Island Global Research

ISLE OF MAN
FINANCIAL SERVICES AUTHORITY

PENSION MATTERS SURVEY

13 September 2018

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1. KEY FINDINGS

AWARENESS OF PENSIONS

- Two thirds of respondents know what a pension is and how it works, while just under one third know what a pension is but they don't know how pensions work.
- 74% said that they would trust a qualified a financial advisor when seeking financial help with their pension decisions. 8% said they would not seek financial advice from anyone.
- Those aged under 35 are more likely to trust sources other than a qualified financial advisor when seeking financial help with their pension decisions.
- 52% believe they know how old they will be when they reach the Isle of Man state pension age.
- 32% of people don't know the maximum amount of state pension that a person can currently receive each year in the Isle of Man.

PENSION MATTERS CAMPAIGN

- 31% of respondents had heard of the Pension Matters campaign. Half of these had heard about it through social media.
- 16% of those that had heard of the campaign selected "4" or "5", when asked "To what extent has the campaign increased your awareness of pensions and how they work? Please select on a scale of 1 to 5, where 1 is not at all increased awareness and 5 is greatly increased their awareness".
- The Pension Matters campaign has been most effective amongst 45-54 year olds. Awareness of the campaign was highest in this age group. 44% said they had heard of it compared to 20-34% of those in other age groups.
- It was also the most effective at increasing awareness of pensions amongst the 45-54 year age group. 20% of those aged 45-54 selected "4" or "5", compared to 9-18% of those in other age groups.

1. KEY FINDINGS (continued)

VIEWS ON RETIREMENT

Expectations on Funds for Retirement

- When asked "How do you expect to fund your retirement?" 67% selected via the State Pension and 53% selected via an occupational pension. Bank savings, personal pension and property were each selected by around a third of respondents as methods of funding their retirement. 9% of women don't know how they expect to fund their retirement compared to 4% of men. 14% of those under 35 don't know how they expect to fund their retirement, compared to 2-3% of those aged 35+.
- 47% of respondents said they would like to retire at a younger age than they think they will be able to. Gender, age and current pension provision all impact beliefs on this topic.
- 59% of respondents disagreed or strongly disagreed with the statement "I believe that my current savings and plans will provide me with sufficient funds to be able to retire at the age I want to". Women and those without a private pension were more likely to disagree with the statement.

Potential Financial Commitments and Expected Standard of Living

- 82% of respondents were somewhat or very concerned that one or more of the following financial commitments might prevent them from retiring when they want to:
    - Their own or partners financial commitments
    - The need to financially support their children
    - The need to contribute to elderly parents care costs
- 65% said they expect their standard of living to decrease following retirement. 27% said they expect it to stay about the same, while 8% said they expect their standard of living to increase. The expectations of those without a current pension are very similar to or higher than those with pension provision.
- 56% of respondents disagreed or strongly disagreed with the statement "I believe that my current savings and plans will provide me with sufficient funds to give me a standard of living that I will be happy with when I retire". Women were more likely to disagree than men, and the respondents' level of current pension provision also impacted beliefs.

Preferences for Retirement

- Respondents were asked, "Thinking about your retirement in general, do any of the following statements apply to you?". 62% selected "I would like to transition into my retirement by reducing my working hours", 25% selected "I would like to keep working for as long as possible" and 17% selected "I have never really thought about my retirement before now".

1. KEY FINDINGS (continued)

OCCUPATIONAL AND PERSONAL PRIVATE PENSIONS

Membership of Private Pensions

- 72% of respondents said that they are a member of a private pension scheme, while 26% are not. Females and those under 35 are less likely to be members of a private pension scheme.
- 48% said they have a current occupational scheme and 23% a personal pension scheme. 4% knew they had a pension but weren't sure of the type.
- 23% indicated that they have a previous occupational scheme *(i.e. provided by previous employer(s) that you will draw down when you retire, but is no longer actively contributed to.)*, either solely or in addition to a current occupational or personal scheme.

Types of Pensions Held

- Current occupational pension type(s) held: 15% of all respondents have a defined benefit pension based on final salary. 5% have a defined benefit pension not based on final salary. 23% have a defined contribution pension.
- Personal pension type(s) held: 12% of all respondents have a self-invested personal pension (SIPP). 5% have a group personal pension scheme.
- Previous occupational pension type(s) held: 7% of all respondents have a defined benefit pension based on final salary. 10% have a defined contribution pension.
- Respondents held different combinations of pensions:
  - 9% of respondents have both an occupational and personal pension.
  - 39% of respondents said they only have an occupational pension that is currently being contributed to.
  - 10% of respondents have only a personal pension, while a further 4% have a personal pension plus a previous occupational pension.
  - 7% have only a previous occupational pension, and are not a member of any current pension scheme.
  - 26% are not a member of a current pension scheme nor a previous occupational scheme.

Pension Contributions

- The monthly median contribution to occupational pension schemes by employers is £201-£300.
- The monthly median contribution by individuals to ALL the private pension schemes they hold is £101-£200.
- 34% of individuals reported paying additional contributions to their pension(s) in the past.

1. KEY FINDINGS (continued)

PRIVATE PENSIONS (CONTINUED)

Total Value of Pensions Held

- For over half of people asked, the total value of all their private pension schemes is under £100,000. This rises to around 90% of those aged under 35, and falls to 49% of those aged 35-44, and around 40% of those aged 45-64. Overall, 19% don't know the total value of their pensions.
- The median total value of ALL pensions held by an individual is between £25,000 and £49,999. The median value for men is £50,000 -£99,999 and the median value for women is £25,000 -£49,999. The median value for under 35s is up to £10,000 and the median value for those aged 35-65 is £50,000 -£99,999.

Monitoring Pensions Held

- 80% of respondents check their savings account once a month or more, but only 18% check their pension (any pension) this regularly. Around half of those with personal pensions check it every six months or more, whereas about a quarter of those with current occupational pension check it this frequently.
- Respondents with investment based pension schemes were asked if they could monitor their pension online. Overall, 65% said that they could, 16% that they couldn't and 19% did not know.
- 60% of respondents indicated that they do not have personal savings or investments for retirement outside of a pension structure.

PENSION INVESTMENTS

- 33% of respondents believe they are "very aware" of what their pension is invested in. 41% are "somewhat aware" and 25% reported being "not at all aware". Females and those aged 45+ reported lower levels of awareness.
- Respondents were most concerned if their pension was invested in countries with allegations of human rights abuses (74% concerned or very concerned), and least concerned with investment in the alcohol industry (34% concerned or very concerned). For all sectors, there were higher levels of concern among women than men, and there also tended to be higher levels of concern among those aged 45+ than those who are younger.
- 47% of respondents would be interested or very interested in investing their pension in community projects, while 52% would be interested or very interested in investing in environmental projects. A larger proportion of women than men would be interested. There were also higher levels of interest amongst those aged 35+ than those aged under 35.
- 10% of those initially interested in community projects still would be even if it made them less money for their pension, while12% would still be interested in environmental projects. For both types of investments, around 60% of those interested still might be if it the potential reduction in income was only a little less.
- 40% said they would or definitely would contribute more into a pension scheme, or consider starting a pension scheme, if they were allowed to borrow funds from their pension scheme to purchase, or assist with the purchase of their home. As might be expected, the scheme was more popular with the younger age groups.

2. METHODOLOGY

Island Global Research undertook a survey on retirement and pensions on behalf of the Isle of Man Financial Services Authority, as part of their "Pension Matters Campaign". Responses were collected in July & August 2018. Over 700 respondents participated.

The survey was designed in conjunction with the Financial Services Authority, partly based on the UK's Chartered Institute for Savings and Investments 2018 pension survey.

Data Collection and Sample size

Isle of Man residents aged 16-65, and not retired, were eligible to complete the survey.

The survey was conducted online. We contacted our market research panel, inviting them to participate in the survey. We also promoted the survey using social media, and it was publicised by the Financial Services Authority through various media channels.

The first three sections of the questionnaire (awareness of pensions, pension matters and retirement) were completed by 801 respondents. The questions on private pensions were completed by 748 respondents, and the final section on pension investments was completed by 700 respondents. With 95% confidence interval, this gives a maximum margin of error of ± 3.6% on the total sample.

The sample was weighted by age, gender and employment sector (if employed), so the results of the survey are representative of the working age population of the Isle of Man.

Sub-group Analysis

For the majority of questions, the following sub-group analysis was undertaken:

Gender Maximum Sample Size	
Male	Female
326	474

Age Group Maximum Sample Size			
Under 35	35-44	45-54	55-64
133	125	253	287

Current Pension Type Maximum Sample Size *Please note, respondents in each of these groups may or may not also have a previous occupational pension as per page 39*			
Occupational only	Personal only	Both occupational & personal	No current private pension
321	116	78	208

2. METHODOLOGY (continued)

The survey was structured to ask questions on the following:

Demographic Profile of Respondents
- Age
- Gender
- Employment Status
- Employment Sector
- Household Income
- Household Composition

Awareness of Pensions
- How much they know about pensions
- Who they would ask for advice about pensions
- Understanding of the Isle of Man State Pension

The Pension Matters Campaign
- Awareness of the campaign
- Impact of the campaign

Retirement
- How people expect to fund retirement
- Views on their retirement age
- Expected standard of living upon retirement
- Views on taking retirement

Occupational and Personal Private Pensions
- Membership of pension schemes
- Types of current pension scheme held
- Current employer and individual contributions
- Total value of pensions held
- Checking the value of your pension
- Monitoring your pension online
- Savings outside of a pension structure

Pension Investments
- Awareness of pension investments
- Concerns about pension investments
- Social investments
- Home purchase pension scheme

3. PROFILE OF RESPONDENTS

This section contains a description of the survey sample by:

- Age
- Gender
- Employment Status and Sector
- Household Income and Composition

SURVEY SAMPLE: BY AGE AND GENDER

Isle of Man residents aged between 16 and 65 years who were not retired were eligible to complete the survey.

The graphs show the age and gender profile of the sample compared to the population. These show that the survey was completed by disproportionately more women, and by more individuals aged over 45 years. The survey was also popular among those who work in the finance sector.

Applying Survey Weights to the Sample:
Survey weights have been used to present results that are representative of the working age population in the Isle of Man. The weights adjusted for differences between the sample and the population in terms of age, gender and employment sector (if employed).

SURVEY SAMPLE:
BY EMPLOYMENT STATUS AND SECTOR

The graphs show the employment profile of the sample after the survey weights have been applied.

SURVEY SAMPLE:
BY HOUSEHOLD INCOME AND COMPOSITION

The graphs show the household profile of the sample after the survey weights have been applied.
The household composition reports on those currently living together (and therefore does not include children no longer living at home).

4. AWARENESS OF PENSIONS

In this section:

- How much they know about pensions
- Who they would ask for advice about pensions
- Understanding of the Isle of Man State Pension

KNOWLEDGE OF PENSIONS

Respondents were asked to select which of the following statements best describes their current knowledge of pensions:

"I know what a pension is and how pensions work",
"I know what a pension is but I am not sure how pensions work" or
"I don't know what a pension is or how pensions work".

Two thirds of respondents said they know what a pension is and how it works, while just under one third know what a pension is but they don't know how pensions work. Men and those aged under 35 were the most likely to say that they know how pensions work.

ADVICE ABOUT PENSIONS

74% said that they would trust a qualified a financial advisor when seeking financial help with their pension decisions.

8% said they would not seek financial advice from anyone.

There were some differences by gender:

- Men are more likely to say they would not trust advice from anyone (12% of males compared to 3% of females).
- Women are more likely to trust advice from a friend/relative (35% of females compared to 20% of males).
- Women are also more likely to trust advice from a qualified financial advisor (78% of females compared to 72% of males).

Which of the following, if any, would you trust when seeking financial help about your pension decisions? Select all that apply.

ADVICE ABOUT PENSIONS: BY AGE

Which of the following, if any, would you trust when seeking financial help about your pension decisions? Select all that apply.

Between 72% and 82% of each age group said they would trust a qualified financial advisor when seeking financial help with their pension decisions.

As age increases, respondents became less likely to say that they would trust a friend/relative or online guidance. Those aged 35+ are also less likely to trust their employer and their bank than those aged under 35.

UNDERSTANDING OF THE ISLE OF MAN STATE PENSION: AGE

Respondents were asked if they knew how old they will be when they reach the Isle of Man's state pension age.

52% said they know how old they will be when they reach state pension age.

There were some differences by gender and age:

- 58% of men said they knew, compared to 46% of women.
- 27% of those under 35 said they knew, compared to 80% of those aged 55-64.

UNDERSTANDING OF THE ISLE OF MAN STATE PENSION: AMOUNT

Respondents were asked if they know the maximum amount of state pension that a person can currently receive each year in the Isle of Man. 32% of people said that they don't know.

The full (100%) basic state pension is currently £125.95 per week (i.e. £6549.40 per annum). An additional amount might be paid, depending on a person's earnings and whether they are contracted in or out of the State Earnings Related Pension Scheme.

What do you think is the maximum Isle of Man state pension that a person can currently receive each year?

In the Isle of Man, the State retirement pension consists of different components:

- **Basic Pension** - based on the number of IOM qualifying years you have in your working life. You need at least 30 qualifying years for a full (100%) basic pension.
- **Additional Pension** (AP) - based on your earnings since 6 April 1978, provided you were not contracted-out of SERPS (State Earnings Related Pension Scheme) or since April 2002 the State Second Pension (S2P). This amount can vary from just a few pounds up to a maximum of £172.28.
- **Graduated Retirement Benefit** - based on the NICs you paid between 6 April 1961 and 5 April 1975.

5. PENSION MATTERS CAMPAIGN

In this section:

- Awareness of the campaign
- Impact of the campaign

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PENSION MATTERS
Safeguard your future

PENSION MATTERS CAMPAIGN: AWARENESS

Respondents were asked if they had seen, heard or read about the 'Isle of Man Pension Matters' Campaign within the last 4 months, prior to completing the survey.

- Overall, 31% indicated that they were aware of the campaign.
- Awareness was slightly greater amongst females (33%) than males (29%), and amongst those aged 45-54 (44%).

Seen, heard or read about
"Isle of Man Pension Matters" Campaign

% that had heard of the campaign
("yes, I think so" or "yes, definitely have")

PENSION MATTERS CAMPAIGN: SOURCE OF AWARNESS

Those who were aware of the campaign (i.e. selected "yes, definitely" or "yes, I think so"), were then asked where they had heard of it.
49% had found out through social media. Of the different channels, social media was the most effective way of reaching all age groups, and especially those aged under 35. However, it is also important to note that those under 35 were the least aware of the campaign and this age group are the hardest to reach.

Where found out about the Pension Matters Campaign
(select all that apply)

	Under 35	35-44	45-54	55-64
Social Media	60%	36%	53%	45%
Leaflet	25%	22%	16%	12%
Newspaper or Magazine	10%	17%	14%	26%
Online news services	17%	18%	11%	23%
Radio	8%	18%	11%	21%
IOM FSA website	7%	18%	13%	11%
Government website	5%	3%	16%	9%
Manx.net TV	2%	2%	4%	14%
Buses	7%	3%	4%	1%
www.pensionmatters.im	2%	2%	5%	4%
Seminars	5%	0%	3%	0%
Billboards	0%	0%	1%	0%
Other	8%	14%	6%	2%

PENSION MATTERS CAMPAIGN: IMPACT

Those who were aware of the campaign (i.e. selected "yes, definitely" or "yes, I think so"), were also asked "To what extent has the 'Pension Matters Campaign' increased your awareness of pensions and how they work? Rate from 1 to 5 where 1 = not at all increased awareness and 5 = greatly increased awareness".

- One third of those aware of the campaign said that it had not increased their awareness of pensions at all, while 5% said that it had greatly increased their awareness of pensions.

The campaign was more effective at increasing awareness of pensions amongst those aged 45 and over:

- 20% of 45-54 year olds and 18% of 55-64 year olds selected 4 or 5, compared to12% of those aged under 35 and 9% of those aged 35-44 .
- 11% of those who already knew what a pension was and how it works selected 4 or 5, while 29% of those who knew what pension was but not how it works selected 4 or 5.

6. RETIREMENT

In this section:

- How people expect to fund retirement
- Views on their retirement age
- Expected standard of living upon retirement
- Views on taking retirement

FUNDING RETIREMENT

Respondents were asked to indicate how they expect to fund their retirement.

- 67% expect to fund their retirement via the State Pension, though most also selected other options – with just 6% only selecting the State Pension.
- 53% selected an occupational pension, and bank savings, personal pensions and property were each selected by around a third of respondents. 6% said they don't know how they expect to fund their retirement.

It should be noted that in answering this question, responses will depend on individuals expectations about their funding sources, the amount desired to fund their retirement and other expectations about the future. For some individuals there will be many unknowns, and responses may depend on how optimistic or pessimistic the future is viewed.

How do you expect to fund your retirement? Select all that apply.

67%

expect the State Pension to fund their retirement

6%

expect to fund their retirement ONLY through the State Pension.

FUNDING RETIREMENT: BY AGE AND GENDER

More men than women expect to fund retirement via the state pension, an occupational pension, bank savings, a personal pension or using investments.

9% of women don't know how they expect to fund their retirement compared to 4% of men.

Overall, there tends to be greater expectation of the use of a pension to fund retirement (State, Occupational or Personal), as well as reduced expectation that other means will fund retirement, including bank savings, property and inheritance amongst those aged 45+, when compared with the younger two age groups.

Around a quarter of respondents expect to use investments to fund their retirement, regardless of age.

14% of those under 35 don't know how they expect to fund their retirement, compared to 2-3% of those aged 35+.

How do you expect to fund your retirement? Select all that apply.

	Male	Female	Under 35	35-44	45-54	55-64
State pension	71%	63%	50%	69%	72%	82%
Occupational Pension	56%	50%	49%	54%	58%	53%
Bank savings	35%	30%	42%	32%	18%	35%
Personal pension	38%	26%	27%	31%	36%	35%
Property	30%	31%	34%	40%	22%	26%
Investments	32%	15%	27%	22%	22%	22%
Inheritance	18%	18%	26%	23%	14%	7%
Don't Know	4%	9%	14%	3%	3%	2%

AGE OF RETIREMENT

Respondents were asked what age they would like to retire, followed by what age they thought they would actually be able to retire. Options provided to choose from were their 50s, 60s, 70s, 80s or older, or never.

86% of respondents said they would like to retire in their 50s or 60s, however only 56% thought they would actually be able to retire before they are 70.

When the two responses were compared for each respondent, 47% of respondents said they would like to retire at a younger age than they think they will be able to (based on the decade age banding).

AGE OF RETIREMENT BY AGE, GENDER AND CURRENT PENSION TYPE

46% of the total sample believe they will be able to retire around the same age or before they would like to.

- 56% of men believe this, compared to 35% of women.
- Additionally, this belief increases with age.

Existing pension arrangements also have bearing on this:

- 44% of those with a current occupational pension believe they will be able to retire around the same age or before they would like to, compared to 50% of those with a personal pension, and increasing to 59% amongst those who have both.
- At 39%, those without a current pension are notably less likely than those with one to believe that they will be able to retire around the same age or before they would like to.

AGE OF RETIREMENT: SUFFICIENT FUNDS?

Respondents were asked to indicate the extent to which they agree or disagree with the following statement: "I believe that my current savings and plans will provide me with sufficient funds to be able to retire at the age I want to".

- Just over a quarter (26%) agreed or strongly agreed, but most (59%) disagreed or strongly disagreed. The remaining 15% were neutral.

"I believe that my current savings and plans will provide me with sufficient funds to be able to retire at the age I want to" (excluding don't know)

There were some gender and age differences:

- 33% of men agreed/strongly agreed compared to 19% of women.
- Those in the 35-44 and 55-64 age brackets were most likely to agree.

Also, those with both occupational and personal pensions were more likely to agree than those with one type of pension. While, those without a current pension were much less likely to agree.

% agree/strongly agree with "I believe that my current savings and plans will provide me with sufficient funds to be able to retire at the age I want to"

AGE OF RETIREMENT: IMPACT OF FINANCIAL CONCERNS

Respondents were asked to what extent they were concerned that the following financial commitments might prevent them from retiring when they want to.

The most prevalent concern is that their own or their partners financial commitments might prevent them from retiring when they want.

- 20% were very concerned and 43% were somewhat concerned. (i.e. 63% showed some level of concern)

Almost half of the respondents were very or somewhat concerned that financially supporting their children or contributing to care costs of elderly parents might impact when they can retire.

Overall, 82% of respondents were very or somewhat concerned that one or more of these factors might prevent them from retiring when they want to.

To what extent are you concerned that any of the following may prevent you from retiring when you want to?

AGE OF RETIREMENT: FINANCIAL CONCERNS BY GENDER, AGE & PENSION

As shown on the following page, there are some differences by gender, age and current pension arrangements

Gender

- A higher proportion of women than men think financial concerns may prevent them from retiring when they want to.

Age

- Around 65-70% of those aged under 55 are concerned that their own or their partner's financial commitments might prevent them from retiring when they want to. This drops to 57% amongst those aged 55-64.
- Concern about the need to financially support their children and care for elderly parents is around 60% for those aged under 45, dropping to 40-45% for those aged 45-54, finally dropping again to a third or less amongst 55-64 year olds.

Current Pension Type

- Those with both an occupational and personal pension feel slightly more secure in terms of their own or their partners finances than those with one or the other (55% concerned vs 59% concerned).
- 76% of those without any current pension are concerned that their own or their partner's financial commitments might prevent them from retiring when they want to. This is around 20% more than those with a current pension (any type).
- A larger proportion of those with occupational pensions are concerned that the need to contribute to elderly parent care costs might prevent them from retiring when they would like to (52%), as opposed to the need to financially support children (44%).
- In contrast, a larger proportion of those with personal pensions are concerned about the potential impact of financially supporting their children (50%) over caring for elderly parents (31%).
- Around half of those with no current pension are concerned about whether potential financial commitments towards their children and elderly parents may impact when they can retire.

AGE OF RETIREMENT: FINANCIAL CONCERNS BY GENDER, AGE & PENSION

% somewhat or very concerned that the following might prevent them from retiring when they want to:

STANDARD OF LIVING: EXPECTED CHANGE

Respondents were asked whether they expected their current standard of living (thinking about accommodation, disposable income, food etc.) to change following retirement. The majority believe it is going to decrease:

- 34% said they expect their standard of living to decrease a lot and 31% that they expect it to decrease a bit.
- 27% said they expect it to stay about the same.
- 7% said they expect their standard of living to increase a bit and 1% to increase a lot.

Those under 35 were the most likely to say that they expect their standard of living to increase following retirement (14% compared to 4-5% of other age groups), and the least likely to say that they expect it to decrease (46% compared to 69% of those aged 35-44, 79% of those aged 45-54 and 76% of those aged 55-64).

Current pension provision does not seem to impact responses to this question. Compared to those with one type of private pension, a smaller proportion of those who have both said they expect their standard of living to stay the same. Opinion was split, however, as to whether it would increase or decrease.

The expectations of those without a current pension are very similar to or higher than those with a pension. *(The majority of this group are without any pension provision at all – 14% of whom believe their standard of living will increase. A minority have an occupational pension no longer paid into – 5% of whom believe their standard of living will increase.)*

STANDARD OF LIVING: SUFFICIENT FUNDS?

"I believe that my current savings and plans will provide me with sufficient funds to give me a standard of living that I will be happy with when I retire" (excluding don't know)

Similar to the response to the previous statement about age of retirement, 56% of respondents disagreed or strongly disagreed with the statement "I believe that my current savings and plans will provide me with sufficient funds to give me a standard of living that I will be happy with when I retire". 26% agreed or strongly agreed. 18% were neutral.

33% of men agreed or strongly agreed compared to 19% of women. Those in the 35-44 and 55-64 age brackets were most likely to agree.

Those with both occupation and personal pensions were more likely to agree than those with one type of pension. Those without a current pension were much less likely to agree than those with one.

% agree/strongly agree with "I believe that my current savings and plans will provide me with sufficient funds to give me a standard of living that I will be happy with when I retire"

VIEWS ON TAKING RETIREMENT

Thinking about their retirement in general, respondents were asked to select which statement(s) applied to them.

- 62% selected "I would like to transition into my retirement by reducing my working hours", 25% selected "I would like to keep working for as long as possible" and 17% selected "I have never really thought about my retirement before now".
- 29% of men said they would like to keep working as long as possible compared to 22% of women, but there were no other notable differences between genders.
- 31% of those without a current pension said that they had never really thought about retirement before now; this is over twice the proportion of those with a pension (15%), and over four times more than those who have a current pension and know what type it is (7%).

VIEWS ON TAKING RETIREMENT: BY AGE

Thinking about your retirement in general, do any of the following statements apply to you? Select all that apply.

There were only small differences by age for the first two statements, but much more noticeable differences for the final statement about whether the respondent had thought about their retirement before:

- 65% of under 35s would like to transition into retirement by reducing their working hours, compared to 61% of 35-44 and 45-54 year olds, and 59% of 55-64 year olds.
- Those aged over 45 were slightly more likely to want to keep working for as long as possible than those who were younger (27-30% vs 22-23%).
- 31% of those aged under 35 had never thought really about their retirement before. This goes down to 13% of those aged 35-44, 10% of those aged 45-54 and 6% of those aged 55-64.

7.OCCUPATIONAL AND PERSONAL PRIVATE PENSIONS

In this section:

- Pension scheme members
- Pension Types
- Current pension scheme combinations
- Employer, individual and additional contributions
- Pension Value
- Checking the value of your pension
- Monitoring your pension online
- Savings outside of a pension structure

MEMBERSHIP OF PENSION SCHEMES

Respondents were asked if they are a member of any private pension scheme(s), and if so, what type: an occupational pension scheme *(i.e. provided by an employer and they and/or their employer currently contribute to it*), and/or a personal pension scheme.

Respondents could select more than one if applicable – the graph below illustrates the proportion of respondents that selected each option.

- 72% of all respondents said that they are a member of a private pension scheme, while 26% are not.
- 48% of all respondents said they have a current occupational scheme and 23% of all have a personal pension scheme (some have both types – see page 42). 4% knew they had a pension but weren't sure of the type.
- 23% indicated that they have a previous occupational scheme *(i.e. provided by previous employer(s) that you will draw down when you retire, but is no longer actively contributed to.)*, either solely or in addition to a current occupational or personal scheme.

MEMBERSHIP OF PENSION SCHEMES: BY GENDER AND AGE

Females and those under 35 are less likely to be members of a private pension scheme (68% vs 76%, and 55% vs 76-81%, respectively).

% Members of a private pension scheme, including previous occupational pensions

A similar trend can be seen when only current private pension schemes are taken into account.

% Members of a CURRENT private pension scheme (i.e. NOT including previous occupational pensions)

PENSION TYPES: CURRENT OCCUPATIONAL PENSION SCHEMES

Respondents were asked to select which type(s) of occupational pension scheme(s) they or their employer currently contribute to. More than one could be selected, however, respondents tended to only have one.

- 15% of all respondents have a defined benefit pension based on final salary
- 5% have a defined benefit pension not based on final salary
- 23% have a defined contribution pension

There are very few notable differences by gender.

Those under 44 are more likely to have a defined contribution than a defined benefit scheme. A similar proportion of those aged 45-54 have a defined contribution as defined benefit. Those aged 55-64 are more likely to have a defined benefit scheme than a defined contribution scheme.

Type of Current Occupational Pension Scheme

% of each group with each type of current occupational pension scheme:

	Male	Female	Under 35	35-44	45-54	55-64
Defined benefit based on final salary	16%	13%	7%	16%	16%	21%
Defined benefit not based on final salary	4%	6%	1%	7%	8%	5%
Defined contribution	24%	22%	24%	31%	22%	16%
Another type of occupational pension	0%	1%	0%	1%	1%	1%
Don't Know Type	4%	5%	4%	1%	7%	6%

PENSION TYPES: PERSONAL PENSION SCHEMES

Respondents were asked to select which type(s) of personal pension scheme(s) they have. More than one could be selected.

- 12% of all respondents have a self-invested personal pension (SIPP)
- 5% have a group personal pension scheme

15% of males and 9% of females have a SIPP, while 7% of males and 2% of females have a group scheme.

4% of those aged under 35 reported that they have SIPP; this compares to 14-17% of those aged 35-64.

A similar proportion of each age group have a group personal pension scheme.

% of each group with each type of personal pension scheme:

	Male	Female	Under 35	35-44	45-54	55-64
Self-Invested Personal Pension (SIPP)	15%	9%	4%	14%	16%	17%
Group Personal Pension Scheme	7%	2%	5%	6%	4%	5%
Another type of personal pension	6%	4%	2%	5%	5%	8%
Don't Know Type	2%	3%	0%	4%	1%	5%

PENSION TYPES: PREVIOUS OCCUPATIONAL PENSION SCHEMES

Respondents were asked to select which type(s) of previous occupational pension scheme(s) they have. More than one could be selected.

- 7% of all respondents have a previous occupational pension that is a defined benefit pension based on final salary
- 10% have a previous occupational pension that is a defined contribution pension

% of each group with each type of previous occupational pension scheme:

	Male	Female	Under 35	35-44	45-54	55-64
Defined benefit based on final salary	7%	7%	1%	9%	10%	11%
Defined benefit not based on final salary	1%	2%	0%	1%	1%	3%
Defined contribution	12%	9%	10%	12%	11%	8%
Another type of occupational pension	3%	0%	1%	2%	2%	2%
Don't Know Type	4%	5%	4%	1%	7%	6%

CURRENT PENSION SCHEME COMBINATIONS

In some cases, respondents were members of multiple pension schemes.

This graph gives further breakdown as to what mix of pension schemes respondents are currently members of, and whether or not they also have a previous occupational pension. A previous occupational pension is one that can be drawn down upon retirement but no longer receives contributions.

- 9% of all respondents currently contribute to both an occupational and personal pension. This includes 3% of all respondents who also have a previous occupational pension that they no longer contribute to.
- 39% only have a current occupational pension, though this 9% who also have a previous occupational pension.
- 14% only have a current personal pension, though this includes 4% who have a previous occupational pension.
- 33% do not currently contribute to an occupational or personal pension, though 7% who are not currently contributing do have a previous occupational pension
- 26% are not a member of a current pension scheme and do not have a previous occupational scheme.

CURRENT PENSION SCHEME COMBINATIONS: BY GENDER AND AGE

Are you a member of a private pension scheme, and if so, is it an occupational or personal pension? You may have more than one type. Select all that apply. *(Respondents in each group may or may not also have a previous occupational pension)*

49% of males and 47% of females currently contribute to an occupational pension, while 27% of males and 17% of females currently contribute to a personal pension. There are more females and males without a current pension (38% of females vs 28% of males).

45% of those under 35s do not have a current pension. Those under 35 are three times less likely as those aged 35-64 to have a personal pension scheme, and around 20% fewer under 35s have an occupational scheme compared to those aged 35-54.

Around 6-8% fewer respondents aged 55-65 are a member of a current occupational scheme compared to those aged 35-54, but conversely the older age group is slightly more likely to be a member of a personal scheme.

EMPLOYER CONTRIBUTIONS

13% of respondents said that their employer contributes £100 or less to their occupational pension each month. 31% have their employer contribute £101-£300 per month, and 28% said that their employer contributes more. 21% don't know how much their employer contributes to their occupational pension.

Excluding "Don't know" and "Prefer not to answer", the monthly median contribution by employers is £201-£300.

	Male	Female	Under 35	35-44	45-54	55-64
MONTLY MEDIAN EMPLOYER CONTRIBUTION (Excluding "Don't know" and "Prefer not to answer")	£201-£300	£201-£300	£201-£300	£201-£300	£201-£300	£101-£200
£0	5%	3%	0%	2%	4%	9%
£1-100	6%	13%	10%	8%	11%	9%
£101-£300	31%	31%	55%	25%	25%	22%
£301-£500	21%	12%	20%	28%	13%	7%
£501-1000	11%	6%	5%	12%	11%	8%
More than £1,000	3%	2%	0%	0%	5%	5%
Don't know	17%	27%	10%	18%	24%	32%

INDIVIDUAL CONTRIBUTIONS

Thinking about ALL the occupational and personal pension schemes they hold, 31% of respondents contribute £100 or less each month, with half of these contributing nothing at all. A third contribute £101-£300 per month to their pension(s), whilst a quarter contribute more than this.

Excluding "Don't know" and "Prefer not to answer", the monthly median contribution by individuals is £101-£200.

	Male	Female	Under 35	35-44	45-54	55-64	Occupational	Personal	Occupational and Personal
MONTHLY MEDIAN INDIVIDUAL CONTRIBUTION (Excluding "Don't know" and "Prefer not to answer")	£101-£200	£101-£200	£101-£200	£201-£300	£201-£300	£51-£100	£201-£300	£51-100	£201-£300
£0	18%	12%	8%	14%	15%	22%	10%	31%	16%
£1-100	16%	17%	22%	11%	10%	21%	11%	20%	10%
£101-£300	28%	37%	52%	28%	33%	16%	38%	21%	27%
£301-£500	18%	14%	8%	25%	20%	13%	18%	11%	24%
£501-1000	8%	5%	4%	7%	7%	7%	4%	11%	10%
More than £1,000	6%	2%	1%	4%	6%	4%	3%	5%	7%
Don't know	3%	9%	6%	5%	5%	8%	10%	1%	1%

ADDITIONAL CONTRIBUTIONS

Overall, 34% of individuals reported paying additional contributions to their pension(s) at some point in the past. The age group most likely to have done so was the 45-54 year olds. Those with a personal pension were also more likely to paid additional contributions than those with an occupational pension.

TOTAL VALUE OF PENSIONS HELD

Respondents were asked, "Thinking about all the pensions you may hold, approximately, what is the total value of all your pension schemes today?".

For over half of people asked, the total value of all their private pension schemes is under £100,000. This rises to around 90% of those aged under 35, and falls to 49% of those aged 35-44 and around 40% of those aged 45-64.

The median value for the total sample (excluding "Don't know" and "Prefer not to answer") is between £25,000 and £49,999. The median value for men is £50,000 -£99,999 and the median value for women is £25,000 -£49,999. The median value for under 35s is up to £10,000 and the median value for those aged 35-65 is £50,000 -£99,999.

Overall 19% don't know the total value of their pensions: 9% of under 35s, 21% of 35-44s, 25% of 45-54s and 19% of 55-64s.

VALUE OF PENSIONS HELD: BY GENDER AND AGE

	Male	Female	Under 35	35-44	45-54	55-64
MEDIAN VALUE *(excluding "don't know" and "Prefer not to answer")*	£50,000 - £99,999	£25,000 - £49,999	<£10,000	£50,000 - £99,999	£50,000 - £99,999	£50,000 - £99,999
Up to £10,000	14%	21%	47%	7%	7%	9%
£10,000 -£24,999	10%	13%	20%	11%	10%	6%
£25,000 -£49,999	16%	11%	22%	10%	11%	12%
£50,000 -£99,999	11%	13%	1%	22%	11%	13%
£100,000 -£199,999	12%	8%	1%	9%	14%	14%
£200,000 -£499,999	10%	6%	0%	11%	15%	8%
£500,000 -£999,999	6%	1%	0%	4%	3%	9%
£1,000,000 or more	2%	1%	0%	0%	1%	3%
Don't know	17%	21%	9%	1%	25%	19%
Prefer not to answer	4%	4%	4%	7%	2%	6%

VALUE OF PENSIONS HELD: BY CURRENT PENSION TYPE

The median total value of the pension(s) held by those with a current occupational pension is between £25,000 and £49,999. This increases to £50,000-£99,999 for those with a personal pension, and rises further to between £100,000 and £199,999 for those with both a current occupational and personal pension.

N.B. Respondents in each group may or may not also have a previous occupational pension which is contributing to the total value of all their pensions.

	Occupational	Personal	Occupational and Personal
MEDIAN VALUE *(excluding "don't know" and "Prefer not to answer")*	£25,000 -£49,999	£50,000 -£99,999	£100,000 -£199,999
Up to £10,000	14%	7%	9%
£10,000 -£24,999	12%	14%	3%
£25,000 -£49,999	14%	17%	10%
£50,000 -£99,999	12%	13%	14%
£100,000 -£199,999	9%	16%	6%
£200,000 -£499,999	4%	17%	22%
£500,000 -£999,999	2%	8%	12%
£1,000,000 or more	1%	1%	5%
Don't know	27%	5%	15%
Prefer not to answer	5%	3%	3%

CHECKING THE VALUE OF YOUR PENSION

Respondents with pensions were asked how frequently they checked the value of their pension(s) and their savings bank account. 80% of respondents check their savings account once a month or more, but only 18% check their pension (any pension) this regularly, with the majority checking their pension less than twice a year.

Respondents also reported checking personal pensions more frequently than occupational pensions. Around half of those with personal pensions check it every six months or more, whereas about a quarter of those with current occupational pension check it this frequently.

Frequency of checking the value of pension vs bank account

Frequency of checking the value of occupational pension vs personal pension

MONITORING YOUR PENSION ONLINE

Respondents with investment-based pension schemes were asked if they could monitor their pension online. Overall, 65% said that they could, 16% said they couldn't and 19% did not know.

8% more men than women said that they could monitor their pension online, and the younger two age groups were also more likely to know that they could (a similar proportion of all age groups said they couldn't, but the over 45s were more likely to say they didn't know).

Do any of your pension schemes allow you to monitor the performance of your pension investments via an online portal / website? (Investment based pensions only)

% who have pension schemes that allow you to monitor the performance of your pension investments online

SAVINGS OUTSIDE OF A PENSION STRUCTURE

60% of respondents indicated that they do not have personal savings or investments for retirement outside of a pension structure.

- 10% more men than women have saving or investments outside of a pension structure.
- The proportion with other savings or investments for retirement also increases with age.
- Those with a personal pension are more likely than those with an occupational pension to also have savings or investments outside of a pension structure. While, those without any current occupational or personal pension are the least likely to have such savings or investments. This suggests that when individuals begin to plan for their retirement by putting pensions in place, where they do not have one from an employer, they are also more likely to consider making other provisions for retirement.

Do you have personal savings/investments for retirement outside of a pension structure?

% who have have personal savings/investments for retirement outside of a pension structure

8. PENSION INVESTMENTS

In this section:

- Awareness of pension investments
- Concern with pension investments
- Social investments
- Home purchase pension scheme

AWARENESS OF PENSION INVESTMENTS

33% of respondents believe they are "very aware" of what their pension is invested in. 41% are "somewhat aware" and 25% reported being "not at all aware".

Females were more likely to select "somewhat aware" and less likely to select "very aware", when compared with males. A similar proportion said "not at all aware" across both genders.

Those aged 45+ were more likely to select "not at all aware" and less likely to select "very aware", when compared with the younger two age groups. A similar proportion said "somewhat aware" across all age groups.

How aware are you of what your pension(s) are invested in?

CONCERN WITH PENSION INVESTMENTS

Respondents would be most concerned if their pension was invested in countries with allegations of human rights abuses (74% concerned or very concerned), and least concerned with investment in the alcohol industry (34% concerned or very concerned).

For all sectors, there were higher levels of concern among women than men, for example 28% of men would be concerned if their pension was invested in the alcohol industry compared to 41% of women. There also tended to be higher levels of concern among those aged 45+ than those who are younger.

	M	F	< 35	35-44	45-54	55-64
Alcohol Industry	28%	41%	30%	23%	39%	44%
Gambling Industry	36%	48%	34%	30%	51%	52%
Military armaments	39%	56%	39%	41%	52%	56%
Tobacco Industry	49%	55%	48%	45%	55%	59%
Countries with allegations of human rights abuses	66%	83%	69%	73%	77%	76%

Would you be concerned if your pension was invested in any of the following sectors?

SOCIAL INVESTMENTS: INITIAL INTEREST

47% of respondents would be interested or very interested in investing their pension in community projects, while 52% would be interested or very interested in investing in environmental projects. A slightly larger proportion of women than men would be interested. There were also higher levels of interest amongst those aged 35+ than those aged under 35.

How interested would you be in investing your pension in the following?

% Interested/Very intrested in investing in :

SOCIAL INVESTMENTS: INTEREST VS RETURN

Those interested or very interested were asked if they would still be interested once they knew that these types of projects might make them less money for their pension than other types of investments.

- 10% of those interested in community projects still would be even if it made them less money, while 12% would still be interested in environmental projects.
- Around 60% of those interested still might be, but only if it made them a little less money.
- 20% and 22% would not be interested in community and environmental projects, respectively.

Investing in these types of projects might make you less money for your pension than other types of investments could. Would you still be interested in investing in them?

HOME PURCHASE PENSION SCHEME

Respondents were asked if they would contribute more into a pension scheme, or consider starting a pension scheme, if they were allowed to borrow funds from their pension scheme to purchase, or assist with the purchase of their home.

- 40% said they probably or definitely would:
- A higher proportion of females (46%) than males (35%) indicated they might.
- As might be expected, the scheme was more popular with the younger age groups. 54% of those aged under 35 said they probably or definitely would contribute more into a pension scheme, or consider starting a pension scheme, if they were allowed to borrow funds from their pension scheme to purchase, or assist with the purchase of their home.

9. CONCLUSIONS

AWARENESS OF PENSIONS

Almost everybody knows what a pension is, but one third of people do not know how they work. Around half of people believe they know when they will reach the Isle of Man state pension age, and this understanding increases with age.

Three quarters of people would trust a qualified financial advisor when seeking financial help with their pension decisions, but trust in other sources of information was much lower.

More than 30% or respondents had heard about The Pension Matters Campaign, with the awareness the greatest amongst those aged 45-54.

RETIREMENT AND PENSION PROVISION

The state pension and an occupational pension are the two methods by which most people expect to fund their retirement. Indeed, as it stands at the moment, over half of people have a current occupational pension and/or a previous occupational pension. Around a quarter of people have a personal pension, either as an alternative or in additional to an occupational pension. A quarter of people currently have no pension: 6% of respondents expect to fund their retirement solely through the state pension. Additionally, 60% of all respondents indicated that they have no personal savings or investments for retirement outside of a pension structure.

The majority of people believe that:

- Their standard of living will drop when they retire, and that their current plans will not give them a standard of living they will be happy with.
- They would like to retire at a younger age than they think they will be able to, and that their current plans will not allow them to retire at the age they would like to. 82% of respondents were somewhat or very concerned that one or more of the financial commitments asked about might prevent them from retiring when they want to.
- They would like to transition into retirement by reducing working hours.

9. CONCLUSIONS

RETIREMENT AND PENSION PROVISION (CONTINUED)

Those aged under 45 are more likely than those aged 45-64 to believe that they will not be able to retire at the age they would like to, and the younger two age groups also tend to have higher levels of concern that one of the financial factors asked about will prevent them from retiring at the age they want to. However, expectations regarding standard of living following retirement are lower amongst those aged 45+ than those aged under 45.

Those aged 35-44 and 55-64 have most confidence in their plans for funding retirement.

Men report having better pension provision that women, in terms of whether they are a member of a pension scheme, and the amount they are contributing as an individual each month. 10% more males also reported having savings for retirement outside of a pension structure. This is reflected in a higher proportion of men agreeing that their current plans will allow them to retire at an age that they want to and with a standard of living they will be happy with.

The findings also indicate that those with a personal pension are better off and expect to be better off than those with an occupational pension, despite respondents with a personal pension reportedly currently paying less per month than those with an occupational pension. Those with both occupational and personal private pensions, currently have the highest median pension value and the highest expectations about retirement.

80% of respondents check their savings account once a month or more, but only 18% check their pension (any pension) this regularly, with the majority checking their pension less than twice a year.

PENSION INVESTMENTS

Only a third of respondents said that they were very aware of what their pension is invested in, however when asked, a higher proportion of respondents than this indicated that they would be concerned if their pension was invested in certain sectors. Countries with allegations of human rights abuses received the highest level of concern (74% concerned or very concerned).

Around a half of people would be interested in investing their pension in social projects. Around 20% of these would no longer be interested in such investments if it made them less money for their pension. 10% of those initially interested in community projects still would be even if it made them less money, while 12% would still be interested in environmental projects. For both types of social projects, around 60% of those initially interested still might be if the potential reduction in income was only a little less.

65% of those with investment-based pensions said that they can monitor their pension online.

A pension scheme which helps enable people to purchase a house may encourage more young people to contribute to a pension.

ISLE OF MAN
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