

Informal carers' attitudes to pensions and retirement savings

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Abstract

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Concerns about population ageing have been central to reforms of pensions policy and social care policy in the UK over recent decades. However, policy responses to these social problems are in tension, as individuals have been expected to take greater responsibility for both pension saving and provision of care, even when care involves a reduction in earnings and savings. While the pension system protects carers' state pensions, little attention has been paid to their non-state pensions.

This thesis therefore explores the attitudes and beliefs carers hold regarding pensions, and the effect of caring on pensions planning, particularly planning a non-state pension. It focuses on the assumptions made about agency and decision-making contained within social policy. Semi-structured interviews were held with those aged 35-64 who were providing 20 hours of care or more a week in the Thames Valley and Greater London.

Almost all of the carers reported disruption to their private pension savings as their employment was impacted by caring. Few felt able to make a choice regarding either caring or employment. Caring also affected the importance many attached to saving, although there was no uniform effect on decision-making. Some carers became more reflexive, attempting to take more control in response to the uncertainty in their lives; others felt powerless due to this uncertainty and limited financial resources.

The study provided support for the theory of an ethic of care, which suggests individuals make decisions based on relationships rather than calculations of expected outcomes. The findings challenge the assumptions made in pensions policy. Carers were classed in four categories of approach to pensions savings: reflexive planners, non-reflexive planners,

reflexive non-planners and non-reflexive non-planners. A range of financial and social resources corresponding to Bourdieu's *habitus* and economic and cultural capital was required for carers to act as reflexive planners.

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List of acronyms and abbreviations

ADASS	Association of Directors of Adult Social Services
AVC	Additional Voluntary Contributions
BHPS	British Household Panel Survey
BSP	British State Pension
CPI	Consumer Price Index
DB	Defined Benefit
DC	Defined Contribution
DOH	Department of Health
DSS	Department of Social Security
DWP	Department for Work and Pensions
GHS	General Household Survey
HRP	Home Responsibility Protection
NEST	National Employment Savings Trust
NHS	National Health Service
NIC	National Insurance Contribution
OECD	Organisation for Economic Co-ordination and Development
ONS	Office of National Statistics
OP	Occupational Pension
PC	Pension Credit
PPI	Pensions Policy Institute
PPP	Personal Private Pension
RPI	Retail Price Index
S2P	State Second Pension
SERPS	State Earnings Related Pension Scheme

Chapter one: Introduction

1.1 Introduction

This thesis is about the lives of informal carers, and the decisions they make in planning for their pensions. It is a significant topic since there is a view amongst policy makers that individuals should take more responsibility for planning in relation to their pensions while at the same time the population is ageing and will require greater care.

It looks at the way in which individuals make long-term savings decisions and they prioritise saving for retirement over current spending. It does this by examining how informal carers think and take decisions about these issues. Informal care often places considerable constraints on the ability of carers to work and save, but may also, crucially, affect how individuals think about the future.

This chapter explains why this research can inform current debates about pensions. It provides an overview of the policy debate surrounding pensions and carers, and summarises the policy context in which decisions are made in each area, and on the current situation regarding pension saving, and of informal caring. It then sets out the research questions that frame this thesis and the methods used to address them. It introduces the theoretical approach employed in analysing the issue of carers' pensions, and sketches the main conclusions. Finally, it outlines the structure of the thesis, setting out the content of the following chapters.

1.2 Pensions policy and informal caring in public policy debates

The UK's pension system has been reformed continuously in the century since the first state pension was introduced. While the first state pensions were introduced to prevent poverty

amongst those unable to work due to old age, a primary concern of state pension policy has been to discourage reliance on state provision. As such, the political and policy focus on pensions has been on the importance of individual pensions planning, and non-state pensions saving.

This has reflected in part ideological beliefs about the inefficiency of the state in providing welfare, and about the individual benefits of learning to take responsibility for one's own savings (Marquand, 1996; Walker and Foster, 2006). However, it has been largely driven by concerns about the sustainability of state provision (and other pensions offering a guaranteed benefit) given rapid population ageing and social change which threaten to place great pressure on the pensions system in the medium and long terms.

In common with most western countries, life expectancy in the UK has risen dramatically over the last century as medical advances and changes in lifestyle and industry have reduced mortality rates (Taylor-Gooby, 1999; Bonoli and Shinkawa, 2005). Those born in England and Wales in 1908, when the first state pension was introduced, had an average life expectancy of 55 for men and 61 for women, meaning most people, even if they met the other stringent entitlement criteria would not survive to the pension age of 70 (Office of National Statistics, 2012a). Now most people live beyond the male pension age of 65 and the average man can expect to live another 21 years. Women can expect to live an additional 24 years (Department for Work and Pensions, 2011b). The number of people of working age is not rising at the same rate, so that each person in work will be supporting more retired people. In 2003 there were 3.3 people of working age for every person over pension age, but this is expected to fall to 2.3 by 2051 (DWP, 2011a).

There is also growing concern about under-saving for retirement: the gap between what people need to save to achieve the standard of living in retirement they aim for and the amount they are saving (Banks *et al*, 2010). The Pensions Commission (2004) found evidence that up to 11 million people were either saving insufficiently to protect their standard of living in retirement, or were not saving at all. Given the emphasis on individual responsibility for saving above the British State Pension (BSP), the aim of research in this area has increasingly been to understand how people make decisions about pensions, and why they are not saving, in the hope of changing this behaviour (Wicks and Horack, 2009).

The debates surrounding the Pensions Commission reports (2004; 2005; 2006) and subsequent legislation (Pensions Acts 2007 and 2008) frequently mentioned the need to protect the pensions of informal carers, especially women. In part, this is because there is evidence that these groups take more breaks from the labour market, or are more likely to work part-time, so that they earn less and accrue lower levels of entitlement through National insurance contributions and through employer and employee contributions to occupational or personal pensions. This results in women, generally, and informal carers, in particular, building lower levels of entitlement to pensions (see chapter two).

In addition the demographic change that is causing concern in relation to pensions is expected to increase the demand for care, leading to claims of a 'crisis of care' (Daly and Lewis, 2000). The Department of Health (DoH) forecasts significant changes in the demand for care due to the growth in the proportion of older people and the incidence of disability. The number of people age 85 and above is projected to rise significantly over coming decades: above this age people are more likely to need assistance. For example, one in four will develop dementia and a third of these will require constant supervision (DoH, 2005). Advances in medical care

and technology mean that many who need care are living far longer than they would have done in earlier times.

The smaller dependency ratio (the ratio of the population aged 65 or above to the number of people aged 15 to 64) coupled with rapid social change, in particular a move away from nuclear families and women's growing participation in the workforce (Ginn, 2003), may place additional pressure on the formal social care system. Public policy in social care has increasingly focused on supporting care recipients to remain in their own home for as long as possible, and on enabling family members to provide care themselves rather than resorting to state care (see DoH, 2005 for example). This emphasises the importance of informal care to the overall provision of social care, and the contribution carers make to society. Financially informal caring is estimated to save £119 billion in the United Kingdom (UK) each year (Buckner, Yeandle and Carers UK, 2011).

There is, therefore, a tension between the response of recent pensions' policy initiatives in relation to caring and the problem of population ageing. Successive governments have argued that increasing proportions of the cost of retirement (DWP, 2006a; 2010; DSS, 1989; DoH, 2005) and the cost of social care must be placed on individuals for state provision to be affordable, and targeted to those unable to provide for themselves (Dalley, 1996). However, the responsibilities informal carers are expected to fulfil, to provide increasing levels of care to family members and to increase their non-state pension savings, are potentially contradictory. The provision of informal care often reduces the time individuals have available to participate in paid employment, lowering their income so they have less available to save (HM Government, 2010b). While carers' pensions have occasionally been the focus of pensions policies (there were specific measures to help carers in the Pensions Act 2007) this has focused on compensation through the state pension. Home Responsibilities

Protection, now replaced by Carers' Credits, mean that National Insurance Contributions (NICs) are made on behalf of carers meeting the eligibility criteria in order to protect carers' pensions. Although there is some support for carers carrying out substantial care through the State Second Pension, there has been little attention paid, in policy or in research, to the issue of carers' non-state savings, or the way in which caring affects how carers plan for an income in retirement. The literature that has looked at carers' pensions is explored in section 5.2. If carers are not able to save at the rate of non-carers can, they risk being penalised across their lifetime.

1.3 Research rationale and research questions

In the light of the above, the focus of this thesis is on the approach carers take to planning for retirement income. The thesis seeks to answer three main research questions:

- What beliefs and attitudes do working-age informal carers hold regarding pensions, and pensions planning and saving?
- Do caring responsibilities affect the way in which individuals undertake pensions and retirement planning?
- Are there other factors that influence how carers make decisions about their pension savings, and do these change over the lifecourse?

The thesis builds upon research which has focused on the real-world behaviour of savers and non-savers, examining the processes which shape individual decision-making about saving in a pension, or for retirement more generally. The research follows a number of recent studies on pensions planning behaviour (Peggs, 2000; Foster, 2011; Nesbitt and Neary, 2001) in using qualitative methods.

This study contributes to the literature on both pensions planning and on informal caring. The focus on informal carers' pensions planning behaviour adds to the understanding of carers' financial and employment decision-making from research such as Arksey *et al* (2005). This study differs from previous studies by exploring the effect of caring on pensions attitudes and planning behaviour more specifically, looking in depth at the decisions, or circumstances that shape these. It therefore increases understanding of the effect of caring, including the long-term financial effects which have not received sufficient attention in the past.

The thesis also contributes to a broader understanding of how people generally make decisions about caring, probing attitudes and decision-making before and after caring. Informal caring is often touched on in other studies of pensions planning (Thomas *et al*, 1999; Rowlingson, 2000) as a factor affecting decision-making. This study recognises that carers are not a discrete sub-group of the population, and the need to care can arise for anyone, at any time. A better understanding of the effect of informal caring on pensions savings and planning will improve understanding of pensions and long-term planning, highlighting an influence that has been under-explored.

While little is known about informal carers' actual non-state pension savings, the focus on the decisions carers make is important because it can enable an assessment of how realistic it is to believe that carers not only should but can provide for their retirement. It also reflects the fact that for many, caring is a temporary, albeit open-ended situation. The decisions they make before and after their time caring will also influence actual savings. What is interesting, given the moral tension between saving for retirement and providing informal care to family members, is how carers view these competing pressures, and whether caring influences the decisions they make about saving and long term planning.

The research looks at those providing care for sick or disabled children or adults, and frail elderly adults. While it is recognised that childcare for non-disabled children has a significant effect on pensions accumulation (Ginn, 2003) and some effect on the approach to pensions planning (Rowlingson, 2000), the decision was made to focus on care for those who are sick or disabled as this type of care is less easily planned for, and less predictable. However, it is also something that a significant proportion of the population (around 12 per cent) are undertaking at any given moment (NHS, 2010). The uncertainty surrounding informal care makes its role in pensions planning particularly interesting: does it change how people think about the future, and does informal care contribute to lower levels of pension planning and saving?

The thesis focuses on those carers providing substantial amounts of informal care. While ‘care’ and ‘caring’ are normal parts of life, there is some evidence (Heitmueller and Inglis, 2004; Atkinson, *et al* 2007) that intensive types or levels of care can have significant effects on carers’ lives and may be viewed as a burden or disruption. It is the effect of such disruption that is being explored.

1.4 Theoretical approach

The theoretical approach in this thesis is based on the belief that a policy that seeks to affect decision making must be based on an understanding of how individuals view their lives: it is the lived reality of their existence that, arguably, policy makers need to take into account. By looking at the conditions under which they give care, judgements can be made about the limits and possibilities of pensions’ policies to affect carers’ decision-making. Underpinning many of the recent reforms in pensions policy has been an assumption that individuals are

willing and able to save more for retirement, and that they are capable of considering and responding to financial incentives such as tax relief (Department of Social Security (DSS), 1998; Walker and Foster, 2006). However, the limits to this ability have been more recently acknowledged, and policy altered to reflect these (Wicks and Horack, 2009; DWP, 2006a). Social care policy has assumed that individuals are able and willing to provide informal care for their relatives and that they are able to make decisions freely regarding how to spend their time between caring, paid employment and other activities.

Le Grand (1997) argues that it is important to understand the beliefs and assumptions that underpin social policy for social policy to be effective. He claims:

“assumptions concerning human motivation and behaviour are the key to the design of social policy. Policy-makers fashion policies on the assumption that those affected by the policies will behave in certain ways and they will do so because they have certain motivations” (p.153).

The approach used in this thesis is, therefore, to consider the implications of the evidence gathered in relation to the dominant assumptions outlined above, formalised in neo-classical economic theory concerning utility maximisation. These will be analysed using alternative theories of agency, decision making and motivation critically considered as ‘competitors’ to the classical assumptions.

The theories selected are those that have been identified in the extant literature as influencing policy-makers in the reform of pension or caring policy, or as explicit challenges to these. As will be demonstrated in chapters four and five, the various theories have been ‘tested’ using both qualitative and quantitative research. This thesis differs from previous studies by

examining the two policy areas together in a way that challenges the theoretical assumptions underpinning reforms. The thesis will question whether the assumptions contained in public policy are accurate descriptions of carers' behaviour, and consider the policy implications of these findings.

According to expected utility theory, the classical economic theory underpinning neo-liberal reforms in the 1980s in particular (Waine, 1995), individuals are motivated to make decisions about the allocation of resources according to stable preferences to based on the utility they derive from them. This theory is embedded in the argument that individuals will be motivated to save in order to smooth consumption across their lifetime because they can calculate the costs against the benefits of saving for their retirement (Barr and Diamond, 2010).

However, this theory has been challenged (Khaneman and Tversky, 1979; Wicks and Horack, 2009; Gintis, 2000). Behavioural economists, drawing on psychological research, argue that individuals often are unable to make optimal long-term savings plans because of the uncertainty inherent in the decision-making, and limits to human rationality, or capacity to make financial calculations.

An alternative approach, key to reforms implemented by New Labour in the late 1990s and early 2000s is Giddens' theory of reflexive agency (Giddens, 1984; 1994; Deacon and Mann, 1999). Giddens argues that individuals are able to act reflexively, monitoring their needs and experiences in a way that will enable and motivate them to save more for retirement if they have not saved sufficiently. Government policy can encourage this through the use of incentives and support (Wicks and Horack, 2009).

Giddens' theory has been contested. Hoggett (2001) argues that individuals may also act non-reflexively, or be reflexive yet unable to act. This has implications for pensions policy that places the responsibility for saving on individuals, if they do not act upon reflexive monitoring of their needs and situation.

Peggs (2000) draws on Bourdieu's theory of practice (1979; 1983; 1990; 1993), which recognises a greater role for external structures and circumstances in shaping motivation and action than does Giddens. Bourdieu highlights the role of resources, including economic, cultural (education) and symbolic, within different fields of action, as well as of *habitus*, motivating structures and social practices. Peggs (2000) argues that Giddens' reflexive agency is insufficient to explain how individuals plan for retirement. Greener (2002) combines both Peggs' and Hoggett's (2001) arguments to suggest that lack of capital and *habitus* can limit an individual's capacity for reflexive agency.

Two sets of feminist theories of action which have been used to explore the gendered division of labour, and women's engagement in informal care in particular are also considered: care-as-oppression in patriarchal society (Graham, 1983) and a feminist ethic of care (Gilligan, 1993; Sevenhuijsen, 2002; 2003). These challenge the neo-liberal idea that individuals make decisions based on a cost-benefit analysis (so that decisions to care would be based in part on a calculation of the costs and benefits, (potentially including a calculation which incorporates family welfare and wellbeing as resources). The theories also call into question the extent to which reflexive agency is possible within patriarchal society, if caring falls to women as part of their 'natural' domestic role. A feminist ethic of care (Gilligan, 1993; Sevenhuijsen, 1997; 2003) suggests that decisions may be based on relationships rather than 'rational' rules based processes or explicit calculations as to costs and benefits.

1.5 Methods

In order to answer the research questions, a qualitative approach was adopted. Qualitative methods are appropriate to exploring people's world views and the feelings and ideas about their circumstances that are key elements in their formation (Corbin and Strauss, 2008; Snape and Spencer, 2005; Walker, 1985). Within this method consideration is given to the factors that shape how people view their financial needs and situations, and what their future needs might be. Semi-structured interviews were therefore held with 43 carers across the Thames Valley and London. The carers were aged between 35 and 64 since before and after these ages individuals are less likely to be actively planning for retirement (Clery *et al*, 2010). The study focused on those caring for 20 hours or more a week, as there is evidence (Atkinson *et al*, 2007) that above this threshold, caring is particularly intensive and is more likely to disrupt carers' lives. Their experiences of caring, and their attitudes to pensions and retirement planning were explored, focusing on the effect, if any, that their caring had had on their attitudes, practices and plans for the future.

The data were then analysed in the light of the issues raised in the extant literature on pensions planning, and on caring, as well as identifying themes within the data. The theoretical assumptions set out above regarding the way in which individuals make decisions, particularly decisions regarding saving and care, were 'tested' against the findings from the interviews.

1.6 Conclusions

This thesis concludes that carers display a similar variety of attitudes towards pensions and retirement savings as similar cohorts in the general public. In particular they display low levels of understanding of pensions, and a lack of trust in provision. However caring affects how carers approach their own savings. Almost all carers reduced their private pension savings as a result of caring, through reduced earnings, additional costs, or early retirement. Carers felt they had very little choice in providing the care that they did, or in the changes to their employment this necessitated. Caring appears to be more instinctive than 'rational' in the economic sense, as carers did not stop to consider the costs and changed behaviours it entails. Carers' responses to the care needs of those around them support the theory of an ethic of care.

However, while reducing actual savings was almost universal within the study, there is no evidence of a single effect of caring on pensions attitudes and savings. Instead, individuals who already had different views based on their past circumstances, respond in different ways. Of the theoretical approaches considered, Hoggett's (2001) quadrant of reflexivity and agency provides the best description of the range of approaches to pensions amongst carers. Some carers became more concerned about the future, particularly some of those with children who would need support throughout their lifetime, saving more carefully as a result (though very few were able to increase or focus on their pension savings due to reduced household income). Others, however, were overwhelmed by their caring and by a future that was too uncertain or unpleasant to plan for, and either could not plan, or even think to do so, or would not.

Whether a carer felt able to plan for the future appeared to relate to the extent to which they felt they could exercise sufficient control over their lives to plan. Peggs' (2000) and Greener's (2002) applications of Bourdieu's theory of practice (1990; 1993) to the fields of pensions and welfare are useful in helping to explain why some carers were capable of acting as reflexive agents, and others were not. These theories highlight the role of habitus, and of resources, both economic and cultural, in shaping how people behave. While some people had sufficient money, support, and education to become more reflexive or active as a response to caring, others lacking this capital became non-reflexive non-agents.

These findings call into question the appropriateness of pensions and care related policies that emphasise choice, specifically in protecting carers. Similarly, policy that requires reflexive agency, particularly pensions policy that prioritises individual risk and responsibility for pensions savings, assuming individuals will be able to respond proactively to this, is unlikely to succeed. As a result, it may leave many without the resources necessary for reflexive agency, and carers in particular, vulnerable to poverty in old age.

1.7 Structure of the thesis

Chapter two provides a context for pensions and caring in public policy. The chapter starts with a description of the UK pensions system, and a discussion of the aims and assumptions of pensions policy. It then provides an overview of pension membership in the UK and evidence of under-saving for retirement and the factors which appear to affect pensions saving rates. The chapter then provides some context to the issue of informal caring. It defines informal caring and provides evidence on the incidence of informal care in the UK, outlining the policy context within which carers provide care, describing the social care system and government policy aimed specifically at carers, including pensions and other

social security benefits. The aims and assumptions contained within these policies are discussed.

Chapter three explores the theoretical assumptions contained within pensions and care policy, describing differing views of the role of agency and structure in shaping behaviour, particularly in the realms of financial planning and in caring. The role and definition of rationality are central to this debate. Expected utility theory, behavioural economics, reflexive agency and critiques of this theory, including those which incorporate Bourdieu's (1979; 1983; 1990; 1993) theory of practice are discussed (Peggs, 2000; Greener, 2002). Contrasting feminist conceptions of the decision to care are presented, highlighting the role of traditional gender division of labour, and the potential for an ethic of care which means individuals will prioritise caring for a relation over calculating the expected utility of caring.

Chapter four presents the findings of previous research on the factors that influence individual pensions planning and decision-making. It looks at the role of affordability and financial literacy (structural influences) on how people prioritise and plan for pensions, as well as those factors that behavioural economics has suggested may affect decision-making under risk. Risk attitude and future orientation are considered, as is the degree to which individuals trust pensions as a method of saving. The role of advice and guidance in shaping individual decision-making, and the influence of who - government, employers, pension providers or individuals - it is considered should be responsible for guaranteeing a sufficient income in retirement, is also examined.

Chapter five sets out the existing literature on carers' pensions. It looks at the research that has been carried out to date about receipt of pensions, but also on the factors that are likely to affect carers' ability to save, or to choose to save. The effect of caring on employment,

earnings, income and benefits are considered as is the effect on carers' health and wellbeing, as this may affect how much they consider retirement planning. The extent to which, given the effect of caring on employment and income, carers are able to 'choose' to care or to work, and as a consequence the income they have available to save in a pension or invest or spend elsewhere are examined. Again this chapter considers the implications of earlier research for the theoretical assumptions contained in pensions policy.

Chapter six sets out the methods used to answer the research questions. It explains the choice of semi-structured interviews as research tool, and sets out the reasons for focusing on informal carers aged 35-64, providing 20 hours or more a week of care, living in the Thames Valley or London. For reasons of transparency it explains how the sample were contacted, the process of collecting the data and how this was then analysed. It provides an overview of the characteristics of the sample and a summary of the circumstances of each of those interviewed. Finally it discusses of the attempt made to assure the validity of the research, and the limitations of the study.

Chapters seven to nine present the findings of the research, drawing on the data collected during the interviews with carers, and relating these to both the theoretical explanations of agency set out in chapter three and the findings of earlier research reviewed in chapters four and five. Chapter seven looks at the effect that the carers interviewed perceived that caring had on their actual pension savings. It sets out the plans they had in place at the time of the interview, and explores the ways in which caring had changed their savings. Almost all carers' pension savings had been altered as a result of caring. The chapter also explores other factors carers identified as affecting their actual savings. Carers' decisions about pensions, and their ability to make a choice will in part reflect their ability to make a decision about how to balance caring and employment. The chapter therefore explores whether carers felt

they had a choice about whether to care, finding very few felt that they had any feasible alternative to providing the care they did.

Chapter eight considers the carers' attitudes towards, and understanding of, pensions, as these have been highlighted in the literature as influencing savings (Clark and Strauss, 2008, Nesbitt and Neary, 2001; Thomas *et al.* 1999). The chapter demonstrates low levels of understanding of pensions amongst the carers, although caring had improved some carers' understanding as they gained experience of dealing with the care-recipients' pensions. The sources of information and advice used by carers to make decisions about pensions are discussed, and the degree to which carers have fair in pensions and pensions providers is examined.

Chapter nine looked at carers' attitudes to saving and financial planning, exploring the multitude of factors carer feel influence their behaviour. Parental saving and attitudes, spouses and partners' actions, the effect of risk and uncertainty, as well as experience of caring affect how carers think about pensions saving and planning. Drawing on Hoggett's (2001) theory of reflexivity and agency, the chapter distinguishes between reflexive and non-reflexive pensions planners and non-planners, as well as highlighting the ways in which caring affects how people think about the future and their own needs. It draws attention to the way in which carers are often unable to act on their preferences due to the financial and time costs of caring.

Chapter 10 sets out the conclusions summarised in section 1.6, and discusses the implications of the findings for pensions policy and policy directed at carers. It also discusses the limitations of the research for the findings. Finally, the chapter highlights the contribution of the study and points to potential areas of further research.

Chapter two: Pensions and caring in the UK: policy context

2.1 Introduction

This chapter provides a context for the topic of carers' pensions. It sets out the policy framework within which individuals save for retirement and provide informal care, as well as giving some background regarding the levels of saving and care in the UK. It starts with an overview of pensions policy, describing the different types of pensions available and then providing an overview of the assumptions that these contain. It then sets out the level of saving at present, and highlights the factors that have been identified as affecting pension savings. The second half of the chapter defines informal caring and sets out the evidence on the type of informal caring in the UK, as well as the characteristics associated with care. The final sections provide the policy context for social care and set out the legislation and government strategies that relate to informal carers (focusing on English policy where this study was carried out: social care is devolved to the nations). The assumptions regarding the role of carers contained within policy is discussed.

2.2.1 Pensions in UK policy

The UK pensions system is remarkable for its complexity, the result of competing policy aims, politicisation of pensions and the resulting reforms. As pensions policy has been reformed, new pensions provision has been layered over old rather than replacing previous systems, adding to the complexity. Pension systems take a number of forms, and different classifications have been proposed. Bonoli and Shinkawa (2005) suggest four classifications. 'Social Insurance' (or 'Bismarckian') systems are contributory, pay-as-you-go schemes managed by employers and/or unions with state regulation and a residual state income for

those without insurance. 'Bismarckian Lite' regimes involved contributory, earnings-related basic public pension schemes at a relatively low rate which may be substituted by voluntary private provision. 'Incomplete' pension systems are those where most citizens have no pension coverage, but particular groups, such as the military, may receive a pension.

The fourth type, of which the UK system is an example, is multipillar regimes. The World Bank (1994) defines a multipillar system as one where individuals rely on provision from a number of sources for retirement income, to spread risk and to encourage individual responsibility for saving. The UK system contains three main pillars, or tiers. The first consists of the basic state pension and means-tested guarantee credit; the second of compulsory earnings-related pensions, both state and privately provided, and a third tier of non-compulsory private savings. Within each tier, individuals can accrue different levels of entitlement (including none). In the second and third tiers they face a range of choices regarding the type of savings they make, and the particular scheme they enter. The third tier is voluntary, so that individuals must decide whether they make savings beyond the compulsory (for employees) second tier and if so, how much to save and how. Individuals may use alternative forms of saving to pensions in the third tier, including investment in housing or other savings products. The options contained within the different tiers are set out in table 2.1.

Table 2.1: The UK Pension System

Tier	Type of pension	Detail of pension
First State provision	Basic State Pension (BSP)	The Basic State Pension (BSP) is an unfunded public pension, compulsory for most workers. It is a redistributive, flat-rate pension, with the level of pension received reflecting the number, not value, of National Insurance Contributions (NIC) made. As it is contributory not universal, it is possible to be entitled to no BSP. It is payable from age 65 for men, and 61 for women, though this is in the process of being equalised and will rise to 66 for everyone by 2020. Individuals can defer claiming, which boosts later pensions payments. Since 2010 it has been raised by the higher of 2.5%, earnings and Consumer Price Index (PPI, 2010).
	Pension Credit (PC)	A means-tested safety net comprising two elements: the Guarantee Credit and the Savings Credit. The Guarantee Credit provides a redistributive, means-tested benefit for those aged 60 and older, providing a safety net minimum income. The Savings Credit aims to ensure that those with small levels of private savings will be better off than those who made no savings, with the aim of incentivising personal saving amongst the low paid (PPI, 2003, 2010; Emmerson, 2003). Sixty pence of the PC is retained for every additional pound of income above £98.40 a pensioner received (DWP, 2011). The PC targets resources at the lowest earners.
	Additional support for pensioners	Low income pensioners are also entitled to other means-tested benefits including Housing Benefit and Council tax benefit. There is also a range of universal age-related payments and services such as the Winter Fuel Allowance, free television licences over the age of 75, concessionary bus travel and free prescriptions (PPI, 2003)
Second tier - compulsory earnings related provision Individuals earning above the Lower Earnings Limit (unless they are self-employed) are required to make contributions to a second tier pension. The value of the pension received will then reflect the value of the contributions made. However they have a degree of choice regarding pension schemes	State Second Pension (S2P)	The current second tier pension is the State Second Pension, which had three earnings bands and three accrual rates, although this has been reduced to two following the Pensions Act 2007 (PPI, 2011). The S2P is unfunded (that is funded on a pay-as-you-go basis where current workers' contributions are used to pay current pensioners, rather than by individual accounts accrued over the working life). It is targeted at those with lower earnings (who are guaranteed a flat-rate of S2P), and those with disabilities or caring responsibilities, who receive credits towards this entitlement. From 2030 the S2P will be entirely flat-rate.
	Older state second pensions	Graduated Pension Benefits started in 1961 (Walker and Foster, 2006) but offered very limited returns. The Graduated Pension was not indexed, making it a minimalist second pension. Some pensioners will still receive the Graduated Pension they accrued before 1975. State Earnings Related Pension Scheme (SERPS): a superannuation scheme, inflation-proofed by the state, with benefits determined by contributions, thereby rewarding individuals for the level of payments made. Above the 'Secondary Threshold' employers as well as employees were required to make contributions towards SERPS (Emmerson and Johnson, 2001). Those who contributed to SERPS before the introduction of the State Second Pension will receive benefits from SERPS upon retirement.

Tier	Type of pension	Detail of pension
	Non-state additional pension schemes	Individuals can contract out of the public second tier pension into an occupational or personal private pension, provided that the scheme is expected to pay benefits that are at least as valuable as the S2P benefits would have been. In return they receive a rebate on their National Insurance contributions (NIC), the size of which is set every 5 years and which has been used by governments to incentivise or dis-incentivise contracting out (Rowlingson, 2002). Designed to smooth consumption over the lifetime rather than to achieve redistribution of wealth across society (PPI, 2010), non-state pensions come in a wide range of varieties. Individuals may accrue entitlements to a number of different schemes, and a range of types of scheme over their working life. Non-state (private) pensions may be employee sponsored, generally in the form of an occupational pension. These may be Defined Benefit (DB) where the benefit to be received is set by a formula and contributions vary accordingly, or money purchase schemes with Defined Contribution (DC) rates. Contributions to the latter are invested and then the fund used to purchase an annuity upon retirement. The annuity then provides a pension income throughout retirement, although a lump-sum can be taken out from the fund and not invested in an annuity. People can also invest in personal private pensions (PPP) that are not arranged via the state or their employer. Again these are money purchase schemes and come in a range of forms, including stakeholder pensions and ‘personal pensions’. Stakeholder pensions are low-charge schemes established by the New Labour government to assist low-earners to make additional pension savings (Blake, 2003). Private pensions contributions attract tax relief, and investments are made in tax-favourable environments. However, from April 2011 those with an income over £150,000 will not be able to claim full tax relief on contributions so that people earning above this will have to pay some tax on both their contributions and those of their employers (PPI, 2010). From April 2012 it will not be possible to contract-out into a DC, Stakeholder or personal pension, only into DB schemes (PPI, 2010).
Third Tier	Additional Voluntary Contributions	The third tier is additional payments, known as Additional Voluntary Contributions (AVC) into occupational or private schemes.
	Alternative investments	

Part of the complexity of the UK system is due to the existence of competing policy aims.

Policy has been used to enable consumption smoothing across the lifetime (effectively

‘borrowing’ from periods of high income to protect spending ability during periods of low income). Pensions policy has been used to insure against low income in old age, but also to relieve poverty including through the redistribution of wealth (Barr and Diamond, 2010). However, these two aims are often perceived as contradictory: preventing poverty through redistribution is assumed to undermine the incentive to make individual additional pension savings, while transferring the risk and responsibility onto individuals means that those who do not save risk poverty in old age (Walker and Foster, 2006; Timmins, 1996). Reform has often reflected a changing emphasis between the two, although individual responsibility for retirement (whether to make savings decisions or to save in non-state pensions) has been a central aim over the past three decades (Walker and Foster, 2006).

The Beveridge plan and the basic state pension introduced as a result in 1946 reflected the concern over the disincentive to save, as the level was set below subsistence to promote additional saving (Beveridge, 1942, Timmins, 1996). Concern that not everyone could access occupational savings led to the introduction of the second tier of compulsory state provision, with the Graduated Pension in 1961 replaced by the State Earnings Related Pension Scheme (SERPS) in 1976. Individuals could opt out of this into an occupational pension provided it guaranteed a pension at least as good as that offered by SERPS and the main aim of the pension was to enable additional provision so that fewer individuals would be left reliant on the state.

During the 1980s, neo-liberal reforms emphasised the importance of individual responsibility for saving. The value of the Basic State Pension (BSP) was depressed through a less generous indexing, and the Social Security Act 1986 reduced the generosity of SERPS and allowed individuals to contract out into Personal Private Pensions (PPPs). These attract tax relief demonstrating the government commitment to such savings. When PPPs were first

introduced, contracting out was incentivised by a 2 per cent National Insurance Contribution (NIC) rebate which, combined with hard (mis-)selling of schemes, meant that the introduction of PPPs cost more than was saved by the state through the reduction in SERPS membership (Walker and Foster, 2006).

These changes reflected an ideological shift in the Conservative party away from Keynesian consensus to a belief that market forces are the most efficient way to allocate resources, including welfare resources, and that attempts to rectify market failure through the welfare state has the effect of creating dependency. Through individual ownership individuals can best pursue their own interest, and individuals would become more responsible, capable, and virtuous as a result (Marquand, 1996).

New Labour followed the Conservatives with an emphasis on individual choice and responsibility, albeit with a greater emphasis on the prevention of poverty. New Labour attacked what was perceived as 'dependency culture' by taking a more active approach to welfare through measures such as the New Deal to help the unemployed to find jobs (Department of Social Security, 1998). In terms of pensions policy, they argued that individuals should take increasing responsibility for their pension savings, and initially announced an aim of moving from 60 per cent of pensions provided through the state to 40 per cent by 2050, although this was later acknowledged as unachievable (Walker and Foster, 2006; Foster, 2011). At the heart of their approach was Giddens' idea that through reflexive agency, individuals could learn to take responsibility, and that the ability and engagement required to make complex savings decisions is shared across the population, and could be encouraged through education and/or admonishment. As a result, in the early years of the government at least, this rhetoric of responsibility meant "Those who fail to make adequate

provision for themselves are tarnished with the brush of irresponsibility” (Rowlingson, 2000:1).

In contrast with the Conservatives before them, New Labour worked (successfully) to reduce pensioner poverty, raising the BSP at a faster rate, and setting means-tested benefits at a higher rate than the BSP so no-one was left reliant on the BSP alone. However, they also promoted individual savings, expanding access to PPPs to everyone, not just those contracting out of SERPS or Occupational Pension (OP), and designing Stakeholder pensions in an attempt to encourage low-income saving.

In 2004 Labour established the Pension Commission to look at the voluntarist system of private pensions, but it extended its review to the entirety of pension provision. It concluded that the twin threats of population ageing and inertia with regards to individual pension savings put at risk retirement incomes and sustainability of provision (Pensions Commission 2004; 2005). Labour responded with two Pensions Acts - 2007 and 2008 - which included measures to protect those who are lowest paid, maintaining the role of state pensions in the prevention of poverty while strongly encouraging private pension saving.

The Acts reflected a significant break with the earlier new Labour ‘rhetoric of responsibility.’ While the focus remained on non-state saving, measures were put in place to assist people to make additional savings. The 2007 Act introduced a progressive increase in the state pension age for both men and women to 68. The 2008 Act, in recognition of the limits of individual decision-making in pensions planning, introduced auto-enrolment into a private pension scheme. This maintained the policy emphasis on the importance of individual saving outside of the state system, but recognised that many people would not save of their own accord. Low-earners were included in auto-enrolment, acknowledging the additional barrier to saving

of low income. The introduction has been staggered by the Coalition government with the first companies being subject to the legislation from October 1st 2012.

The Coalition government has continued with the higher uprating of the BSP, introducing a 'triple lock' to prevent pensioner poverty. Concerned about the sustainability of the state pension system given faster than previously projected population ageing, they have brought forward the rise in state pension to 66 to 2020, and intend to bring further legislation to bring forward the increase to 68 (Department for Work and Pensions, 2010). However the Coalition is also intending to attempt to reduce the complexity of the pension system by combining the BSP and State Second Pension (S2P) elements into a single tier pension, ending contracting out (DWP, 2011). Plans for this have been delayed however (Stevenson, 2012). The Coalition has recognised the risk that poor returns on annuities following the 2008 financial crisis may dissuade individuals from saving in defined contribution pensions. As a result, the Minister for Pensions is looking into a way to create 'defined ambition' pensions which provide a clearer understanding of the pension income an individual will receive without returning to defined benefit schemes (Boffey, 2012).

2.2.2 Pensions membership and saving

The Office for National Statistics (ONS) publishes an annual overview of pension trends (ONS, 2011; 2012a). The most recent found that 37 per cent of men and 33 per cent of women aged 16-64 were members of a private pension in 2010-2011. Of the 8.3 million active members of an occupational pension scheme, 3 million were in the private sector and 5.3 million in the public sector. In 2011 64 per cent of those in employer-sponsored pension schemes had contracted out of the second tier state pension compared to 88 per cent in 1997. There is evidence that pensions membership is falling, suggesting that reliance on individual

decision-making may not be effective in boosting non-state pension saving. In the private sector, between 1997 and 2011, membership of an occupation pension scheme fell from 52 per cent to 37 per cent for men and from 37 per cent to 26 per cent for women. There was less change in the public sector, with men's membership falling from 87 per cent to 85 per cent, while women's membership grew from 75 per cent to 82 per cent. Membership of private sector defined benefit employee schemes fell from 34 per cent to 9 per cent. Clery *et al* (2010) carried out a representative survey of attitudes to pensions. They found that 50 per cent of respondents were currently, or had been in the past, a member of an employer scheme, and 20 per cent were or had been contributing to a personal pension. 30 per cent of those in an employer scheme also had a private pension, while 35 per cent had never contributed to a private scheme of any type.

While occupational pensions (OPs) remain the most common type of pension, with many of those invested in personal private pensions (PPPs) also saving in an OP, membership is falling, and a significant proportion of the population has no non-state pension savings at all. This may reflect active decisions by individuals not to save, but may also be a reaction to the increasing level of risk faced by individuals as defined benefit (DB) pensions in the private sector were replaced by defined contribution schemes (DC). This, and the way in which public sector employees are automatically enrolled into a DB pension if they do not opt out into a DC scheme may explain the slower fall in public sector membership.

As well as falling pension membership there is evidence that individuals are 'under-saving', saving insufficient to protect their living standards in retirement (Pensions Commission, 2004). While 'under-saving' is subjective and contingent on a number of uncertainties including future consumption needs, expected standard of living, prices, interest rates, state

pension levels and housing costs, there is evidence that millions of people are currently not saving enough to protect their living standards in retirement.

The Pensions Commission (2004) argued that those on £9,500 a year or less would need 80 per cent of their gross earnings in retirement to achieve an adequate pension (the replacement rate). Those on median earnings (£17,500-24,999) would need a replacement rate of 67 per cent and those on high earnings £50,000 or more, would need 50 per cent of their earnings. On this basis, looking at current savings of those over 35, they found that 5.2 million were not saving at all, while 4.4 million had inadequate savings. It was not just those groups often considered most at risk of low pensions - women and people with broken employment records - who had inadequate savings: 66 per cent of employed men aged 36-45 with median earnings (0.6 million) were not saving sufficient to meet the adequate benchmark replacement rates (Pensions Commission, 2004). The Institute for Fiscal Studies (IFS) (Banks *et al*, 2010) similarly found high levels of under-saving.

Of course, pension schemes are not the only way to fund retirement, as other savings vehicles may be used, or people may rely on expected inheritance. Housing is an increasingly important form of retirement saving for many, with those retiring during the Pensions Commission review having accumulated high levels of housing wealth (Pensions Commission 2004; 2005). However, the housing market worsened after the global financial crisis of 2008 so that potential pensions income generated through housing is less certain. The Pensions Commission (2005) argued earnings-related measures of retirement income adequacy are still necessary given the uncertainty in the housing market. The Institute for Fiscal Studies (IFS) found that when all forms of saving were taken into account, only 11.1 per cent were saving at a rate sufficient to protect their lifestyle in retirement (Banks *et al*, 2010). The evidence therefore suggests that faced with increased responsibility for making

decisions about how to save for retirement, many people either choose to save outside of traditional pension schemes, or may not make adequate or any savings. As policy has increasingly aimed to overcome this, it is useful to understand whether those individuals who provide some informal care over their lifetime are able to make adequate retirement savings as a result, and whether their caring responsibilities affect the decisions they make regarding pensions planning.

2.2.3 Factors associated with under-saving

The risk of under-saving in retirement is not shared equally across the population: some socio-economic and demographic groups are at greater risk than others of having an inadequate income in retirement (Ginn, 2003; Nesbitt and Neary, 2001; Clery *et al*, 2010). This thesis will outline the evidence that informal carers are one such group (section 5.2) and explore the reasons for this greater risk. Pension accumulation appears to be associated with many of the factors that are associated with the risk of being an informal carer. This suggests either that informal caring may play a role in under-saving amongst those groups less likely to have adequate savings, or that many informal carers risk a double disadvantage as a result of their pre-existing position in the labour-market and their caring activities.

A number of factors affect the likelihood of making private pension savings and the level of retirement income. Access to occupational pensions for example is unequal, as historically not all employers have provided one, or allowed all employees to join. Many people may also feel unable to make savings beyond the national insurance contributions towards their state pensions. Clery *et al* (2010) found that men, those in higher-socio-economic classes, full-time employees and public sector workers were most likely to have private pension provision. Membership was strongly linked to occupation: only 12 per cent of those in professional or

managerial roles had never joined a private pension scheme, compared to 33 per cent of those in intermediate roles and 47 per cent of those in semi-routine or routine occupations.

Bozio *et al* (2011) examined the effect of lifetime earnings and other factors on retirement income and resources. As a capped benefit, income from the Basic State Pension (BSP) was broadly flat across the lifetime earnings distribution. The lifetime earnings distribution is more closely related to income from private pensions and assets than other types of retirement income, for example self-employment and the BSP. Both retirement income and wealth at retirement generally rose as lifetime earnings rose, but there was considerable dispersion within income quintiles. They also found gender, marital status, family type, age cohort, housing type, education and numeracy affected outcomes.

Clark and Emmerson (2003) found evidence that earnings affect private pension membership. While 53 per cent of those studied reported membership of an occupational pension (7 per cent of these also had a personal pension), the rate was 80 per cent amongst the 10 per cent highest earnings, and only 16 per cent in the lowest earnings decile. Personal pensions are less closely related to earning as they have a relatively low coverage, although those with lower earnings are far less likely to be covered.

Clery *et al* (2010) carried out multivariate analysis of factors that could affect private pension membership, and found that weekly hours, occupational sector (public or private), occupation and age were significant predictors of membership. Scheme membership was highest for those working 30 hours or more a week, and also rose significantly with age. While this multivariate analysis found no significant gender effect, other studies have demonstrated that women are at far greater risk of having insufficient income in retirement. Price (2006b)

analysed the 2001 and 2002 GHS and found that marital status, gender and age affect pension income, along with social class.

Gender is generally recognised to have a very significant effect on pension entitlement, within all three tiers. Price concludes “Women are very much worse off than men, whichever category is compared...Across all of these threads, gender differences are shown to be profound. Gender is shown to interact with social class, age and marital status in different ways, but always to the detriment of older women” (2006b: 260; 261). Gender affects pension accumulation and entitlement as it interacts with employment experience (Women and Work Commission, 2006; Scottish Widows, 2012). Women are more likely to work-part time, reducing their income for periods of time, particularly when caring. In the past those working part-time could legally be excluded from employer pensions: while this has now been outlawed it will have a long-term effect on retirement incomes, and many part-time workers remain without an occupational pension (ONS, 2012a).

There is a significant and stubborn gender pay gap, and a part-time pay gap, meaning that many women earn less relative to their male or full-time counterparts, again reducing their income and potentially pension contributions (Ginn, 2003; Ginn, 2006; DWP, 2005). Occupational segregation not only depresses women’s income as they are more likely to work in roles and industries that are poorly paid, and can affect access to an employer pension. Women are also more likely to take time out of employment altogether to have children, which can have a significant effect on their lifetime earnings: a lower skilled mother of two earns £250,000 (60 per cent) less than she would have over her lifetime than she would have if she remained childless, while mid-skilled women lost £140,000 (23 per cent) and highly skilled women £20,000 (2 per cent) (Women and Work Commission, 2006).

This has long-term implications for women's pensions income, and there is substantial evidence that women have lower private pensions savings in particular. Public policy has been aimed at reducing the inequality in BSP receipt: in 2004, 19 per cent of 60 year old women retired with a full BSP, compared to 92 per cent of 65 year old men (DWP, 2005). Ginn (2006) found that 28 per cent of pension-age women in 2001 had an income below the poverty line (60 per cent of median household income) compared to only 19 per cent of men. The Office for National Statistics highlighted the pensions gap between men and women (2012a). While retired couples in 2010 received an average of £610 per week, and single men £245 a week, single women only averaged £279 a week. The pay gap and career breaks may mean that even within couples, women may have a much smaller personal income than their partners.

Only limited attention has been paid to the effect of race on pensions accumulation, although there is some evidence to suggest that those from non-white backgrounds are more likely to face poverty in old age. Evandrou and Falkingham (2009) found that 39 per cent of Pakistani or Bangladeshi pensioners were living below the poverty line (less than 60 percent of median earnings) compared to 33 per cent of Indian pensioners. 29 per cent of Black Caribbean pensioners and 21 per cent of white pensioners were also living in poverty. This discrepancy may reflect both lower lifetime earnings and discrimination in the labour market experience by non-white pensioners. Ethnic groups which tended to immigrate to the UK later may have had less time to accumulate a pension (Ginn, 2003), although this inequality may also reflect other differences in labour market participation, for example greater rates of self-employment amongst Pakistani and Bangladeshi communities (Nesbitt and Neary, 2001).

2.3.1 Definition and incidence of informal care in the UK

Informal carers were defined in the General Household Survey (GHS) as “people who were looking after, or providing some regular service for a sick, disabled or elderly person living in their own or another household (Maher and Green, 2002: x). ‘Looking after’ incorporates a range of activities at different intensities. The GHS listed 8 types of tasks: personal care, physical care, help with paperwork and financial matters, other practical help, company, taking the recipient out, giving them their medicine or changing dressings, and keeping an eye on the care recipient. Carers may take on one or more of these activities, spending varying amounts of time on each. They may be the only or main carer, or part of a network of formal and informal carers. They may live with the person they are caring for (co-residential care) or in another household (extra-residential). For the purposes of this thesis, the terms ‘informal carer’ and ‘carer’ are used interchangeably. Social care that is paid for under a contract is referred to a ‘formal’ or ‘paid’ care.

At any given time, more than a tenth of the population aged 16 or over is providing some level of informal care (as are many under-16 year olds). Early analysis of the 2011 Census of England and Wales (ONS, 2012c; Marsden, 2012) revealed that 5.8 million carers were providing some level of informal care each week, with 2.1 million providing over 20 hours a week, and 1.36 million 50 hours or more. This total number caring had risen by 11 per cent increase on the 5.2 million carers that the 2001 Census uncovered. A large scale survey carried out in 2009-10 by the NHS (2010) found that 12 per cent of the population of England were providing informal care, equivalent to around 5 million people. Around three million households contain a carer. The GHS 2000 (Maher and Green, 2002) showed that 16 per cent were providing some informal care, the higher proportion reflecting the fact that the survey was conducted in person so that the meaning of caring could be explained more fully.

These surveys provide only a snapshot of caring. There is evidence that such snapshot measurements may underestimate the true number of people who provide informal care at some point during their life (Pickard, 1999; Hirst, 2002). Hirst (2005) estimated that the number of people who are carers at some point could be between a third and a fifth higher than the GHS figure. The length of time spent caring can also vary considerably. The GHS (Maher and Green, 2002) revealed that 45 per cent of carers had been doing so for at least five years, and 21 per cent for 10 years or more. Carers may provide care at more than one point in their life.

While a substantial proportion of the population is likely to provide some informal care during their lifetime, the likelihood of becoming a carer, and in particular the likelihood of providing the more intensive care which requires more substantial changes to people's daily life, is not shared equally across the population. Many of those factors which predict lower incomes in working life and retirement (gender, socio-economic class, race, employment) are also associated with a higher likelihood of providing informal care. These factors may make it more likely an individual cares, or the increased provision of care may influence the employment and pension prospects of these groups.

Gender plays a central role in shaping the involvement in, and, as will be demonstrated in chapter four, effect of, informal caring. While men and women have a roughly similar likelihood of providing informal care (NHS, 2010; Maher and Green, 2002) women are more likely to be carers overall, more likely to undertake substantial informal care (20 hours or more a week), to provide extra-residential care, and to care during the prime mid-life earning years. The NHS (2010) survey found that 60 per cent of carers were women, and that women

formed the majority of those providing 20 hours or more (62 per cent) and both co- and residential care (56 per cent and 65 per cent).

The odds of caring varies across the life course. The NHS (2010) survey found that those aged 45-54 were most likely to providing less than 20 hours of care a week, while almost a third of those caring for 20 hours or more were aged 65 or above. Men were more likely to be caring in the 65 and above age group, which is likely to create hardships but a smaller financial impact than working during prime employment years.

Social class appears to have less of an effect than age or gender, but still appears to have some influence. The NHS (2010) survey found that carers were fairly evenly distributed across the earnings distribution curve, although a much smaller proportion of carers than non-carers were earning £60,000 or more a year. In a study of people aged 50 and above (and including all intensities of care) Mooney *et al* (2002) found that while more manual/semi-skilled workers were carers (56 per cent) the proportion was not much lower for those in professional and managerial roles (46 per cent) or skilled jobs (47 per cent).

There is some evidence that educational attainment is associated with the odds of caring. The NHS (2010) found that 2 per cent of carers had no qualifications, 15 per cent were educated to A-level or equivalent, and 26 per cent had a degree (or equivalent) or higher. Carers providing 20 hours or more of care a week were most likely to have no qualifications (26 per cent compared to 23 per cent caring for fewer than 20 hours a week).

In 2009/10, 71 per cent of carers were married or cohabiting, while 17 per cent were single and 12 per cent divorced, separated or widowed. The NHS (2010) found that 92 per cent of carers are white and only 8 per cent black or minority ethnic, broadly reflecting the general

population. However, BME carers were slightly more likely to be carrying out a higher intensity of care: 10 per cent of those providing 20 hours a week or more of care were BME and only 7 per cent providing fewer than 20 hours. The survey does not provide a breakdown of the ethnic background of BME respondents since numbers were small, so it is unclear whether cultural or other factors affected participation in caring.

2.3.2 Caring in public policy

Informal care is something that large sections of society will provide at some point in their lives, although particular social groups are more likely to provide any care, and more likely to provide a higher intensity of care. However it only began to be considered a distinct activity in the 1970s, when feminist political theory drew attention to the effect of unpaid domestic work on women's economic and social position. This will be examined further in chapter four.

Possibly as a result of its late emergence as a social issue, and because of its 'hidden' nature as an activity carried out as a function of family life, informal care is perhaps under-developed as a subject of social policy. On the whole, it is recognised as an alternative to costly state social care, which is used to plug the gaps in informal care rather than vice versa. While some compensation for informal care that interferes with labour market activity is now provided through the state, this is extremely limited, and does not question the large scale provision of social care through informal family carers, estimated to save the country £119 billion a year in formal care costs. The following sections provide an overview of social care provision in the UK, and the assumptions behind policy in this area regarding the availability of informal care.

The need for individuals to provide informal care, and their ability to make a choice between caring and other activities, including paid employment, will depend in part on the existence of alternative sources of care. It may also depend on their financial resources, the ability to purchase care (or their eligibility for means-tested government support) or an alternative income stream to enable them to leave the labour market to care. Government policy and the way in which it supports or encourages different types of care provision can therefore influence, directly and indirectly, how some carers are able to engage in the labour market, and therefore their ability to save for retirement. The following section sketches policy aimed specifically at those providing informal care, including through the social security system.

2.3.3 Social care

Social care provision in the UK has always been more of a mixed economy than other social services, with substantial private and voluntary provision as well as that provided through the state and the family (Walker, 1997; Land and Lewis, 1998; Means and Smith, 1998). A distinction was drawn between health care and social care, with social care in residential settings, in contrast to the free provision of healthcare through the NHS, subject to a capital test since 1984. Free care is provided to those with only the most modest means (Parker, 2000). Despite this, the boundaries between what is social care and what is health have often been blurred.

Traditionally, social care has been provided by the family, with only those with the most serious disabilities or mental health care problems supported by the state, in institutional care homes (Parker, 2000). Since the 1970s there has been a growing belief that care should be provided closer to home, whether in smaller community based institutions or within households (Dalley, 1996). During the 1980s the idea of ‘care in the community’ was

entrenched in public policy as care *by* the community, criticised by feminists at the time as a “clear attempt to shift the burden of resources for providing care from the public purse to the unpaid labour of women who care for their relative” (Finch, 1990: 43). The National Health Service and Community Care Act 1990 promoted non-residential social care, and placed a duty on local authorities to assess social care and support needs, giving them primary responsibility for the provision of state social care and introducing competition in provision (Land and Lewis, 1998). This devolution of responsibility created substantial variation in provision across the country (Walker, 1997). It is therefore difficult to describe the provision of, and access to, social care across the country as this varies by local authority. Councils may provide residential care, home care, day centres, and transport to and from care. Responsibility for social care is also devolved to the nations, so England, Wales, Scotland and Northern Ireland have their own policy agendas. This thesis focuses on care in England.

The government’s stated aim with this reform was “Helping people to lead, as far as possible, full and independent lives...Our aim is to promote choice as well as independence” (Department of Health (DoH), 1989). Walker (1997) has challenged the success of the Act in meeting these aims, on the basis it fragmented and marketised care, and decentralised administration while centralising control of resources. This had the effect of undermining real choice between providers. Walker argues that the main concern was in fact cost of care, demonstrated by the under-resourcing of community care in most areas and the tighter rationing of eligibility for state-funded care.

In 1993 the Audit commission recommended that local authorities ration care by setting eligibility criteria that would let as many people through as would use up their funding, and from 1993, charging became increasingly common (Land and Lewis, 1998).

In 2003, the Labour government produced new guidelines on access to and charging for care services, *Fair access to care services* (FACS) (DoH, 2003). This guidance set out a framework within which councils had to determine eligibility for care services. Anyone who approached or was referred to social services had a right to an assessment of their needs, and this was to be carried out before there was any discussion of finances. If the individual was ineligible for council funding for their care they were to be told about alternative sources of support (Social Care Institute for Excellence, 2010). FACS was replaced in 2010, with guidance which placed a greater priority of the development of universal services, more transparency in eligibility decisions and a focus on prevention amongst the wider population (DoH, 2010).

A 2005 Green Paper highlighted a shift in approach in the provision of local authority social care. *Independence, wellbeing and choice* focused on the importance of promoting independence for care recipients, stating the government's aim as "to support carers to care and individuals to live as independently as possible for as long as possible" (DoH, 2005: 9). A key reform was the introduction of direct payments and personal budgets. Often referred to as the 'personalisation agenda', these mean that individuals are allocated a pot of money that reflects their needs and the cost of care, which they can then use to source their own care. These give care recipients and carers greater choice and control over the services they receive, to better reflect their needs and wishes. However there is concern that they may also increase the administrative burden on care recipients and carers in particular (Kemp and Glendinning, 2006), for example because hiring home care workers from an agency rather than using the local authority service means that whoever is making the decision becomes the employer, responsible for health and safety, national insurance contributions etc.

While the importance of independence and control remains high on the social care agenda (HM Government, 2012b), continuing concerns about sustainability in the light of the economic downturn since 2008 and a rapidly ageing population have been the cause of most recent attention on social care. The Coalition government removed the ring-fencing of social care budgets and made large cuts to local authority budgets (Brindle, 2011). While the government stated that they hoped this would not affect social care provision, there is evidence of cuts to social care budgets and services, and a tightening of eligibility (Reed and Horton, 2010). A survey of local authorities carried out by the Association of Directors of Adult Social Services (ADASS, 2012) found that adult social care budgets in England will have been cut by £1.89 billion since 2010 by April 2013.

Since the election of the Coalition government in 2010 two reviews have recommended changes to social care policy and legislation. The Law Commission report recommends significant simplification of the legislation relating to social care, to make it clearer what rights to support individuals have and giving carers legal rights to new services (Law Commission, 2011). The Commission on Funding for Care and Support, headed by Andrew Dilnot, was charged with finding a sustainable funding structure for social care. The Commission's report (2011) argued strongly for a raising of the threshold for free local authority care, to reflect concerns about the low threshold forcing people to sell their houses to fund their care, and a cap on the lifetime cost of care an individual is responsible for. The hope is that this will help stabilise the market in social care and encourage individuals to save towards their own, more predictable, social care costs. It also recommends an end to the local variation in eligibility to services. However the government has delayed making a decision on which recommendations to introduce, and is considering a higher cap than the £35,000 recommended by the report (Telegraph, 2012).

2.3.4 Support for caring and carers

On the whole, social policy regarding social care to date focuses on promoting the continuing provision of informal care, rather than as a social concern in itself. While some social security provision has recognised and compensated carers for the financial effects of caring, the aim has been the continuation of provision rather than creating a choice of whether or not to care.

The care of people who are sick or disabled living in the community was a major omission from the Beveridge plan and the welfare state that emerged from it (Arksey and Kemp, 2006). Since the 1970s however, there has been some provision made for informal carers, and it was through the social security system that carers were first recognised in social policy.

The Invalid Carers' Allowance was introduced in 1975, and provided financial support for working-age men and single women who could not work because of caring responsibilities. It was extended to married women in 1986 (Arksey and Kemp, 2006). Now known as Carers' Allowance, it was extended to carers over pension age in 2002 although they do not receive it if they are in receipt of another income replacement benefit such as the state pension (Glendinning, 2006; www.gov.uk). It is a non-contributory, non-means-tested social security benefit available to carers aged 16 or over who spend at least 35 hours a week caring for a person in receipt of Attendance Allowance. Those in full-time education (at least 21 hours of supervised study a week) and those earning more than £100 a week after deductions are excluded from the benefit. Worth £58.45 in November 2012 it is lower than means-tested social assistance benefits, and while it provides an important income for some carers, its low value means its power to enable carers to choose between work and care is questionable.

Carers' Allowance is provided according to care recipient not caregiver needs, meaning that carers are dependent on the status of the person they are caring for and only a minority of those providing substantial levels of care are entitled to it (Arksey and Kemp, 2006). The earnings limit is extremely low, acting as a disincentive to taking on paid employment at all but the lowest levels, and excluding many carers who undertake even small amounts of paid work. Carers in receipt of Carers' Allowance may also receive other benefits such as housing benefit. Those entitled to both Carers' Allowance and Income Support may be able to claim the 'Carers' Premium', and addition amount added to income support.

Despite the earlier introduction of social security support for carers, they were not a primary focus of government policy until the late 1990s. In 1995 the first piece of legislation aimed at carers was passed. Introduced by Labour Member of Parliament Malcolm Wicks, the Carers (Recognition and Services) Act gave carers providing 'a substantial amount of care on a regular basis' the right to request an assessment of their ability to carry out care when recipient care needs were being assessed (Arksey and Glendinning, 2007). Substantial and regular were left to local authorities to define, and while there is evidence the Act led to an increase in assessments, these did not entitle carers to additional resources even if they were assessed as needing them. The reform recognised carers as in need of support but did not challenge the assumption that significant amounts of care should be provided by informal carers.

It is arguably the Blair government's National Strategy for Carers that established the support of carers as a public policy aim, although the objective was largely to ensure that carers continued to care. The strategy for England (Scotland and Wales introduced their own strategies) set out in *Caring for Carers* had the aim of "enabling those who choose to care, and whose care is wanted by another person, to do so without detriment to the carer's

inclusion in society and to their health...to support people who choose to be carers” (DoH, 1999: 13). Caring was framed as a choice and the strategy aimed to extend this choice by enabling carers to combine paid work and care. It stressed the need for multi-agency working in the provision of care and called for a cultural shift in how caring is perceived: carers should be admired, not pitied. The strategy had three strands: information, support and care (DoH, 1999).

Reflecting the concern about support to enable carers to combine work and care, and a belief in the importance to wellbeing of working, much Labour government care policy was aimed at helping carers to continue to work. A mix of legislation and persuasion was used to increase the use of carer-friendly workplace practices, recognising that flexibility is central to enabling carers to manage work demands on top of often unpredictable caring responsibilities (DoH, 1999). The Employment Relations Act 1999 gave employees the right to (unpaid) time off to care for dependents (Arksey, 2002) and awarded part-time workers the same rights as full-time workers, benefiting those carers, usually women, who accommodated caring by working part-time. However, since many carer friendly policies are voluntary and left to management discretion (from access to a telephone to check on the care recipient to granting flexible working or unpaid caring leave) such policies are unevenly implemented across employers and occupations (Arksey *et al*, 2000).

The National Strategy for carers was followed by a number of policy reviews and pieces of legislation. The Carers (Equal Opportunities) Act 2004, for example, strengthened the right to assessment. The Strategy was reviewed in 2007 and an additional £33 million allocated to funding carers’ projects. The Equality Act 2010 provided carers with increased protection against discrimination in the workplace, and in access to services (HM Government 2011). The Coalition government announced its carers’ strategy *Carers at the heart of 21st century*

families and communities in 2011 (DoH). They maintain many of the aims of the earlier strategies but removed prevention of financial hardship amongst carers which may reflect both their strong belief in the importance of family care as well as their commitment to cut public spending. The implications of this shift are evidenced in Coalition reforms which have, for example, brought those caring for adult co-resident family members within the benefits cap being introduced in 2013 (Wintour, 2012)

2.3.5 Carers and pensions policy

Carers are entitled to support to help them protect their state pension. Home responsibilities protection (HRP) was introduced in 1978 and entitled those unable to work due to caring activities to national insurance contributions to protect their BSP. Since 2002 carers providing over 35 hours of care a week have also been credited into the State Second Pension. The 2007 Pension Act extended carers' access to pensions, replacing Home Responsibilities Protection (HRP) with a system of weekly carers' credits towards the BSP available to those caring for 20 hours or more a week for someone in receipt of Disability Living Allowance, Attendance Allowance (at the higher levels) or Constant Attendance Allowance. These contributions are made until the carers turns 65, and the Act allowed for entitlement to the BSP to be based solely on caring credits rather than this being capped at 20 years.

2.4 Conclusions

Pension policy in the UK has contained two contradictory aims - to reduce poverty and old age poverty, and encourage individual saving - the balance between which has changed according to the ideology and assumptions of different governments. The Conservative government of the 1980s and 1990s emphasised the virtue of individual saving and choice,

believing that decision-making and saving are goods in themselves rather than simply a means to prevent poverty in old age. New Labour placed greater emphasis on reducing pensioner poverty (an aim that has been continued by the Coalition government for example through the 'triple' lock increasing the rate at which the BSP rises). However it also believed that the sustainability of the state pension system depended on reducing the burden through increasing individual responsibility.

Underlying these policies are the beliefs that individuals can make sufficient savings to smooth consumption across their lifetime and protect their standards of living in retirement, and that they will be motivated to do so providing state pensions are not so high as to act as a disincentive. Both governments expanded access to PPPs, increasing the choice available to savers, assuming both the capacity and willingness to engage in this decision-making, motivated by a desire to maximise resources in older age.

Caring policy, however, has assumed individuals are not motivated solely to maximise long-term financial resources but that they will act in a way to protect family members who require assistance, even at substantial financial loss. This is assumed to be a choice that carers make freely, and would wish to make, and so state financial compensation has been limited. New Labour differed from Conservative governments by focusing on supporting carers to combine work and care, assuming that this was possible and desirable, and in the best interests of care-recipients. Policy has therefore encouraged (but not mandated) companies to support carers to continue to work.

Caring and pensions policy have thus been predicated on a number of assumptions about human nature and motivation, agency and the external and internal constraints on this. Assumptions made about individual responsibility to make decisions to save for retirement

are in conflict with those that presume a willing army of informal carers, choosing to prioritise their family's wellbeing over their own long-term financial health. Chapter three explores the theoretical underpinnings of these assumptions, setting out contested approaches to understanding agency and decision-making in these areas.

Chapter three: Theoretical conceptions of human agency, motivation and decision-making under conditions of uncertainty

3.1 Introduction

This chapter explores the theoretical assumptions contained in pensions and caring policy identified in chapter two. At the heart of reforms in these areas have been differing, and potentially contradictory, beliefs about human agency, motivation and decision-making. The chapter starts with a discussion of the theories that have been recognised as influencing pensions policy, then looks at two feminist theories which highlight the assumptions contained in social care and carer-related policy. Each of the theories discussed can be used to explain both pensions and caring decisions. However, in this chapter they are mainly related to the policy spheres in which they are most influential.

3.2 Public policy and theories of agency

As noted in chapter two, responsibility for saving towards retirement has traditionally fallen in large part to individuals and their families. The Basic State Pension (BSP) was and is intended as more of a safety net, boosted in recent years by the Savings Credit element of the Pension Credit (PC) in recognition of past barriers to saving amongst groups such as women and those with disabilities. However, public policy has always assumed that individuals should make additional savings on top of this to protect their standard of living (Timmins, 1996). While SERPS (State Earnings-Related Pensions Scheme) and the State Second Pension (S2P) have provided a vehicle for those without access to alternative pensions, public policy has increasingly emphasised the importance of non-state pensions, incentivising contracting out of the second tier state pension, limiting its value and opening access a wider

range of non-state pension Walker and Foster, 2006). Since the 1980s there has been an increase in the types of non-state pensions available, the number of people who are allowed to purchase personal private pensions, and the development of a huge array of choice within the private sector (Waine, 1995).

Underlying these reforms have been assumptions about how individuals will face the problem of funding their retirement, and the incentives they will respond to, including how they will react to increased choice. Both Conservative and Labour governments have assumed that individuals can be and will be motivated to save towards retirement, spurred by a desire to protect their living standards in older age (Waine, 1995; Walker and Foster, 2006). While pensions policy has contained an element of compulsion since the introduction of National Insurance Credits (NICs) in 1946, governments have often assumed individuals would value choice in pensions providers and be willing and able to engage in comparisons of different options to make a choice about which would best protect their own interests. While auto-enrolment is intended to encourage saving in a non-state scheme, individuals retain the option to 'opt-out' of their employers' nominated fund and choose how to invest their pension contributions.

The theoretical approach adopted for this thesis is to examine these assumptions in the light of the different beliefs they represent about human motivation and agency. The thesis tests whether these competing theories reflect real-world behaviour and beliefs. Underlying the theoretical assumptions are contested views of human nature, the desires people are motivated by, their ability to plan ahead, the role that external structures and power relations play in shaping agency, and the meaning of, and human capacity for, rational action and decision making.

This chapter introduces the main conceptions of human agency, behaviour, and decision-making that have underpinned pension reforms and policies affecting family care, and critiques of these. It starts by presenting the classical economic argument of rational decision making, calculating how to maximise utility. Associated with this is the assumed pension aim of consumption smoothing, and the belief that individuals value consumption across their lifetime at a constant rate (Gintis, 2000). Behavioural economic theories suggest that this classical view does not reflect how decisions are made in the real world are then considered. Sociological theories of agency and decision-making are discussed, looking first at Giddens' conception of reflexive agency, which has been influential in shaping more recent pension reform. An alternative to this proposed by Hoggett (2001) is then considered, and theories drawing on both his and Bourdieu's theory of practice are discussed.

Chapter two demonstrated that policy relating to informal caring assumes that family members will be willing and available to provide informal care, can choose to do so, and are the best option for the care recipient. Government intervention where carers are available extends mainly to supporting carers to continue caring through benefits such as the carers' allowance, or to support them in continuing to work while caring. To a degree, this reflects a belief that carers weigh up the costs and benefits of caring, including both economic resources (including pensions) and the sum of family wellbeing in the calculation.

Finally, two key feminist theories that attempt to explain the decisions individuals make about caring, which have been used to reveal the assumptions contained within care and other policy (Finch, 1990) are discussed. The first argues that decision-making is limited because the gendered division of labour limits the options individuals see as open to them. The second challenges the argument that individuals calculate which actions will lead to the greatest economic returns, arguing instead that decisions about care are based on

relationships. The chapter concludes with a discussion of the implications of these theories for carers' ability to plan for retirement.

3.3 Life-cycle model of pensions savings and *homo economicus*

As noted in chapter two, one of the two main aims of pensions policy is to smooth consumption over the life-time. The life-cycle model of pensions suggests that as long as individuals earn more than they require for their basic current needs, they may choose to 'transfer' funds from periods of high income to periods of lower income but higher consumption needs (Wicks and Horack, 2009). People will 'borrow' from future higher income earlier in life, to purchase a house, pay for higher education etc., and save while they are earning to provide an income for after they retire. Inherent to this conception of consumption and spending across the life cycle are a number of assumptions about human understanding and motivation, in particular about the ability to make decisions that have implications across a long period of time and a desire to maximise utility and financial resources. In order to make optimal decisions about how to allocate whole-life resources over time, individuals will need a large amount of information, and the ability to make calculations based on this information. As Blundell *et al* (2006) note "The lifecycle model requires individuals to have information over what they can reasonably expect over the lifetime, to what extent they value consumption in the future relative to consumption in the present, and the interest rate at which they can borrow and invest, as well as the skills and understanding to make decisions based on this information" (p.8).

Underlying the lifecycle model is the belief that individuals can make these calculations, and that they will be motivated to do so and hence to smooth their consumption across their lifetime. This reflects the standard model of human behaviour in economic theory, *homo*

economicus (Gintis, 2000; Hargreaves Heap *et al* 1992). *Homo economicus* is self-interested, concerned only with the individual or familial acquisition of resources, has determined preferences which are applied to the goods and services produced and consumed; is focused on outcomes, so that social interactions matter to the extent they affect their final bundle of resources, and has a rate of time preference that allows the allocation of consumption consistently over time (Gintis, 2000). This time consistency “requires that the future be discounted at a fixed rate, independently of when the costs and benefits of the actions actually occur” (Gintis, 2000: 313).

It is implied above that *Homo economicus* is based on an instrumental rational choice model of action, whereby action is considered rational because it is most likely to satisfy the individual’s objectives. It is less concerned about the choice of objectives, with reason assessing only the consistency of objectives and desires. Hargreaves Heap *et al* (1992) therefore argue that *homo economicus* sees humans as “utility machines” (p.5), with preferences that can be ordered and which determine actions. These objectives can be of any type, good or bad, selfish or altruistic, but can always be ranked. Where there is uncertainty surrounding a decision, it can be captured by a probability distribution which determines the relation between actions and outcomes. This is referred to as ‘risk.’ Following from this, the expected utility principle, central to classical economics and influential to neoliberal Conservative thinking, predicts that “‘rational’ agents choose among uncertain payoffs to maximise the expected utility of the payoffs” (Gintis, 2000: 314). *Homo economicus* is assumed to be utility maximising, that is, to wish to achieve as high a level as possible on their scale of preference (Hargreaves Heap *et al*, 1992).

The ability and motivation to make these calculations over time, to be able to decide between consumption now and consumption in the future, is essential for retirement planning. The

rational choice of action model argues that self-interest in achieving consumption goals will motivate individuals to plan (Clark and Strauss, 2008). In particular, individuals will be consistently willing to accept delayed gratification, so that they will not value lower consumption now for greater consumption in the future (Wicks and Horack, 2009). However, these claims have been challenged by behavioural economists, who argue that they do not accurately represent real world decision making. The following section examines the behavioural critique of *homo economicus*, and sets out an alternative model of individual financial decision-making.

3.4 Behavioural Economics and decision-making under conditions of uncertainty

The classical conception of *homo economicus*, particularly with respect to beliefs about retirement planning that have developed from it, has been widely questioned on the basis that it does not accurately describe people's actual behaviour (Khaneman and Tversky, 1979; Taylor-Gooby, 1999; Gintis, 2000). While classical economics recognises that agents may make errors in their judgement, or act inconsistently, these deviations are treated as random, since if they were systematic errors, they would be exploited by others (Hogarth and Reder, 1987). However, experimental research has provided substantial evidence that *homo economicus* does not apply outside of anonymous market settings (Gintis, 2000). As Loewenstein *et al* (2001) argue, this presents a dilemma for policymakers, as unlike businesses or governments, who, governments have assumed in the past, can make investment calculations on the basis of objective risk data or models, most people approach such decisions in a different way.

Behavioural economics grew out of efforts to better explain real-life behaviour and decision making, drawing on both psychological and economic research. It challenges the assumptions

of the rational actor model, offering an alternative conception of individual decision-making that is based on evidence of how humans behave in real world settings. Clark and Strauss (2008) argue “individual decision-making occurs at the interface between cognition and the environment such that behaviour depends upon many other factors including socio-demographic factors” (p.4). Behavioural economics suggests that “the way people make choices is influenced by human limitations in processing information, in comparing risks and in evaluating them at different points in time.” (p.11)

In their seminal 1979 article setting out their ‘Prospect Theory’, Khaneman and Tversky argue that when faced with complex decisions under conditions of uncertainty or risk, rather than making full, careful calculations based on the full facts and probabilities, humans use a number of methods to simplify the task. People rely on heuristic principles to help them make decisions, as their rationality is ‘bounded’, they have limited capability to process the information required (Taylor-Gooby, 1999). This means that while individuals may still be motivated to maximise their own utility (whatever that constitutes) their ability to do so may be limited by their limited rationality and understanding. Individuals may therefore be agents without acting in a purely ‘rational’ sense.

Khaneman and Tversky (1979) identify a number of different processes individuals use to process information required to make decisions, including coding, which involved perceiving outcomes as gains or losses rather than final states of welfare; combining probabilities associated with outcomes, segregating risky and non-risky elements, simplification such as discarding unlikely outcomes and cancellation. The individual making the decision is then assumed to evaluate the edited options and choose the highest value option. The use of heuristics means that people tend to take much more account of easily available or highly salient information, demonstrating selection bias and as a result overestimating the probability

of events, particularly those which were well reported in the media (Khaneman and Tversky, 1979; Gintis, 2000). This may also be associated with ‘herd mentality’, which Wicks and Horack (2009) report as presenting a barrier to efficient retirement saving, as people tend to follow the behaviour of those around them, such as their parents, when making retirement planning decisions. Framing effects describe the way in which choices are affected by how options are presented (Khaneman, 2011; see also Taylor-Gooby, 1999; Hogarth and Reder, 1987). Taylor-Gooby (1999) also notes that experiments have demonstrated that individuals follow normative systems to choose between options. These effects highlight the potential importance of how pensions policy is explained to the public, and framed within political debates.

Khaneman and Tversky (1979) found that people are more or less risk averse, preferring a certain prospect over a risky one. While expected utility theory predicts that the utilities of outcomes are weighted by their probabilities, Khaneman and Tversky argue that there is a ‘certainty effect’ whereby people overweight those outcomes that are considered certain, noting “The same psychological principle - the overweighting of certainty - favours risk aversion in the domain of gains and risk seeking in the domain of losses (1979: 269). People are attached to the status quo, reacting to changes in this rather than the final outcomes themselves. They therefore experience a greater level of distress at a loss than satisfaction at a gain of the same value (Taylor Gooby, 1999). Gintis argues, also, that the evidences shows *“people are about twice as averse to taking losses as to enjoying an equal level of gains”* (2000:315) and suggests that individuals are loss averse.

An inbuilt reluctance to risk losing money may have significant implications for retirement saving levels given pensions policies that attempt to increase saving by passing more risk onto individuals. This aversion is likely to be amplified by two other tendencies identified by

behavioural economics: time inconsistency and hyperbolic discounting. Individuals demonstrate a preference for consumption now rather than in the future, and therefore discount the value of future discounting. Hyperbolic discounting refers to situations where individuals do not discount future consumption at a time-consistent rate (Khaneman and Tversky, 1979; Gintis, 2000).

While expected utility theory and the life-cycle model of pensions rely on individuals valuing current and future consumption at the same rate, and on people being willing to accept delayed gratification of desires, there is substantial evidence that many people prioritise current spending over future saving. Behavioural economics posits that people are not time consistent, that they often favour short term gains over long-term losses, and they use different discount rates for different types of payoff (Gintis, 2000). This may simply be a rational response to loss aversion, although this is contested. Weber *et al* (2002) argue that individuals' different propensity to take risks reflects varying perceptions in different fields rather than attitudes to risk. They conclude "The domain specificity of risk taking (and of risk-attitudes defined in the EU-sense) thus seems to arise from differences in the perception of the riskiness of choice alternatives in different context domains. It stems from differences in the definition of what constitutes or contributes to risk in different types of situations rather than differences in risk attitude" (p.266)

Gintis (2000) argues that rather than simply reflecting 'rational' decisions for individuals who gain more welfare from current consumption than they would in the future, "people exhibit a systematic tendency to discount the near future at a higher rate than the distant future" (p. 313), supporting the model of 'hyperbolic discounting.' There is evidence that people have high temporal discount rates and will value receipt of goods now over more expensive goods in the future, and that people's discount rates may be associated with their educational

background, social class and gender. Temporal discount rates decline the longer the time period and the smaller the benefit, and are greater for gains than losses (Taylor-Gooby, 1999). Wicks and Horack (2009) describe this affect as ‘myopia’, noting that many people have a spend-now focus. They suggest that individuals may choose short term saving goals such as holidays, over longer term goals such as retirement.

Loewenstein *et al* (2001) raise a further issue that may affect decision making but is largely ignored in both *homo economicus* and behavioural economics explanations: that of emotions. They argue that both theories are consequentialist in their treatment of emotions, so that the utility of different options can be compared by considering the expected emotions that would arise from different choices. In this way, emotions are factored in as part of the price of a decision. However Loewenstein *et al*, using evidence from experimental psychology, argue for a distinction between these anticipated emotions and anticipatory emotions, and that the latter, anticipatory emotions, experienced at the time of decision-making, can affect the decision made. In an overview of the psychological literature on the topic, they found evidence in studies of anxiety that probability plays a relatively small role in anticipatory anxiety, so that it is the mere thought of an unpleasant consequence rather than the probability it will occur that causes concern. They also found evidence that people overweight probabilities where the outcomes are more vivid, evoking strong emotions, possibly supporting the salience affect found by Kahneman and Tversky (1979).

If individuals systematically exhibit temporal discounting and risk aversion, use heuristics to make decisions about uncertain prospects, and are affected by their current emotions when making risky decisions, expecting them to make appropriate savings for retirement may be naive. These behaviours suggest that individual agency with respect to pensions savings may be limited, even where someone is highly motivated to maximise their long-term utility in the

form of saving for retirement. This raises the question of the extent to which individuals can be trained or encouraged to make more effective calculations and to think longer-term, and by what mechanisms such training could be delivered. As a result of the processes identified, Taylor Gooby (1999) claims “individuals will under-provide for future needs, whether through insurance, or saving, and even when they have good information about the likely incidence of those needs” (p.17), and concludes that compulsion should be used in order to ensure sufficient savings.

National Insurance Contributions have meant that there has always been an element of compulsion in pensions savings. However, while it did not go as far as compulsion, the Pensions Act 2008, following recommendations of the Pensions Commission (2006) legislated for auto-enrolment into a pension scheme. Employers would have to designate a pension scheme into which their employees would be automatically enrolled, unless they opted-out. This aims to overcome the effect of hyperbolic discounting and risk aversion, and utilise inertia to increase pension savings, without resorting to compulsion.

3.5 Reflexive agency and decision-making

Giddens (1984; 1991; 1994: see also Bryant and Jary, 1991) provides a sociological view of human agency that prioritises individual capacity for understanding and making decisions about the world around them. He recognises that there may be external constraints on behaviour but rejects the notion that these shape entirely human behaviour, beyond human control or comprehension. Giddens’ theory of structuration provides a conception of humans as reflexive agent. He argues “Human agents...have, as an inherent aspect of what they do, the capacity to understand what they do while they do it” (1984).

Human agents are reflexive in that they continually monitor their actions, and those of others. For Giddens, the capacity for action, and the ability to understand and explain one's actions, is fundamental to humanity: "to be a human being is to be a purposive agent, who both has reasons for his or her activities and is able, if asked, to elaborate discursively upon these reasons" (1984:3). Actions may have unintended consequences, but it is not intentions rather the ability to act that constitutes agency.

The concept of reflexive agents is at the heart of Giddens' arguments about the welfare state, which were influential in New Labour's welfare reforms, particularly with regards to reducing unemployment and pensions policy. Giddens portrays welfare as 'risk management', a form of social security against predictable risk. He argues that an assessment of a social risk to be managed "presumes and expresses a situation where remedy is both available and desirable" (1994: 151). He argues that the model of a welfare state rectifying and compensating for failure rather than preventing such failure in the first place is outmoded, inappropriate to meet modern risk, and will be increasingly costly.

Giddens (1994) therefore argues the welfare state must equip citizens with the skills necessary to confront risk rather than providing precautionary aftercare. He calls for a politics of 'second chances', offering the unemployed the chance to reskill and find new work, for older people to continue to be active and productive members of society. Many of the problems associated with ageing are in fact due to lifestyle choices: the welfare state should seek to prevent these, rather than 'fix' the problem once it's too late. This requires an ethical shift in how we think about the relationship between the individual and the collective, focusing on rights that come with responsibilities. The state should encourage responsibility, including through the use of negative sanctions. Welfare policy should enable individuals to rise to the

challenge of the risk society (Greener, 2002), since the welfare state designed for modernity cannot provide security in a risk society.

In terms of pensions planning, this means that individuals are capable of applying their reflexivity to saving for retirement, as the state is unable, given social change and population ageing, to insure individuals fully. If individuals are given the responsibility, with financial sanctions (low income in retirement) as a deterrent, they will rise to the challenge, capable of making the decisions necessary to save efficiently. Giddens' agent is rational and calculating, capable of making the utility calculations necessary to smooth income over a lifetime, and either willing, or responsive to inducements, to do so. This was applied to pensions policy that promoted choice and individual responsibility, assuming motivation to engage in this, that individuals would act to avoid remaining reliant on low state provision, and that they could learn to make effective decisions in this area (Deacon and Mann, 1999; Peggs, 2000). This conception of a reflexive agent has been challenged however. Some commentators (Hoggett, 2001; Greener, 2002) have questioned the assumption that individuals are always reflexive, while others have highlighted the more significant role that external structures can play, in particular the role of financial and educational resources, in shaping pensions behaviour (Peggs, 2000).

3.6 Reflexive and non-reflexive agents and objects

An important challenge to Giddens' argument that the welfare state should be designed around the needs (and predicated on an assumption of) reflexive agents comes from Hoggett (2001). Hoggett disputes the claim that individuals always know what they are doing, and are able to explain their actions. He suggests "there is nothing necessarily constructive about

agency...Just as we can be destructive agents, so also at times can we be constructive in our dependence and powerlessness.” (p.43)

Hoggett asserts that agency faces some constraints it cannot overcome. While Giddens asserts that old age is socially constructed, and that older people can be supported to continue working, Hoggett reminds us that humans do grow old and die. In terms of pensions and caring, people may face barriers to working and saving that they simply cannot overcome because of external constraints: their own ill health, discrimination in the workplace, a need to provide care for a family member where to substitute is available. Hoggett therefore argues that real experiences of powerlessness and psychic injury need to be recognised, drawing on Lukes (1974) to argue “powerlessness can have ever more insidious effects; it is able to effect not just what we do or don’t do but also what we are able to think about and experience” (p.43).

Hoggett therefore proposes an alternative to Giddens that places both reflexivity and agency on a spectrum. He uses this to present four categories of agency and reflexivity, which are presented in table 3.1 below.

Table 3.1: Hoggett’s quadrant of reflexivity and agency

	Objectivity	Agency
Reflexive	Reflexive objects - aware of the forces constraining their situation but unable to act or effect change.	Reflexive agents - not passive victims but conscious shapers of their own history
Non-Reflexive	Self as non-reflexive object - individuals powerless in the face of domination, unable or unwilling to think about their situation	Non-reflexive agents - acting on impulse without thinking of being able to explain their actions in advance, e.g. heroic actions, domestic abuse

Source: Hoggett (2001) p. 48

Hoggett therefore questions whether individuals are always capable of making choices about their lives, and challenges Giddens' assumption of reflexive agents continually assessing their actions and options. He argues that choice is not always the result of rational deliberation but instead may reflect a lack of options or consideration due to circumstances. Further some people may act unaware of having made a choice, or only later become aware of, or rationalise, the reasons for a decision or course of action.

3.7.1 Bourdieu: field, *habitus* and capital

Bourdieu's theory of practice (1979; 1987; 1990; 1993) offers some explanation for the potential for humans, including individuals, to be both reflexive and non-reflexive, objects and agents, at different times or in different spheres of life. He places a greater emphasis on the role of resources in shaping the potential for reflexive agency, the ability to act and even the ability to perceive options. Based on empirical research, he offers a theory that highlights the role of both resources and social capital in shaping action. While, like Giddens, he attempts to bridge the 'artificial' divide between the roles of agency and structure in shaping agency' he gives greater weight to the role of inequality in power and resources in creating options and opportunities and in guiding individual responses to these.

He argues humans act within 'fields', which are sites of struggles over a central stake (Bourdieu, 1993; Peillion, 1998). These stakes are of specific interest within the field, and for a field to exist the field must contain individuals willing to play that game. Humans within the field are endowed with *habitus*, practices and structures which motivate (Peillion, 1998). More than the reproduction of habit, *habitus* is generative, so "Those who take part in the struggle help to reproduce belief in the value of the stake" (Bourdieu, 1993: 74). *Habitus* implies both knowledge and recognition of the laws of the field and the stakes over which

individuals are struggling (1993). It can be conceived as embodied dispositions which provide the categories of perception which shape evaluation and understanding (Peillion, 1998).

Humans utilise a range of resources in this struggle. Bourdieu refers to such resources as capital. He identifies a number of different types of capital, which hold different weights in different fields, and which can be exchanged at different rates according to the importance they hold within the field. Economic capital refers to economic resources, cultural capital to the education and knowledge required to successfully 'play the game'. Social capital refers to those social goods and skills necessary to act within a field. Symbolic capital is "a form which is assumed by different kinds of capital when they are perceived and recognised as legitimate" (1987: p.128). He continues "Thus agents are distributed in the overall social space in the first dimension in accordance with the overall volume of the capital they possess in different kinds and, in the second dimension, in accordance with the structure of their capital, that is, in accordance with the relative weight of the different kinds of capital, economic and cultural, in the total volume of their capital" (1993: 129).

Bourdieu bases his theory on work in fields that include 'taste' and athletics (1979; 1983). However he also uses his theory to challenge the traditional economic model behind expected utility maximisation and consumption smoothing. He argues "Economic theory which acknowledges only the rational 'responses' of an indeterminate, interchangeable agent to 'potential opportunities' or, more precisely, to average chances (like the 'average rates of profit' offered by different markets), converts the immanent law of the economy into a universal norm of proper economic behaviour. In doing so, it conceals the fact that the 'rational' *habitus* which is the precondition for appropriate economic behaviour is the product of particular economic condition, the one defined by possession of the economic and cultural

capital required in order to seize the ‘potential opportunities’ theoretically available to all” (1990: p.63-64).

3.7.2 Applying Bourdieu’s theory of practice to pensions saving and planning

A number of theorists (Peillion, 1998; Aldridge, 1998; Peggs, 2000; Greener, 2002) have applied Bourdieu’s theory of practice, in particular the role of capital within specific fields, to the field of welfare, adapting it to help explain differences in assumptions made by policy makers about individual responses to the need to save, particularly for retirement, and real-world saving behaviour.

Greener (2002) attempts to marry Bourdieu’s theory of practice to Hoggett’s argument that reflexivity and agency are both placed along a spectrum. He critiques Giddens’ account of reflexive agency. While Giddens argued that welfare reform should be aimed at enabling individuals to take responsibility in rising to the challenges of contemporary society, he mistakenly assumes a field in which all forms of capital are relatively easily converted. Giddens also assumes that the *habitus* structuring social positions can be easily overcome. Greener, however, argues that lack of economic capital may mean that greater recognition and understanding of the actions an individual needs to take to change their situation may not be sufficient to empower them but instead may make their situation feel worse for the knowledge.

Lack of cultural capital may be difficult to overcome to become a reflexive agent if an individual lacks sufficient economic capital to convert into the requisite capital (for example, training in financial literacy). Greener (2002), highlighting the role of *habitus* in shaping agency argues “Agents, through structural, habitual, or informational constraints, may be

severely restricted in their range of possible actions, but be unaware of this as their actions have become so ingrained in practice that they are considered normal, and a lack of opportunity is not only the most likely outcome but also the ‘common sense’ one” (Greener, 2002: 696).

Peggs (2000), following Peillion (1998) who applied Bourdieu’s theory to the field of welfare provision, and Aldridge (1998) who used it to explain behaviour in the field of personal finance, analysed qualitative research on women’s pension saving behaviour in the light of these theories. Peggs (2000) qualified Giddens’ conception of reflexive agency, demonstrating that habitual activity (*habitus*) plays an important role in decision-making, including in pensions-planning.

While Giddens argues that the key to decision-making is reflexivity and a calculative attitude, considering alternatives in the light of new information, Peggs (2000) contests that “reflexivity undermines the certainty of knowledge” (p.350). Peggs highlights the element of risk and uncertainty involved in making retirement saving and suggests that, as Aldridge (1998) argued that marketisation in finance is predicated on active and informed consumers able to defer to ‘experts’, and place their trust in the advice they receive. However, individuals find it difficult to access the complex information they require and without trust in pensions advice and guidance, and in pensions providers, will struggle to make decisions regarding saving. Following the introduction of Personal Private Pensions (PPPs) a mis-selling scandal erupted as it emerged hard-sell tactics were used to encourage people to purchase inappropriate schemes (Ginn, 2003). This demonstrated, individuals do not necessarily have the cultural capital (knowledge) required to resist aggressive marketing strategies and understand the information they are provided with regarding pensions options (Aldridge, 1998; Peggs, 2000).

The options individuals face may also be constrained by different levels of capital, in particularly through access to work and therefore the economic resources required to save for retirement. Peggs argues “Women’s social location, which is determined by, for example, familial and financial constraints, the expectation that women’s primary role is located in the home, and changes in the labour market, often prevents those who are poorer from having access to a range of job options” (2000: 356).

The *habitus* may also shape responses and behaviour on a pre-conscious level. It may lead individuals to “strategies of avoidance”, ignoring information that conflicts with an individual’s beliefs or experiences, so that people prefer to stick with the “devil you know” (p. 356). She argues that women’s choices and options may be constrained on this pre-conscious level of the *habitus*: “women’s notions of their roles operate at the pre-conscious level of the *habitus*, pointing to non-reflexive choices” (p.356). The role of gendered *habitus*, of assumptions about ‘proper’ gender roles and choices in shaping behaviour is explored in more detail in the next section.

3.8.1 Decision-making, choice and informal care - an overview

So far, the conceptions of human agency discussed have not dealt directly with how decisions are made within caring relations. The models presented suggest a form of agency that is based on analysis of different pension options according to their potential outcomes, and are based on varying notions of the degree to which individuals have agency. These theories have made a number of claims about human nature, including that humans make decisions on rational calculations of their circumstances and the expected outcomes of the options available to them. However, these have been challenged as an explanation of how humans

behave with respect to their relationships and to caring. In particular, a number of feminists have challenged this approach, highlighting the way that it obscures care work (Peggs' (2000) gendered *habitus*), and proposing an alternative of an ethic of care.

Understanding why people provide care, and the extent to which they believe they can exercise choice regarding their caring, is important in considering the effect of caring on pensions savings and planning. The theories described above presume that people will calculate the effect on their income and savings of starting to care, and rank different options available to them in order of preference, even if these options, or their capacity to make such a calculation are limited. If such calculations are too difficult, or impossible this will have implications for the ability of carers to plan for retirement.

If however care is not undertaken as the result of an active or reflexive choice, this has implications for pensions decision-making more generally. This raises the theoretical problem of whether an individual can be a reflexive agent in one aspect of their life (pensions planning) but not in another (becoming a carer), and if so, to what extent. If carers have no choice to care, it may well be the case they as a result have no or limited choice over their employment and pension savings. So it would be debatable whether they can be said to exercise agency in pensions decision-making. While carers may still have pensions options, if these are extremely limited as a result of caring, this may undermine the idea that pensions-savings are potentially under individual control, and hence the applicability of theories of expected utility and reflexive agency to carers, which would in turn necessitate rethinking policy assumptions.

The following sections explore the different theories of why people provide care, and how it is experienced. The decision to care may affect decisions regarding pensions savings in a

number of ways, particularly given that it is likely to affect employment decisions and therefore income. Lack of choice in the provision of care, for ideological, resource related or emotional reasons undermines the view of individuals as reflexive agents, or interest maximisers, and opens up the possibility of a more complex view of human nature and decision making under conditions of uncertainty.

The theories set out above may apply to the decision to care. The decision to care may be guided by 'rational' decisions about the expected utility to the carer or the care recipient/family as a whole, weighing up the benefit and losses in terms both of financial resources and/or welfare resources, individual or family based (Gintis, 2000). Within such a calculation the expected effect on their pension may be a consideration. Individuals may make active decisions to care, responding reflexively to changing situations. However, carers may feel unable to choose between a range of options in the face of a family member requiring care, either because their emotional connection does not leave room for questions about providing care, or because they lack the economic or cultural capital required to acquire substitute care. The next sections explore two further possible theoretical descriptions and explanations of how carers deal with a need to care: the development of the concept of care-as-oppression in patriarchal society, and arguments for an ethic of care. A number of differing views of care, and its role in people's lives are explored, and discusses the implications of these for decision-making.

3.8.2 Informal care-as-oppression or love?

Although there is evidence in literary works for example, that the burden of care was recognised by carers themselves and others (Wharton, 1911; Montgomery, 2005), until the 1970s care was not considered something distinctive within social policy, but as a natural part

of peoples' (women's) lives and their role within the family. The Women's Liberation movement of the late 1960s and 1970s, and the feminist research and theory it prompted, highlighted and challenged the assumptions regarding the gendered division of labour contained within the welfare state and society more widely (see Daniels, 1987; Sevenhuijsen, 2003). This division of labour saw men as working in the public and productive sphere, supporting their families through earnings from employment. Women, on the other hand, remained at home in the private and reproductive sphere, supporting their families through domestic work and childbearing and rearing.

The welfare state that emerged in Britain following the Beveridge report entrenched this gendered division of labour, offering most women only derived rights to social security payments, and strengthening the male breadwinner model by tying social insurance to employment. In addition, social care was not provided within the welfare state, and was instead effectively confined to women who were assumed to be at home anyhow (Siim, 1990). It relied on full male employment, and stable two-parent families, areas in which there has been rapid social change in recent years (Lewis, 2006). Arksey and Kemp (2006) note that the care of people who are ill, frail or disabled and are living in the community is a serious gap in the 1942 Beveridge report, suggesting "such caring duties were implicitly a private responsibility and assumed to be the duty of women, whether married or single. In other words, informal caring was seen as a 'private risk', rather than a 'social risk' that should be addressed through the social security system" (p.115).

The feminist research of the 1960s and 1970s drew attention to these issues and the way in which women's lives and roles had been obscured by this 'natural' segregation, giving a voice to women's frustrations with the limited role ascribed to them (Friedan, 1963; Graham, 1983). It critiqued arguments that domestic work is natural for women, continuing historical debates

regarding women's ability to participate in the workforce, and suggested that domestic services and childrearing constitute labour and are oppressive where unchosen and unpaid (Abel, 1985; Daniels, 1987).

Feminists drew attention to the ways in which women's work is made invisible, and also the effect of this on their financial circumstances. Early feminist theory presented care work, along with domestic labour and other tasks delegated to women in the home as part of their natural role, as labour. Feminists drew attention to the unpaid and oppressive aspects of this labour, with theory, as in behavioural economics, reflecting findings from empirical research. Graham (1983) argued "Caring...describes more than the universal feelings women have: it describes the specific kind of labour they perform in our society" (p.25). Abel (1986), drawing on interviews with American carers, argued that caring is sometimes experienced as a loss of freedom and control over one's life, especially given its unpredictable nature compared to childcare. This gendered oppression was both emotional - described by Friedan (1963) as the 'problem that has no name' - but also financial, leaving women dependent on their husbands or family for income. Women's care work is traditionally not remunerated as it is not considered work. The real labour involved in those activities predominated by women, housework and childcare for example, is therefore not recognised or appreciated. This lack of validation, and a lack of audience to witness home working, means it is understandable that women may not see some aspects of their activity as work. Where men do similar tasks, they receive more credit (or indeed remuneration) for it.

However, this conception of care as oppression, as unchosen hard labour, has been challenged on a number of fronts. Waerness (2006) describes an alternative strand in feminist thinking that has emphasised the 'caring' aspect of care, and suggests that potential informal care and care work has to be emotionally fulfilling and something to be freely chosen. In this

alternative conception, the concept of care is extended to encompass the caring relationships in which people are embedded “Because it is these which make people social, individuals in their care relationships and the resultant collectives are the proper units for policy and other purposes rather than individuals isolated from their care and other contexts” (Daly, 2002: 253).

In this literature, care is recognised as a human need, provided within reciprocal, mutually fulfilling relationships. The idea of care as asymmetrical, provided by one individual for one other is rejected, and emphasis is placed on reciprocity, on relationships of care and caring networks (Bytheway and Johnson, 1998). Care-as-oppression is criticised for obscuring the fact that individuals may choose to provide care out of love, and may benefit from it emotionally or in other ways. Waereness (2006) emphasises the fulfilling nature of caring as well as the ‘rationality of caring which encompasses the knowledge gained through caring, and the rational action, reason and feelings that are central to the provision of good quality care and which cuts across both the private and public spheres.

The idea of care-as-oppression has also been challenged on the basis that it problematises older people and people with disabilities, and their care, portraying them as a burden. The feminist emphasis on the needs and experiences of carers has been denounced by the Independent Living Movement, which represents, and lobbies on behalf of, people with disabilities. It is accused of obscuring the needs of the care-recipients, and potentially undermining their freedom, in particular their freedom to choose what care they receive and from whom (Stalker, 2003). Morris (1997) argues that in care discourses, feminists assume women take the role of carer (paid or unpaid), ignoring the experiences of those women who require assistance. She suggests that arguments for greater provision of social care outside of the family, through collective institutions, miss the fact that this denies disabled people the

family relationships feminists take for granted. She suggests that instead of focusing on the caring elements of care, disabled feminist research would “focus more clearly on the reciprocity involved in caring relationships and the threats to that reciprocity. Loss of reciprocity brings with it a vulnerability to abuse” (1997:164). She continues that many disabled people feel that the caring relationship cannot work unless there is “real choice based on real alternatives. Such a choice cannot exist where the only alternative to assistance by a partner or relative at home is residential care” (p.165).

Care-as-oppression has also been criticised by black feminists for obscuring the varying meanings of care within different cultures and to different races. Graham (1991) describes the way in which for many black women, caring was something they did as paid employment within other people’s homes, and argues “rather than experienced in oppressive ways, caring for partners, children and older relatives can be experienced as a way of resisting racial and class oppression” (p.69). While there is evidence of racial differences in the provision of informal care (Department of Health 2005; NHS, 2010) it is not clear from this whether it’s related to different attitudes to care or differing socio-economic circumstances associated with care.

Despite these criticisms, much feminist theory has acknowledged and explored the complexity of caring relationships and carers’ experiences of caring. As Graham (1983) notes “caring demands both love and labour, both identity and activity” (p.14). The degree to which carers experience their activity as either may depend on a variety of factors, including whether they made a choice to care, the reasons they are caring, and the reasons *they* as opposed to someone else became the carer. Ungerson (1983), for example, presents a typology of caring motivations that included material concerns such as the point of the life-cycle carers were at, and ideological and emotional concerns including love and duty.

Finch (1995) offers a model of commitments as an alternative to the model of obligation to care. Here, family members (for example individual siblings), will each build a different set of commitments with each care-recipient, meaning that whether or not care is provided will depend on the particular relationship. Similarly, Abel (1986) highlighted the complexity of influences on women's decisions to provide parental care. These include the ideology of women's natural caring role, women's lower and therefore more expendable incomes, and inadequate alternative care. But she also argues that there are strong internal motivations, such as allaying guilt, seeking approval, and an internal ethic of care and responsibility. These may overwhelm, or render redundant, more calculative cost-benefit 'rational' decision-making processes. The findings of this research will be examined in more detail in chapter five.

While this research tended to focus on women's experiences of caregiving, there is evidence that men also provide significant levels of care (Arber and Gilbert, 1989; Maher and Green, 2002). Men, like women, may have complex, possibly contradictory reasons for starting to care (Ungerson, 1983, 1987). Walker (1992) critiques the arguments used to support the idea that women are natural caregivers, challenging approaches that claim women are naturally nurturing, while men are not. Sociological claims that this is due to socialisation or social structure such as the gendered nature of paid work are also questioned, noting that care work is not split easily between feminine and masculine tasks. Walker also examines feminist arguments that women do most caregiving due to an ideology of caregiving, social disregard for the costs of caregiving to women, and a lack of government support for care. She argues that in the traditional approach to documenting and measuring gendered caring, "caregiving by women is defined as normative, and men's performance is compared to it...This strategy of

identifying gender differences understates both the diversity within gender and the similarities between women and men” (1992: 45).

These debates regarding the nature of care highlight both the centrality of care to people’s lives, and the way in which this has traditionally been invisible in social policy. It also crucially raises questions about the choices people have in relation to caring and by implication over pensions. While for some caring may be an activity that is freely chosen, for others it may be carried out against their will, as a last resort, or because they cannot conceive of alternative sources for ideological or emotional reasons. If care is experienced as oppression in this way, if it is unchosen either because of assumed natural roles, or because of a lack of alternatives (or for women, because the gender pay gap means it makes more financial sense for them rather than their husband to reduce work to care) it is unclear whether all carers can be described as exercising rational choice in the sense envisaged by policy-makers, or reflexive agency as described by Giddens (1991; 1994). Patriarchal society may also shape expectations of gender roles so that these act as a powerful *habitus*. Choices may therefore be so constrained by social practice so as to bypass reflexive choice, so women many provide care non-reflexively, unable to perceive of alternative options (and men who may otherwise wish to provide care would not as this was not their expected role) (Peggs, 2000).

3.8.3 An ethic of care

The concerns set out in section 3.7.2 are reflected in the debate surrounding the existence of an ethic, or ethics, of care. Gender differences in caring were traditionally treated as natural, with women believed to have nurturing characteristics, but also to lack reason and objectivity. As discussed above, this left women relegated to the private sphere of the family only, and

was used in arguments against their employment, equal pay, and their right to vote and to stand for election, among other things. May (1997) notes that feminists argued “Locke equated ‘rights’ with the capacity to be reasonable which he then argued women did not possess. This splitting of so-called natural differences...occurs throughout western thought and provides the foundation upon which we base our thinking and scientific practice. Buried within these assumptions are not scientific statements, but deep rooted biases against women by male thinkers” (p.18).

Parallel to developing theories about ‘women’s work’ and care-as-oppression, as noted by Waereness (2006), was the development of a strand of feminism that sought to validate and recognise those characteristics associated with women’s traditional nurturing role rather than to seek to deny it or simply strive for women’s acceptance in the public sphere. This resulted in controversial arguments for the existence of an ethic of care. Held (2005) traces the development of ethics of care back to Sara Ruddick’s 1980 work on ‘Maternal Thinking’, which explored the distinctive thinking that arises from motherhood. An ethic of care was then developed further by Carol Gilligan.

Gilligan (1993) highlighted the gender bias present within psychology, as theories of development, from Freud and beyond, were based on observations of men, with women added in afterwards as incomplete or deficient. She challenged the assumption that the theories of development arising from such studies, which highlighted autonomy, independence and attachment to rule-based ethics, represented a complete view of human development and ethics. She argued that women talk of morality in a different way, focusing on context and the relationships between people, and demonstrating less interest in rule-based, anonymous ethical decision-making (Gilligan, 1993; Held, 2005). Gillian proposed an addition to the liberal, rule based ethic of justice, which “focuses on questions of fairness, equality,

individual rights, abstract principles, and the consistent application of them” (Held, 2005: 16). An ethic of care, in Gilligan’s conception, focuses more on responsibility and relationships, rather than rights and rules, and is shaped by the specific relationships within which individuals find themselves. While she found that this reasoning was used by women (although not all women, and later research highlights other associations such as education - see Held, 2005) she argues that both approaches need to be present to gain a full understanding of human moral reasoning and development.

Trying to identify an ethic of care remains controversial because it risks essentialising and romanticising gender differences, which historically have been used to claim that women are unfit for public life (Mendus, 1993; Sevenhuijsen, 2003). Mendus (1993) for example argues “the identification of women with care has nostalgic overtones, and threatens to result in a dangerously romantic conception of domesticity: romantic because it idealises the maternal role, while remaining wholly silent as to its frustrations. Dangerous, because it implies a conceptual link between maternal virtues and political virtues” (p.20).

However, there have been a number of formulations of an ethic of care which, following Gilligan, attempt to present an ethic of care as complementary to an ethic of justice, providing a more holistic approach to moral reasoning as undertaken by both women and men. This conception of care as something fundamental to our development and behaviour, may offer a way to understand why some people provide care and how they approach this decision.

While Sevenhuijsen (1998; 2002; 2003) is wary of reinforcing the binary oppositions of male and female that have been used to oppress women, she argues for an ethic of care which sees care as a social practice, between givers and receivers of care. This ‘feminist ethic of care’, is both descriptive and normative, (2002) and takes as the starting point the belief that people

are interdependent and that caring is an important part of our identity as humans. She argues “Daily care is everything to do with who one is and who one can be and thus, with identity. It is inherently linked with embodiment and intimacy” (2003: 194). She sets out four dimensions of care, each with an associated value, which constitute the ethic of care. *Caring about* involves the recognition that care is needed, and is associated with the value of attentiveness. *Taking care* involves those steps necessary to the care situation, and is associated with the willingness and ability to take responsibility to do something. *Caregiving* involves actually carrying out the care provision and requires both competence and other resources necessary for providing care, while *care receiving* is the interaction between carer and care-recipient, requiring room for responsiveness of both sides

Held (2005), referring to the fact that there are a number of different conceptions, argues too that an ethic of care should be seen as existing in tandem with an ethic of justice, rather than in opposition. Suggesting that there are circumstances in which a detached, impersonal approach would be inappropriate - in parenting, for example- she proposes that ethics of care should take as its central focus “the compelling moral salience of attending to and meeting the needs of the particular others for whom we take responsibility” (p.2). An ethic of care recognises that humans spend much of their lives dependent on others, and that this dependency creates a pressing moral claim. Emotion is valued rather than rejected, especially emotions such as empathy and responsiveness. It rejects the idea that moral reasoning should be abstracted to avoid bias as it both respects the claims of particular others, and is sceptical of the ability to abstract ourselves. Finally, it reconceptualises the public/private divide addressing the issues that arise in unequal and dependent relationships.

Like the theory of care-as-oppression, an ethic of care challenges both the rational actor model of decision-making and Giddens’ theory of reflexive agency. The ethic of care

undermines the classical assumption that humans are motivated to maximise their level of resources, even more broadly understood as encompassing family welfare. Instead the decision is based on the relationship, and/or may be non-reflexive. Hoggett's (2001) quadrant offers a better explanation of caring decisions, opening the possibility that the decision to care may be non-reflexive or obscured by social norms or emotions.

3.9 Conclusions

This chapter has demonstrated that the theoretical assumptions upon which both pensions and carer-related policy are based are contested. This has potential implications for the success of pensions policies aimed at increasing pensions savings: if policy-makers are mistaken about how individuals will approach increased responsibility for saving, there may be long term effects on pensioner wellbeing. Indeed, this may help explain the significant levels of under-saving currently identified, and demonstrates why there has to be a shift in policy-making; the state must start considering alternatives to the classical pensions approach of using financial incentives and disincentives to change savings behaviour.

The role of risk and uncertainty is significant in understanding individual pensions planning behaviour, especially given the shift in responsibility both in terms of encouragement of private savings but also in the move from defined benefit to defined contribution pension schemes. This may have particular implications for the ability of carers to save given the unpredictable nature of long-term illness and disability, and the emotional effects of having to care for a loved-one. If carers' pensions are to be protected, it is important to understand the effect of this risk on their decision-making, and to examine whether caring affects their long-term priorities.

Issues surrounding financial capability are also important. If, as behavioural economics predicts, individuals struggle to process the information needed to make effective long-term financial decisions, this may undermine even active attempts to save for retirement, and may increase the influence of risk-aversion in pensions planning, particularly if people see that others' decisions have not paid off. Again, this may have particular implications for informal carers, if they already struggled to plan, and caring limits the amount of time they have to consider these issues. The risk and unpredictable nature of care makes the information carers have to process more complex still.

How people make decisions about whether to care is also an important element in understanding carers' pensions decision-making. Most of the theoretical assumptions used to shape pensions policy are based on the belief that individuals are more or less 'rational' agents - that they calculate the costs and benefits of the options available to them, albeit potentially with limited capacity. However, reflecting Hoggett's (2001) description of non-reflexive agency, and Bourdieu's *habitus* (1993), feminist theory argues that patriarchal power structures have embedded the expectation that women will provide family care and men will be breadwinners so deeply in human consciousness that this shapes responses to care needs. A complementary theory suggests that individuals do not just make decisions based on calculations of the expected utility to them or their families, which could include maximising overall family welfare at the cost of their own welfare, but that the decisions can be based on relationships.

In both of these theories, the decision to care may not be conscious, or based on a belief that it is best for the carer, care-recipient or family as a whole. Instead it might reflect the perceived needs and obligations of the relationship, or patriarchal expectations of gendered roles. If care is experienced as oppression in this way, if it is unchosen either because of ingrained

gender roles, or because of a lack of alternatives (including for financial reasons) then it is unclear how carers can be described as reflexive agents with respect to their caring. For choice to be meaningful, there must be alternative options available. If carers cannot perceive that they have options, that they can make a choice, it is unclear that their decisions regarding care or finance can be based on a calculation of their best interests, financial outcomes or preferences.

This may have implications for pensions planning and saving if carers simply do not consider the long term effects that caring may have, because they cannot consider them, or cannot conceive of a choice. This in turn has implications for the effectiveness of pensions decision-making for the whole population: if decisions about working, saving, finances and family relationships can be unthinking, explicable and rationalised only after acting, this seriously undermines the potential for pensions policy based on engagement with complex decisions.

The following chapters will look in turn at what research has been carried out to date in these areas, to determine what is known about pensions-planning decision-making and how carers make decisions about caring, and the effect that caring is known to have on their financial circumstances. This literature will be considered in the light of the theories of decision-making set out in this chapter.

Chapter four: Review of the literature on pensions planning and saving

4.1 Introduction

Chapter three examined the various theoretical assumptions pensions policy can contain about how people approach savings decisions and planning. It set out different conceptions of human agency and beliefs about what motivates action. While the classical rational actor model of economics suggests that individuals will attempt to make rational decisions based on the information available, carefully weighing the options to calculate what will maximise their self-interest, behavioural economics demonstrates the limits to people's ability to make such assessments. Limitations may include mental capacity, insufficient understanding, and the uncertainty inherent in long-term decision making. Sociological theories suggest that as well as internal motivations and limitations, decision-making may be shaped by external factors beyond the individual's control. These factors may determine choice sets or how an individual understands their position and options. This chapter reviews the literature that has explored these issues, looking at evidence on pensions savings and behaviour and considering the implications of extant research for the theoretical assumptions contained in policy and the potential for policy to successfully meet its stated aims.

Bozio *et al* (2011) and others have demonstrated that while income and wealth influence the level of retirement savings an individual is likely to accrue, significant differences exist in the savings of those with similar resources. Given the emphasis on individual choice in the UK pensions system, this is perhaps unsurprising. However, it is less clear whether differences in saving and retirement income and wealth are due to reflexive choices made by relatively autonomous agents, or reflect instead inequality in the resources necessary not only to save,

but also to plan effectively. Differences may also be the result of different priorities placed on pensions saving.

The following sections consider the literature that has examined the factors that shape the pensions savings decisions, including financial resources, but also different priorities and conceptions of the future that also create inequalities in pensions savings and lead to systematic under-saving for retirement. It looks first at the role of resources before looking at the factors which behavioural economics in particular predict will affect decision making.

4.2 Affordability

A key factor that appears to affect pension savings is a perception that an individual has sufficient income to save. Clery *et al* (2010) surveyed around 1600 randomly selected individuals to assess their pension plans, and their attitudes to pensions savings and planning. The survey built on earlier research carried out for the Department for Work and Pensions (DWP) by Hedges (1998) and Clery *et al* (2007). While they found that different attitudes to pensions and saving affected actual plans “A more significant barrier to saving for retirement was people’s financial ability to do so...around half (51%) of respondents agree that they cannot afford to put money aside for retirement and 15% strongly agree that this is the case” (2010: 240). They found that those who were sick or disabled (58%), or economically inactive (71%) or with a lower income (81%) were most likely to report finding pensions unaffordable. This is reinforced by Bozio *et al*’s (2011) findings, based on analysis of the first wave of the English Longitudinal Study of Ageing, that those who had experienced economic shocks (demonstrated by the receipt of national insurance credits for disability, caring or unemployment) were likely to accumulate lower retirement wealth. Bozio *et al* posit that such individuals may accumulate lower wealth “not only because their earnings

turned out to be lower than expected but also because they might have had to deplete their savings (or reduce their planned savings)” (2011: 48).

Most of those taking part in qualitative research by Thomas *et al* (1999) on attitudes to pensions and compulsion, were not saving at all because of their low income and the stage of the life course they were at. They found that although some individuals reported a ‘living for today’ attitude, or were reluctant to save because of fears about the security of pensions savings, a more significant curb on saving was affordability. Participants reported not being able to save because the cost of living was outstripping wages, due to low interest rates meaning they expected a poor return on savings, or as a result of changes in their marital status. Others however felt that saving was something they should do only when they were older and settled down. They found similar reasons for not saving specifically for retirement, with those on low incomes reporting insufficient disposable income, debts they needed to pay off, or a drop in income following divorce or separation.

Other studies revealed similar financial constraints on saving, and Foster (2011) argues “Pensions choice is not available to all in the same proportions and choice is meaningless to those with limited financial resources” (p.5). Some groups appear at greater risk than others. The Bangladeshi participants in Nesbitt and Neary’s (2001) research on differences in pensions understanding and savings amongst three ethnic groups in Oldham found that the main barrier to saving was financial due to a combination of low income, and the financial requirements of Izzat “a sense of personal honour in the context of the community of extended patriarchal families” (p.7), a system of reciprocity within the community. Taylor-Gooby (2005) found that many working class participants, particularly women, “felt their everyday demands, particularly from children, consumed all disposable income. Given what they saw as low incomes, their concern was with feeding and clothing their families and they

simply had no money available to invest in a pension or anything else for the longer term” (p.228). Peggs (2000) also found that women perceived limited options due to their financial circumstances, which were constrained by childcare needs which prevented them from working full-time. None of the part-time women she interviewed had been offered an occupational pension. Peggs concludes “Women with limited resources have limited choices. Women’s social location which is determined by, for example, familial and financial constraints, the expectation that women’s primary role is located in the home, and changes in the labour market, often prevents those who are poorer from having access to a range of job options. Moreover, women’s notions of their roles operate at the pre-conscious level of the habitus, pointing to non-reflexive choices” (p.356).

Undermining expected classical economic arguments that individuals will be motivated to save to maximise their future utility, there is evidence that even where individuals are aware they are not saving ‘enough’ they are still unable to do so. Parker (2000) found that only about a third of the 957 who participated in her study felt that they had saved enough for retirement. Respondents were split between those who felt they had secure provision in place and those who were putting off saving, feeling they had done enough for now and it was too soon to save. Of those who were currently saving (half the sample) only about a third were saving systematically. Her research suggested that many are uncertain about what pension income they would receive, giving three main reasons: applying the difficult retirement circumstances they had witnessed others experience to themselves; an ill-defined worry about the likelihood their income would fall in the future; insufficient current resources to make any or much retirement provision at present. Short-term employment contracts in particular made it difficult for people to think about the longer-term. This highlights how uncertainty about the future and about the benefits of saving for retirement, as well as lack of disposable income, discourages individuals from saving more. This is a particular problem given the

growth in such 'flexible' contracts in recent years (Hutton, 2000). The number of people with zero-hours contracts has increased by over 100,000 between 2005 and 2011 (ONS, 2012d).

4.3.1 Pensions planning

Following behavioural economic critiques of the classical life course theory and of *homo economicus* as well as concerns about the potential for individuals to become effective reflexive agents in the way that Giddens suggests, significant research attention has been paid to the way in which individuals go about planning and the factors that affect this. The following sections highlight the main factors that had been identified as affecting planning decisions.

There is no one single approach to planning, and the way in which an individual considers planning for retirement is affected by socio-economic factors, but also by their socialisation, how they have learned to think about the future and saving. Skinner and Ford (2000) found that no-one in their study carried out financial planning according to the definition the Office for Fair Trading had provided them. This defined planning as a three stage process: taking stock of your financial position; looking forward to see what your future needs and goals are; deciding on the actions to take as a result (cited in Skinner and Ford, 2000: 15). Future orientation, which is discussed below, is an important factor in planning.

Skinner and Ford found that a number of factors appeared to affect planning behaviour. Contrary to assumptions made by policy-makers, they found that the low level of BSP was not sufficient in itself to motivate people, and key life events such as buying a new home, or forming a new household trigger financial planning. Other factors included awareness of how

people who have already retired are managing on their pension; pressure or encouragement from parents; income and personal pre-dispositions to plan.

They proposed a typology of approaches to planning, which reflected in part the life-cycle model. 'Planners', those who had long-term planning horizons and a number of financial products, tended to be older, have children, higher incomes and savings, while 'postponers', lacking a long-term planning horizon and holding few financial products, were young and single, with low incomes and savings. 'Aspiring planners', like planners, took a long-term perspective, but had fewer financial products (from a list including life insurance, mortgages, mortgage payment protection insurance and sickness cover). Like postponers, aspiring planners tended to be younger and childless. 'Hesitant planners' were those with short-term horizons but who have accumulated a relatively large number of financial products. These tended to be settled, discerning, willing to approach financial advisors and able to make judgements about value for money. Skinner and Ford (2000) conclude that income may affect behaviour more than the life-cycle model would suggest, so that aspiring planners, for example, are held back from being planners because they have insufficient disposable income.

Similarly, Anderson *et al* (2000), in a study that combined survey data and interviews, found that attitudes to retirement are "part of a much more general orientation to life, and planning" (p.451). Those in couples were far more likely to have made retirement plans for themselves and their household. With the exception of partnered men under 30, gender had little effect once partnership was controlled for. Men and partnered men or women were more likely to have given quite a lot of thought to retirement, while only two single men and no single women had.

Anderson *et al* (2000), like Skinner and Ford, found that access to resources was an important factor affecting how individuals plan ahead. Those in lower income quartiles or the working classes were more likely to have given retirement planning little or no thought, as were those who made short-term plans, thinking weeks rather than a year or more ahead. Echoing Skinner and Ford's finding about the importance of stability in enabling planning, they found that having a sense of control affects whether people plan for retirement, with "those who feel that they are in control of their lives significantly less likely to have given little or no thought to the question of retirement than those who report having little influence over the things that happen to me...and the latter are markedly more likely to feel that they have not done enough financially to prepare for retirement" (Anderson *et al*, 2000: 454-5). In addition, even after controlling for variables such as class and income, they found that having a 'proactive' approach to planning was still an important factor influencing whether they had given any thought to retirement."

Rowlingson (2000; 2002), in a qualitative study based on 41 interviews, found that social class plays an important role in shaping approaches to planning for retirement, as people often "simply follow the general paths laid out for them" (2002:636). While she found no clear evidence of a gender effect on planning, Rowlingson found that social class affects how individuals think about and plan for the future. Most working-class participants fell in the non-planner group, partly because of the insecurity in their lives. Younger people felt more optimistic and had a greater sense that they could take control of their future, while for those with young children were more concerned to consolidate their existing situation than making plans for the future. Older participants felt more at the mercy of events and wider structures, with few making new plans although some may start to plan for retirement.

Like Skinner and Ford (2000) Rowlingson highlights the role of uncertainty and instability in shaping how people plan, and she links this to future orientation. Her research suggests that people find it difficult to envisage their future and that of their family, how policy would develop and what the world would be like. Those who found it very difficult to see into the future were often those whose circumstances were particularly insecure. Some were unwilling to try to think about the future because they found the thought of it so unpleasant, which Rowlingson suggests reveals a cult of youth. Some individuals viewed retirement positively, and she argues that conceptions of the lifecycle reflect the way in which people balance current and future priorities.

Rowlingson (2000) argued that future orientation is linked to age, with younger people demonstrating more optimism. However, anxiety was spread across the lifecycle, as “It seems people learn from experience that they have less control over their lives than they originally think” (2000:18) but she suggests that age alone is not sufficient to explain differences. Other factors including religion, pursuing a goal and a secure material base are also important. While the middle classes were evenly split between the three orientations, the working class respondents were more likely to be optimistic or anxious.

Thomas *et al* (1999) propose an alternative and extensive typology of planners: active planners; passive planners (typically under 25 years old) with an occupational pension; those who planned to continue to work. Amongst those with no plans were those with deferred or frozen pension membership, those counting on an inheritance, those planning to sell their house, and those who had considered taking out a pension but had not done so. They looked at the factors that prompted individuals to start planning for a pension or retirement income, finding that a number of events trigger saving. Respondents had taken out a pension because they were offered one; as a result of parental nagging or advice or because they observed their

parents or others surviving on low pensions; because of the birth of children or a change to their marital status which made them think about the future in a more concrete manner, or in response to media speculation that the BSP would be ended.

Clark *et al* (2009, following Clark and Strauss, 2008; Clark *et al*, 2008) carried out a random survey to uncover what factors affect the importance individuals attach to pensions planning. They found that age, gender, income and risk tolerance all play a role, with older and wealthier respondents believing planning to be more important. Although the gender association was weaker, it was still significant, with women less likely to believe pension planning was important. As Clark and Strauss had previously found (2008), having a spouse entitled to a supplementary pension was associated with thinking retirement planning is of high importance. Those who were in older age groups and who had a higher income were also more likely to indicated preparedness for retirement, although gender was not significant.

4.3.2 Attitudes and beliefs about pensions and retirement saving

Building on findings regarding behavioural economics, a number of qualitative studies have shown that, as well as differences of opinion regarding the importance of future planning, there is significant disagreement regarding the importance of having a pension, and who should be responsible for providing a pension. There is evidence that beliefs about pensions are affected by gender, age and social class.

Taylor-Gooby (2005) found social class affects attitudes to different types of pensions. Middle-class participants in his study saw the state pension as relatively unimportant, but at the same time, they expressed low confidence in private pensions. Home ownership was seen by many people, including some working-class participants, as an important source of

security, with many people seeking to diversify their investments “Precisely because they feel such saving vehicles lock investors in to a particular package and limit their control over their money” (p.230). Parker (2000) also found that property was seen as a good investment, despite fluctuations in house prices.

However, Thomas *et al* (1999) suggest that the support for investment in property in their study was often very hypothetical as participants either did not own any property or were not considering buying more as an investment. The Pension Commission’s research (2005) confirmed this, finding that while housing assets could contribute significantly to retirement assets, ownership of such assets was not negatively correlated with pension savings: those with inadequate pension savings did not have larger houses. They concluded that while housing wealth was of growing importance to retirement resources, it was not a solution to the problems of pension inadequacy. Following the global financial crisis which has negatively affected the housing market, housing is less likely to provide a full solution, particularly if the intention is to downsize rather than rent out additional properties.

Foster (2011) found that those with a higher income felt that the British State Pension (BSP) alone would be insufficient to meet their needs in retirement. Thomas *et al* (1999) carried out focus groups with the general public and a sub-group of self-employed individuals. They found that the self-employed participants in particular saw personal pensions as the flexible option as individuals can select their own provider. Those who were educated to a higher level saw this as the only pension for them. The power to choose the provider was preferred over other potential benefits of personal pensions, such as the ability to vary contributions, and their portability.

Nesbitt and Neary (2001) found that attitudes to different types of pension varied by ethnic group. The white participants felt that the State Earning Related Pension Scheme (SERPS) was a poor option for everyone, and there was some belief that you cannot depend on the state pension because predicted demographic change makes it an unreliable choice, it may not be there when they retire. Younger white participants were slightly more likely to prefer personal pensions, partly because of their ideological commitment to self-reliance, unaffected by mis-selling. The older members of the group, especially those who had a personal pension were less keen. Those who had occupational pensions recognised their benefits, valuing employer contributions and tax advantages. Amongst the Pakistani group, there was a strong reluctance to save in an occupational pension even among current members. Personal pensions were by far the most popular type of pension, but participants displayed little reasoning to suggest they were understood.

4.3.3 Perceived responsibility for saving

Foster (2011) argues that who people think should be providing pensions may influence saving behaviour. If an individual believes the government is and should be wholly responsible, it is unlikely they will make additional savings, but someone who believes that individuals should take greater responsibility may be more motivated to save. However he notes that it's unclear how this translates into practice given that many are not saving enough for retirement. Skinner and Ford (2000) found that the majority of participants in their study believed the state should be involved in pensions provision for a range of reasons: it has a duty to provide for all who have contributed; compensation for National Insurance Contributions (NICs); society is obliged to provide for those in need on humanitarian grounds; and because of perceived failures in the effectiveness of private pension provision.

The latter was related to fear of further mis-selling of personal pensions, and the inability of private pension companies to cover everyone.

However, the belief that the state should continue to play a role in pensions provision was not universal, and many argued individuals or employers should also share responsibility for providing retirement income. Skinner and Ford (2000) found that few believed that the government should be the sole provider of pensions, and most of those who believed in mixed provision felt that individuals should protect themselves, with the state only stepping in to help those who were deserving, and not the 'work-shy.' Foster (2011), in a study on young women's attitudes to pensions planning also found evidence that there is a consensus that individuals should take responsibility for their own savings, despite continuing support for a strong state role. He found limited support for means-tested provision, with many of those expressing these sentiments unaware that their savings meant they as women were likely to be reliant on it themselves.

In interviews with women, Peggs (2000) found that the rhetoric of responsibility, linked to self-sufficiency, appeared to have affected views about who should be responsible for pensions provision. She suggests "The idea of individual responsibility became prominent in the 1980s and, as a result, some of the women had changed their minds about which option they *should* choose, the moral imperative being to choose a non-state pension" (2000: p.362). There is evidence that women's attitudes to pensions savings are affected by the conflicts between paid employment and motherhood many experience. Taylor-Gooby (2005) found that women in his study pointed out the difficulties of trying to accumulate a pension fund given the effect of family responsibilities on their working life. Peggs (2000) found "gendered notions about women's primary role as carer, notions located in the habitus,

affected or had previously affected most of the women's attitudes to their paid work and their retirement" (p.362).

Nesbitt and Neary (2001) found that commitment to self-reliance differed between the different ethnic groups they studied. While young white participants were ideologically committed to self-reliance, the Pakistani group demonstrated no such commitment underpinning attachment to personal pensions. The combination of low incomes and high levels of family commitments meant that they were reluctant to save in private pensions. The Bangladeshi respondents accepted SERPS as a last resort but preferred to stay out of occupational pensions, and tended instead to rely on a parallel economy and provision through Izzat. Those working outside the formal economy would not have been making national insurance contributions. The younger Bangladeshi group exhibited strong beliefs that the state should provide an adequate pension, coupled with negative views of their employers and occupational pensions. A number had withdrawn from their occupational pensions, because they were unable to afford the contributions or they wanted to build capital to invest in a business. They tended to be unaware this meant they were forgoing employer contributions. The older Bangladeshis did not see private pensions as particularly important and almost universally saw their children as their pension. Amongst both Pakistani and Bangladeshi respondents, those in the public sector better understood the importance of second-tier pensions.

Thomas *et al* (1999), in a qualitative study aimed in part at testing views on increased compulsion in pensions savings, uncovered mixed views amongst the general public and the self-employed participants. Almost no-one saw themselves as compelled to save for retirement through National Insurance contributions. Most people saw compulsion as acceptable as they felt individuals should be doing something to ensure their future standard

of living, but felt this shouldn't apply to those considered unable to provide for themselves, such as the disabled and long-term sick, and those whose incomes were too low to enable them to save more. Amongst the general public there was a feeling there should be no compulsion beyond the BSP, as it would increase tax and not necessarily offer any benefit. A second group felt that compulsion should apply to all as introducing exceptions would be too complicated. The third felt that there should be compulsion only in certain circumstances, and exceptions should be made for those not in employment, or unable to pay more. There was also some discussion about excluding wealthier people who already have contributed. Those in their mid-40s were aware that it would be very expensive for them to save. There was also some feeling that such saving should be incentivised.

Foster (2011) found that women in managerial or professional roles highlighted the role of the employer, and an occupational pension was viewed as a job bonus. He also found support for the concept of auto-enrolment as it would help people become financially responsible. Rowlingson (2000) found that many who had private pensions savings were grateful that these had been compulsory, although they remained uncertain about what their pensions would provide, and some were left in an occupational pension trap, where additional savings meant that their entitlement to other benefits (such as the means-tested Pension Credit) was reduced. Peggs (2000) also found that the women she interviewed who had been required to join a pension as a condition of their employment were glad they were members, although they expressed dissatisfaction with the amount of information they received about their pension.

4.3.4 Risk

Chapter three raised questions over the classical understanding of how individuals make decisions regarding consumption of resources over time, calculating how much to consume at different points along the lifecycle to maximise overall utility, suggesting this does not reflect how individuals make decisions in real life. Behavioural economics highlights the inherent limits to individual decision-making, and has increasingly formed the basis for research into financial decision-making and pensions savings. Central to this research has been the examination of the roles of risk and uncertainty in individual decision-making. Section 4.3.1 highlighted the effect that instability and lack of control can have in shaping people's approach to planning. This section looks in more detail at the role of risk attitude and the perception of risk in affecting decision-making.

There is a growing area of research that examines the role of risk, in particular risk aversion in pensions planning and decision making. Attitude towards risk is often considered to be a personality trait, and studies looking at planning behaviour draw on psychology as well as economics. While there appear to be gender differences in risk attitude, there is evidence to suggest that it is instead a difference in risk perception rather than attitude to risk. Women and others with apparently low risk tolerance may therefore perceive a greater risk in most risk domains, particularly in the area of finance, with implications for the continuing shift towards individualising pensions risk through private pensions, particularly money purchase schemes where individuals have to make complex investment decisions (Weber *et al*, 2002; Harris *et al*, 2006).

Bajtelsmit *et al* (1999) modelled those investing in defined contribution (DC) schemes and found significant gender differences for age, education, marital status, human capital and the

allocation of other risky investments. Interestingly, they found that men's levels of risk aversion depended on their wealth, whereas for women, risk aversion was constant and didn't change as their finances did. The presence of children also increased the likelihood someone would invest in a DC pension, although women were affected less than men. They conclude that gender differences in the allocation of wealth to DC pensions are largely attributable to differences in male and female behaviour, in particular women's higher levels of risk aversion.

Sunden and Surette (1998) argue that risk aversion can lead to under-saving and poor investment decisions. In a study looking at DC investment amongst a sample of American employees, they found that individuals investing in DC pensions, choosing how to invest their savings, invest too conservatively, with women in particular shying away from stocks which have a higher rate of return in the long run, as these are seen as more risky. They found that investment differences are not only explained by individual or household characteristics, but marital status, and attitudes to other investments. In a UK survey, Clark *et al* (2009) found those indicating a higher level of risk tolerance were more likely to think that pension planning was important.

Qualitative research in the UK reveals a contradictory relationship between risk perception and the responses individuals have to the presence of risk in long term planning in the areas of retirement income and care provision. Rowlingson (2000) and Skinner and Ford (2000) both found that risk created concern, but that this did not necessarily translate into precautionary action. Skinner and Ford found "many respondents were concerned with general uncertainty in the sense of 'not knowing what lay ahead' and this attitude to risk promoted the desire for insurance cover, savings and to engage in financial planning" (2000: 18). However this was not a universal response, with others taking a more fatalistic attitude to risk. Rowlingson

(2000) found similar differences with uncertainty creating anxiety for some; others were motivated to seek greater control in the face of risk. She found no clear evidence that individuals would take precautionary action in response to risk, as assumed by the conception of the reflexive individual in a risk society. She argues therefore that how individuals perceive time horizons is linked to insecurity and feelings of powerlessness and that this is not a fixed personality trait but shaped by circumstances. She concludes that a lack of forward planning is not necessarily reflective of irrationality or irresponsibility, but revolves around individual's future orientation, which in turn relates to their personal circumstances. Future orientation is therefore "also linked to having little time, money or energy to think or worry about the future" (2000: 18). Anderson *et al* (2000) also found that access to resources was a key factor affecting people's approach to forward orientation.

Taylor-Gooby (1999; 2005) has examined approaches to riskiness. In focus groups on attitudes to risk and the welfare state, he found that uncertainty was raised in each of the focus groups, with many only able to express vague expectations of the future (2005). In research looking at the housing market and social care (1999) he found that many people saw risk in these areas as endemic, and that this reflexivity was associated with varying degrees of anxiety. Taylor-Gooby argues "the sense of riskiness was exacerbated by an evidence of powerlessness in terms of having little grasp of why such changes might occur. Reflexivity was allied to a mistrust of the experts in the private financial sector" (2005:183). The sense of risk was heightened by a recognition that one can no longer depend on a job for life. Individuals expressed concerns about saving carefully and then having nothing to spend it on in retirement, or taking out a pension when they were single and their circumstances changing. Taylor-Gooby found that in this context of uncertainty, having the capacity to make choices and maintain some control was particularly important for middle-class participants, especially those who did not have faith in state or non-state pensions.

4.3.5 Trust

Associated with the concept of risk is trust. A common concern in the literature on UK pensions is that the public do not trust pensions providers, and are not convinced that saving in pension schemes will pay off in the long run. This lack of faith applies to both private and state pensions (Clery *et al*, 2010; Ring, 2005). If people do not trust that pensions will provide an income in the future, the decision about how to plan for retirement is likely to be harder, and it may discourage saving altogether. The Office of National Statistics (ONS) (2011) has suggested this lack of trust may have contributed to the fall in pension membership.

There is some evidence that trust in pensions in the UK was undermined by a number of events in the 1990s and 2000s (Nesbitt and Neary, 2001; Thomas *et al*, 1999). These include the mis-selling scandal of the early 1990s, where high-pressure sales techniques were used to encourage people to contract out of SERPs or OPs that offered a defined benefit, into defined contribution personal pensions that were inappropriate and could leave people with lower pensions in retirement than they would have received otherwise. High profile mismanagement of a number of major pension funds, such as Equitable Life and the Maxwell group, further undermined trust in both personal and occupational pensions, demonstrating the risks associated with saving in a pension fund (Ginn, 2003). These concerns were compounded by uncertainty and delays experienced by those affected when claiming compensation (Taylor-Gooby, 1999).

The global financial crisis of 2008 may have caused additional fears about the reliability of pension funds. The reputation of the British financial sector was damaged by the nationalisation of Northern Rock and the collapse of Lehman Brothers in 2008, raising

concerns about the stability of the financial system in the UK and globally. Clery *et al* (2010) found that the proportion of those surveyed who had faith in banks and building societies acting competently had fallen by 8 and 19 percentage points respectively between 2006 and 2009. The National Association of Pensions Funds has warned that auto-enrolment may create a new pensions mis-selling scandal if the system of means-tested benefits is not reformed, as low earners may find that the small amount of pension income they receive as a result means they lose means-tested benefits, lowering their total income below that which they would have received if they had made no savings (NAPF, 2011).

Clery *et al* (2010) found that on top of significant levels of confusion and uncertainty about pensions, individuals also expressed low levels of confidence that pensions can be trusted to provide an adequate and assured income in retirement. Just under half saw pensions as the most secure way to save, but 34 per cent did not want to save in a pension as they did not know how much they would get back. Confidence in pension providers was particularly low. Clery *et al* calculated confidence by finding out the percentage point difference between those that provided positive and negative responses to questions about confidence, on a five point Likert scale. Five per cent of respondents had confidence in the government to guarantee an income in retirement, a fall of 11 percentage points from 2006. Confidence in financial companies was -15%, down 20 percentage points from 2006; for employers, -19 per cent. Individuals were most likely to trust provision by a non-profit organisation (32 per cent) or a bank or building society (22 per cent). These levels of mistrust in pensions and pensions providers pose significant challenges to policy makers aiming to encourage higher levels of pensions savings as they are likely to add to the uncertainty and myopia that lead to under-saving.

State pensions are not immune to these fears (Nesbitt and Neary, 2001). Disney and Emmerson, (2005) note that how governments will treat accrued rights, and what other payments will be available to pensioners will be unclear before retirement and may be changed post-retirement. In a qualitative study, Taylor-Gooby (2001) found “It was typically assumed that state pensions would wither and that individuals would need to provide for themselves” (p.202). This caused concern amongst participants, particularly those from the working class who feared that private pensions would be unaffordable. Others highlighted concerns about the standard of private provision as a substitute.

There is evidence that many individuals lack faith in any pension provision, and that their decision to invest in one type perhaps reflects a lack of better options rather than a belief that their savings vehicle will provide them with a secure retirement. In interviews with women, Peggs (2000) found that several of those who had chosen to save in non-state pensions had done so because they felt there was risk that state pension provision would be changed, and their concerns about this affected the decisions they made. The women interviewed also revealed a lack of trust in personal pensions, but continued to invest in them in response to a perceived moral imperative to avoid state pensions. Taylor-Gooby (2005), in focus group research, found a widespread feeling across socio-economic groups that the government had a poor record on keeping its pensions promises and that it couldn't be trusted. However, he found even lower levels of trust in private pensions providers, especially amongst the working-class participants. Foster (2011) found that trust in non-state pensions tended to be higher amongst those in managerial and professional occupations particularly those employed by large companies offering occupational pensions, as there was less uncertainty regarding their pension schemes.

Taylor-Gooby (2005) found that social class affected how individuals responded to lack of trust in pensions provision. The middle class recipients responded by focusing on how to plan and save, placing their faith in their ability to manage their investments, over which they could exercise some control. On the other hand, the working class participants felt that they simply had to place their faith in the state to provide a safeguard as they did not have any alternative savings options, and because they “believed they would not be allowed to starve” (p.227).

4.4.1 Capacity for decision-making

In addition to salience and the level of uncertainty, behavioural economics suggests that individuals may struggle to make the complicated calculations required to plan effectively for retirement because they lack the understanding necessary, or use heuristics to simplify the decisions facing them. The next sections look at the role that financial literacy and the type of advice and information sought play in shaping pensions planning decisions.

4.4.2 Financial literacy

Chapter three highlighted the importance within rational choice theory of full information and the ability to make rational, calculated decisions when it comes to pensions planning. The assumption that individuals can access information is implicit in reforms that introduced personal pensions and improving this access has been highlighted as a key task for pensions policy. The complexity of decisions regarding investment for retirement, inherently risky given the unpredictable nature of the institutional factors that affect pensions accumulation, such as future pensions policy, financial market performance, and future needs, let alone

actual longevity, means that it is unsurprising that many people struggle to make pensions savings decisions.

Bozio *et al* (2011) found that numeracy and higher educational achievement (used as a proxy for patience in decision-making, as well as ability) were associated with having a private pension and higher levels of wealth.

An American study examined the effect of financial literacy on retirement planning, and found that two-thirds of those who had made some financial plans for retirement exhibited a higher level of financial literacy than non-planners. Few planners gave 'I don't know' as an answer to questions about financial issues such as compound interest and inflation. Those individuals who gave 'don't know' as an answer were less likely to plan or to plan successfully, regardless of income. In a review of a number of studies looking at financial literacy and pensions planning, Lord (2002) concluded "Increased financial education appears to be one of the primary avenues for improving retirement preparedness" (p.33). Hershey and Mowen (2000), in another US study, found that individuals who have a high level of perceived financial knowledge and who are also future oriented were more likely to plan for retirement.

Low levels of financial literacy and pensions knowledge have been an area of concern in the UK. A study on financial literacy by Atkinson *et al* (2006) found low levels of understanding of financial products, associated with race, class and gender. Clery *et al* (2010) revealed low levels of confidence in understanding of pensions issues. Only 36 per cent of respondents felt they had a reasonable knowledge of pension issues in general, 33 per cent felt they had reasonable knowledge of state pensions and 29 per cent said they knew nothing about pensions. Men were much more likely to express confidence than were women, with 42 per

cent of men but only 20 per cent of women rating their knowledge of pensions as good or reasonable. Clery *et al* (2010) found that confidence and knowledge are affected by socio-economic factors, with 48 per cent of those in professional or managerial occupations claiming good or reasonable knowledge of pensions, but only 28 per cent of those in routine occupations. Clark *et al* (2009) similarly found that financial sophistication is a precondition for deliberate planning as “those who understand the substantive foundations of financial decision making may be, all other things being equal, more likely to recognise the importance of pension planning” (p.2511). Confidence and knowledge are positively affected by social class.

A range of research has highlighted a lack of understanding of pensions policies and issues in Britain, and while some are aware of the limits of their knowledge, others reveal a misplaced self-confidence. Parker (2000) argues it is often difficult for people to compare different types of pensions because they have so little understanding of the options, and lack of experience of investing more broadly. Clery *et al* (2010) found scant understanding of pensions policy, presumably compounded by the fact that 38 per cent of respondents felt that pensions are boring, and 71 per cent believe they’re so complicated it’s difficult to know what to do. Only 23 per cent felt able to make decisions with confidence. 67 per cent of those with a degree found pensions too complicated compared to 77 per cent of those without. Possibly reflecting the constant reform and debate in this area, only 30 per cent of men and 17 per cent of women know when they could expect to get their state pension, often expecting it earlier than they would be eligible. Only 25 per cent of men and 17 per cent of women knew that you need to annuitise money purchase pensions. Fewer than one in ten was able to estimate their personal life expectancy. They found that pensions knowledge is greater for those who are older, better educated and have experience of a pension. This suggests that it may be

preparing for retirement rather than having confidence in one's ability that affects actual knowledge.

Foster (2011) also found low levels of knowledge despite some people's claims to the contrary. Many were unaware of what the value of the basic state pension was, with some believing it is half the actual amount. Participants in his study also knew little about occupational or personal pensions, with only one being able to explain the difference between DB (defined benefit) and DC schemes. Others were able to identify what sort of pension they had once they were described to them. Peggs (2000) found that only a minority of the women she interviewed felt they had an adequate level of knowledge of pensions, and this ranged from knowing how much they expected to receive to the details of the different options they faced. Some women were better informed, and Peggs argues this meant they had gained the cultural capital they needed to make informed decisions about pensions. This tended to have built up over a number of years, based on experience with early employers.

Thomas *et al* (1999), in focus groups with the general public and a sub-group of self-employed individuals, found that the BSP was recognised by all respondents, but that there was little understanding that married women's stamps were no longer available. There was limited understanding of National Insurance Contributions which were not linked by participants to the BSP but considered a tax. They found that when individuals referred to the state pension, they meant the basic state pension rather than the state second tier pensions. Participants under 35 years old showed particularly low levels of awareness of SERPS, and there was generally little understanding of how this worked. The self-employed group had slightly better understanding. This lack of understanding about SERPS made it difficult to compare it to other pensions, although the general perception was that it would be small.

While there was recognition that investment and savings would be eroded by inflation, Thomas *et al.* (1999) also found poor understanding and evidence of confusion regarding private pensions. There was little understanding of the difference between transferring a pension and transferring the rights, and some expressed surprise it was not possible to contribute to occupational and personal pensions at the same time, and a number believed that it is possible to take the whole of a personal private pension as a lump sum. People were unaware of or did not understand Additional Voluntary Contributions (AVC).

Nesbitt and Neary's (2001) research suggested that knowledge of pensions was affected by ethnicity and background, including age and employment history. Amongst the white participants, the BSP was more widely understood than SERPS, and while NICs were identified by most as a main method of funding it, others thought that it was funded by tax. Some were aware of tax incentives encouraging private saving, but were not sure of the detail and there was a widespread belief that contributions would be covered by insurance if you lose your job. Some believed that the BSP as well as SERPS was being phased out. They concluded "current membership of an occupational pension scheme appeared to be the most important determinant of older white respondent's knowledge of occupational pensions" (p.38).

Amongst the Pakistani and Bangladeshi participants in Nesbitt and Neary's (2001) research, there was very little knowledge of either state or private pensions, particularly amongst the Bangladeshi group. Unemployed Pakistani participants were confused about the difference between occupational and personal pensions, and the older Pakistani individuals did not have much knowledge of how these worked, in particular believing that contributions would go to waste if you changed jobs. The Bangladeshi respondents, who tended to have settled in the UK later than the Pakistani immigrants, knew very little, with even those in the public sector

who had occupational pensions having only average or poor knowledge. This meant that they had a very low level of technical knowledge to base their pensions decisions upon, and again, SERPS was the least well understood. Some of what they reported was incorrect, for example those in secure employment believed they 'saved' their contributions if they opted out of an employer pension.

4.4.3 Advice and information

Given the importance of understanding pensions and financial issues when making decisions regarding pensions, access to information and support and the type of advice received may affect both willingness to plan for retirement beyond the state pension, and the decisions made. Peggs (2000) argues that contact with expert systems is an important element of Giddens' reflexive monitoring of risk, as appropriate information enables individuals to become empowered in decision-making. Through seeking advice individuals can re-skill so they are able to make informed decisions. However, she warns that this may be oversimplistic, ignoring the actual ways in which individuals seek advice, as well as the effect of competition on the sales tactics used by financial companies. There is evidence that the type of advice and information sought is associated with how people approach pensions planning and decision-making.

There are a number of different types of information and support available to those engaging in retirement planning. Peggs (2000) found that the women she interviewed had used a number of sources of information and advice to educate themselves about pensions. Written information used included official information about pensions and newspaper articles, while face-to-face advice was received from financial advisors, friends, colleagues and relatives. Information provided by employers regarding occupational pensions was considered difficult

to understand. Thomas *et al* (1999) found that younger people were not interested in the statements they received regarding their occupational or personal pensions, while those who had been contributing longer did not find the statements very useful.

Clery *et al*'s (2010) survey found that face-to-face and expert advice are more valued, with financial advisors the most trusted source of information (17 per cent), followed by government departments (13 per cent), employers (11 per cent), and friends and family (10 per cent). Clark *et al* (2000) found that individuals who rely on a colleague or relative, and those who rely on a manager at work, were less likely to indicate preparedness than those who relied on the media or booklets about retirement planning.

Both Foster (2011) and Nesbitt and Neary (2001) found high levels of confusion regarding where to turn for information on pensions planning and saving. The latter found that this confusion, and the information sought to reduce it, was affected by ethnic background and was related to the degree of understanding of pensions an individual possessed. Amongst the better informed white respondents, the main sources of information were the quality national press, and employer pensions officers, while for the less well informed the main sources of information included the press, including local press, and television programmes. Nesbitt and Neary (2001) point out that television coverage in particular may provide flawed information, as it over-emphasises scandals such as mis-selling, but also lacks detail about pensions issues.

It may be that individuals are better informed because of the information they have access to, or that those who are better informed seek out different types of information. The Pakistani respondents who had secure employment used banks for financial advice, but those who were unemployed or in insecure employment had no idea where to turn. Professional advice was not considered valuable, with friends and family suggested as sources of advice on personal

pensions. The Bangladeshi respondents reported that their main source of information was the South Asian media, including local radio which Nesbitt and Neary (2001) suggest is also unlikely to provide detailed information about pensions. The majority had no idea where one would go to seek advice, and amongst the older Bangladeshi respondents, there was a reluctance to go to speak to their bank without their children present.

Thomas *et al* (1999) found that different approaches to planning were associated with the use of different sources of information and advice. Those taking a passive approach used the media or pensions sales representatives for information, while those more active planners, seeking out advice tended to use financial advisors (this is what differentiated them from passive planners) and friends, and sought information when they were triggered to think about pensions. The self-employed respondents tended to keep on top of financial issues through the papers, accountants or independent financial advisers. Participants tended not to find pensions projections useful.

4.5 Retirement decision-making

Another factor that is likely to affect both pensions savings and income is expectations surrounding retirement. The lifestyle an individual hopes to attain in retirement, and their preferred age for retirement may affect how much individuals decide to save and how. Income in older age is also likely to be affected by the degree of control individuals have over retirement timing in particular, whether working beyond retirement age or taking early retirement is a choice or forces on them for health or financial reasons. There is evidence that individuals do not necessarily feel they have full control over their retirement decisions, and that a number of external factors, particularly financial, play a significant role in deciding when they retire.

Higgs *et al* (2003) interviewed civil servants who were near retirement age or had recently retired, to investigate how they made decisions regarding retirement. They identified a range of approaches to retirement decisions. Some civil servants were financially attached to work, and couldn't afford early retirement, or had specific financial commitments to meet. These individuals often sought early retirement but would not accept the package they were offered as it was insufficient to ensure the standard of living they wanted or meet their outlays. Others remained in work because they enjoyed it, or had a traditional work ethic. The latter group didn't consider early retirement despite access to a full pension, as work formed the main focus of their life. The next approach was those who simply saw the mandatory retirement age as the usual age to retire. Another group took early retirement for financial reasons, responding to inducements that helped them solve financial problems such as paying off the mortgage. Some were willing to return to work after retirement. This contrasts to those who took a 'third age exit', retiring to pursue outside interests, and seeing no reason to continue. Some would refuse a promotion if it was too demanding in the run up to retirement. Others exited work due to 'work dissatisfaction', or due to changes in their job or travelling, and had not been offered early retirement, and a final group opted for a 'poor health exit', funded by the Treasury. Very few people had taken this option, or reported that ill health or caring had pushed them into early retirement, though some had welcomed being able to retire at 60.

While the study was limited to a small section of society, Higgs *et al* (2003), highlight the complexity of the retirement decisions individuals face, with some individuals interviewed fitting into a number of these different types. They found that the overriding factor influencing retirement decisions appeared to be financial considerations, rather than the health concerns that they expected, and indeed that those individuals who had not retired yet

predicted. They suggest that their research indicates two contrasting models of retirement, the first a white-collar model, where retirement depends on favourable economic conditions and a manual model where retirement is intertwined with a breakdown in health and inability to continue. Alternatively they suggest a contrast between structured dependency theory, where retirement is a phenomenon created by the needs of mass labour-market exit versus the third age conception. If pensions benefits are low and retirement is effectively marked as a period of structured dependency, individuals may be reluctant to seek retirement, particularly in lower employment grades.

Higgs *et al* (2003) distinguish between being pushed, where management exploit individual dissatisfactions to encourage retirement, and jumping, where individuals are motivated by the package on offer, and choosing, where workers continue to work or retire for positive reasons. These may include a partial rejection of purely financial concerns. They argue that the different influences they identify reflect the role that agency and structure play in forming retirement decisions, suggesting “structures may influence an individual’s actions but individuals in turn influence the nature of structures. Without individual agency in early retirement decisions, it would simply be redundancy” (p.774). They argue that the sway of structure can be identified by understanding who was pushed into a particular decision, whereas agency is influential where individuals do not do what others want them to do.

Vickerstaff (2006) explores the role of choice in retirement and early retirement further. She notes that most research on early retirement highlights a correlation between individual difference variables such as income, health, marital status, caring responsibilities, and retirement timing, while other research suggests that most of those who stop working in their 50s can’t be described as having a choice in the matter, finishing instead due to ill health, redundancy or encouraged early retirement, all of which are conditioned by employers, i.e.

structural factors. She interviewed employees and recently retired employees from 3 large organisations, noting that as they enter the 'retirement zone' employees face a range of options including early retirement, 'normal age' retirement and continuing to work. She argues "the individual brings into the retirement zone a particular set of individual circumstances and dispositions, in terms of health, finances, domestic circumstances, job satisfaction and non-work life interests" (2006: 509).

Vickerstaff (2006) found that individuals felt frustrated by the existence of a normal retirement age, and would prefer more discretion over retirement decisions, in particular the ability to gradually reduce hours rather than abruptly retire at a certain age. In each of the three organisations studied, there was considerable institutional control over retirement decisions, and retirement timing tended to be managed on a case-to-case basis, and this was often perceived to be implemented arbitrarily. In the health and local government organisations included, management preferences drove decisions, while in the transport company pension scheme terms were more significant.

Control over retirement options was associated with occupational class, with highly paid managers and professionals more likely to feel they had an effective range of choices, such as continuing past retirement age or coming back as a consultant, than those who were in lower grades who felt unable to reduce their hours or change roles for financial reasons. Those still employed felt that the main reason to take early retirement would be the offer of a good package or health or care reasons, but those who had already retired cited organisational factors or pension issues as more important. Financial considerations were important to both groups. Vickerstaff reports that the normal retirement age had less of an effect on retirement decisions than did unanticipated events which affected both the timing of retirement and retirement aspirations. For example, many expressed a preference to retire than have to take a

worse job, while others cited domestic circumstances including ill health, and for women, divorce as a trigger.

Thomas *et al* (1999) included questions about retirement plans during their focus groups with the general public and self-employed. They found that most wanted to retire at the traditional gendered ages of 60 and 65, although some people hoped to retire early, at around 55, and a small number wanted to continue working. However, these tended to be more wishes than plans. Amongst the self-employed similar wishes were reported, but they tended to have more definite views about retirement, including what income they would need. Nesbitt and Neary (2001) found that retirement expectations were affected by income level, with those in secure, well-paid jobs expecting a higher level of retirement income and often considering early retirement. This was particularly true of those with occupational pensions. Those on lower incomes, in secure work or unemployed expected less and believed early retirement would not be possible.

These studies highlight the way in which agency and structure both shape retirement decisions, with individuals often feeling pushed into a retirement timing decision, or jumping before they are pushed. The ability to make an effective decision may often be greater for those in higher grades, for financial or organisational reasons. This is in contrast to the conception of retirement as a two-stage process uncovered by Skinner and Ford (2000), where individuals focused almost entirely on the first period, felt to be a chance to travel and be active, and which prompted some to hope to retire early. Little attention was paid by those in that study to the later, more dependent period of retirement and older age.

4.6 Conclusions

Chapter three described the classical economic theory of expected utility, which suggests that in pensions planning, individuals will be motivated to smooth consumption over their lifetime, valuing income and spending in retirement at the same rate as during working life, and saving money during periods of higher income to use in retirement (Hargreaves-Heap *et al*, 1992; Wicks and Horack, 2009). Behavioural economists have challenged this (Gintis, 2000), arguing that people often value spending in the short-term over spending in the distant future, that they are risk averse, preferring not to risk a loss rather than take a risk that may bring financial gains. They also argue that long-term decision-making in conditions of risk and uncertainty, as with pensions planning where future needs, policy, life-span and the rate of return on savings are unknown, are complex, and that people find them difficult. Instead they use heuristics to simplify the calculation, or avoid the decision altogether (Khaneman and Tversky, 1979; Khaneman, 2011; Gintis, 2000).

The literature on attitudes to pensions and pensions planning behaviour supports the claims made by behavioural economists. Individuals struggle to plan towards their pensions. While one of the key barriers is a lack of disposable income to save - supporting the more nuanced explanations of agency as constrained by lack of capital made by Bourdieu (1987, 1993; Peggs, 2002; and Greener, 2002), socio-economic circumstances do not explain all differences in savings. Several different approaches to planning can be observed, reflecting differences in how people view the future, and how they view and respond to risk. While some individuals respond to risk and uncertainty by making precautionary savings, others are fatalistic, so recognition of a risk of low income in retirement is not necessarily sufficient to prompt pensions saving in and of itself.

People take different types of approaches to planning, some more proactive and careful than others. The type of approach an individual takes may be heavily influenced by their circumstances, and may change during their life. Insecurity in both financial and emotional terms therefore appears to limit pensions planning, and this is exacerbated by low levels of trust in pensions providers, and in pensions to provide a reliable income in retirement. While people tend to prefer face to face advice about pensions, this is not always associated with preparedness for retirement. In addition, many people simply do not know where to turn for financial advice. A lack of financial literacy and often poor, if not incorrect, knowledge of pensions undermines individual's ability and willingness to plan. These findings undermine Giddens' (1994) argument that in a risk society, reflexive agents will review their situation to make informed decisions. They also lend support to the behavioural economics model over the classical model of 'rational' individuals making calculated plans to maximise their overall consumption, smoothed across the lifecycle.

The evidence therefore suggests that expected utility theory is insufficient to explain retirement factor, and that attitudes to pensions and how people make plans are affected by a wide range of factors, often out of their control. Individuals do not always demonstrate reflexive agency: where they have insufficient 'capital' to plan, they may be reflexive objects, aware that they need to act but unable. Lack of knowledge of pensions and the need to make individual plans, or mistaken beliefs about pensions may result in non-reflexive agency or even objectivity. Policy based on assumptions about behaviour and decision-making that do not reflect real world behaviour may not be successful in meeting its aims. High levels of under-saving for retirement in the UK may be due to mistaken beliefs contained in policy that individuals will be motivated to maximise their income in retirement, and that they have the reflexivity and agency necessary to do so.

There are a number of potential implications for carers of the findings of past research. The first is that, if their financial circumstances are negatively affected, they may find it harder than non-carers to make pensions plans. The unpredictable nature of caring may increase the insecurity individuals already experience, making it harder to judge what they will need in the future: while some may respond with precautionary planning, others may simply avoid thinking about it. The interaction between planning and gender, particularly with regard to financial literacy may leave carers, disproportionately female, less able to make the calculations necessary for effective pensions planning. The following chapter will explore the research relating to carers and finance and decision-making. It looks at the effects of caring that may influence carers' approaches to pensions and planning, such as the effect on their employment and income, as well as their wellbeing. It also explores the extent to which carers are able to make a decision about caring: without this, it is unclear that carers will be able to make the same decisions regarding saving and retirement as non-carers.

Chapter five: Caring and pensions

5.1 Introduction

The following sections provide an overview of the extant research on carer's pensions, as well as related research on caring that is likely to reflect the way that carers think about and plan for retirement. The first section examines the limited research to date that looks specifically at the effects of caring on actual pensions savings, highlighting the compensatory effects of state pensions, and the effect on private pensions savings. The sections following then look at the implications of a number of factors relating to carers' ability to plan and save. The literature is examined in light of the theoretical approaches set out in chapter three. The degree to which carers are able to make a free choice to care is discussed, in terms of feelings of love, family obligations and alternative sources of care. The effect of this on the ability to decide to save is then explored together with the effect of caring on employment and the impact on individual and household finances.

5.2 Carers and pension savings

As discussed in chapter two, a number of reforms have been introduced to protect the state pensions of those who take on substantial levels of informal caring activities. However, although the political discourse focuses on encouraging private pensions savings to supplement state pension provision, there is no direct support to carers to do so. If caring responsibilities affect those factors that influence private pensions savings, carers and former carers may be at risk of receiving a lower pension than if they had not cared. It is widely acknowledged that since providing care can affect employment earnings and national insurance contributions (Evandrou and Glaser, 2003), it can also affect carers' ability to

provide for their retirement (Howard, 2001; Lankshear *et al*, 2000). Despite this there has been relatively little research into this issue.

In a 1994 study using data from the 1988/9 Office of Population Censuses and Surveys *Retirement and retirement plans survey* (and therefore predating the New Labour changes that directly addressed carers' pensions), Hancock and Jarvis concluded "There is not a great deal of evidence that caring responsibilities lead to lower levels of state pension. In general, differences between the pension of past carers and non-carers, of those caring for more than a decade and those who had cared for shorter periods, and of those reporting an effect on their working lives and those reporting no effect were small and not statistically significant" (p.32). The only exceptions were that the median state income for women who had cared for over 10 years was significantly (£9 a week) lower than for women who had cared for fewer than 10 years while the median state pension of women reporting an effect of caring on their working lives was £16 higher than that of women reporting no effect.

Similarly, Hancock and Jarvis (1994) reported only small differences in occupational pension membership. Only for male carers aged 65-69 was the proportion of life spent as a member of an occupational pension scheme less than their non-carer counterparts. Female past-carers had spent more time in a pension scheme than those who had never cared, except in the youngest age group where the mean proportions were the same. They found "pensions coverage rates are higher during caring than prior to caring. For the youngest age cohort they increase further after caring ceases. This is most likely to reflect the general growth over time in occupational pension coverage but it is remarkable that this outweighs the downward movement in full-time work which we have seen occur as past carers pass through their period of caring" (p. 57).

Evandrou and Glaser (2003) also found only limited evidence that caring affects pension entitlement. They analysed the Family and Working Lives Survey (1994/5) (again prior to the New Labour reforms) to assess whether the effect of caring on employment translates into a 'pensions penalty' to caring. They found that most men, regardless of age or caring status, made some Class 1 National Insurance Contributions (NICs) (those made when employed) while a higher proportion of those who had cared made Class 2 (made by the self-employed) contributions than those who had never cared (among those 45-49, 31 per cent of carers and 23 per cent of never cared). Only a minority were covered by Home Responsibilities Protection (HRP), whereby national insurance credits were made on behalf of some carers. Amongst mid-life women, however, between 10 and 20 per cent had made no Class 1 contributions, and since HRP was only introduced in 1978, older women were less likely to have any coverage.

Evandrou and Glaser also found that men who had ever cared had a higher entitlement to BSP than women, but that caring status did not seem to affect entitlement when controlling for the effect caring had on employment: "Prior to state intervention, men who stopped work in order to care had accrued significantly lower entitlement to BSP than other men. After receipt of Credits and HRP, however, their state pension entitlement was similar" (2003: 591).

Women as a group have lower levels of basic state pension (BSP) rights on average compared to men. Evandrou and Glaser (2003) found that women aged 45-49 had an average entitlement of just 34 per cent of the full benefit before HRP credits, rising to just 42 per cent after credits and HRP are taken into account. Those who gave up work to care had higher levels of entitlement than mid-life women in general, reflecting the fact that women who have never married and who are less likely to have taken a career break earlier for childcare purposes, are more likely to care in midlife than other groups (Maher and Green, 2002).

Credits and HRP will not provide protection against losing most second and third tier pensions, although since 2002, qualified carers have received credits towards the S2P. Evandrou and Glaser (2003) found that 97 per cent of all mid-life men and 96 per cent of those who had ever cared had made second tier contributions, 70 per cent and 66 per cent had contributed to the Graduated Pension or SERPS and 78 per cent of all mid-life men and of those who had ever cared had an occupational or personal pension. Women are more likely to work part-time than male carers. This is reflected in their entitlement to second and third tier pensions (Arksey *et al*, 2005). Evandrou and Glaser (2003) found caring status had little effect on second tier contributions until they controlled for employment. Men who stopped working were significantly less likely to have an occupational pension, which they suggest may be due to these carers' concentration in manual occupations with less access to a pension. Carers who stopped working made contributions to occupational pensions for fewer years compared to other carers: 13 years compared to 21 years for all mid-life men. There was little difference in the use of occupational pensions amongst women according to caring status (Evandrou and Glaser, 2003).

Although their study looked at the number of contributions made to first and second tier pensions rather than the level of pension income received, Evandrou and Glaser's work is interesting because it highlights the importance of government intervention in providing carers with access to a pension. They conclude that there was little evidence of a 'pensions penalty' to caring although there are significant gender differences in pension entitlement. They argue "The evidence suggests that the current system of Credits and HRP does afford carers some protection of their rights to the basic state pension. In fact, those carers who reported that they 'stopped work' on taking on caring responsibilities had, on average,

superior entitlements to those who changed work arrangements or continued in the same situation” (2003: 596).

Ginn and Arber (2006), however, warn that although pension entitlement may be protected by Credits and HRP, the decline in the value of the BSP due to the break in the link with earnings in the 1980s (from 2011 the BSP has been uprated by the greatest of average earnings, prices or 2.5 per cent), may affect carers as they could find it harder to compensate for the lower BSP through other means. However, it should be noted that carers may have benefited from the substantial increases in the income-support elements of the state pension, the Minimum Income Guarantee and the Pension Credit that replaced it, which were increased so that they were higher than the basic state pension (BBC, 2000). This ensures that no-one should be dependent solely on the BSP for retirement income.

Ginn and Arber (2006) also note that under its original terms, which based the pension on the best 20 years of revalued earnings, SERPS had provided carers with some benefits, but these have been lost since the 1986 Social Security Act shifted the base to average earnings over the working life, which are often depressed for carers. In final salary schemes, years out of work have a greater impact on the pension nearer to retirement, while money purchase schemes penalise time taken out earlier in the career as later contributions will have less time to accumulate. Money purchase schemes, and personal pensions in general, place a greater risk on the contributor than on the scheme provider, disproportionately penalising lower earners and those with gaps in their contribution records. Ginn and Arber also note that in Defined Contribution (DC) pensions, contributions made at younger ages have a disproportionately beneficial effect on retirement income but that many women will not be in a position to make substantial savings until later in life when their children are independent. Although women in their twenties are more likely than men to have pensions savings, this is reversed in their 30s.

Carers may also find they have to cash in occupational pensions before taking a career break to care (DWP, 2005).

While it is too early to measure the actual effects of the most recent pension reforms, Price (2007a) carried out a gendered analysis of the Pension Commission proposals using the Department for Work and Pensions (DWP) pensions simulator which included an analysis of the effect of different (modelled) caring profiles on pension entitlement. She found that the main advantage of the reformed system would be a reduction in means-testing for most profiles; however, the benefit of this would be smaller for long-term carers, as many would still be reliant on means-tested benefits in 2053.

The review of the literature suggests that, on average, there is little difference between the state pensions savings of carers and non-carers, and membership of occupational and personal pensions is not much different. However, there are four points to be made about these findings. First, the literature underplays the role of private pensions savings, which is surprising given the political emphasis on this. While efforts to use the state system to compensate carers' for periods not in work may be successful in protecting the BSP and state second pension (S2P), carers may still be disadvantaged if their non-state pension savings are lower than their non-carer counterparts. While some carers may be able to maintain their pension scheme membership, the value of their contributions will be lower if they find they have to change jobs, reduce hours, or retire early. Given the incidence of caring across the population, this may contribute to the low level of overall pension savings in the UK.

Second, the literature is dated, and does not look at pensions since 2002 when personal pensions were made available to everyone. There are therefore important gaps in knowledge about carers and past-carers' pension entitlement and incomes. The following sections look

at the evidence about carers on some of the factors that the literature on pensions savings reviewed in chapter four suggest may influence individual saving. Third, the extant literature does not take into account particular groups of carers, whose savings may depart from the average. Finally, it tells us nothing about the way decisions about pensions are made by carers. It is this omission that this thesis will focus on.

While little research has examined the value of carers' pension savings directly, the literature reviewed in chapter four highlighted some factors that are associated with lower pension savings and income in retirement. The following sections explore these factors in relation to carers. The next section looks at agency and the ability of carers to choose to care from amongst a range of viable options. The later sections consider the effect of caring on those areas of life that the literature on pensions saving and income suggest most directly influence pensions saving and planning.

5.3 Reasons for caring and the ability to choose to care

While traditionally family care was considered a natural part of a woman's domestic role, since the 1970s, feminist research has revealed the labour it involves and the effect that it can have on carers. Graham (1983) argued "Caring...describes more than the universal feelings women have: it describes the specific kind of labour they perform in our society" (p.25). Abel's (1986) interviews with American women caring for their parents revealed that some experienced caring as a loss of freedom and control over their lives, particularly due to its unpredictable nature compared to childcare. It was also lonely work, leaving carers with a feeling of "intense isolation" (p.428), particularly as there were no institutions bringing carers together. Caring also created tensions with other members of the family. These findings

suggest that the patriarchal male-breadwinner assumption of care as naturally and willingly given is at least sometimes inaccurate.

Ungerson (1983) argues that care is provided for a variety of reasons which can include social expectations as well as affection for the care recipient. In a 1987 study, she presented a typology of caring motives based on interviews held with carers. She argues that both material concerns, in particular the point in the life-cycle the carer is at, and ideological/emotional concerns including love and duty influence the decision to care. While her study was qualitative, and the sample was too small to generalise, she noted marked gender differences in carers' self-professed reasons for caring. Men did not refer to a sense of duty or guilt, but rather focused on feelings of love. Even the male carer who had decided to place his wife in full-time care did not express any guilt. In contrast, although some women mentioned feelings of love, they were more likely to explain their decisions to care in terms of duty, and to suggest that placing the care recipient in residential care would cause feelings of guilt that outweighed the benefits.

Ungerson (1983) also found gender differences in the material influences on the decision to care. The male carers she interviewed were all elderly and mainly retired, and all caring for their wives. She suggests that this may reflect the fact that prior to retirement, household income maximisation may take priority. There did not seem to be an expectation that such carers would provide care for relatives other than their wives. For women, the material factors were more complex. Unlike men, they provided care at different times during their life-cycle, with some combining it with childcare, others undertaking it as a legitimate alternative to paid work, particularly when experiencing ill health, or to prevent 'empty nest' syndrome.

Finch and Mason carried out research in the late 1980s (Finch and Mason, 1990; 1991; Finch, 1995) which looked at the role of family obligations in the provision of care, using vignettes within a survey framework to examine the normative beliefs surrounding family obligations to care. They found limited agreement on the obligations family members have towards one another. Instead, their study suggested “the responsibilities which people feel and acknowledge towards their relatives have more complex and more individual roots” (Finch, 1995: 51). While there was some agreement that close relatives should be the first to help, and that factors such as the type of support, and legitimacy of need were relevant, there was no agreement about what people should be expected to do. Instead expectations were shaped by context: their jobs, other family, and commitments. Expectations were not explicitly gendered, and only emerged when respondents were pushed to make a choice of which relative, i.e. which child, should provide care (Finch and Mason, 1991). They also found that where women faced a choice between a full-time job and becoming a carer, they attempted to keep their jobs while seeking a compromise that allowed them to provide some care (Finch and Mason, 1991; Finch, 1995).

These issues highlight the unique nature of each caring relationship, and how carers will have different reasons for caring as they do, and experience different benefits and burdens within the caring relationship. The extant research demonstrates that a wide range of factors - material, social, cultural and psychological - can influence an individual’s decision to take on caring responsibilities. In addition, there is evidence that many carers do not make a conscious decision. Lewis and Meredith (1988) found that most of the adult daughters caring for their mothers that they interviewed either ‘drifted’ into caring, or were unable to relate to the idea of consciously considering whether to care. For them, caring for their mothers was about all a ‘natural’ stage in the life course. Most of the women they interviewed held

“affection and obligation in a delicate balance and talked about them as sides of the same coin” (p.28).

Mooney *et al*, following in-depth interviews with carers and non-carers aged 50 and above similarly concluded “Usually carers did not make a decision to care. A decision implies choice and carers rarely felt they had one” (2002:25). The NHS survey (2010) revealed that carers felt their choices were constrained. Carers could select more than one reason for caring. While 53 per cent of carers surveyed said they were willing or wanted to help out, 54 per cent said that they cared because it was expected of them, as that’s what families do. Fifteen per cent said that the care recipient did not want anyone else to provide the care, and for 13 per cent of carers, there was no-one else available.

In a qualitative study of ‘helpers’ who were paid nominal amounts by Kent County Council to provide some care, Qureshi (1990) found that helpers developed attachments to care recipients which made them reluctant to change clients when their circumstances changed, even if it became inconvenient to visit them, and the provision of care sometimes persisted once payment had ended. This suggests that feelings of attachment, and possibly a form of ethic of care, can override more traditional assumptions regarding individual self-interest and utility maximisation.

There is therefore evidence that care is often experienced as difficult, and sometimes as a burden and not always chosen. The evidence also suggests that gendered assumptions of the proper role of women may work on a pre-conscious level to shape responses to care needs, in addition to the role that material resources play. The latter supports the role of structure and resources that Peggs (2002) and Greener (2002), following Bourdieu, argue provide a framework for understanding agency, particularly Peggs’ conception of a gendered *habitus*.

The evidence presented in this section also calls into question the idea that agency is necessarily reflective. Many carers appear not to make conscious decisions to begin to care, suggesting they are more accurately described as non-reflexive agency. If carers do not make an active decision to care it is questionable to what extent they will be able to make decisions about pensions planning, particularly as their options may be constrained to such an extent that the options they perceive are very limited.

5.4 Access to alternative sources of care

An important element of individual carers' ability to choose freely is the availability of alternative or complementary formal care services, as well as their individual financial circumstances. Carers' access to, and experience of, social services is mixed. While evidence is limited as research tends to focus on the support received by care recipients rather than the carer, and somewhat dated, the General Household Survey (GHS) 1995 showed that 33 per cent of carers were caring for someone who was receiving some support services including respite care. These figures are slightly lower where caring is more intensive: 29 per cent of those carers providing support for 20 hours or more a week, and 31 per cent of those caring for 50 hours or more receive support (including support from private sources). 59 per cent of carers were caring for someone who was receiving no regular visits from support services (Department of Health, 1999).

In focus groups carried out by Opinion Leader (2007), carers articulated a wide range of concerns about service provision, suggesting that the quality of services can vary day to day, service to service and location to location. Many were unhappy at the number of different care workers providing personal care to their relatives, and at the delays in assessment and provision of services, including when needs were urgent. The study also highlighted a

“knowledge vacuum” amongst carers, who felt that it is up to them to ask the right questions of service providers, rather than providers proactively collecting and disseminating the relevant information. Carers reported they wanted to be provided with information on the benefits they are entitled to, what to expect in the short, medium, and long terms regarding the care recipient’s condition, and about support and advocacy groups.

Inflexibility in social services provision has also been identified as a problem: Lankshear *et al* (2000) cite a Carers’ National Association (now Carers UK) study in which the most common reason carers gave for leaving services was that they were inadequate, partly because the timing of the services provided was inappropriate. A survey for the Carers UK suggests that for many carers, lack of suitable services is the reason they do not work. Rejection of services by care recipients on the basis of quality, pride and family expectations were highlighted as reasons people do not access formal support. Howard (2001) found that many of those in most need, such as older carers, those from black and minority ethnic (BME) communities or those caring for people with learning difficulties are least likely to access support services. She also found that some carers do not apply for social services because they do not self-identify as carers or because they feel guilty about using what they have been told are limited resources.

5.5.1 The effect of caring on employment and finances, and the implications for pensions planning

In chapter three, it was noted that a number of studies highlight affordability as one of the main barriers to pension planning and saving. Whether individuals have sufficient income to save towards retirement, or at least whether they perceive they have sufficient, particularly in the light of their other financial commitments, including those relating directly to caring, is

likely to affect what pension plans, if any, carers make. If carers' financial situations are sufficiently limited they may lack the ability to act even where they recognise a need to save more towards their retirement. This section examines the effect of caring on carers' finances, and particularly their employment record, which affects income, but also shapes the pension options they have. The following section will then look in more detail at the implications employment and financial needs have on the choices carers have: to care, to work and to save.

5.5.2 Employment

Employment, and the earnings that flow from employment, have been shown to be highly influential in determining membership of pension schemes and the level of income an individual can expect in retirement (Clark and Emmerson, 2003; Clery *et al* 2010; Bozio *et al*, 2011). Entitlement to both first and second tier pensions, including the Basic State Pension, is accrued through employment and depends on earnings above the Lower Earnings Threshold. While Carers' Credits are available to some carers, this is dependent on both the intensity of care and on the benefit status of the care recipient. For those who contract out of the S2P, membership is still dependent on employment, and the value of the pension received will be determined by the size of the contributions made by both employer and employee. Voluntary contributions to a pension will be dependent on the availability of sufficient disposable funds. The combination of care and paid employment may also make it difficult for carers to find time to think methodically about pension saving or to do the research necessary to navigate the UK's complex pension system.

There is substantial evidence that for many carers, the dual roles of carer and paid worker compete for time, and that caring responsibilities may alter carers' labour market participation. Arksey (2002) identifies a number of strategies employed by carers to combine

work and care: reducing travelling time, for example by moving house or job, using lunch hours to work or care, moving into self-employment, rearranging work schedules, reducing working hours (from full-time to part-time, or to fewer hours), or leaving work entirely. Carers may not, however, feel they are making an active choice about the balance between working and caring (Ramcharan and Whittell, 2003). In considering financial resources, Arksey *et al* concluded “some carers may not think they have any choice between working or becoming full-time carers” (2000:75). This lack of choice may have implications for the ability of carers to make decisions and plan for retirement, by removing the freedom to decide how much to earn or care, for example a carer who feels they have no choice but to care full time may lose their occupational pension.

Carers are more likely to be out of the workforce than in it. The NHS (2010) survey of carers found 26 per cent of carers were working full-time, and 20 per cent were working part-time. Of the 54 per cent not in work, 27 per cent were retired and 14 per cent were looking after the home or family. Over the last decade there has been a slight increase in part-time, and a decrease in full-time, working. Maher and Greens’ (2002) analysis of the GHS 2000 suggested that those who are economically inactive are most likely to be carers: 21 per cent of those who were economically inactive were identified as carers compared to 13 per cent of those working full-time, 17 per cent of those working part-time and 15 per cent of those who were classed as unemployed.

Working part-time is associated with lower private pension membership (Clery *et al*, 2010) and contributions are likely to be lower than if the individual worked full-time. However, working part-time rather than full-time is an important coping strategy for many carers, with almost half those taking part in a Carers UK survey reporting that caring was the only reason they worked part-time (2007b). The NHS (2010) found that 54 per cent of carers who were in

employment or self-employed worked for 35 hours or more a week. Of those working part-time, 19 per cent were working between 21 and 34 hours a week and 23 per cent were working up to 20 hours a week. Four per cent did not work regular hours or did not know.

As caring responsibilities intensify, labour market participation falls (NHS, 2010; Atkinson *et al* 2007; Arksey *et al*, 2005; Carmichael and Charles, 2003). The Department of Health found that in 2009/10, those providing more than 20 hours a week were less likely to be working full-time or part-time, and more likely to be retired than those carers providing fewer than 20 hours a week of care. Similarly, those providing co-resident care had lower rates of paid employment than those providing extra residential care, and were more likely to be retired or looking after the family or home.

Table 5.1: Carers' employment

Employment status	Caring < 20 hours/week (%)	Caring > 20 hours/week (%)	Co-residential carer (%)	Extra-residential carer (%)
Employed full-time	35	17	21	32
Employed part-time	22	18	15	26
Retired	23	32	34	21
Looking after family or home	8	19	18	9

Data from NHS (2010) p.31, carers of all ages over 16. Numbers do not sum 100 due to rounding.

Other studies have found similar effects. Atkinson *et al* (2007) found that those caring for fewer than 20 hours a week are no less likely than the population as a whole to be in work, whereas caring for 20-49 hours a week halves an individual's chances of working, and caring

for over 50 hours a week halves it again. This similarly reflected the findings of Arksey *et al* (2002).

There are significant differences in the way men and women adapt their working lives to accommodate care. Amongst intensive carers, 61 per cent of women are economically inactive compared to 48 per cent of men (McKay and Atkinson, 2007). Employed male carers are much less likely than female carers to work part-time, with significant implications for men's 'work-life balance' and for women's incomes. 87 per cent of employed men providing substantial care are employed full-time compared to 38 per cent of women. The proportions working part-time are 13 per cent and 62 per cent respectively (Arksey *et al*, 2005). Male workers are more likely to work flexible hours, because they are more likely to work full-time (Mooney *et al*, 2002).

Other factors appear to affect the employment rates of carers. Heitmueller and Inglis (2004) found that carers are more likely to combine employment and care if they work in the public sector, possibly because they have greater access to employment practices such as flexible working which enable them to combine the two roles. This suggests that carers who work in the public sector may have two advantages over their private sector counterparts. Not only are they better able to remain in work, but they are also more likely to have access to an occupational pension and this is historically more likely to be a DB pension, often associated with a higher level of pension wealth at retirement.

Male carers with A-levels, degrees or higher degrees are more likely to continue working than male carers with lower education attainment. The pattern for women is similar, although having a higher degree does not affect the labour-market decisions of women (Heitmueller and Inglis, 2004). Howard (2001) notes that qualitative research suggests that those workless

men who describe themselves as full-time carers tend to be poorly qualified and more likely to live in rented accommodation. This suggests that their “choice” to care rather than work may be reflective of an inability to find (sufficient) paid work. Mooney *et al* (2002) found that amongst carers over 50, those in higher occupational classes were less likely to report no effect on their employment, with 50 per cent of professional/managerial workers and 51 per cent of skilled workers suggesting care did not have an effect, compared to 71 per cent of those in manual/semi-skilled jobs.

A number of studies have attempted to assess the relationship between working and caring, and the way in which people balance the two (for example Henz, 2004; Boaz and Muller, 1992). In the Department of Health (2010) survey, 37 per cent of those carers not currently working, but interested in doing so said that they couldn’t work “because of my caring responsibilities.” Hirst and Hutton (2000) in a study of carers’ transitions in and out of work (using the British Household Panel Survey) found that 83 per cent of carers remained in the same employment status when they start caring, with over 50 per cent of these being in work and staying in work when caring starts. Those working full-time were less likely to change their employment status than those working part-time, and they suggest this may be because the existing attachment to employment plays a stronger role than time pressures in the initial decision about how to balance work and care. However, carers tended to withdraw from employment as their care period extended.

Speiss and Schneider (2003) used a time allocation model to assess how carers across 12 European countries make decisions regarding hours spent on work and care. They found that while employment is reduced when care begins, this is not reversed when care ceases. In northern European countries including the UK, age, marital status, health status and

household income all affect the decision to reduce hours, although income and wealth variables had little effect on the likelihood of providing care.

Heitmueller and Michaud (2006) modelled the sequences of transition in caring and employment to assess the relationship between care responsibilities and labour market activity. Seventeen per cent of carers said their health limited their ability to work compared to 10 per cent of non-carers, and they found a 10 percentage point difference between male carer and non-carer employment, slightly larger than the 8 percentage point difference for women. Heitmueller and Inglis (2004) found that although carers tend to spend longer periods of time out of the workforce, once employed, they tend to remain so for longer periods. They argue this may reflect less mobility amongst carers in general.

There is also some evidence caring may trigger early retirement, placing additional pressure on retirement savings, and possibly making planning the carer had done earlier in life redundant. Carers UK (2007b) found that carers retired eight years early on average, and 51 per cent of respondents who had retired early said that they did so in reaction to their caring responsibilities. Mooney *et al* (2002) found that 73 per cent of men had taken early retirement compared to 40 per cent of women, but that women reported that their decision to retire had been greatly influenced by their informal care responsibilities.

5.5.3 Earnings

As might be expected given the effect that caring can have on employment, there appears to be an income 'penalty' to caring (Evandrou and Glaser, 2003; Parker and Lawton, 1994). Carers earn less than non-caring counterparts, and households containing carers have lower overall incomes. This means they are likely to be able to save less, particularly if a reduction

in caring brings them below the lower threshold for national insurance contributions or auto-enrolment. Heitmueller and Inglis (2004) found that those caring for over 20 hours a week were significantly disadvantaged in terms of earnings, receiving 12 per cent less per hour than their non-caring or lesser-caring counterparts. For men, the gap increased to 17 per cent and this was mostly attributable to their labour market disadvantage rather than differences in their personal characteristics. They analysed the British Household Panel Survey (BHPS) 1991-2002 to establish the effect of caring on economic resources. Using the Organisation for Economic Co-operation and Development (OECD) equivalence scale, they found that the median household income for carers was 10 per cent lower than for non-carers: £20,689 compared to £22,552. Carers had compressed earnings (£23,689 compared to £26,945) but these were partially compensated for by higher levels of benefit income. On average, an informal carer who does not work could expect to lose between £26,000 and £33,000 of labour income over the period of their caring. The median benefit income claimed by carers was £3482 per annum, with the means-tested caring allowance worth £2500.

While the loss in income as a result of caring is greater for men, this is largely because they earn more to start with, and tend to work longer hours than women when they are not caring. Female carers are often already disadvantaged in the labour market, and more likely to work part-time anyway (Ginn, 2002), including before they ever care. While this mitigates the fall in income when they start caring, it also means that they continue to earn less than their male counterparts, and may have therefore been less able to save in the past to protect themselves against a drop in income due to caring or retirement before reducing labour market activity to care.

5.5.4 Benefit income

Benefit entitlement can also affect carers' overall income. The receipt of benefits can be hard to measure, as carers are not identified in data on social security payments other than those directly related to caring (Arksey and Kemp, 2006), meaning much of the information on this is self-reported. However there is some evidence of the importance of benefits to carers' incomes. The Department of Health (DoH) found that 11 per cent of those carers they surveyed received Carers' Allowance, and 27 per cent were receiving Disability Allowance or Attendance Allowance. This means that carers' finances are especially sensitive to social security policy and benefit levels. Moullin (2007) estimated that only around 40 per cent of those eligible for the Carers' Allowance receive it.

Carers who are not in employment but are looking after the home and family, those who provide 20 hours or more care a week, and those aged 35-44 are more likely to be in receipt of Carers' Allowance and/or Disability Living Allowance (DoH, 2010), not least because of the stringent earnings limits on the Carers' Allowance. Heitmueller and Inglis (2004), looking at 12 waves of the BHPS, found that the proportion of carers in receipt of Carers' Allowance had increased from 1 per cent to 5 per cent.

While benefits can be an important supplement to carers' incomes, they may also act as a disincentive to undertake or increase paid employment. Of those carers not in work but interested in taking it up, 26 per cent were unsure they would be better off in work than on benefits (DoH, 2010). Opinion Leader (2007) focus group research suggested that many carers feel the benefits system penalises them as the receipt of income replacement benefits can be affected by the Carers' Allowance, which is intended more as an income supplement than a payment for caring.

5.5.5 Costs of caring

As well as reducing income, a number of studies suggest that disability creates additional costs to the family, including to carers (Parker, 1985; Atkin, 1992; Beresford, 1995). Even if income is not affected by caring, additional costs are likely to reduce the affordability of pensions and other forms of retirement savings for carers. Where income is affected, these costs are likely to exacerbate the difficulty carers experience when trying to save for retirement. Beresford (1995) found that most families surveyed by the Family Fund had faced at least one additional expense related to the care of a disabled child. Eighty per cent had faced more than five additional costs, and over half of the sample faced nine additional costs. These included costs related to additional washing and laundry (78 per cent), clothing (63 per cent), heating (61 per cent), and bedding (57 per cent).

5.5.6 Savings

Savings can be an important source of retirement income and wealth, and may also reflect an individuals' approach to temporal discounting, that is, the extent to which they value consumption now compared to consumption in the future. Low levels of saving may reflect a tendency to discount the future, which may translate into lower pensions savings (Venti, 2006). Unfortunately, only very limited research into this has been carried out. In a survey for Carers UK, Yeandle *et al* (2006) found that the carers tended to have very low levels of saving, with 44 per cent having no savings at all and 32 per cent less than £15,000 saved. Working age carers were less likely to have savings, and what savings they had tended to be lower than those above working-age. Carers aged 35-44 were most likely to report having no or low savings. However, given the non-representative nature of their sample, these results can't be generalised to the wider population of carers.

In a dated study by Parker and Lawton (1994), co-resident carers and those providing care at higher intensities were much less likely to have an income from savings, even when controlling for age and gender. They also found that rates of homeownership were similar for carers and non-carers, though there were some significant differences within subgroups. Sixty per cent of extra-resident carers and 65 per cent of non-carers lived in owner occupied housing, but only 55 per cent of co-resident carers owned their home. Co-residents were also more likely to live in overcrowded housing according to the bedroom standard. Parker and Lawton argue that some carers have to use their savings to cover costs of living, and that this can have a long term effect. They suggest that “those who become carers in middle-age, particularly when this means giving up paid work, may find themselves propelled into an early ‘old age’, using up savings which, had they not become carers, would not have been used until after retirement” (p.37).

5.6 Health and Wellbeing

Another factor that may affect carers’ ability to plan and save for retirement is the effect that caring can have on their health, particularly their mental health and wellbeing. If health is affected, or perceived to be affected, by caring, this may have implications for their ability and willingness to work, their hours and their occupations, or for the type of care they are able to provide. Ill health may therefore further constrain the options available to carers and therefore their approach to planning, as well as reduce the income available to save. In addition, ill health, and mental health problems in particular, may affect carers’ ability to grapple with the complex information needed to plan effectively for retirement. While there is no conclusive evidence that caring is associated with an increased risk of ill health, if stress

itself is a barrier to pensions planning, care may contribute to lower retirement income if it is a cause of stress.

However many carers report that their caring has negatively affected their health (Department of Health, 1999; Parker, 1985). Some commentators have suggested that for some carers the increased physical activity associated with providing care may actually bring health benefits (Pickard, 1999). However, if carers suffer ill health that they put down to their caring responsibilities but is perhaps caused by other factors, the combination of ill health and caring may still reduce their ability to earn, save and plan. Heitmueller and Inglis (2004) argue that carers' higher likelihood of having a disability themselves (15 per cent of carers compared to 9 per cent of non-carers) means they may be exposed to multiple labour market disadvantages.

Participants in the NHS (2010) survey reported various effects on their health, energy or mental wellbeing. Carers could select more than one option. 34 per cent said they felt tired, 29 per cent reported a general feeling of stress, and 25 per cent said that caring had disturbed their sleep. They also reported feeling depressed (19 per cent), experiencing physical strain (11 per cent) and 8 per cent admitted that caring had caused them to visit the GP themselves. Carers who were providing 20 hours or more of care, and those providing co-residential care, were more likely to claim an effect on their health. 66 per cent of carers providing 20 hours or more of care are reported such an effect, compared to 39 per cent of those providing fewer hours. Sixty-two per cent of co-resident carers felt their health had been affected compared to 42 per cent of extra-resident carers. Rands (1997) found that caring is associated with stress, with women more affected than men. She found mental distress is more likely in situations where the recipient has problems such as incontinence, aggression, or a tendency to wander off, which might be associated with higher intensities of caregiving.

Mooney *et al* (2002) found that combining work and care caused carers over 50 to feel stressed, although they tended to absorb the effect into their personal life, sacrificing time for themselves or other family members, rather than letting it affect their employment. Their research revealed “Combining work with informal care can be exhausting both physically and emotionally, and can leave the carer feeling guilty about not doing enough. Several interviewees described how they felt ‘there wasn’t enough of me to go round’ and that the pressures of work and care, and the resulting stress, often affect their relationships at home. They had less patience with their children, less time for their partners, and felt less relaxed at home” (p.17). It is therefore possible that caring also leaves them with less time for financial and retirement planning, particularly if they find this a difficult or stressful task in itself.

5.7 Risk and planning for long-term care

While not directly an effect of caring, some research has been carried out looking at whether the general population think about the risk they face of needing care themselves, and if so, whether they plan towards it. Parker (2000) looked at the issue of risk in a number of policy areas, interviewing a subset of her sample to discover their perception of their own and others’ risk of needing long-term care. Given the costs of care and the low means-testing threshold for local authority support, as well as the limitations care-recipient needs may place on the ability to continue working, looking at individual’s understanding of the risks they face of needing long-term care also provides some insight into how individuals calculate their financial needs in retirement. Parker (2000) found that the risk of needing long-term care is seen as endemic for others but not for oneself, but that that people tended to predict they would need more help than they actually would. Despite this, (and possibly because they felt they had a lower personal risk of needing care) those she interviewed revealed little

spontaneous enthusiasm for long-term care insurance, but became more enthusiastic when shown the relevant risk figures, suggesting information is an important element of precautionary activity.

Parker found that over half of those interviewed would take out insurance if they had a one in four risk of needing care, but some were unwilling because they felt it was too soon to think about it, because they wanted to stay in control over their money, while others did not have a full understanding of the concept of insurance. She found that those who were more risk averse were more susceptible to 'expert' advice which seemed to heighten their awareness of risk, while others were not risk averse and unlikely to respond to such information. She argued that some people did not engage in long-term planning even when they knew the risks of not doing so, and concluded "while one can set people to think about a risk issue it is much more difficult to do anything about it, even when they recognise that they are currently not well protected" (Parker, 2000: 185).

Taylor-Gooby (2005) found similar results to Parker (2000). Individuals applied their own experiences to risk figures, such as their parent's age and level of independence, when estimating their own risk of needing social care in old age. He found "Most people recognise a risk but tend to exaggerate it. They tend to assess their own risk of the most expensive form of care as lower than that for the population as a whole. In relation to care in old age, people are aware that they live in a risk society, but draw a distinction between personal and overall risk" (p.187). They were aware they would be at risk of needing care but accepted these pragmatically, seeing the government as responsible for providing their care and implementing strategies to deal with the risks they perceived.

5.8 Conclusions

While the state pension compensates carers for the time they spend caring rather than in paid employment, the issue of carers' private pensions has been under-researched and has attracted little political attention. While in recent years carers have been eligible for credits towards their S2P this is now a flat-rate benefit, limiting the benefit, and is restricted to those carrying out high intensity care for those in receipt of particular allowances.

However, the evidence regarding the effect of care suggests that carers are likely to be less able to save than non-carers, are less likely to be in work, and if they do work, are more likely to work part-time. There is evidence that this creates an income 'penalty' to caring (Evandrou and Glaser, 2003; Heitmueller and Inglis, 2004). The benefits available to carers do not fully compensate for the earnings lost. In addition, lower levels of savings and higher costs associated with both caring and with having a person with care needs, mean they are at risk of being unable to afford to save for retirement relative to non-carers with similar incomes. The role that limited resources may play in pensions planning for carers suggests that as well as agents, some carers may be reflective objects, recognising they need to save more but unable to do so.

The lack of conscious choice in caring also suggests that some carers may be non-reflexive agents with regard to the choice between working and caring. The lack of active decision-making in caring also undermines the utility maximisation theory of classical economics. Rather it suggests that either subconscious patriarchal gender roles shape decision making, or that an ethic of care, where the relationship and obligations arising from that override any calculation of utility.

Carers may also find it difficult to plan because of the stressful nature of caring. Ill health and anxiety may make it difficult to process difficult decisions, to review the options available reflexively as assumed by Giddens' theory (1994) and government policy based upon this (DSS, 1998, DoH, 1999).

It is clear that carers may not be able to respond to the need to save for retirement in the way that pensions policy assumes individuals can and will. The next chapter sets out the methods used to discover how caring does affect how carers approach retirement saving.

Chapter six: Methods

6.1 Introduction

The study aims to examine the effects of informal care activities on individuals' attitudes towards pensions and their pensions-related decision making. Chapter two set out the policy context, highlighting the assumptions policy in pensions and social care contain regarding individual decision-making and planning. Chapter three examined the theoretical concepts underpinning these assumptions, looking at different arguments regarding agency, structure and motivation in shaping the approach individuals take to decision-making in regards to finances and caring. Chapters four and five examine the existing literature on pensions planning and decision-making, and the decision to provide formal care respectively, looking at decision-making processes in the light of the theoretical framework described in chapter three, and highlighting some of the factors research has suggested affect decision-making in these areas. This evidence demonstrates that very little research has looked at the topic in depth, as most previous research on carers has been quantitative, measuring current carers' pension incomes or entitlement (Hancock and Jarvis, 1994; Evandrou and Glaser, 2003), or modelling what 'typical' carers could expect under particular pensions policies (Price, 2007a).

This thesis attempts to fill this gap. It asks what beliefs and attitudes working-age carers hold regarding pensions, pensions planning and saving, and whether caring responsibilities alter their approaches and plans. It does not attempt to measure the incidence of different attitudes, effects or plans, but to investigate the range of approaches people take and the factors they identify as affecting these. It is concerned with how changes in attitude and decision-making occur rather than solely the outcome of such changes. A qualitative methodology was therefore adopted. Semi-structured interviews were undertaken to probe how carers feel

about pensions, the plans they have made and whether these have altered as a response to caring.

This chapter describes and justifies the choice of research design and the methods utilised. It opens with a brief introduction to qualitative research. It discusses the choice of semi-structured interviews in qualitative research, setting out the reasons for selecting this particular research tool. The sample frame is then outlined, with explanations given for the sample criteria used and the way in which the participants were recruited. Characteristics of those interviewed are then outlined, and presented in table format. The process of interviewing is then reported: what happened before, during and after the interviews. The ethical issues raised by the use of semi-structured interviews are then discussed. The approach used to analyse the data is explained in section 6.7, and the criteria used to ensure the analysis is valid presented. Finally the study's limitations are presented and discussed.

6.2 Research design: qualitative methods

To recap, the research questions guiding this thesis are:

- What beliefs and attitudes do working age informal carers hold regarding pensions, and pensions planning and saving?
- Do caring responsibilities affect the way in which individuals approach pensions and retirement planning, and if so, how?
- Are there other factors that influence how carers make decisions about their pension savings, and do these influences change over the lifecourse?

It should be noted that the second question will be addressed through the interviews with carers, which rely on memory in order to make a judgement as to whether caring responsibilities affect the way individuals approach pensions and retirement planning. This raises the question of the reliability of memory, which is discussed in section 6.9.

The research questions probe attitudes, beliefs and the way in which behaviour may change in relation to a topic that has received little academic attention. This research is therefore exploratory. The lack of existing data means that the incidence of a set of pensions attitudes and reactions cannot be measured. Instead the range of possible attitudes, and reactions to caring, are being investigated. While the literature hints at possible effects of caring on pensions savings, the aim of the study is to discover what carers think about pensions and planning in depth, to find out the range of their feelings and behaviour in their own words, rather than to impose predetermined categories upon them (Snape and Spencer, 2003; Ritchie, 2003).

The starting point for this research is to discover the processes through which carers make decisions about pensions, and whether (and how) these processes are affected by caring. What is important are carers' assessments of their lives and the effect these have on their pensions decisions. As Jones (1985a) argues "In order to understand why people act as they do we need to understand the meaning and significance they give to their actions" (p.46). Qualitative methods were therefore selected to address the research questions. Qualitative research does not count opinions but explores the full range of opinions held by a population (Walker, 1985; Gaskell, 2000). It focuses on words and description rather than on numbers and counting (Snape and Spencer, 2003). Qualitative research is that which is "seeking to understand human behaviour from the social actor's own frame of reference" (Bulmer, 1986: 183). Underlying qualitative research methods is the assumption that social reality is multiple

and constructed, “we know a thing only through its representations” (Denzin and Lincoln, 2008).

Qualitative research is appropriate for this study because it emphasizes the qualities, processes and meanings that cannot be experimentally examined or measured (Denzin and Lincoln, 2008; Flick, 2006). Qualitative research attempts to provide researchers with access to these meanings (Corbin and Strauss, 2008; Snape and Spencer, 2003). “In attempting to understand human behaviour, therefore, it is necessary to discover the actors’ perceptions of events and to ask how these relate to their behaviour” (Walker, 1985). As qualitative methods do not attempt to measure, they are flexible and can be adapted to the needs of the researcher, the subject matter and those being studied (Walker, 1985).

Semi-structured interviews were selected as the research method. This decision reflected a belief this would be the most effective way to answer the research questions. Recognising the importance to the research questions of carers’ perceptions, the decision was taken to ask them what they think, feel and do. Semi-structured interviews were therefore carried out with informal carers, and their attitudes to pensions and the effect of caring on their pension beliefs and plans were probed.

6.3 Semi-structured interviews: an overview

Semi-structured interviews, sometimes described as in-depth interviews, are a specific form of professional conversation in which one person is a researcher (Arksey and Knight, 1999). Ideally, the conversation is held between two unacquainted individuals, and “it is an interaction, an exchange of ideas and meanings in which various realities and perceptions are explored and developed” (Gaskell, 2000: 45). A topic guide is used to steer the interview,

and includes areas to be covered. In contrast with survey interviews, the questions tend to be open-ended, and the interviewer has the flexibility to probe the interviewees' answers, to ask unscripted follow ups. This gives the opportunity to gain a rich understanding of interviewees' understandings of the subject (May, 1997; Lewis, 2003).

Although the interviewer guides the conversation according the topic guide, during semi-structured interviews, interviewees are given the opportunity to present their views, feelings, stories in their own way, and 'rambling' may be encouraged as it can reveal interesting connections for the interviewer between topics that may not be revealed by other forms of data collection (Bryman, 2004). Semi-structured interviews are particularly useful to understand how individuals approach a topic, and for revealing the processes that influence their behaviour (Walker, 1985; McCracken, 1988; Kvale and Brinkman, 2009). They aim to "determine the categories, relationships and assumptions that inform the respondent's view of the world in general and the topic in particular" (McCracken, 1988:42). Semi-structured interviewing therefore offers the opportunity to discover what factors carers themselves recognise as affecting their approach to pensions planning.

Semi-structured interviews have been used heavily within feminist research. Feminists often argue that the traditional method of interviewing should be modified, particularly when interviewing women. Bryman (2004) suggests that the feminist rejection of the use of pre-determined categories which it is argued silences women's voices, means that there is a feminist research practice rather than a uniquely feminist research method. In effect, methods such as interviews which enable women to have a voice are conducive to feminist approaches to issues of power in research. Moreover, learning from women through the interview process "is an antidote to centuries of ignoring women's ideas altogether or having men speak for women" (Reinharz and Davidman, 1992: 19).

While men as well as women were interviewed for this study, the feminist approach to interviewing was influential in the choice and detail of both topic and methods. Interviewing was considered to be appropriate because by giving the carers the opportunity to describe their situation in their own words, it not only respects their specific experiences and perceptions in their own words, it also reveals activities and experiences that were traditionally hidden as 'women's work'. This association with women's work may mean that male carers have less opportunity to describe their lives as carers in their own way. It was therefore hoped that the interviews would offer a group whose labour is often overlooked (possibly because of the assumption it's 'women's work') visibility and a voice, the chance to share their experiences and knowledge (Graham, 1984).

The following sections describe in detail how the research was undertaken. This is important both to demonstrate the validity of the research, but also for replicability (Taylor, 2010), although precise replication of qualitative research is unlikely to be possible (McCracken, 1999; Bryman, 2004). The next section explains the decisions that led to the sample frame, the criteria for the population from which the participants were drawn. The method used to recruit participants is then outlined and the characteristics of those who were interviewed described. The interview process is then presented in detail, and the ethical questions the study raises are discussed. The chapter then closes with an account of the approach used in analysing the data, the criteria used for validation of the findings, and the limitations of the study.

6.4.1 The sample frame

Purposive sampling was used to identify and recruit potential participants. In purposive sampling, unlike in quantitative probability sampling where a random sample is selected from a particular population and the incidence of the studied phenomenon counted, individuals are selected on the basis of their characteristics or their experience of the phenomenon (Ritchie *et al* 2003, Snape and Spencer, 2003). The aim is to gain a deep insight into the phenomenon being studied, so individuals are identified on the basis of a shared experience or experiences, but within that group ensuring some diversity of other characteristics so the effect of the main phenomenon can be explored (Ritchie *et al*, 2003). The sample size tends to be small, as information only has to appear once to be important to the analysis, and it ensures that the research is manageable (Ritchie *et al*, 2003). However the size will also be determined by the number of significant characteristics being considered. If the population is diverse, a larger sample may be necessary. Qualitative samples are often restricted to a small number of geographical locations or communities (Ritchie *et al* 2003).

The research questions focus on informal carers who are, or may be, making decisions about pensions. This directed the sample frame. Individuals who met all of the following criteria were interviewed:

- self-identified as carers, caring for adults or children with long term illness or disability (excluding caring for non-disabled/ill children);
- providing an average 20 hours or more of informal care a week;
- living in the Thames Valley (Oxfordshire, Buckinghamshire, Berkshire) or a London Borough;
- aged 35-64.

The decision to use purposive sampling, and to use a snowballing technique to contact potential participants to recruit carers through carers' support organisations and doctors' surgeries, limits who will participate, as it will be only those who self-identify as carers who will consider themselves eligible. Some carers may reject the label, while others will simply not realise that what they do constitutes 'informal care' (Department of Health, 1999). The method of recruitment (see section 6.4.2 below) also relies on carers having contacted care services or support charities, to have signed up to newsletters, or used local doctors' services, i.e. to have sought or accepted when offered, support or information. While this is a clear limitation of the study, it was considered appropriate to recruit in this way because it was felt individuals would need to identify what they do as informal care in order to reflect on the effects of this activity on their pensions planning. Further, resources did not allow for alternative methods of identifying carers, such as a house-to-house screening (NHS, 2010).

The original decision to recruit within Oxfordshire only was also made in part due to the resources available: locating the study within a geographical area near to the researcher reduced travelling costs and avoided the need for overnight accommodation. However, social care, and some carers services are provided through the local authority, and limiting the study to a single local authority would help reduce the possibility that access to different care and carers services would be reflected in differences in attitude to pensions. However, while there was steady interest from carers (and strong interest from carer support services) in the study, it proved difficult to recruit, possibly because time pressures are inherent to substantial levels of informal care, although it may also reflect the use of language that was inappropriate for recruiting carers, or alienated some groups of carers. The decision was therefore made part way through to extend the geographical location to include carers resident in Buckinghamshire, Berkshire and Greater London. In practice, carers were based in four

London boroughs. These areas were chosen primarily because they were easily accessible to the researcher, and where Carers' centres or similar support institutions were willing to actively promote the research to carers.

The study was limited to carers providing over 20 hours a week on average (again, as decided by the carers themselves) as there is substantial evidence that below this threshold caring activities have smaller effect on carers lives, particularly their employment and earnings (DoH, 1999); Heitmueller and Inglis, 2004; Atkinson *et al*, 2007). It was therefore felt that focusing on carers above this weekly threshold would more clearly emphasise the effect of caring on their lives. Some flexibility was used in approaching this criterion as it became clear early on from speaking to carers interested in taking part that the demands for care could be fluctuating, with some periods of intense care followed by periods of lower intensity. All had carried out a level of care that could be described as disrupting their previous way of life.

As earnings and therefore employment (or lack thereof) and pensions are closely related (Disney and Emmerson, 2005; Bozio *et al*, 2011), the study was limited to working-age carers. The minimum age used was 35, as Clery *et al*, (2010) found that few individuals, carers or not, under the age of 35 are saving towards a pension. It was felt that at ages below 35 it would be difficult to determine which was most important in guiding behaviour, age or caring responsibilities. The current state pension age for men was used as the upper limit as above that, most would already be retired. The decision to include women above the current women's state pension age reflected evidence that around a third of women remain in work between the ages of 60 and 65 (Vickerstaff, 2010) as well as the differing retirement ages women nearing retirement currently face.

Prior to starting to recruit participants, it was recognised that it may be difficult to reach particular groups, such as men and non-white carers. It was accepted that there may be insurmountable barriers to recruiting many of these groups, but the decision was made to discuss better ways to advertise to these groups with gatekeepers, and to consider alternative forums for recruiting.

6.4.2 Contacting the sample

The first stage involved an online search for services aimed at carers in Oxfordshire. In particular, Carers Oxfordshire, a new service aimed at identifying new carers, provided a list of resources, including on their website (Carers Oxfordshire, 2012). The NHS (2012) also provides a search facility for local services available to carers and, this was used to identify potential ‘gatekeepers’, organisations who could pass details of the study on to carers. Gatekeepers were approached through a variety of media, including by post, email and by phone. Information was then sent by post or by email to the gatekeepers to pass on to carers in the manner they felt most appropriate. This included contact details and carers were asked to get in touch by phone, mail or email. Leaflets and posters setting out the purposes of the study, the criteria for recruitment and how to participate were sent out in hard copy, and electronically. The process was then repeated for Buckinghamshire, Berkshire and London Boroughs with carers’ centres or similar organisations. Adverts were distributed through physical newsletters, online newsletters, and websites, at carers’ groups and through volunteer coordinators. A version of the letters sent to gatekeeper organisations, and of the adverts used to recruit participants, is contained in appendices A and B. The researcher attended two carers’ group meetings although this was not a particularly effective method of recruiting, not least because attendance numbers were low. Leaflets were also distributed to charities working with carers and to some doctors’ surgeries.

Once carers had made contact to express interest in participating, a copy of the participant information and consent sheets were sent to them immediately, if they had not already received a copy, so that they would arrive at least a day before the interview. If they had received a copy their attention was drawn to these. The timing and location of interviews were discussed with carers, and efforts were made to fit interviews around their schedules. If carers wanted to meet outside their home, this was arranged.

6.4.3 Sample characteristics

43 carers were interviewed in total. The interviews were carried out between September 2011 and July 2012. This section highlights some of the characteristics of the sample. Two tables, providing an overview of each carers, are placed at the end of the chapter. Table 6.4 provides information on the demographic and socio-economic characteristics of the carers, as well as the pension plans they have in place, while table 6.5 sets out the experience of caring each carer had. Table 6.1 shows the demographic characteristics of the sample. The majority of carers interviewed were women, 32 out of the 43 and the carers interviewed tended to be in the older age range, reflecting national trends. Only 9 of the carers were aged 35-44, while 19 were aged 55-64. The rest were aged 45-54. This may reflect the fact that there were more carers in this age group, but it may also be related to differences in the type of care (spouse or parent care compared to caring for children, which was most common in the younger age group), or the fact that several of those in the older age group had taken early retirement, and were therefore better able to spare the time for the interview. It may also reflect a greater interest in pensions issues as retirement savings become more salient as individuals near retirement age.

Most of those interviewed identified as white British (including white Scottish, English and Caucasian). Two were British Mixed Race, and one was British Pakistani. Five were European, including those from the UK but with ancestors from elsewhere in Europe, and three raised in other European countries. Two carers were African. The greater incidence of white participants reflects the populations in some of the areas the interviews were held. Many of the non-white carers were based in the central London Borough and Slough. Those who were not originally from the UK had generally emigrated over 15 years ago, and were reliant on UK pensions in retirement.

The majority of carers interviewed were married or living with their partner, although small numbers were single, divorced or widowed. Two of those currently married were widowed, and one who was single, never married, had lost their partner, the father of their child. The carers were asked if they had children, and if so, if their children were dependent. Carers defined their children as dependent if they were under 18 or if they relied on their parents due to a disability or financially (for example if they were at university). Twenty-one of the sample had dependent children. Some of these carers also had independent children. 12 carers had independent children only and 10 carers had no children.

Table 6.1 Demographic characteristics of the sample

		Number (total 43)
Gender	Male	11
	Female	32
Age group (years)		
	35 - 44	9
	45 - 54	15
	55 - 64	19

Ethnicity	White British (incl. English and Scottish)	28
	White European	5
	Mixed British	2
0	Black African	1
		Number
Ethnicity	Black Caribbean	1
	Chinese	1
	Japanese	1
	Pakistani	1
	Pakistani British	2
	Indian	1
Marital status	Married	26
	Single	3
	Cohabiting	4
	Widowed	2
	Divorced	5
Children	Dependent (under 18 or disabled)	21
	Independent	12
	None	10

Socio-economic data on the carers was also collected. The majority of carers owned their own home - 31 in total. Of these, 14 owned their home outright, i.e. they did not have a mortgage on their home. Seventeen had a mortgage on their home. All but three of the rest

were in social housing, either council or housing association owned. Those in private rented accommodation were receiving housing benefit to help with the rent. One person (Rebecca) had moved into her mother's home in order to care. Compared to carers nationally (NHS, 2010), carers with at least a degree or equivalent were over-represented. Thirteen had a BA degree or equivalent, and eight more had a degree and a postgraduate degree. Fourteen of the carers had O-levels as their highest educational attainment.

Very few of the carers were in full-time employment - only 4 of the 43. The most common response was full-time caring (15), with a number of these doing voluntary work to keep their brains active, or to help them improve their c.v. in advance of returning to work. The next most common response was working part-time. The part-time hours carers worked varied from 5 hours a week to 30 hours. Five were retired. Although two of these were women who had taken retirement at 60 when their state pension started, three (one woman, Anne and two men) had taken early retirement to help them cope with their caring. The two men had taken early retirement through a voluntary redundancy package they were offered.

Table 6.2: Socio-economic characteristics of the sample

		Number
Housing	Own outright	14
	Own mortgage	17
	Council housing	5
	Housing association	4
	Private renting	2
	Other	1
Education	O-level (or equivalent)	14
	A-level (or equivalent)	5

	Degree (or equivalent)	13
	Postgraduate degree (or equivalent)	8
	Professional	3
		Number
Income	£5,000 - 14,999	12
	£15,000 - 24,999	4
	£25,000 - £32,999	11
	£33,000	12
		Number
Employment status	Full-time employment	4
	Part-time employment	11
	Self-employed (FT or PT)	3
	Full-time carer	15
	Retired	5
	Economically inactive/jobseeker	2
	Not working - illness or disability	3

Table 6.3 provides information on the caring that those interviewed were carrying out. The table refers to primary, current caring experiences. Discrete previous episodes of caring that stopped before the current episode began are not included in the duration, and the primary care relationship referred to by the carer is the one noted. Eight carers were currently caring for more than one person, although the extent of the care per person varied. Almost all carers were supporting immediate family members, or their parents in law. One person was

providing care for an elderly uncle, and others had done this in the past. No-one was providing primary care for a sibling although for some, Doreen for example, they were providing some assistance to a sibling or sibling-in-law. Most of the carers were caring for a child: 8 for children under 18 and 12 for adult children. The rest were fairly evenly split between caring for a parent/in-law or for their spouse or partner. The majority (31) were caring for someone living in their own home, possibly reflecting the high incidence of partner or child care. Only one of the carers had been caring for under a year. For eight of those interviewed, the current care episode had lasted for over 20 years. The carers were evenly split between those who had had a previous care episode or relationship and those who were caring for the first time. Three carers had also looked after someone else's children, either for their parents or a friend, because of the children's parents' health problems.

Table 6.3: Caring experience

		Number (total = 43)
Caring for:	Parent/parent-in-law	10
	Child - under 18	8
	Child - 18 or older	12
	Spouse/partner	11
	Other relative	1
	Friend	1
Duration of care	Less than a year	1
	1 - 5 years	11
	6 - 10 years	7
	11 - 19 years	16

	20 years or more	8
Residency	Co-resident	31
	Extra-resident	12
Previous experience of caring?	Yes	21
	No	22

The carers were caring for people as a result of a wide range of physical, mental and learning disabilities or illnesses. Many of those receiving care had a number of conditions, for example several of the children receiving care were on the autistic spectrum but also had learning disabilities and Attention Deficit and Hyperactivity Disorder (ADHD). The most common conditions listed were dementia (including Alzheimer's), Multiple Sclerosis, Parkinson's and physical disabilities that limited mobility such as arthritis among the parents and spouses being cared for. Amongst the children receiving care, adult or minors, Autistic spectrum disorders, including Asperger's, learning disabilities and ADHD. A number of care recipients, adult and child had mental illnesses including depression and schizoid affective disorders.

6.5.1 Interview preparation

Potential interviewees who met the selection criteria (see section 6.4.1) were provided with a participant information sheet which set out the aims of the study, what would be expected of them if they took part in the interview and what they could expect. They set out confidentiality, anonymity, consent and data storage issues as well as explaining how the data collected would be used. They were also provided with a consent form which repeated this information and explained that they would be asked to give consent to being interviewed at the start of the interview and could withdraw consent at any time.

It was recognised that while that most people “lead hectic, deeply segmented and privacy-centred lives” (McCracken, 1988), the pressures of caring (DoH, 1999; Rands, 1997) may mean that these concerns are particularly salient to carers. Attempts were therefore made to minimise the intrusion of the interviews into their lives. Interviews were limited to around an hour, and were held at a time and place of the carers’ choosing. While most carers preferred to be interviewed at home, others requested to meet in a cafe, their place of work or the researchers’ department. One carers’ centre requested that if they advertised the research to their carers, the interviews be held at their offices. These requests were accommodated. The researcher aimed to be flexible in accommodating carers’ needs, including having care recipients present during the interview where this was desired by the carer, although it was recognised that this could inhibit or alter the information disclosed during the interview. Four care recipients were present for the interviews. Alice’s son was in the room for part of the discussion but did not participate or appear to pay attention. Jack’s wife was also in the room but again did not participate. Laurie and Ken’s wives were present and contributed to the discussion - the implications of this were discussed. In addition, both Fiona and Emma’s

husbands joined the interviews for a short period and contributed to the discussion, particularly regarding pensions decisions as they had taken responsibility for this.

Before interviews were started, a topic guide was created that would give structure to the interviews, providing useful prompts for the interviewer. The topics included reflected the research questions, and drew heavily on the extant literature. The first part of the topic guide was a personal details questionnaire. This was designed to note those characteristics that the literature suggests may be associated with caring experience or pensions planning and savings, such as age, income, benefit receipt (Bozio *et al*, 2011; Clery *et al*, 2011). The decision was made to ask for this at the start of the interview rather than asking them to fill in a written questionnaire before hand as it was hoped this would minimise intrusion into the carers' time. The literature also suggests that opening interviews with short, closed questions gives interviewees the opportunity to get used to answering questions (May, 1997). A similar concern also informed the first open ended question, which was about the interviewees' experiences of caring. This was felt to be a topic they might find easier to answer at first than questions about their pensions savings, which could suggest a need for specialist information.

The rest of the questions focused on carers' pension plans, whether these have changed as a result of caring, and their attitudes towards, and understandings of, pensions in general. Within each topic heading a number of prompts were noted, again reflecting issues that the literature suggested may affect pensions planning, savings and attitudes. These were designed to give the interviewer a steer, and to ensure that all relevant areas were touched upon. Prompts are designed to probe further into questions, ensure a wide coverage of data, but the interviewer has the flexibility to decide which are appropriate (for example some information

may be provided unprompted) (McCracken, 1988; Bryman, 2004). A copy of the topic guide may be found in Appendix C to this thesis.

The first four interviews were used as a pilot stage, to help refine the topic guide, and assess whether anything was missing that the first few interviews suggested may be a fruitful topic to include. Two questions were added as a result of this piloting, although early interviews were included in the analysis as these questions came up from the second interview onwards. These were the questions about whether family members, such as parents and siblings also saved for a pension, and whether carers could identify anything that would make it easier for them to save towards a pension. Piloting also highlighted ways to ensure that the interview flowed better, for example asking a whether caring had affected their pension savings immediately after asking about their current savings, rather than leaving it as a separate topic.

6.5.2 During the interview

The interviews lasted between 32 minutes and 3 hours, although most were between 45 and 90 minutes long. The stated aim was to limit the interviews to an hour, and every effort was made to do this and the interviewer checked explicitly or followed the interviewees lead where interviews lasted longer than this. The two longest interviews (Laurie and Rose) were lengthy in large part because the interviewees expressed significant stress and wanted to talk about their experiences and feelings: the interviewer was happy to give them space to do this.

At the start of each interview, the researcher introduced themselves and thanked the carer for meeting them. They then provided a brief introduction to the study and what they interviews were to be used for. Consent was then sought for their participation. The researcher went through the participant information sheet and consent form, and the participant was asked if

they would be happy to sign the consent form. The purpose and limits of the interview were described. To avoid deception, the researcher also informed those in Oxfordshire of their role as an Oxfordshire County Councillor, and could provide information about that at the end. Interviewees were assured that they could withdraw their consent at any time. They were assured of the confidential nature of the interview.

Interviewees were also given the opportunity to ask any questions they had about the study before beginning. They were asked for permission to record the interview, and the reasons for this were given: to allow transcription afterwards and to leave the interviewer free to consider questions, note issues to come back to, and to give the interviewee their full attention rather than having to take copious notes. Two digital recordings were taken of each interview, as a safeguard against recorder failure. Brief notes were also occasionally taken during the interview as an aide-memoir, and this was explained.

In semi-structured interviews, the researcher is the data-collection tool, and their approach to the interview can affect the data collected. Many factors can affect the effectiveness of the researcher in accessing the interviewees' world. Rapport is frequently highlighted as essential to a successful interview. Rapport can be understood as a relationship of trust and confidence (Gaskell, 2000) and depends on the relationship between individual interviewers and interviewees. Many commentators have also stressed the need to find a balance between talking too much, which may restrict the interviewees willingness or ability to talk, and talking too little which can appear cold (Bryman, 2004). Graham (1984) notes the benefits of giving interviewees time to think and answer rather than rushing to fill silences. While some feminists have emphasised the need for intimacy in interviews to create rapport (Oakley, 1981), McCracken (1988) warns against over-rapport, where this intimacy can make it

difficult to ask tough questions. It may also distort the interview as it can affect what the respondent says and how.

During the interviews, the researcher attempted to be open and friendly, to listen attentively and give the interviewees time to think before answering, without putting pressure on them. The interviewer tried to pay attention to their own body language to ensure it was open and not aggressive or intrusive. The researcher drew on previous experience of carrying out interviews, on their experience as an elected representative, and their training and experience of providing a non-directional listening service to try to ensure the interviewees were put at ease and were able to raise the issues they felt were most appropriate and given sufficient time to reflect before answering.

However, the extent to which this was achieved varied between and within interviews, although it felt easier with practice. In particular, the researcher found that it became easier to be aware of when to stay silent, and how to more directly probe issues that the respondent found difficult to address, after transcribing the first interviews. It also became clear from the early interviews that attempts to create rapport through sharing experiences had the opposite effect and could move the interviewee off the subject, or silence them, and avoiding this became easier as the interviews progressed. Further piloting would have benefitted the study as it would not only have helped the interviewer develop their interviewing skills but would also have created space to think more creatively about ways to access the information being sought. However, the transcription process was used to continuously reflect on the process and content of the interviews and improve on them within the boundaries of the topic guide.

While every effort was made to cover all the points included in the topic guide, this was not always possible. The interviewer attempted to take a flexible approach to the ordering, to

ensure smoother continuity in what was being discussed and that the interviewee was able to present their experiences in the way they preferred.

6.5.3 Post-interview

At the end of the interview, carers were given the chance to provide any additional thoughts they'd not mentioned earlier, then they were thanked and the tape recording switched off. They were then thanked again for their time, and offered information about local support services. They were given the opportunity to ask any last questions (but if advice was sought they were referred to the relevant support charity), and asked if they would mind being contacted again in the next few days for additional information or clarification was required. If information was requested that the researcher could not provide on the spot, it was sent after the interview. A number of carers wanted to discuss carers' issues more generally after the interview finished, and the interviewer was happy to do so in recognition of the time they had contributed.

After leaving the interview, the interviewer made notes about how the interview had gone, recording their impressions of how it went and summarising the interview. The recordings of the interview were then transcribed (from one of the recordings unless there were parts that were not clear on the first recording) by the researcher. Some 'tidying' of the transcripts was undertaken for clarity, for example dialect was standardised.

6.6 Ethical concerns

Using semi-structured interviews as a data collection tool raises a number of general ethical concerns. A number of measures were taken to try to minimise the risk of harm to both the

interviewees and interviewer, and to ensure that the interviews were not exploitative or manipulative.

The University of Oxford requires that all research involving human participants undergoes an ethical review, in most cases by the Central University Research Ethics Committee (CUREC). This is a two or three stage process depending on the degree of risk of harm to participants. The first stage involves drafting a proposal taking relevant codes of practice into consideration. The second stage is the completion of a checklist designed to determine whether further scrutiny is required. This research was subject to the full, three stage review process (CUREC 2) as the pressure the carers interviewed face may have meant that participating caused them additional worry or concern. CUREC 2 requires an application for ethical clearance to the relevant Interdivisional Research Ethics Committee (IDREC) following review by the Departmental Research Ethics Committee for Social Policy.

Prior to designing the study, the British Social Research Association ethical guidelines (Social Research Association, 2003) were consulted and the protocol incorporated into the study. Care was taken to ensure that participants were not deceived in any way, and that they were able to provide fully informed consent (Lewis, 2003, Creswell, 2003). Participant information sheets, setting out the details and aims of the study, including what was being asked of them, were provided before agreeing to take part, as was a consent form which was then discussed fully before interviews started and signed by both the interviewer and interviewee. Participants were informed that they could withdraw consent at any stage, and that they could ask questions about the study.

Data collected was anonymised, and not kept in the same place as the contact details of participants. Instead participants were allocated a pseudonym, and the characteristics used to

describe them in the thesis kept to a minimum to ensure anonymity. Potentially identifying details was omitted or the details changed slightly where necessary (Lewis, 2003). Transcripts were kept on a password protected computer. Names were not used on the transcripts, and other family names, some places (such as smaller villages), companies and other potentially identifying information were omitted.

Interviewing can often throw up unanticipated issues, including subjects that are sensitive and potentially distressing (Lewis, 2003) to the interviewee. It was recognised that this was potentially particularly true when interviewing carers, given their greater risk of stress, anxiety and other mental health problems (DoH, 1999; NHS, 2010; Rands, 1997), and the deeply personal and emotional nature of much carework, especially where needs are chronic or the recipient's condition is terminal. There is also some evidence that financial issues are a particular source of worry for carers (Carers UK, 2007a), and it was recognised that this may be exacerbated where they are caring for their partner, who may have contributed some, or all, of the family's finances and pensions savings previously.

The interviews were therefore approached with sensitivity and empathy. Care was taken to ensure that questions and concerns were answered at the end, although advice was not offered as the researcher is not an expert in either caring issues or pensions decision-making. Instead, external sources of help were signposted. Efforts were also made to make the interviews accessible to carers. They were asked where they wished to hold the interview, and arrangements made if they wanted to hold it outside of their home. Where interviews were not held in public places, the researcher kept a named individual informed of where and when the interview was being held, calling them at the start and at the end of every interview to protect both the researcher and the interviewee. A process for reporting any problems or harm was also drawn up in advance, and the researcher agreed to contact their supervisor in

the first instance, and inform the University's ethics committee in the event of a serious adverse event. Interviewees were also provided (in the participant information and consent forms) with a complaints process whereby complaints could be made to the researcher or to the University's ethics committee.

Given the time constraints carers may experience (Speiss and Schneider, 2003) the researcher was flexible as to when to hold the interview, and tried to strictly control the length of the interviews (while being sure not to cut carers off if they wished to talk for longer). The risk that the interview could be interpreted as a form of counselling, or as an opportunity to seek financial advice was also recognised: as the researcher is qualified in neither, it was in the best interests of both researcher and interviewees to draw clear boundaries around the interview relationship from the start. The aims of the interview were made clear in the participant information form, provided before the interview, and at the interview itself. It was made clear that if there were any questions about the study or topic, these could be asked at the end, when signposting information would also be provided. The researcher has experience of drawing boundaries with clients through their casework and council experience which they could draw on to be firm about the limits of their knowledge and ability to provide advice if a problem arose. However, it was recognised that in inviting carers to discuss their experiences, the researcher was encouraging them to ponder potentially distressing experiences and that while they could not offer payment for carers' time, they could offer a sympathetic ear while retaining the boundaries of the interview and ensuring that the interviews kept to time.

Following Kvale and Brinkman (2009), the researcher attempted, through reflecting on the role of power in the interview, to minimise the potential for any inequality between them and the carers interviewed. Attempts were made to build rapport, and to be as open and reassuring

as possible during the interview. Central to the researchers' approach was a belief that while they took responsibility for the running of the interview, the carers interviewed held expert knowledge about caring, and were an important source of information valuable to the study. This was respected and acknowledged through thanking them for their time, and giving them space to express themselves in their own terms. Each carer was emailed after the interview to thank them for their time.

Care was also taken to ensure that descriptions that were drawn from the data were accurate and aimed to reflect the meanings attached to the statements by the interviewer as far as this was possible. Attempts were also made at reciprocity. While limited resources meant that participants in the study could not be given gifts to thank them or compensate for their time, effort was made to ensure that any questions they had were answered and information about support available provided. Many carers expressed an explicit desire that the information they provided would be used to help other carers or research more generally. Costs to participants, such as parking fees, were recompensed.

6.7 Data analysis

Qualitative research does not test hypotheses based on the literature. Rather, insights from the literature are used to place statements and observations in context, and to understand differences contained within the data, to make comparisons and to orient the analysis (Flick, 2006). Qualitative research is not simply either inductive or deductive, but can be a mixture of both. While the existing literature guides the topic being examined, and shapes the method used and the way in which this is carried out, the researcher also remains open to the ideas and meanings presented in the data, and may generate new theory based on this. Theory is grounded in the data and should work as explanation (Jones, 1985b).

Although very initial analysis of first 11 interviews was carried out using data analysis software, the decision was made not to use this for the full analysis, on the basis it suited the researchers' approach better as it allowed for more immediate engagement with the data. No formal method of analysis (such as Glaser and Strauss's grounded theory, see Corbin and Strauss, 2008; Creswell, 1998) was used. Rather, a flexible approach was taken to reading and analysing the data. Analysis was informed by the findings of the literature search, but the researcher remained open to finding new issues and perspectives that did not reflect the literature.

The process of analysis started during the interviews, as themes, patterns and contrasts started to emerge and were explored with the carers during the interviews. Transcribing the interviews was an important stage in the analysis as this provided a deeper understanding and knowledge of the data, and a better insight into the interview subjects. Dwelling on what was being said, and how, noting intonation and paying attention to what carers chose to dwell on during the interviews, and what they avoided, gave a better understanding of their concerns, and the process of transcription enabled the researcher to revisit each interview and re-engage with it. This informed the process of the analysis, as it enabled better comparison across interviews, and began to highlight areas of interest, and themes that had not emerged during the literature review.

After the interviews were transcribed, they were read closely several times, and the patterns and key issues that started to emerge were noted. Pen portraits were drafted, providing a summary of each interviewee, placing their experiences in the context of their lives and biographies. A grid was then created in 'Numbers', a spreadsheet programme. A row was entered for each interview and columns capturing information on the carers' background,

caring, pensions and retirement decision and the decision to care. This was used as a basis for the tables contained in this chapter, as well as to compare different socio-economic and demographic groups, and to highlight repeated phrases and experiences. Some broad coding was then done by hand according to the themes to be discussed in the findings chapter, with refinements carried out where necessary. Relevant quotes were written out in longhand by coding to help the researcher immerse herself in the findings. After this was completed, each code's quotations were read through several times, and the findings and themes that emerged described in the findings chapters. The process of analysis was ongoing, with analysis starting before all the interviews were completed and earlier interviews revisited as appropriate if new themes emerged. The analysis continued with subsequent drafts of the findings chapters.

The results of the findings are presented in chapters seven, eight and nine. The discussion is thematic, linking the findings to relevant literature as well as exploring the implications for the theoretical approaches described in chapter three. Significant use of verbatim quotations is made in the findings chapters. As Cordon and Sainsbury (2006) demonstrate, verbatim quotations are used in a number of different ways in qualitative research. In this thesis they are used as part of the attempt to provide rich description (see section 6.8). The quotations are used to deepen understanding of carers' own interpretations of their actions, circumstances and beliefs - a central focus of the research, providing an often-obscured group a voice, as well as to illustrate the points made. However, it should be noted that quotations are used to illuminate the findings rather than as providing evidence: while some points may be supported with quotations, all arguments and interpretations made are grounded in the transcribed interviews and reflect carers' own descriptions.

Verbatim quotations within the text are denoted within double quotation marks. Ellipses reflect material omitted for clarity or because it was less relevant, or because it was an incomplete comment. Summaries or substituted phrases used by the researcher are contained within square brackets. Quotations are kept within the paragraphs to aid the flow of the chapter. Quotations are attributed to the carer that made the comment, however as throughout the thesis, pseudonyms are used to protect anonymity.

6.8 Validity

A concern that is often voiced about qualitative research is that its validity cannot be tested in the way that quantitative research can be, as there are no realistic opportunities for replication and confirmation (McCracken, 1988). Where quantitative research focuses on measurement, and uses methods that can be easily replicated to test earlier results, “Qualitative research is conducted not to confirm or disconfirm earlier findings, but rather to contribute to a process of continuous revision and enrichment of understanding of the experience or form of action under study” (From an unpublished manuscript by Elliot, Fisher and Rennie, 1994, quoted in Lincoln, 2002:331). Arksey and Knight (1999) argue that while qualitative research cannot be subjected to the same tests as qualitative studies, researchers can ensure their studies are credible by ensuring that their methods are transparent and demonstrating that they are systemic enquiry, and that their findings are presented in a way that is authentically grounded in a careful study of the phenomenon. As a result, alternative criteria for assessing qualitative research have been sought, although there is not yet consensus on what form these might take (Lincoln, 2002)¹.

¹ Other criteria that have been suggested for validity in qualitative research include workability, relevance and modifiability (Charmaz, 2008), credibility, plausibility, context embeddedness, stability, reliance on data (Lincoln, 2002; Bryman, 2004), and unambiguous, minimal assumptions, mutually consistent with recognising the importance of difference, unified, powerful yet accurate, fertile, and providing a lens through which to view the world (McCracken, 1988).

In this study, the aim was to collect data from a variety of carers, interviewing at least 40 carers, and attempting to ensure a diverse sample in terms of location, gender, age and ethnicity. This, it was hoped, would give a broader understanding of the range of experiences, and offer the opportunity to compare carers' experiences. An extensive literature review was also carried out so that the findings from the interviews could be compared to previous research, offering the possibility of confirming the findings but also of highlighting any inconsistencies between carers or with previous research that may reflect other differences between carers, or errors of reasoning (Walker, 1985).

The ability to produce rich, thick description of phenomena using qualitative research has also been emphasised as a way to lend validity to studies (Creswell, 2003). This can be used to give readers a sense of the shared experience, and to clarify the potential bias contained within a study. Creswell (2003) also argues that since real life is complicated, it is important to include negative or discrepant information that runs counter to the themes within the study. Description also plays an important role in qualitative research (Denzin and Lincoln, 2008) because "the processes and phenomena of the world are described before theorized, understood before being explained" (Kvale and Brinkman, 2009: 12).

For this thesis, the criteria for validity adopted, and the standards aimed at, include credibility and plausibility, through comparison with the literature as well as close attention to the interviewees' own words, reliance on data through accurate, rich description and respecting and using the interviewees' own perspectives in the findings chapters that follow this chapter. Validity is also sought through description of the process of the research, and through explanation of the decisions made and reflexive discussion of the limitations of the research, in short through being as transparent as possible. Chapters seven, eight and nine attempt to

utilise rich description to present the findings and explicit attempts were made to reflect carers' own meanings, though checking understanding during the interview and through the use of direct quotations in the empirical chapters. Transcriptions included notes on tone, and noted laughter, hesitation etc. Recordings were kept until the analysis was completed so that the tone used during the interviews could be checked if necessary.

Commentators often warn that qualitative research should not make use of enumeration, as the aim is not to count frequency. However, as Oakley (2000) notes, much qualitative research does make use of such phrases, as evident in the work of Glaser and Strauss with respect to their development of grounded theory. Rather than avoiding these terms, it should be clarified that where these are used they are not meant to be making representative or statistical claims. At most, the recurrence of an idea or concept within qualitative data may suggest that there is scope for further, possibly quantitative research. Where such terms are used in this thesis, they are intended to reflect an interesting repetition, or the possibility that what is repeated may be something many carers experience, and worthy of further consideration or study. They are not intended to reflect generalisation to a wider population.

6.9 Delimitations and limitations

The research carried out and the analysis of the data collected have a number of limitations. Further piloting would have benefitted the study as it would not only have helped the interviewer develop their interviewing skills but would also have created space to think more creatively about ways to access the information being sought. However, the transcription process was used to continuously reflect on the process and content of the interviews and improve on them within the boundaries of the topic guide.

The study was also limited by a number of political changes to carers' support that occurred during the fieldwork period, in particular the effective closure of the Oxford Carers' Centre with which the researcher had built a good relationship and which could have offered access to a wide range of carers across the county, as well as the facilities to hold meetings, and the potential to hold a focus group with non-English speaking carers. More efficient planning of research, in particular applying for ethical approval earlier, could have helped mitigate this limitation.

There were also significant difficulties recruiting a diverse range of carers to the study. As expected, the vast majority of those who agreed to be interviewed were women, and almost as a great a majority identified as white British (including English and Scottish) or white European. To attempt to mediate these problems, direct and repeated attempts were made to promote the study through specific male-carer groups and groups based on ethnicity (a Chinese Speaking Carers group for example). While these brought some carers, it remained a challenge to recruit from those groups, despite taking advice from support workers working with them. A broader mix was achieved by recruiting in central London and Slough.

An additional problem was recruiting from different socio-economic backgrounds. The majority of those who replied to newsletter adverts were from higher socio-economic backgrounds: either they or their partners had a degree or worked in a professional/managerial role, and most lived in owner occupied housing. This may be because those willing to participate were more interested in pensions and finance because this was more relevant given their wealth and education. A number also commented that they wanted to participate because they themselves had carried out research as part of academic degrees. Again, recruiting in Slough and central London helped to recruit those from lower socio-economic groups, including those living in social housing, particularly as carer support officers were

willing to target a more diverse group of carers. However, home-owners remained over-represented. Many of these had at some point held fairly well paid jobs which gave them access to occupational pensions.

Relatively few had given up work altogether other than to retire, or due to their own health problems, and few were entirely reliant on state benefits. Many had access to an occupational or personal pension. This is not representative of carers' experiences nationally (Clery *et al*, 2010) but may represent different experiences of caring, with respect to access to services and intensity of caring. While this is clearly a limitation of the research, and attempts were made to overcome it, it does not necessarily undermine the research aims as it meant that the study was focused on those who have had access to private pensions and may therefore have made decisions about saving.

A lack of resources meant that the researcher was unable to offer a payment or gift to say thank you and compensate carers' for their time. Being able to offer this may have helped to encourage offers to participate and would have offered a way to more effectively demonstrate that the time pressures they faced was recognised, and their participation appreciated. It may also mean that there was a bias amongst participants towards those who are actively interested in the issues and particularly private pensions, which could affect the findings of the research. This again may explain the difficulties in recruiting those who had never had access to occupational or personal pensions.

While the project, as a small scale qualitative study, was not designed to be replicable or generalisable (Creswell, 2003), the selection of qualitative methods presents some inherent delimitations on the research. While every attempt has been taken to accurately and honestly reflect the words and meanings used by the carers themselves, it is acknowledged that the

researcher brings their own understandings, expectations, knowledge of extant literature and their experiences both living with carers and as a politician representing carers, to the analysis. Care was taken during the interviews to clarify the researchers' interpretations with the carers, and quotations from the interviews used to illustrate and justify assertions. However, it is recognised that as only one researcher was involved in collecting and analysing data, only a partial view can be presented.

The study is also inherently limited by the relatively narrow criteria by which participants were selected. The focus on carers living in certain local authorities for example, means that findings cannot be directly generalised to those living in other areas, with different demographic characteristics and different forms of support on offer. However, it was felt that focusing on a smaller geographical area (although this was expanded) was not only the right decision because resources were not available to travel further afield, but also because it meant that an understanding of the support and facilities available to carers could be gained, and considered during analysis. As Lewis (2003) argues, it is harder to retain contextual insight in comparative studies.

The reliance on carers' memories (rather than, for example, administrative data, payslips etc) for information about past savings behaviour as well as information about how they approached savings, may also have affected the data collected. Palys and Atchinson (2008) highlight the risks of relying on interviewees' memory in social research. Most relevant to this study is the problem of memory fade, which refers to the tendency to forget events. It is possible that carers are mistaken about the order in which decisions regarding pensions and other financial decisions were made, and how they felt about the decisions at the time (Arksey and Knight, 1999; Bryman (2004). There was some evidence of this during the interviews,

when carers found it difficult to remember for example when they started caring or whether they took any advice before joining a pension scheme.

Carers' memories may also be distorted by more recent experiences and opinions on the importance of pensions savings may influence their memory or description of past behaviour, reflecting the salience and framing effects described by Khaneman (2011). Alternatively, memories may be coloured by social expectations and cultural norms (Atkinson *et al* 2003). The researcher tried to remain aware of this during the interviews, seeking clarification where carers appeared unsure or to contradict themselves. While this remains a limitation, particularly where trying to assess how beliefs and approaches have changed, it was concluded that the insight that the interviews could provide regarding how people think and feel about pensions, and how this interacts with their behaviour, would outweigh the risk that some details may be inaccurately remembered.

6.10 Summary

This chapter has explained and justified the methods used to answer the research questions set out in section 1.3. It introduces qualitative research. It provides detail about the semi-structured interviews carried out: who was interviewed and why, how they were contacted, how the topic guide was created, and the interview process itself. A summary of the characteristics of those carers interviewed is presented. The chapter also discussed the ethical issues the research presented and how these were dealt with, and sets out the limitations to the research.

The following chapters present the findings of this research. Chapter seven explores the effect of informal caring on pensions, while chapter eight assess the knowledge carers have

about pensions and pensions policy. Chapter nine examines carers' attitudes towards pensions planning and saving. Chapter 10 draws together the findings.

Table 6.4: Demographic and socio-economic characteristics of sample²

Carer	Sex	Age	Ethnicity	Marital status	Pension savings	Empl. status	Income £	Housing	Education
Helen	F	45	White British	Married	Public	FTE	33,000+	Own mortgage	Honours degree
Mary	F	49	Chinese	Married	None	FTC	5,000-14,999	Own outright	Postgraduate
Harry	M	64	White British	Widowed	Private	PTE	5,000-14,999	Own mortgage	Higher National Certificate
Peter	M	57	White British	Co-habiting	Private	Unemp-loyed	25,000 32,999	Own mortgage	Honours degree
Elizabeth	F	63	White British	Single	Public	PTE	15,000-24,999	Own mortgage	Professional
Doreen	F	58	White British	Married	Downsize	PTE	33,000+	Own mortgage	Postgraduate
Sally	F	59	White British	Married	Private	PTE	25,000 32,999	Own mortgage	Degree
Alice	F	43	Mixed white/Asian	Married	Public	PTE	33,000+	Own mortgage	Postgraduate
Ella	F	40	White European	Widowed	Public	PTE	15,000-24,999	Own mortgage	Postgraduate
Joe	M	53	White British	Single	None	Ill	5,000 -14,999	Rent - HA	NVQ
Anne	F	64	Caucasian	Married	CA -> BSP	Retired	5,000 -14,999	Own outright	Degree

² Pseudonyms are used

Carer	Sex	Age	Ethnicity	Marital status	Pension savings	Empl. status	Income £	Housing	Education
Lilian	F	53	White British	Married	Public	FTE	33,000+	Own outright	Honours degree
Colin	M	38	White Scottish	Married	Private	FTC		Rent - HA	NVQ
Jack	M	63	Caucasian	Married	Private + AVC	Retired	25,000 32,999	-Own outright	-Degree
Eileen	F	61	Mixed European (British Polish)	Married	Public	PTE		Own mortgage	-Postgraduate
Laurie	M	52	English	Married	Property	FTE	33,000+	Own mortgage	-O-levels
Ken	M	59	British	Married	Private + AVC	Retired		Own outright	-Degree + professional
Kyoko	F	49	Japanese	Married	None	PTE	25,000 32,999	-Own outright	-Degree
Philip	M	61	White	Cohabiting	Public + AVC	FTC	25,000 32,999	-Own mortgage	-Postgraduate
Gita	F	43	Pakistani	Married	BSP	FTC	25,000 -32,999	Own mortgage	-CSE
Alexandra	F	64	White British	Married	PPP + Public	Retired	33,000+	Own outright	-A-level
Emma	F	64	White British	Married	Private + AVC	FTE	33,000+	Own outright	-O-levels
Caitlin	F	63	White British	Married	PPP + CA	Retired	33,000+	Own outright	-Postgraduate

Carer	Sex	Age	Ethnicity	Marital status	Pension savings	Empl. status	Income £	Housing	Education
Hannah	F	40	English Irish	Single	Private Work	+FTC	15,000 24,999	-Rent council	-Higher National Diploma
Maya	F	51	Black African	Divorced	None	FTC	5,000 - 14,999	Rent council	-Professional diploma
Stuart	M	46	Bengali English	Cohabiting	PPP	FTC	5,000 - 14,999	Rent council	-O-levels
Nimko	F	42	African Somalian	-Separated	None	Unemp-loyed	5,000 - 14,999	Rent Private	-Degree
Lucia	F	57	Spanish	Married	CA -> BSP	FTC	25,000 32,999	-Rent council	-Degree
Dora	F	57	White British	Single	BSP	Unempl oyed - ill health	5,000 -14,999	Rent council	-O-levels + vocational
Ivana	F	45	White (Italian)	Divorced	Property	SE		Own outright	-Degree
Fiona	F	44	White British	Married	BSP	FTC	25,000 -32,999	Own mortgage	-CSE
Aditi	F	63	Indian	Married	Private	PTE	5,000-14,999 (maybe less)	Rent - HA	O-levels
Rebecca	F	63	Black Caribbean	Divorced	BSP	FTC	5,000-14,999	Lives with mother	Honours degree
Julie	F	52	White British	Divorced	PPP	FTC	15,000-24,999	Own mortgage	-Vocational, O-levels
Judith	F	51	White British	Cohabiting	None husband	-FTC	15,000-24,999	Own outright	-Vocational

Carer	Sex	Age	Ethnicity	Marital status	Pension savings	Empl. status	Income £	Housing	Education
Roopa	F	46	British Pakistani	Married	None	FTC	15,000-24,999	Own mortgage	-O-levels
Poppy	F	55	White British	Married	Husband + Property	PTE	25,000-32,999	Own outright	-City and Guilds
Karen	F	44	White British	Married	Property + PPP	FTC	33,000+	Own mortgage	-A-level (SA)
Nicola	F	52	Caucasian	Married	Downsize	SE PT	33,000+	Own outright	-Professional degree
Rose	F	52	White British	Married	PPP	SE	5,000-14,999	Own mortgage in arrears	-CSE and professional
Oliver	M	44	White British	Divorced	Public	FTC	5,000-14,999	Rent Private	-PGCE, degree
Jim	M	62	White Irish	Married	Work	PTE	33,000+	Own mortgage (wife's)	-Postgraduate
Catherine	F	48	White British	Married	None/Public	Ill	25,000-32,999	Rent - HA	O-levels

Key

M: Male

F: Female

Public: occupational pension, public sector

Private: occupational pension, private sector

PPP: Personal private pension

BSP: British State Pension

CA > BSP: Applied for Carers' Allowance to protect BSP

Work: Continue to work not retire

None: No specific plans for retirement income

Husband: Depend on husband's pension

Property: Investment property income

Downsize: move to cheaper property, live on extra capital

FTC: Full time carer

FTE: Full time employment

PTE: Part-time employment

SE: Self-employed

PT: Part-time

Ill: retired due to ill health (early)

HA: Housing Association home

Table 6.5: Caring experience of carers' interviewed

Name	Care recipient	Condition	Residency	Duration	Other caring	Children
Helen	Father	Parkinson's, Dementia	Extra	6 years	Yes	Yes – D
Mary	Son	Autism, sensory perception disorder	Co	6-7 years	Yes	Y
Harry	Daughter	Schizo-affective Disorder	Extra	20 years	No	Yes – I
Peter	Mother	Alzheimer's	Extra	3 years	No	No
Elizabeth	Mother	Dementia	Extra - past co	5 years	No	No
Doreen	Son	Autism, epilepsy Learning disabilities	Extra - past co	31 years	Yes	Yes – I
Sally	Husband	Dementia	Co	5 years (3 FT)	Yes	No
Alice	Son	Brain tumour, seizures poor sight, Asperger's	Co	8 years	No	Yes – D
Ella	Son	Cerebral palsy	Co	5 years	Yes	Yes – D
Joe	Friend	MS	Extra	18 years	Yes	No
Anne	Husband and Mother	H - MS, M - 91, both in wheelchairs	Co/Extra	15-20 years H, 10 M	No	Yes – I
Lilian	Son	Autism, learning Disability	Co	18 years	Yes	Yes – D
Colin	Wife	Cerebral palsy	Co	5 years	No	No

Name	Care recipient	Condition	Residency	Duration	Other caring	Children
Jack	Wife	MS, kidney problems	Co	14 years full time, diagnosed 37 years - progressive	No	Yes – I
Eileen	Husband	Alzheimer's	Extra (care home)	13 years	No	Yes – I
Laurie	Wife	Strokes, diabetic, kidney failure	Co	1 year	Yes	Yes – I
Ken	Wife	MS	Co	Diagnosed 28 years, worked till 2001	Yes	Yes – I
Kyoko	Son	Brain atrophy and autism	Co	16 years	No	Yes – D
Philip	Partner	Alcohol induced Alzheimer's	Co	8.5 years	No	No
Gita	Son	Learning disabilities, bone condition, epilepsy	Co	23 years	Yes	Yes – D
Alexandra	Daughter	Cerebral palsy	Extra/Co (university)	23 years	Yes	Yes – I
Emma	Sons - 2	1 - depression 2 - brain injury	Co	15 & 16 years	No	Yes – D
Caitlin	Mother & MIL	M - arthritis, MIL aged, frail	Extra - past co	14 years full time,	Yes	No

Name	Care recipient	Condition	Residency	Duration	Other caring	Children
Hannah	Mother	Clinical depression, physical disability	Co	22 years - 15 years full time	Yes	No
Maya	3 sons	Mental illness/behavioural	1 Co, 2 extra	9 years	No	Yes - D + I
Stuart	Mother	Asthma, panic attacks, osteoporosis	Co	13 years	Yes	No
Nimko	Father	Dementia	Co	9 months	No	Yes – D
Lucia	Husband	MS, depression, OCD	Co - separating	12 years, 10 FT	No	Yes – D
Dora	Son	Schizophrenia, personality disorder	Extra (hospital)	15 years	No	Yes – I
Ivana	Daughter	Deaf, physical problems from meningitis; eating disorder	Co	15 years	No	Yes – D
Fiona	2 sons	ASD, one ADHD, one learning disabilities	Co	10 years (6 with diagnosis)	No	Yes – D
Aditi	Husband	Stroke	Co	3 years	Yes	Yes – I
Rebecca	Mother	Stroke, knee replacement	Co	3 years	No	Yes – I
Julie	Daughter	Autism, learning disability	Co	15 years	Yes	Yes – D
Judith	Son	Autism, learning disability	Co	21 years	No	Yes - D + I

Name	Care recipient	Condition	Residency	Duration	Other caring	Children
Roopa	2 Daughters	learning & physical development delay	Co	21 years	Yes	Yes – D
Poppy	Husband	Alzheimer's	Co	2 years (2.5 since diagnosis)	Yes	Yes - D + I
Karen	Son	ADHD and Asperger's	Co	9 years (3 years since diagnosis)	No	Yes – D
Nicola	Parents	Dad ill, mum arthritic	Extra	20 months	Yes	No
Rose	Son and Uncle	Son -Asperger's, Uncle - dementia	Co	Son 15, uncle for	Yes	Yes - D + I
Oliver	Son	Autism ADHD	Co - weekdays	4 years	No	Yes – D
Jim	Mother in Law	Blind, deaf, unable to do anything herself	Extra	11 years	Yes	Yes – I
Catherine	Sons - 3	Asperger's, Autism and learning disabilities, ADHD	Co - eldest extra now	25 years	Yes	Yes - D + I

Key

Co: Co-resident, living in same house
 Extra: Extra-resident, living in separate houses
 D: Dependent child(ren)
 I: Independent child(ren)
 ADHD: Attention deficit and hyperactivity disorder
 ASD: Autistic Spectrum Disorder
 MS: Multiple Sclerosis

Chapter seven: Findings - the effect of informal caring on pension plans

7.1 Introduction

Chapter six set out the methods used to answer the research questions. Qualitative, semi-structured interviews were held with 43 carers to explore what they think about pensions and saving for retirement, and whether caring has affected how they are saving for retirement. The following three chapters present the findings from this research. The findings are presented with reference to the literature discussed in chapters four and five. These findings are used to assess the theoretical approaches outlined in chapter three which have underpinned much pensions policy. The implications for the competing theories will also be discussed. The findings assess the importance of caring in shaping pensions planning but also reveal the other issues that carers feel have influenced their decision-making and beliefs. The findings therefore have salience beyond the effect of caring on pensions planning, and contribute to a fuller understanding of the factors and experiences that shape how people plan for a pension. As such, the data address the theoretical issues raised in chapter three.

This chapter looks at the effect of caring on carers' actual pension savings, in particular their (private) non-state pension savings, whether in occupational or personal private schemes. The chapter opens with an overview of the pension savings and plans carers had in place at the time of the interview. It then describes the effects on their pension savings that carers identified as resulting from caring, as well as the other issues that had prompted them to alter their savings plans. No single 'effect' on pensions attitudes, behaviours or reaction to caring was identified. A variety of types of responses emerged, but their consequences depended on factors that had affected their lives. These are explored. The impact of caring on access to

the state pensions, and on the affordability of private pension savings, due to the effects on employment, costs and savings is analysed.

Both expected utility theory (Khaneman and Tversky, 1979) and reflexive agency (Deacon and Mann, 1999; Peggs, 2000) suggest that the decision to care will have been made with consideration of the expected effect of caring on employment, earnings, and pension income. A cost-benefit analysis would result in a decision to combine work and care in a way that maximises the family's resources, financial and wellbeing. However, this presupposes that caring is a decision that carers are able to make, and the ethic of care (Sevenhuijsen, 1993) and feminist arguments regarding the internalisation of gender roles (Finch, 1995) suggest that caring may not be entered into as a choice. The chapter therefore investigates how - and if - carers made a conscious decision to provide the care they were undertaking, looking at the factors that contributed to this, as well as the decisions some had made to reduce the level of care they offered.

7.2 Overview of the carers' pensions savings

Carers were asked what financial plans they had made for retirement, including what private pension savings, if any, they had. Table 7.1 summarises the result. It includes the main types of pensions carers were relying on, although not some of the smaller, secondary plans they had in addition.

A minority of the carers - 17 of the 43 - had at least one occupational pension (OP) that they expected to form the main element of their retirement income. Eight of the 17 had a public sector pension; nine had OPs from the private sector. Four carers had made Additional Voluntary Contributions (AVCs), one of them intended to work through his retirement. Six

carers had a personal private pension (PPP) including one who had transferred their OP into their PPP. Alexandra was relying on a combination of a PPP and an OP, while Karen had a PPP that she continued to top up, but was also planning to invest in property to fund her retirement.

Two others also planned to use investment property to fund their retirement, with Ivana considering this as continuing to work as it was her current occupation and source of income. For two people, downsizing their home was their main plan although one of these, Doreen, was also relying on her husband's pension income. Jim planned to continue working. Six carers were depending on the BSP as their main income in retirement. The rest (7 carers) simply stated that they had made no plans. Of these, one thought he may have an old public sector pension from a decade ago, while two were expressly depending on their husband's pensions.

Table 7.1: Pension plans

Main type of pension plan	Number of carers relying on pension type	Number of carers in receipt of pension type
Basic State Pension	6	7
Occupational pension - public sector	8	2
Occupational pension - private sector	9	4
Personal private pension	5	0
Partners' pension	2	0
Property (downsize or investment)	5	0
No plans made	7	0
Making additional voluntary contributions	4	3

Thirteen of the carers were claiming a pension at the time of their interview. Seven of the women were receiving their state pension. Because of the age range of the sample, none of the men were yet eligible for the BSP. Catherine was in receipt of a medical pension through her employer, albeit a very small one, as she had had to stop working following a major stroke. Rebecca was in receipt of the Pension Credit, and Aditi had been until her remarriage.

Six carers were in receipt of their OP already, mostly because they had retired early: four of these were men. Sally and Anne were already in receipt of a company pension, private and public sector respectively. Philip was the only male carer currently in receipt of a public sector pension. Three of the four carers who had opted to make Additional Voluntary Contributions had taken early retirement, suggesting they were financially better placed to retire because of their extra contributions.

7.3 Perceived effect of caring on actual pension and retirement savings

Carers were asked whether they felt caring had affected their pension savings and how they approached this saving. The actual level of savings and how this changed was not assessed; the question focused instead on perceptions and the process of saving. This decision was made in part because what was of interest is how carers make decisions in response to caring and in light of pensions options.

Eight carers reported that caring had had little or no effect on their actual pension plans or savings. However, all of their plans had been affected by other factors, since they had an interrupted record, or had lost some of their savings. Jim for example, had lost a substantial

amount of money that had been invested in a pension from Equitable Life. However, he was unconcerned about his own financial future, feeling he could work, and had taken other steps to secure his wife's financial future. Emma was the main breadwinner, and was continuing to work full-time while caring for her sons. However, she had a broken pension record due to looking after her children when they were younger. Aditi's plans did not seem to be affected by caring as she had not changed her working hours in response to her second husband's stroke, but had started working later in life following the death of her first husband. Harry had taken early retirement in order to spend time with his wife who had been diagnosed with a terminal illness. Joe had already stopped working, and considered himself retired when he started caring. However, he discovered after retiring for health reasons that no national insurance contributions had been made on his behalf.

The remaining three had all had their pension plans affected by their own ill health, due to conditions not directly triggered by caring. Oliver had stopped working due to his problems with addiction, and although he was delaying returning to work as a result of his son's needs, this did not seem to be a main influence on his lack of pensions savings. Maya and Catherine had both stopped working as a result of their health problems, and for Catherine this had triggered a (very small) medical pension.

For the rest of the carers however, caring had a significant and direct effect on their retirement savings or plans. On the whole this was the result of lower incomes or higher costs. Ella, for example, would have been working full time if she had not been widowed, and if she was not providing the level of care she did. She was therefore making smaller contributions to her pension that she would have had she worked full time. However she argued "I think I can't really change it." Laurie and Poppy's retirement plans had been affected because they were relying in part on their partners' pensions. However, Laurie had an additional concern about

the prudence of investing in a pension, shared with Ivana. Both felt that it would be inappropriate to save in a private pension scheme as this would mean they could not access their money if the person they were caring for needed something. Ivana argued “So I’d always have to have enough money aside to pay for that. Always. So a pension pot ties your money away and I don’t want that. I want to be able to use it in case I need it.”

Several women had not been able to build a full pension in their own right as a combination of caring for children and providing informal care had left them with substantial gaps in their employment record. Gita, Nimko, Judith, Caitlin and Alice had all had long breaks in their employment which had stopped them saving as a consequence of these two activities.

Mary had planned to use her business as a pension when she retired. However their son’s condition had meant that they’d sold the business and used the proceeds. She had made no alternative plans, as she was unable to work but also unable to think ahead. Eileen was struggling without her husband’s pension following his illness and was intending to carry on working for a while, but as she was struggling to cope with the level of care, had opted for phased retirement, reducing her pension slightly. Similarly, Elizabeth had opted to reduce her hours, realising that this would have a knock on effect on her pension, but had chosen to do so to regain some quality of life after an intensive period of caring.

The following sections explore the effect that caring had on actual pension savings through the effect of caring on carers’ finances, and in particular their employment. Chapter eight will look in more detail at the attitudes carers held towards pension and other long term savings, and whether caring affected how carers thought about pensions and affected the value they placed on them.

7.4 Effect of informal caring on access to and affordability of pensions saving

The following sections look at the processes that carers identified as contributing to the change in their pension savings. The next chapter will look at if and how carers' attitudes to pensions changed and whether this played a role in their savings behaviour. This chapter focuses on the more tangible constraints on finances and long-term saving as a result of caring.

As noted in chapter four, affordability is often cited in studies as a key barrier to greater individual pensions saving (Thomas *et al*, 1999; Clery *et al* 2010). This appeared to be a significant issue influencing carers' changed retirement savings following the onset of caring. A number of carers who had prioritised pensions or other savings in the past, and who would prefer to still be saving at the same rate were explicit in blaming a lack of money as a barrier to making or increasing their private pensions savings. Peter for example said the idea he could have kept making pension contributions after stopping work to care for his mother was laughable, because "I had no money, no income, no income at all." Similarly Alice explained "we haven't gone and sought advice in the sense that we don't have any additional money to put into things...I'm aware we've got a shortfall, but can't fix it." Judith revealed "there is no money to save." While Ella was aware that her occupational pension would be quite low because she was working part-time, she did not see any way to change this, as "at the moment there's nothing, I haven't got any additional money to save." This was exacerbated by the fact she was a single parent. In Gita's case, this lack of disposable income to save towards retirement seemed to influence the amount of thought she gave to pensions planning, as she commented "It's not something that I would be too worried about, because I wouldn't have anything to put by for the pension anyway."

Affordability was affected mainly because caring reduced carers' income or access to a private pension because they had to change their employment, working fewer hours or changing jobs, which also presented carers with the additional costs associated with changing pension scheme. For some carers, caring had triggered early retirement or retirement at an earlier age than planned, and a number of those caring for spouses had their savings affected by the fact that their spouse was no longer able to work or save. However, for many it was also because additional costs related to either caring or the condition of the person they were caring for reduced their disposable income or altered their savings priorities. The following sections examine ways that carers felt their retirement savings had been affected by caring.

7.5.1 Effect of caring on employment

Chapter four presented evidence (NHS, 2010; Atkinson *et al*, 2007) that substantial informal caring (20 hours or more a week) has a significant effect on carers' employment, although this effect is more pronounced for women than men. Speiss and Schneider (2009) argued that carers are faced with a decision about how to allocate their time between caring and employment (and leisure activities) which Heitmueller and Michaud showed can reduce employment. There is also some evidence that carers may start caring *because* they are not working (Hirst and Hutton, 2000). This thesis confirmed these findings. Almost all carers had changed their labour market activity as a response to caring. The responses can be grouped into four main categories: stopped working; delayed returning to work or not gone back following a break; reduced working hours; changed jobs. This section looks at each of these in turn.

7.5.2 Stopped working

Ten of the carers stopped working to provide more care. On the whole the decision to stop working was made because carers were finding it difficult to combine both caring and working, because it was creating stress, interrupting their work, or because they were concerned that it would have a harmful effect on the person they were caring for. For some, the decision to stop working was in part triggered by being offered a beneficial redundancy or early retirement package, echoing Higgs *et al's* (2003) findings about retirement decisions. Jack was offered the chance to take early retirement at the point at which continuing to care was proving very difficult, particularly because his job required him to travel. While the trigger point was an occasion when he returned from a business trip to find that his wife had had to call the police after getting locked in the house, he explained that combining the two was taking a serious toll: "It was building up to the point where I really couldn't, I couldn't work for an employer and do what I needed to do, so I just gave up work." He felt that if he had not stopped when he did either he or his wife would not have survived.

Hannah had also stopped working as a result of the stress and exhaustion it was causing, between caring for her mother who was so ill at the time she did not leave her room for six weeks, and dealing with commuting to work on top of the job itself. She explained "the strain was too much, it was quite a high pressured job, and the strain was too much and I got nervous exhaustion. So I had to, it just wasn't working...I just couldn't cope with everything." Similarly, Philip, who had taken a part-time job as a care worker after being made redundant from his teaching job, had found it too difficult to continue, and found himself worrying about what would be happening to his wife while he was out. He explained "in the end it just became too much, juggling that and the irregular hours I was working, you

know I'd be out in the field, starting work at 7 o'clock in the morning, wondering what on earth was going to happen to her."

Peter had also found it increasingly difficult to balance his job with caring for his mother who had dementia. Like Jack, he found travelling on business increasingly difficult, but he also was struggling to deal with the fact his mother would phone him dozens of times a day as a result of the anxiety caused by her condition. He therefore made the decision to stop working, influenced by the fact that he had sufficient savings to manage without working for a while, although he acknowledges he had no idea how long he would need to be caring full-time. He was preparing to start looking for work again at the time of the interview, but was unsure, given his age and the jobs market, whether he would be successful.

While Judith had given up work initially to care for her children, she had tried at times to return to work, but found that she would only manage two or three weeks in a job before her son's autism and learning disability made it difficult to continue, as "I felt guilty saying I had to leave early. Because I couldn't do the job like everybody else. And that makes you feel terrible." On the other hand, Nicola had to stop working for over a year because her employers refused to accommodate her needs when her father went into intensive care. She would have been willing to go part-time, work flexibly or take unpaid leave, but was unwilling to continue nursing other people while her father was being cared for by other nurses in intensive care. For Colin and Stuart, the reason for stopping working had been more financial. In Colin's case, his wife's condition deteriorated to the point where she needed round the clock help, as her mobility was severely compromised. Since he could not afford full-time formal care, he had to do it himself. He said he could not see himself returning to work, particularly as he would need to make between £20-30,000 to be better off given his benefit payments and her care needs. Stuart had been working as a healthcare assistant but

discovered he had worked one hour too many to be eligible for the carers' allowance he received and had to repay a substantial amount. He was now wary of returning to work in case a similar thing happened, and felt the rules regarding work and carers' allowance were too complicated.

Rebecca had had to give up work because she was based overseas, and moved back to care for her mother. While she had hoped to return and take up the contract she had been offered, and which was put on hold for her, her mother had to wait over a year for the operation she had come back to help with, and then continued to need additional support after it was completed. Of those carers who had stopped work in order to care, only Ken's decision had not been made mainly or solely as a result of either the care needs, the carers' own health, or for financial reasons which placed pressures on them in making the decision. Instead, he was offered the opportunity to take early retirement through voluntary redundancy and decided to take it because he wanted to be able to help his wife more, but not because she needed significant support at the time.

7.5.3 Delayed return to work

Several carers were not working when they started caring, and had either postponed returning to work, or not gone back at all. Most of those in this group were mothers caring for children with disabilities, who had young children or were single parents when their child was diagnosed. Most had actively intended to return to work once their children were a certain age, or without a definite plan, felt they would have done had they not been caring, not least because of their family's financial circumstances.

For these women, their children's needs were primary, although some felt frustrated by not being able to work for reasons other than the lack of a salary. Alice, for example, had a new baby at the time that her son was diagnosed with a brain tumour, and so remained at home to care for him unaware of the long-term nature of his condition. She had been unable to return to work for several years because there was no appropriate childcare available: she had taken two master's degrees while caring for her son to keep her brain active. When she finally returned, part-time, she was not much better off because she had to hire a nanny. However, she explained that she did not really have a choice "I think it was psychological, we'd reached a point where I would have been in meltdown if I hadn't gone back to work."

Alexandra had stopped work to have her child. As her child had cerebral palsy, Alexandra remained at home as the primary carer for seven years, in part because "generationally" her husband did not see caring as his role. She had returned part-time with hopes to move into full-time after a year. But when her father also needed intensive support she had to accept that she would not return to work full-time. She explained it was important to her to return to work because "I wanted to have my own identity back."

Karen had stopped working when she had her eldest son, and was hoping to start working again. However, because she needed to work through his exercises with him when he got home from school every afternoon, she was limited to working during school hours, and was struggling to get employment in a school, which she saw as the best solution, because she was not qualified. Roopa felt that she would have returned to work had her children not had disabilities, but couldn't imagine how she would cope with a job on top of caring for her daughters. She explained that "It's just the commitment with caring that's stopping me." Similarly Kyoko had had to delay returning to work for a while until her son started receiving

all his treatments on site at school. Until then she spent a lot of time taking him to different appointments which meant that she couldn't have combined the two.

Others were hoping to return to work, but finding it difficult given the jobs market and the time pressures that caring placed on them. Nimko had not worked before because she was raising her children, then studying towards a degree as a mature student. However, when that finished her father became ill, and she was struggling to find a job given that she could not leave him very long. Instead she was currently volunteering for a homeless charity. Fiona was intending to start working shortly, although part-time while her sons were still young, and was hoping to get a job using the skills she had developed as a carer. For her, the motivation was to keep busy rather than to earn money - her husband's recent pay rise which had not resulted in any increase in income due to a reduction in tax credits meant that she felt "financially, I probably wouldn't be any better off, you know the situation."

7.5.4 Reduced hours of employment

Caring had also led to a reduction in income for a number of carers because while they had continued to work, they had had to reduce their hours. The carers who had done this were women, and tended to be in their 50s or 60s, caring for a parent or spouse. The exception was Ella who, after losing her husband, had returned to work part-time on a flexible contract that meant she only worked outside school holidays, rather than full-time as she had planned (her husband was to be primary carer). For the others who had reduced their hours, a central concern was improving or protecting their quality of life. Elizabeth, for example, was only reducing her hours now that her mother had moved into a care home. While she was still providing support, she felt that her life had been on hold and now wanted some time to enjoy

it. She was nearing retirement and realised that while her salary would be reduced, her pension would be little affected by the reduction in hours.

Eileen had also only reduced her hours after her husband had moved into a care home. She had not done this immediately though, and had done it because she was struggling to cope with work on top of spending several hours a night with her husband. Unlike Elizabeth, she had been very worried about the financial impact of reducing her hours, and had taken phased retirement so she could reduce her hours without as large a drop in salary. Sally had reduced her hours more than once in response to caring. First she had cut her hours back by an hour when she was caring for her parents, so she could still spend the same amount of time with her husband. However, when her husband had developed dementia she had taken a break then moved into a part-time job locally, yet had still had to reduce her hours further. Poppy was intending to reduce her hours once her daughter had returned to university “to have some extra time, thinking time, because I don’t get much thinking time.”

7.5.5 Changed jobs

The final type of effect that work had on caring was changing or choosing a job in response to caring responsibilities. Here the primary motivation was to find employment flexible enough to combine working and caring. Alice and Lilian, for example, had both prioritised working in the public sector because it offered a decent pension, and because it offers greater flexibility in hours. For Lilian, it had the benefit of not requiring her to travel, unlike her private sector job, and offered greater job security. Ivana, as a single mother caring for her daughter who is profoundly deaf, could not see a way of returning to the office-based work she had done before her daughter was born. She had therefore moved into property management as it was something she could do at home. Nicola had also become self-

employed after her NHS employers refused to let her work flexibly so she could combine work and care. She explained “my employers weren’t very supportive. They said I had to do a full-time job or nothing. So my parents were more important to me.” Being self-employed enabled her to work part-time, but also reflected her concern that she was no longer fit enough to be accepted back into full-time nursing. Rose was concerned that her uncle’s care needs would make it difficult to return into employment as her business was closing. She explained “Finances do play a part of it. Because he’ll restrict me going back to work. Because I’ll have to pay not only for the childcare but also for care for him too.”

For some carers, the experience of caring had opened up new employment opportunities. Catherine had been offered a job as a teaching assistant for students with problems similar to those of her sons, as she was known for being able to cope with them. Fiona’s experience of working with people with learning disabilities had opened up the possibility of a part-time job in this area, quite different to her previous employment in catering. Peter confided that ideally he would prefer to return to work in a role that involved supporting other carers.

7.5.6 Socio-economic effects

Caring is not something that only effects one section of society: it cuts across socio-economic classes (NHS, 2010), although those lower down the income scale, and those with lower levels of education may be slightly more likely to provide care (Hirst and Hutton, 2000). It is difficult to analyse the effects of socio-economic class, of income, occupation and education on the decisions made by the carers in the sample in part because changes in employment and earnings distort the classification of carers, but also because of the small sample and over-representation of those with tertiary education, current or previously high income and home-ownership.

However, some influences are worth noting, particularly given their association with pension savings as identified in chapter four. There was a notable gender effect in mediating the employment response to caring. All of the men who had changed their employment as a response to caring had stopped work. This spanned the socio-economic scale although the decisions were based on different considerations. All had stopped working in response to stress (this was also true of at least two of the four women who had stopped working). However, those who had been in professional roles at the time of, or preceding, caring, argued they had stopped in part because they were able to afford to, because they had sufficient savings or were offered early retirement or redundancy. Colin and Stuart, however, with lower incomes, working in low paid jobs at the time they had to stop, and with school-education only, stopped for other reasons. Colin because of the level of care required, Stuart because of the disincentive inherent in the carers' allowance. These men's more abrupt cessation of work may also reflect a lack of flexible working, particularly in the private sector.

Women's responses were more mixed but again there was no clear socio-economic influence. Those who reduced hours were in a better position to afford to do so, as they owned their own home, generally outright. However, they were also more like to be managing on their own, because they were single, widowed, or caring for their partner. Those who delayed returning to work were all women who had been caring for their children before they started caring for someone with a disability (including their children). A lack of alternative care (Alice, Dora), or anyone else to provide care (Dora, Nimko) and/or having a partner able to provide financial support (Alice, Fiona, Karen, Alexandra, Judith) were the reasons these women put off returning to work

7.6 Effect of caring on cost of living

Beresford (1995) suggested that caring can create additional expenses, though few academic studies have considered the costs of care in detail. The findings of this research supported past findings. Many carers reported additional costs relating to caring, or the conditions of those they were caring for, on top of any loss in income. One of the most significant costs that carers had faced was adaptations to their homes to accommodate the needs of those they were caring for, particularly those with severely constrained mobility. Laurie explained “It’s like everything here, stairlift, that’s two and a half grand. I mean she likes her baths, so I’ve just had to buy her a bath cushion. That’s 600 quid.” Similarly, Ken had invested tens of thousands of pounds improving the bathroom and floors so that his wife could retain some independence. Doreen had had to move house to ensure that her daughter’s needs could be accommodated in their home, while both Gita and Roopa had extended their homes to better suit their children’s needs.

For those caring for children with Attention Deficit and Hyperactivity Disorder (ADHD) in particular, activities posed substantial costs. Karen and Fiona both spent large amounts of money on sports classes etc for their children, having to pay for more for specialist sessions or one-to-one supervision. While they received Disability Living Allowance to help with this, they both had to top it up themselves. In addition, the effect of diet on ADHD symptoms and appetite meant that they spent large amounts on food.

Many of those caring for young children also spent money on specialist equipment. Karen had bought weighted blankets and nightlights to help her son sleep, while Oliver had decorated a room so it acted as a sensory chamber for his son. Alexandra had had regularly purchased special shoes for her daughter with cerebral palsy. Ella had had to spend several

hundred pounds on a specialist sledge when it had snowed as her son's wheelchair wouldn't work in the snow. Both Mary and Kyoko had paid for private treatment for their sons, as well as providing equipment etc, and their financial priority was providing for their children. While a couple of parent carers - Ella and Oliver - had received grants to help them cover their care costs, others were using income and savings to pay for what was required. Parents caring for adult children - Harry, Doreen, and Emma for example - mentioned having to help their children out financially, replacing lost items or belongings stolen while they were in care, or supplementing benefits.

Some parent carers were also saving money for their children's future, adding an additional financial pressure: Lilian, Kyoko and Judith had set up trusts for their children in case they were unable to provide for themselves, while Ella and Fiona had taken out life insurance so that their children would be able to access care if something happened to them. Ivana and Karen were both saving for their children's futures alongside their own, aware their children may never be independent.

Other costs raised by carers included additional heating because care recipients felt the cold more, extra electricity because care recipients were at home through the day (Colin, Lucia) Laurie explained "As I say, with the gas bills, it's like now, living at home now, you've got to have the heating on all the time for her, so heating's going up, gas bills are going up, and your income's going down, and you're thinking, dig into your savings." Extra travel costs impacted them, either through petrol as the person they were caring for is not mobile, or public transport to get to frequent hospital appointments or visit the care recipient. Holidays were also mentioned by a number of carers, as these were considered important to give the families a break. Philip paid for full-time cover for his wife while he was on holiday, which added significantly to the cost, while Catherine struggled to afford anywhere that was suitable

for her family given her son's needs. Fiona however, saved towards holidays through the Sun newspaper, which she found to be cheaper than staying at home and paying for holiday activities and extra food for her children.

An additional and often significant cost is the loss of more than one member of the family's income. Laurie felt that he and his wife were struggling because her stroke had meant that she could no longer work, and this meant that they were finding it harder to pay the bills, as well.

Very few carers mentioned how much they forgone as a result of caring. Alexandra had calculated that through working part-time, the reduction in her salary, rent forgone while her parents lived in a flat she owned, and the savings she had had to dip into, caring had cost her £400,000. She revealed "The opportunity costs you just shrug off, because you didn't have it. But the actual costs, that is painful, because your security blanket's gone. But hey, it doesn't matter does it? As long as you've got something else." Jack had also calculated how much he and his wife had given up as a result of her illness, although could not bring himself to do this until five years after he stopped working. He found that through the salary they had forgone, and the pension contributions not made "We're only £1.8 million short. Yeah? And I don't care. So it can't be that bad." Jim had provided a house for his mother-in-law, which he acknowledged he could otherwise have let, and was contributing to her care package, along with the local authority. He explained "It's costly...we have a programme that, well, we're told, it's as good as can be put in. But it's cost us over £40,000 a year of our own money." For him, his mother-in-law's quality of life, and the effect this had on his wife, were of primary concern.

Both Jack and Alexandra were reasonably well off, having had good jobs in the past, and in Alexandra's case, having been able to invest in property. The fact that they were the only carers who had considered their financial losses may reflect their ability to make such calculations, but also suggests that only those comfortable enough to shrug off these losses felt able to think about them. This has implications for Giddens' claim that reflexive agents will be able to make decisions based on their continuous monitoring of their circumstances, if a significant degree of wealth and emotional strength is needed to broach the subject.

7.7 Effect on savings

A number of carers mentioned the fact that caring, by reducing their paid employment or increasing their costs, had negatively affected their personal savings. This had implications for their standard of living in retirement. Peter for example had lived off his savings for the 3 years he had cared for his mother, and was very concerned to start working again so he could rebuild these, particularly as they had also been affected by the financial crisis. Alexandra and her husband had 'borrowed' from his savings in order to cover additional expenses such as extra shoes and petrol, while Alexandra had lived off her "retirement nest-egg" after going part-time then stopping work. While she did not feel that this affected her current standard of living, the lack of savings worried her "the only thing I feel is that I don't have my own safety net and my own savings now." Ken and his wife had used £30,000 of their savings to adapt the house to her needs, while Elizabeth had run down her savings renting a flat when she could not cope with living with her mother. Laurie explained "Well I've tried to save, but now it's become almost impossible. With her not working now, because over the last few years with the way that the bills are going, and I'm finding my money's going backwards, and bills are going up and saving's becoming impossible...At times you're running on your savings."

7.8.1 Decision-making regarding informal care

The extent to which carers can make choices about their caring, given the effect that caring has on employment, is likely to directly affect their ability to earn, to save, and their access to pensions. While the rational choice model of economic decision making suggests that a decision to care should be a rational decision based on weighing different levels of resources including family welfare, so a decision may be made to substitute some earnings for the well-being of the care recipient, thereby maximising personal or family utility. However, if carers do not feel able to make a choice, if they do not have a range of options that they can rank by preference, it is not clear that they are then able to make effective decisions about caring, working or earnings and as a result, about pensions savings. The effect on their pensions is then less a result of planning, a sacrifice they have made to boost their resources in another area, than something that has been forced on them.

There was strong evidence in the study that carers rarely felt that they had made a free choice between a range of options to care, or about how to balance care and other areas of their lives, including employment. While few actively resented being forced to make sacrifices to care, more expressed frustration or disappointment that it was difficult to combine the care they were willing to provide, with the employment that they enjoyed or relied upon. Where carers felt they exercised some control over whether to provide care or not, it was often within circumstances where their options were limited.

Probably the most common response in the study was “there was no choice” to care. While carers may have been more or less willing to provide care, and may have received differing degrees of satisfaction, enjoyment or emotional reward from the caring relationship, they nonetheless rarely felt they actively made a decision, or could have if they wanted to. This

extended across the different relationships, so that people supporting their children, their partners and their parents similarly felt that they did not have alternatives, or that if they did these were not satisfactory. Instead, carers felt there was no choice because there was no-one else available, there were no alternative sources of care, or the alternatives were too expensive or of poor quality.

A number felt they just drifted into caring, on occasions because they were living with the care recipient. Indeed, some carers were unaware for a substantial period of time that they were a 'carer' until it was pointed out to them. Harry, for example, commented "We didn't really regard ourselves as carers when the illness first struck...So I guess we did it as just being a normal family really, looking after somebody who was ill within the family." This meant that they remained unaware, in some cases for years, of the support that was available to them as carers, including Carers' Allowance and Carers' Credits.

Caring for children and spouses was seen as particularly 'natural' and amongst those caring for children, the decision about the division of care between partners - to the extent that a conscious decision was made - tended to depend on who was at home with the child before they were diagnosed, which parent was most able for health reasons to care, or on which parent had the most secure employment or higher income.

Chapter three outlined two feminist theories of the motivation to provide informal care. While some theories argue the influence of assumptions about gender roles may be reflected in subconscious decisions about care (Daniels, 1987; Arksey and Kemp, 2006; Graham, 1983), theories of an ethic of care (Gilligan, 1993; Sevenhuijsen, 2002; 2003) suggest that decisions about care are not calculated in a traditionally 'rational' way, but based on the strength of the relationship with the care recipient. Both theories underline the point that the

decision to care may be pre-conscious, possibly non-reflexive, at least at the time the care starts.

Chapter five highlighted previous research which looked at the way in which carers make a decision about caring, looks at some of the evidence of past research on why people care (Finch, 1995; Finch and Mason, 1990; 1991; Ungerson, 1987). This suggested that carers do not necessarily perceive that they have alternatives to choose between (Mooney *et al*, 2005). This may be due to practical barriers such as a lack of alternative care, or for more cultural or emotional reasons, including an ethic of care which prioritises particular relationships.

Finch (1995) argues that the decision to care is based on obligations that arise from particular relationships, so different siblings may face different expectations, or be willing to different degrees to provide care for an ailing parent. This study found some evidence for Finch's arguments, for example it was clear that families, or individual carers had based their caring decisions on the particular relationship. This was most explicit for those caring for parents, with daughters, single, or childless siblings, those living with or near the parent, or those without high powered jobs for example feeling that they were better placed to provide care.

Ungerson (1983; 1987) distinguished between caring out of love and caring out of duty, suggesting that men, less likely to be carers, care out of love while women more often explained caring as their duty. Although by some readings of the data, it would be possible to find support for Ungerson's claims, this researcher believes that would be an inaccurate conclusion to reach. While it is notable that the word 'love' was rarely used as an explanation of why they provide care, their responses sometimes suggested that it was so obvious it did not need saying. The following sections look at how different caring relationships, and

feelings towards the care recipient, influenced the degree to which carers felt they made a choice to care.

7.8.2 Caring for a child

Those caring for their children, infants or adult, tended to see no choice in the matter because there was no-one else available or willing to care, or because they saw it as their role as a parent. Often caring seemed to be an emotional and instinctive response. Dora, for example, argued “First and foremost, I suppose, I’m a mum...I just did what I had to do really.” Ivana similarly saw no choice in caring, arguing “I think I just thought it was my duty, my role as her mother, to help her, and of course I always...there wasn’t really a question about it.” She put the situation facing her in explicit terms: “Well, I just, no, I didn’t have a choice. Because there was this helpless child, and who else is going to do it? If I wasn’t going to do it, nobody else was.”

Roopa, caring for two severely disabled daughters, could not really comprehend the concept of making a choice to care for them “What do you mean by that?” Emma explained “it just naturally happened, and the point was there was nobody else to do it.” Often parent carers, such as Harry, did not realise until someone suggested it to them that they were ‘carers’, seeing themselves simply as ‘parents’. Some of the mothers, such as Karen, Kyoko and Doreen, had already made the decision that they were going to stop working for a period to provide childcare when they became mothers, and their greater caring role grew out of that decision, made before they were aware their children would need additional support. Doreen said “So I suppose I’d already made the decision, I was going to be caring for my new child anyway. So in a way...it became an automatic thing, because it was from birth.”

Alice felt that her choice to provide the care that she did was constrained by a number of factors, including the fact that she was already caring for a newborn when her son became ill and because her husband earned more and had a more secure job “So it made more sense for me to be the stay-at-home parent. In addition they were unaware for several years how long their son would need care, as they were not told he would have long-term problems. However, until he had moved to his current school, where he receives support on-site, she was unable to return to work because there was simply no appropriate alternative care available on the market: those providing regular childcare could not support his needs, while those offering childcare for disabled children catered only for younger children. This left her in a position where even though financially they could have made a choice to purchase care, and this would have been their preference, she still was unable to make a choice not to be a full-time carer for several years.

Despite the strong suggestions parent carers made that there was no choice to care when it is your child, a number of them highlighted discrepancies between the care they provided and the care their partners provide that suggest for other parents, there is a choice, and on some level they have accepted a role that others would not. Roopa for example, despite suggesting she did not understand how there could be a choice, acknowledged that her husband had left her and her daughters for a period when the girls were first diagnosed, because he could not cope. Ivana felt the caring, and the difficulties her ex-husband had in coping with the caring had contributed to the breakdown of her marriage, and Julie’s husband had left her, not contacting their daughter for periods of several years. Oliver had not chosen to be the full-time carer but instead felt that “the circumstances forced it on me really”, because his son’s mother was very ill with an addiction when their son was born, and he’d had to leave and take his son with him as she was unable to care at the time. While she was now a secondary carer,

he had still taken a decision that she had not for the first period of their child's life, albeit as a result of an addiction which itself may severely constrain the ability to make decisions.

Most of the parent carers interviewed were mothers, so it is difficult to determine whether the lack of choice that they identified, in contrast to the male partners that left of their own volition, were influenced by societal expectations that women will provide more care for their children. Amongst some of the families where both parents provided care and they were still together, there was some evidence of a gendered division of labour, especially amongst older parents, but remaining among younger parents. Caitlin referred to the role of gender most explicitly, saying her husband "had a busy employment and generationally he doesn't think that's his role. If he was doing caring he was doing it well. But it was my role." The care she provided "...just evolved. Because he wasn't going to be there to do it." Others were not as explicit, but often fell into the more traditional gender division of labour, influenced also by differences in earning potential or stability. However, families did not always fall into this more traditional family structure: Ella had been going to be the one to return to work after her son was born, with her husband providing the primary care. Lilian was the main breadwinner, with her husband providing most care, although she acknowledged this was because her income was more stable, and she would have preferred not to be the only breadwinner.

7.8.3 Caring for spouses and partners

Those caring for their partners similarly did not consider that they had actively made a choice to care, seeing the care as natural within a marriage. Some, however, had faced a decision at different points in the caring. Sally said caring for her husband "it was an obvious thing that it would be me." Poppy explained "You just do it. [Interviewer: Because he's your husband?] And because you want to." Philip, caring for his wife with alcohol-induced dementia said "I

mean, I'm quite happy to do it. Oddly enough, it's a motivation, it's a focus and it's a real purpose. Not a purpose that you would choose necessarily, but that keeps me going as well." Anne's independence and feminism had made it difficult to accept having to give up her career to care for her husband and mother (it was the addition of caring for her mother that prompted her early retirement). She said of caring "It's not my choice" and explained how the caring relationship evolved "No, it was the fact that I lived with this man and I was married to him. And of course in marriage you care for each other. And I was on hand. That was my decision...no, no, I say that was my decision, it wasn't a decision, it just grew on us." An earlier gendered division of income had played a role in her situation, as she had been in a low paid caring profession (working as a counsellor). She argued "But if I'd been the breadwinner, I would have stayed the breadwinner. I wouldn't have stayed at home."

Colin and Aditi's partners had been disabled before they were married, although of those in the study, only Colin's wife had been in need of support before the relationship began. Although to a degree (ignoring his presumed emotional desire to marry her) he had had a choice to enter the relationship knowing that he would have to provide care, he had still reached a point where he no longer had a choice, when he had had to give up work following a downturn in his wife's condition that left her unable to dress etc. He had given up work because the care "would be impacting on work. So it was making that decision. It was work, work couldn't give me the flexibility of being a carer and working" and he added "it was either that or full-time care, and I can't afford full-time care." Colin felt that he had not had a choice in this, but did not blame his wife, arguing instead "it was the system that made me do it. The system is all cock-eyed."

Laurie and his wife had struggled to get help since she had had a stroke, and he was finding it difficult coping with managing her needs, including her diabetes, as well as running his

business. He described his lack of choice and autonomy as “it’s the old case of you sink or swim, I’m afraid, and it’s a case of you either cope or you don’t cope. There is no option of not coping, you’ve got to cope regardless of how you feel. So it’s a case of plod on regardless and not worry about yourself at all.”

Ken was one of the very few carers who felt he had made a choice to provide the level of care that he did, while acknowledging that their circumstances at the time, as well as his wife’s growing care needs influenced this. He revealed “yes there was, there was a decision...I was made redundant from my job...So I got quite a good pay off so that enabled, that was a good cushion, put it that way. So we, it wasn’t as if ‘crikey, the mortgage has got to be paid, I’ve got to go and get some work.” So luckily we were in that position, without that cushion it would have been much more difficult, wouldn’t it, or it would have been impossible.”

Eileen only made a conscious decision about caring once her husband had moved into a care home. Before that, she felt “I didn’t really made a decision I suppose, it just happened really. I didn’t think of myself as a carer until it was pointed out.” She explained “you kind of fall into that role, and then any other further support, because you’re man and wife, you just kind of fall into it, you don’t think about it at all.” She had felt unable to reduce her work as they still had a mortgage and as her husband was unable to work, she needed to support herself, and she had had to get carers in from a charity to help her husband during the day. Once her husband moved into the care home, she had been faced with a decision about the level and type of care to provide now he was no longer living with her, deciding to continue providing substantial care, spending five hours a night with him after work. She had taken this decision for two reasons “I wanted to maintain a relationship with him, and I know that if I didn’t see him regularly that wouldn’t be possible really. So that was one aspect. I suppose another

aspect was no matter how good the care home is they can't provide the one-to-one that you can."

Two carers had supported their partners through cancer - Mary's husband was in remission, while Harry's wife had passed away. In addition Doreen's husband had a number of health problems. Despite this, they did not consider themselves to be 'caring' for their spouses, seeing the care they were providing for their children as 'care' and the support they offered to their partners as normal within marriage. It was unclear whether this was solely because they saw it as natural within marriage, because their partner's needs were mainly medical, or because it was experienced as less of a (disruptive) caring relationship in comparison to the primary caring relationship they were in.

7.8.4 Caring for parents

While those caring for their parents were often more conscious of the start of the caring relationship, and many had faced decisions about moving either their parents or themselves, they too often felt that their options were somewhat limited. This was often because there were no other siblings, or siblings were unable or unwilling to help to the same degree. Helen, caring for her father who lived nearby explained "I basically had no choice. Because I'm an only child, and so after my mother died..." Sally had cared for her parents before her husband became ill. They moved closer to her and "then I think I just fell into that daughterly role really. I don't think I made a conscious decision." She had a brother, but she felt it was natural her parents came to her for support in part because her brother worked overseas, but also "I think mothers gravitate to daughters anyway. So you know it was logical that she wanted to come nearer me." Caitlin's brother was younger, with a young family (whereas Caitlin does not have children) and a busy job, so she had taken on more care for their

parents, although their mother was now living near the son. Some carers were frustrated with their brothers and sisters for leaving the caring to them. Similarly, Peter saw himself, of the three brothers, as best placed to support their mother, as the others did not live nearby.

Rebecca felt that she had always taken the caring role, helping to raise her brothers and sisters after a number of family tragedies. When their mother needed support she saw that family care as part of her natural role, moving from the Caribbean and giving up her job and she explained “That’s always been my role, like caring for the family...it’s always been me, and I suppose I was the fittest to make that sacrifice.” While she was getting limited support from one brother, who also lived abroad, she got none from the other two, which she found upsetting. Rose expressed frustration that her brothers had not really helped care for their parents, leaving it to her as the only woman, and that they were now refusing to help care for their uncle.

Some carers noted that caring for a parent simply evolves if you are living with them already. Stuart was living with his mother for financial reasons when she started to need help, and felt therefore “I fell into that kind of position. It was a financial situation.” Hannah had not moved out when her mother started to need more help and in a similar vein explained “No, there was no choice. I had no choice, there were no choices. You just fall into it and just carry on doing it...There’s only me, and I wouldn’t want to leave her, so I just do it.” Likewise Elizabeth explained “I don’t think there was ever a decision to start being a carer. I think unfortunately if you share a home with someone who is elderly it just sort of...it happens, to some extent you don’t sort of realise its happening.”

Lack of satisfactory alternative care options, or a desire to provide the best possible care, was a driver for those carers looking after their parents, as in other caring relationships. Peter

“was aware that [paid care] was an option and I reviewed it quite often, but I don’t wish to sound big-headed and I don’t, actually having your own son here most of the time providing, you couldn’t really get much better than that, presuming I was doing it right.” Nicola, a nurse who gave up her job because she could not justify to herself caring for other people while her dad was in intensive care, and whose employer wouldn’t allow her the option to combine the two, felt she was in a position to provide better care than other options because of her professional experience. She explained “I don’t feel...well I had a conscious choice to give the level of care, because they are my parents and they matter to me, and I didn’t want my dad to die in hospital under any circumstances...And when you look at alternative options which we did. We looked at what was in the community which was very poor.”

While most carers supporting their parents were willing to provide the care because of the support their parents had given them, or because they felt that their emotional commitment (Peter) or specialist skills (Nicola) meant that they were able to provide the best care, others felt resentful about having to care. Those that felt resentful had poor relationships with their parents. Anne was happy to provide care for her husband, but explained “It’s looking after my mother that has floored me...we clash every time we meet.” She recognised that her resentfulness was in large part because she was proud of the career she had built, and was angry that her mother had never encouraged her in her work at all, and now she had had to give it up to support her mother. Elizabeth also resented providing care for her mother, who, as she got older, had become more difficult, and to whom Elizabeth had had to make huge sacrifices while her twin sister, as a more occasional carer, was treated with more consideration.

7.8.5 Caring for those outside the immediate family

Only two carers were providing care for someone outside their immediate family. Joe was providing care for a friend, and felt that he had made a decision to provide the level of care. However, while his ability to provide the care he did reflected the fact that he felt he had the time to as he was already not working, it was also strongly based on his relationship with his friend. He was clear that he would be less willing to provide such care for someone else.

Rose was providing care for an uncle who had dementia. They had only met late in life, after her father died, and when the uncle became widowed he had asked to move in return for making her his heir. However, she had not known that he had dementia at the time and was unsure she would have made the same decision knowing the level of care he would require (she was also caring for her teenage son). However, she felt quite strongly that family should look after one another, and that since he was family, she should care for him. She expressed frustration that her brothers did not feel similarly committed.

7.9 Deciding to reduce care responsibilities

Two carers had made an active decision to reduce the level of care they were providing outside of circumstances which altered the caring relationship such as the care recipient moving into a care home. Elizabeth had made the decision to move out of the home she shared with her mother for several months, because she was finding having her mothers' care workers around intrusive. She made the decision to move into rented accommodation despite the financial burden, as it was in her own best interests. She continued to care for her mother, but from a distance.

Lucia was in the process of separating from her husband, a decision she had found very difficult, and that she had not made when he initially became ill. While she could cope with his physical needs, she felt unable to manage the changes in his personality, and she was in the process of arranging for him to move out. This was a decision that had been difficult to make, as she felt she was morally obliged to stay with her husband, and had done so as long as possible. She explained that at first “You’ve got two choices. I couldn’t walk away so I stayed.” The deterioration of his mental state had forced her to reconsider this position. This was leaving her in a very vulnerable position, as they had shared tenancy of a council home, but she would not have a right to council housing after he left. She was also reliant on his income and unsure how she would support herself. She was also trying to consider whether to continue helping him after they were separated, although her support worker was discouraging this.

7.10 Conclusions: Caring, choice, agency and saving for retirement

Almost all of the carers changed their pension plans as a result of caring, mainly due to reduced employment or earnings, including early retirement, or because they faced additional costs of caring or disability. However, these changes often were not intended or considered, as few carers reported that they had made a reflexive decision to care based on a range of considerations, including financial. Where they had made a decision about changing their paid work in response to unchosen care, this was often perceived to be forced upon them, a decision made under duress, with few, if any, viable alternatives. The effect of this on decision-making will be explored further in chapter nine.

It is clear from these experiences that caring has a significant effect on employment but that carers do not respond in a uniform way. Carers reacted to the difficulties of juggling work

and care in the way that made sense to them, or in the only way they could. Carers were reflexive, aware of their situations and the consequences of their decisions, but it is not clear that they were always able to exercise agency, as their circumstances and the needs of others limited the options available to them, or that they could perceive as possible. While a minority of carers had meaningful alternative options available to them, most were reacting to pressures beyond their control, and did not feel they had many options available to them.

In some cases, this was because they could not envisage coping with additional work, or different types of work, because of the care they should be providing. This raises the question of the degree to which providing care is actually a choice, as Nicola, for example, made a positive decision to stop working and care for her father, and saw her employers as limiting her choices, without questioning why she prioritised caring for her father. She felt she had no choice to care, for his well-being and her own. Others had little choice because of the effect that caring had had on them, for example Hannah who was struggling to return to work because of her own mental health problems, while others were unable to return because of their own health problems.

Even many of those whose employment decisions were not directly constrained by caring did not necessarily make free decisions about their work and care. Lilian, for example, one of the very few carers working full-time, would have preferred to work part-time, and was in fact applying for early release because she felt she needed to help her husband with the caring now he was getting older. However, she had felt obliged to work full-time as her husband's company had folded, and her job was secure. She had also moved jobs to fit around her caring better, and was now reliant on her employer, who would decide whether she could have early release.

While economic resources were important in giving carers a degree of control over their care and employment, financial factors played only a secondary role in motivating behaviour for most of the carers, undermining the *homo economicus* model which predicts that decision-making will focus on maximising resources. Even a broader conception of resources to include wellbeing and welfare, does not really work in these cases, because while some carers may be seen to prioritise time and quality of life over additional financial resources, many did not appear to be making a judgement between different levels of resources as their options were too constrained, either by caring needs, employment structures or their own health problems. Only two had attempted to calculate what they had forgone as a result of caring, and no-one had done this in advance of starting to care, to inform their decision-making.

The findings also suggest that Giddens' (1991; 1994; Peggs, 2000) conception of reflexive agency is insufficient to explain the actions of carers. While some were reflexive agents, others were unable to exercise agency, their decisions shaped by external forces which left them unable to perceive of alternative paths. Others still were not particularly reflexive, unable or unwilling to think strategically about much beyond the day-to-day needs of the care recipient. Hoggett's (2001) alternative to Giddens' reflexive agency is therefore a better description of carers' decision-making. This has implications for the effectiveness of government pensions policy that assumes that carers can combine care and employment, or that individuals can and will engage in pensions decision-making.

These findings point to the important role that structure plays in shaping how carers split their time between working and caring. Factors external to the carers shaped the options they had open to them, and often pushed them towards courses of action that were against their financial interests and personal preferences. The feminist theories of an ethic of care (Gilligan, 1993; Sevenhuijsen, 2003) and of gender norms within patriarchal society (Graham,

1983; May, 1997) highlight additional factors that might influence the decisions carers make about caring and employment. There was limited evidence that carers were caring because they had been socialised by gender norms, although Alexandra for example referred to this. However, a larger number of women had continued caring after their children were born because they had made the decision to stop work for a period to provide childcare, and these women had very limited career experience, earnings and savings as a result. Women were also a majority of the sample which may reflect the fact that more women are carers because they see this as their role.

Employment responses to caring appeared to reflect evidence from survey research that women are more likely to reduce their hours in response to care, while men continue to work up to the point they cannot or will not continue and then stop working altogether. This may reveal internalised assumptions about their role as breadwinner. But it may also reveal more practical considerations. Their employment was less flexible or able to accommodate part-time work as they were less likely to be in the public sector, or because their roles offered financial compensation for ceasing to work.

There is also evidence to support the theory of an ethic of care, that individuals based decisions on relationships rather than a calculation of outcomes, as few carers took the potential effects of caring into consideration before starting. The findings also support Finch (1995) and Finch and Mason's (1990; 1991) argument that the decision to care is dependent on the relationship with the care-recipient, and that individuals may consciously or sub-consciously based the decision on a complex web of obligation. In this study parenthood or marriage were key motivations for caring, and decisions to care for other relatives reflected considerations including proximity and gender (with daughters seeing themselves as more

obligated to care). Those siblings with partners, children, or high-pressure jobs were seen as less responsible or less available to care.

The priority placed on the needs of the care recipients indicated by so many of the carers, even when this was in opposition to their own needs and interests, both emotionally and financially, suggests support for arguments based on an ethic of care. Rather than simply seeing the welfare of family members as a resource, an element contributing to utility to be maximised in trade-offs with paid work, carers saw providing care as imperative even when it risked harm to themselves, or left them and their families struggling to cope financially (for example Alice, Philip, Lucia), often seeking alternative outlets to compensate. In addition, many were providing care because they could not find or afford alternative provision. They were prioritising the needs of the person they cared for, but did not necessarily choose to provide the level of support they directly gave, as they could not afford or access alternatives.

Chapter 8: Knowledge and understanding of pensions and pensions policy

8.1 Introduction

Chapter seven outlined the effect that caring had had on the actual pensions plans, as well as employment experience and finances, of informal carers. It looked at the degree to which carers perceive a 'choice' to care. While commencing caring had a substantial effect on almost all carers' pensions or plans for retirement, few felt there were other options available. They were not acting in response to a calculation of the outcomes of their actions but instinctively as a result of attachment. Others were also constrained by a lack of sufficient resources to afford alternative care where they would have preferred this.

This chapter explores some of the other factors that may affect carers' pension savings. Chapter four highlighted the way that financial literacy and attitudes towards pensions including understanding of how pensions work, trust in pensions, and the sources of information about pensions accessed, can affect how people approach saving for retirement (Clark and Strauss, 2008; Nesbitt and Neary, 2001; Thomas *et al*, 1999). This chapter presents findings from the interviews in these areas. It examines how carers feel about pensions and what they know, how these effect their pensions decision-making. The role of caring in shaping carers' attitudes where such an effect was admitted is also considered. The implications of the findings for the theoretical approaches to decision-making - the roles of agency, structure and motivation, and the role of informal caring in mediating this - are then discussed.

8.2 Financial literacy and understanding of pensions

To make effective pensions decisions, a wide range of information is required, including individual life expectancy, future income, future needs, and how private pensions and wider financial and investment products work (Clark *et al*, 2009). Full, accurate information is fundamental to the rational actor and lifecycle models of decision-making (Blundell *et al*, 2006; Venti, 2006). To plan, individuals need to be able to understand how much they will need in retirement, and how much they will have to save to achieve that. The model of reflexive agency also highlights the importance of this information and understanding, and suggests that a human's reflexivity offers the opportunity to develop the skills required to make such decisions.

Behavioural economics suggests that many individuals lack the information necessary to make effective decisions regarding pensions decisions (Wicks and Horack, 2009), and often approach such decisions by using heuristics to simplify the calculation (Khaneman and Tversky, 1979). The adapted Bourdieu theories of Peggs (2000) and Greener (2002) suggest that this is not a simple task, and that individuals may lack the resources, or capital, including the education (cultural capital) required to teach themselves to make pensions decisions. Chapter four presents evidence for the latter two theories, demonstrating that individuals lack confidence in making decisions regarding pensions, often not understanding how pensions work (Thomas *et al*, 1999; Foster, 2011). There is substantial evidence of widespread financial illiteracy, and this is linked to age, gender, educational background and social class (Atkinson *et al*, 2006). Lack of confidence in making pensions decisions, and low financial sophistication, are linked to lack of preparedness for retirement (Clark *et al*, 2009).

The study did not directly test carers' knowledge of pensions, but probed how well they felt they understood pensions and financial issues. The interviews investigated how confident carers felt, and what they knew. In this way the research explored how the carers made decisions rather than assessed the validity and outcomes of their actual decisions. The interviews revealed marked gaps in knowledge. While a few carers claimed confidence that they had a good level of understanding of pensions issues, and were able to back this up by describing their private pension policies in detail, most expressed confusion regarding how pensions worked, including their own. There was fairly widespread uncertainty about how the state pension works, and although people tended to know that it was based on NICs, carers often did not know about Carers' Credits. While seven carers who were not working or retired were aware that they were entitled to Carers Credits to help them build entitlement to the state pension, four carers were unsure whether they were making contributions or not, including three receiving income support benefits (Nimko, Stuart and Oliver) and one, Ivana, who was self employed. Some of those who were in receipt of Carers' Credits felt that since they were not working, they would receive the lowest level of state benefit, even though Carers' Credits may help them build a State Second Pension (S2P), and they may also find themselves eligible for Pension Credits. These would bring their state pension above the minimum.

These points highlighted a significant omission in understanding on the part of all carers, the role of the Second State Pension or SERPS. While this may reflect that most had opted out in the sense of accepting an OP, and people's knowledge appears to be primarily shaped by their experience, it was notable that the S2P did not play a role in any of the carers' pensions decision-making, to the extent that few seemed aware of it at all. This confirms the findings of Thomas *et al*, (1999) and Nesbitt and Neary, (2001). In addition, proposed reforms to the state pension were rarely referenced, suggesting a lack of knowledge and attention, and

accordingly any planning may be inappropriate if the policy changes. Although a couple of carers were aware they would now have to wait until they were 67 or older to receive their pension, only Caitlin mentioned the proposed single tier pension, although she was unsure of the details. Another area of confusion regarding state pensions was the interaction between private pensions, state pensions and other public benefits.

Some carers admitted to having no idea about pensions issues, with Colin commenting “I don’t understand a blooming thing about pensions”, and Oliver admitting “It’s a completely alien world. I haven’t got a clue. As I say, I wouldn’t even know how to start addressing it.” This lack of knowledge related in particular to private pensions, but there was also widespread ignorance of how state pensions worked, as Rebecca replied “State pensions, I guess does anyone understand it?” Many of those who admitted very low levels of understanding (Colin, Oliver, Rebecca, Nimko) had relatively little employment experience, highlighting the role of both sufficient income to make a decision, and access to pension schemes in developing understanding.

Carers highlighted the complexity of pensions “I suppose it’s really, once they start on all this high-falutin stuff, it’s like keeping it basic isn’t it” (Dora). Joe, who discovered once he had stopped working due to ill health, effectively retiring, that the agency he had worked for had not made NIC’s on his behalf argued “It’s so complicated, and I think it’s made purposely complicated.” Frustration with the complexity of pensions was not limited to those with little financial understanding or savings, with Lilian, who described herself as very interested in pensions, and had made active decisions regarding her pensions savings, commenting “I think pensions and the way they’re treated for tax has got to be the most complicated thing I’ve encountered.” A number of carers did not feel that they had sufficient information to know what sort of pension they could expect to receive when they retired. Caitlin, who had had

both an OP and a PPP in the past asked “Why do they make it so woolly? You find intelligent people just cannot clarify what it is you will get, and what it is you should do to get that.”

Some carers felt that they had some knowledge of pensions, but not very much, able to reference particular elements they had dealt with or considered but not clear on how pensions work in detail. Mary had considered putting her business into a pension for tax purposes before she started caring. While she was aware there are tax implications of saving in a pension scheme, she didn’t understand how tax relief or annuities work. Eileen likened her understanding to that of computers “you can just about manage, can’t you, so that you don’t look an absolute fool.” Nimko’s knowledge was very limited “All I know is when you work, they take some of your money and they put it towards you for when you retire. Basic ones.”

A few carers, however, reported that they felt they had a good understanding of pensions, and felt confident making decisions about them. On the whole, this confidence was linked to experience of dealing with pensions or financial issues. Those who felt they had the best understanding tended to have worked in finance or business, have a degree or similar background in a more mathematical subject and had long-term experience of pensions or other financial products. For example, although Sally did not prioritise pensions planning and saving, she felt that she had a good understanding of her own pension and the issues more broadly from her experience in Human Resources and in particular because she had been a trustee of her own pension scheme. This had meant that she understood the implications for her pension of resigning.

Peter, Jim, Ken and Jack had all worked in finance and therefore felt comfortable making financial decisions, including regarding pensions. Jim, Ken and Jack were all qualified chartered accountants. While Peter worked in banking, and understood financial decisions, he

had only a rough idea of what he could expect from his pension, but Jack, for example, had made calculations about what he would be receiving when he made the decision to retire. Jim was able to work through the calculation of the Equitable Life one-off premium he had purchased in 1984. Philip had extensive understanding of how pensions and financial issues work which he put down to his two economics degrees and long career as an economics and business studies teacher. This experience gave him confidence in his decision-making. Lilian felt that her job which involved financial decisions meant that she understood finance, and Alexandra had worked in an actuarial office when she was very young, learning 'by osmosis' to do life expectancy projections which she used to work out what she required for retirement. Similarly Karen had learned about saving when she worked for a bank after leaving school.

Several carers admitted caring meant that they had little or no time to think about or find out about pensions and related subjects. Peter, for example, argued that had he had to make decisions about his pension while still providing intensive care for his mother, "you just wouldn't have the time or facility to do it."

For a few carers, caring was the experience which had most developed their understanding of pensions. This group tended to be caring for a parent or parent-in-law, for their husbands or another older adult relative. While Jim's professional experience meant that he had a good grasp of financial issues and understood the terms of his own pension plan, he admitted "Learning about pensions. That's been thrust upon me. Because I had to sort out, I was an administrator for my mother-in-law's estate, so I learned a fair bit then. Then I had to take care of my mother-in-law and work out what she was entitled to. Then it became important also to look at what my wife was going to get if I were going to mine diamonds in the sky. And so, I'm sort of self-taught, but there is a huge array of information out there." Elizabeth

felt she had a good understanding of financial issues from her experience of having power of attorney for her mother.

Like Sally and Poppy, Lucia had taken on managing the household finances after her husband developed mental health problems as a result of his Multiple Sclerosis. She said she felt that she understood financial issues, explaining her method of learning as “take advice, look around, doing it. A combination of various things. If I need to know something, I just phone up.” Taking on this responsibility had taught her what she was capable of. While Sally enjoyed the control taking over the family finances gave her, Poppy found it more of a challenge: “having to do all that side of things as well is quite difficult.” She felt that she does not understand pensions “at all,” however she had learned by asking for advice when making decisions.

Others were prompted to learn about pensions by other experiences. While neither Ivana nor Ella felt they understood pensions; they had both taught themselves about broader financial issues as a result of being a single parent. Ella was widowed when her son was very young, and she had been methodical in considering her options for securing her son’s future, taking out the life insurance she and her husband had talked about but not acted upon rather than make Additional Voluntary Contributions. Ivana had to take responsibility for her financial decisions following her divorce, going into business for herself so she could support herself and her daughter. She explained “I’m not really a financial guru at all; I’m just trying to teach myself for me, the very basics.”

Carers expressed slightly more confidence dealing with general financial matters than with pensions. However, their understanding of what was meant by finance and saving differed greatly, and appeared to reflect individuals’ financial situations and past experience of

financial decision-making. While Jim and Peter, for example, saw finance in terms of the decisions they had made at work, dealing with the stock market or business investments, others who had no professional experience of finance, and more limited resources to manage personally, thought about it in the sense of household management. For example, Emma commented that she understands money-off vouchers and things, “But bigger stuff, I’ve never had to deal with it before.” Similarly, Julie explained that she was good with money, giving examples of shopping around for bargains, not wasting food, and saving on gas by cooking several dishes at a time when using the oven.

8.3 Factors influencing knowledge and understanding of pensions

A key determinant of carers’ understanding of pensions appears to be experience of dealing with pensions or similar financial issues or products, lending support for auto-enrolment to combat inertia in pensions savings (Pensions Commission, 2006; Wicks and Horack, 2009, Barr and Diamond, 2010). On the whole, those with professional experience, and related qualifications reported greater confidence, and demonstrated a higher level of understanding. This experience was in large part what seemed to make the most important difference. While most of those with a good understanding of pensions, or with higher confidence in financial decision-making, tended to have a degree or equivalent, this was not universal. Some carers such as Hannah, who did not have a tertiary education, had gained experience and therefore financial understanding through managing their own money. Others with degrees, such as Doreen and Oliver had little employment experience or engagement with their own pension, and did not understand pensions.

After professionals, the next group with an understanding was those who had taken on responsibility for family finances as a result of caring, or because they had been widowed, or

divorced. In contrast, those who had never had sufficient resources to invest, or whose partners dealt with the family finances (e.g. Judith, Kyoko, Doreen) often had little understanding. It appears that many people develop knowledge of pensions and the confidence to make financial decisions because they 'learn by doing.' Given the importance of professional experience, it appears that financial education, whether academic or on-the-job plays an important role in supporting individuals in building the understanding required to make beneficial decisions about pensions savings. For some carers, particularly middle-aged women who had left the financial decisions to their husbands, caring had forced them into developing their financial understanding as their husbands became ill and were no longer able to continue with this role. For others, losing their partner through divorce or widowhood had pushed them to educate themselves about finance and pensions. This did not appear to have the same effect on the men in the study who were widowed. For Harry this appears to be because he had already had a degree of understanding, while for Oliver the lack of a trigger appears to reflect his experience as an addict.

The limited understanding of finance in general and of pensions issues specifically admitted by many carers supports the findings of Clery *et al* (2010), Nesbitt and Neary (2001) and Foster (2011) which were replicated in this study. As Parker (2000) argued, the fact that the carers had made decisions regarding their pensions without understanding the full implications casts doubt on the potential effectiveness of these decisions. The findings therefore lend support to behavioural economics theories about financial decision making, demonstrating the limits to individual comprehension and engagement. However the fact that individuals are able to develop more understanding through forced experience of making decisions about money or retirement savings also lends credence to theories that argue that individuals are capable of reflexive agency (Giddens, 1991; 1994; Deacon and Mann, 1999).

Despite this, more carers had pensions - and had therefore faced a decision, even if it was just not to opt-out of their company pension - than expressed confidence in their understanding of pensions issues. This suggests many acted despite knowing they lacked sufficient understanding. Aditi, for example, after the death of her first husband which left her financially insecure, took out a company pension when offered one. However, despite having to take on financial responsibility for herself, and having made the decision to join a particular company scheme (she could choose between two), and having been in receipt of the state pension for a few years, she showed very limited understanding. With regards to the company pension she explained “I have no idea what it’s about, no idea whatsoever, but I just did it.” This lack of knowledge had not moved her to seek more information, not least because she was grieving when she started the pension scheme, and is now caring for her second husband. She was also having difficulty understanding her state pension, as it had just changed following her recent remarriage. It seemed that she was in receipt of the state pension and her pension credits had stopped, but she mused “I’ll probably get a [state] pension and I think I am going to get one through him. But when I don’t know.”

Experience in and of itself is not, therefore, sufficient to ensure that individuals make active plans for retirement. While some carers appear to fit the description of non-reflexive agents (Hoggett, 2001) as they have joined pension schemes or similar without much understanding of what they’ve done, and have not attempted to educate themselves about it, others have been more reflexive, teaching themselves as a response to taking on responsibility for financial issues.

Some carers’ actions lend support to the adapted Bourdieu (Bourdieu, 1993) model (Peggs, 2000; Greener, 2002). Capital, whether access to finance, access to pensions policies, or education, appears to play a significant role in determining whether an individual understands

pensions saving, and the differences in definition of finance, from those who understand it in terms of the stock market to those who view it in terms of household financial management, money saving deals etc suggests that circumstances can structure how an issue is viewed so powerfully as to shape individual's terms of reference (*habitus*). Agency is clearly important however. One explanation of the connection between professional experience and more active investment may be that some individuals are more motivated to understand because they are interested in finance. It is difficult to determine whether those carers who worked in finance chose their jobs because they were already understood it better, or they understood finance because they happened to find themselves working with money.

A couple of carers explained their confidence with financial issues, including pensions, as reflecting their interest in such issues. Lilian had taken part in the study because she had never found anyone as interested in pensions as she was, and wanted to be able to discuss them. While she acknowledged the complexity of pensions, she had spent a lot of time planning and exploring pensions and other financial issues, and took a more proactive approach than her husband. Hannah's interest in pensions issues and money demonstrated that it is not simply access to wealth to save, or experience of working with money that predicts understanding. A former designer who had grown up in a financially unstable household and had had to stop working after only seven years to care, she was interested and concerned about financial issues, and while she had not looked into finance specifically, considered it as part of her 'general knowledge.' She explained she always has the news on and had picked up her understanding by 'osmosis'. While this could imply that she was quite passive in her approach, she revealed a deep concern with financial issues which prompted her to take them seriously.

Reflecting the existing literature (Atkinson *et al*, 2006; Clery *et al*, 2010), the carers interviewed revealed a widespread lack of confidence in their understanding of pensions and other financial issues. While a number demonstrated a greater level of understanding, few were very confident, and those that were tended to have professional experience and qualifications relating to pensions. While the data suggests that individuals can have the capacity and motivation to educate themselves with regard to pensions, this was not universal. Experience of being faced with pensions-related decisions prompted some to do this. Others made decisions without carrying out research, admitting very little understanding. This may be because their circumstances mean that they are unable to access this information or even to understand that it is available, or it may provide evidence of non-reflexive agency in relation to pensions decision-making. Care appears to play a role in determining the level of understanding for a minority of carers. This is particularly true of those who start caring for a husband who had in the past managed the couple's finances. The lack of time or inclination to think about pensions that a number of carers expressed when discussing pensions planning (this will be discussed in chapter nine) may indicate that for some, the experience of caring limits the time or energy they have to self-educate.

8.4 Advice and information

As noted in chapter four, Peggs (2000) argues that access to advice and information is an important element of reflexive agency, enabling people to monitor their risks and empower themselves to make a decision regarding pensions savings. Clark *et al* (2000) found that individuals who use media or written information about pensions are more likely to report preparedness for retirement than those who relied on colleagues, friends or relatives. Foster (2011) and Nesbitt and Neary (2001) found that people were often unsure about where to go for advice.

In the interviews carers discussed whether individuals had sought advice about pensions or finance, and what sort of information sources they used to learn about these subjects. Peggs (2000) and Clery *et al* (2010) suggest that a wide variety of information is used to learn about pensions savings. Those findings were confirmed by the carers, who used different combinations of newspapers, internet research (including Direct.gov.uk, the Pensions Service website, Which? and Moneysavingexpert.com and similar sites), colleagues (particularly senior colleagues and for those making the decision at a young age, colleagues older than themselves), documents including forecasts from pensions providers, Citizen's Advice Bureau, lawyers, accountants, friends or relatives who are finance specialists, parents, partners and Independent Financial Advisors (IFAs).

A number of carers had taken little or no advice, on pensions or any other financial matters. A lack of advice was often associated with little planning, or if carers had made plans, they had not considered other options. Maya for example, who had little knowledge of what if anything she could expect in retirement, and whose only plan was a small NHS pension she had been auto-enrolled into, said she did not take advice, instead she explained "I just sit and think about it. Sometimes I read about it from the papers, because I like research. I like reading things." Doreen admitted that seeking a pensions forecast was "really about as far as it got."

Forecasts were frequently mentioned as a source of information about pensions. Some had actively sought a state pension forecast, while others received annual forecasts regarding their company pensions. Elizabeth had sought a forecast to assess the impact of changes to working hours on the pension income she could expect. She found forecasts to be a useful source of information, giving her confidence in her understanding of pensions: "We don't

really have any excuse not to know.” However a number of carers expressed frustration at the complexity of forecasts, and rather than clarifying their pensions and providing useful information to help them plan, forecasts could create greater uncertainty about pension prospects. Doreen for example felt she didn’t understand her pension forecast, particularly how it would be affected by a volatile stock market.

Harry explained “I can only advise myself really by getting the details by having a quote really. I keep my eye on things like the news.” He was aware of news that affected his pension, such as the fact that his company pension was now guaranteed to a certain value by the government, and he also discussed pensions and finance with his father, who also kept himself informed by reading the papers. While they did not opt for additional pensions or AVCs, prioritising their children’s needs over their income in old age, Ella, Ivana and Fiona used internet comparison and advice websites to gather information about financial products including life insurance and mortgage protection insurance to make informed decisions about their investments.

Very few carers were currently taking or willing to take advice, but those who were had more financial resources than most, and identified as naturally interested in financial planning. This may in part reflect the cost of financial advice. Philip, despite his academic expertise in economics and business, said that he had always taken advice from financial advisors, explaining “it’s a fact finding mission, that you go on with until you make the decision.” Ken was taking ongoing financial advice, despite his background as a financial director, because he found it useful to get feedback on his plans, find out about different options, and to get someone else do to the ‘donkey work.’ Lilian had always taken advice when buying financial products, asking her bank when she was in her early twenties, but since then discussing decisions with an IFA, which she was happy to do even when she had little money. She had

taken advice recently on setting up a trust for her son, but also on her civil service pension, particularly when making the decision about applying for early retirement. She was willing to invest in advice even when she had little spare income.

Some carers reported using wide sources of information about pensions or other financial interests. Laurie used the media to advise himself. However, reflecting the fact that he, with his brothers, owns his own business, he also takes advice about financial decisions from his lawyer, and follows the stock market. Poppy had sought a range of advice once she had to take over managing the household finances. She had taken specialist advice from a dementia lawyer and from her own solicitor and they had spoken to an IFA before her husband had retired. She had since taken advice about how to invest her husband's pension lump sum, as she realised that it was not attracting interest in their current account. However, her sister was possibly her main source of information. As a tax advisor, she was able to provide advice on things like the need to take out a private pension.

Of those not currently taking independent financial advice, there appeared to be four main barriers. The first was confidence in their own decision making. Jack, for example, had only once taken financial advice, when investing a relatively large sum his wife had inherited. Other than that, he was confident and happy to work out the implications of the different options himself. Carers such as Harry and Maya simply did not appear to have considered seeking formal financial advice, and Stuart saw advice from colleagues as sufficient.

Several carers said that they did not take financial advice simply because there was no point, they had no spare money to save or invest. Alice explained "We haven't gone and sought advice in the sense that we don't have any additional money to put into things...I'm sure we've got a shortfall, but I can't fix it." Before her son had become disabled, and she had a

high-paying job, invested in stocks and shares, and had consulted a broker for advice. She was happy taking advice and willing to do so again if their circumstances changed. Judith made a similar comment, explaining “I haven’t got any money to take financial advice. I know exactly what I’m, going to do with any money I get. It’s mainly food, food and more food.”

However, an additional barrier to taking independent financial advice was a lack of trust in the advice available. This finding differed to an extent to Clery *et al* (2010) which found that face to face and expert guidance were more highly valued than written information. This echoed the lack of faith many carers expressed in pensions themselves. A number reported receiving poor advice in the past, such as Nicola, who had lost her pension savings after being advised to opt out of her NHS scheme into Equitable Life (“I think I’ve just had bad advice my whole working life”). Alexandra felt she had been misadvised to pay the reduced NIC rate, while Emma reported that she had taken advice but her policies were now worth less than when she started saving. Ivana felt that she had lost money whenever she had followed advice from others, including her ex-husband who worked in finance. She was therefore teaching herself using newspapers and the internet and argued “Whatever the pensions people can do, I think you can do too.”

Ella revealed that her late husband had received poor financial advice which had left her with a very small payout after his death and this experience may have contributed to her suspicion of financial advisors “he’d opted out into a private pension, he’d been ill advised and it’s been dodgy.” She preferred ‘Which?’ as a source of independent information that let her assess what products best suited her needs. Stuart had been advised to join a PPP by an advisor who came to his workplace in 1988. He felt that he had been misadvised because “a private pension plan advisor came in. But I found out afterwards, or two years later, that every

pension that he signed off, he would get a favour, a whatever you called it, he would get paid, I think I found out it was 3 or 4 thousand for every person he was signing on. It was his. So yeah. I was given mis - I wasn't a financial advisor. You just, a group at work, people at work were saying yes, and they were older than me anyway, so I just assumed it was. I think I made a mistake."

Mistrust of financial advice was not limited to those who had themselves had bad experiences of it. Doreen felt that it was impossible to get truly independent advice, as even charities such as Age UK were looking to sell their own policies. This was echoed by Aditi who explained "You don't get anyone to explain to you, like you know how the world is today, they push you to buy, to buy. And they don't tell you the small [print]." Media reports of mis-selling appear to have affected opinions about financial advisors and companies. Eileen said that she would only go to someone she trusted for advice, in particular her colleague's husband who had given her advice in the past, because "You hear about so many people who have been misadvised." In this way, attempts to seek information about pensions, and to self-educate may lead to reluctance to take independent advice.

Stuart, Peter, Harry and Hannah had implicitly trusted their employers, accepting their advice or seeking information from them - in the case of Hannah doing so even after leaving work. They had all invested in a pension on this basis, differing from the findings of Clark *et al* (2000) that people who relied on their employers for advice were less prepared. Stuart later believed that the advice he had been given was inappropriate however, highlighting the risks of this approach.

The employment of advice and sources of information, and the fact that people were willing to change sources of information in response to a poor experience, lends support to Giddens'

(1984, 1991, 1994) claims of reflexive agency, that people actively assess their situation, and are capable of educating themselves to make better decisions. However, access to independent, personalised advice is costly even if you are disposed to seek it. The reluctance of some to take advice, and the significant mistrust of independent financial advisors highlights a problem in encouraging individuals to take increased responsibility for their pensions decision-making. Reflexivity with respect to monitoring risk may dissuade individuals from taking action to save for the future, encouraging reflexive non-agency in the sphere of pensions. References to mis-selling that were not based in personal experience suggest that media reports of pensions bad-news stories affect how people approach the issue. Some carers also appeared to doubt that it would be possible to find independent professional advice, and privileged existing relationships over expertise when deciding whose advice to 'trust.'

While carers' attitudes to taking advice on pensions, and the efforts they undertook to make informed decisions lends support to the idea that having to make a decision about pensions will encourage reflexive agency, this does not appear to tell the whole story. Reflexive agency with respect to pensions may not necessarily lead to a decision to invest in a pension - Ella, for example, sought information and compared a number of different options before deciding to buy life insurance instead of AVCs. Poppy, on the other hand, had sought advice, but although it was suggested she invest in a non-pensions savings account, she had not acted on this advice. Her behaviour in this instance could be described as reflexive non-agency. Others, such as Aditi and Maya, had entered company pensions schemes with only minimal consideration, suggesting they are non-reflexive agents. Others such as Gita or Nimko had neither taken any action to start a pension, nor had they sought any information about the subject, suggesting they are non-reflexive non-agents.

Caring appears to have had some limited effect on whether those interviewed sought information about pensions, and in what form. For some it prompted them to seek specific advice, as they took over management of the family's finances, or sought ways to protect the long-term interests of those they were caring for, for example Lilian, who took advice on starting a trust for her son to support him after her death. For others, the main effect caring had was to make the issue redundant. As they had left or reduced work, or were facing additional costs, they simply had insufficient spare money to save, and so needed no advice on it.

8.5 Trust in pensions

Chapter four outlined a number of studies which had found that trust in pensions is fairly low (Clery *et al*, 2010). A number of events have been pinpointed as undermining trust in pensions as a safe method for saving for retirement, namely the 'mis-selling scandal' after 1988, Equitable Life, and Maxwell (Ginn, 2003; Thomas *et al*, 1999). Taylor-Gooby (2001; 2005) and Nesbitt and Neary (2001) also found evidence that people lack confidence in state provision. This is reflected by findings by Clery *et al* (2010) that the government is not trusted as a pensions provider. This study also found falling trust in private companies as pensions providers, possibly as a result of the financial crisis of summer 2008. The ONS (2012) argues that lack of trust in pensions may be a factor in falling pension membership.

Many of the carers interviewed expressed scepticism of either private or state pensions, and in some cases, of both. This mistrust had been fuelled by a combination of personal financial loss, exposure to others who had lost money, and coverage of pensions stories in the media. The latter's effect could be seen in part because the concerns raised during the nine months over which the interviews took place changed as media focus on pensions issues changed. At

the time of the first few interviews, there was intense coverage of the Euro-zone crisis, which was linked to unaffordable pensions as well as causing fluctuations in the financial markets. After the first few weeks the attention was focused on proposed public sector pension reforms and the strength of these in comparison to private sector pensions. A few respondents were planning to take part in a public sector day of action in protest.

Several carers seemed to doubt that private pensions were capable of providing a reliable income for retirement. Some had lost money on their pensions, or knew others who had lost significant amounts and for some this undermined their belief that saving in a pension scheme would be beneficial. Nicola, for example, had bought a pension from Equitable Life, and lost her money when the company closed to new business. She explained “My attitude to pensions is very sceptical,” adding “I think pensions now is a total fiasco.” The attitudes of the two other carers who had had money invested in Equitable Life were less affected by the experience, possibly because both had alternative savings. Lilian’s husband had lost money in Equitable Life, but she has made substantial savings and felt her civil service pension was secure in comparison. Jim recognised that he had lost a lot of money when he lost his Equitable Life pension, but explained it had not affected his approach because “I acquired a house for my wife back in 1981 which will ensure that we don’t starve. I have sufficient savings and I’ve been fortunate to have inherited money. So the Equitable life thing was unfortunate, but we’re not going to starve.”

Other carers were sceptical that pensions would provide an adequate return. Caitlin found the decision to buy an annuity difficult in part because rates were falling and she lost most of the growth her savings had seen over the 26 years she had been in the scheme. She was fairly accepting of her situation: “So I paid a lot in to pensions over my life. I don’t think it’s reflected in the pension, but tough, you know.” This is possibly because she feels she can live

frugally as she's had times of low disposable income in the past, and because she and her husband have property they can use to fund retirement if necessary. She highlighted the uncertainty that comes with purchasing an annuity "What is clear is that you will not know how much pension you will be getting. And that was the uncertainty of that year. And it was a horrible time."

Laurie expressed severe scepticism about all types of pensions, particularly private pensions - he paid £7000 over two years into a PPP several years previously, and was angry that the fund was only worth about £11500 now. He stopped paying in because he found that it would not be transferred to his wife if he passed away. He said "I've always found on pensions, I've put money into a pension and it's got me nowhere." The feeling that his own pensions savings did not represent value for money appeared to be confirmed by media reporting of pensions performing badly, and by the discovery after his father-in-law died that his savings were not transferred to his widow as survivor benefits. He was also affected by the experience of a friend "for the last 8 years of his working life he put 90% of his money into a pension fund. And he lost, that was the time when the pensions really took a kicking. And I think at the end of it, the amount of money he put in and the amount of money, I think he lost something in the region, in two years, I think he lost something like a third of his whole pension." This echoes findings by Rowlingson (2002) that observing bad pensions experiences of others affects attitudes to pensions. Laurie felt that you had to make very substantial savings to receive a decent pension, so policies did not represent value for money "I think pensions are one of those impossible tasks, it's like winning the lottery. You're never going to do it unless you're very lucky." He insisted these experiences meant that he would never invest in a pension again.

Others had declined to invest in a pension precisely because they had heard that they were risky, hearing through the media and people they know that pensions may not be of value. Ivana, although also motivated by her need to be able to access her money if her daughter needs it for a cochlear implant, noted “I just hear bad things about pensions,” that they do not provide returns on peoples’ investments. Fiona and her husband Mula were also put off by stories of people not getting a good return on their pension. Mula had looked into private pensions online, although not in detail, and explained “I’m not quite convinced by that, that you get benefits by having a private pension...obviously you look at the news, here are people who were making savings in private pensions and the company’s gone bankrupt and they’re in trouble and all that. So I’m a bit edgy about all that. Am I going to be putting my money in somewhere safe, I suppose.” Their uncertainty was exacerbated by concerns that private pension savings would leave them poorer in the long run through loss of other benefits, reflecting their experience that Mula had been left no better off following a recent pay rise because it had resulted in their working tax credits being reduced.

Lack of trust did not necessarily stop people saving. Emma worried “pensions are all being worth nothing sometimes.” Despite this, she was saving as much as she could, investing her state pension as Additional Voluntary Contributions. She was very concerned about her income in retirement, but also unsure about what sort of pension she could expect. She could not understand her forecasts but felt “it’s a pretty low figure.” Julie also expressed doubts about private pensions in relation to her own pension. She explained “When I lost my job I stopped it for a year, and then it’s too late to redo it. And to be honest, the way pensions are going, I’m not sure if that’s a good thing or a bad thing.”

The carers interviewed tended to have more confidence in their company pensions than in privately arranged personal pensions. Harry felt confident because his pension was not only

already in payment, but also guaranteed if something happened to the company. Lilian was also reassured her public sector pension would not go bust as her husband's provider had. Several carers appeared to have trusted their company pension *because* it was provided by their employers, in whom they had faith. Harry and Jack had both accepted that their company pension was a good one when they had joined in their 20s without considering alternative options, while Hannah trusted the personal pension her employer had arranged, even though, unlike most of the others with OPs, hers was not a DB final salary pension. Most carers who had been automatically enrolled into an employer pension expressed relief, or a sense of luck, that it had been sorted out for them, suggesting implicit trust that a positive decision had been made on their behalf.

While these feelings were shared by those in public sector jobs, some of those interviewed in October and November 2011 (Alice, Ella, Lilian), around the time of a large scale public sector strike in response to government plans to change public sector pensions, expressed doubt about the future of their pension. While this did not deter them from saving in a public sector pension, the uncertainty the moves created was a cause of concern and led to some worries about their future pension.

Two carers expressed doubt about the reliability of company pensions, both of whom knew the pension they were relying on would be small due to a broken career trajectory (theirs or their partners'). Colin remarked "But company pensions aren't worth the paper they're written on most of them now", unsurprising given that he knew his pension was only worth around £300 a year. Doreen's husband had had significant periods out of the workforce, so that his company and personal pensions had suffered from broken contributions. She said "I mean the way pension funds are going these days all sorts of things are happening aren't they,

you know uh, I don't, I think he will, he will get final salary pension on what he was getting [before he was made redundant].”

Taylor-Gooby (2001; 2005) uncovered a degree of doubt that the future of the state pension was secure, and Clery *et al*, (2010) revealed similar scepticism about the government's reliability regarding pensions. While most carers felt they would be getting some state pension, and some, were relying solely on this, there was also a significant degree of cynicism about the long-term security of the state pension. Ella for example concluded that by the time she retired “it will all have changed anyway, and we probably won't be getting a pension.” Laurie also felt it was possible that the state pension will cease to exist, and Jim explained “You've seen in the last decade how the pension age has increased. I said probably the next thing is that they're going to means-test it. But fortunately I told my wife in 1990 that she would never get a state pension.” Oliver said “I guess I'll sort of get a bog standard pension at the end of it. From what I understand they're going to cut that back. So it is a concern.” Older carers felt that while the state pension would probably be available to them, its longer term survival was less assured. Alexandra commented “well, if there's any money left for your state pension” and Rose argued “maybe not for you guys, probably not, because you're all being advised to start having a pension.” Of the carers who discussed the reliability of the state pension, only Hannah felt it was likely to remain, albeit in an uncertain manner “I guess I will get a state pension, I think they can't get rid of that.”

Several factors therefore have fed into a sense of unease about the reliability of the pension options available. Those with lower levels of education, and higher levels of economic insecurity (Laurie, who was self-employed for example, and Nicola and Doreen whose partners had had repeated periods of unemployment) seemed more risk averse, or more likely to be aware of the risks of pension savings.

Media reporting of pensions scandals and the poor performance of some schemes have chimed with people who have lost money themselves, experience low growth of their pension funds, or who know family or friends who have experienced a loss. It is possible that the political narrative of the rhetoric of responsibility, and media coverage about the pressures of an ageing population have left people unsure whether the state pension will be cut back or withdrawn. No-one appeared aware of the government's actual plans to move towards a single tier flat rate pension. Company pensions appeared to be trusted more than state and personal pensions, although this was more implicit than expressed, unless the individual was aware that it was guaranteed. This trust often appeared related to confidence in their actual employers rather than the detail of their schemes, and may also reflect the significant proportion of participants who had a public sector pension, although there was unease about the future of these at the time of the interviews.

Lack of trust in pensions is likely to heighten the sense of uncertainty individuals experience when faced with pensions decision-making. Additional uncertainty, for example a loss of confidence that a personal pension can provide any boost to savings at all, is likely to complicate the already-complex calculations required to make effective pensions decisions. If individuals believe that the options available to them are unlikely to provide an income in retirement, or they are at risk of losing money, behavioural economics suggests that they will be put off investing, as people tend to be loss averse. For some the sense of riskiness appears to have contributed to inertia: they perceive risk in their actual plans or alternative options but do not act. This was particularly true of those who felt they had lost money already such as Nicola and Laurie, who were relying instead of vague plans to downsize or rely on property to fund their retirement.

Others who were deterred from starting a private pension (although this was not the only reason they did not have pension savings) appeared to have been affected by the experience of people they knew or media reports of people losing money. While this may also reflect inertia, it could also reflect the fact that memorable stories, scandals and losses seemed more relevant because of their own loss aversion. In this way, stories of people losing money may play the role of a heuristic, used to assess the riskiness of an option instead of making a complex calculation (Khaneman and Tversky, 1979; Khaneman, 2011). Ivana and Fiona and her husband Mula appear to have been particularly affected by these stories, which given the financial pressures both associated with caring for their disabled children, may reflect the fact that the possibility of loss was particularly salient to these carers, their loss aversion increased by the need to secure their children's financial future. Jim, on the other hand, had been less affected even though he had lost a large sum of money, because he is less risk and loss averse, and because he is secure in his ability to find additional income.

Uncertainty regarding pensions policy, and how this might change, may also affect the way in which people make decisions. Where this structural context is inherently and increasingly risky and insecure, with instability in the financial markets upon which pensions returns are predicated, individuals find it more difficult to plan, and may be deterred from acting. Policies which are aimed at discouraging individuals from relying on the state pensions do not work if the alternatives are less reliable. The reliance of several carers on anecdotal evidence about the riskiness of pensions rather research into the risk of specific products also suggests a lack of cultural capital or sufficient financial literacy to make an informed decision.

The more trusting reaction of many of the carers to company pensions can also be viewed in different ways. It may reflect the fact that they appear more secure, and that individuals are responding to this. However, it may also reflect a significant degree of inertia, as individuals

tend to be automatically enrolled by their employers and expressed gratitude at not having to make the decision. Here the trust may indicate that the structures individuals are exposed to shape their viewpoint, giving them little direct experience of an alternative and allowing them to opt out of making a calculated decision.

8.6 Conclusions

There was not a single attitude towards or belief about pensions shared by the carers interviewed. Instead, they expressed different views, many of which had been noted in previous qualitative research on attitudes to pensions, often reflecting their experiences and circumstances prior to caring (Rowlingson, 2000; 2005; Thomas *et al* 1999; Nesbitt and Neary, 2001). However most of the carers interviewed revealed a lack of confidence in dealing with pensions, related to the lack of understanding of the issues that many admitted. This reflects behavioural economist concerns about the ability of individuals to make the complex calculations required of them in pensions planning, or alternatively, could point to differential access to cultural capital.

Those who displayed the higher levels of knowledge tended to be most engaged with pensions planning, and on the whole the least confident had made fewer plans, although some still had plans either because they had been offered them, or because of the influence of their partner. Carers with most knowledge and confidence of pensions tended to be better educated and to have developed their understanding through managing finance professionally, or through dealing with their own pension scheme and other financial products.

The interviews also confirmed the findings of previous studies (for example Taylor-Gooby 2001, 2005; Thomas *et al*, 1999), revealing significant levels of mistrust of pensions schemes,

providers and advisors. Several carers expressed doubts about the long-term survival of the state pension, or about its continuing value, and many were sceptical that personal pensions in particular would provide a return. This cynicism was fueled by a combination of media coverage of pensions 'bad news' stories, personal experience of having lost money, and possibly most powerfully by having seen someone else lose money as a result of saving in a pension. This chimes with the research by Rowlingson (2002) that found that cautionary tales in particular shape attitudes to pensions and savings. As well as reflecting Khaneman's (2011) theory of the role of bad news or dramatic stories in shaping what people perceive as salient, these findings also support behavioural economist arguments, highlighting the role of risk aversion in decision-making and inertia (or non-agency).

Despite low levels of understanding and substantial mistrust of pensions, several carers had still joined a scheme of some sort, in some cases without comprehending the implications of this for their savings, and without attempting to research their options first. This was most common in relation to company pensions, which were seen as a 'good deal'. This casts doubt on the idea that people are always reflexive when they act, lending credence to Hoggett's (2001) suggestion that agency can be reflexive or non-reflexive, and that people can also be reflexive without demonstrating agency.

Much of the evidence presented in this chapter reflects a continuity with the extant research on pensions attitudes and understanding, suggesting that caring itself has only a very limited effect on these. Factors other than informal caring responsibilities play a far more significant role, for example family culture regarding saving and pensions, and access to company pensions.

However, the findings also reveal that a few people had developed a more in-depth knowledge of pensions, state and private, because their caring had included managing the finances of the care recipient. Where this was an older relative, or a husband who had previously managed the finances, carers had had to become acquainted with the details of pensions as a direct result of their role as a carer. In addition a few who were caring for older relatives had concluded that individual saving for retirement was more important than they had previously felt because their experience caring for, or supporting, parents who were dependent on the basic state pension had highlighted how difficult it would be to maintain their lifestyle, or make ends meet, without additional saving.

This finding demonstrates the important influence of experience on knowledge of pensions, reaffirming the potential strength of auto-enrolment, as people appear to ‘learn by doing.’ While this could be construed as supporting Giddens’ (1984) description of reflexive agency, this is undermined by the lack of agency involved in engaging in pensions - their own, or those of their care recipients - in the first place. Rather, non-agency sometimes resulted in reflexivity. This suggests a certain level of economic capital may often be required in order to develop the cultural capital required to engage reflexively with questions of pension saving.

Other than these points, carers demonstrated a similar mix of beliefs and understandings relating to pensions as revealed by the general public in earlier studies. This is significant for policy making given the findings set out in chapters seven, which demonstrate that caring had a tangible and often substantial effect on almost all of the carers’ savings, retirement plans or attitudes to planning.

Chapter 9: Carers' understanding and attitudes towards pensions and planning

9.1 Introduction

Chapter seven set out the effect that informal caring can have on carers' employment, costs, and savings, and how this affects their actual pension savings, as well as exploring the degree to which carers are able to exercise choice over their caring. Chapter eight looked at some of the factors that extant research (Rowlingson, 2000; Thomas *et al*, 1999) suggested can affect pensions planning behaviour, and demonstrated only limited influence of caring on knowledge of pensions, since carers shared similar scepticism about pensions as this earlier research showed the general public held. This chapter explores some of the less tangible influences of caring on pension savings behaviour. It looks at how the carers thought about long-term and financial planning, and investigates the effect of caring on this, their priorities and their financial decision-making. The focus in this chapter is on private pension (occupational or personal private) savings, as individuals have less choice over these pensions than their state pension savings.

Previous research has suggested that pensions planning, and attitudes to planning, may be related to class/income, future orientation, family. Rowlingson (2000) found that pensions planning and future planning are often triggered by a change in family circumstances - having children, buying a home, getting married. As caring affects income and employment, and represents a significant family event in itself, it is possible that caring not only affects actual savings, but the way in which people think about saving and planning, particularly pensions planning.

Carers were asked how important they felt both financial planning and pensions planning were, and whether this belief had changed over time, as a result of caring in particular. The evidence suggests that while underlying approaches to planning and saving did not necessarily change very much, those who planned carefully and worried about the future continued to do so, and those who had not thought about it tended not to as carers, caring appeared to play an important role in influencing the reasons they gave for their attitudes, and may have had some effect. For many carers it also changed the priority they attached to planning, and to money in general. In addition, the fact that for a number of carers planning seemed to solidify attitudes in whatever direction they previously focused may highlight the limits to policies designed to affect planning behaviour. The following section looks at the effects that caring had on the carers' approaches to planning, then examines some of the factors other than caring that they identified as significant.

9.2.1 Attitude to saving and planning

Chapter four presented typologies of how individuals approach pensions and other long-term savings planning (Thomas *et al*, 1999; Skinner and Ford, 2000). Carers were asked about how, if they had a non-state pension, they had made the decision to join, what the importance of pension saving and planning was to them, and how they viewed long-term saving more generally. The carers in this study describe a range of approaches to planning and saving, some of which appeared to be flexible, changing over time, echoing Rowlingson (2000). However, some saw their approach to planning as a trait, 'drummed into' them in childhood, or even more fundamental to their personalities. These attitudes to planning did not necessarily change as a response to caring, but where they did, carers often felt that this was because they were unable to act on their preferences, rather than that their new circumstances altered their underlying approach. Others, reflecting Rowlingson (2000) findings argued that

planning orientation can change over time, only saw caring as important as they neared retirement age without the security they had taken for granted earlier in life. In addition, even before the start of caring responsibilities some carers did not act on their planning preferences. This section explores some of the attitudes expressed towards planning, for both retirement and for the future more generally. The next section explores the effect that caring had on their attitude to pensions and to planning more generally, considering the extent to which caring and other factors influence the approach taken to planning for retirement.

Thomas et al (1999) and Skinner and Ford (2000) distinguished between active and passive planners. A similar typology is used here, but in the context of this research, distinguishing between reflexive and non-reflexive planning (and non-planning) is considered more appropriate than referring to active and passive. Reflecting the emphasis in the Hoggett's (2001) quadrant of reflexive agency, using this language emphasises the fact that action and reflexivity are not necessarily causally connected.

While some carers joined a private pension scheme, they made no conscious decision, and were less passive than unthinking when they joined, though they may have exhibited more reflexivity in rationalising their action (or lack thereof) with hindsight. Similarly, those who considered pensions savings, or additional savings, but decided they were not in their best interests are better described as reflexive non-planners, rather than passive, or active non-planners, since they chose not to act. Carers also showed different levels of agency and non-agency with regard to pensions planning.

9.2.2 Reflexive planners

Only a few of the carers could be described as particularly reflexive planners with relation to pensions, seeking out a private pension or making decisions based on maximising their retirement income. Lilian was one of the most reflexive planners in this sense. She explained that she had always planned, reflecting her long-term horizons. She had taken out life insurance in her early 20s which at the time she thought was very normal. She explained “I’m very interested in pensions, planning ahead. I’ve always been someone who does that and I’ve never found anyone who’s as interested as I am.” Her civil service pension had been a primary concern when she had changed jobs, and she had made additional contributions. She had sought advice throughout her life and was also making careful long term savings plans for her son. Anne had been fairly reflexive in her planning, although she had not always been able to act on her plans herself. She had not been well off as a child, and as a result was very careful with money. While at the time she thought retirement was ‘too distant’ she had taken out an insurance policy with a pension attached when she had her children. She was proactive in ensuring that she was making national insurance contributions towards her pension, and when she discovered that she would inherit her husband’s pension it “woke me up. I felt more secure.”

Philip, with several degrees and an expertise in economics and business was a reflexive agent when it came to financial planning, something he put down to his personality rather than to his education. He had been offered a public sector occupational pension when he started work but argued “that never bothered me in the slightest, because if that wasn’t there, I would have done something. I’m that sort of person.” He had made other investments and was careful never to have been in debt, and explained “when the voluntary contributions system kicked in I started with that right away, so I’ve got an annuity as a result of that. Following

her father's example, Caitlin had also taken a reflexive planning approach to additional saving: "I've tried to put extra money in when I could into my private one." She took a cautious approach to money, arguing "If I haven't got it I don't spend it."

The literature (Rowlingson, 2000; Clark *et al* 2009) suggests that those with higher levels of education are more likely to be prepared for retirement, or to have taken a more proactive approach. Chiming with this, many of the more reflexive or careful planners (Philip, Nicole, Alice) had masters degrees, and many more had degrees. However, there were some in the sample who had only secondary education but were active planners, careful with their money. Laurie was self-employed, and not required to pay NICs. However, he had paid the full number of years, and had made additional plans for retirement. He had contributed to a private pension briefly, but decided to invest instead in a second property because "I thought, well, I can't lose out on bricks and mortar, because it will always go up. It was the best thing I ever did." His focus was on getting as much money saved in case he also got ill, or he had to stop working. Hannah too was a fairly reflexive, active planner, very careful with her money, offered a company pension but arguing she would have taken one out anyway because she knew that you had to. Saving and financial planning was important because "you have to have some sort of support for yourself and not rely on people."

The importance of saving to protect your independence (so as not to rely on partners or on the state) was echoed by Caitlin: "So it was always that I would save and I've always saved money anyway. I'm a very independent person. Don't look to anyone to pay my way for me." Anne shared similar views. While Caitlin and Anne's views reflected their experience as baby-boom children raised by parents who had to be very careful with money, but who also came of age alongside women's liberation, Hannah's reflected her experience of growing up

with parents with mental illness and addiction problems: she had learned at an early age not to ask for help, as it would not be forthcoming.

Catherine had never had much to save, but she explained “So I guess I’ve always known...you’ve got to keep enough money for bits and you’ve got to keep enough money for this and that, and I’ve always known to put something away for holidays, or the car breaking down or whatever. I’ve always had savings somewhere.” Like Philip and Hannah, she felt this was instinctive “it wasn’t actually something that was taught, it just happened.” While her health problems meant she was sceptical about her chances of surviving beyond retirement age, she had set up a PPP in her husband’s name, in part to show her children that their father had done this. Within her limited financial ability, she had reflexively considered her options and acted.

9.2.3 Non-reflexive planners

Most people had taken a relatively non-reflexive approach to planning for a private pension, although they were often more reflexive in general financial planning. These individuals displayed non-reflexive agency, making savings without considering options, or consciously deciding to. Most of those with significant non-state pension savings had started these in a fairly passive manner, often unsure whether they had made a choice at any point. Peter admitted that he had been lucky that his main company had offered a final salary scheme “So I didn’t have to concern myself.” He explained “So I’ve always been either lucky or intent on making sure there was a pension there. But no more than there’s something here, rather than meticulous, well there’s x and y there.”

Ken, a financial director, had extensive knowledge and understanding of pensions issues, and had always consulted an IFA (Independent Financial Adviser) when making decisions. However, he had taken a relatively non-reflexive approach to his pension. He explained “They had a final salary pension scheme and just everybody went into it, there wasn’t any choice - you could have opted out I think but no-one ever did.” He demonstrated the power of inertia in shaping pensions plans, adding “there wasn’t any thought of looking anywhere else, or even opting out of the final salary scheme, no. It never entered my head, it wasn’t a sensible option.”

Jack was a fairly reflexive agent, tending to take a long term view. As a finance director, he was confident dealing with money, and once he could afford it had made AVCs. However, his approach to pensions had been fairly non-reflexive, in that his main concern was the type of job he was going for. He felt he had not made a specific choice to join a pension: “no, not as far as I’m aware, it just happened really. I was very pleased for it to happen, but it wasn’t something in the forefront of my mind...the job was the most important thing, just living day-to-day really.”

Having to focus on living day-to-day was echoed by other less reflexive planners. While Eileen had an occupational pension, she and her husband had had difficulties financially in the past and she explained “We haven’t been very proactive I’m afraid...there just seems to be so much in the here and now, let alone thinking about when you retire, do you know what I mean? Life is so full of challenges.”

A number of the non-reflexive savers mentioned that retirement seemed too far away, although they benefited from being automatically enrolled into occupational pensions by their employers, sometimes as a condition of their employment when this was legal. Helen

admitted she did not worry because it was 20 years away, and Ella explained “If I think about 65, 70, and I just think, you know, how much longer are we going to be here anyway, and what am I going to want to do with it anyway?” Emma explained that her approach had changed. She didn’t think about savings when she was younger, but had done so more in the last 10-20 years. She was very worried about the sort of pension she would receive when she retired, and was now putting as much as possible (her BSP) into AVCs in hope of boosting this.

Carers’ professed attitude to saving and planning did not always reflect their behaviour, suggesting they acted non-reflexively, despite often careful planning. Sally had worked in a role that meant she had a good understanding of financial issues and she had been trustee of her pension scheme so was very aware of the implications of saving or not. She had a company pension which she had consciously made the decision to claim when she left her job knowing it would reduce the payments, but argued “you know it’s the jam today, jam tomorrow argument and I thought well I’m better to have the reduced amount of money from day one because the whole idea with actuaries is that it’s gonna be the same pot of money however many years it’s spread over so although you start taking it early and you think ‘oh my goodness, that’s knocked several thousand off’ you are getting it, because you’re taking it earlier.”

Despite the knowledge, saving and careful decision-making she had undertaken, she insisted she did not like to plan ahead “I’ve always felt that it’s tempting fate rather to do much planning because you’re really knocked of course if things don’t go the way you thought.” However she admitted that her attitude too had changed slightly as she got older. Although her husband’s condition left her cautious about planning for the future, she now recognised

“you have got to try to get a nest egg together...I didn’t used to save, I was useless when I was younger, but now I do see the value of feeling a bit more cushioned.”

9.2.4 Non-reflexive non-planners

A number of carers did not plan, or prioritise saving generally or for a pension. The most common reason for this appeared to be having insufficient to save, making thinking ahead redundant, particularly but not exclusively when this was combined with intensive care responsibilities. These carers appeared to be passive, non-reflexive non-agents with regard to pensions planning. Dora for example explained “I’ve not really thought about anything, not really. I’ve just kind of lived for the day really.” Oliver and Colin, both having had long periods out of work due to both their own ill health, and their caring responsibilities, had not made long-term plans. Their experiences of addiction had meant that they had been financially disinterested or irresponsible when they were younger: now their financial circumstances made it difficult to plan. Oliver explained “I just spent everything I earned and more - I’ve always been very irresponsible with it...These days I just have a big overdraft and I’m constantly in trouble. I’ve been bailed out by my sister a few times.” Colin attempted to be careful with his money, but noted that he had a number of credit cards which he shifted the balance on.

Others were non-reflexive non-agents because they had not had to worry about money when they were younger, although their circumstances had changed in adulthood. Lucia explained “When I was younger, I didn’t have to think about it. I don’t know how to say this without sounding arrogant. My parents were well off, so it didn’t matter. There was always somewhere to go back to...If I had a lot of money or nothing, but I knew someday I’d have some again.” Her attitude had changed when she had married and realised that her income

would be lower. Similarly Maya had struggled to save in adulthood in large part because her partner was abusive and often out of work. However when she was younger and living in Sierra Leone, saving had not been important because “Money was there, just everything was there. We didn’t discuss things like that, well it wasn’t discussed with us. We knew everything was there. We were middle class, everything was there”

Kyoko’s non-reflexive, non-agency reflected the security her husband’s job offered, as well as her overriding concern for her son’s wellbeing. She had left all the planning and financial decision-making to her husband, although she did not think that he had a pension either. Poppy similarly appears to have been reassured by the fact her husband could and did save, although she was now worrying about her wellbeing as she had taken over managing the finances after he developed Alzheimer’s. She explained “I’ve never really saved. Full stop. I’ve always spent my money. My husband, really good, he topped off his pension, he has ISAs [Individual Savings Account] and things running.”

9.2.5 Reflexive non-planners

Most of those who did not plan felt this reflected a lack of capacity, or sometimes interest. Very few did not save because they had considered their options and did not believe it was important or in their best interests. However, Joe had saved in the past but not prioritised it, seeing it as unimportant given he did not have a family. Jim had made plans for his wife’s income in retirement but had an entrepreneurial approach, reflexively choosing not to plan as he was not concerned about his own wellbeing, believing he would be able to continue to work as long as he needed to.

9.3 Role of family in shaping approach to planning and saving

A number of studies discussed in chapter four (Rowlingson, 2000; Thomas *et al* 1999) highlighted the role that family can play in shaping individual's attitudes to saving and pensions. The idea that individuals may learn how to approach pension savings from their parents could represent reflexive agency, as they monitor their experience and that of those around them to learn and make decisions. However, it may also signify a lack of reflexivity, if they accept what those around them advise, without considering the implications. A family ethos may also represent a *habitus*, shaping how an individual views savings and pensions so powerfully that they find it difficult to approach the subject from a different angle. Both economic capital and cultural capital may also come into play here, if parental circumstances are such that they were unable to engage in planning because they had too little to save.

Contrary to the findings of Thomas *et al* (1999) there was little evidence that parents or other members of the family played a significant or direct role in shaping carers' attitudes to, and understanding, of pensions. Few had discussed pensions in detail with their parents, and the carers interviewed did not identify their parents as a key factor in their approach to pensions and retirement planning. Despite this, most were aware of whether their parents had occupational pensions or were reliant on the basic state pension. Most had at least one parent who had an occupational pension, and several had two parents, because they had worked in the public sector. However, their parents' experience of pensions was rarely a significant influence on the pensions decisions carers had made.

Some carers did report that their parents played an important role. Harry referred to his father as an important source of information and advice because he keeps himself informed about pensions and financial issues, despite having only had a small occupational pension from his

manual job, and the fact that he was in his 90s. Jack's parents had a similarly positive effect on their son's pensions planning, as he explained: "I suppose because of my family, both my parents were civil servants, so they both had civil servant pensions. So I was very aware that was important to them. And it ought to be important to me when I was getting a job." Caitlin had discussed her fathers' pension arrangements with him. He had had both a company pension and a top up pension. She noted, "I've tried to do something similar", making topping up her personal pension when she could.

Parental experience could also affect attitudes to pensions in less positive ways. Karen, for example, had been motivated to save because "my parents are both on pension, and they're struggling, they're just on the government pension which is I think what's highlighted the fact that it's not going to work." She had not discussed it with her parents, rather it was learning a life lesson from them. You just think no, I don't want to go down that path. And we're still young enough to change something, we can actually do something about it." These sentiments echo previous findings (Thomas *et al*, 1999; Rowlingson, 2002), that people's attitudes to planning can be influenced by seeing others struggling on the state pension. However, it did not always have this impact: Kyoko's mother had called her to warn her about the difficulties of struggling on a state pension. Despite this, Kyoko had made no attempts to save for retirement, nor had she considered the issue. This may be because her mother does not live in this country, and as she cannot travel because of her son's needs, she has less direct experience of her mothers' difficulties.

While participants' parents did not play a large role in shaping attitudes to pensions and retirement planning, it was clear that for many, their parents were a significant influence on their approach to money and saving more generally. A large proportion of the carers interviewed referred to their parents coming from a generation that saved, specifically the

World War Two or immediate post-war generation that was careful not to waste limited resources, and would not go into debt. Several carers were clear that this had affected their outlook. Peter argued that this careful approach was “part of the training” while Ivana and Anne referred to it being ‘drummed’ into them from childhood. Alexandra explained her parents’ approach: “They were of the generation where they didn’t spend everything, so there was always money in reserve. So that was the kind of ethos we grew up with, that you didn’t spend everything you earned.”

Caitlin also described a “family ethos” of saving: “My mother used to put money in the different slots...[to save towards different bills] so you just learn that as a small child. Anne reported the same thing, her father’s pay being divided up between different boxes to save towards the various bills. She felt money, or financial security was important to her “Because money was so important to my parents, to earn enough money to feed us.” She described it as a “salutary lesson” and has tried to pass this attitude on to her sons. Elizabeth explained “Our father always insisted we save as little girls, we were never allowed...to have all the pocket money, we had to save some.” Others reported similar admonishments. Judith said “we were brought up like that...we were always taught...if you wanted anything to save for it, before you could have it” while Roopa explained that her father “used to talk about money a lot, saving. This is how you should work, you need to put some away. And save, we’re not going to touch this.”

While Philip argued that his careful, thrifty attitude was part of his personality - his ‘*modus operandi*’ - he added “the ethics of growing up was if you wanted something, you worked for it, you saved for it. So that’s the contribution, I suppose, my parents did give me.” He was one of a small handful of interviewees who revealed that their parents had set up savings policies for them. His father had set up a policy for him (Philip had to pay for it) for when he

left university, and Jack's parents bought him a life insurance policy at 16. Both were comfortable dealing with complex financial decisions and had a range of financial products and savings. Fiona's father had forced her to open a building society account when she started a paper round while at school. This had a long-term affect on her view of savings: "Well it's the best thing I ever did. At the time I hated it. At the time I didn't want to save." She feels it was a positive move because savings are essential whatever you want to do, and she had opened two savings accounts each for her three children because she values this so highly.

While most of the carers interviewed were receptive to the messages their parents had given them about saving, and attempted to some degree to replicate this in their own lives, some were resistant. This could be positive, for example in the case of Jim, who explained that his parents "certainly tried to inculcate in me a conservative spirit. Something went wrong with the arrangement of the genes unfortunately. They got someone who was, I would be regarded as having a very high risk profile by my family." Despite their view of his entrepreneurial spirit however, he was highly skilled in managing money and capable of saving on behalf of others. Some carers were in a more vulnerable position having ignored their parents' exhortations to save. Rose rebelled against her parents' attempts to encourage her. She had refused to continue in education because her father had encouraged her, and explained "Well, my mother was a bugger 'You must make savings.'" Of course, I never had savings." However as noted above her mothers' circumstances in old age had been influential in encouraging her to start a pension.

Two carers, Oliver and Colin had been raised by parents who were careful with money and had attempted to instil this in them. However, they were both in recovery from addictions which had a greater impact on their attitudes to money and saving, and they had not

prioritised saving while they were ill. Colin's parents had taken control of his finances for a while, and saved money on his behalf, and he was now attempting to save. Oliver's family had bailed him out when he had been in trouble, and saving remained only an aspiration. A third carer, Stuart, who had also had financial problems due to addiction, had never spoken to his parents about pensions or finance, but acknowledged that while his father had been good with money, his mother was not.

Hannah's approach to saving had also been affected by a family history of addiction, in this case her fathers' alcoholism. She believed that she is naturally careful with money, like her mother, but acknowledged that this may have been influenced by her experiences growing up "I'm just somebody, I'm not a gambler, it's just who I am, I'm very cautious. I think it's because my father used to drink all the money. So you learned to hang on to it."

Only one carer, Joe, had a parent who actively discouraged saving. He explained "My dad worked nearly all his life, and he always said to me, you can't take it with you when you go, so just spend it...that's a good philosophy, because you can't take it." He had saved at times, but was happy to lend it to friends if needed. He acknowledged that the situation may have been different if he'd had a family himself, because in that case saving would have been the 'decent thing.' The main savings he had was a life insurance policy to ensure his friends would not be out of pocket arranging his funeral if he died.

A small minority of carers had never discussed money, savings or pensions with their parents. There were three main reasons given for this, although some carers did not give an explanation. Some families had a strong culture of believing money is not something that should be discussed. Ken, who had been raised in a family with little money, and whose parents had relied on the state pension, said "We don't talk about it in, we don't talk about our

monies, within the family, no. No.” Aditi, a Kenyan Indian, explained “Asian families don’t discuss this kind of thing. It’s none of our business what our parents get. They provide us with food, meals, clothes, and that’s it. You don’t ask questions at all.” This may be related to the second group of reasons why money was not discussed, as a small number of carers argued that they had not discussed money with their families because they had not needed to, money was not a problem in their family. Lucia explained that she had not had to think about money or saving while growing up, because her family were wealthy “I knew my parents were all right...so I didn’t think about those kinds of things.” This changed once she married as her income dropped, and she is now actively encouraging her son to save. Maya echoed these sentiments “Money was just there, just everything was there. We didn’t discuss things like that, well it wasn’t discussed with us. We knew everything was there. We were middle class, everything was here.” This may reflect Rowlingson’s (2000) finding that those in the middle classes are secure enough not to have to pay too much attention to saving. The lack of savings Aditi and Lucia had may underline the importance of parents providing their children with an ethos of saving.

In contrast, some carers appeared not to have discussed money with their parents because their parents had not earned enough to need a savings strategy. Doreen highlighted a lack of resources to save as why her family were not particularly savings oriented, although they were thrifty: “I think it’s been important to my husband, because he’s been from a family that you know they’ve always sort of managed their money carefully and always been sort of money savvy. I have to say my family were not...my Dad was one of these, of the generation where money was kept in cash in a box hidden away!” For Ella, she had not been raised to save because her mother had rarely worked due to her bipolar disorder, meaning that she did not have spare money to save. Ella had, however, spoken to her family about the possibility of inheriting property in the future, and was aware of her extended family’s pension savings,

suggesting that it was not unwillingness to talk about savings but that the issue was irrelevant while growing up given their financial circumstances.

Other family members could also play a significant role in shaping attitudes to money and finance, for example Poppy's sister, a tax advisor, had been influential in encouraging her to start a pension. However, while carers acknowledged the role that family ethos played in shaping the importance they attached to savings in general, and in some cases to pensions, they also noted that it was not the only influence, as not only did some of them take a different attitude to their parents, but different family members could all hold different opinions. A number highlighted differences between them and different siblings, for example Stuart, who was from a large family, and whose siblings owned their own homes and had savings. Ivana similarly noted "my brother had the same education and he's much more of a saver. But then he also earns much more." Some of those who were most active in their approaches to planning highlighted that while their parents may have contributed to their approach, their commitment to saving was so integral to them it was a part of their inherent personality, on in their genes. Ivana argued that as well as having saving drummed into her "Partly it was my nature." Philip similarly felt that while his parents had encouraged him to save his approach was instinctive. He explained "It wasn't discussed with my parents it was just me. I, I knew that um, I suppose my experience, my father didn't own the house that we were brought up in, he was not, he was not anywhere like me, I was adopted in any case, but I knew as a child what I wanted. I wanted *my* house. I was going to have *a career*."

Family influence therefore appears to play a significant role in developing individuals' approaches but the effect that this has can be mediated by other factors, including personality traits and illnesses such as addiction, sufficient financial security not to have to concern yourself with planning, or too little for it to be worthwhile. Differences between siblings who

were raised with the same ethos highlight that parental influence is not the sole determinant of how individuals approach savings in later life. A number of those who had not discussed pensions or savings with their parents - Lucia, Gita, Aditi, Stuart, Doreen - had very few savings of their own, and had not been proactive about making savings throughout much of their lives. However, others such as Ken and Laurie who had not discussed these things with their families took a more active approach to money.

The effect of parental advice and example appears to be weaker for pensions specifically, possibly because this is discussed less than other types of saving, although most carers were aware of their parents' pension plans. This may reflect the fact that saving is often 'learned by doing' during childhood, through being made to save pocket money or Saturday job wages, or seeing parents with very little physically save in different boxes for immediate needs. Those who had financial products purchased on their behalf at a young age, Jack and Philip, were amongst those who had made more detailed savings plans and investments, possibly reinforcing the importance of parental support in 'learning by doing.' Fiona, who had been forced to open a bank account, had in turn done the same for her children.

The role that parental attitude to pensions and saving play can be considered in a few different ways. It could be understood as contributing to reflexivity, a tool helping individuals review their circumstances and experiences to learn how to improve their situation in the future. It can be an important source of information and understanding, but as it does not appear to have been the sole influence for carers, and different siblings often respond in different ways, it could be considered one source of information amongst many. In this way, it may contribute to reflexive agency. Arguably this is particularly the case where individuals are learning from their parents' bad experiences, as is the case for Karen and Hannah.

However, it could also be considered as limiting reflexivity, if parents' attitudes are deeply ingrained so as to influence behaviour on a subconscious or non-reflexive level. An example of this may be Joe, who had not ensured that he was making national insurance contributions while working, and had not prioritised savings, and due to his severe health problems was now struggling to make ends meet on benefits. This type of influence could be seen as potentially structuring an individuals' understanding of their situation so effectively they cannot consider alternative approaches, forming a habitus, or where parental influence encourages careful planning and research, constituting a form of cultural capital. An alternative view, reflecting a behavioural economics approach, is that family ethos takes the role of a heuristic (Khaneman and Tversky, 1979), a tool to simplify how individuals approach issues of savings, offering them a useful measure of what they consider good or bad money management. The role of both security *and* insecurity in limiting engagement in planning underlines the importance of both economic and cultural capital in shaping financial literacy, planning approach and future orientation.

9.4 Influence of spouses and partners on approaches to planning and savings

Clark and Strauss (2008) found an association between spousal pensions and the importance an individual attached to having a pension, suggesting that spouses play a role in shaping an individual's approach to retirement saving. Carers were asked whether they had discussed pensions with their partner and the role of partners on decision-making was explored. Of the current sample, 27 were currently married, and one separated. Four were single, never married, while 5 were divorced. Two carers were widowed, and had not remarried, while two of the married carers, Aditi and Caitlin had been widowed but subsequently remarried. Dora had never married, but had lost her partner, the father of her child while he was in his forties.

Those who were in couples took different approaches to joint retirement planning and saving, reflecting different approaches to financial management. Some couples, such as Ella and her late husband, and Karen and her husband, took joint decisions, while Alice explained “We did it separately but it was still discussed. But no, we both had our own pension and savings and everything else.” Within a few couples financial management was delegated to one partner, with little or no discussion between them, reflecting a lack of interest, lack of ability or immersion in caring on behalf of the other person. Doreen and her husband had discussed pensions issues, but struggled to do so before their son had moved into a residential home. She felt that her husband was much more concerned about pensions than she was, and understood more about finance and saving. Alexandra and Nicola both took joint decisions with their partners, with Nicola explaining “We’ve always supported one another, so that’s how we’ll continue to be.” She and her husband had decided they would have to downsize as they had lost her pension.

Kyoko felt confident dealing with money, but had left all the financial decisions and budgeting to her husband since they were married, to the degree that she was not even aware what she earned, as he dealt with her pay. She explained “I think I feel very comfortable that he does it.” Catherine on the other hand controlled her family’s finances, because her “husband has always been appalling with money and as a result all our money has been mine.” This extended to retirement planning, and she had set up a personal pension for her husband, admitting “It was my decision. I answered the questions. My husband was only there because he had to sign at the bottom.” Lilian felt that she was much more interested in pensions than her husband, and was the one currently making plans as he had become a full-time carer after losing his job.

A number of the female carers had been reliant on their husbands either because their husbands were the main earners (Judith for example) or because their husband was an accountant and had expertise. In the case of Judith, her partner had a pension and other financial products in place before they met, and she remarked “I’m very lucky that he supports all of us.” She was aware of his pension circumstances, however, and she dealt with the household bills. Karen made decisions with her husband, although he was very concerned about saving so “he’s always squirrelling away money.” He gives her different options to decide between, but she feels her eyes glaze over when he starts to talk through things, and is happy for him to deal with it.

While Emma was earning more than her husband, she understood little about pensions and relied on her husband, also an accountant, to advise her. She was sceptical about this however: “I rely on my husband up to a point because he’s an accountant, you’d think he would know. But he’s just as clueless.” It was on his advice that she was making AVCs with her BSP. Ken felt that he and his wife Violet made decisions together, and would discuss their approaches, although they had not specifically discussed retirement, instead just getting “on with it.” While they agreed that he would not do something she did not want, Violet explained she had been happy to leave it to him because “It really was Ken’s because being the money man” (he was a trained accountant).

One carer had relied on their partner in the past but had found herself without a pension following her divorce. Rebecca had believed that her ex-husband was making national insurance contributions payments on her behalf when they lived overseas, and only discovered that he had not when they divorced, and by that time it was too late to make up the payments, contributing to the fact she received pension credit now.

A number of the carers had never discussed pensions with their partners, with some unsure if their partner had a pension. These carers tended to be caring full-time and did not have a pension themselves. Gita, for example, said “My husband, because he’s working, he might have a pension with his company. I’ve never really talked to him about it.” Roopa revealed “No, I don’t think he has. I haven’t discussed [it with him] but he hasn’t a pension. No.” Fiona and her husband Mula said they did not discuss it either, but they had discussed other financial matters, making decisions about life insurance and mortgage protection insurance.

A number of relationships had affected carers’ approaches to pensions decision-making in a more fundamental way. The most striking effects were those of losing a partner. While this had not affected Dora’s approach, possibly because of her limited employment history and because the nature of her caring left her unable to consider it, a number had been significantly affected. Ella’s attitude to the future and to planning had been altered by the experience of losing her husband, as she explained “with accidents it is, it really makes you realise that you just don’t know when it’s going to happen.” She had prioritised life insurance over AVCs because she wanted to secure her son’s future, and because she and her husband had discussed it in the past but not bought it before he died. She also expressed mistrust of financial advisors in part because her husband had taken advice, and when he died, she had received very little as the advice he had been given had been poor.

Aditi had struggled following the death of her first husband. She had been affected by his advice before his death “My late husband used to tell me do not depend on the government for the scheme. You get down and do things for your own sake and life.” As a result she had taken the opportunity of an OP when it arose. Caitlin’s experience of being widowed, and struggling financially after her first husband’s death had shaped her approach to pensions now she had remarried: “I’ve still made cover for him, and the same is true of the state

pension...So I know that even if I weren't around, the household income would increase. Because he'd have his own. That's one of the worries when you're widowed - any widowed person."

However it was not only those who were widowed who were strongly motivated to protect their partner's well being in old age. Laurie had been affected by seeing people they knew pass away, and their families discover their widows would not receive survivors' benefits: this was one reason he was not keen on saving in a pension. Peter had lived with someone for many years. He explained "I know my other half, certainly we're lucky again, if this comes up, if I die tomorrow, she gets three quarters of my pension and vice versa. So if one of us bumps off, the other will be okay. So in that sense the planning in the strategic sense has been done." Jim's main concern financially was his wife's security, not his own. He had bought her a house to provide her security, as well as taking out the pension with Equitable Life, which he did because "I wanted to secure the future for my wife." He added later "I'm not concerned about myself. My wife I get concerned about. So she's the one that's got to be looked after." The flip side of this is that Joe argued that his approach to pensions may have been different, more concerned, if he had a wife or family to think about.

One of the main roles spouses played was providing an income and pension when carers (mainly women) stopped working to care, particularly for a disabled child. This left carers dependent on their partners for support. The other key effect was in relationships where the carer was providing care for their spouse. This could have several effects, pushing one or both of them into early retirement or shorter working hours (Sally, Poppy, Jack) or pushing the carer to combine work and care and worry more about money (Anne, Laurie). Where the partner had a form of dementia, it could also change which partner was responsible, with

Sally, Poppy and Lucia, for example taking control of their household finances for the first time.

9.5 Uncertainty, risk, security and planning: the effect of informal caring

The previous sections have revealed that security, or a lack thereof, can play an influential role in shaping how and if people engage in long-term planning, including planning for retirement income. Behavioural economics (Khaneman and Tversky, 1979; Gintis, 2000) identifies risk as a central influence on individuals' saving behaviour, as loss aversion means they may be disinclined to take risks to promote long-term returns. Where an individual is less secure, this may heighten the risk they perceive in saving. However, those who are more secure may see the risk inherent in pensions savings as unnecessary given their circumstances.

Section 9.4 showed that bereavement, particularly the loss of a partner at a young age, or unexpectedly, can have a deep effect on how individuals think about the future, about risk, and how they make plans. Such bereavement appears to create both a financial insecurity with the loss in the case of a spouse of part of the family income, and the disruption grief can create in the surviving partner's employment, but also an existential uncertainty, demonstrating the fragility of life. The following section looks at whether caring, and particularly the exposure to illness and often life-threatening conditions, especially amongst those they care for, affects the way that carers think about the future and pensions planning.

Illness and disability are almost inherently uncertain. Carers highlighted the difficulty of planning for the future when you did not know what was going to happen, and suggested that this discouraged them from planning, and made it difficult to take a long-term approach. Sally, caring for her husband who had developed Alzheimer's, explained this: "really, what is

the point of trying to plan for the unplannable? I don't know how he will be day to day.” Some of those caring for their parents or parents-in-law were candid, admitting that they could not predict how long the caring relationship would continue, as they did not know how long the person they were caring for would survive. Peter for example explained that he had had no idea how long he would be caring, and that with hindsight some decisions he would have made differently, for example he would not have invested in a new car at the start of his caring, had he known for how long he would be caring full-time.

For parents of children with conditions such as autistic spectrum disorder or ADHD, an important area of uncertainty was whether their children would ever be capable of living independently or supporting themselves, and what would happen after the parents passed away. For a number of these carers, this uncertainty fed into their planning. Lilian, Ella, Judith, Karen and Fiona had also set up trusts or taken out life insurance to ensure that their children would be provided for financially after their deaths.

For Lilian and Karen, and to some extent Ella, this was part of a much broader predisposition towards planning. Lilian had always planned for the future and had set up a trust for her son, alongside careful pension planning, because “the huge worry we all have is what's going to happen when we're not here anymore.” She explained the effect that caring had had on her approach to planning and saving: “I certainly went into overdrive, and through I've got to be very careful, I've got to save money.” Karen explained that she did not want her children to have to support her, but that she was also aware her son may need long-term financial help. She said “Especially with my son having a disability, I don't know if I'm going to have to look after him. So not only are we planning for our future, we have to do theirs as well...It's like having three pensions, one for us and one for each of [my sons]. So yes, it's definitely more now.” Ella had felt that saving was important in the past, and although she felt she did

not particularly make plans, she had researched the different options available to her for long-term investment, choosing life insurance to protect her son over additional voluntary contributions, in part because her experience of losing her husband in an accident “it really makes you realise that you just don’t know when it’s going to happen.”

For Kyoko and Fiona, planning for their children’s financial future was less part of a general future orientation, but their main financial aim. This was particularly true of Kyoko, who relied on her husband to handle their finances. She did not plan ahead, but instead the trust they had set up for their son reflected the priority she and her husband placed on his needs rather than a general approach. For others, the difficulty of knowing what help their children would need in the future made pensions planning more difficult. This was because carers did not know what sort of future they were planning for, but also because it was too painful to think about the future. These were also issues for carers supporting people other than their children.

Mary explained that she could not plan for retirement because she did not know whether her son would still be living with her or not, if she would still be caring. She therefore refused to plan for the future, saying “So I try not to think too much of the future.” She would not expand on this during the interview, making it clear she found it upsetting. This was also difficult for some caring for their partners. Sally admitted “I think the planning thing, a lot of it is not wanting to face the future because obviously when you plan at certain stages of your life it’s exciting planning, and it’s nice positive planning. Shall we have a baby, where should we go on holiday, shall we move house. But this is not nice planning at this stage.”

Those carers who were relatively resilient, predisposed to planning, and had sufficient economic capital to save, reacted to the insecurity and risk inherent in caring for someone

who is ill or seriously disabled. Others were overwhelmed by the uncertainty and risk involved. For many of these, their current needs were so great relative to their income, they simply could not comprehend risking the health of those they cared for, or their money, by saving for retirement they were not sure they could enjoy. The effect of risk related to the condition of the person they are caring for in shaping pensions decisions supports Loewenstein *et al*'s (2001) argument that anticipatory feelings, the feelings held at the time of decision-making, may be an important determinant of decision-making rather than the feelings anticipated as a result of the decision.

9.6 Effect of care on priorities

Many of the carers revealed that their experiences of caring, or other significant experiences, had affected their priorities in life. They highlighted areas that were of greater priority compared to pension savings, and explained that things other than material resources had become more important to them as a result. This in turn affected many of their decision-making with respect of planning for retirement, directing their resources (time, money, energy) towards the things they felt were most important.

Of those who confided a change in priorities, protecting, spending time with, or providing for their family, particularly their children, was the most frequent priority cited. Alice explained how her focus had changed "I've probably changed my attitude very much in that it's the kids that are important...It does make a big difference when you nearly lose a child, you do value things very differently and worry about things very differently." Fiona echoed these sentiments "They [the children] come first, definitely. Their needs...that's the way it has to be." Karen explained that while she would like to work, this would have to fit around her son's care: "The extra money would be really nice, but I can't take the money to the detriment

of my son. Because he's still quite young, and I need to do as much as I can with him now...If I don't get it right now, I'm screwing up the rest of his life."

Roopa's priority was also the needs of her family "that's the more important thing at the moment" not a pension, and Nimko and Gita also prioritised their children's needs financially. Nimko was willing to go overdrawn to provide things her children wanted or needed, and Gita had borrowed money from family and friends to support her children, most recently for an extension to make their lives easier. She explained "Everyday things, like if they need anything, I wouldn't hold back. Like if they need it, it doesn't matter how expensive. We try and get it for them."

Some of the carers supporting their children had particular concerns about their children's care and financial wellbeing in the future, particularly after they had died. Securing this was therefore their primary concern. Fears about the quality of social care as well as the likelihood that their children would not be able to support themselves, drove this concern. Kyoko explained that when she saves, "I think that we want to provide for our son the best we can. And it's clear to me that I would not like to have him in the care of social services, so it is actually for him that we are saving I suppose." She and her husband had set up a trust to ensure that their son would be provided for, as well as drawing up their wills. Lilian had also spent a lot of time and money setting up a trust for her son, although she had always been concerned about the financial effect on her family if something happened to her: when she took out a mortgage in her early 20s she had made a will and taken out life insurance to ensure her parents would not have to pay her mortgage. She explained that her decision making is "all around needing to be here for my son really."

Anne had first taken out her own pension not to support herself in old age but because it provided cover that would ensure that if something happened to her, her husband would be able to pay for childcare for their sons. Ella had prioritised buying life insurance over making Additional Voluntary Contributions because her priority was ensuring her son would be able to buy care, as her friends and family had said that if something happened to her, they would not be willing to take him in. The importance of this was amplified by the sudden loss of her husband: while they had discussed taking out life insurance, she did not do so until after his death, and she had an increased awareness of the fragility of life.

Caring had highlighted to some carers the importance of family more generally, and of caring for vulnerable people. Anne explained that although she was unhappy at having to be a carer, “When you’ve got a man, well, anybody...who can’t use their body, that has to take priority.” Jim’s main concern was his wife, which is why he had prioritised life insurance over replacing the pension he lost with Equitable Life. He said “My wife I get concerned about. So she’s the one that’s got to be looked after.” Rose, who at the time of the interview had just had to shut her business, and was expecting to lose her home imminently, discussed how her priorities had changed over time, and as a result of experiences including caring for her son, mother and uncle. She said “I certainly don’t want to work all the hours God sends. That’s one thing you do learn as you get older, these things you thought were important in your teens are no longer important in your fifties. [Money] doesn’t make you happy. You can have as much or as little. What makes you happy is the relationships you have with your family.”

Ella’s experience of being widowed contributed to the importance she placed on living well in the day, rather than worrying too much about the future, or saving to the detriment of their current wellbeing. So for example, she was happy to spend money on weekend trips and activities with her son despite the cost and mused “whether that is part of the grief thing, of

thinking you've got to live life for now, and what's the point of leaving and doing all of that when you could be out there having fun, as long as I have that bit of back-up." She explained that unlike her uncle, who stayed in a job he did not enjoy because of the pension, she was "of a different mindset. I think you've got to be happy. I can't just plan for retirement."

An emphasis on living for the day and focusing on being happy, or having a good quality of life was the second most frequently mentioned priority. While Ken did save, he argued "you can't worry about it too much. You've got to do a bit of living for today and not worry. Some people worry too much about tomorrow, but I try to balance it a bit."

Nicola's experience of caring for her parents, and having a low income while she and her husband were not working, had changed her mindset. She was now concerned with just having what you need to exist. She added "And also, it makes me look at my own quality of life, do I want to have some quality of life now? Work isn't the be all and end all. It's trying to regain one's health and generally to have quality time with my husband." Catherine, who had suffered devastating health problems of her own on top of supporting three children with disabilities, explained that "My whole attitude to life has changed. I don't think anything really matters any more. I think as long as you're happy, I don't think anything else matters. I don't think. I mean, when the children were younger I used to think you had to think about careers and having lots of money and going on holiday. None of that matters, as long as you're happy. And I'm not. But my life is in limbo."

After family needs and quality of life, the next most frequently mentioned priority was housing, specifically paying off the mortgage. For many this was a particular concern because of their broken employment records, which placed pressure on their finances. Fiona and her husband Mula's financial priority was to pay off the mortgage by the time Mula

retires. They had taken out mortgage protection insurance in case they had difficulties, choosing this over alternative financial products, including pensions. Ella had prioritised paying down her mortgage when she had additional money, and Caitlin had focused on managing to pay her mortgage, as there had been times when she feared she would lose her home after her first husband died, and when interest rates were very high. Roopa and her husband had taken advice when buying their house as it was important as “we wanted security for the kids.”

Some of the carers emphasised the fact that day-to-day costs and pressures had to be a priority. Sally argued “my priority is getting through each day”, while Aditi was worried about being able to afford things like food. Caitlin also prioritised security, having a safety net, but also prioritised having a pension that would provide her husband with survivors’ benefits as a result of being widowed.

9.7 Effect of caring on retirement plans

For some carers, caring had affected how they thought about retirement and planned for retirement itself, which is obviously significant as expectations for retirement are likely to be a factor in shaping pensions plans. A few had retired earlier than they would have done, or were seeking it at the time of the interview, because of their experience caring. Anne, for example had retired because she was burning out from the pressure of caring for both her husband and her mother, and the emotional nature of her job. Jack and Ken had both negotiated early retirement when the option of voluntary redundancy arose, to care for their wives, and this had been a calculated decision they had made, aware of the financial implications.

Eileen had just started taking phased retirement so that she could reduce her working hours, as she was struggling to cope with working and caring, without the full corresponding reduction in salary. Lilian was in the process of applying for early release from her civil service role because her husband, their son's primary carer, was getting older and was now struggling to manage the caring himself. Caitlin had retired in large part because of she was caring for her parents and mother-in-law. She explained "I took retirement as I was able to at 60, being born in 1949, but also because of the caring. So it's been juggled, part-caring, part-work. And I saw no point in continuing to work. So I was rather forced into my so-called retirement which was in fact full-time caring."

Other carers had retired early for reasons unconnected to or not triggered by their caring responsibilities, although Joe, for example, was able to provide the care he did because he was not working. Joe considered himself retired because his health problems meant he would not be able to return to work. Harry on the other hand, took early retirement in order to spend time with his wife after she was diagnosed with terminal cancer. He explained "Because I wanted to be with my wife I took early retirement, so I gave up a number of years of retirement with my pension with my company."

Other carers who suggested an effect of caring on plans to retire fell into two groups: those who did not plan to retire because they could not afford to stop working, or hoped to work; and those who could not comprehend retirement because they would not be able to stop caring, as they would continue to have to care. Aditi fell into the first category. She was already over state pension age although still contributing to her occupational pension. She explained "I don't intend to retire, I can't afford to. I can't afford to retire because if I do, I won't have a regular income, will I?" She also appreciates the break from caring that working offers her. Kyoko had not considered retiring and felt that she would continue to

work as long as her caring was not affected, while Hannah, although she had not yet returned to work, said “I’m guessing I’m not going to have a point where I say, I’m not going to do any more work now,” possibly reflecting the importance she attached to financial security. Emma was very worried about the adequacy of her pension savings and how she and her husband would cope after retirement. She felt she would not be able, physically, to continue working from much longer, but had received a letter from her employer saying that she would not have to retire at 65 but she partly wished that she did, because “I can’t carry on like this.”

In the latter group were women caring for their adult children who were unlikely to ever be able to look after or support themselves. Gita said “retiring for me will be the same as it is now. Because nothing would change. I’ll still be caring for my children, I’m not going to be retiring from that.” Similarly, Judith, who had just stopped her full-time volunteering as her son had finished college, argued “No, I can never retire. People who work in a job can. There’s no retiring from caring. Even when you’re ill, you’ve still got to do it.”

9.8 Effect of social care costs on pensions planning and savings

Parker (2000) and Taylor-Gooby (2005) found that individuals were not able to accurately estimate their own risk of needing social care in the future, and were often unaware they would be responsible for funding it. Many of those caring for elderly parents or spouses with degenerative conditions were very concerned about what would happen if the person they were caring for needed to go into residential care, or if they themselves needed care. While those without children of their own (Caitlin and Nicola) worried about the quality of care they would receive having seen how important their care had been for their parent’s quality of life, most were particularly worried about the financial impact of residential care.

Caitlin, having seen the cost of providing care for her parents and mother-in-law was consciously more careful with her money as a result, because “It means I don’t want to squander what I have. I still have this conservative view about spending.” However this was the closest to having a plan any of the carers got. The others expressed fear and anger about the possibility that they may face huge care costs in the future for their partners or themselves, but did not feel able to do anything about this. In large part this inertia reflected the extreme uncertainty inherent in preparing for future care costs. As well as uncertainty about if such care will be needed, when it would be needed and for how long, there is the additional uncertainty about personal liability for care costs, how this is calculated and paid.

Poppy and Sally, both caring for husbands who had developed Alzheimer’s at a relatively early age used remarkably similar language to discuss the issue. Sally explained that one of the main effects caring had on her planning was she can see the “huge black hole” of care costs, but she had no idea what the costs would be. The lack of clarity, and the personal implications of thinking that there may be a point where her husband has to move into a care home, meant that she refused to make plans. She explained “I’m a bit Scarlet O’Hara, I can’t think about that today! You know? Because there’s just so many unknowns going forward. You know, you’ve got care costs, and all these sorts of things, and really if you worry about them all, you will drive yourself mad.”

Poppy confided “Because there’s the care home hanging over us like a black cloud. We just don’t know what we’ve got to shell out for the care home. So yeah, you think about it all the time.” Poppy revealed that she had no idea of even the practicalities of paying for a care home, whether she had to organise it, the council, whether it was paid as a lump sum, or monthly. However, she felt it was too late for it to make a difference to how she saved for a pension.

Others also expressed uncertainty about the potential effect of having to pay for a care home, but almost shrugged it off, as there was little they could do at that point, or because there was a safety net. Jack and Ken were both caring for their wives who had MS, although Jack's wife's condition was more advanced. Jack said "There's always the uncertain bit of, if I had become disabled as well as my wife, then how do you cope with care costs." Ken explained that "I haven't consciously saved for any possible greater care, but we do have a little bit for that eventuality. But if we don't have it, if we spent it, then the state will have to step in to help." The costs of social care had been brought home to Ken as he and his sister were currently paying for their mother's care home costs while they were sorting out power of attorney to access her funds.

Peter's experience caring for his mother who had dementia had made him aware of care costs, but he had concluded "why bother" saving? This is because while his mother had always been careful with her money, living frugally, and investing in a home, her twin sister had spent her money, gone travelling when she retired instead of being careful. However, they had both developed dementia and were now both in residential care: but because his mother had saved, they were in the process of selling her flat to pay for the care, so he felt that it did not really matter if you saved, you could still end up in the same situation.

As well as the uncertainty, it appeared that, unlike most (Parker, 2000; Taylor-Gooby, 2005) these carers were aware that social care is means-tested and they were very likely to have to pay for care themselves. However, a few were very unhappy about this, feeling it was unfair given that they had paid their taxes and saving carefully. Laurie argued "I spent all my life paying the mortgage and investing in the house, and then this government want to take £30,000 for looking after you," expressing a belief that the government and not individuals

should have to pay for their care. He said that if it came to it, he would sell his investment property and hide the money so that it could not be counted against them. Poppy expressed similar sentiments. She complained that the prospect of having to pay for care costs “just seems so unfair” and she was worried about the implications for their investment property, which she was relying on for an income in retirement. She said she was trying to move money out of her husband’s name into hers to prevent it being counted against him. As well as a lack of clarity about who would be liable to pay what, it appears that for some carers, their willingness to save towards residential care costs was weakened by their belief that the government should be responsible rather than them.

Another effect that the prospect of caring costs had on some carers was that it made their inheritances, a main part of their retirement planning, uncertain. Helen for example, had become aware of what she would inherit from her father as a result of having power of attorney over his affairs, and this reassured her about her pension savings as they would be supplemented. However, she recognised that this inheritance was not guaranteed as he may have to sell his home to pay for care. Similarly Julie knew she would inherit something from her mother, “but obviously some of that would maybe have to be put towards my daughter’s - you don’t know how care is going to be funded in the future you know.”

Significantly, it was only the carers who were caring for people already in residential care, very likely to need it in the near future, or who had had parents in residential care in the past, who appeared aware of the potential effect of care home costs and who worried about it. Most did not consider it at all, possibly because they intended to continue caring themselves, or because it did not occur to them that it may be something they would need themselves. The attitudes of those carers aware of the potential of having to pay for care costs reflects the behavioural economist explanation of decision making, where substantial risk and uncertainty

lead to inertia. It also suggests that reflexivity is not necessarily accompanied by action, as many were aware of the situation they were likely to face but were unable or unwilling to act to mitigate it. They either found it too complicated or unpleasant to think about, or were aware that, because caring had already reduced their income (and for those caring for a spouse, both partners' incomes had been reduced) and the potential costs were so high, they simply could not afford to change their savings approach by the time they became aware of the problem.

9.9 Conclusions

Chapter seven demonstrated the financial limitations on carers' ability to save for retirement, and chapter eight highlighted the effect that lack of financial capability and trust may have on pensions attitudes. This chapter has explored more of the emotional and psychological influences on pensions planning, caused by caring but also other important experiences. It explored the factors that influenced how the carers approached long-term planning and retirement savings-decision making, and the effect of caring on this.

Of those most prepared for retirement, some took a reflexive approach to general financial planning, but most with pensions had not made a conscious decision to join a pension scheme. This undermines the classical economic theory of rational decision-making and utility maximisation as a motive for saving. It also challenges Giddens' claim of reflexive agency, as many with pensions were non-reflexive and sometimes non-agents, while others without savings were reflexive but unable to act. Hoggett's (2001) quadrant provides a better description of the range of approaches taken to pensions planning, as well as caring.

Peggs' (2000) adaptation of Bourdieu's theory of practice also provides insight to understand the factors shaping how people approach pensions planning. Arguably, families and partnerships create a *habitus* within which understanding and attitudes are formed early. However, there was no single type of influence, as some followed their parents' examples, while others learned from their parents' mistakes, or rebelled against them. Economic and cultural capital also shape the alternatives available to individuals and the ability and willingness to take a reflexive approach to planning.

Individuals appeared to engage in pensions planning if they recognised a need to, were predisposed to planning (hence seeing a need), and had sufficient disposable income to save without affecting their current wellbeing. Those unable to save generally lacked the resources, had not considered the longer term, or found doing so too painful.

As predicted by behavioural economics, risk, uncertainty and insecurity played an important role in influencing decision-making. Loss aversion is influential here, as those who were deterred from saving by stories of others who had 'lost' their savings by dying long, having therefore sacrificed wellbeing during working life for no reason, tended to be those with less available to save, such as Rebecca, and Fiona, and Laurie, who was self-employed and therefore arguably shouldered more financial risk. However, having access to sufficient financial resources in childhood appeared to prevent some people learning how to save, since they never had to do it. These carers often found themselves reliant on the state pension when their financial situation had deteriorated.

A more existential uncertainty also appears to affect decision-making, as the possibility of losing the person they care for means carers do not want to 'tempt fate' by planning, or because of their experience of bereavement, particularly at a young age, highlighted the

fragility of life and therefore the risk inherent in saving rather than spending now. This may reflect the importance of anticipatory emotions predicted by Loewenstein *et al* (2001) as the decision not to save in some cases was based on feelings of grief rather than a calculation about what they would need or feel in the future. However, the open-ended nature of many of the care-recipients' conditions (as well as carers' own health conditions) meant that many found it more difficult to plan as they were unsure what they were planning for. This reflects the behavioural economic argument about the difficulty uncertainty creates in effectively calculating future needs. For some this lack of certainty made them more careful planners, but for others, their lack of security and low incomes meant they were simply unable to make plans, or to make financial sacrifices for an uncertain future.

While caring, and the experiences of living with someone or loving someone who is seriously ill had a fundamental affect on how some carers thought about the future and their finances, it was not the only influence. Bereavement, childhood experiences of poverty or wealth, employment history, parenthood, and relationships all combined to shape each individual's approach. While the lifecourse model is often viewed as incorporating set stages that shape needs and plans, this research suggests that the most important experiences are less predictable and planned for, and often represent disruptions to the life cycle rather than stages along it. These have a strong effect on perceptions of security, insecurity, risk and the future, highlighting for many the unplannable nature of life, while for others with the resources to act and the willingness to do so, spurring them on to plan more carefully in an attempt to control their lives and the future of those they are caring for.

Chapter 10: Conclusions

10.1 Introduction

This thesis has sought to provide answers to the research questions set out in section 1.3. It has explored the effects of informal caring on the way that people save for retirement. It has aimed to achieve further understanding not only of the experience of caring, but also how people think about and approach pensions savings, and the factors that prevent them from saving, including informal care responsibilities. This thesis contributes to the understanding of both pensions planning and the effects of informal caring on carers' lives. It is unique in using qualitative methods to investigate the role of caring, and how this interacts with other life experiences not only in determining carers' financial status over the longer-term, but how caring influences attitudes and approaches to planning and saving. This chapter summarises the thesis and conclusions, drawing together and analysing these, and setting out the theoretical and policy implications of these findings.

10.2 Summary of thesis

The chapter starts with a summary of the preceding chapters, including their main arguments. It then sets out the main conclusions. It provides an analysis of how caring affects how people save for retirement, how they think about planning, and what they know and feel about pensions. The findings about relevant factors other than caring are then summarised. The implications of these conclusions for the theoretical explanations of decision making are then assessed, and the policy implications discussed. Finally, the contributions this study makes to the understanding of both informal care and pensions planning are outlined, together with its limitations, and potential areas for further research are considered.

Chapter one of the thesis explained the choice of research questions, and the salience of studying informal carers' pensions planning. It set out the ways in which population ageing and social change are perceived as threatening the sustainability of both the state pension system and the provision of social care. Public policy has therefore been used to try to meet these challenges while preventing poverty in old age. However the solutions implemented, encouraging greater individual pension saving, and supporting and encouraging the provision of informal care within the home, are in tension. Expectations that population ageing will mean that larger proportions of the population will find themselves required to provide informal care over coming decades increases the importance of understanding and tackling this tension. The thesis aims to explore this tension, to better understand the implications of policy in these areas. Chapter one also sets out the theoretical framework and methods used to investigate these issues, and summarises the conclusions and structure of the thesis.

Chapter two explains the aims of pensions and caring policy, setting out the current policy context for each, and exploring their development within UK (and for caring, English) politics. It explores the assumptions contained within policy about how individuals engage in pensions planning, and provides an overview of levels of pensions saving and membership, and of informal caring the UK.

Chapter three explores the theoretical assumptions contained in pensions and caring policy in more depth. It starts with an explanation of classical expected utility theory, which predicts that individuals will be motivated to save at times of high income to protect their living standards in retirement, or at other times of low earnings. Behavioural economist arguments that this does not reflect how individuals make decisions in the real world, under conditions of risk and uncertainty are then described. Giddens' (1994) concept of reflexive agency,

influential within New Labour (Deacon and Mann, 1999) reforms is then considered. This argues that individuals are capable of taking on greater responsibility for their retirement savings as they are reflexive agents, able to monitor their circumstances, and utilise information to act in their best interests. Other theories have challenged this however. Hoggett (2001) suggests a more complex explanation of agency that recognises individuals sometimes act non-reflexively, and are also constrained from acting despite reflexive understanding of their circumstances. Peggs (2000) and Greener (2002) adapt Bourdieu's (1979; 1991; 1993) theory of practice, which suggests that external constraints play a greater role in shaping agency, as well as options, than Giddens allows. Peggs (2002) suggests that Bourdieu's concepts of capital (resources) and *habitus* can help understand why individuals do not always display reflexive agency in the field of pensions, while Greener relates these arguments to Hoggett's quadrant of agency. Two feminist theories which have been used to challenge assumptions contained in caring policy, particularly that care is 'natural' within families, and provided willingly with consideration for the overall benefits for the family are then discussed. The first disputes the belief that care is provided voluntarily, highlighting the gendered social expectations that mean care may be experienced as oppression, particularly for women. The second refutes the claim that individuals are motivated to maximise their expected utility when decision-making, particularly applied in the field of caring (Sevenhuijsen, 2002; 2003), instead claiming that individuals may also make decisions on the basis of relationships, without consideration of the outcomes.

The fourth chapter reviews the literature relating to these theories and assumptions relative to pensions. It finds support for the claims of behavioural economists and those theorists who challenge Giddens' limited conception of agency. There is substantial evidence that individuals lack the capacity and disposition to engage with complex pensions planning

decision-making, and that the degree of risk and uncertainty these issues are based upon leads to inertia and myopia.

Chapter five reviews the limited literature that has looked at carers' pensions, finding that care is effectively compensated within the state system, but that little attention has been paid to carers' private pensions savings, despite political focus on these. The chapter looks at what is known about carers that might suggest that they are likely to have lower non-state savings, including the greater likelihood that carers are women. It also explores the reasons why people provide informal care, and the evidence regarding an ethic of care and care-as-oppression. It finds that motivations for caring are complex, and determined by the care relationship.

Chapter six explained the methods used to answer the research questions, providing details on how the research was planned, carried out and analysed to provide transparency. Qualitative semi-structured interviews were chosen to enable an in-depth exploration of the understandings and beliefs that carers felt shaped their approach to pensions planning. Forty-three carers were interviewed in total. Careful reading of the data and coding of the themes that emerged from both the interviews and the literature were carried out to analyse the findings.

Chapters seven to nine set out the findings of the research. Chapter seven discussed the changes carers reported they had made to their pension savings as a result of caring. These had mainly come about because their income had fallen due to changes in their employment status, but also because they had faced additional costs as a result of caring or the condition of the care recipient. Some had spent the savings they had expected to be able to draw on in retirement on day-to-day living costs or adaptations or equipment to help with their care

recipient's condition. The chapter also revealed that very few carers felt they had made a conscious choice to care, and that this lack of choice affected their ability to work, and therefore to save for retirement. While some carers were willing to care, others resented it, and almost all struggled with it at times, particularly due to stress and exhaustion.

Chapter eight looked at what carers think and know about pensions and retirement saving, since understanding has been linked to being better prepared for retirement (Clark and Strauss, 2008). It revealed low levels of understanding of pensions policy in general, and of their own pensions in particular. Many felt that pensions were confusing and too complex, and they felt better able to make financial decisions in areas other than pensions savings. Carers were fairly similar to the general public in this respect, suggesting that lower pension saving by carers does not occur because people with less knowledge are more likely to become carers. For a few carers, however, caring for someone who needed help managing their pensions was an important source of knowledge about pensions. The most important factor in determining whether an individual was confident they understood pensions was experience of making financial, particularly pensions, decisions, as carers appeared to 'learn by doing.' Carers used a range of information to find out about pensions, although only those with greater economic resources were able to use an Independent Financial Advisor. Many carers did not seek guidance as they felt they did not have sufficient to save to make it worthwhile. Carers revealed low levels of trust in pensions and pensions providers, which appeared to deter some from saving in a pension scheme.

Chapter nine examines the factors that affect how carers think about pensions planning, and saving more generally. Caring has a number of significant effects, making many carers more reflexive as they attempt to manage under difficult circumstances. Some of these carers save more carefully (though often smaller amounts than they would have otherwise) while others

decide that focusing on current needs is more important. Others still become less reflexive regarding pensions saving as they lack the time or energy to think about it, or feel the future is too uncertain or unpleasant to consider. Family, particularly parents and partners, are influential in determining how people think about planning, the importance they attach to it, but they have less of an effect with respect to pensions planning in particular. The chapter also explored the effect that caring had on retirement plans. Caring had prompted early retirement for a number of carers. Supporting the findings of Higgs *et al* (2003) early retirement was most often taken in response to having been offered a good early retirement or redundancy package. Several of the male carers had retired early, and a number of women caring for their husbands had also retired early. These carers often faced a lower income in retirement than they would have otherwise as a result of taking their company pension early. Other carers, particularly those caring for children unlikely to become independent, could not conceive of being able to retire, and for some this was a disincentive to save, since their circumstances would not change.

10.3 Informal carers' pensions and retirement savings: conclusions

While this research did not set out to measure the monetary effect of caring on pension savings, it highlighted that although previous studies found that carers had similar numbers of years of state and private pension contributions to those who never cared (Evandrou and Glaser, 2003; Hancock and Jarvis, 1994) almost all of those interviewed believed they had been able to save less towards retirement as a result of caring. While some were able to maintain their membership of occupational schemes, and most either made national insurance contributions (NICs) or received Carers' Credits towards the state pensions, the majority were contributing less as a result of stopping work, reducing their hours or changing their jobs. This was often coupled with additional expenditure due to caring or the care recipient's

condition. Some saw the value of their pension payments reduced when they took early retirement.

However, there was no single 'effect' of caring on carers' attitudes to pensions or to planning. The range of approaches and the level of understanding reflected findings from studies amongst the general public (Rowlingson, 2000; Thomas *et al*, 1999) but also sub-groups of the population (Foster, 2011; Nesbitt and Neary, 2001; Peggs, 2000). Often, carers' attitudes and understanding remained the same, but their ability to act on their preferences was diminished. But caring did affect some people's understanding of how pensions worked, and the importance they attached to saving. While caring had only limited effect on carers' knowledge of pensions, some gained whatever understanding they had and confidence in their abilities by managing an elderly parents' pension as part of their caring activities. Some wives caring for their husbands had learned about pensions because they had taken over management of the household finances due to their husbands' disability.

The effect of caring on attitudes to saving for retirement was more mixed, however. For some, caring had heightened their awareness of the need to save for retirement. As Rowlingson (2000) had found, some people were motivated to save more as a result of seeing their parents struggle on a low pension in old age, not wanting to face such difficulties themselves. However, carers' finances were often so constrained that they were unable to act on these concerns: their reflexivity was increased by caring but their agency limited. The same was true of some of those caring for someone in, or potentially needing, residential care. Alone amongst the carers interviewed, this group recognised that they may need to spend substantial amounts on social care for themselves or their family members in the future. However, they did not feel able to actively save towards this, given the scale of the costs and

their limited income. In addition, a few expressed anger that saving towards social care (or in general) could make them liable to pay more for their care due to the assets-test.

Another group of carers responded to their experiences by becoming more careful with money, trying to save more carefully. These carers tended to already be disposed towards taking care with money, but also maintained enough income to be able to save. Some of the carers who had taken career breaks, or had partners who had, had recognised that their pensions had been compromised as a result and sought out public sector jobs to protect their income in later life. Others had been proactive in ensuring they were receiving Carers' Credits even if they were not claiming other benefits, because they were concerned about their pension record. Again, caring had increased awareness and reflexivity and in a few cases, made carers more actively seek out pensions.

This was not the universal response to caring however, as, while many carers had simply not considered the need to save for retirement, others were aware of the difficulties but chose not to engage in greater saving, or to think about the issue too much, prioritising other financial needs, caring, free time and peace of mind over planning for retirement. Some simply found thinking of the future too distressing, as for those caring for parents or spouses their caring was likely to end in bereavement, while those caring for children feared for their child's future. Fears about the quality of care their children would receive after their own deaths, if they had to move into residential care, were particularly strong.

Behavioural economists argue that classical explanations of saving behaviour under-estimate the role of risk and uncertainty in decision-making (Khaneman and Tversky, 1979; Khaneman, 2011; Gintis, 2000). They claim that people are more risk-averse than classical economics accounted for, and that they are less likely to invest money where there is a greater

risk of losing money, even if they are as likely to gain. Loewenstein *et al* (2001) also suggest that emotions at the time of decision-making can influence the choice made. Chapter four provided evidence to support these arguments. This thesis also found evidence that pensions decision-making is affected by perceptions of risk and fears of financial loss, as mis-trust of pensions was widespread, and carers took more notice of stories of people losing money than of those who received an adequate pension as a result of their saving. For some, who were not given the option of a company pension, these fears discouraged them from investing in a pension.

The interviews with carers highlighted that care contributes to the risk individuals perceive around pensions savings in a number of ways. Proximity to illness and disability heightens some individuals' awareness of their own mortality, which coupled with ill health and exhaustion resulting from caring, makes them doubt they will survive until old age. For others the experience of being bereaved was a fundamental cause of their sense of existential uncertainty. Carers were also affected by the fact that they simply did not know how long their situations would last, whether the person they were caring for's condition would improve, enabling them to work more, or deteriorate. Would they need more equipment, more adaptations? Would someone else in the family require care, and how long for? These concerns did not just make it difficult to plan for the future, but they also affected some carers' attitudes to pensions as appropriate savings vehicles, arguing that they could only invest in a way that gave them quick access to their funds in an emergency, or to meet the needs of their loved-one.

Carers' decreased incomes also meant that the potential loss from investing in a pension appeared greater, as they had less of a safety-net than before they started to care, since many had wound down their savings to pay for equipment and other costs. This is significant in

understanding pensions saving behaviour more generally: if low income increases risk aversion, efforts to engage low earners in additional saving are likely to fail unless they are reassured their investment is safe.

Caring therefore had some effects on carers' attitudes to pensions and savings, although their reactions were not uniform, and depended on their circumstances, their disposition towards the future and saving, and their resilience. However, carers' attitudes were not always reflected in their actions, as caring appeared, by causing stress and fatigue and leaving carers short of time, to limit their ability to make decisions in some cases. More importantly, carers felt they had little choice but to care, and this translated into reduced employment and earnings, again without feeling they were able to control this. Many carers therefore saw a reduction in their savings despite wanting to save more, meaning that while caring has some effect on pensions planning and saving, it more often has a direct effect on people's access to, and ability to save for retirement, whatever priority they place on this.

10.4 Pensions planning and saving: conclusions

This thesis uses the experiences of informal carers to cast light on the complexity of decision-making regarding pensions and retirement saving. In part, this is because many more people than are identified as carers in snapshot counts such as the Census (ONS, 2012c) will provide informal care across their lifetime, so understanding the effect of this may help to understand how people more generally save for retirement. Carers are not a discrete group, caring is a role that is taken on for a period of time, and many return to employment and a sense of 'normality' when it is done. Informal caring should not be seen as an exceptional situation, but similarly it cannot be understood as a normal part of the life cycle, given its often intense, unpredictable and unplannable nature. Instead it should be understood as one of many factors

that contribute to an overall attitude to planning, and which can dramatically affect an individual's savings or aspirations, often against their will.

The findings show that caring interacts with a range of other life experiences to shape how people think about the future, so that this evolves and shifts over time. These experiences can include bereavement, especially being widowed, ill health, unemployment, addiction, insecure or very secure childhoods, and is mediated by how individuals' parents approached saving. It demonstrates that risk aversion plays an important role in shaping attitudes to pensions, but this may be difficult to counter through policy, given the intensity of the experiences that heighten people's feelings of insecurity (bereavement, illness, caring) and its connection with insecure and low income.

Challenging this will be particularly difficult, possibly even with auto-enrolment, unless people have reason to trust that pensions are a safe investment. This research confirmed findings of previous studies (Rowlingson, 2000; Clery *et al*, 2010) that people lack faith in the reliability of pensions schemes. Like Clery *et al* (2010) this study suggested that the global financial crisis since 2008, the threat of the Eurozone crisis to pensions schemes, and government changes to pensions, particularly those in the public sector, was weighing on people's minds. Several carers had seen the value of their savings fall, or knew someone who had. Even those who felt that housing was a safer bet than pensions schemes were aware that the slow housing market in the UK meant that they could not rely on as great a return as they would have expected prior to the financial crash. While auto-enrolment presents a chance to overcome this mistrust, it also poses a risk if the contributions remain so low as to call into question the value of saving (NAPF, 2011).

The research also highlights the limits to reflexivity in pensions decision-making and planning. Many carers were unable or unwilling to act on their preferences regarding pensions saving, for financial, emotional, or time-related reasons. This highlights the limits to the power of reflexivity, and to exhortations to save more, if individuals do not feel they have the resources necessary to act. It also demonstrates that individuals may have very good reasons for prioritising immediate spending, and raises questions about how people will make decisions between other essential consumption, student loans, saving for their own care, saving for a home. Modelling of proposed pensions systems that base affordability on income levels without taking into account these large but often unavoidable costs will over-estimate the level of savings people are likely to be able to achieve, even before taking into account the limits on awareness of the need to save, and the capacity to make the most effective decisions.

Lack of understanding of pensions poses a serious barrier to the greater engagement with decision-making required if people are expected to make non-state savings. This remains important despite the introduction of auto-enrolment, as it is likely those with great demands on low incomes may consider opting out when pensions contributions are first deducted. While most people learned how to save money and budget from their parents, learning from example and often through practical experience as parents opened savings accounts, few had discussed pensions specifically. This was reflected in a lower level of confidence in pensions understanding than of general financial management. Simply recognising that they did not have sufficient knowledge to prepare for retirement was not sufficient to prompt carers to learn, not least because they had more immediate problems to deal with.

Only a tiny minority of carers had educated themselves about pensions because they were interested, and concerned to protect their long-term future. Instead, those that exhibited greater understanding tended to have ‘learned by doing.’ They had not sought a pension

because they wanted to save, rather they learned about pensions because they were offered one, managed a company's financial concerns including acting as trustees of the pension scheme, or by managing someone else's pension when they were no longer able to do this themselves. This may highlight a reason why people have a greater level of understanding of other financial matters than pensions. Many people had savings accounts from a young age, or watched their parents physically budget and save using boxes for different needs. Many had had to save up for their home, for holidays, to get married or start a family, and so they had more experience of this. As pensions are often not available until people are in their 20s or even 30s, and they have no experience of them during formative years, they are unprepared when they should be starting to save. The few that had insurance policies in their late teens and early twenties were the most prepared for retirement. While those who had been automatically enrolled into a company pension when they started working were very glad they had been, this was not in itself always a prompt to learn about pensions as they were not required to make an active decision. This is useful for encouraging greater saving through auto-enrolment, but high charges, frequent job changes, and low contribution rates may mean that people may be better off investing in a different way.

10.5 Theoretical implications

The starting point for this thesis was that the assumptions made by policy makers when reforming social care and pensions reflect beliefs about how individuals behave, what motivates them and crucially, how they make decisions. It argued that if the wrong assumptions were made it is unclear that policy will have the desired effects. Pensions policy until auto-enrolment was introduced in the Pensions Act 2008 assumed that individuals would be motivated to save to protect their income in retirement, and that too high a state pension would disincentivise saving. Auto-enrolment assumes that individuals will tend to exhibit

inertia, and so will not opt out of pensions if they do not have to make a decision. However, the expansion of choice in pensions options, and the continuing option to opt-out, reflected a belief that individuals could and would engage in pensions decision-making where this would benefit them

Caring policy has generally aimed to support, or even encourage, informal care within the home, as opposed to state provided care, particularly residential care. Social care policy has targeted support to those most in need, and unable to pay for it themselves; the assets test is so low, however, that many people are ineligible for support but unable to pay for private care. This policy strand and policy aimed at carers has assumed that individuals are willing to provide care for their families, and that this is in the interests of the care recipient. New Labour focused on supporting carers to choose to combine care and paid employment, using voluntary employment practice and job-seeking support to do this.

The findings of this research have a number of theoretical implications, which have been discussed in the findings chapters. The main points are highlighted here. If the classical expected utility theory was an accurate explanation of behaviour, we would have expected to learn that carers weighed up the costs and benefits of caring, and of giving up or remaining in work, carefully before acting. However, few could perceive any choice in either matter, and some found the idea of a choice so alien, they barely understood what they were being asked. Similarly, several had not engaged in any pensions decision-making, even those with pensions. Instead, many had benefited from having no choice in the matter: while they were grateful for this benefit they could not be described as exercising choice based on their preferences. Others had been unable to make a decision because their finances or employment status were such that they simply did not have money to save, or an occupational

pension to save in. Few of these carers had considered their pension at all, and if they had, would have been unable to act anyway.

These findings suggest that carers are not always reflexive agents, able to monitor their circumstances and act in accordance to their changing needs, or able to develop the skills necessary to make changes in their lives. In some situations, including when facing high demands for care, they may act without reflexivity, or recognise their situation is not ideal, but be unable to act because they lack the resources. Hoggett's quadrant of reflexivity and agency is therefore a better description of how carers engage with both caring and pensions, and given that most had faced pensions decisions before they had started caring, it appears to better describe the range of pensions decision-making behaviour within the population.

Peggs' (2000) and Greener's (2002) adaptations of Bourdieu's theory of practice to pensions and welfare helps explain why this is the case. These theories highlight the role that resources play in enabling action and reflexivity: without sufficient to save, the understanding required to plan, or sufficient time or energy to engage in pensions, or alternative sources of care so a carer can work, they are unable to act. Cultural capital as well as economic capital is essential for reflexive agency. Family background and experiences, of wealth or poverty, of saving or spendthrift, can form a *habitus* which shapes how individuals view pensions, saving and planning.

These theories are also helpful in understanding how and why people choose to care, particularly those who considered other options, or were constrained in combining work and care because they could not afford to purchase care. However, the feminist theories help explain this more fully, supporting to an extent Peggs' argument for a gendered *habitus*, but

also demonstrating how relationships and emotion may lead to a lack of reflexivity in the decision to care.

The instinctive reaction to provide care, even in cases where they were not close to the care recipient, supports arguments for an ethic of care. Care was provided because they were mothers, or sons, not because they were expecting a particular outcome. Few considered other options, and the effect of their health, family lives and finances call into question whether they would choose that option if their decision was based on what they expected to gain from it. The unconscious decision to care, most often demonstrated by older women who believe that it is more expected of them to care, particularly for their parents or children supports arguments that the gendered division of labour under a patriarchal system results in care-as-oppression; unchosen, particularly for women.

In reality, while there was evidence of this, people's motives seemed more based on the relationship, with men also seeing it as natural for them to be the one providing care. That said, the lack of options, and the forced nature of much caring (and in some cases having no choice but to combine care and work) could be seen as a form of oppression. Many carers did not resent caring, but they found the amount of care they were providing a heavy burden, and the lack of choice to balance it in a way that suited their families was oppressive. Whether or not it was the result of gendered expectations, or an instinctive reaction to care for people close to them, carers' non-reflexivity may be the result of a *habitus* that creates a caring response towards and in certain people.

These theoretical conclusions demonstrate that much caring policy has not been based on the reality of how people make decisions. Understanding how people respond to risk is essential in designing pensions policy that will meet both aims of pensions policy, encouraging saving

and preventing policy. But understanding the practical barriers face in making pensions or caring decisions, the role of resources in giving people choices but also shaping their attitudes, and ensuring they have options that take these needs into account, are fundamental to reducing pensions under-saving, and supporting carers to work and therefore save for retirement. The next section considers some of the policy implications, and makes suggestions for reform based on these conclusions.

10.6 Policy implications

These findings also have a number of implications for policy directed at supporting carers to save for retirement, for helping carers in providing care, and for pensions policy more generally. As chapter five demonstrated, while the state pensions of carers may be protected (Evandrou and Glaser, 2003), there is no support available to protect their non-state saving. In addition, even within the context of the state pension, not everyone qualifies for support, and some who do are unaware of their entitlement. This thesis has demonstrated the difficulties many carers have in maintaining their pensions plans. The key policy lesson in helping carers save for retirement is that they need to be provided with information at a much earlier stage of their caring which informs them that they may be entitled to help with their national insurance credits, and that they need to consider their long term financial prospects. There should be no expectation that carers will be proactive about this: they are unlikely to consider or prioritise it. However, without engaging in pensions planning, they face a penalty for caring that may outlive their caring responsibilities.

Without substantial public investment in pensions, in additional Carers' Allowance and respite care, carers may still find it difficult to maintain their savings. However if support

agencies actively put carers in touch with affordable and truly independent financial advice when they are caring, this may help them mediate this.

Government intervention is needed to ensure that more carers are able to make a choice about whether, and if so how, to combine work and care. Both are valid contributions, yet additional stress, not to mention financial hardship, are imposed on carers who are unable to make a choice due to a lack of financial support or affordable alternative care. It is difficult to see that this situation will improve in the short term, as government services are being cut. However, the right to flexible working should not only be protected but expanded, and home-based social care services must become more flexible to enable carers work around them. Three parent carers said that the change that had enabled them to return to work was their children's care being provided at school, on one site. This meant that they were no longer required to make multiple trips for doctors' appointments and were able to return to work. This is something that should be explored further.

Carers' concerns about the costs of residential social care, and their inability to save towards this if they were aware they may need to, and the lack of understanding that this is a cost anyone may face in the future, highlight the need for urgent social care funding reform. Given that an individuals' need for social care is even less certain than their need for a pension, it is difficult to believe that greater saving towards this can be encouraged without significant reform, and greater clarity of costs and risks. The researcher was struck by the anger expressed by some that those who saved would not necessarily see the benefits as those without savings would be provided for by the government. There was also a perceived injustice that adult carers who sacrificed their careers, savings and income to provide social care for their parents may see relatively small inheritances spent on residential homes, while those without care responsibilities could inherit parents' houses. The current assets test

causes fear and anger, and to the extent that people are aware of it, discourages individual saving. The Dilnot proposals (Commission for Funding of Social Care, 2011) offer an opportunity to improve this situation, although long-term elder care and pensions should be considered by policy-makers together, as they both represent the cost of old age and retirement.

Auto-enrolment is a sensible response to evidence on how individuals make decisions (or rather, do not) about pensions. The study revealed evidence of entrenched inertia, and the daily pressures facing families meant that it was difficult and often irrational for carers on low incomes to save for retirement instead. Thought should be given to ways to ensure that carers on low incomes in particular do not face an either-or choice between being assured they can access the money to make changes or buy treatment or equipment that will enable the care-recipient to remain in their home, or making retirement saving. This could be in the form of including some flexibility over savings for carer-related purposes, or expanding access through the state, companies and charities to the financial and practical resources that will mean carers are not forced to dip into their savings in a way that will leave them vulnerable in old age.

More generally, the lack of trust of pensions is concerning and should be addressed. In large part, it is associated with demise of defined benefit pension schemes. People have less assurance about the value of the pension they will receive if they save, and falling annuity rates are deterring people from investing in a pension. Efforts to explore ways of creating 'defined ambition' schemes if there can be no return to widespread use of defined benefit schemes should be encouraged. In addition contribution rates and charges need to be carefully managed so people who remain enrolled after being auto-enrolled do not lose money, as this could have implications for the willingness of future generations to save.

But the lack of trust is also related to the complexity of the pensions system, lack of knowledge of pensions policy and low financial literacy, and the inherent difficulty of attempting to plan for a retirement that may be over forty years away. This is in part a product of the frequent reform of the pensions system, which not only leaves a legacy of complexity, but also of doubt that it will remain the same in the future. This makes it more difficult to plan, but it is also reflective of a lack of financial education, of engagement of people in pensions issues, and even saving, before they leave school. The roll-out of auto-enrolment represents an opportunity to educate people about pensions, and schools, careers services and universities should also provide advice and guidance about the benefits of saving for retirement, as well as the skills needed to do so.

10.7 Concluding remarks

This thesis has demonstrated that informal carers' attitudes to pensions and retirement savings are affected by their experiences of caring. However, there is not a uniform response to this, and other life experiences can be as influential, or more so. What was clear was that few carers felt they made a choice about caring, and this lack of choice had effects in other areas of their lives, including their employment, finances and pensions savings. While for some the uncertainty motivated them to save more carefully, others felt that it would make saving redundant, or would tempt fate. More often, carers simply lacked the money to save as much as they would like for retirement: while attitudes towards pensions and saving may influence behaviour, these cannot always override practical limits to saving.

This chapter has summarised the rest of the thesis, and set out the main conclusions. It has focused on informal carers' attitudes to pensions and savings, the implications for these

attitudes and decision-making amongst the general public, the theoretical implications, and the policy lessons to be drawn from the findings.

This is not an exhaustive study of carers' pensions, and there are many further areas for fruitful research. Despite political focus on non-state savings over recent decades, little is known about the effect of caring on overall retirement incomes. While policy has been effective in protecting carers' state pension entitlement, and those with short periods of caring may not be disadvantaged too much in relation to those who do not care, many carers providing substantial and intensive levels of caring, often over many years, are likely to be at risk of poverty in retirement. Longitudinal efforts to measure the impact of informal caring on actual pension savings, contributions and income would be useful in understanding the extent to which caring influences long-term wellbeing, and contributes to under-saving in the UK. Quantitative research testing the incidence of pensions responses to caring among the wider caring population would also be useful, to test for associations with characteristics of carers.

It would also be valuable to explore the ideas of resilience and lifecourse in qualitative research with carers. Understanding the emotional, financial and educational factors behind why some carers were better able to cope with caring in general, and to manage the financial pressures it created, following research by Titterton (1992) could help design better support for carers, in terms of social care but also pensions products.

This thesis has demonstrated the complexity of carers' lives, the challenges they face and the lack of control they have over their lives. Equally, pensions saving and planning, at a time of rising life expectancy, stagnating wages and stock market fluctuation is difficult and risky, and caring is not the only challenge people face in saving for retirement. Policy aimed at

dealing with these social problems must reflect their complexity; simplistic solutions risk leaving people paying a heavy price for their sacrifices. Caring is an activity that more and more people will experience in coming decades, and understanding the multiple ways this changes people's lives and outlooks, as well as the other events that shape their attitudes, is an essential first step.

Appendix A: Letter to gatekeeper organisations (Oxfordshire version)

[Address and phone number have been redacted
from the online version of this thesis]

Dear Sir/Madam

I am a DPhil student in the Department of Social Policy and Intervention at Oxford University. I am currently researching the effect of informal care responsibilities on carers' pension savings, plans and attitudes. I am hoping to interview informal (unpaid) carers, aged 35-64, from across Oxfordshire who provide 20 hours or more of care a week, to find out what they feel about pensions and retirement savings, and wondered whether your organisation would be able to assist me in contacting carers who may be interested in taking part.

The interviews would last around an hour, and would take place in a location that suits the carers. I have enclosed a poster advertising the project, some flyers, and copies of the participant information sheet and consent form that will be given to carers willing to be interviewed in advance of the interview.

I'd be grateful if you would consider distributing these to any carers you know who may be willing to take part in the project. I can also provide text for an email if you are able to contact carers in that way.

If you have any questions, or would like further copies of any of the enclosed documents, don't hesitate to get in touch.

Many thanks in advance for any assistance you can offer.

Yours faithfully,

Sarah Hutchinson
DPhil candidate
St Cross College

encl.

Appendix B: Final version of advert for participants



Department of Social Policy and Intervention
Barnett House
32 Wellington Square
Oxford
OX1 2ER

Are you supporting family or friends who are sick, disabled or frail? Could you spare an hour to help with some research into caring?

I am a research student at the University of Oxford, and am carrying out a study that looks at the experience of caring and how this affects carers' finances and their approach to financial and retirement planning.

I am looking to interview carers who are willing to discuss their experiences. I am hoping to speak to carers who

- regularly provide around 20 hours a week of unpaid care/support to family, friends or neighbours
- are aged between 35 and 65

The interview should last for no longer than an hour, and can be arranged for a time and place to suit you.

If you would like to find out more, please contact me on [redacted], or email me on [redacted].

Many thanks for your time.

Sarah Hutchinson
DPhil Candidate, Department of Social Policy and Social Work
St Cross College, University of Oxford.

Appendix C: Final topic guide

Introduction

- Introduce myself and the research, explain the purpose of the research, give them the participant information sheet, the consent form, explain consent and ask them to sign.
- Explain that I will be recording the interview and why, ask for consent
- Don't have to answer all questions, can leave or take a break at any time
- Will start with some brief questions about yourself before moving on to discuss

Background information

Question	Multiple choice	Notes
Gender :	Female	
	Male	
Age		
Ethnic background	White	
	Mixed	
	Asian/Asian British	
	Black/Black British	
	Other	
Marital Status	Married/Civil Partnership	
	Cohabiting	
	Single (never married)	
	Divorced	
	Separated	
	Widowed	
Do you have dependent children?	Yes	
	No	
Do you live in:	owner-occupied housing	
	rented accommodation	
	other	

Which of the following income bands does your household fall within?	£5,000-£14,999	
	£15,000-£24,999	
	£25,000-£32,999	
	£33,000 or more	
Are you in receipt of carers allowance?	Yes	
	No	
Are you in receipt of any other benefits?		
What is your health status?	Very good	
	Good	
	Fair	
	Bad	
	Very bad	
Are you currently	Employed	
	Self-employed	
	Unemployed	
	Retired	
	Full time carer	
	Full time student	
If you are employed, what is your current occupation?		
Which sector do you work in?	Public	
	Private	
What is your education background?	No qualifications	
	O-level/GCSE only	
	A-level only	

	Degree	
	Vocational	
	Professional	
	Other	

Experience of being an informal carer

Experience of caring		
Who do you currently provide care for? What is your relationship to them?		
What is their condition?		
Where do they live	Co-resident	
	Extra-resident	
Approximately how many hours a week do you provide care for?		
How long have you been providing care for?		
Have you previous provided care to anyone else? Who? For how long? When?		

Topic one: Experience of caring

Prompts: Tell me about your experience as a carer? How did you decide to start caring? What support do you provide? How do you feel about being a carer? How affected you? Your work, your health (physical, emotional/mental), your relationships?

Topic two: Pensions - current pension plans

What plans have you made for retirement? How are you planning to fund your retirement? How did you make these plans, how did you decide? If you haven't started saving, do you intend to in the future? (State, occupational, personal, housing, other savings?) Have you contacted anyone for advice on retirement saving? If yes, who?

Topic three: Effect of caring responsibilities on pension plans

- have they changed since starting to care? As a result of caring? If so, how? Why?

Topic four: Feelings about current pension plans

- How important is saving for retirement? Is it a priority? How feel about current pension plans/retirement savings? What sort of income do you expect to receive in retirement? Do you feel this will be sufficient? How does thinking about retirement and your pension make you feel?

Topic five: Understanding of pensions poverty and support for carers

- How well do you feel you understand pensions? How well do you feel you understand British pensions policy? How confident do you feel making decisions about pensions savings? How well do you feel you understand financial issues? Are you aware of any policies that help carers save for retirement?

Topic six: Final thoughts

Anything else you'd like to say about pensions or being a carer that we haven't raised so far?
Ok to follow up by phone in a few days if necessary?
Thank you for your time.

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