Ageing and Society **20**, 2000, 445–466. Printed in the United Kingdom

© 2000 Cambridge University Press

Sooner rather than later? Younger and middle-aged adults preparing for retirement

MICHAEL ANDERSON*, YAOJUN LI*,
FRANK BECHHOFER*, DAVID McCRONE* and
ROBERT STEWART*

ABSTRACT
During the 1990s, the British population has been urged by government and financial institutions to make more personal preparation for retirement and to begin doing so while they are still relatively young. This paper, set within a wider analysis of people's long-term planning behaviour, investigates the extent to which a sample of the general population of Kirkcaldy in Scotland, mostly aged between 30 and 49, has given thought to the question of retirement, feels they have made financial preparation for it, and also how comfortable they expect retirement to be. While it seems likely that early planning for retirement is more common today than 20 years ago, there remain substantial sections of the population, including – but going well beyond – many in lower income groups, who appear not to be preparing, for varying combinations of reasons (including family responsibilities, personal history, cultural and general orientation to life). The study concludes that planning for retirement must be seen as part of planning as a whole, and that the propensity to plan is the outcome of a complex web of material, social, cultural and psychological factors. This suggests that even very high profile urging from politicians and financial institutions is unlikely to deliver adequate pensions for significant sections of the UK population.

KEY WORDS – retirement, planning, financial preparation.

Introduction

The last few years have seen growing pressure from both Government and private pension providers in the United Kingdom aimed at encouraging people to start making financial preparation for old age

* University of Edinburgh.

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

while they are still quite young. These pressures are part of a general ideological shift towards greater emphasis on self-provisioning. They also reflect the brutal fact that, as the extent of State support declines, the majority of the population will not be able to make adequate provision for old age if they take no action until after their 40th, let alone their 50th, birthdays. Even the relatively well off, and the increasing numbers who are members of private and occupational pension schemes, need to give some attention to this matter, given the increasing proportion of the population who are unable to stay in employment (and especially in continuous employment) after their mid-50s. The more affluent, who might be able to afford some delay, will frequently have relatively higher aspirations for living standards in retirement, so that relatively early action is often required even from them. This has manifested itself most strongly in the discussion relating to the start in 2001 of Stakeholder Pensions, with increasing signs that Government is considering some element of compulsion in order to force some 10 million people to start saving for their retirement (see *e.g.* *The Times* Friday 17th September 1999).

Considering the importance of the issue in policy terms, there is very little published research on the factors which may enable or inhibit, encourage or discourage, people from giving thought to retirement relatively early in their adult lives. Nor does there seem to be much study, especially among the crucially important sector of the population under the age of 50, into financial preparations for, or expectations about life after, retirement, which may in turn influence the way people think about planning for it. Equally, little is known about whether people are today thinking about such matters at an earlier age than they did in the past.[1]

This paper throws light on some of these issues. This is within the broader context of our work on the extent to which, and the ways in which, people more generally plan their lives, and on how their patterns of planning change over the lifecourse.[2] In general, we have found great variation in the extent to which different sections of the population make plans. For both cultural and resource reasons, many simply 'take things as they come'. Age, gender, partnership status, availability of resources, a sense of control over what happens to one's life, and expectations and ambitions, all seem to encourage or inhibit a planful approach to life and, in particular, to influence people's (in general rather low) propensity to make plans for the long term. These findings led us to expect that simply exhorting people to think about and make financial preparations for retirement will not have the intended effect for those sizeable groups of the population for whom

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

there are major cultural, structural or financial barriers to long-term planning in general. This paper investigates the extent to which this expectation has been sustained.

Sources and methods

Our research is part of a follow-up study of the original 1986 respondents to the ESRC Social Change and Economic Life Initiative who were living in Kirkcaldy in Scotland. In 1997, we reinterviewed 180 of the original sample, and 121 of their partners.[3] Among our respondents and their partners, 98 were retired, and, of the rest, 130 were under the age of 50. This latter group forms the main focus of this paper.

The study was based in the Kirkcaldy Travel to Work Area (TTWA) which, typical of many areas in Scotland and the UK as a whole, has witnessed a shift over the past thirty years from a declining 'older' economy based largely on heavy industry and manufacturing (in this case coal, linoleum and small-scale shipbuilding) towards an expanding mixed economy based largely on the electronics and the service sector, much of it concentrated in the New Town of Glenrothes. In 1995 almost 70 per cent of employees in the Kirkcaldy TTWA area were employed in service sector occupations (Annual Employment Survey 1995), partly reflecting the fact that the area is now part of an expanding commuter belt of Edinburgh. Based on official employment rates, Kirkcaldy TTWA had slightly higher than average levels of unemployment (8.6 per cent) in 1997 compared to the county of Fife (7.9 per cent), Scotland (6.8 per cent) and the UK (5.9 per cent). Despite a downward trend in unemployment rates over the past five years, unemployment in the region has been consistently above the Scottish and UK rates since 1985. Unemployment is highest in the town of Kirkcaldy itself and some of the small coastal towns.

The 1997 survey included questions on employment and resources, and on plans and ambitions across a range of areas of personal and family life. One section was specifically devoted to retirement processes and retirement plans. We asked our non-retired respondents how much thought they had given to retirement, whether they felt they had done enough financially to prepare for retirement, and how difficult or comfortable they would expect their life in retirement to be.[4] We also asked about a range of possible ways in which they might have made financial preparations for retirement. We asked our retired respondents

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

similar questions on their situation when they were at the age of 45, and also about their present state of preparation for, and their expected comfort in, retirement. In addition to the survey data, we have conducted 52 in-depth interviews with couples on a topic-oriented basis; these provide more detailed insight into many areas of our enquiry.

Thoughts about retirement over the lifecourse and over time

Figure 1 shows the probability that our non-retired respondents have thought about, feel they have made adequate financial preparation for, and expect that their life will be comfortable in, retirement. The data for each age group are plotted relative to the youngest cohort (up to age 35), and on a logarithmic scale. Clearly, as might be expected, the probability of having given much thought to the question of retirement increases with age, particularly after the age of about 50, but there is little increase with age either in feeling prepared financially for retirement or in expected comfort when retired.

Fuller data are shown in Table 1. What is immediately notable is that as many as 38 per cent of our non-retired respondents under the age of 40, and 32 per cent of those between 40 and 49, have given little, if any, thought to the question of retirement. More than half of these age groups (and 37 per cent even of those aged 50–59) feel that they have not done enough financially to prepare for retirement.[5]

As we noted earlier, recent years have seen much increased discussion, in the media and elsewhere, about the need for the mass of the population to give more thought personally to the question of retirement. We have no directly comparable evidence for populations of, say, 20 years ago. We can, however, throw some light on the issue by comparing what our retired respondents say about their thoughts, preparation and expected comfort when they were about age 45 with what our non-retired respondents in the age group of 40 to 49 say about the three aspects now. Table 2 clearly shows that the former group are more than twice as likely to say that they had given little or no thought to the question of retirement when they were 45 and much less likely to say they had given at least 'quite a lot' of thought to it.[6] While we must be cautious about how we interpret retrospective data, the size of the differences suggests strongly that giving thought to retirement has become much more salient among younger adults over the past 20 or so years. It is also notable, as we know from our qualitative interviews,

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

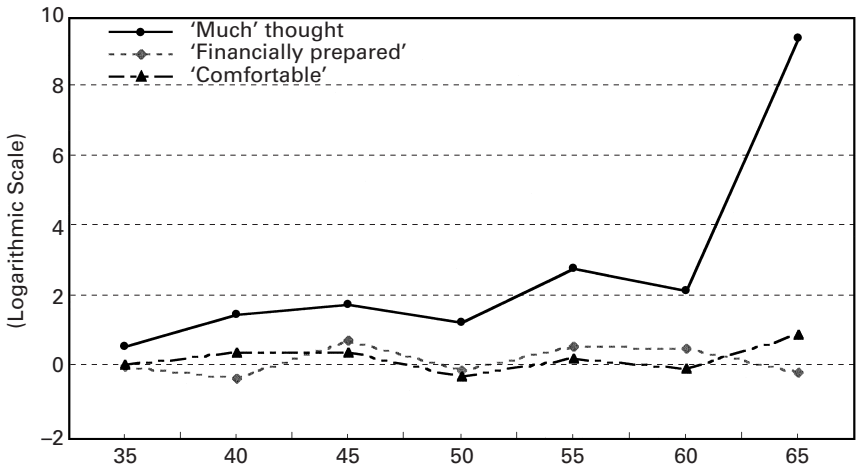


Figure 1. Likelihood of thoughts about, financial preparation for, and expected comfort in retirement, by age.

TABLE 1. *Thoughts about, financial preparation for and expected comfort in retirement, by age among the non-retired (percentage by column)*

	Age				
	Under 40	40–49	50–59	60 and over	All
			%		
Given thought to the question of retirement					
Much	27	32	57	91	41
Some	36	36	21	9	30
Little/none	38	32	22	0	29
N (= 100%)	(64)	(66)	(58)	(11)	(199)
Done enough financially to prepare for retirement					
Yes	43	50	63	50	52
No	57	50	37	50	48
N (= 100%)	(53)	(62)	(56)	(10)	(181)
Expect life in retirement to be					
Comfortable	50	47	50	73	50
Alright	36	36	38	27	36
Difficult	14	17	12	0	14
N (= 100%)	(64)	(66)	(58)	(11)	(199)

that a fairly large number of our older respondents specifically mentioned this when comparing their own lives with those of their children. Despite this shift, there are those who have not yet come to appreciate that making adequate private provision for retirement in just one's later years is near impossible. Moreover, a number of younger respondents, in the intensive interviews, quite explicitly said that

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

TABLE 2. *Thoughts about retirement at about age 45, comparing the non-retired aged 40–49 and the retired when aged 45*

	Non-retired (age 40–49)			Retired (when at age 45)		
	Men	Women	All	Men	Women	All
			%			
Given thought to the question of retirement						
Much	36	27	32	18	11	15
Some	33	39	36	11	7	9
Little/none	30	33	32	71	82	76
N (= 100%)	(33)	(33)	(66)	(45)	(44)	(89)
Done enough financially to prepare for retirement						
Yes	45	55	50	37	46	42
No	55	45	50	63	54	58
N (= 100%)	(31)	(31)	(62)	(48)	(43)	(91)
Expect life in retirement to be						
Comfortable	49	46	47	45	39	42
Alright	33	39	36	40	59	50
Difficult	18	15	17	15	2	9
N (= 100%)	(33)	(33)	(66)	(47)	(44)	(91)

retirement was not something they would think about seriously until their 50s.

Even if, however, as seems likely, more people are giving some thought to retirement at an earlier age, there are still as many as in the past who feel inadequately prepared for it financially, and the numbers feeling that it will be comfortable (under half) hardly seem to have risen at all. In this connection it is notable that among those under the age of 50 there is a markedly strong association between having given a lot of thought to retirement and feeling that one has done enough financially to prepare for it. Just 32 per cent of those who have given at least 'quite a lot' of thought to retirement do not feel financially prepared for it, compared with 56 per cent of those who have given 'some' thought, and 75 per cent of those who have given 'little or no' thought. None of those with at least 'quite a lot' of thought, but 19 per cent of those with 'some', and 24 per cent of those with little or no thought at all, expect that their retired life will be rather difficult or extremely difficult.

In the rest of this paper we concentrate on those under the age of 50 who say they have given little or no thought to retirement, who feel they have not done enough to plan financially for retirement, and who, in spite of this, nevertheless expect life to be comfortable when they get there (the groups potentially of most significant concern in policy development).

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

TABLE 3. *Thoughts about and preparation for retirement among the non-retired under 50, by gender and partnership status*

	Gender		Partnership	
	Males	Females	In couples	Not in couples
		%		
Given thought to the question of retirement				
Much	38	21	35	8
Some	32	40	37	35
Little/none	30	39	29	58
N (= 100%)	(63)	(67)	(104)	(26)
Done enough financially to prepare for retirement				
Yes	45	49	48	40
No	55	51	52	60
N (= 100%)	(56)	(59)	(95)	(20)

Resources, responsibilities and retirement planning

We noted in the introduction that, in other areas of our work, having access to higher levels of resources and carrying responsibilities for others were both important influences on the propensity to plan. To a very considerable extent, this also applies to giving thought to and believing that one is financially prepared for retirement. Planning for retirement thus appears to a considerable extent to be part of a much more general orientation to life, and planning.

In our earlier work on planning (Anderson *et al.* 1994), we showed that those in couples were markedly more likely than those not in couples to have plans for themselves and their households at all ages, but that, other than among partnered men under the age of 30, gender made little difference to planning once partnership status was controlled for. Previous studies of planning for retirement, by contrast, have tended to suggest higher levels of planning and preparation both by the partnered compared to the single, and by men compared with women (Slevin and Wingroves 1995). How gender and partnership status relate in our study to having thought about and preparing financially for retirement are shown in Table 3.

In our sample, men and the partnered are each much more likely to have given at least 'quite a lot' of thought to retirement, and partnered men are especially likely to have done so (46 per cent compared to 25 per cent of partnered women). By contrast, none of the 11 single women, and only two of the 15 single men, had given much thought to retirement.[7] Under these circumstances, though numbers are small enough to make us cautious about an unambiguous interpretation, the

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

TABLE 4. *Thoughts about and preparation for retirement among the non-retired under 50, by standard mean income levels*

	Standardised household income (in quartiles)			
	Top	2nd	3rd	Bottom
			%	
Given thought to the question of retirement				
Much	33	39	30	5
Some	45	39	33	18
Little/none	21	23	37	77
N (= 100%)	(42)	(39)	(27)	(22)
Done enough financially to prepare for retirement				
Yes	59	54	40	7
No	41	46	60	93
N (= 100%)	(41)	(35)	(25)	(14)

The observed difference between the top and the bottom group in 'Little/none' thought and in the 'No' adequate financial preparations are both significant at the 0.1 per cent level.

lower figures for women may be of particular policy concern given their probability of lower lifetime earnings and poorer pension contribution records. Of almost equal concern may be the fact that, in spite of giving much less thought to it, women and the single are roughly equally confident that they have done enough to prepare for retirement – and, indeed, as we shall see below, quite as likely to think that it will be comfortable. This applies even to the small number of single women, who seem only slightly less likely to feel financially prepared.

As we noted earlier, in our studies of planning more generally, access to resources has emerged as a key factor influencing people's whole approach to the forward organisation of their lives (Anderson *et al.* 1994).[8] One key indicator here is household income for which we have used a measure of standardised mean income in Table 4.[9] It is, perhaps, hardly unexpected that income should affect a sense that one had or had not done enough to make financial preparation for retirement – though the fact that as many as 40 per cent of the third income quartile (those with below median income) feel confident in this regard clearly suggests that people's current expectations, rather than income alone, are of crucial importance here (Anderson *et al.* 1986). But the fact that income in the lowest quartile appears to inhibit even thought on the matter, a finding not unexpected given our wider work on planning, is clearly of considerable policy importance.

Income is, of course, closely linked to occupation and, traditionally, occupation to employment stability, access to occupational pensions and a sense of 'career'. Thus it comes as no surprise that a very clear

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

class effect also exists in whether or not a person has given thought to retirement. Only 18 per cent of the respondents in the service class (professional, administrative and managerial employees) have given little or no thought to the question of retirement, while 35 per cent of those in the intermediate class (routine non-manual, petty-bourgeois and lower-grade technician and manual-supervisory workers) and as many as 46 per cent of the working class (skilled, semi-skilled and unskilled-workers) are in this category.[10] We explore in a later section the interrelationships between the effects of class and income, and also of gender and partnership status.

Different approaches to retirement

Knowing which groups of people are particularly likely to think about and to feel they have prepared financially for retirement is, however, only part of the story. Because our study is embedded within a wider study of planning in all major aspects of life, we can explore the extent to which those who take active steps with respect to retirement also seek to plan other areas of their lives and do so with the same kind of relatively long-term perspective that early planning for retirement would require.

In general, in the group under the age of 50, the survey data suggest that those who think about and prepare for retirement at an early age are also those who plan ahead more generally. As Table 5 shows, people who think about retirement relatively early in their lives and feel that they have done enough to prepare for it are those who generally plan with a longer time-perspective.[11] Thus, we see that only 24 per cent of the long-term planners (who plan over a year or more) give 'little' thought to retirement as compared with 44 per cent of the short-term planners (who plan only up to weeks). With regard to financial preparation, 59 per cent of the long-term group, as compared with 36 per cent of the short-term, report having done enough financially to prepare for retirement. The differences between the long-term and short-term planners are thus highly salient in both regards. If the unemployed and non-employed are removed, the contrast between those who plan for a year or more and the rest is even greater in both aspects.

Those who give much thought to retirement and who feel more financially prepared for it are also more likely to have already made a will; 41 per cent of those who give 'much' thought have made a will as opposed to only 19 per cent of those who have only given 'little'

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

TABLE 5. *Thoughts about and preparation for retirement by time span of planning, sense of control and propensity of financial planning among the non-retired under 50*

Panel 1: Given thought to the question of retirement

	Much	Some	Little	N (= 100%)
Time span of planning				
A year or over	39	36	24	(33)
Up to months	28	40	32	(47)
Up to weeks	24	32	44	(50)
Control/financial planning				
Have control and plan finances carefully	37	44	20	(46)
Have control *or* tend to plan finances carefully	31	31	38	(64)
Have no control and don't plan finances carefully	5	35	60	(20)
All	29	36	35	(130)

Panel 2: Done enough financially to prepare for retirement

	Yes	No	N (= 100%)
Time span of planning			
A year or over	59	41	(29)
Up to months	50	50	(44)
Up to weeks	36	64	(42)
Control/financial planning			
Have control and plan finances carefully	63	37	(43)
Have control *or* tend to plan finances carefully	43	57	(56)
Have no control and don't plan finances carefully	19	81	(16)
All	47	53	(115)

thought. More strikingly, 63 per cent of those who say they have made sufficient financial preparation for retirement have made a will, but none of those who have given no thought to financial preparation has made a will.

Also included in our survey are questions relating to a sense of control in one's life and a propensity generally to plan one's finances in a careful way. We can thus explore the extent to which people feel in control of their lives as exemplified by a positive response to 'What happens is my own doing', and 'I tend to plan out my finances carefully', or, alternatively, agree that 'I just take things as they come'. We can consider how these two variables, both separately and together, impact on issues relating to retirement under discussion here.[12]

Our analysis shows that those who feel that they are in control of their lives are 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' (30 per cent as against 44 per cent, $p < 0.001$); and the latter are markedly more likely to feel that

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

they have not done enough financially to prepare for retirement: 67 per cent as compared with 46 per cent ($p < 0.05$). Also, and perhaps unsurprisingly, those who say they plan their general finances carefully were nearly twice as likely as those who say they 'just take things as they come', to report that they have made adequate financial preparation for retirement: 56 per cent as against 35 per cent. But they are also less than half as likely to have given 'little' thought to the question of retirement as those who 'just take things as they come'. These are again statistically highly significant differences ($p < 0.001$).

While the independent effects of having a sense of control and being inclined to plan one's finances carefully are revealing, what is even more interesting are the effects of these two variables together on retirement processes. To this end, Table 5 also shows the combined answers to the two questions as a single three-way variable, cross-tabulated with the thoughts and preparation questions. The data suggest that a more proactive approach to life as measured by these two variables has a very important effect on thinking about and making financial preparation for retirement. Only 20 per cent of those who have both a sense of control and a propensity to plan their finances carefully reported 'little' thought to the question of retirement, as against 60 per cent of those who have neither. In terms of lack of financial preparedness, the contrast is even greater, 37 per cent as compared with 81 per cent. Both are statistically highly significant differences ($p < 0.001$).

Planning one's finances carefully and having a sense of control over one's life could in principle relate to thinking about and preparing for retirement in one of two ways. First, they might form the mechanisms through which particular income, class, partnership or gender groups organise their approach to retirement (and all these four variables are, to a greater or lesser extent, related to a propensity to plan one's finances and seek to control one's life). Alternatively, they might operate independently in their own right so that they are important additional factors discriminating *within* the different resource groups.

In Table 6, logistic regression analysis has been used to try to unpack these interconnecting effects and also the interconnections between class, income, gender and partnership noted above. The time-span over which people plan is not included in the data presented here because, although it is highly significant when cross-tabulated with thought about and preparation for retirement, it appears to have no independent effect in the logistic analysis. This suggests that having a long-term orientation to planning is a mechanism through which other

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

TABLE 6. *Logistic regression of the net effects of class, gender, partnership, standard mean income, and control/financial planning on thoughts about and preparation for retirement, among the non-retired under 50*

	Have given 'little' thought to the question of retirement			Have not done enough financially to prepare for retirement		
	b	s.e.[1]	o.r.[2]	b	s.e.	o.r.
Constant	−0.07	(0.31)		1.13***	(0.43)	
Class						
Service	−1.06**	(0.55)	0.34	−0.29	(0.47)	0.74
Intermediate	0.16	(0.67)	1.18	1.73**	(0.78)	5.63
Working (base)						
Gender						
Men	−0.84	(0.47)	0.43	0.12	(0.43)	1.12
Women (base)						
Partnership						
Couples	−1.30***	(0.55)	0.27	0.25	(0.61)	1.28
Singles (base)						
Standard Mean Income (quartile)						
Top	−1.78***	(0.72)	0.17	−2.91***	(1.15)	0.05
2nd	−2.09***	(0.74)	0.12	−3.02***	(1.17)	0.05
3rd	−1.38	(0.72)	0.25	−2.24**	(1.17)	0.11
Bottom (base)						
Control/Financial Planning[3]						
Both	−1.78***	(0.72)	0.17	−1.73**	(0.79)	0.18
Either	−0.76	(0.65)	0.47	−0.64	(0.77)	0.52
Neither (base)						
N	130			115		

1 Standard error.
2 Odds ratio.
3 For Control/Financial Planning
Both: have control and plan finances carefully
Either: have control *or* plan finances carefully
Neither: have no control and do not plan finances carefully.
** $p < 0.05$; *** $p < 0.01$.

variables such as class and income operate, rather than an independent factor in its own right.

Looking in Table 6 first at factors affecting those who have given little or no thought to the question of retirement, it is clear that, controlling for other variables, being in a couple, being in a higher class position and having a higher income will each independently tend to make one less likely to have given little or no thought to retirement. However, even after controlling for these variables, there is still a statistically significant net effect of more 'proactive' planning on whether or not one is likely to have given thought. Indeed, after controlling for the other variables, those who could be regarded as the

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

most 'proactive' planners (those who have *both* a sense of control *and* a propensity to plan out their finances) were less than one fifth (odds ratio of 0.17) as likely as those 'getters-by' (those who have *neither* the above) to report a lack of thought to the retirement question. This strongly suggests, as we discussed earlier, that even though social/economic resources including those of partnership are of indisputable importance in influencing thoughts about retirement, these more psychological and cultural orientations to life also play a vital role.

Turning to financial preparation for retirement (the three columns on the right of the table), it is clear that, even after controlling for all the other variables, income continues to play an independent role. As compared with those in the bottom quartile, the more affluent top and second quartiles are about 20 times, and even the third quartile about 10 times, less likely to report an inadequate state of financial preparation (odds ratios of 0.05 and 0.11). However, again, even after controlling for economic conditions, the more proactive members of our sample are significantly less likely to report a lack of financial preparation than the less proactive, and roughly to the same degree as in their responses to the question about the amount of thought they had given to retirement.[13]

Expected comfort in retirement

We have already noticed that considerable numbers of those who have given little or no thought to retirement nevertheless expect that it will not be difficult. This section of the paper briefly considers this issue in more detail.

Table 7 presents a summary list of the associations between the factors we have investigated in previous sections and expected comfort levels in retirement. There are no statistically significant differences at the five per cent level by gender, partnership status, class or planning spans in terms of either expecting life in retirement to be 'comfortable' or 'difficult'. However, and not unexpectedly, there are highly significant differences between the standard mean income groups, particularly between those in the top and those in the bottom quartiles. Importantly, also, there are significant differences between those with and those without a sense of control in their expected levels of comfort in retirement. Further, there are highly salient, although non-significant, differences between careful financial planners and non-planners in their expectations.

Table 8 shows the results from logistic regression to test further the

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

TABLE 7. *Expected comfort in retirement by gender, partnership, class, standard mean income, sense of control, financial planning and time span of planning, among the non-retired under 50*

	Expect life in retirement to be			
	Comfortable	Alright	Difficult	N (= 100%)
Gender				
Men	48	38	14	(63)
Women	49	34	16	(67)
Partnership				
In couples	51	33	16	(104)
Not in couples	38	50	12	(26)
Class				
Service class	58	33	9	(45)
Intermediate class	41	47	12	(17)
Working class	44	35	21	(68)
Standard Mean Income (quartiles)				
Top	69	31	0	(42)
2nd	49	44	8	(39)
3rd	48	26	26	(27)
Bottom	9	46	46	(22)
Sense of Control				
In control	58	32	10	(87)
Not in control	30	44	26	(43)
Financial Planning				
Planner	55	32	13	(69)
Non-planner	41	41	18	(61)
Time Span of Planning				
A year or over	46	46	9	(33)
Up to months	53	32	15	(47)
Up to weeks	46	34	20	(50)
All (%)	49	36	15	(130)

interrelationships between these variables. Of the variables used in Table 7, only those which are statistically significant in the regression are shown here. Income, as expected, is of great importance in affecting one's expectation: those in the top quartile are nearly 14 times more likely to expect a comfortable life in retirement than those in the bottom group, and even those in the second and third quartiles are six times more likely to do so. However, having controlled for the income effect, those who have given at least 'quite a lot' of thought to the question of retirement, and also those who feel that they have made adequate financial preparation, are each three or four times more likely than those without such thoughts or preparation to expect a comfortable life in retirement. Finally in this regard, even after controlling for these other variables, those who both 'just take things as they come' and who feel they have little influence over the things that

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

TABLE 8. *Logistic regression of the net effects of class, standard mean income, and control/financial planning on expected comfort in retirement, among the non-retired under 50*

	b	s.e.[1]	o.r.[2]
Constant	−1.73***	(0.51)	
Thought to the question of retirement			
Much	1.01**	(0.51)	2.76
Some/little/none (base)			
Done enough financially to prepare			
Yes	1.44***	(0.48)	4.22
No (base)			
Standard Mean Income[3]			
Top quartile	2.62**	(1.19)	13.73
Second and third quartiles	1.84*	(1.16)	6.31
Bottom (base)			
Control/Financial Planning[4]			
Both	1.39*	(0.90)	4.02
Either	1.57*	(0.88)	4.81
Neither (base)			
(N = 115)			

1 Standard error.
2 Odds ratio.
3 For the standard mean income, the 2nd and 3rd groups are combined.
4 See note 3 to Table 6.
* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

happen to them, are between one quarter and one fifth as likely to expect a comfortable life in retirement compared with those who give a more proactive answer on one or both of these questions. Clearly, as with both the other aspects of preparing for retirement that we have discussed above, there is a strong social-cultural and/or psychological effect here that policy makers should not ignore.

Discussion

In this paper we have applied ideas developed as part of our general approach to individual and household planning, so as to gain a better understanding of how people under the age of 50 see the need to plan for retirement and their expectations of a comfortable retirement. Our findings do not come from a national survey; they relate to a sample of the population of one place, Kirkcaldy and its surrounding labour market area. Nevertheless we see no reason why the broad patterns of our findings, and the possible policy implications from them, should not be more generally applicable.

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

Our study is unusual in being able to place preparations for retirement in the wider sociological context of individual and household plans and strategies. It also enables us to reflect a little on the policy implications of our findings. Planning for retirement is attracting considerable public interest against the backdrop of constricted public sector provision and a changing demography. Politicians will no doubt wish to take some comfort from our finding that people between 40 and 50 years of age now seem much more likely to give thought to the question of retirement than was the case some 20 years ago. To be over-confident would, however, be unwise for there is a large and significant section of the population under 50 who give little thought to, and may well be quite unaware of, the importance and urgency of the question.

Nor should one necessarily anticipate that, as the availability or size of state pensions deteriorates, this will focus people's minds on self-provisioning. Our data suggest caution. Thus, for example, while only 24 per cent of those who expect to get a full state pension have given little or no thought to retirement, this is the situation of 47 per cent of those who do not expect to get a full state pension, more than half of whom are in fact unemployed or non-employed. Those who do not expect to get a pension from their employer or trade union are also more likely than those who do to have given little or no thought (44 per cent versus 18 per cent). While lack of resources will explain this in part, it is unlikely to be the full story.

Planning can only be worthwhile and effective if a person has sufficient resources, knowledge and the ability both to generate alternative options and to take advantage of them in a supportive institutional environment. As with planning in general, whether one has given thought to the question of retirement and feels financially adequately prepared for it, is largely determined by access to material resources and one's social position. Planning for retirement however, unlike planning for many aspects of life, is crucially dependent on taking a long term view, and those in our sample who claim to plan over the longer term are somewhat more likely to have given thought to retirement and to feel they have made adequate provision.

Moreover, having resources and being in a social position where planning is culturally encouraged, will not of themselves ensure effective or realizable planning outcomes. Those who take a more proactive approach to life, be it because they are embedded in partnerships or networks where this is encouraged, because they have been successful in the past and have greater confidence in their abilities, or even because, for whatever reason, they get satisfaction from behaving in this way, are more likely to plan and feel they have

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

planned successfully. Thus, those who feel in control of their lives, are able to take a longer view of planning and tend to plan their finances carefully, are also more likely to give thought to retirement, to feel they have done enough to be financially prepared, and to anticipate relative comfort in their retirement. But our data equally show that there are large sections of the population who do not feel in control of their lives and for whatever reason feel unable to take such a longer term view, and such people are much less likely to take early action to prepare for retirement. We might then speculate further than such groups would only be more likely to do so, if at all, if they could perceive a greater degree of economic and social stability in their present and future lives – and this seems unlikely to be the case in a society with ongoing high levels of economic restructuring, family breakdown and welfare policy change. Indeed, within these groups there is a subset who are already in such vulnerable social situations that they do not see themselves as stakeholders in society. They are clearly aware that they are likely to face a future where they will be heavily marginalised and excluded in retirement.

These findings can be seen to contain a potent political message. The quarter of the population with the least material and cultural resources is the least likely to give much thought to retirement or to feel financially prepared for it. They are generally much less likely to plan. However, this is not because they are improvident or feckless. Taking life as it comes is a perfectly rational response to the situation in which they find themselves.

It is tempting for policy makers to believe that if only people understood the situation, all would be well and that what is required is a simple process of raising awareness and education about pension provision and preparation. This, however, seems misguided. Many people in the bottom quartile of the income distribution are well aware that they have not made sufficient financial provision for their retirement, and that life will be difficult in retirement. They simply do not have the resources required to take any active steps to deal with the situation. Nor are we looking here at a small proportion of the population in exceptional circumstances whose needs in the later stages of their lives could perhaps be met through some special supplementary pension scheme. Indeed, given the nature of our sample, we may well have significantly underestimated the proportion of the population who for one reason or another are very inadequately prepared for retirement.[14] A further difficulty in this regard is that long term pension planning may have uncertain outcomes for a much larger section of the population due to changing individual and societal circumstances over

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

time (Anderson *et al*. 1986; Quinn and Burkenhauser 1990). Thus significant levels of State support will always be needed if all citizens are to enjoy even modestly comfortable living standards in old age.

In principle it may be possible to encourage a higher level of retirement planning among those with greater material and cultural resources. There are many here who have given little thought to retirement and who are aware that they have not made sufficient financial preparation, as well as many who have given these matters a great deal of thought. Helping the first group think and prepare for retirement is not intrinsically impossible. Once again, however, our findings indicate that this is likely to be extremely difficult. Ideally, as we have noted above, effective retirement planning needs to start early in life, but our research shows that this is also a time when most people have their minds, resources and plans firmly fixed on other things.

Leaving that aside, however, planning for retirement must be seen as part of planning as a whole. A propensity to plan at all, let alone over the long term, is influenced by a complex web of material, social, cultural and psychological factors, which seems to be deeply ingrained and often, we believe, heavily bolstered by support from people's family and other social networks. It is thus extremely unlikely that exhortation will be any more effective here than in changing other attitudes and behaviours that are heavily bolstered in this way.

We have seen that, compared with 20 years ago, more people are thinking about planning at some level or other for future retirement. There may indeed be a slow process of social change taking place, and if it is leading generally to a greater propensity for people to plan their lives then, in the longer term, we may see much higher levels of retirement planning. What must, however, be a very serious concern, is that this is unlikely to happen fast enough to avoid something of a crisis in the next twenty years as those who are currently under the age of 50 come face to face with a reality for which they are significantly under-prepared.

Acknowledgements

This paper like all those arising from this project is the product of a collegiate form of working in which the fieldwork, the analysis and the drafts of the papers have been discussed by the entire research team throughout. The first two authors have been responsible for initially drafting this paper, carrying out analyses and revisions and seeing it into print; the names of the other authors are in random order. The project was conceived and designed by the

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

principal investigators Michael Anderson, Frank Bechhofer and David McCrone, and funded by a grant (R000236922) from the Economic and Social Research Council. The survey questionnaire was designed by the research team and the fieldwork carried out by Public Attitude Surveys (PAS). We are also grateful to the Institute for Social and Economic Research (ISER) at the University of Essex, and especially Dr Heather Laurie, for helping commission and pilot the survey, data checking and cleaning, and carrying out occupational coding.

NOTES

1 There is rather more work on factors affecting decisions about the timing of retirement, but almost all of this has focused on groups aged 50 and above (e.g. Hall and Johnson 1980; Mitchell and Fields 1982; Bone *et al*. 1992; Arber and Ginn 1995; Campbell 1999; Matheson and Summerfield 1999).

2 The present study is based on an ESRC funded project (R000236922) 'Individual and Household Strategies: a decade of change?'. The study sought to re-interview a sample of households first interviewed in Kirkcaldy, Fife, as part of the Social Change and Economic Life Initiative (SCELI) in the 1980s.

3 The Kirkcaldy element of SCELI included interviews with 1,011 randomly selected respondents, aged 20–60, on their working lives and work histories in 1986. This was followed by interviews on household and community behaviour with 309 of the same respondents and their partners (where present) in 1987. For sampling procedures, see Gallie *et al*. (1994). The present study attempted to trace as many as possible of the 309 respondents, excluding the 36 who had indicated at the end of the 1987 SCELI survey, that they did not wish to be approached for any further study. The whereabouts of 220 of the 273 were identified, a success rate of 81%. Nine of the traced individuals were dead, leaving an initial pre-sample base of 211. Between tracing and interview, 5 died and 7 moved again and became untraceable. Of the 199 original respondents traced and available for re-interview, 180 were successfully re-interviewed, a success rate of 90.5%. In 121 households, both partners were re-interviewed; in six, only the original respondents agreed to be re-interviewed and their partners refused. The remaining 53 had no partner.

4 For the non-retired, we asked three questions: (1) How much thought have you given to the question of retirement? A five-way response code was given (a great deal; quite a lot; some; not very much; not at all). The responses are trichotomised into 'Much', 'Some' and 'Little/none' in the analysis.
(2) Do you feel you have done enough to prepare financially for retirement? A three-way response code was given (yes; no; not given any thought). Only 'yes' or 'no' responses are used in the analysis as explained below.
(3) When you retire, do you think life will be? A five-way response code was given (very comfortable; fairly comfortable; alright; fairly difficult; extremely difficult). The responses are collapsed into 'Comfortable', 'Alright' and 'Difficult' in the analysis.
Four of the non-retired respondents did not answer the three questions on thought, preparation and expected comfort. In addition, 18 non-retired respondents reported having 'not give it any thought' to the question of financial preparation. Both 'Not stated' and 'No thought' categories are omitted in the analysis for this paper.

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

5 In a subsequent survey, conducted in 1999, of a new sample of respondents aged 20–29 in Kirkcaldy (and partners if present), a mere 16 per cent of 268 interviewees had given a great deal or quite a lot of thought to the question of retirement, and 54 per cent had given little or no thought to it; 30 per cent, however, thought they had done enough to make preparation for retirement.

6 The observed difference between the two groups in giving 'much' thought is significant at the 5 per cent level, and in giving 'little' thought is significant at 0.1 per cent level. Significance tests for this, and for other tables in the paper (apart from logistic regression tables) use a two-sample differences of proportion test (Agresti and Finlay 1997: ch. 7).

7 This is not because the non-partnered are younger than the partnered; mean ages were 39.9 and 39.7 respectively. The 11 single women were widely spread across class, income and educational groups.

8 For the effects of resources on retirement planning, see also Perkins (1992), Juliá *et al*. (1995), Wiggins and Henderson (1996) and Rosenkoetter and Garris (1998). Also *c.f*. Klein (1965) and many related community studies, and Askham (1975).

9 The standard mean income is derived for 165 of our 180 households who gave valid responses to the question: 'Thinking of all the members of your household who have income from any source, including yourself, into which of the categories on this card would you estimate the usual total net income of everyone in your household falls, after deductions for tax and national insurance, and including any benefits or pensions received?'. The reported income was allocated to one of 18 bands, and the mid-point of the income band for each household was then standardised for household composition using the weights employed by Kempson *et al*. (1994: 268). The weights were 2 for couples, 1.4 for singles, 0.8 for each resident child under the age of 11, and 1 for each older child or other adult present in the household. The resulting figures were then coded into four quartiles. The remaining 15 cases, for whom household income was not obtained from the respondents, were allocated to one of the four quartile groups on the basis of other information provided in the questionnaire. Running the analyses that follow without these 15 cases produces almost identical results. The insensitivity of the results to the particular set of weightings used was confirmed by an alternative measure which gave less weight to single persons, resident children and other adults relative to couples: 2 for couples, 1.2 for singles, 0.5 for resident children aged under 11, and 0.7 for other resident children and adults.

10 Class is measured in terms of one's current, or for those not economically active at the time of interview, their last main, jobs using the Goldthorpe class schema. Class IIIb is grouped into the working class in the three-way Goldthorpe class schema (Goldthorpe 1987; Erikson and Goldthorpe 1992).

11 We asked our respondents several questions about the time spans within which they plan their lives. The questions are worded like this: Would you say that you are someone who at least plans some things a few days ahead at a time? A two-way response is given: 'Yes' or 'No'. For those who answered 'Yes', we asked more questions until the answer is 'No'. Do you only do that or do you: also plan a few weeks ahead for some things; also plan a few months ahead for some things; also plan ahead for a year or more for some things; try to make plans for a lifetime. Responses were combined into a cumulative six-category scale from 'not even a few days' to 'lifetime'.

12 The question on control is worded as follows: Which of these statements *best* describes *the way you feel*? What happens is my own doing; I feel that I have little influence over the things that happen to me. The question on financial planning

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

is worded as follows: Which of these statements best fits the way you organise your *financial affairs*? I just take things as they come; I tend to plan out my finances carefully.

13 The findings that those in the intermediate class are significantly more likely to have reported an inadequate state of financial preparedness than the working class seems difficult to explain unambiguously. It may arise from some hitherto unidentified characteristics of the group classified in this position by the Goldthorpe class schema, or from a perception by a large subset of members of this group that the pension schemes and saving opportunities available to them are inadequate to sustain their current rather high living standards into old age. A large number of people in this class are routine white collar workers whose market situation, and thus material resources, may not be much better than that of many in the working class. On the other hand, their life style may reflect more unambiguously 'middle class' ambitions while in employment, which they are unlikely to be able to sustain in retirement. The size of our sample and the data available to us unfortunately do not allow us to pursue this further.

14 This results from the effects of sample attrition. It is probable that a larger proportion of the more deprived members of the population who are, on this evidence, less likely to have given thought to retirement and more likely to feel unprepared financially for it, will not have been traced through the successive waves of our study. Of those who were traced, proportionately fewer may have been willing to be interviewed.

References

Agresti, A. and Finlay, B. 1997. *Statistical Methods for the Social Sciences*, Third Edition. Prentice Hall, New Jersey.

Anderson, K., Burkhauser, R. and Quinn, J. 1986. Do retirement dreams come true? The effect of unanticipated events on retirement plans. *Industrial and Labour Relations Review*, **39**, 518–26.

Anderson, M., Bechhofer, F. and Kendrick, S. 1994. Individual and household strategies. In Anderson, M., Bechhofer, F. and Gershuny, J. (eds), *The Social and Political Economy of the Household*. Oxford University Press, Oxford, 19–67.

Arber, S. and Ginn, J. 1995. Choice and constraint in the retirement of older married women. In Arber, S. and Ginn, J. (eds), *Connecting Gender and Ageing: a Sociological Approach*. Open University Press, Buckingham, 69–86.

Askham, J. 1975. *Fertility and Deprivation: a Study of Differential Fertility amongst Working-class Families in Aberdeen*. Cambridge University Press, Cambridge.

Bone, M., Gregory, J., Gill, B. and Lader, D. 1992. *Retirement and Retirement Plans*. OPCS, London.

Campbell, N. 1999. The decline of employment among older people in Britain. *CASE Brief*, 9. London School of Economics.

Erikson, R. and Goldthorpe, J. H. 1992. *The Constant Flux*. Clarendon Press, Oxford.

Gallie, D., Marsh, C. and Vogler, C. (eds) 1994. *Social Change and the Experience of Unemployment*. Oxford University Press, Oxford.

Goldthorpe, J. H. 1987 (with Llewellyn, C. and Payne, C.) 1987. *Social Mobility and Class Structure in Modern Britain*. Clarendon Press, Oxford.

Hall, A. and Johnson, T. 1980. The determinants of planned retirement age. *Industrial and Labour Relations Review*, **33**, 240–55.

Juliá, M., Kilty, K. and Richardson, V. 1995. Social worker preparedness for retirement: gender and ethnic considerations. *Social Work*, **40**, 610–20.

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press

Kempson, E., Bryson, A. and Rowlingson, K. 1994. *Hard Times? How Poor Families Make Ends Meet*. Policy Studies Institute, London.
Klein, M. 1965. *Samples from English Cultures*. Routledge and Kegan Paul, London.
Matheson, J. and Summerfield, C. 1999. *Social Focus on Older People*. Office of National Statistics, London.
Mitchell, O. S. and Fields, G. S. 1982. The effects of pensions and earnings on retirement: a review essay. *Research in Labour Economics*, **5**, 115–55.
Perkins, K. 1992. Psychosocial implications of women and retirement. *Social Work*, **37**, 526–32.
Quinn, J. and Burkhauser, R. 1990. Work and retirement. In Binstock, R. H. and George, L. K. (eds), *Handbook of Aging and the Social Sciences*. Academic Press, London, 307–27.
Rosenkoetter, M. and Garris, J. 1998. Psychosocial changes following retirement. *Journal of Advanced Nursing*, **27**, 966–76.
Slevin, K. F. and Wingroves, C. R. 1995. Women in retirement: a review and critique of empirical research since 1976. *Sociological Inquiry*, **65**, 1–21.
Wiggins, S. and Henderson, C. 1996. Preretirement planning of female registered nurses. *Western Journal of Nursing Research*, **18**, 580–94.

Accepted 1 January 2000

Address for correspondence:
Michael Anderson, Department of Economic and Social History,
University of Edinburgh, William Robertson Building,
George Square, Edinburgh EH8 9JY, Scotland
e-mail: m.anderson@ed.ac.uk

https://doi.org/10.1017/S0144686X99007837 Published online by Cambridge University Press