

# Chapter 3: Black, Asian and Minority Ethnic



## People from some ethnic minority groups often face multiple employment barriers

In the 2011 census, 13% of the UK population (around 8.1 million people) identified themselves as Black, Asian or minority ethnic (BAME).

Only 42% of BAME groups are contributing to a pension, those who do contribute to a pension have a median pension wealth of £189,900.

	Median pension wealth	% with any pension savings	Median pension wealth (among those with savings)
UK average	£80,690	65%	£217,490
BAME	£0	42%	£189,900



Our report shows that BAME groups have lower levels of employment in comparison to the UK average, although the impact varies substantially between different groups. For example, while those in Indian groups have an employment rate of 76%, 1% higher than the UK average, those in Pakistani and Bangladeshi groups have a much lower employment rate at 57%.

People from ethnic minority groups can face multiple barriers in the labour market arising from:

- >> lower vocational skills
- >> low levels of educational attainment
- >> discrimination

These barriers can result in higher levels of unemployment and economic inactivity. This has many facets, including having to take casual work or zero-hours contracts, reduced career opportunities (including a focus on lower paid jobs in a narrow range of sectors), and limited opportunities for career progression.

Some ethnic minority groups have higher instances of part-time work, such as Bangladeshi groups, where one third (33%) of employees work part-time compared to 22% of the wider population.

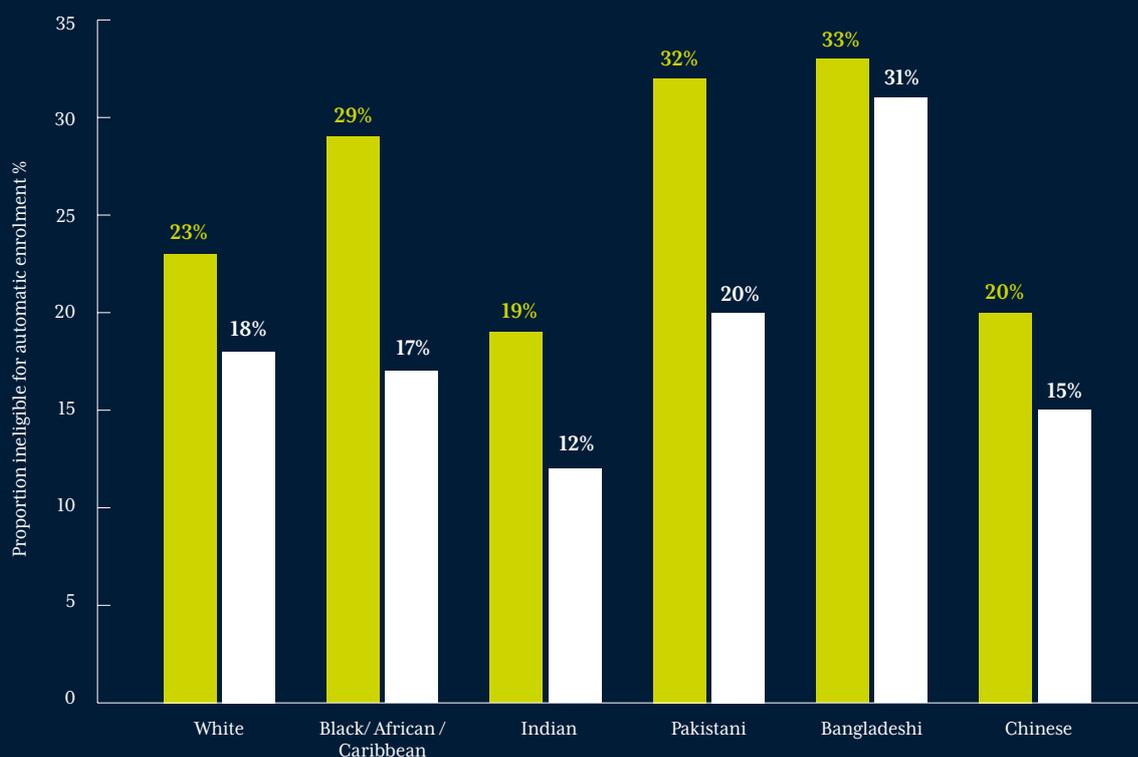
### Auto-enrolment has increased participation rates among some ethnic minority groups

Between 2011/14 and 2015/18, there was clear evidence of large increases in pension participation rates among all ethnic groups. The largest increase was among Pakistani and Bangladeshi groups, where participation rose from 36% to 60%. In comparison, the lowest increase occurred in the mixed ethnicity group, although this group still experienced a substantial increase from 53% to 70%.

However, some groups are less likely to be eligible for auto-enrolment. Bangladeshi and Pakistani workers, especially women, are more likely than others to work part-time or in low-paid jobs. Thirty one per cent of Bangladeshi employees work part-time, compared to a national average of 22%, for example. This could be influenced by cultural differences and attitudes towards division of labour in the home, which tend to be more traditional than among some ethnic groups.

### While some ethnic groups are less likely to be eligible for automatic enrolment, levels of eligibility have increased

Proportion ineligible for automatic enrolment, by ethnic group, 2015 v. 2019



### The cost of housing is a threat to retirement incomes for some ethnic minority groups.

Non-white ethnic groups are likely to face substantially higher housing costs in retirement. Compared to the over 65 population average of £800, they pay an average of £1,730 in annual housing costs.

This is because they're more likely to live in concentrated urban areas where rents are higher and are less likely to get on the housing ladder due to rising house prices and living costs. These greater housing costs will further reduce their ability to save for retirement.

### Average % increase in pension wealth per group\*

	% increase
Mixed/multiple ethnic groups	29%
Asian - Indian	25%
Asian - Pakistani	38%
Asian - Bangladeshi	35%
Asian - Chinese	28%
Asian - Other	30%
Black/African/Caribbean/Black British	32%
Other ethnic group	32%

### Expert opinion

Dawid Konotey-Ahulu, Board Director of Redington Ltd



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The pandemic has forced us all to reassess our goals and priorities, and to reflect on the lived experiences of others. And, it has become increasingly evident that some sections of society face systemic racial challenges that impoverish and constrain them – particularly in retirement. The BAME community, for example, spend a greater percentage of the income on housing in retirement than their White counterparts, and their pension wealth is a small fraction of the UK median. The plight of BAME people in retirement is a so-called “Wicked Problem” – one that is societally complex and with no easy solution. But that just means we have to try harder. We have a clear social responsibility to ensure that everyone, regardless of race or creed, has the means to live well in retirement.

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## Case studies:

Kuldeep, aged 45 from Kent has two children aged 16 and 14.



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Prior to having children I always worked full-time in London, however, since having children I have worked part-time in order to care for my children. I am self-employed and own a couple of retail businesses, one of them is a salon which has been hugely impacted this year with covid. I also provide care to my mother who lives nearby and my in-laws who live with us in the family home (so covid has been very difficult with everyone under one roof)!

I know that I have four pensions, not really sure what they're worth. I know that I get the letters every year and they are shoved into a drawer! I don't really think about retiring as I have more pressing concerns and to be honest, I think that I will no doubt work part-time into my later years.

These statistics unfortunately do not surprise me – the fact that women's and especially ethnic minorities pensions are so small – who has time to think about pensions? I think more needs to be done around education, it should start early in school.

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Vikram, aged 28 lives with his parents in outer London



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I am a self-employed graphic designer and also help out with my parents restaurant business. Although my main focus has always been establishing myself as a graphic designer, I have always supplemented my income by helping out with the family business – primarily as a waiter or front of house in my family's restaurant.

Covid has changed the shape of my work life. Design work has become more scarce – and the family restaurant has focussed on its takeaway offer – and I have been working to help my parents fulfil orders, and continue to make money in these challenging times.

Before Covid, my main focus was on building my design portfolio and earning enough money to think about moving out of the family home. Although I was aware of pensions before, my focus was on the present and making enough money to move out and establish a more independent life.

My parents are approaching the 'normal' age of retirement and they have nothing to retire on other than a small pot of savings. I have resolved to get 'better' with money – both creating a plan to make the money that will help me achieve financial independence now; but also planning to save for my retirement and put money towards a pension in the future.

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## Policy proposals to close the gap



1. Removal of the £10,000 trigger would get 400,000 more people saving through auto-enrolment.



2. Pension contributions from the first £1 would increase pension wealth by 31%\*