

<b>Institution: University of Westminster</b>
<b>Unit of Assessment: UoA 19; Business and Management Studies</b>
<b>Title of case study: Pensions and Retirement</b>
<p><b>1. Summary of the impact</b></p> <p>The impact of this work has been to influence the debate on pensions policy and implementation, having significant impact on OECD, European Commission, the UK Departments of Work and Pensions and Department for Children, Schools and Families. Of the research projects, one was the first to identify, in the 1990s, the unexpected rise in retirement age and the factors affecting it, e.g. the relationship between the type of occupational scheme and actual retirement age. Another highlighted ethnic minorities as amongst the poorest groups in retirement and the diminishing role of cultural factors contributing to this situation. UK pensions policy and practice has been stimulated by Professor Gough's development of the Pensions Research Network, (PRN), which hosts academic research on pensions and retirement and the Pension Investment Academy, (PIA), which brings together practitioners in the field.</p>
<p><b>2. Underpinning research</b></p> <p>This research forms part of the body of work which has been conducted at the University of Westminster over the last two decades led by Professor Orla Gough and supported by the British Academy, the ESRC and the Leverhulme Trust. The research article, titled "The Impact of Occupational Pensions on Retirement Age" (2007), with Dr S. Arkani, (research fellow), used the data from the Labour Force Survey (1984-1991), the Quarterly Labour Force Survey (1992-2003) and the English Longitudinal Survey of Ageing (2002-2003). The article investigated the link between occupational pensions schemes and the actual retirement age of men and women and incorporated considerations of ethnicity. It was amongst the first to capture such a comprehensive range of observations. Conclusions of the study included:</p> <p><i>The actual date of retirement amongst retirees has risen. It was found that people with occupational pensions retire earlier and that participation in such schemes has a direct impact on the decision to retire. Differing types of schemes can lead to differing retirement age decisions. Ethnic minority groups actual mean retirement age indicated disparities amongst the major ethnic groups within the UK.</i></p> <p>Furthermore, the study highlighted the tension between social policy and legislation and the occupational Pensions Schemes, which required enforcement of specific retirement ages on their members. Prime examples include economically active women aged 55-59 wanting to accrue further pension rights. As a result, the study contributed to the debate shaping The Employment Equality (Age) Regulations 2006. It was supported by the ESRC grant: RES-000-22-3836. A subsequent British Academy funded study, entitled "Ethnic Minorities, Retirement Planning and Personal Accounts" with R. Hick, (Research Fellow 2009), investigated the diversity of pension outcomes relating to public and private pensions for individuals from the major ethnic minority groups in the UK workforce. Using qualitative methods, the work investigated retirement planning amongst the six largest ethnic groups in the UK as well as a White British control group. It examined respondents' attitudes towards retirement, knowledge of pensions provision, access to workplace pension schemes and barriers to effective saving. Conclusions of the work included:</p> <p><i>Lack of knowledge of access to pension rights amongst the differing ethnic minority groups compared unfavourably to the White British control group. The "myth of kinship" as a barrier to adequate retirement planning was found to be of decreasing importance. Despite widespread dissatisfaction with auto enrolment, personal accounts will nevertheless contribute savings to retirement.</i></p> <p>A third article, "The Impact of the Gender Pay Gap on Post-Retirement Earnings", (2001) examined the issues affecting women's earnings during their working years that go on to affect their earnings in retirement. Using data from the Labour Force Survey, the variations in pay between men and women were analysed, providing results which in turn helped to explain the</p>

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differences in post-retirement income. Conclusions of the work included:

*A gender gap in terms of lifetime earnings and access to pensions schemes. The gap is greater in terms of pensions income post-retirement.*

A fourth article, "Retirement Saving Choices: Review of the Literature and Policy Implications", with C Niza, (2011) supported by the British Academy, was one of the first to completely review the evidence at each stage of saving for retirement. Evidence suggested that most work was focused on three main areas: asset allocation, decision to save and contribution rates. Additional patterns were detected, namely that socio-demographic characteristics were the predominant focus in the studies. This pattern was particularly evident in older studies, which mainly analysed the role of age, gender, income and education in retirement saving.

### 3. References to the research

1. Orla Gough and Rod Hick (2009), Ethnic Minorities, Retirement Planning and Personal Accounts, *International Journal of Sociology and Social Policy*, Vol. 29, Nos. 9/10, pp.488-497. <http://www.emeraldinsight.com/journals.htm?articleid=1810425>
2. Orla Gough and Sepideh Arkani (2007), The Impact of Occupational Pensions on Retirement Age, *Journal of Social Policy*, Vol. 36, No. 2, pp. 297-318. <http://journals.cambridge.org/action/displayAbstract>
3. Orla Gough (2001), The Impact of the Gender Pay Gap on Post-retirement Earnings, *Critical Social Policy*, 2001 Vol. 21, No. 3, pp. 311-334. <http://csp.sagepub.com/content/21/3/311.short>
4. Orla Gough and Claudia Niza (2011), Retirement Saving Choices: Review of the Literature and Policy Implications, *Population Ageing*, Vol. 4 pp. 97-117. <http://link.springer.com/content/pdf/10.1007%2Fs12062-011-9046-4.pdf>

### 4. Details of the impact

**4.1 Details of Impact** The work has had an impact on the understanding of retirement as a stage in the life course and on the differences affecting retirement age decisions between different genders and between different ethnic groups. Coming at a time when age discrimination legislation was affecting employment and occupational pensions practice, Professor Gough's research was significant in pointing to the association between defined benefit schemes and an early age of retirement. The decline in the Defined Benefit (DB) schemes highlighted in her work were instrumental in informing the debate between policy makers, pension fund trustees and employers. The work's practical impact is evident through the formation of the Pensions Research Network, (PRN), and the Pension Investment Academy, (PIA). These fora provide a unique combination of academic research and practical implementation. Both hosted by the University of Westminster and led by Professor Gough, the PRN and PIA have prime influence on the debate on pensions research, policy and practice in the UK. The PRN has become a leading channel for the dissemination of the results of research within the pensions area, both in the UK and internationally.

**4.2 Significance of Impact** The overarching significance of this research has been its extensive influence on pensions policy and implementation both in the UK and internationally. It has illuminated the debate on what retirement means in the modern world. It has influenced studies and reports by the European Commission, OECD, UK Department of Work and Pensions, (five reports), UK Department for Children, Schools and Families and international think tanks. Finally it has generated practical impact on the activities of the many pensions stakeholder groups as well as enhancing the views of individuals in comprehending more fully the issues of retirement and pensions planning. Gough and Arkani (2007)'s research had international impact by enriching the work of *Education Sector*, a US based independent think tank in Washington, D.C. The report discussed different pension plans of Defined Benefit (DB) and Defined Contribution (DC) and how to address public sector teachers' pension plan underfunding, longevity and mobility problems in the US. It was instrumental in evidence for the extensive recent report by Berry (2010) on the Future of Retirement at the independent think-tank ILC-UK. It was also used by Leeson (2009) in a report from Beyond Current Horizons a partnership project run by the Department for Children, Schools and Families (DCSF) and education innovators Futurelab on the later life and education changes and challenges in the UK. Other impact of the work was by Grubb (2011) from the OECD on unemployment insurance. Gough and Hick (2009)'s research had a significant contribution to

DWP Research Report No.684. The aim of their project was to review and synthesise available evidence that could throw light on: why Black and Minority Ethnic (BME) customers are less satisfied with the Pension, Disability and Carers Service (PDCS); why BME individuals eligible for the PDCS benefits are less likely to apply for them; what interventions might be successful at raising levels of take-up and satisfaction with PDCS services; and what important gaps exist in research evidence to answer these questions. The research of Gough and Hicks was used as relevant evidence to PDCS and BME customers. It was also used as a key reference in the impact of an important recent DWP Research Report No. 809 by Weyman, Wainwright, O'Hara, Jones and Buckingham (2012). It influenced a range of areas in the report including: Personal Accounts Scheme, Decision-making about pension provision and assets for retirement, the limits of an education deficit perspective, estimating retirement income, ethnic minorities estimating state pension values, trust vested in banks and building societies for pensions advice, and public confidence in pensions. It also influenced the DWP Reports No. 557 and 562. Gough and Niza (2011) was used as evidence in a recent report from Bryan, Lloyd, Rabe, and Taylor (2011) from The Strategic Society Centre a London-based public policy think-tank. The landmark research report looked at the savings decisions of over 25,000 UK workers, and the factors that influence participation in pension saving. Gough (2001) was used in a major report from the National Women's Council of Ireland by Murphy and Cashin (2008) on Pensions and also a recent final report to the European Commission in the Elders Project.

### 4.3 Reach of Impact

#### **A Selection of Invitations from Government Bodies, Trade Unions, Trade Bodies and Policy Organisations:**

- TUC invited Professor Gough to be on the panel which included Pensions Minister Steven Webb in a review of the pension framework, October 2012.
- The Brazilian government invited Professor Gough as a consultant on a review of their national pension system, May 2009.
- Ongoing blue sky discussions on pension reform with the Treasury Head of Pensions and Savings.
- Invited to speak at the National Association of Pension Funds Annual Conference 2008.
- Various conferences, including: Ethnic Minorities Retirement Age Patterns, Institute of Ageing, 2008, Ethnic Minorities and Quantitative Data, Policy Studies Institute 2008, Retirement Planning Amongst Ethnic Minorities in the UK, Social Policy Association Conference in July 2008 (with R. Hick), Retirement Age and Income Replacement, evidence from the UK and Italy, International Association for Research in Income and Wealth (IARIW), Portorož, Slovenia (with R. Adami) in August 2008, Social Policy Association Conference, July 2008, UK.

#### **Invitations from the Media:**

- Invited by the BBC to appear in the Business Section of BBC1 Breakfast News, November 2011.
- Invited by the BBC on four occasions to partake in BBC Radio 4 features on: The Change in the Pension Structure; Savings for Retirement; Ethnic Minorities; Pension Benefit Schemes.
- Invited to discuss a feature on: Retirement Age on Sky News 2010.
- Invited to discuss a feature on: The Decline of Benefits Schemes on CNN 2011.
- The Times featured a piece by Professor Gough, entitled: "Pensions as we Once Knew Them are a Thing of the Past", 2nd December 2011.
- "A New Investment Paradigm?" featured in Pensions Management, 2008.
- Invited to contribute to a feature on "Pensions and Financial Regulations" by SF Swiss Television, 2008.
- Invited to contribute to a feature on: 'Should the Federal Reserve save insurance companies?' Deutsche Welle German TV, 2008.
- Various appearances on TV5, including discussions on: European Pensions; Who Pays for

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Public Pension Schemes; Union Strikes on Pension Contributions; Ethnic Minorities: the Different European Treatment on Pensions.

**Forums:**

**Pensions Research Network** <http://2009.westminster.ac.uk/schools/business/research/pensions-research-network> Attendees included: Institute of Fiscal Studies, Centre for Policy on Aging, European Centre for Social Welfare, Allianz Global Investors AG, International Longevity Centre, OECD Social Policy Division, Centre for Policy on Aging, Department of Work and Pensions, Help the Aged, Pensions Policy Institute, The Pensions Regulator, Policy Studies Institute, Watson Wyatt Partners, Private Pension Unit OECD.

**Pensions Investment Academy** <http://2009.westminster.ac.uk/schools/business/staff/finance-and-business-law-fbl> Attendees included: Aerion Fund Management Limited, BAE Systems Plc Pension Scheme, BNP Paribas Pension Scheme, BA Pension Investment Management Ltd, Coal Pension Trustees Services Ltd, InterContinental Group Pension Plan, Lloyds Superannuation Fund, Nationwide Pension Fund, OCS Group Pension Trustees Ltd, Pensions Management Services Ltd, Royal & SunAlliance, Santander UK Plc.

**5. Sources to corroborate the impact**

Weyman, A. Wainwright, D. O'Hara, R. Jones, P. and Buckingham, A. (2012). 'Extending Working Life: Behaviour Change Interventions'. Department for Work for Pensions (DWP) Research Report No 809, September 2012. <https://www.gov.uk/government/publications/extending-working-life-behaviour-change-interventions-rr809>

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Berry, C. (2010). 'The Future of Retirement'. The International Longevity Centre, Discussion Paper. [http://www.ilcuk.org.uk/files/pdf\\_pdf\\_134.pdf](http://www.ilcuk.org.uk/files/pdf_pdf_134.pdf)

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Murphy, M and Cashin, A. M. (2008). Pensions: What Women Want: A Model of Pensions that Guarantees Independence, *National Women's Council of Ireland*.

<http://eprints.nuim.ie/1161/1/MMpensionswhatwomenwant.pdf>

Elders – Elder Employees in Companies Experiencing Restructuring: Stress and Well-Being, Modena 2009-2010, Final Report Presented to the European Commission. [ELDERS – E - Adapt](http://www.elders-e-adapt.org)

Peter Allmark, Sarah Salway, Richard Crisp and Ruth Barley (2010). Research Report No.684, "Ethnic Minority Customers of the Pension, Disability and Carers Service: An Evidence Synthesis", Department of Work and Pensions. <http://193.129.121.133/asd/asd5/rports2009-2010/rrep684.pdf>

Chad Aldeman and Andrew J. Rotherham (2010), "Better Benefits: Reforming Teacher Pensions for a Changing Work Force", Education Sector

Reports. <http://www.charterschooltools.org/tools/PensionsReport.pdf>