yet they were not particularly engaged with pension saving. Unlike the Threshold Adults, this lack of engagement was not just because they were prioritising other goals. Many of the Sceptical Speculators appeared to be established in their adult lives, similar to the Protectionist Savers and Market Investors. This was reflected in the demographic character of the group, which represented the widest diversity in terms of personal determinants such as age and income. This meant that the Sceptical Speculators did not appear to be connected by demographics factors. Nonetheless they shared an active approach to saving and investing which prioritised channels other than the workplace pension. This was driven by lack of confidence in the outcomes of workplace pension saving, which was described by disillusionment with the system specifically, or a more general scepticism.

The Sceptical Speculators were active savers who appeared confident in their choices. Similar to the Market Investors, the Sceptical Speculators often used a number of channels for saving and investment and they tended to put more money into these than their workplace pension contributions (if they made any). However unlike the Market Investors, they tended to feel these other channels were more important for their long term future, rather than being elements of a portfolio.

Carly was in her early 30s and lived in a rented flat. She paid minimum contributions into her workplace pension yet saved a lot through other platforms such as ISAs. When discussing what she could do with the money she had accrued in a previous workplace pension scheme she said:

> *"I wouldn't spend it, I'd save it… I'm very much a saver. I've been looking to buy a house or a flat, well, a flat definitely not a house, but umm, it's not as plausible as I would like it to be. So to be honest, if I had two grand, I'd put it in my ISA... But then obviously, that's another thing I'm looking into at the moment, because ISA rates, interest rates are just pffff, crap."*

Carly suggests that if she were able to access funds from a prior workplace pension she would choose to save rather than spend it. She describes herself as 'a saver', indicating that she feels this is an important part of her identity. Carly discusses two channels of investment. She mentions that she would ideally like to buy property, although due to high costs in London she has not yet been able to do so. Instead Carly suggests any extra money she had would go into an ISA, which she already saved into regularly. She then goes on to comment that since interest rates are low, she is looking into alternative channels which may offer better returns than her ISA. Carly appears to have actively thought about her saving and investment options and to be confident in dealing with such matters. However, it is notable that she did not consider whether she could transfer the money from her previous pension into her current pension scheme. This suggests that she prioritises other savings and investment channels.

Naomi was in her 30s and lived with her partner in a house that they owned with a mortgage. She paid minimum contributions to her pension because she prioritised other forms of saving and investing:

> *"The reason is I didn't put any more money into [the workplace pension] because I am purchasing shares [in the employing organisation]. So um, and it's a really good share scheme, so rather than putting my money into the pension scheme, I prefer to put more into my share scheme… I think it's at the moment, I don't want to rely on my pensions, so that's why we work hard, I work hard to get as much as you know, savings or whatever I can do now, when I am getting older, it's just an extra thing for me, you know I have like B plans and C plans…."*

In this extract, Naomi suggests that she only makes minimum contributions to her workplace pension because she prefers to invest through her employer's share purchase scheme. She feels that the scheme offered a better return than the workplace pension. Naomi explicitly says that she does not want to rely on her pension to deliver what she will need for later life. Naomi suggests that she will have other savings and investments which will provide for her later life, such as property and business investments. She suggests she puts greater effort into managing these alternative platforms of saving and investments than her workplace pension, which she sees as a supplement.

The Sceptical Speculators deprioritised workplace pension saving because they felt it would not deliver the outcomes they needed. Some were disillusioned about what they knew about the workplace pension specifically. They felt that what they could expect from pension schemes was disappointing, and often suggested that the information provided about their scheme had not helped them to feel more confident about it.

This perspective is summarised in this extract from Carolina, who was in her 30s and lived with her partner and one child in a house they had recently bought with a mortgage. She earned over £60,000 per year, yet paid minimum contributions into her workplace pension and instead invested in property, ISAs and share investment schemes. When asked whether she thought the pension would provide for her in later life she said:

> *"The idea of only my pension being my only income is quite scary. Because of all the illustrations I've been given before in terms of how much you get, you just, ummm. So yeh. [nervous laughter]…. When I was taken through one of the illustrations in terms of what you could get, the amounts they were giving, so if you put in hundreds, no tens of thousand pounds of money into it over your working life, I can't remember the amounts but the amounts you would then be paid every year seemed quite measly."*

In this extract Carolina suggests that she finds the idea of being reliant on her pension in later life frightening because she thinks it will not be enough to provide for her needs. Carolina refers to information she received which clarified how much her pension could be worth in the future, and she felt that the outcomes seemed inadequate in comparison to the contributions you would have to make over your lifetime. Carolina seems disillusioned with the workplace pension because of this.

Similarly, Carly (who was introduced earlier) was in her 30s and paid minimum contributions to her pension as she prioritised other forms of saving such as ISAs. She discussed having an appointment with a pension advisor shortly after being auto-enrolled in the workplace pensions:

> *"I had a meeting with a guy from the pension company. No idea what he spoke about. Didn't make any sense to me at all, actually. It was on my mind that having come from [previous employer], I was like, oohhh I should do something with that money, I should do something, and then he tried to explain it to me but he was very cryptic in his explanation, and then my time run out for his time, and I was just a bit like, I'm pretty sure I could probably google this and get a better answer."*

In this extract, Carly describes seeking advice from a representative of her workplace pension provider. This was a service offered to all pension scheme members, but very few took it up, and Carly was the only participant who even mentioned it, suggesting it was something she was proactive about. However, Carly suggests that the advice she received was not useful, as she did not understand it. She felt the advisor spoke in puzzling ways. Carly jokes that she could have got a more satisfactory understanding if she had done her own research on line. She seems disappointed with this experience.

Some of the Sceptical Speculators also demonstrated a general scepticism which tended to be aimed at the wider socio-political environment, such as financial services or the government, rather than the workplace pension specifically. It appeared that uncertainty in these wider structures influenced how they felt about the workplace pension.

Carolina was introduced earlier as she described a sense of disillusionment with the outcomes she could expect through workplace pension system. Despite being one of the highest earners in this group, she paid minimum contributions into her pension and put much more money into other investments such as property, ISAs and share-save schemes. Carolina described how she felt sceptical about the role of the government in particular:

> *Carolina: I think there is [a risk one might lose money in their pension]. A small risk, yeh, which is another thing that made me sceptical about it before.*
>
> *Interviewer: Yeh. What are you sceptical about?*
>
> *Carolina: Government.*
>
> *Interviewer: Government, yeh?*
>
> *Carolina: … Big changes in things that I don't get to impact. But would impact me. I don't know…*

Carolina describes that she feels there is some risk that her workplace pension may actually devalue, which has led her to limit the amount of money she contributes to it. She states quite clearly that this is driven by scepticism about the government and their role in forming legislation about pension that would change the terms of her workplace pension scheme. Carolina feels that she is not able to have any input over these changes, even though she is able to vote. This suggests that she is really sceptical about the political system in general, and the extent to which she can influence decisions made at this level.

Stuart was in his mid-30s, was single and lived in a house he owned with a small mortgage. Stuart earned over £50,000 yet paid minimum contributions. He prioritised investing in his property, ISAs and other channels such as bonds. He limited his pension saving because was very cynical about the pension system:

> *"I think that it is in human nature to try and make more, get more, so if you, if the people in charge of the country, the company, the pension scheme, whatever, see an opportunity to get themselves more then they will do that, and if that means sacrificing the pension scheme, then that's what they will do. I'm incredibly cynical… it's probably one of the reasons why I don't contribute more than I do, and it's about covering my bases."*

Here, Stuart describes a fundamentally cynical point of view which suggests that the people are always seeking to maximise their own gain. He believes this means that the actors who have control over the workplace pension scheme, such as the government, the employer or the pension provider, will not act in the best interests of the scheme. Because of this Stuart doubts that the workplace pension will deliver good outcomes for him in the future, and this leads him to limit his pension contributions in order to limit his exposure to this risk. Stuart suggests that by investing in different platforms instead of contributing more to his workplace pension he is preparing for possible negative outcomes. This suggests a very active consideration of his investment options, although it is different from the Market Investors who felt they were investing in a portfolio in order to maximise their returns.

The Sceptical Speculators were active and confident savers, yet they limited their workplace pension contributions because they felt disillusioned with the workplace pension specifically and/or were sceptical about the socio-political system in general. This caused them to prioritise other forms of saving and investing, such as property, ISAs or share investments. Unlike the Market Investors, this was not driven by the need to build a portfolio but to avoid being reliant on pension saving. However, it was not clear why their scepticism about socio-political structures did not cause them to question these other modes too. The next sections will consider why Sceptical Speculators behaved this way based on the rationale and risk perspectives that supported their decision-making. These sections will draw on two individuals, Richard and Rae, who participated in second interviews to permit deeper reflection on this saving approach. These participants will be introduced in the section below.

Rationale

The Sceptical Speculators tended to use a market-based rationale for their workplace pension decisions. This meant that they felt it was important to consider the costs and benefits of pension saving in a calculative or analytical manner, even though they were often not being as calculative as they portrayed. The performative nature of this rationale was similar to the Market Investors approach described earlier in the chapter. However, while the Market Investors demonstrated a fundamental belief that the stock market would deliver long-term value for their pension, the Sceptical Speculators felt the opposite, drawing on their disillusionment and scepticism that was described in the previous section. This meant they felt other forms of saving and investment offered better and more reliable returns, although this was very rarely calculated. They did not appearto have a sense of moral obligation towards pension saving and explicitly suggested they were against it as a social norm.

The first participant who will be discussed in this section is Richard, who was in his mid-20s and had worked for his employer for about five years. He lived with his partner in a house he had recently bought with a mortgage. Richard was not a member of a workplace pension scheme because he thought it was better to pay off his mortgage quickly to limit the burden of interest and then start saving for his pension. He had done some calculations to support this assertion, which he brought along to the interview. Richard was sceptical about the pension system in general, especially mentioning the lack of control in pensions and changing government legislation which would influence the long-term returns.

For example, Richard used a market rationale when discussing his pension participation in the first interview. Richard had decided to opt-out of pension saving in order to pay off his mortgage sooner, with the intention of saving through a pension for his later life after that:

> *"It was kind of a case of everyone tells you that you should pay into a pension, because it's the safe thing to do, it sounds right, like yeh I should put money away for my retirement, but actually people then don't think about well, my mortgage is my biggest overhead, the interest on that mortgage is outrageous, even at low rates you know I think working out my overpayments, if I repay my mortgage in 12 years or 15 years rather than 25 I save something like 46 thousand in interest alone, which is lost money. You can never get that back. Whereas if I pay it off, that's 46 thousand pound that I can effectively at the end of it say, hey, pension fund, straight away."*

At the start of this extract, Richard suggests he disagrees with the belief that pension saving is something you ought to do, which goes against the moral rationale for pension saving that was common amongst the Threshold Adults and Protectionist Savers discussed in the previous chapter. Instead, Richard suggests that he likes to analyse decisions and not just accept things. He implies that he is being critical in a way that most people, who accept pension saving as the norm, are not. Richard describes how he compared the outcomes of saving into a pension with the impact of paying off his mortgage earlier. Richard concluded that he would be better off doing the latter as it maximises the long-term return by reducing the burden of interest on his mortgage. However, Richard's calculations did not take into account the effect of compounding interest on his pension saving returns. His analysis is based on the opportunity cost of the money he would have to pay in interest, rather than the long-run investment potential.

He validated this in the second interview:

> *"I think that [being a Sceptical Speculator] fits with my personal rationale, which is really about using that money elsewhere, because I was assessing the long-term return if you like, on my pension versus other options."*

Here, Richard suggests that his decision to not participate in the workplace pension scheme was based in an analysis of the long-run returns of different investment options. However in his analysis Richard never actually considered the returns of his property or the pension scheme, and instead based his analysis on the opportunity costs of paying interest on his mortgage. Richard appears to believe that property is a better investment than a pension and this has permeated his decision-making so that his best option is to limit the interest he pays on his property purchase. While property does tend to be a good investment, and one which was mentioned by many participants across all groups, relying on property for later life provision by putting off pension saving appears speculative. This suggests that Richard feels he is being calculative when his decisions are actually more about his beliefs, and potentially his scepticism of the workplace pension system (which will be discussed further in the next section on risk perspectives).

The second participant who will be discussed in this section is Rae, who was in her early 30s, in a cohabiting relationship and has one young child. When she first joined Company B, she paid minimum contributions, but later increased to the maximum level of employer matching when she received a pay rise. As such Rae stood out in this group, who mostly limited their pension contributions to the minimum levels. However, Rae suggested she could afford to pay even more into her pension but she preferred to put money into other investments, such as property, ISAs and art, because she was sceptical about the pension system. This echoed the experiences of the rest of the Sceptical Speculators group.

Like Richard, Rae also discussed a market-orientated perspective:

> *"I get a statement once a year to be like, this is how much you've got and if you were to stop working now, this is how much you've got and if you were to stop working in 25 years this is what it is, and every time I see that, I think well that's not going to be enough to survive on… It's more like a bonus and the reason I did it is because you get free money effectively, from work, do you know what I mean, and my cash, it's not safe, but theoretically there should be a chunk of cash later on in life that I can tap into… Maybe because I'm just not trusting on that, like, that it's financially stable. Because it comes with no guarantees, do you know what I mean? There's no guarantee that that money that they give you a statement on every year that you're going to get at the end."*

In this extract, Rae highlights that the main reason for her participation in pension saving is the employer contribution, which she refers to as 'free money'. She suggests that the employer contribution effectively maximises her savings in the short-term. This 'free money' message was also seen in the experiences of the Market Investors where it seemed to suggest the performance of rational maximisation which was also part of the Sceptical Speculators approach.

However, Rae's account subsequently suggests an emotional response to her decision-making which diverts from that of the subjective beliefs of the Market Investors. She feels that her pension may not lead to an adequate income future both because she thinks the expected values are low and because she thinks she could lose value from her pension in the long-term. She feels it is necessary to develop other forms of saving and investment to provide for later life instead of paying any more into her pension. Rae is focussing on the uncertainties of pension saving which makes her doubt that the workplace pension will provide for her in later life. While she is behaving in a similar way to the Market Investors by maximising the employer contribution to her pension, she is thinking about her pension in a very different way to them.

This was echoed in her second interview:

“Effectively it is like I’m getting the maximum free cash from work and not putting any extra into it, because my beliefs in the pension system weren't necessarily, erm... I don't feel completely confident that it's the best option for my money, from an investment point of view…. It's the free money thing, it's always free money from my employer…. interest rates are so low at the moment anyway, so any opportunity to get any extra guaranteed cash, I would make the most of.”

As before, Rae emphasises again that her motivation for pension saving is the free money she gets from her employer, which portrays rational maximisation. She feels this is guaranteed in the way that the long-run returns are not. Yet she also explicitly describes that her lack of confidence in the pension system prevent her from saving any more into it, recognising the role of subjective feelings in her decision-making.

Rae also refers to the fact that interest rates are currently low, which means there are few opportunities to obtain any better returns than those offered by the employer contribution represents. This suggests that were the economic situation different, and Rae felt it was possible to obtain a better return than the financial incentives for pension saving, she would pursue alternative investment options instead. The short-term financial incentives are undermined by her lack of confidence in the long-term outcomes of the pension scheme.

This section has demonstrated the Sceptical Speculators’ use of a market-based rationale as the basis of their pension decision-making, which was similar to the Market Investors. Yet, the Sceptical Speculator’s approach was influenced by the lack of confidence in the long-term performance of the pension system. This illustrates the importance of their risk perspectives, which will be discussed in the next section.

Risk perspective

The Sceptical Speculators shared a similar perspective on risk which influenced their pension decisions. This related to the hierarchical perspective of risk, which sees risk as a systemic issue and seeks to avoid potential negative impacts. The Sceptical

Speculators particularly drew on grand narratives of uncertainty and risk in society in general, which fuelled the scepticism discussed earlier. They considered risk as built into the structure of the workplace pension system and this undermined the long-term benefits of pension saving. The Sceptical Speculators felt there was a lack of control in workplace pension saving in particular as it was seen as distant or detached from their experience. They felt uncomfortable with the locked in nature of the pension system as they felt they could not participate in the process of investment and did not want to leave these decisions up to others. They felt that the choices that were available to them in the pension scheme, such as about investment profiles, were too limited and did not represent real choice.

This stood in contrast to the Protectionist Savers, who were more comfortable that the money was locked away and looked after by perceived experts on their behalf. The Sceptical Speculators sought to avoid this perceived risk by seeking alternative investment options that they felt they had more control over, which generally meant where they could make more tangible decisions about their investment. They often recognised that this may leave them exposed to other forms of risk, yet they felt more empowered by being able to make these choices themselves.

For example, Richard suggested that he was sceptical about the reliability of the pension system because of the possibility of changes in plan or system regulations affecting his entitlement:

> *"My worry is that, whatever scheme I may opt into at a later date, would be that the same thing happens [as with defined benefit pensions] where, they sell it to you as a really good thing at the start, but as you approach it, they start to retract certain aspects of it, or impose additional sanctions or rules you have to follow… Obviously it is kind of down to individual organisations to enforce that or to make their own rules, but if there's no government backing or support against it, they are always going to look after themselves before they look after the staff."*

In this extract, Richard describes that he worries about potential changes which would affect his future pension entitlements. He refers to the increased uncertainty in the pensions system, such as the effect of changing regulations and legislation regarding Defined Benefit pensions. While these changes have resulted in lower pension entitlements than many people have anticipated, Richard's worry is not just about the values involves. He portrays a general sense of uncertainty about the pension system as there is a lack of an established script for funding retirement as well as the format of retirement itself, as discussed in Chapter 4 (Moen *et al.*, 2006; Phillipson, 2018). Richard further reveals his scepticism about workplace pensions as he thinks that employers will not do what is right for their staff without government enforcement, yet he also feels that the political support for pensions seems to change over time. These are not unreasonable concerns given the significant and constant change that has taken place in the pension landscape as discussed in Chapter 2. Richard appears to consider these risks to be an inevitable part of the way the workplace pension saving is structured and he seeks to avoid exposure to such risks by opting out of the pension scheme.

In the second interview, Richard was asked why these risks worry him about pension saving, and he replied:

> *"I guess it's that thing of wanting to be in control of it I guess, rather than leaving it up to others… but for me it's that I'm in control and I'm in the driving seat. You know there is a negative side, because if it goes wrong I am the one who will pay for the consequences potentially more harshly, but... you know, I could very easily point to myself and say, that was my fault. If things go wrong with a scheme, something like that, then how do people direct their disillusionment or discomfort with things going wrong? Because it's generally you against the system, and you're often just told, that's what's happening, accept it…. But if the system does fail, for whatever reason, accidentally or purposefully, I then have no control over that, and is that a good thing? For me, I'd say no."*

Richard suggests that he wants to be in control of his investments, for example, by making choices over what he invests in and when. Richard says that he prefers to be able to make his own decisions about his investments even if this goes wrong and he loses out. This is interesting because whatever investments he chooses, Richard will always be exposed to market risk as well as economic factors like interest rates and inflation, which are entirely outside of his control. Yet Richard appears to feel empowered by the prospect of choosing his own investments, despite not having any specific financial knowledge or training. He explains that this is because he feels that, when a pension scheme fails to meet the expectations of its members, there is no outlet for recompense. This seems to suggest that Richard does not think his needs are represented or accounted for through the workplace pension system, which means there is an inherent risk in the format of the system which he wishes to avoid at all costs. He puts across a highly individualised perspective where he would rather do things himself than rely on the collective system, even if this leaves him exposed.

Rae also appeared to consider control important to her perception of risk, in pensions and other investments:

> *"I will always be sceptical… As I would be with any investments that I am not 100% in control of. So erm, if I decide to buy a house, I am in control of that decision as to whether that's a good investment or not, so if the market crashes or whatever, then that's on me, to make the decision to sell or whatever. Same with art, buying art, that's going to go up, well I'm in charge of that. Maybe the scepticism comes, because it feels like it's a system and it's a systematic thing in society that I am almost being told what to do rather than being in charge of it."*

In this extract, Rae suggests that is sceptical about the pension systems because she feels she has little control over her pension, echoing Richard's comments. She suggests that with the other types of investment she was undertaking, namely art and property, she can make decisions to buy or sell at different times in response to changes such as market movements. As in Richard's case, this is in some ways an illusion of control since she is still exposed to things she cannot influence, such as market or economic risk, yet she feels more comfortable assuming those risks individually than through the pension system. This means there is something specifically about the workplace pension system that feels risky to Rae. She suggests that the workplace pension is dictated for her and she has little option to have her say in it. This suggests that the risk she perceives is more about the lack of opportunities for participation and representation than about control. Like Richard, Rae describes a highly individualised perspective where she feels more empowered doing things herself, although unlike Richard, Rae had not chosen to opt-out of pension saving altogether. It appeared that the financial incentives for pension saving, namely the employer contribution, were worthwhile despite the perceived long-term risks, yet she was very clear that she would not invest any more of her money into the workplace pension system.

Rae was asked to expand on this point why pensions seemed risky to her, and she said:

> *“Maybe it goes back to being materialistic, and actually seeing the worth or seeing things and being able to... if the market crashes and I've bought two houses and they go from being worth four hundred thousand pounds to being worth a hundred thousand pounds, but one is our home, it still has more value to me because it's our home. Likewise, if we bought another property as an investment, and the market crashes and it's worth half its value, well that's fine because we will put it in the name of our daughter and then that's her home. So it has a purpose. Same with art, if it doesn't make any money, there is still some personal gratification from it because I look at it and I enjoy it. If it makes money, it's almost a bonus. To me, financial services are intangible and risky, and I feel like I'm not in control of them, so I feel very much that it's an alien world that's being controlled by people who don't understand my context and my environment.”*

This comment from Rae suggests that she feels that tangible assets, such as property and art, are less risky because even though they may depreciate in value, she can still derive value from them as a physical object, for example, by living in a property or enjoying a piece of artwork. Rae considers any appreciation on these assets in monetary value to be additional to this tangible value, rather than being the purpose of them. There is a connection to her real experience that makes her feel more comfortable investing in them, even though they may be more speculative as long-term investment since they are subject to rapidly changing and unpredictable markets.

In comparison, Rae suggests that the value of financial assets is more abstract and detached from her life. This means that if things go wrong and she loses value, there is no underlying asset to benefit from and this makes it feel less secure for her. Furthermore, Rae reiterates that she thinks financial products (such as pensions) are managed by people who do not understand her needs and she does not have any option to participate in the decisions made about her investments. The system is designed to lock money away from members with investments made on their behalf (with some limited input, for example, around investment profiles). For some participants this detachment made them feel secure but it seems that for Rae it feels uncomfortable. This relates to the hierarchical perspective of risk, where risk is considered to be inherent in the structures of the system.

However, Rae has not opted-out of the pension system altogether but she limits her participation to the level where she obtains the maximum employer contribution. This suggest that in the absence of any tangible, long-term security in investments, Rae applies the market rationale, which is about a restricted form of maximisation, but this does not change her underlying perceptions about the risk involved. This contrasts with the Market Investors who perceived risk to be something they managed through a portfolio of investments.

It is not clear how or why the Sceptical Speculators developed this perspective of risk in workplace pension saving. The next section on transitions will consider how people started and changed their pension saving approach over time.

Transitions

The Sceptical Speculators felt that they had always taken the same approach to pension-saving, and had never limited their participation to focus on goals of establishment, like the Threshold Adults did. Richard was very clear that he did not feel he had ever been a Threshold Adult:

> *"I think when I had other jobs and things, it was taking those jobs in pursuit of a long term one, rather than thinking, one day I'll get a proper job. I wasn't thinking about a pension but I was saving for a house, the type of things I am investing in now. I always have been very focussed and driven towards that… erm, I've never been sort of, in that category of live for today and then think about tomorrow. I've always had in my mind that certain requirements, including home ownership, were a thing, so work towards them."*

In this extract, Richard suggests that his approach to saving and investment has not changed, as he feels he has always been an active decision-maker when it comes to long-term saving and investment. He suggests that even when he was in more short-term employment, he was still considering preparing for his future in the same sort of ways that he is doing now. He feels that he has never demonstrated a fatalistic risk perspective, in the sense of focussing on the present. This is interesting, as in the first interview, Richard appeared to suggest there were times that he was more focussed on short-term goals such as achieving a stable job and buying a house. It is possible that Sceptical Speculators use a similar type of language as the Threshold Adults, but when this is considered in more detail, it is more about relative investment priorities rather than establishment. For example, Threshold Adults prioritise buying a house because they want to be established before they feel ready to contribute to a pension, whereas Sceptical Speculators prioritise buying a house because they feel it is a better investment return than contributing to a pension.

Like Richard, Rae also felt she had always made active saving and investment decisions:

> *"I had other priorities I wanted to clear before handing over the contributions to my pension… Realistically, could I have afforded another £60, probably, but… financially there were more important things for me to clear and get in order. I suppose it was driven by my scepticism because at that time I did buy some art that was on a government funded scheme…*

That was definitely height of the crash, so that was actually, that scepticism of financial services was really apparent to me at that point, so I was looking at other options. …. I took the cash out of my pension at my first employer, and used that for further studying, because I thought that was a better investment."

Rae suggests that there was a time when she did not engage with pension saving, but this was not about a defensive focus on establishing herself at that time. Instead, she thinks this was driven by her sceptical position, which drove her to select alternative investments which she felt were better than pension saving. For example, she describes how she decided to buy art at a time when financial investments seemed particularly unreliable due to the financial crash. She also describes how she took the money out of a previous pension to use it for studying. These examples suggest an active consideration of investment returns which led her to choose alternatives to pension saving, rather than a lack of engagement with saving for the future, as with many Threshold Adults. This could be post-rationalising yet Rae clearly believes she has consistently prioritised other options over pension saving.

Both Richard and Rae felt that their approach as Sceptical Speculators was influenced by their long-term life experiences such as their upbringing and contextual events. This made the Sceptical Speculator approach seem like a natural fit for them, in a similar way as with the Market Investors. Rae suggested a combination of upbringing and experience in developing her position as a Sceptical Speculator:

"I remember when we were at Uni, I studied abroad and I got a cash bursary from the University, everyone was eligible for it, and all the stinking rich kids would take it, and I was like, what? And they said, oh my dad's putting it in an ISA for me, that kind of, earn more money because you have money, because you know what to do with it… it's a bizarre concept, it was so alien to me… Probably that comes from my upbringing and my lack of knowledge of financial services, so I'm always like, wary of them. And maybe just the

fact that our generation grew up with the market crash of 2008, you know, we witnessed how things can kind of like, crash instantly..."

In this extract, Rae suggests that she is not comfortable with financial investments. She suggests this is because she had little experience with financial investment during her upbringing, comparing this to the peers whose parents were able to help them with such things. However, Rae also refers to the impact of the 2008 financial crash on her perspective, which she feels has made her more wary of financial investments, because she thinks her parents are comparatively more trusting of financial services that she is. Rae suggests that her approach as a Sceptical Speculator has arisen from her upbringing and experiences of contextual events.

Richard also felt that the Sceptical Speculator approach was natural to him, and that it was consistent with decision-making in other areas of his life:

> *Richard: I think, pointing to examples outside of pensions, I think [being a Sceptical Speculator] is a natural trait, you know, I'd probably apply the same logic and calculations and things like that to most aspect of my finances and my life. I don't think it's purely a pension-type behaviour, I think it's very much inherent in human traits. I think if you applied this same grid to any type of decision-making process, most people would probably fall within the same category regardless of the question being asked…. All my life the things I've seen, or perceived to have seen, that has steered me into that mind-set."*

In this extract, Richard suggests his sceptical approach is a natural or personal trait developed through experiences in general. He suggests that there was not one specific thing which led this to be the case, but rather it was due to his mind set which has developed in this way through life experiences. Richard also suggests that he uses the same approach across other decisions. While he may adjust his approach slightly, he feels like he usually comes back to the sceptical approach.

However, there was some evidence that Sceptical Speculators may start to behave more like Market Investors. This may have been driven by greater disposable income, and therefore ability to engage with pensions saving without detriment to other investment choices, but also, changing economic factors, which may make certain options more or less desirable. Effectively both of these types of change would increase Sceptical Speculators' ability to fulfil their priorities for saving and investing, and therefore enable participation in a pension scheme. However, even if they were to operate as a Market Investor, the Sceptical Speculators felt that this would not really change their underlying sceptical position.

Richard described this:

> *"I technically would [have greater ability to pay into pension if income increased], but based on current market factors I wouldn't, I'd still put it into the housing… My decision making is based on economic factors now, such as low interest rates, for example. Erm, which, you know, I guess it's not going to happen but if in the next two or three years, there's like a switch, a radical switch into the old higher, 10, 11 % interest rates, that could very quickly shift my position on that… I can't think of anything that would make me change my approach. I think it wouldn't be any life event in itself, it would be more of a trigger point to review what I'd done, rather than change my approach. I guess the scepticism might never go away, I guess that's inherent, that's my trait."*

In this extract, Richard stresses that if his income increased to give him more disposable income, he would be unlikely to start paying into a workplace pension. Instead, he would continue to divert more money to paying off his mortgage, as he currently does. He suggests that this is based on the economic context, and if this were to change, that might alter his decision, for example, if interest rates meant pensions became more favourable. This might lead him to behave more like a Market Investor in his investment choices. However, Richard does not think that his approach would really change across his life, and that the scepticism that underpins his decisions would always be there.

Given that Rae was already paying increased contributions, it could be suggested that she was already behaving like a Market Investor, despite retaining her scepticism about the pension system. However, Rae felt that she might operate even more like a Market Investor in the future:

> *"If our situation changed, say if I fell into inheritance and we were able to buy a property, then we'd definitely assess our options. Because then I'd feel like we'd have more of a portfolio, and now it's not worth looking at because I don't have a portfolio of assets, but in a couple of years I'd hope we would and then we'd consider, actually are we better off buying a property, or looking at both of our pensions collectively and thinking we only need one of them, then my partner's would probably be better, and use the cash from my contributions elsewhere…. I don't think that [having more money to invest] would change my view of pension systems, I will always be sceptical."*

Like Richard, Rae suggests that with more resources she might feel more able to operate as a Market Investor, in considering her investments as a portfolio. This would cause her to evaluate all investment decisions, including her and her partner's pensions, collectively to assess how and where they should invest their money. Like Richard, Rae also suggests that even if this were to happen, she would still have an underlying sceptical position.

Exceptions

There were two exceptions within the Sceptical Speculators group. Kim and Meera had opted out of workplace pension saving because they did not feel the system worked for them, like the other members of the group, yet this was driven by practical concerns rather than scepticism about the system. Kim was in her 30s, lived with her partner in a home that they had recently bought with a mortgage and had opted out of pension saving because she preferred other investments where she had more flexibility over contributions and control over the pot in general. She suggested this was because she expected to inherit money from her parents before she retired, which she felt would essentially become her pension pot. Meera was in her late 20s, lived with her parents and had opted out of pension saving for cultural reasons. While she was a very active saver, she felt that in later life she would be looked after by family and therefore she did not need to specifically save for a pension. These exceptions illustrate how Kim and Meera were happy to rely on potentially insecure family resources rather than participate in the pension system.

Challenges

The Sceptical Speculator approach represents a number of challenges for pension policy in the UK. First, it is unclear to what extent automatic enrolment is good for them. On one hand, the policy has encouraged many Sceptical Speculators to at least save at minimum levels. On the other hand, it may serve to further existing scepticism about pension saving, particularly because the Sceptical Speculators felt there was a lack of opportunity to participate in the workplace pension system. They wanted to be involved and in charge of their investments, which is the opposite of what the automatic enrolment device imagines. While not all of the Sceptical Speculators had opted-out of pension saving altogether, there is a risk that events such as being automatically enrolled or contributions going up could trigger an exit response.

Second, the Sceptical Speculator approach highlights the underlying issues around trust and confidence in the long-term benefits of pension saving. As discussed in Chapter 4, trust is a key factor in pension saving and the Sceptical Speculators approach validates research which has illustrated that public trust in pensions is low. The Sceptical Speculators lacked confidence in the workplace pension system and specifically pointed out the role of changing legislation and increasing financialisation in undermining their expectations. Their experiences show the impact of overall uncertainty in the system on pension decision-making. Almost a quarter of participants were in this group, which meant that the Sceptical Speculators may represent a significant proportion of the general public. This necessitates action from the government to repair and rebuild this confidence to encourage pension saving, which could involve making long-term welfare more secure to alleviate the sense of uncertainty.

Finally, the gender bias in the Sceptical Speculator group, particularly in comparison to the Market Investors, deserves attention. It suggests that where women follow a market-based rationale, they are more likely to become sceptical and speculate on other forms of provision for later life outside of the workplace pension system. This strategy could be to their advantage, especially given the penalties women suffer under the existing hetero-normative structures of pension accumulation. Yet the women who opt-out of pension saving are and will be exposed to a variety of other risks, such as in the examples of Kim and Meera who are relying on potentially vulnerable family resources. This requires action to ensure that the pension system fits with the realities of the everyday lives of women, so that they can feel more confident about pension saving.

Conclusion

This chapter has considered the Market Investor and Sceptical Speculator pension saving approaches from the typology developed in this research.

The Market Investor approach involved active pension participation driven by the financial incentives of pension saving, such as the employer contribution and tax benefits. The Market Investors felt they were being calculative and maximising, yet very little attention was given to the potential long-term investment returns. The Sceptical Speculators approach tended to represent limited pension participation driven by scepticism regarding the long-term outcomes of the pension system, which led them to prefer other forms of saving and investing.

These approaches where underpinned by a market rationale, which performed maximisation as the rational decision-making approach. The difference between the two approaches was driven by risk perspectives. The Market Investors treated risk predominantly as a measurable function of reward, and felt the best response was to develop a portfolio of financial investments. The Sceptical Speculators felt that the workplace pension system was inherently risky because there were few opportunities for them to participate in decisions about their pension investments, and so they sought to avoid this by choosing investment options where they could make decisions.

This chapter discussed the distinct challenges that these approaches represent for pensions policy and industry. The Market Investors approach is the most similar to the model of rational choice underpinning the pension system, yet it still remained far from what would be expected of an active and regulating consumer. Furthermore, this analysis has highlighted that the Market Investor approach may not be possible or appropriate for everyone since it required specific economic, social and cultural resources.

The Sceptical Speculators approach illustrates the need to evaluate the effect of automatic enrolment on public trust in pension saving, and whether further measures are need to improve long-term security for later life. These considerations are particularly important given the gendered nature of these perspective and practices, where women may be disadvantaged by the hetero-patriarchal assumptions underlying the system.

This chapter concludes the empirical findings. The next chapter will summarise the findings of this research, and reflect on the theoretical, methodological and policy implications arising from them.

Chapter 9: The significance of connecting policy with the personal

Introduction

This research has explored the pension decision-making of individuals in the UK who had been automatically enrolled into a workplace pension scheme after the automatic enrolment policy was introduced in 2012. Pensions in the UK are made up of the state provision and the private system, with workplace pensions falling into the latter. The state pension is intended to provide a minimum level of subsistence while the private system is the platform for delivering adequacy of funding for later life.

Until 2012, private pension participation in the UK was significantly decreasing, meaning that many people would be at risk of having an inadequate income in later life and relying purely on the fairly minimal state pension (The Pensions Commission, 2004). The Pension Commission, which ran from 2004 to 2006, recommended the introduction of automatic enrolment to resolve this issue, and this was introduced from 2012 to 2018 (The Pensions Commission, 2006). Automatic enrolment is a national scheme where employers must enrol most employees into a workplace pension scheme with the expectation that, due to inertia, few people will opt-out. The policy set a value of total minimum contributions at 8 per cent on band earnings (the level of earnings which qualify for automatic enrolment), comprised of 4 per cent from the employee, 3 per cent from the employer and 1 per cent government tax relief on contributions (PPI, 2015a). At first total contributions were 2 per cent of qualifying earnings, then increased to 5 per cent in April 2018 and will rise to the full 8 per cent in 2019 (PPI, 2015a, 2017b).

The policy has been greatly successful in getting people started with pension saving. Since the introduction of automatic enrolment, nine million people have been automatically enrolled and participation has increased among eligible employees from a low of 55 per cent in 2012 to 84 per cent in 2018 (Department for Work and

Pensions, 2017c, 2018a; PPI, 2017b; The Pensions Regulator, 2018b). The total number of workplace pension savers reached 17.7 million by 2018 (Department for Work and Pensions, 2018a; The Pensions Regulator, 2018a).

However, the policy appears to have been less successful in encouraging greater saving from pension members: many of those auto-enrolled have stuck to the minimum levels of contribution. These contribution rates are unlikely to offer adequacy in later life (PPI, 2017b). Latest research suggests there may be 12 million individuals under-saving for their retirement (Department for Work and Pensions, 2017a).

Much existing literature on financial decision-making comes from economic disciplines based on rational choice theory (Jaeger *et al.*, 2013; Weyman and Barnett, 2016). This suggests that decisions are made by weighing up the possibilities and determining the option which maximises utility, which refers to a subjective measure of satisfaction, yet is often judged in financial terms (Jaeger *et al.*, 2013; Weyman and Barnett, 2016). The discipline of behavioural economics, which combines theory and research practice from economics and psychology, has also considered pension saving behaviours (Kahneman and Tversky, 1979; Institute for Government, 2010; McConnell, 2013; PPI, 2017a). This body of work still holds that decision-making is fundamentally rational, yet suggested it is negatively impacted by heuristics and biases in human processing (Kahneman and Tversky, 1979; Hansson, 2005; McConnell, 2013; Weyman and Barnett, 2016). In terms of pension policy and industry perspectives, rational choice theory has historically been the most dominant understanding of decision-making used, although since the early 2000s the modified rationality of behavioural economics has become influential.

Despite this, there is very little empirical evidence to support rational choice theory as a model of decision-making. There is a significant body of literature from sociology which has considered the real-life effects of pension saving and has demonstrated the role structural factors such as gender, class and ethnicity play in determining pension outcomes. This literature has drawn attention to inequalities within the institutional structures of pension provision.

Yet, what has not been considered in this literature is how individual agency in making decisions about their pension may affect the accumulation of pension wealth within these structural constraints (Sewell Jr 1992; Connidis & McMullin 2002). For example, we do not know why some people with limited disposable income decide to save for a pension, or why some people with high disposable income choose not to participate in workplace pension saving. This requires empirical research which focusses on agency within decision-making, to understand how individuals think about their pensions and how this relates to their behaviours in the context of their everyday lives (Bourdieu, 1977; Sewell Jr, 1992; Devine and Heath, 1999, 2009; Heath *et al.*, 2017).

This approach to decision-making has been demonstrated by sociological literature on consumption practices. This literature has shown how subjective, personal processes of meaning-making, such as status and identity, influence decisions about purchasing and using consumer goods. Yet, most research in this field has focussed on material goods while largely ignoring the increasing role of services such as financial products in our everyday lives (McFall, 2009b, 2009a, 2014; Deville, 2014). In response, this research aims to address this gap by considering individual pension decisions as a rich area of meaning-making. This involves considering the different forms of rationale that are used in pension decisions, including social, cultural and moral values (Sen, 1977; Etzioni, 1988; Sayer, 2000; Ortiz, 2005; Jaeger *et al.*, 2013), how concepts of risk and trust play into pension decisions (Douglas and Wildavsky, 1983; Nickel and Vaesen, 2012; Vickerstaff *et al.*, 2012) and how perceptions of ageing and retirement influence pension behaviours (Nelson, 2005; Vickerstaff and Cox, 2005; Ferraro, 2018; Phillipson, 2018)

The research methodology followed a constructivist-interpretivist paradigm, drawing particularly on the work of Charmaz (2008, 2014), in order to privilege the experiences of individual participants. The research used in-depth, semi-structured qualitative interviews with forty-two employees who were mostly drawn from three case-study companies who had adopted auto-enrolment into workplace pensions, and also had an additional employer matching contribution above the minimum contribution levels.

This research used a qualitative methodology using in-depth, semi-structured research interviews (Koro-Ljungberg, 2008). This method was selected as most suitable to capture the individual nuances of the pension decision, and having three companies limited contextual variation while still providing some opportunity for comparison.

Sampling for this research followed a theoretical or purposive strategy (Mason, 2002; Emmel, 2013). This is an inductive and interpretive strategy which allows the researcher to review the process of sampling, data gathering and data analysis throughout the research. This strategy was applied by choosing participants based on the action taken following auto-enrolment, aiming for maximum variation in terms of gender, education, income and type of employment, and following the themes that emerged from the data.

The first interviews with forty-two participants covered topics including previous pension membership, current financial decisions and thoughts on retirement. Each interview was transcribed and the data analysed using an open coding process to identify the major themes arising from the data. Second interviews were conducted with seven participants to discuss the major themes established from the first interviews and validate the emerging findings, which fed directly into empirical chapters.

The findings of this research suggest that pension decisions are not connected to the future in the ways that have been previously assumed (Ersner-Hershfield, Wimmer and Knutson, 2009; Altman, 2012; Silver and Ulmer, 2012). Instead, pension decisions are embedded in the present context of the lives of individuals. The findings consider the major themes that arose from the experiences of participants: first, participation, which is the level to which individuals contribute to their workplace pension, and second, reliance, which is the relative importance of the pension in an individual's broader portfolio of saving and investing. When these themes were combined a typology of pension decisions emerged with four different approaches to pension decision-making. These were the Threshold Adults, Protectionist Savers, Market Investors and Sceptical Speculators. These approaches reflect the subjective nature of pension decisions, as they connected to the subjective life position of participants, underpinned by socio-cultural rationales and risk perspectives.

This research has demonstrated that pensions are a rich area of meaning-making and this offers three major theoretical contributions. First, the research has emphasised the importance of multiple forms of social, cultural and moral rationality in financial decision-making which frustrates the model of rational choice. The two forms of rationale that were found to be instrumental in pension decisions in this research are the market and moral rationales. Second, the findings have drawn attention to the need for a sociological model of financial decision-making which builds on the agency perspective followed in this project by focussing on the individual as well as the structural factors they face. The typology has highlighted how pension decisions connect to subjective aspects of personal everyday experience. Finally, the typology of pension decision making has indicated the variation and complexity of pension decision-making approaches which has not been previously considered in literature, industry or policy.

The methodological implications of this research contribute to the literature regarding qualitative, social constructivist research methods. There are three key methodological contributions. First, the findings have demonstrated the value of using qualitative research methods to investigate the field of financial decision-making. Second, the findings have shown how semi-structured interviews, and also, telephone interviews, can be usefully deployed in qualitative research projects in this field. Finally, the research has highlighted the practical and theoretical benefits associated with the theoretical or purposive sampling method (Mason, 2002; Emmel, 2013; James, Price and Buffel, 2018).

There are also important policy implications arising from the research that may be relevant for the provision of pension systems at a national or an organisational level.

The research has demonstrated the need for a broader conceptualisation of behaviour in pension policy in order to reflect the diversity and complexity of individual experiences. There are four major challenges for policy. First, the role of inertia, which has been successful in getting people participating in workplace pensions yet may then subsequently lead to a lack of engagement with pension saving. Whether this model of pension provision will lead to long-term positive outcomes for individuals should be evaluated. Second, there was evidence that the lack of long-term security in the workplace pension system could leave members exposed to risks, even where they were active savers. This necessitates policy measures to strengthen the long-term outcomes of pension saving. Third, the role of incentives, which are a fundamental part of the policy system, is not as straightforward as assumed under a rational model. For some people, they appear to influence decision-making in ways that have not been previously anticipated which could be addressed through policy measures. Finally, the research has shown how pension behaviours are deeply entwined in the context of everyday lives, which highlights the need for further qualitative research to support policy development.

These findings and contributions will be discussed in detail in this chapter. The first section of the chapter will discuss the findings regarding how people make decisions about their pensions and the forms of rationale that are used in the process of decision-making. The second section will consider the theoretical implications arising from these findings and highlights the major contributions to our understanding of financial decision-making. The chapter proceeds to consider the methodological and policy implications of these findings in details. Finally, the limitations of the findings will be discussed along with opportunities for future research.

Discussion of findings

This section will summarise the findings from this research in regard to individual pension decision-making. The first major area of findings concerned the timeframes involved in pension decisions. Pensions are often considered to be a trade-off between the present and future. For example, the life cycle savings model, which forms the basis of pensions industry and policy perspectives, suggests that people make decisions about how much to spend and save based on expected income over their lifetime (Ando and Modigliani, 1963; Knoll, Tamborini and Whitman, 2012). The model suggests that assets accumulated for retirement during the working life will be proportional to income and wealth earned in total, as a way of smoothing consumption over the lifetime (Stewart, 2003). The lifecycle model has been criticised as it does not reflect real-world behaviours. Literature from behavioural economics has suggested that individuals do not save for the future because they are biased towards the present. This means that individuals place more value on immediate and short term benefits than those accruing in more distant time frames (Duflo and Saez, 2004; McConnell, 2013; PPI, 2017a). This body of literature suggests that, to get more people saving through pension schemes, we need to encourage people to think more about the long-term (Ersner-Hershfield *et al.*, 2009; Ersner-Hershfield, Wimmer and Knutson, 2009; Weyman and Barnett, 2016). This idea has gained traction in the pensions industry, evidenced in recent adverts from Aviva in 2016 where they used prosthetics to give people the experience of later life to encourage pension saving.

The findings of this research suggest that, contrary to the substantial body of work, pension decisions are not connected to ideas about the future. This follows on sociological literature which demonstrates that we think about and experience time in multiple, complex ways (Adam, 1990; Crow and Heath, 2002; May, 2011, 2016; Cook, 2017). This research found that participants found it hard to think and talk about their later lives. Their experiences demonstrates the challenges of thinking about ageing, in particular the terror management and functional perspectives on ageing (Nelson, 2005; Ferraro, 2018). However, this was experienced across all levels of contributions, which suggests the difficulties of imagining the future and ageing did not necessarily influence pension participation.

Participants also felt unable to predict what retirement would mean for them, often highlighting the variety of potential pathways which made it difficult to narrow it down. This demonstrated the impact of changing cultural norms of work and retirement in later life (Vickerstaff and Cox, 2005; Vickerstaff, 2006; Loretto and Vickerstaff, 2013; Phillipson, 2018). Again, this occurred across all levels of pension contributions, so it did not seem to be related to pension participation.

Finally, due to the uncertainties involved in thinking about later life and retirement, participants were unable to consider how much money they would need in later life, even where they tried to. This meant that they could not base their current contributions on this basis.

These findings suggest that pension contribution decisions were not connected to the future, and therefore questions whether encouraging individuals to connect to their future will lead to more pension saving. This empirical evidence suggests that encouraging people to think about the future, which may be frightening and uncertain for them, could be more harmful when it comes to preparations for the future as people tend to seek to avoid thinking about it. This is important for considering how best to engage individuals when it comes to pensions following auto-enrolment.

Instead of connecting ideas about the future, this research found that pension decisions are embedded in the individual's present context (Granovetter, 1985; Sayer, 2011). This means that individual decisions are shaped and constrained by their real, everyday lives (Granovetter, 1985; Vickerstaff, 2006; Devine and Heath, 2009; May, 2011; Sayer, 2011; Heath *et al.*, 2017). Participants sought to avoid sacrificing current spending power to save for their future, and sometimes this limited their participation in workplace pensions. Those who paid increased amounts into their pension had not overcome this focus on maintaining the present: instead, they felt they were able to afford contributions without affecting their current standard of living. Individuals had different ideas of what standard of living was acceptable as this was mediated by their subjective life position, meaning how they determined their status and identity. These findings are supported by literature from the sociology of consumption, which suggests that consumption practices play an important role when it comes to individual's perceptions of their status and identity (Bourdieu, 1977; Warde, 1990; Sewell Jr, 1992; Bauman, 2004). This demonstrates that pensions are a rich area of meaning-making, drawing on multiple forms of rationale. This has important implications for industry and policy approaches which tend to criticise people for their focus on the present, rather than recognising that this may be a perfectly sensible response to the context they face.

This research found that how pension decisions related to an individual's present context varied by two major themes that were observed. The first theme, which has been called participation, refers to the level to which individuals chose to contribute to a workplace pension scheme. Participation amongst the respondents ranged from no participation at all (those who had opted-out) to paying increased levels of contributions. The second theme, called reliance, refers to how the pension fitted into the wider portfolio of savings and investment undertaken by the individual. This ranged from those who mainly saved through their pension, with few other options, to those who used a variety of saving and investment platforms alongside their pension, and those who felt they would have alternative forms of provision (i.e. had opted out of workplace pension saving altogether, and sometimes were not saving through any other platforms). These themes represented the outcomes of the participants' decision and highlighted the importance of considering pension decisions in the wider context of their other savings and investments.

From the analysis of how these major themes interacted in the participants' accounts, four pension decision-making approaches were identified. These four approaches indicated the variation and complexity of pension decision-making approaches, especially since the outcomes of decision-making between the types sometimes overlapped, yet how they made this decisions and what it meant to them were very different. This highlighted the subjective nature of pension decisions, which connected to subjective cultural models of financial decision-making rather than observable socio-demographic determinants. This means that the typology model developed in this research is not predictive, but instead provides a foundation for understanding pension behaviours.

The two major areas of cultural understanding that were influential in individual pension decisions were the forms of rationale, and risk perspectives. The findings about these elements will be discussed in the next two sub-sections.

Forms of rationale

The first element of subjective understandings driving the pension decisions was rationales. The analysis of participants' experiences found that two types of rationale were dominant in accounts of pension decision-making, which were market and moral rationales.

The market rationale was defined as considering the outcomes of the decisions and usually portrayed as involving the calculation of costs and benefits in order to maximise the return. This appeared to overlap with the rational choice model yet it was much more performative as participants drew on the cultural model of maximisation even though this was not really what they were doing. Those using this rationale tended to focus on the employer contribution and tax benefits associated with pension saving while ignoring other important aspects such as investment returns and charges. This finding is supported by critical literature from cultural economy which shows how understandings of the free market are socially and culturally constructed, as discussed in Chapter 4 (Aldridge, 1998; Langley, 2006; Callon, 2008).

The moral rationale was defined as considering pension saving as a good thing to do, drawing on a deontological sense of morality (which defines morality as obligation- or duty-based). This finding builds upon literature highlights the enduring role of morality in areas of economy, such as the work of Andrew Sayer and Amitai Etzioni (Etzioni, 1988; Sayer, 2000) as discussed in Chapter 4, as it shows that concepts of morality play an important role in personal pensions decision-making. Many participants felt they were being responsible by making active pension decisions, even though they knew very little about the details of the workplace pension scheme and what they could expect from it in the future, which reflected political discourses of responsibility. The moral rationale also related to pension saving as a social norm, and was promoted through interpersonal relationships such as parents, partners and peer groups.

These forms of rationale differ from the conventional understanding of decision-making as based on economic rationale, which prioritises the maximisation of utility, and has been dominant in the way pensions have been designed and managed. Despite this, both market and moral rationales feature in the way pensions are communicated and discussed in society. The pensions industry often focusses on the financial incentives of pension saving which relate to the market rationale, while policy tends to draw on more moralistic concerns of responsibility for both employees and employers (Redington *et al.*, 2015; PPI, 2018b; The Pensions Regulator, 2018a). Therefore individuals may be internalising these political discourses, as well as contributing to the continuation of them.

This research does not mean to suggest that the market and moral rationales are the only types of rationale in play in the pension decision process, but rather, that these were attributed the most significance in the accounts of the research participants. It may be worth reflecting on the fact that this research reached mostly white, middle-income and middle-class participants, most of whom were reasonably well-educated. While these people may represent a large proportion of the core pensions market, it is possible that other significant class or ethnic groups have other dominant rationales in regard to pensions that were not identified in this research. Unfortunately this could be not be explored in this project, but this highlights an interesting opportunity for future research which will be discussed later in this chapter.

Risk perspectives

The second element of subjective understandings driving the pension decision approach was risk perspectives. The risk perspectives that were identified in the participants' accounts of pension decision-making were related to the work of Douglas and Wildavsky (1983). Their work described four cultural responses to risk, called worldviews, as discussed in Chapter 4. These worldviews recognise the subjective nature of risk in people's everyday lives. While Douglas and Wildavksy (1983) suggested that people would have a natural inclination to one worldview, subsequent research has suggested that this could move and change, depending on the individual's context and the topic being considered (Buss, Craik and Dake, 1986; Fowlkes and Miller, 1987; Dake, 1991; Slovic and Peters, 1998). It is this critical understanding of more fluid worldviews that is drawn upon in this research.

Participants in this research expressed perspectives on risk through the different approaches to pension decisions which mapped to the worldviews identified by Douglas and Wildavsky (1983). These risk perspectives emerged from the participants' own accounts, rather than being pre-supposed in this research. As with the forms of rationale, it was not the case that these risk perspectives were used by participants in a singular manner, as many referred to different perspectives throughout their interview. However there tended to be a dominant risk perspective in determining their pension approach. An individualistic approach to risk took an objective approach which saw risk as something to be managed by the individual. A hierarchical approach saw risk as systemic, often seeking to avoid risk through control. A collectivist approach refers to a collective or societal response to the risk, where risk is transferred to a communal solution managed by someone else, while the fatalistic perspective refers to a passive acceptance of risk which often involves feelings of apathy or futility.

Recognising that there are different risk perspectives which are subjectively understood by individuals is radical for the pensions industry and policy, which in recent years has mainly followed rational model of homo economicus in understanding how people interpret and respond to risk. However, this does not mean that the other perspectives have not featured in different elements of the system over time. For example, the collectivist approach to risk is a strong feature of defined benefit and state pension systems. Despite the systemic changes which have privileged defined contributions pensions, there remain millions of people who are still on defined benefit schemes and there may be a legacy impact of these collectivist solutions in common understanding of pensions. Furthermore, it may be argues that automatic enrolment predicts a fatalistic response to risk since it is based on the belief that people will passively accept their enrolment in workplace pensions.

It must also be recognised that while these four risk perspectives serve to illustrate the dominant approaches amongst the research participants, there may be other understandings of risk which have not been identified in this research or in the work of Douglas and Wildavsky (1983). In particular, this highlights the need to evaluate this model of risk perspectives amongst other class or ethnic groups to uncover perspectives that have not been considered before. Again, this could not be explored in this project unfortunately, but this highlights an interesting opportunity for future research which will be discussed later in this chapter.

The next section will consider how these subjective understandings featured in the participants' accounts of decision-making through the four approaches that were identified.

The decision-making approaches

This research identified four approaches to pension decision-making that were called Threshold Adults, Protectionist Savers, Market Investors and Sceptical Speculators. The participants were all inclined to one of these approaches, although there was evidence that the choice of approach may change throughout the life course. This suggests that socio-demographic determinants may play an indirect role when individuals form an approach that feels right for their life position, which contrasts to the way age and gender have often been instrumentalised in research and industry.

Furthermore, since the outcomes of decision-making sometimes overlapped between the groups, the typology is not intended to be a predictive model. Instead, it provides a platform for understanding why individuals behaved as they did. This is useful for engaging with pension savers and evaluating the impact of policy interventions.

There was more or less an even number of participants split across the four approaches, which suggests that the approaches are significant in their incidence. This is important since policy and industry has not previously considered the possibility of different approaches to pension decisions. Following on from the comments made above regarding the possibility of other forms of rationale and risk perspective existing amongst other groups, it makes sense that these four approaches may not be exhaustive. However, this research suggests that the four approaches may nonetheless represent a large proportion of individual approaches to pension decision-making particularly amongst this demographic. The approaches may also provide a platform for identifying where other approaches diverge from the experiences documented amongst participants (especially amongst different class or ethnic groups).

The substantive findings relating to the four approaches will now be considered in turn.

Threshold Adults

The Threshold Adults approach was described by low participation, meaning low or no contributions, and high reliance, meaning pension contributions were proportionally a large part of the individuals' saving and investing practices. This approach was mostly documented amongst threshold adults, referring to young adults aged 25 to 39 years who considered themselves to be in the process of establishing themselves as an adult. These threshold adults appeared to limit their pension participation in order to privilege the process of establishment, drawing on a subjective understanding of their age and life status. The research suggested how age, income and life events were considered to be markers in this subjective process of establishment, contrary to much literature which treats these factors more instrumentally.

In terms of rationale, the Threshold Adults drew on a moral rationale which considered pension saving as something one should do as an adult. However, this was restricted in their personal case by the fact that they did not yet consider themselves to be adults. The Threshold Adults tended to have a fatalistic approach to risk in the short-term and passively accepted the risks of not saving for their future, although many recognised this may change as they became more established in their lives.

It was clear that auto-enrolment had helped many Threshold Adults in encouraging them to participate, although this tended to be only at minimal contribution levels which are unlikely to deliver adequacy in later life. Auto-enrolment had not encouraged them to engage any further than that, and nor were Threshold Adults interested in the incentives for increasing their contributions. Until they felt ready to engage with pension saving (i.e. once they felt they were established as adults), Threshold Adults appeared to refuse to think about it any further. It may be considered whether auto-enrolment actually reinforces this perspective by validating a passive approach to pension saving. Furthermore, the experiences of the Threshold Adults suggest that the defined contribution pension saving system may exacerbate inequalities, as those less privileged may be restricted in their abilities to achieve establishment and therefore pension saving is put off for longer.

This highlights the need to account for the experiences of Threshold Adults in policy measures, since focussing on establishing oneself in adulthood is not an irrational decision for young people. This requires policy measures which reflect the realities of everyday life. This may involve considering how people from less privileged backgrounds or those who experience disruption in this formative stage of their working lives can be supported to ensure they can still achieve adequacy in later life.

Protectionist Savers

The Protectionist Savers approach was described by high participation and high reliance, which means they paid increased contributions which represented a large proportion of their saving and investing practices. This approach tended to represent more established people, in terms of being older and earning higher incomes, but also having achieved the subjective markers of adulthood that the Threshold Adults were aspiring to. This was justified by a strong moral rationale which saw pension saving as something that ought to be done, connected to the social norm of pension saving which was reinforced through interpersonal relationships. The Protectionist Savers did not necessarily consider the incentives or returns of pension saving in their decision, and where they did, these were seen more as a recommendation for participation from either their employer or the government than a financial return.

The Protectionist Savers drew on a collectivist approach to risk as they were happy to transfer risk to the system. In particular, they appeared to trust the people who managed the workplace pension system (including employers, providers and government) to be experts who would make the right decisions for them. The Protectionist Savers felt they had previously been Threshold Adults and had gone on actively to increase their pension contributions once they had achieved their goals of establishment.

However, the passive acceptance of pension saving demonstrated by the Protectionist Savers raises some important concerns, because they did not really know much about what they could expect in the future and assumed that as long as they participated now, they would be looked after by the system. For example, the level of employer matching was considered to be a recommendation of how much they needed to save. This means that the Protectionist Savers could be disappointed in later life if their saving (plus the state pension) does not lead to an adequate pension pot, particularly because they were doing little other forms of saving and investing. The experiences of the Protectionist Savers frustrates the narrative of pension consumers as regulators, because these members were not actively engaging with their pension scheme, meaning they could be at risk of poor scheme management or investment decisions.

Market Investors

Like the Protectionist Savers, the Market Investors tended to be older, with higher incomes and had also made an active choice to participate in workplace pension saving. In contrast, the Market Investors drew on a market rationale which appeared to aim at maximising the returns of pension saving. Yet, the accounts of the Market Investors illustrated the performative nature of this, since they focussed on the financial incentives of pension saving, the employer contribution and tax incentives, while ignoring other costs and benefits such as long-term investment returns and charges. The Market Investors considered risk as measurable, financial risk which was a function of reward. Their response was individualistic as they felt this was something to be managed across their individual portfolio of investments.

However, the result of this approach was that pensions played a less important role in their saving and investment portfolio. The Market Investors felt that their pension was a low-risk and low-reward aspect of their portfolio which they did not dedicate much attention to. The Market Investors were confident in their own ability to save and invest without needing the support of the pension system, and limited their participation to the amount that maximised employer and tax benefits. If there were no incentives for pension saving, they would probably not participate in pensions at all. They felt that if their pension did not work out in the long run, they had many other investments to fall back on.

While the Market Investors approach seemed to be the closest to the model of homo economicus underpinning the defined contribution pension system, they were still far from being rational, maximising consumers. As with the Protectionist Savers mentioned above, this means that they could be at risk of poor scheme management or investment decisions.

Furthermore, the Market Investors tended to be people with specific knowledge, access, social and economic capital. It also appeared to be a gendered approach, since the group was almost exclusively male. This suggests that this approach may not be open to all pension savers, especially women, who may be disadvantaged by the hetero-patriarchal subjective norms in pension practices. Also, many of the Market Investors felt they had sought out financial education or experience, rather than this contributing to their financial approach, this suggests that these measures alone may be ineffective for the other groups.

Sceptical Speculators

The Sceptical Speculators approach was described by low participation, but in this case it was predominantly driven by lack of confidence regarding the pension system. In contrast to the Threshold Adults, the Sceptical Speculators drew on market rationale by considering the returns of pension saving and performing maximisation. In contrast to the Market Investors, they felt that long-term uncertainty undermined the potential long-term benefits of pension saving, which meant they preferred other forms of pension saving. This uncertainty was related to the changes that had occurred in the format of pension saving, but also, because they felt there were no opportunities to participate in decisions about workplace pensions. This connected to a hierarchical approach to risk, meaning that they felt risk was inherent in the way the system was set up.

The Sceptical Speculators approach was represented across a variety of age, income and genders, including some more established people (unlike the Threshold Adults), although there was a tendency to start to behave more like a Market Investor when they had more income and could afford to do so with less risk of losing out. The Sceptical Speculators felt that they had always been and would always be sceptical, even if they did start to act more like a Market Investor.

It is unclear to what extent automatic enrolment is good for Sceptical Speculators. While the policy had encouraged many of them to save at minimum levels, the automatic enrolment mechanism seems to reinforce scepticism as it expected them to passively accept the system. There is a risk that such measures trigger disengagement from pension saving altogether. It also highlights the need for measures to improve public confidence in the long-term security in pension saving, which could mean strengthening welfare provision to support the private system of saving.

This section has discussed the substantive findings of this research. Following on from these substantive findings, this chapter will now discuss the theoretical, methodological and policy implications of these findings.

Theoretical implications

This section will discuss the theoretical implications of the substantive findings outlined in the previous section. There are three key theoretical implications, which are developing a model of financial decision-making, understanding rationality, and contributing to the theoretical understanding of pension decisions through the typology of approaches.

Toward a sociological model of financial decision-making

This thesis sought to contribute to the development of a sociological model of financial decision-making that could challenge the dominance of economic models in industry and policy. Many sociological studies of financial or money decisions have focussed on the role of structural constraints, rather than the role of agency in the decision process. Much literature from sociology in other fields posits the interactive nature of structure and agency (Giddens, 1984; Sewell Jr, 1992; Connidis and McMullin, 2002). This research therefore focussed on agency in financial decision-making, drawing on the sociology of consumption as to how this could be approached.

The experiences of all participants demonstrated that pensions were a rich area of meaning-making connected to subjective understandings of themselves and their contexts. Participants prioritised maintaining their current lifestyle through their pension decision-making. This was true even where participants paid higher contributions into their pension, as these individuals felt they were fortunate to be able to afford increased amounts without affecting their everyday lives. The lifestyle that they felt was appropriate to them was subjective and determined by how they thought about their own life position, in terms of status and identity, which may change over the life-course. This influenced how they approached they pension. This highlights how personal determinants, such as age, gender and income, which have been previously identified as structural factors, form part of an individual's subjective experience of pension decision-making.

Furthermore, the various approaches to pension decisions demonstrate how the use of different rationales and risk perspectives lead to different pension behaviours. It has highlighted that it is not just economic resources, but also social and cultural values that determine the rationales and risk perspectives underlying decision making. This follows Bourdieu's (1977) work on social and cultural capital and the role of the habitus. This interaction between agency and structure provides the foundation for a sociological model of financial decision-making.

Understanding rationality

The findings raise questions about the model of economic rationality underpinning much decision-making theory and the pension system. In particular, this research has shown that individual financial decisions about pensions do not only draw on conventional economic rationality and instead involve broader social, cultural and moral forms of rationality (Sen, 1977; Etzioni, 1988; Sayer, 2000; Ortiz, 2005; Jaeger *et al.*, 2013). This follows the work of many social science academics who have sought to break down the reductive model of economic rationality by representing the important role of social, cultural and moral factors in economic behaviours (Sen, 1977; Granovetter, 1985; Dodd, 1994, 2014; Zelizer, 1997). Sen (1977) wrote about 'rational fools' in the 1970s, suggesting that economic models reduce human behaviour to simplistic and tautological levels. The work of Granovetter (1985) was influential in suggesting how economic decisions are embedded in the socio-cultural worlds where they occur, rather than being a separate field subject to its own rules. In her seminal work on the social life of money, Zelizer (1997) demonstrated the importance of the social in monetary decisions on all scales, from the everyday management of purse strings to bigger, more financial purchases such as insurance. These multiple rationalities do not exclude economic rationality as much as interact in the tensions and contradictions of everyday life (Perrow, 1984). This research has built on these theoretical foundations by examining the social, cultural and moral forms of rationality which shape individual pension decision-making.

The research identified two forms of rationale that were dominant when it came to pension decisions itself. These are the market and moral rationales. The market rationale appeared to focus on the costs and benefits with the aim of maximisation. In this sense, the market rationale is related to the conventional model of economic rationality, which considers people to be rational maximisers. However, the experiences of participants revealed the performative nature of this form of rationale, as they were not as calculative or maximising as they portrayed. They focussed on the financial incentives of pension saving at the expense of other important cost and benefit factors, such as investment returns and charges. This finding was supported by critical literature from cultural economy which shows how understandings of the market are socially and culturally constructed, as discussed in Chapter 4 (Aldridge, 1998; Langley, 2006; Callon, 2008). This adds to the theoretical understanding of economic behaviour as it shows how these social and cultural models influence personal decision-making practices.

The moral rationale may be considered as alternative to the market rationale, as it considers what is right and just behaviour, although it is not an opposite and may interact or coincide with the market rationale. In economics and related disciplines, morality has been excluded from major models as it is treated as external to the fundamentals of economic behaviours (Etzioni, 1986, 1988, Sayer, 2011, 2015). It is considered to be outside of the economic sphere. This position has been criticised, not least by scholars of moral economy, who suggest that morality is deeply entwined in economic practices. For example, the work of Andrew Sayer (2011, 2015) highlights the role of moral dispositions and norms in economic markets and advocates for a moral economy approach that takes morality as the object of study. Etzioni (1986) suggests that a deontological approach to morality is central to economic practices and calls for more studies that investigate the normative foundations of economic behaviour. The findings of this research follow this body of research, as they show how normative considerations play an important role in pension decision-making.

The forms of rationale found in this research contribute to the theoretical understanding of rationality as well as highlighting the importance of examining social, cultural and moral forms of rationality in other types of financial decision-making. This importance of alternative forms of rationality highlighted in this research also calls into question the economic models of behaviour which understanding decision-making as maximisation.

Pension decision-making typology

Finally, this thesis has contributed to the theoretical understanding of pensions by developing a typology of individual approaches to pension decisions. In the pensions industry, and the policy which supports it, pensions have been treated as a homogenous product with individuals expected to interact with the system in the same way, as objective and rational maximisers.

The hetero-patriarchal nature of this underlying model has been criticised through academic scholarship which has highlighted the operation of structural constraints in determining pensions outcomes (Ginn and Arber, 1996; Price, 2008, 2009; Grady, 2015). This research extends this critique by demonstrating the variation and complexity in how individuals approach pension decision-making, which has not been considered previously. The typology has particularly drawn attention to the subjective nature of pension decisions. For example, the typology highlights how different subjective perspectives of risk are drawn upon by individuals when considering their pension, drawing particularly on the work of Douglas and Wildavsky (1983) to show how people may approach their pension in different ways. The plurality of these positions contradicts the way risk has typically been treated in the pensions industry as well as policy as something objective and calculable. The risk perspective approach within the typology shows how understandings of risk are contextual and responsive.

Methodological implications

This section will discuss the methodological implications arising from the findings of the research as outlined in the first section. The research has used qualitative, social constructivist methods to consider the lived experiences of participants in making decisions about their pensions. It has drawn on the wealth of existing work that has contributed to the development of methods across diverse and different fields and applied the learnings to this topic (Mason, 2002; Charmaz, 2008; Devine and Heath, 2009; Emmel, 2013). In responding to the context of pension decisions, the research has given rise to methodological implications which may also contribute to the shared understanding of social constructivism as way of accessing and understanding individual financial decision-making processes.

First, the use of qualitative research to understand actions taken following auto-enrolment into workplace pensions has been novel, since much research in this area has been quantitative in nature (James, Price and Buffel, 2018). The qualitative nature of this research has enabled an understanding of variation in individual behaviours that cannot be reached through quantitative research alone. This understanding is essential to develop a more realistic picture of behaviour (Mason, 2002; Charmaz, 2014). As has been discussed in the theoretical implications earlier in this chapter, this is particularly needed to challenge the conventional models of economic rationality that dominate financial arenas such as pensions. Qualitative research which recognises the contingent and multi-faceted nature of individual lived experiences can contribute to the creation of more holistic conceptualisations of behaviour, as has been evidenced in this research (Mason, 2002; Charmaz, 2014).

Second, the use of semi-structured interviews for data collection has also contributed to the findings developed in this research. Semi-structured interviews were found to be an effective tool to access individual experiences of pension decision-making, as it resulted in rich and extensive data (Charmaz, 2008, 2014; Koro-Ljungberg, 2008). In particular, the use of telephone interviews added to the success of this research. While literature on the use of the telephone to conduct interview is mixed, with some sources suggesting that the contextual information of a face-to-face interaction is lost over the telephone, this research offered a strong case for it (James, Price and Buffel, 2018). The research found that the data generated through telephone interviews did not appear to be any less rich than those gathered from face-to-face interviews, and some participants appeared more comfortable talking on the telephone. It is possible that, given the sensitive nature of personal finances, the less immediate nature of a telephone interaction enables people to feel more open with their experiences (Sturges and Hanrahan, 2004; Irvine, Drew and Sainsbury, 2013). This could be beneficial even if some contextual information is lost in the process. Furthermore, the major benefit of using telephone interviews in this research was in recruiting, sampling and conducting the interviews, as it meant more potential participants could be reached in a manner that was convenient to them without requiring additional resources of time or money for travelling. It may also be noted that telephone interviews (if they reduce the necessity for travel) may be a more environmentally sustainable method of conducting research.

Finally, the research also offers methodological implications concerning sampling techniques (James, Price and Buffel, 2018). The research used the technique of theoretical or purposive sampling, which seeks to combine the rigorous exploration of empirical phenomena that is associated with theoretical sampling with the more pragmatic nature of purposive sampling, which aims to identify the most appropriate and insightful cases (Mason, 2002; Emmel, 2013). The use of this sampling technique helped to overcome the practical challenges that arose in the research context as well as fitting with the constructivist nature of the research (James, Price and Buffel, 2018). The sampling was supported by the use of a short, online survey which recruited people who were willing to participate in an interview as well as gathering some information which enabled the purposive selection of participants. The successful application of these techniques in this research suggests that they may be usefully applied in future research projects.

Policy implications

This section will discuss the implications of the findings of this research for policy at both a national level (government or government agencies) as well as at an organisational level (regarding employer-led workplace pension provision or pension providers). These implications relate to the role of automatic enrolment, but also, to how individual behaviour is framed and understood. The current model of behaviour used in the pension system, including the automatic enrolment policy, is founded on rational decision-making (even if conceived as flawed) and homogeneity of experience. As discussed in the earlier section on theoretical implications, the typology presented in this research presents a new model for understanding how people approach their workplace pension decisions, which is connected to their contextual experiences of everyday life. The research has confirmed that automatic enrolment into workplace pensions has impacted (and does impact) on pension saving behaviour amongst some groups of people in a positive way, by encouraging people (particularly young people) to save regularly for a pension (PPI, 2018c). However, the research has highlighted four major challenges regarding pension policy and automatic enrolment.

First, the research has provided evidence that the lack of engagement involved in being automatically enrolled may mean that inertia continues once individuals are part of a workplace pension scheme. In this research, this effect was particularly evidenced amongst those following a Threshold Adults approach. These people had been automatically enrolled and were saving at minimum levels but felt they would not consider increasing their contributions any further until they were more established in their adult lives. While it was positive that they were saving something in the short-term, many felt that the fact that they were automatically enrolled suggested these were recommended levels, which may serve to delay their engagement with pension saving. Quantitative research undertaken in the US has also evidenced similar findings and suggests that there is a significant trade-off between number of participants and value of contributions under auto-enrolment schemes (Choi *et al.*, 2002). This suggests that policy needs to evaluate whether or not the passive nature of auto-enrolment can deliver the best long-term outcomes for individuals. While there has been much discussion in the pension industry regarding engagement, particularly how best to engage people to think about pensions once they have been automatically enrolled, it raises the question about whether the mixture of passive and active behaviours expected from individuals is the right approach for workplace pension saving.

Second, the research also highlighted concerns about the long-term security of workplace pension saving. The experiences of the Protectionist Savers and the Market Investors demonstrate that even more active savers are not behaving as regulating consumers as they were not evaluating their pension offerings. This means that pension savers are at risk of poor scheme management or investment decisions. The experiences of the Sceptical Speculators demonstrate how long-term uncertainty and the lack of options for participation lead to scepticism about workplace pension saving. This led them to either save at minimum levels or to opt-out from workplace pension saving entirely, both of which may lead to inadequacy in later life. These experiences necessitate policy action to support the long-term security of the workplace pension scheme and build public confidence. This could include strengthening welfare measures so that people are less exposed to the significant governance, management and market risks of the defined contribution pension model.

Third, a fundamental part of the current approach to pensions is based on the role of incentives (particularly any employer contributions) in encouraging pension participation. Employer contributions and tax benefits are a key part of the automatic enrolment policy. The findings of this research showed how incentives offered by employers serve to limit participation in workplace pensions in two ways. The people who follow a Market Investor approach considered the employer matching to be a short-term market return. This means that many individuals divert any saving or investing above this level to other platforms to seek better returns, which could be considered an adequate response to the system individuals are presented with. However, it would not be possible for everyone to use the pension system in this manner, since many people would not be able to save alongside their pension, and certainly not all private investors will be successful in their investments. Alternatively, the Protectionist Savers considered the employer matching to be a recommendation as to the amount individuals should be saving. These people tended to do less long-term saving over and above their workplace pension contributions as they thought the amounts they were contributing would lead to an adequate retirement. This presents the risk that people will be disappointed or disenfranchised if they reach later life and do not have the resources they expect for their retirement. This highlights that, by focussing on incentives as inputs, policy is leaving people exposed to the long-term ramifications of inadequacy. This requires measures to support the long-term outcomes of pensions, for example, through risk-sharing or pooling with employers and scheme members.

Finally, the research has demonstrated how pensions are deeply embedded in the context of people's everyday lives, and should not be treated as separate. This research has shown how structural characteristics such as gender, age and income interact with an individual's subjectivity in developing an approach to pension decisions. This has not been taken into account through policy previously, which has relied to a large extent on quantitative analysis of pension experiences. This highlights the need for qualitative research to play a role in policy formation, particularly in exploring why people behave in certain ways by putting together structure and agency, as discussed in the previous section on methodological implications.

Limitations

In Chapter 5, which discussed the methods used in this research, three major limitations to the scope of this study were recognised. It is important to reflect on the impact of these limitations for the findings and implications discussed in this chapter.

First, the voluntary nature of participation meant that those who volunteer to be involved are self-selected, and are likely to have a specific opinion about pensions and auto-enrolment, since they think it is worthwhile to participate in such a study. It is possible that this research did not reach those with more moderate experiences or opinions of pension saving. This can be visualised through the diagram of the typology, where there are few participants in the middle of the graph. It may be hypothesised that these people would offer weaker versions of the same approaches identified in the typology, or perhaps apply more than one approach. However, there is also a possibility that distinct approaches arise from this grey area. This does not serve to lessen the potential importance of the typology in highlighting the complexity and variation of pension saving approaches, because it may also serve as a platform for analysis of where approaches diverge from this. It may be possible to develop the typology as and when more approaches are investigated through deep qualitative research, for example, adding new groups or dimensions. This follows on from the discussion earlier in this chapter, which highlighted that investigating other class or ethnic groups may also serve to deepen the understanding of pension decision-making which has been initiated through the typology.

A related limitation concerns the lack of participants on low incomes. There were few participants earning between £10,000 and £19,999 per annum who volunteered to take part in this study, and the ones who did were in the upper regions of this bracket. While this was in part driven by the organisations in the study, who had fewer employees in this bracket (and therefore were harder to reach), it is also likely that that lower income participants were not attracted to participate in the study due to the research design. However, as discussed throughout this chapter, this bias towards medium- and high-income individuals in stable, full-time jobs has provided an opportunity to demonstrate the role of agency in decision-making, especially for those people who have chosen not to participate in workplace pension saving, or to participate at limited levels. Furthermore, the lack of low-income participants offers fertile territory to explore and potentially identify further pension-decision approaches through future research. This raises the possibility of exploring how different recruitment and sampling methods may be of use in future research in this field. One point that may be considered in future is the use of incentives during recruitment and selection of participants. It may also lead to consideration about the research method. While semi-structured interviews have been successfully used in this project, it is possible that this method did not appeal to some potential participants. This is particularly pertinent given that the research has highlighted just how pension decisions are embedded in the context of people's lives, such as life status and money practices, since potential participants may not feel able to unpack these different aspects in a short interview session. It is possible that more ethnographic and/or participatory methods, which offer a more in-depth engagement over time, may be more valuable in encouraging people from all income levels, and allow even more insight to such processes of financial decision-making.

Finally, by interviewing individuals from large organisations in the UK, the research findings are not generalizable to small- or medium-sized organisations in the UK, or indeed to other countries. For the purposes of this research, the large organisations offered a more fertile ground since auto-enrolment has been embedded longer and there is enough of a variety of employment groups and employee type to support the research. The typology of approaches identified in this research was identified from the experiences of employees from three different organisations, despite contextual variation between them in terms of the specific format of workplace pension scheme. While it is possible that the same approaches may also be identified in other businesses too, this cannot be assumed from this research project. The roll-out of automatic enrolment to small- and medium-sized business over the last few years in the UK has generated specific challenges and concerns (National Audit Office, 2015). This is something that could be specifically addressed through future research to build on the typology, as discussed above. Furthermore, auto-enrolment is a specific piece of policy implemented into a unique pensions system in the UK. The meaning that is constructed through this research will be UK specific, as the context of pensions and retirement saving in other countries may be based on very different models. Again, this suggests that other countries could be interesting sites for future research.

Further research

This thesis has highlighted three major opportunities for further research. First, there is a need for further theoretical investigation around how individuals think about ageing and later life, and potentially the extent to which this connects to behaviours in the present. This research has found that ideas about the future were not connected to workplace pension decisions. This research has highlighted how individuals often do not feel able to think about their older age and later lives, and suggested that this is due to changing cultural expectations about retirement as well as due to the terror associated with ageing. While these concepts have been documented through research in sociology and gerontology, the implications for financial planning and decision-making over the life course have not been fully considered. One such area may be around self-efficacy. The typology presented in this research draws on the idea of self-efficacy in decision-making, as the more confident individuals were in their ability to make good investment decisions, the more likely they were to take a Market Investor approach to their workplace pension (and vice versa). This means that Market Investors appeared confident that their investments would play out how they expected them to. It would be interesting to explore whether this self-efficacy also plays out in their imagining of the future, in terms of being confident that their future will be as they planned it (or the opposite). Since the vast majority of participants found it hard to talk about the future and ageing, this may necessitate the use of innovative or creative methods in order to explore this topic in detail (Mason, 2002; Devine and Heath, 2009).

Second, more studies of socio-cultural rationales of financial decision-making are needed, particularly the role of consumption practices in financial decisions. This thesis has shown how the model of rational choice which underpins much of how we think about economic and financial behaviour does not align with the real experiences of individuals. More research is needed to strengthen this position. This may also contribute to the development of a sociological model of financial decision-making, which takes into account the interaction of structure and agency. Areas that could be explored include other forms of engagement with pension saving, such as self-employed people and private pensions, the use of other savings platforms such as ISAs or share-save schemes, or other financial products such as loans or credit cards.

Related to this is the final area of potential future research, which is to extend the study of socio-cultural rationales of financial decision-making to other class and ethnic groups. It has been interesting in this research to explore pension decisions amongst the people who are really embedded in the centre of capitalism, middle-class, reasonably well-educated, white people with stable incomes, especially as this has highlighted the diversity and complexity of pension approaches. However, it is anticipated that other class or ethnics groups may have other approaches to provision for later life, and other forms of socio-cultural rationale or risk perspectives that are dominant in these decisions. This was not something that could be explored in this project, yet it presents an exciting opportunity for future research.

Conclusion

This thesis has considered individual decision-making following the introduction of automatic enrolment into workplace pensions. Despite private pensions becoming a core part of later life provision, and the defined contribution form of pensions meaning that individuals are increasingly responsible for preparing and providing for their later life needs, private pension saving rates had been decreasing up until 2012. The coverage of private pensions reached its peak in 1967 at 53 per cent of the working population, which represented around 12.2 million people (Office for National Statistics, 2005; Pemberton, Thane and Whiteside, 2006; Price, 2008). By 2011, the coverage of private pensions had declined fallen to a low of 7.8 million members, less than one-third of the working population (Office for National Statistics, 2014).

Automatic enrolment was introduced in 2012 with the aim of improving the coverage of the private pension system by requiring employers to automatically enrol workers into a workplace pension scheme (The Pensions Commission, 2006). The policy has had a significant impact on workplace pension participation. By the end of 2016, total coverage of the workplace pension increased to 17.7 million people (Department for Work and Pensions, 2018a; The Pensions Regulator, 2018a). However, most people who have been automatically enrolled are saving at the minimum, default contribution rates, which are unlikely to deliver adequacy in later life, as will be discussed below (PPI, 2013; Morley, 2014). The economic models of decision-making that have provided the foundation for the pensions industry and supporting policy have not been able to sufficiently explain why people are not engaging with pension saving.

The aim of this research was to challenge the dominance of economics models by providing an empirically-grounded, sociological understanding of pension decision-making. This thesis has suggested that pension decisions are embedded in the complex contexts of everyday life, and reflected the subjective nature of individual experience, rather than being driven by the calculative, maximising rationality assumed by economic models. This thesis has suggested that there are different approaches to pension decisions, which connect to the subjective understandings of the social, cultural and moral worlds of individuals. The research has identified a typology of decision-making, with four approaches to pension decisions, which are Threshold Adults, Protectionist Savers, Market Investors and Sceptical Speculators. These are ideal types, which means that participants did not fit neatly into one box yet most were inclined towards one type. These approaches were not fixed and there was evidence that the pension approach may change over time, responding to the shifting context of an individual's everyday experience. Each of these approaches represents specific challenges for policy and industry.

These findings have developed the theoretical understanding of financial decision-making and contribute to the formation of a sociological model of decision-making. They have also demonstrated the strength of qualitative research methods in understanding the complex nuances of individual decision-making, in comparison to the quantitative methods which have dominated literature. Finally, these findings have led to specific policy recommendations to support the development of adequate provisions for later life.

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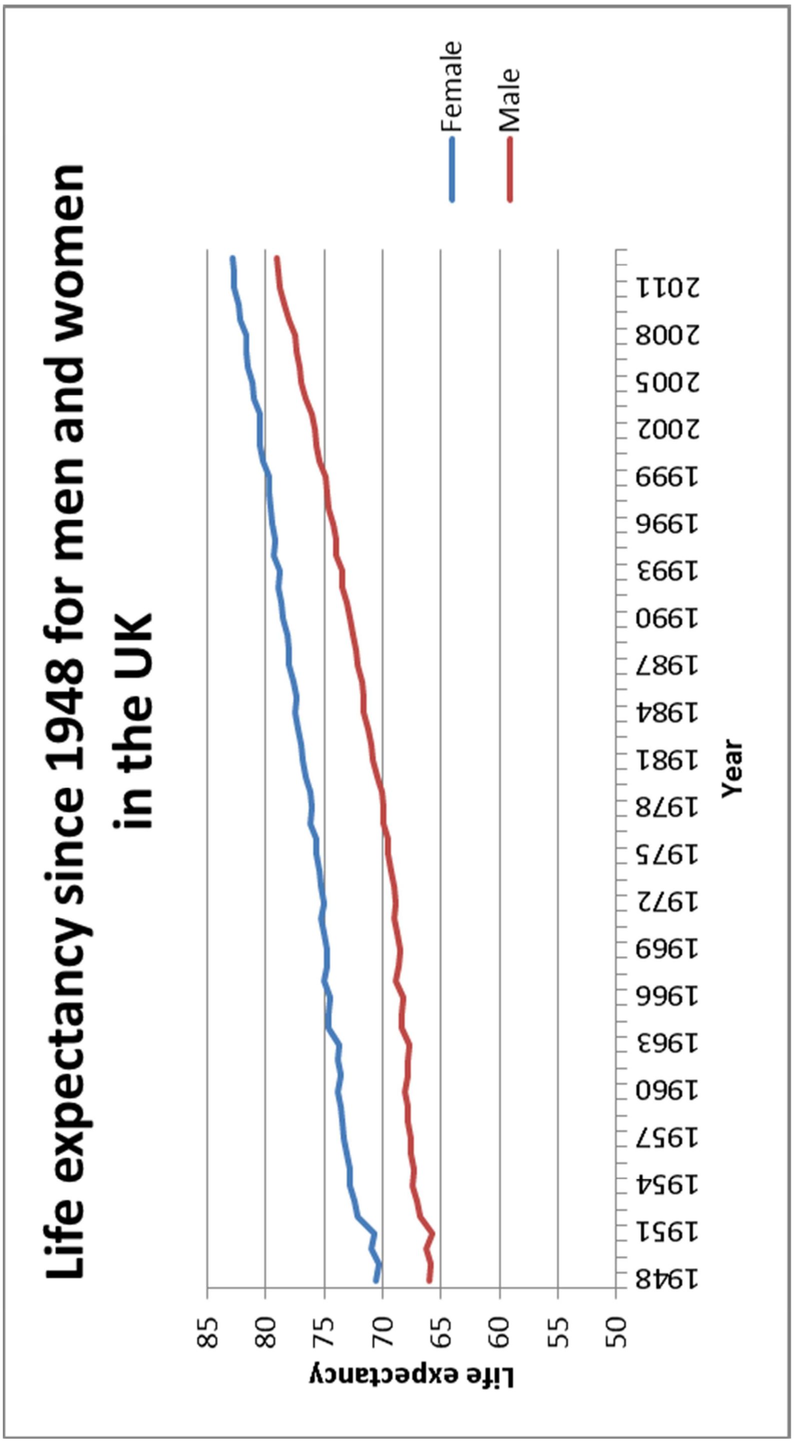
Appendices

A	Life expectancy since 1948 for men and women in the UK
B	Detailed table of participants
C	Participant and interview summaries
D	Interview topic guide
E	Example email sent to volunteers to organise research interview
F	Examples of codes from each level

Appendix A

Life expectancy since 1948 for men and women in the UK



Source: The Human Mortality Database, accessed 11/11/2015

http://www.mortality.org/cgi-bin/hmd/country.php?cntr=GBR&level=2

Appendix B

Detailed table of participants

No.	Pseudonym	Company	Method	Pension participation	Age	Gender	Marital status	Salary bracket	Living arrangements	No of children	Education level	Financial knowledge (self assessed)	Participation	Reliance	Category
3	Lauren	A	F	Min	18-29	Female	Single	20k-29,999	Living in a house owned by so	0	Batchelor	7	Low	High	Threshold Adult
6	James	A	F	Min	30-39	Male	Married	10k-19,999	Rented (private)	0	Batchelor	4	Low	High	Threshold Adult
7	Charlotte	OO	F	OO	30-39	Female	Single	30k-39,999	Rented (private)	0	Masters	7	Low	High	Threshold Adult
12	Kristina	B	F	Min	18-29	Female	Common law	20k-29,999	Rented (other)	0	Batchelor	9	Low	High	Threshold Adult
17	Leanne	OO	F	OO	30-39	Female	Married	10k-19,999	Own house (mortgage)	2	Secondary (A le	8	Low	High	Threshold Adult
18	Alison	OO	F	OO	30-39	Female	Married	30k-39,999	Own house (mortgage)	2	Masters	6	Low	High	Threshold Adult
19	Toby	A	T	Min	18-29	Male	Single	20k-29,999	Living in a house owned by so	0	Batchelor	9	Low	High	Threshold Adult
21	Alfie	A	T	Min	18-29	Male	Single	20k-29,999	Rented (private)	0	Batchelor	6	Low	High	Threshold Adult
29	Mina	A	F	Min	18-29	Female	Common law	10k-19,999	Rented (private)	0	Batchelor	8	Low	High	Threshold Adult
32	Jane	C	F	OO	18-29	Female	Married	20k-29,999	Own house (mortgage)	0	Masters	7	Low	High	Threshold Adult
39	Anna	B	F	Min	30-39	Female	Married	20k-29,999	Rented (private)	0	Batchelor	8	Low	High	Threshold Adult
2	Rebecca	Other	F	Increased	30-39	Female	Single	Over 60k	Own house (mortgage)	0	Masters	6	High	High	Protectionist Saver
8	Joanne	B	F	Increased	18-29	Female	Common law	40k-49,999	Rented (private)	0	Masters	6	High	High	Protectionist Saver
11	Jemma	B	F	Increased	18-29	Female	Common law	20k-29,999	Own house (mortgage)	0	Batchelor	8	High	High	Protectionist Saver
20	Amy	A	T	Increased	18-29	Female	Single	20k-29,999	Living in a house owned by so	0	Batchelor	9	High	High	Protectionist Saver
26	Kylie	A	T	Increased	18-29	Female	Common law	40k-49,999	Own house (mortgage)	0	Other	8	High	High	Protectionist Saver
24	Kirsty	A	T	Increased	18-29	Female	Common law	20k-29,999	Rented (private)	0	Batchelor	7	Low	High	Protectionist Saver
28	Adam	A	F	Increased	18-29	Male	Common law	Over 60k	Own house (mortgage)	0	Batchelor	7	High	High	Protectionist Saver
34	Alice	B	F	Increased	30-39	Female	Married	40k-49,999	Rented (private)	1	Batchelor	8	High	High	Protectionist Saver
35	Peter	B	F	Increased	40-49	Male	Married	40k-49,999	Own house (mortgage)	2	Other	9	High	High	Protectionist Saver
36	Ash	B	F	Increased	18-29	Male	Single	10k-19,999	Living in a house owned by so	0	Batchelor	3	High	High	Protectionist Saver
38	David	B	F	Increased	30-39	Male	Married	Over 60k	Own house (mortgage)	2	Masters	8	High	High	Protectionist Saver
41	Izzy	B	F	Increased	18-29	Female	Common law	20k-29,999	Own house (mortgage)	0	Batchelor	9	High	High	Protectionist Saver
1	Will	Other	F	Increased	30-39	Male	Married	50k-59,999	Rented (private)	0	Masters	8	High	Low	Market Investor
10	Jordan	B	F	Increased	18-29	Male	Common law	30k - 39,999	Own house (mortgage)	0	Batchelor	7	High	Low	Market Investor
15	Phil	B	F	Increased	40-49	Male	Married	Over 60k	Own house (mortgage)	3	Masters	6	High	Low	Market Investor
16	Matt	B	F	Increased	40-49	Male	Common law	40k-49,999	Own house (mortgage)	1	Batchelor	5	High	Low	Market Investor
25	Jamie	A	T	Increased	18-29	Male	Single	50k-59,999	Own house (mortgage)	0	Secondary (A le	9	High	Low	Market Investor
27	Chris	C	F	OO	18-29	Male	Single	Over 60k	Rented (private)	0	Other	Incomplete	High	Low	Market Investor
30	John	C	T	OO	30-39	Male	Married	Over 60k	Own house (mortgage)	2	Batchelor	9	High	High	Market Investor
33	Sarah	B	F	Increased	40-49	Female	Married	Over 60k	Own house (mortgage)	0	Batchelor	Incomplete	High	Low	Market Investor
42	Brian	B	T	Increased	40-49	Male	Civil partnership	50k-59,999	Own house (mortgage)	1	Masters	9	High	Low	Market Investor
4	Naomi	A	F	Min	30-39	Female	Married	20k-29,999	Own house (mortgage)	0	Batchelor	8	Low	Low	Sceptical Speculator
5	Rae	B	F	Increased	30-39	Female	Common law	40k-49,999	Rented (private)	1	Batchelor	5	High	Low	Sceptical Speculator
9	Emily	B	F	Min	30-39	Female	Single	30k-39,999	Own house (mortgage)	0	Batchelor	2	Low	Low	Sceptical Speculator
13	Kim	OO	F	OO	30-39	Female	Married	Over 60k	Own house (mortgage)	0	Masters	2	Low	Low	Sceptical Speculator
14	Carly	B	F	Min	30-39	Female	Single	30k-39,999	Rented (private)	0	Batchelor	7	Low	Low	Sceptical Speculator
22	Stuart	A	T	Min	30-39	Male	Single	50k-59,999	Own house (mortgage)	0	Other	8	Low	Low	Sceptical Speculator
23	Carolina	A	F	Min	30-39	Female	Civil partnership	Over 60k	Rented (private)	1	Batchelor	7	Low	Low	Sceptical Speculator
31	Richard	C	F	OO	18-29	Male	Single	30k-39,999	Own house (mortgage)	0	Secondary (A le	10	Low	Low	Sceptical Speculator
37	Meera	C	T	OO	18-29	Female	Single	30k-39,999	Living in a house owned by so	0	Incomplete	Incomplete	Low	Low	Sceptical Speculator
40	Jodie	B	F	OO	18-29	Female	Married	20k-29,999	Own house (mortgage)	0	Batchelor	10	Low	Low	Sceptical Speculator

Appendix C

Participant and interview summaries

Interview Pilot 1 – Will (Other company)
Participant Summary Will was in his early 30s and was married with one child. He lived with his family in a home that he owned through a mortgage. He paid increased contributions into his workplace pension, at the level which maximises the employer matching, and also had a self-invested personal pension, which he contributed to each year at the rate which maximised the tax benefits. Will considered himself to be a good money manager and was confident with financial investing.
Interview Summary I met Will through personal networks after he expressed an interest in my study and was willing to participate in a pilot interview. The interview took place at Will's workplace, and I felt it went really well for a Pilot. The topic guide worked well throughout and he responded to the questions in the way I had anticipated. It led to an in-depth discussion which lasted 45 minutes (longer than I'd expected for the pilot). I felt I was able to probe some of the things he said by asking him to explain more what he meant. Will appeared comfortable, even enthusiastic, talking about his pension decisions and behaviours, although it did seem like he hadn't reflected on what he does to any great extent before this. The second interview was also conducted face-to-face, and Will was equally engaged. He agreed his portrayal as a Market Investor, and found the typology to be useful in understanding how he approached his pension decision.

Interview Pilot 2 – Rebecca (Other company)
Participant Summary Rebecca was in her early 30s, was single and lived in a flat she owned through a mortgage. She was well-educated and had a high income. She had been automatically enrolled and had immediately decided to increase her pension contributions. She

could not remember a lot about why or how she made this decision, and explained that she just considered it something she ought to do at the time. She often giggled when I tried to explore this further, and became slightly defensive which made me stop trying to explore this further. Rebecca had not really thought about her later life to any great extent, although she did suggest that she wanted to retire early (yet very little idea of what would come afterwards). She did not consider herself to be good with financial matters and was happy leaving her pension up to the pension provider.
Interview Summary Like Will, Rebecca was recruited through personal networks as a pilot interview. The interview took place at Rebecca's home and to start with she appeared comfortable and relaxed in this setting. However, it ended up being quite short, mostly because Rebecca did not seem comfortable elaborating on her experiences around pension decisions, eventually becoming defensive, as mentioned above. This did not seem to diminish the value of this interview though, as there is a lot that be gleaned from what she did not want to say, and it will be interesting to see if this comes up again in the future.

Interview 3 – Lauren (Company A)
Participant Summary Lauren was in a low-level managerial role, having worked in a variety of roles at the company before this. She was in her late 20s, in a relationship, and was trying to save to buy her first house. Lauren hadn't had a pension before working at Company A, and had been automatically enrolled at Company A at minimum levels. However, she was considering taking the money she had accumulated in her pension so far out in order to fulfil her short-term goal of buying a house. She was very concerned about the lack of control and uncertainty regarding pensions, and felt there could be better investment options, such as government bonds.
Interview Summary I met Lauren at the pensions seminar that my contact at Company A ran as a way of reaching people in the area to invite them to interview. The interview took place at her workplace. We were sat on a corner table which was private and accommodating. As it

was my first formal interview I was a little nervous, but this was unfounded because Lauren was incredibly open and communicative throughout. The interview was probably shorter than I'd anticipated, but this was mainly due to the lack of previous pension history and the fact that I didn't really need to dig, as in she was very forthcoming in answering my questions. She didn't seem uncomfortable at any point, but I got the impression she felt a bit confused about all this pensions stuff, so was trying her best to explain to herself to me, even though she wasn't altogether sure.

Interview 4 – Naomi (Company A)
Participant Summary Naomi was in her late 20s and married, and lived with her husband in a house that they owned with a mortgage. She had worked in various roles within the company before coming to her current low-level managerial position. Naomi was a member of the pension scheme at the minimum level. She didn't really know much about how pensions nor had she given it much though, even though she said she probably could afford to contribute more. She suggested that she would prefer to do other forms of investment alongside her pension, such as property, even though she felt pensions were a low-risk investment.
Interview Summary I met Naomi at the pension seminar, where she volunteered to be interviewed. The interview took place at her work, in a private room which made for a relaxed and private environment. I felt less nervous this time, and the quietness of the room helped me in this respect. Naomi was really open and chatty, and willing to think about and reflect upon some of the things I asked her, despite not really having thought about pensions much before. She did get quite defensive when I asked her about older age, in a way that she didn't when asked about other things that she hadn't thought about (e.g. pension risk).

Interview 5 – Rae (Company B)
Participant Summary

Rae was in her early 30s, in a cohabiting relationship and has one young child. When she first joined Company B, she paid minimum contributions, but later increased to the maximum level of employer matching when she received a pay rise. As such Rae stood out in this group, who mostly limited their pension contributions to the minimum levels. However, Rae suggested she could afford to pay even more into her pension, but she preferred to put money into other investments as she is sceptical about the pension system, which echoed the experiences of the rest of the group.
Interview Summary The interview took place at Rae's home, where she was working that day. Being away from a formal office situation was beneficial as the interaction was relaxed and we were really able to dive into topics. Rae was very open and keen to explore some of the questions raised in the interview. She did not seem defensive, although it became clear that pensions were not a priority for her, even though she paid increased contributions. The second interview took place by telephone, and Rae was as open and interested as in the first interview. During the second interview, Rae considered how she has developed her approach to pensions, and what she might do in the future, using the typologies as a basis for the discussion.

Interview 6 – James (Company A)
Participant Summary James was in his 30s and was married. He lived with his partner in rented accommodation. This was his first role in the company, and he had one full-time job previous to this one at a different company. At both employers, he has been auto-enrolled into the workplace pension at the minimum and he has decided to stay there. This was mainly driven by not feeling able to afford any greater contributions yet, but also, he is not really in a position to engage with thinking about the future. He says that this is something he and his partner might do once they have more of a 'buffer' in terms of income.
Interview Summary James came forward for interview after one of his managers attended the pension seminar. This interview was face to face, at James' workplace, but we sat in a quiet, private area in an informal space. James was very friendly but I sensed he was nervous

at times, as he was eager to answer to my questions but jumped around a lot while he was talking. I think this might be related to his pension decision, since he has stuck to the minimum and knows that he doesn't really know much about it – and nor does he see himself engaging with it much in the immediate future. James was the sort of person who I think might have been unlikely to participate in my research, had his manager not encouraged him. It was interesting talking to him, because it highlighted that for some people the lack of clarity puts them off engaging with pension saving, but that doesn't mean they opt-out altogether as they still see it is a 'good' thing to do.

Interview 7 – Charlotte (Other company)
Participant Summary Charlotte was in her early 30s and lived with her partner in rented accommodation. She had decided to opt-out of pension saving in order to save to buy a house. She was training to become a lawyer, and she felt that she would earn enough money in the future to make up for the money she did not save into her pension in these years. She felt that in the future she would use a variety of investments to provide for her retirement. She had quite a strong view of her retirement, which involved retiring early and have a relaxed lifestyle where money was not a worry.
Interview Summary Charlotte was identified as an opt-out through personal networks. I met Charlotte at a coffee shop near her work. It was quite busy, which meant it was hard for people to overhear our conversation, and Charlotte seemed comfortable talking about her experiences. Although it did mean it was harder to transcribe with the background noise. This was one of the longest interviews, as Charlotte seemed genuinely interested in pensions as a topic and we spoke a lot about the different between defined benefit and defined contribution pensions. She felt she would not have opted out of a DB offering, which was interesting. Charlotte appeared to be confident in discussing such financial matters.

Interview 8 – Joanne (Company B)
Participant Summary

Joanne was in her late 20s and lived with her partner in a house that they rented. She had attended an information session about pensions at her work with colleagues which had convinced her to increase her pension contributions. However, she seemed to know very little about her pension, and stressed that if hadn't been for the company making it easy for her to participate, she probably wouldn't have done so on her own. Joanne did not have any clear ideas about what her later life might be like, as she felt she had to focus on the present.
Interview Summary Joanne contacted me about participating in an interview after she had seen a poster at her work. The interview took place in a quiet, informal area at Joanne's work. The interview was relaxed and on the whole Joanne seemed comfortable talking to me, although it was not as detailed as some as she did not seem to have a lot to say. In some respects, this was similar to the second interview, although not as pronounced. She seemed to become disheartened when asked about her ideas about later life, which was demonstrated through sighs and long pauses.

Interview 9 – Emily (Company B)
Participant Summary Emily was in her early 30s and paid minimum contributions in her workplace pension after being automatically enrolled. She was not particularly interested in pension saving and had not had a pension before, even if she had been offered them at previous employers. She felt that the minimum level of contributions wasn't a lot of money, so she didn't feel she needed to opt-out although she felt she was not able to commit any more than this. Emily highlighted that she was paying off some debts, which she thought it was more important to do than long-term saving, but she also was unsure about pension companies as she felt there was a risk she would lose out.
Interview Summary Emily contacted me about participating in an interview after she had seen a poster at her work. The interview took place in a quiet, informal area at her work. Emily was quite energetic and talked a lot during the interview, most of the time this was to stress how little she knew about pensions and make apologies for it. Once we got past this, she seemed to have some concerns about pension saving as a system which she

had not seemed to have articulated before. She felt they were silly things to be worried about.

Interview 10 – Jordan (Company B)
Participant Summary Jordan was in his late 20s and lived with his partner in a mortgaged apartment. He paid increased pension contributions, as he felt it was important to benefit from the free money offered by his employer. He was an active investor in other ways too, having inherited a pot of money from his grandfather which was invested for him on the stock market, and he added to this and did his own investing too. He described his pension as a tortoise, meaning slow and trustworthy, compared to his other investments which were more like hares. He recognised there had been political change around pensions and felt that his best option was to do things himself to prepare for this future. He thought he would like to invest in a business when he was retired, so he could have an income while not having to work all the time, although he did not know what type of business it would be.
Interview Summary Jordan contacted me about participating in an interview after he had seen a poster at his work. The interview took place in a quiet, informal area at his work. The interview was cut short, as Jordan had only set aside 30 minutes in his schedule for the meeting. He thought it would not take longer than that because he felt his pension approach was quite straightforward, although he recognised once we started talking that actually there was a lot of interesting things coming up. For the time we were talking he was engaged and talkative, so it was a shame we didn't get to talk for longer.

Interview 11 – Jemma (Company B)
Participant Summary Jemma was in her late 20s and lived with her partner in a mortgaged apartment. They were saving to get married at the time of the interview. She had paid increased contributions, having decided to do so immediately after being automatically enrolled. She felt it was important to pay into a pension to provide for later life Her parents had

benefitted from having pensions and they now lived a relaxed lifestyle which she wanted to emulate. She felt that being old would be a bad experienced if you were poor, so she wanted to save as much as she could. Despite this she did not know much about her scheme and did not think there were any risks associated with pension saving.
Interview Summary Jemma contacted me about participating in an interview after she had seen a poster at her work. The interview took place in a quiet, informal area at her work. This was one of the shorter interviews, as Jemma did not seem to have considered her pension options in much detail. It was clear that her parents had been very influential in encouraging her to pay into a pension. She did seem to have a more detailed picture of her later life, which may connect to why she wanted to participate in a pension but the details of this were really unclear. She didn't really know how much she might need in retirement or what she might expect from her pension, and when I pushed on this topic she did not seem to want to think about it.

Interview 12 – Kristina (Company B)
Participant Summary Kristina was in her late 20s and lived with her partner in rented accommodation. She was a very active saver, which she suggested was mostly aimed at buying a house but it seemed like she was very careful with money in general. Despite this she paid minimum pension contributions, as she felt she wanted to direct her additional saving towards her goal of homeownership through channels where she had more control and access. She felt that pension saving was something you did when you were a real adult. She demonstrated a very vivid later life by describing a pension as throwing money through time to her future self.
Interview Summary I met Kristina while conducting interviews at Company B and she volunteered to participate. We went to a coffee shop near her office and the interview was one of the longer ones. Kristina was very enthusiastic and open about talking to me, although she felt she was not knowledgeable about pensions. She kept saying that it was her fault, and that she needed to do more research about it – almost apologising for her lack of

engagement. She felt that in the short-term, it was important to focus on buying a house and then after that she would 'logically' start thinking about saving for things further into the future. I contacted Kristina after the interview to further clarify some of the things she said and she seemed very happy to do so.

Interview 13 – Kim (Other company)
Participant Summary Kim was in her 30s, married, and lived with her partner in a house they owned with a mortgage. She had a high income yet she had consistently opted-out of pension saving throughout her career because she did not feel that it met her needs. She was not critical about the pension scheme, but she wanted to have more flexibility and control over her investments, which were mostly in property. She also felt that in her life she would receive substantial inheritance from her parents which would go towards funding her later life. She did not think about her future much, as she felt it was too far away, although she thought she would probably work in later life.
Interview Summary The interview took place at Kim's home while she was working from there one morning. She was very happy to discuss her decisions with me, and she was quite open about going against conventional social norms by not having a pension. Also, she was open about talking about her expectations around inheritance, which she recognised other people might find unusual. She did appear to be worried or uncomfortable about these topics.

Interview 14 – Carly (Company B)
Participant Summary Carly was in her early 30s and lived with friends in rented accommodation. She was a very active saver and she was aiming to buy a house as soon as possible. She paid minimum pension contributions, although she suggested she could pay more, yet she felt unsure about pension saving. In particular, she did not feel like she trusted the pension provider. She had previously had worked for an employer where the pension had been provided by a smaller organisation who she felt was more trustworthy and

tailored to her needs. She had continued paying minimum contributions because it seemed too much effort to opt out. She had tried to learn more about the current pension offering and had organised a one-on-one session with a representative of the pension provider, but felt it did not give her any useful information. She hadn't really thought about later life and felt it was pointless to do so.
Interview Summary I met Carly while conducting interviews at Company B and she volunteered to participate. The interview took place in an informal private area at her workplace. Carly seemed very happy to be involved and came across quite confident in her decisions, although she really felt unsure about pension saving. She couldn't quite understand why so many people did it, and felt the more information she tried to find out the more she didn't want to do it.

Interview 15 – Phil (Company B)
Participant Summary Phil was in his 40s and was married with three children. He paid increased contributions into his workplace pension in order to benefit from the maximum employer matching. Phil thought his retirement will be funded through a combination of workplace pension, state pension, some previous defined benefit entitlement, and the equity in his property. Phil considered his house to be the most important of these things, as it had greater potential as an investment. Phil appeared to not be as financially confident as some of the other Market Investors, so he described seeking advice from people he knew who were knowledgeable about financial matters (always other men).
Interview Summary I met Phil through one of the other participants at Company B and he volunteered to participate The interview took place in a quiet, informal area at his work. As Phil was older than a lot of the other participants up until this point, he had more prior experience of workplace pensions to discuss, which was especially interesting as he had some DB entitlements from previous workplaces. It ended up being a long interview with a lot of detail. Phil seemed happy and reasonably confident to tell me about his decisions even though he felt he was not very good with finances.

Interview 16 – Matt (Company B)
Participant Summary Matt was in his early 40s and lived with his partner and one young child. They lived in a small flat that he owned through a mortgage, which he had bought quite a long time earlier. He paid increased contributions into his workplace pension in order to benefit from the employer matching. Matt saw his pension as one part of his provision for later life, but he found it quite boring and didn't know much of the details. He felt his property and business investments would be much more important to him Matt seemed very against thinking about later life, as he described it as an embarrassment and made jokes about ageing and retirement.
Interview Summary I met Matt through one of the other participants at Company B and he volunteered to participate in an interview. It took place in a quiet, informal area at his work. Matt was happy and chatty during the interview, although he jumped around a lot and did not stick to one topic. This might have been perhaps due to discomfort, or potentially because he had not considered these things in detail before.

Interview 17 – Leanne (Other company)
Participant Summary Leanne was in her 30s and married with two children, She had recently returned to work following maternity leave. She had opted out of workplace pension saving because she had high childcare costs cover. However she seemed to be a very motivated long-term saver in general – she started a private pension at age 17, which she had continued to contribute to at a minimal amount. She intended on paying more into a pension (either private or workplace) once her childcare costs decrease and she has more disposable income. Leanne felt she said didn't really think too much about the future, although she felt that her pensions (combination of private and workplace) were likely to be her main support during later life.
Interview Summary This was a telephone interview, one of the first ones I'd done and also being an opt-

out I was concerned that I wouldn’t get so much from the interview. Leanne was open to the discussion and we covered a lot of aspects, although being on the phone did feel like it held me back a little, since I wasn’t sure when I could probe or push more. In some places, I felt like Leanne was telling me an ‘official’ version rather than the reality of her feelings. She was quite fatalistic about the future, and got a little bit uncomfortable here so I didn’t push further. It was clear that she was a very active saver who was forced to opt-out at the moment, which seemed to cause her some frustration. It is interesting also that most of the opt-outs have not been people who aren’t engaged in saving at all, but more about a specific life phase – be that being earlier in ‘set-up’ phase or around/following maternity.

Interview 18 - Alison (Other company)
Participant Summary Alison was in her 30s and married with two children. Like the previous interview, Alison had opted out of the workplace pension while she had to pay high childcare costs after returning to work following maternity leave. Before this, she had been a very active long-term saver. She mentioned that because her partner has been through bankruptcy which means they are not currently able to save very much, which seemed to concern her. She intended on participating in the workplace pension again when her childcare costs have decreased, and she highlighted the need for more flexibility in pension arrangements to take account of such situations.
Interview Summary Another telephone interview and this one went slightly better as I felt more confident in probing elements, learning from previous interview. I felt Alison was more open (than prior interview) and didn’t seem to feel uncomfortable with talking about these topics. Potentially this is to do with her experience of bankruptcy through her partner – where she probably would have had to talk about her financial situation a lot, come to terms with it. Although she was similarly quite fatalistic about her pension and the future in many ways, like the previous interview. She had more of a detailed vision of the future. She was also quite frustrated by having to opt-out – highlighted the need for more flexibility to help her to save more. So again, not about being engaged in saving but specific life phase.

Interview 19 – Toby (Company A)
Participant Summary Toby is in his 20s and joined Company A on a graduate scheme. He paid on minimum pension contributions but intended to increase this when he has more disposable income. He was currently saving for a house, and put a large proportion of his monthly income into other savings products. He didn't seem to think much about later life at the time of the interview, although he suggested he would probably not retire, and continue working as he would get bored otherwise.
Interview Summary Toby completed a short survey and volunteered for an interview. The interview was one of the first I completed by telephone and I think I was still getting used to it. I think I overcompensated in places by talking too much – although this was compounded by Toby not being terribly chatty. I noticed that I interrupted Toby early on, and perhaps this set the tone and made him less likely to respond. I think potentially in person there would have been more rapport and I could have found more ways to try to encourage him to talk, or at least, for me to feel more confident to give him the space to say more. Despite this I think I got a good picture of Toby's perspective. It was clear that at the moment pensions were not a priority for him. I think it was also interesting because he felt he would start to save more in the future even though he felt strongly that he probably wouldn't retire.

Interview 20 – Amy (Company A)
Participant Summary Amy was in her 20s and had been automatically enrolled when she joined Company A. She had decided to increase pension contributions, and this was driven by her belief that 1% is not much and won't lead to a decent pension in the future. This was driven in part by a project she did about pensions when at university, where she had to analyse pensions as a HR offering. She was saving for a house, primarily for short-term security but with a potential long term. She felt she did not want to be in a position where she had to work when she's older; she wanted to be comfortable and not worry

about money. Despite this she felt she it was better not to worry about her pension or later life too much.

Interview Summary

Amy completed a short survey and volunteered for an interview. The interview was completed by telephone. I was much less nervous than the previous one and this is noticeable from the transcript which feels much more like a conversation, although also because Amy is very open and more chatty than Toby in the previous interview. I made effort to not interrupt and also give Amy time to make sure she had finished what she was saying. Despite having some technical issues where Amy's signal failed, I don't think that this one could have been better in person.

Amy in some ways seemed similar to other younger participants, in the sense that she was focussed on short-term goals and was fatalistic about the future, despite paying more pension contributions.

Interview 21 – Alfie (Company A)

Participant Summary

Alfie was in his 20s and has recently joined Company A, after working for 2 years at a competitor. He paid minimum contributions into his pension. He could afford more, but as he was not settled and may have needed to move around for work, he needed flexibility to account for expenses, plus he was still building up a base level of savings after they were depleted during University and immediately after. He was sceptical about the pension system in general, and identified big risks that could affect his future, although he felt that there is little he can do to change these risks. Despite this, he saw the pension as quite safe because even though he is detached from it, it is being saved somewhere for him. He didn't really have a clear picture of the future but recognises he will probably work longer than current pensioners, which he didn't mind because he is an active person.

Interview Summary

Alfie completed a short survey and volunteered for an interview. This was another good telephone interview. Alfie was open and engaged throughout the conversation. At the start Alfie seemed to be very supportive of pensions, but he became more critical later in the interview where he started talking about his scepticism, as he

relaxed. It is interesting that the scepticism had not led him to opt-out at all, so it feels a little bit like he is avoiding thinking about it and connecting some of these ideas until he has achieved some of those more immediate goals around establishing himself.

Interview 22 – Stuart (Company A)
Participant Summary Stuart was in his 30s and has worked for Company A for 2 and a half years. He paid into his pension at a minimum level of contributions. He saved extensively alongside his pension – he recognised that he could afford greater contributions but preferred to divert funds into other things, in order to spread the risk. He was very sceptical about the role of the government, financial services and employer in managing the pension system – he felt that these actors may be driven by own needs rather than those of pension scheme members. He used a line from the film Con Air to describe how he sees it futile to pay into pensions all your life and expect that to provide for you in our old age. Despite this critical perspective, he felt that his older age would a happy experience with his friendship network being particularly important to him.
Interview Summary Stuart completed a short survey and volunteered for an interview. This was a very good interview. Stuart was very engaged and happy to talk and expand on his comments. He seemed very interested in the topic and open to testing his own ideas and assumptions. I think this interview demonstrated where telephone interviews can be valuable, because I got the impression that Stuart may not have been so open in person. I think he represented quite a unique position amongst those I've interviewed so far. He wasn't moralistic at all, much more market-focussed, but then actually very sceptical about the success of pension as an investment device.

Interview 23 – Carolina (Company A)
Participant Summary Karolina was in her 30s and in a long-term relationship with 1 young child. She had been working for Company A for 2 years, and paid minimum contributions into her

pension. She had some debt, which she was paying off, as well as trying to save for a house, but she felt she could have afforded higher pension contributions if she wanted to. However, she was very sceptical about the whole system, in particular driven by lack of transparency and control. She was convinced to contribute a minimum level by her step-father who told her it was a good idea, although she seemed reluctant to even do that. She saw the workplace pensions as a safety blanket and hopes she will not be reliant on it in the future.
Interview Summary Carolina completed a short survey and volunteered for an interview. This was a face to face interview which took place in a café near Karolina's office. It was a good conversation, I felt I got a lot out of it and Karolina was very engaged during the interview. It was interesting because she didn't say a lot she is very considerate and takes time to think about her answers throughout. The café was quite noisy and bustling. While this did affect the quality for transcriptions, I don't feel like it negatively affected the interaction. In fact, she may have found it too serious if we were in a more quite environment as the background noise filled the times when she was thinking. She seemed very disillusioned with pensions. I wondered why she hasn't opted out – partly to do with parental advice but also some sort of hedging bets in case her scepticism is unfounded.

Interview 24 – Kirsty (Company A)
Participant Summary Kirsty was in her 20s and had recently joined Company A on the graduate scheme. She lived with her partner in privately rented accommodation. She paid the minimum level of contributions into her pension. She saved through an ISA for short-term needs such as holidays and car tax, and used the share save scheme as a medium-term saving, for example, for a house deposit or a wedding. Her pension was her only provision for later life, although she thought she would probably work as well. She wants to be responsible for herself in her old age. She doesn't really worry about any risks of pension saving: while she recognises some of them, they don't stop her from participating in the workplace pensions.
Interview Summary

Kirsty completed a short survey and volunteered for an interview. I found this to be a very good interview. It took place on the telephone, and was probably one of the best examples of telephone interviews that I did. Kirsty was very open and clear and consistent in her answers. I felt like I gave her enough time to pause and consider what she was saying, which I hadn't done in some earlier interviews. Kirsty was very moralistic about her pension but did not seem as defensive as others who have taken this stance, and perhaps this was to do with the interview medium – being over the telephone not being as intimidating, maybe she felt more able to engage with the topic. She seems to be very confident about her approach, but as we went through the interview, I started to think this was more about confidence in the system rather than in herself specifically.

Interview 25 – Jamie (Company A)
Participant Summary Jamie was in his late 20s, lived alone in a house that he owned through a mortgage. He had worked for Company A for a couple of years. He had been a member of workplace pension schemes at two previous employers before joining Company A. He contributed at the increased level to maximise the employer matching, which he saw as a form of commitment from Company A as they are investing in his future. He saved a lot more proportionally through other channels, which suit his short- and medium- term needs, such as ISAs and other savings products. He was proactive about seeking information and advice on these products. He considered pensions as fairly risky due to the long-term nature and the lack of transparency around them.
Interview Summary Jamie completed a short survey and volunteered for an interview. This was a telephone interview and by this stage I felt comfortable with them as a method. I hadn't noticed any significant difference in content and I felt like I might have been actually getting more out of participants on the phone – perhaps the anonymity made some people more comfortable talking about the topic of personal decisions and finances. This seemed to be the case with this interview, because he seemed quite guarded particularly at the start, where he was very direct, using quite short sentences. To some extent I think he is a direct person, but he noticeably opened up

more throughout the interview, especially in the last 10 mins – when transcribing I really noticed how long his sections of talk became, how much more detailed. I asked at the end how he found the interview, and he said he thought I would be much more probing which could explain the guardedness at the start. I think doing it as a telephone interview may have help relieve this.

Interview 26 – Kylie (Company A)
Participant Summary Kylie was in her late 20s and lived with her partner in a house that she owns with a mortgage. She had worked for Company A for a couple of years, and had been auto-enrolled when she joined, and then chose to make higher contributions to maximise the employer contribution. Despite saying she was not a good saver, she was quite active in terms of saving small amounts regularly. This was mostly for short-term things though, and she considered her pension as main provision for long-term. She used quite moralistic language about her pension contributions, although she recognised that she knows very little about it and doesn't really question it, just mainly followed advice from her parents without evaluation. She hadn't really thought about the future, and also recognised that her pension decisions are disconnected from this.
Interview Summary Kylie completed a short survey and volunteered for an interview. After the last few telephone interviews had gone well, I felt well prepared for this one. Kylie had been active and forthcoming over email, so I expected an easy conversation. At the start it was hard to read when she had finished and when it was just a pause, so it was a little bit stilted to begin with, but I got more used to this and gave her more time in case something else came up. I was able to probe some themes that had come up with other participants a little further in this interview, which she was receptive too, in particular about being 'comfortable' in later life. At this stage of the research this was really helpful, and I felt actually being on the telephone facilitates this in some ways as it was anonymous and had room for exploration, since it feels like more of a detached discussion rather than an intimate conversation.

Interview 27 – Chris (Company C)
Participant Summary Chris was in his late 20s and had worked for Company C for a year and a half. He had opted out of workplace pension saving because he believed the pension scheme is not flexible enough to meet his investment needs. He was a financial advisor who manages his own personal pension through another provider. The fact he was able to take the employer contribution in cash and do what he wants with this was instrumental in his decision to opt-out. If this was not the case he would have participated to access the employer contribution. He was very active and proactive about managing his finances in general. His perspective to risk was very market orientated in terms of risk-reward trade off, for example, considering financial products such as life insurance and critical illness cover key to managing risk for later life.
Interview Summary Chris was identified as a research participant by the gatekeeper at Company C. The interview was held in quite a formal environment at his workplace, in meeting rooms that are normally reserved for client meetings. Chris was very charming and personable, and I think that is part of the skillset needed for his role as a financial adviser. It was interesting because he knew a lot about pensions from this role, much more than anyone else I've spoken to. The interview strayed at times into talking about pension legislation, very factual, objective approach. It did seem like he preferred to talk in this objective manner. Like many others he saw pensions as one part of a portfolio, which he didn't really want to have to be reliant on. Instead he considered it to be an efficient investment that could be passed on.

Interview 28 – Adam (Company A)
Participant Summary Adam, who undertook a second interview. Adam was in his late 20s and lived with his partner in a house that he owns with a mortgage. At the time of the interview, Adam had worked for his employer for less than a year. He was auto-enrolled into the workplace pension and chose to make higher contributions where he maximised the employer match (although he thought this was the maximum he could pay in). Adam

did not consider himself to a good saver, and he liked how the workplace pension system makes it easy for him to save. He saved generally for home improvements and other big purchases, but a relatively large proportion of his saving went towards his pension.
Interview Summary Adam completed a short survey and volunteered for an interview, and later participated in a second interview. The first interview with Adam took place in a coffee shop near his office. The venue was good as it had a lot of seating down the back with few people about so our table was quite private, and the noise of the coffee machine prevented anyone who was not really close from listening. It was a very interesting interview, as Adam seemed like a 'typical' pension saver, since he participated at an increased level of contributions and saw it as his main provision for older age. The second interview took place by telephone, and Adam seemed very happy to discuss the themes that had arisen from research. He felt the typology was useful as it reflected his approach to pension saving and could help people be more conscious of their approach.

Interview 29 – Mina (Company A)
Participant Summary Mina was in her mid-20s and had worked for her current employer for about 5 years, starting in a part-time role alongside her studies and more recently moving into a full-time role. Mina lived with her partner in privately rented accommodation and they were saving to buy a house. She had been auto-enrolled into the workplace pension while working part-time at her current employer and wanted to opt-out at first, but found this process complicated and time-consuming. In the meantime Mina decided it was something worth doing, and she continued with the minimum level of contributions.
Interview Summary Mina completed a short survey and volunteered for an interview, and later participated in a second interview. The first interview took place in a café near Mina's office. Meeting face-to-face was helpful because it was quite a detailed interaction that covered a lot of topics in detail. The second interview took place by telephone,

and Mina explained that she had changed her approach to pensions since the first interview. She felt the first conversation had prompted her to think more about her pension strategy, and she had decided to increase her contributions to the level where the employer contribution was maximised. She agreed that the Minimal Saver position described her previous approach, but now she was beginning to take a more market-driven approach.

Interview 30 – John (Company C)
Participant Summary John was in his 30s and has worked for Company C for 2 years. He lived with his wife in their own house with two children. He had opted out of the workplace pension scheme in order to participate in a private pension which was managed by a financial advisor on his behalf. He did this because he feels he could get better returns this way. He was a very active saver/investor. He saved a large proportion of his income through his pension and long-term ISA; although he felt he may change this balance soon to benefit from other investment options and tax benefits. He had quite a clear picture of what he thought his later life would be like and had used an online tool to calculate the retirement income he would need, which he was trying to work towards by saving as much as he could through his pension. He felt that at retirement he would not take his pension as an annuity but use it to invest in businesses or other opportunities.
Interview Summary John was identified as a research participant by the gatekeeper at Company C. This was the first telephone interview and John had been reasonably responsive by email, although I knew very little about him otherwise since Company C people did not surveys beforehand. John had quite a thick Scottish accent and the line we were on wasn't great which made it hard for me to understand him at times. During the interview I felt this stopped me from diving into some of his comments deeper, because I wasn't sure if I had picked up the nuances of what he was saying. Although, when listening back I didn't pick up any areas where I really didn't get the depth I needed. Still, this is something important to reflect upon – means that telephone interviews are best when talking to people like you, as easier to be sure you understand. Where they are any challenges to this, telephone interviews may be more

difficult.

Interview 31 – Richard (Company C)
Participant Summary Richard was in his mid-20s and had worked for his employer for about five years. He lived with his partner in a house he has recently bought with a mortgage. He had never been a member of a workplace pension scheme because he thought it is better to pay off his mortgage quick to limit the burden of interest and then start saving for his pension. He had done some calculations to support this assertion, which he brought along to the interview. Richard was sceptical about the pension system in general, especially mentioning the lack of control in pensions and changing government legislation.
Interview Summary Richard was identified as a research participant by the gatekeeper at Company C, and also participated in a second interview. The first interview took place in a quiet coffee shop near Richard's office, and a lot of the time was spent discussing the calculations that he had done. It was very interesting to see the detail he had gone to as this was unique amongst participants, although there were some major failings in his assumptions. The second interview took place by telephone and Richard was very enthusiastic. He agreed that he was a Sceptical Investor and suggested that the typology fitted with his decisions in many other areas of financial practices.

Interview 32 – Jane (Company C)
Participant Summary Jane was in her later-20s and had worked for Company C for about 2 years. She was married and lived with her partner in a house that she owns. She had initially participated in the pension scheme, but then reduced her payments and then subsequently opted-out because she was getting married and needed the additional money to fund this. She also wasn't sure how long she would be staying at Company C. Now she had begun to feel more settled, and she was considering re-joining the pension scheme but was weighing this up against other investment options. She was

sceptical about financial services and the government, and for this reason doesn't really trust pensions. She didn't really have much in the way of savings, as all her disposable income had been diverted towards the costs of her wedding and buying a house.
Interview Summary Jane was identified as a research participant by the gatekeeper at Company C. This was a face-to-face interview which took place at Jane's work. It was a very good interview, as I think we were able to explore a lot of things that Jane hadn't really thought about consciously, especially her reservations about pension saving due to the role of financial services. This led to a lot of reflection during the interview. She also demonstrated the role of life events such as getting married and buying a house in pension saving – she was definitely just coming out of this set-up period.

Interview 33 – Sarah (Company B)
Participant Summary Sarah was a director at Company B and had worked there for quite some time. She had always been a member of the pension scheme, and had some DB and some DC entitlement although she doesn't really understand what they meant in detail. She had chosen to increase her contributions to benefit from the employer matching and she felt she could afford to do this easily. She didn't really think about her pension as she focussed more on the security from her properties and her career to provide for her in older age. Sarah was the main breadwinner in her relationship and her husband's income was used for luxuries such as holidays. She did not have a clear picture of her later life and felt she could die before then so there was no point in worrying about it.
Interview Summary I met Sarah while conducting interviews at Company B and she volunteered for an interview. This was a relaxed interview which took place in a coffee shop, but also reflected Sarah's personality as she seemed personable and informal in her approach. She guided the flow of the interview much more than in other ones, and this resulted in us not talking particularly about pensions. This in itself was interesting however because it showed even in her 40s she had very low interest in them – as long as she's got one, she's not really that bothered about it. Her focus for her later life was more

on properties and her career, and this is the focus of her worries and risks in general, so she wanted to talk much more about this.

Interview 34 – Alice (Company B)
Participant Summary Alice was in in her 30s, she was married and expecting her first baby at the time of the interview. She had worked for Company B for a few years, and had worked for various employers in different parts of the world before that. She had always participated in a pension scheme wherever she worked, and so had pots around the world which she sees in part as unintentional risk diversification. She was the only person who regularly contributed more than the employer match. However she had knew very little details about the scheme she was part of. She had a clear vision of her older age which involved supporting her children by looking after grandchildren, and she saved in a workplace pension because she wanted to maintain her standard of living in older age. She did not feel that state pension was feasibly going to do this, and she felt that not enough people are aware of this.
Interview Summary Alice completed a short survey and volunteered for an interview. This was probably one of the best interviews. Alice was very interesting and interested in the topic, and she had a very clear perspective, which was quite unusual amongst the people I had spoken to. Despite having a degree in finance, Alice drew on a lot of moralistic rationale, describing herself as a saving person and that is it right to save for a pension. She seemed she would be very reliant on her pension in older age, seeing it as the right way for providing for that, as most of her saving habits were separated by purpose, such as timeframe. Although the free money from the government also meant a lot to her – but mostly in the way it increased her savings power. She was very detached when it comes to risk however, stressing that it’s not something we can really worry about, and she does as much as she can by saving.

Interview 34 – Peter (Company B)
Participant Summary

Peter was in his 40s and had worked for Company B for over 15 years. He joined the defined benefit scheme shortly after starting work. When this was stopped, he decided to transfer it to a defined contribution scheme as this gave him more security if anything happened to Company B. He had contributed to the DC scheme ever since. While he thought before he wanted to fund his retirement through property investments, he had started to think that his pension will provide the main part of his income. He didn't do much in other saving, because he had a daughter at university and he was spending a lot of his income on that. He didn't see much risk associated with pensions because of the legislation that supports them, but he was sceptical of the government especially in regard to the state pension. He also was keen to stress that he felt he had been responsible in terms of saving over his life course, and compared this to people who are not responsible but rely on state pension.
Interview Summary Peter completed a short survey and volunteered for an interview. This was a face-to-face interview and Peter was very happy to talk to me about his pension decisions. It was clearly something he has thought about a lot over his lifetime. He had some financial training, although it was interesting that this not led to him feeling confident in his ability to invest himself, as he was happy to rely on his pension provider and the experts who manage it – although he did suggest this was something had changed over time.

Interview 36 – Ash (Company B)
Participant Summary Ash was in his early 20s, was single and lived with his parents. He was doing a Masters degree in his spare time. He had worked for Company B for about 3 years, following a 6 month stint on a temporary, rolling contract. He did not participate in the pension scheme during this period, but as soon as he was offered a permanent contract, he joined the pension scheme at the increased level. He thought pension saving was a really good thing, which had been reinforced by his family, in particular his sister who worked in the pensions industry. He felt he was bad with money, so he appreciated how pensions are locked away and can't access them. He didn't really see any risks about pension saving, and he trusted the employer, and seemed to implicitly trust the

pension system.
Interview Summary Ash came forward for an interview after talking to someone in his team who had participated in one. Ash was very open and talkative during the interview. He was happy to share his opinion and consider new things, such as the state pension, which he hadn't really thought about before. He thought pensions were good but he wasn't clear on a lot of the details. The influence of his family was clear in terms of reinforcing that pensions were good, and he seemed proud that he had discussed them with his sister in particular.

Interview 37 – Meera (Company C)
Participant Summary Meera was in her 20s and lived with her parents. She had worked for Company C for four years and had opted out of the workplace pension. She had also opted out of a workplace pension at a previous employer. There are two things driving this decision: first, she was not clear how she would get her money when she was older because she was not sure she would be living in the UK, and second, she felt that in later life she would be cared for by family members, as was customary in her culture. No-one in her family has had a pension or intends to. So she felt the pension system did not reflect her needs. Meera was trying to save a lot each month, mainly to buy a property, which she considered to be a better investment for her. She saved through her parents by giving it to them to keep for her. Meera was very career orientated and strong-minded, she didn't really worry about the future as she thought whatever comes up she will handle it, and being successful would give her the lifestyle she wants not just in retirement.
Interview Summary Meera was suggested for an interview by the gatekeeper of Company C. Meera and I had previously set up an interview which didn't happen due to unforeseen circumstances. It took a while to reorganise, due to holidays and work commitments,

and finally we managed to book a time. I anticipated that she wasn't going to be in a private, comfortable space as it was during her travel time, but when I questioned this she said she'd be fine to talk. To start with it as quiet noisy and I couldn't hear it all clearly, so I may have missed some opportunities to probe as much as I would have liked. She was quite open and chatty despite the location, but I think there were some areas I would have liked to discuss further with her.

Interview 38 - David (Company B)
Participant Summary David was in his 30s, married with two children. He lived in a house he owns with a mortgage. He was worked at Company B for a few years, and worked for two other companies before that. He had always sought to pay increased contributions at the level which maximised employer contributions. Pensions were very clearly the main provision for his later life, but he hadn't thought about it specifically to the extent of doing calculations and so on, he was just happy to be participating in the scheme. He felt he fortunate enough to be able to maintain pension payments at a decent level while living his life how he wanted to. He spoke about fine line between maintaining standard of living in present and not missing out in the future. At the end he recognises that even the increased level of contributions he paid might not be enough to provide for retirement but at the moment not really worth him worrying about.
Interview Summary David completed a short survey and volunteered for an interview. David was very forthcoming in the interview in telling me what he had done with pensions, for example, right at the start he launched into his history of pensions activity without much prompting. He seemed confident about what he's done, and why it seemed he had thought about it a lot. We covered a lot, and it became clear how his pensions behaviour was tied in with his whole philosophy about his life, living for the now, not worrying too much for the future.

Interview 39 – Anna (Company B)
Participant Summary

Anna was in her early 30s and had worked at her current employer for around 3 years. Anna lived with her husband in rented accommodation. She had been automatically enrolled onto the pension scheme at minimum levels and has stuck with this contribution amount. Anna stressed that the pension is not something she had really thought about in detail, and she thought she would start to engage more with the topic once she starts a family. Anna felt that having children would encourage her to face responsibilities and think about the future.
Interview Summary Anna completed a short survey and volunteered for an interview. The first interview was face-to-face and it was quite short. Anna seemed to have less to say about her pension decisions than other participants, potentially because she had not really thought about pensions in detail. She appeared nervous and expressed some discomfort with the topic, which meant she was less reflective than other participants. The second interview was different. It took place by telephone, and Anna seemed much more comfortable. Anna seemed happier responding to the themes that had been developed and shared with her, than talking about her own approach towards pensions. She agreed with her being situated as a Minimal Saver and suggested that knowing others also took a similar approach to pension saving was reassuring.

Interview 40 – Jodie (Company B)
Participant Summary Jodie was in her late 20's, and had worked for Company B for a few years. She had opted out of the pension scheme soon after joining. She had also opted out in a previous employer. She owned two properties with her husband, and she saw this as a direct substitute for her pension. She thought properties offer a better return on investment as well as more security in the long run, and also more flexibility, which suited their lives. She was sceptical about the pension system, in particular, the role of financial companies and the government. Jodie felt she is very good with money and managed her finances to make sure that she paid no interest or charges. However, she doesn't want to be 'the richest man in the graveyard', and she felt it was important to enjoy her life, which is why she wanted her investments to be as efficient as possible. She hadn't really thought about her

retirement very much – she stressed how far off it seems - but if the property investments work out she hoped to have an early retirement where she can choose to do what she wants, which may include aspects of volunteering work.
Interview Summary Jodie completed a short survey and volunteered for an interview. This interview took place face-to-face. It felt very comfortable and relaxed. Jodie had a very clear perspective and was open in discussing her ideas and decisions throughout, although there were elements she hadn't thought through fully she was comfortable in talking about and reflecting on them, such as about retirement.

Interview 41 – Izzy (Company B)
Participant Summary Izzy was in her mid-20s and lived with her partner in a house that she owned with a mortgage. Despite being young, Izzy was proud to consider herself to be a 'fully-fledged adult'. Izzy had joined her employer on a short-term contract initially and paid minimum contributions. When she was offered a permanent role she immediately increased her pension contributions. She felt that this was part of becoming an adult, along with getting a stable job and a mortgage. She considered herself to be cautious with money because the idea of being without it worries her.
Interview Summary Izzy completed a short survey and volunteered for an interview. The first interview with Izzy met took place in a private room at her workplace, and it was an interesting experience as she reflected a lot on her own experiences in ways she said she had not done before. Izzy was very open and clear about the things that had influenced her. The second interview took place by phone, and felt very similar to the first, as Izzy was again very willing to discuss her experiences and the themes that had arisen from the research.

Interview 42 – Brian (Company B)
Participant Summary Brian was in his 40s and lived in a mortgaged house with his partner and one child. He

had worked for Company B for a few years and increased his contributions to the workplace pension soon after he started. He was concerned about having just the state pension when he retires, however he was also quite sceptical about the workplace pensions system, in particular, the outcomes that can be expected from it. He diverted much more saving to other investments which he saw as offering better returns and more security. He considered himself to be good with money and worked in a financial field. He did not have a very clear vision of retirement and anticipated this is something that he will start to think about in the next 10 years or so, although he does not think he will give up work entirely but look for alternative options where he can spend his time more wisely than being chained to a desk all the time.
Interview Summary This interview took place by telephone and it was a little different to the others since Brian did not want to be audio-recorded. This was in part driven by the sensitive context at the company, where a period of consultation regarding redundancies had just started, but also because he felt he was going to offer a critical perspective regarding the private pension system. Brian felt he was quite unique in this perspective, and was relieved when I suggested that this scepticism was something that had come through from a number of other participants already. I appreciated this interview as an opportunity to consolidate some of the ideas I had developed from the previous research interactions, and we spoke in detail about hypothetical situations such as what would Brian do if his investments collapsed and so on.

Appendix D

Interview topic guide

To start with, I'd like to ask you about your work history, as pensions are usually linked to your employment status. We'll start at the beginning, could you tell me about your first experience of work?

At each phase of employment, seek to understand:

- Where the individual worked and what they did (there may also be periods of unemployment)
- Personal status at this time and where they lived
- If they were aware of a workplace pension at this employer, and if so, whether they joined the scheme
- Whether they made any changes to this pension when they left this employment

Example work history timeline

That brings us up to your current employer: when did you join this organisation?
I'd like to focus on your experience at your current employer in more detail. Are you a member of the pension scheme here?

IF YES:

- *When and how did you join the scheme? (auto-enrolled or not?)*
- *What made you decide to join or stay in the pension scheme?*
- *Have you had to make any specific choices as part of the process of joining? (Contribution value, investment plan, etc)*
- *Was anyone else involved in any of these decisions? (such as formal advice, or friends, family members) Is this normally what happens?*
- *Were there any risks that you considered regarding this decision? (macro, plan, or personal level? Role of institutions?)*
- *Do you think about what you might do in the future regarding pensions? (role of institutions?)*
- *Does being a pension scheme member make a difference to how you feel?*

IF NO:

- *When did you opt-out of the pension scheme?*
- *What made you decide to opt-out? (non-economic values)*
- *What did you have to do in order to opt-out? (such as complete an online form, email the pensions team, etc)*
- *Was anyone else involved in this decision? (such as formal advice or family members) Is this normally what happens?*
- *Were there any risks you considered regarding this decision? (macro, plan, or personal level? Role of institutions?)*
- *Do you think about what you might do in the future regarding pensions? (role of institutions?)*
- *Does not being a pension scheme member make a difference to how you feel?*

Ok, thank you, it's useful to understand the decisions you've taken recently and how you went about that. In the final part I'd like to understand how you think about the future and older age.

- *Do you know anyone who is currently receiving their pension?*
- *Do you think your experience of older age will be similar?*
- *Do you ever think about your retirement? (when do you think you will retire, what will you do after you retire, what will be important to you?)*
- *Are there any risks that you think about in regard to your retirement and older age? If so, do you take any action in regard to these?*

Do you think pensions are something people should do? Are they good for society? Should the government provide them?
Why do you trust who you trust in providing this?

That's great, I think we have covered everything. Is there anything else you'd like to mention about your experience of pensions?
To wrap up, could I ask you to fill out this form so I have a record of background data about my participants?

Appendix E

Example email sent to volunteers to organise research interview

Hello >NAME<,

Thank you very much for offering to participate in an interview on pension decisions. It is much appreciated and will make a huge impact to my PhD research.

It would be great if we can organise an interview. It will take at most 1 hour and it is fairly informal so no need to prepare, it's just like a more detailed conversation about the questions in the survey. I have attached an information sheet which tells you more about my research and what the interview will entail.

I'm going to be in the main office during the week of 28th August, so would you have time then to meet? Please do let me know what would work best for you.

I look forward to talking to you further!

Kind regards,
Hayley

Appendix F

Examples of codes from each level

First level codes	Second level codes	Theme
Return	Market logic	Rationales of saving
Tax benefit		
Safety blanket	How it feels	
Responsibility	Moralistic logic	
Auto-enrolment process	Process	Level of participation
Opting-out process		
Employer contribution	Contribution levels	
Low participation	Participation levels	
Bank accounts	Saving	Reliance on pension
ISAs		
Share save schemes	Investment	
Property		
Working in retirement	Retirement	Older age
Negative view of older age	Views of older age	
Current pensioners		
Economic uncertainty	Risk in workplace pensions	Risk and Trust
Loss of money		
Trust in employer		
Spreading risk	Approach to risk	
Fatalism		
Discomfort	Experience of interview	Interview context
Joke/Humour		