PRIAE POLICY RESPONSE to the White Paper ‘Personal accounts: a new way to save’

Submitted to the Department for Work and Pensions

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PRIAE Response to the White Paper ‘Personal accounts: a new way to save’

Introduction

PRIAE is the leading organisation specialising in ageing and ethnicity in the UK and across Europe. Established as an independent charitable institute in 1998, PRIAE seeks to improve health, social care, housing, income and pensions, employment and quality of life for current and future generations of black and minority ethnic (BME) elders at the national and European level. For this submission we use in most cases the term ‘minority elders’ to refer to those who have worked, lived, aged and are ageing in Europe due to being a traditional/national minority; as a result of economic migration within the Union; as a result of colonial connection and/or refugee background.

Discussion of the needs of BME elders cannot be undertaken without reference to the voluntary organisations based in these communities. They play a crucial role in identifying the concerns of BME elders, and in raising awareness of and communicating possible solutions. PRIAE as a national umbrella body represents their issues and views and as these organisations are voluntary and exist often on temporary and short-term budgets, PRIAE has proposed that they should be adequately supported to carry out
such a function.\(^1\) (Further information about PRIAE is detailed at the end of this document.)

PRIAE recently launched the **Minority Ethnic Elders’ Policy Network (ME\(^2\)PN)** in April 2006. This National Policy Network, funded by the UK’s Big Lottery Fund, will develop an information link between BME elders, BME age organisations, mainstream age organisations and policymakers. ME\(^2\)PN aims to empower BME elders and age organisations and will work to normalise BME elders’ issues in the mainstream policymaking process.

Since the Network was established Regional Advisory Groups have been created to cover the North and South of England. The Regional Advisory Groups are made up of BME elders and BME age organisation managers. Regional Advisory Group Members were consulted to inform PRIAE’s response to the proposals outlined in *Security in retirement: towards a new pensions system*.

This consultation response builds on PRIAE’s response to the White Paper *Security in retirement: towards a new pensions system*.

ME\(^2\)PN has recently delivered two regional conferences for BME elders and BME age organisations in the North and South of England\(^2\). A workshop on ‘Fighting Poverty: Pensions Reform and Take-Up’ was held at both conferences. PRIAE also draws on evidence provided by BME elders and BME age organisation representatives in these workshops in this policy response.

\(^1\) A proposal was made by PRIAE to the DWP in 1998/9 for direct support to BME age organisations to inform and support BME elders’ pension and benefit needs

\(^2\) North Region Conference, Leeds Town Hall, Monday 11\(^{th}\) December 2006; South Region Conference, Central Hall Westminster, London, Wednesday 7\(^{th}\) February 2007
In submitting this response, our aim is to draw attention to the particular position of BME elders, and to suggest ways of addressing disadvantage associated with current socio-economic trends. The average weekly income of an ethnic minority male is 32.5 per cent less than his white counterpart between the ages of 60 to 64, a difference that increases to 44.7 per cent over 65. One in six low-income households where adults are in work is headed by a member of an ethnic minority. Our evidence therefore focuses solely on women and men from BME communities and the specific aspects of the White Paper which are of relevance to them. We do however recognise that these concerns are also of relevance to other disadvantaged groups where inequalities also persist. During this response, unless otherwise stated, the examples mentioned and recommendations refer to policy in the UK.

Summary of recommendations

PRIAE makes the following specific recommendation in this response to the White Paper *Personal accounts: a new way to save*:

- Given the particular disadvantages many ethnic minorities face in employment (as recently noted in PRIAE’s summary of results from the CEMESME Contribution of Ethnic Minority Employees to Small and Medium Sized Enterprises (SMEs) research study), including lower wages, greater risk of unemployment, and ‘fewer years in employment’ due to migration, problems which are often compounded by poorer health in BME communities, which limits ability to earn and save, pension measures through employment and earnings will always have a limited impact on BME elders, and such measures must only be one part of a broader strategy. *Pensions policy must be part of a broader strategy to promote*
equality in the workplace and address health inequalities as BME elders can be disadvantaged through ‘race’ and age during their lives, and BME women face additional disadvantages.

- There is a high prevalence of self-employment among BME communities, particularly in Chinese and Pakistani communities. Suitable provision must be made for the self-employed to ensure they can benefit equally from the new system of personal accounts. This will include an effective information and publicity campaign which will result in increased awareness. But PRIAE also states that awareness in all areas must be translated to capacity and action. PRIAE, as the leading organisation specialising in ageing and ethnicity in the UK and across Europe, would be able to assist in creating and translating awareness to capacity and action given its particular expertise in direct engagement with BME communities through ME²PN and other initiatives.

- Information on personal accounts must be delivered in a culturally appropriate form and in an appropriate setting. The Government should work in partnership with BME voluntary organisations to provide financial advice and information to BME elders, and with BME media and other sources to disseminate information.

- All Government front-line staff providing information and advice on personal accounts must receive adequate cultural awareness training and Government agencies must make adequate provision of interpretation/translation and their policies in this regard should be made explicit.

- Policy recommendations need to be carried out with a good level of understanding of cultural norms and practices viz finance in retirement (PRIAE, 2005b: 8). For example, the practice of ‘committee’, where savings are pooled together
among the ‘committee’ members for individual use in rotation, are effectively co-ordinated and directed by women in many communities, and Shari’a Islamic law prohibits Muslims from accruing interest on any savings they have, as this constitutes income without effort. In order to provide a good service, those working in the financial industry should be aware of specific cultural norms and practices, as part of the standard provision of person-centred services (PRIAE, 2003a: 6).

- A savings strategy should be coupled with a greater exploration of the role of housing assets and equity release. PRIAE has recommended previously that “Many migrants who arrived in the fifties and sixties, often have a shorter ‘working life’ than their UK-born counterparts. This may have had an impact on their ability to build up adequate rights to a Basic State Pension. PRIAE suggests that those workers who do not currently have enough National Insurance contributions built up to receive a full state pension on retirement should be given the option of ‘buying back years’ of contributions. This would allow them to alter the state provision in retirement where applicable, improving the sense of financial control over the future” (PRIAE, 2003a: 5). This same principle of ‘buying back years’ of contributions should apply to personal accounts, and PRIAE does not therefore agree that the annual contribution limit be set at £5,000. The scheme should be flexible and offer individuals the opportunity and choice to ‘buy back years’ of contributions. Failure to recognise this need would discriminate against BME communities and others with a ‘broken’ history of ‘contributing’. Because housing assets are thought to be more evenly distributed than pension assets and financial wealth, the Government should explore how housing assets could be used to build up an individual’s personal account.
• Given the particular disadvantages BME elders face, and the lower take-up of many benefits and services in BME communities, PRIAE maintains that the onus of retirement income should remain with the Basic State Pension. PRIAE therefore welcomes the statement in the White Paper Personal accounts: a new way to save that policies will ensure that ‘personal accounts will complement, rather than compete with, existing high quality pension provision’.

Background information

Any response to the demographic shift in the UK must take sufficient account of the experiences of BME elders who have largely arrived in the UK as migrants. As migrants they tend to have had shorter working lives than their UK-born counterparts which impacts on their ability to build up adequate rights to a Basic State Pension. This is further compounded by the under-claiming of benefits among BME elders (PRIAE, 1999a).

More detailed information about the socio-economic position of BME elders in the UK is provided below.

Personal accounts: a new way to save – main proposals

• all eligible employees will be automatically enrolled into either a personal account or an employer-sponsored scheme. Employees will contribute a minimum of 4 per cent, matched by a minimum 3 per cent employer contribution and around 1 per cent in the form of a normal tax relief from the State. This will overcome the inertia and short-termism that characterise attitudes to saving;
• a new scheme of low cost personal accounts based on the approach outlined by the Pensions Commission. This approach will maximise coverage among our target group, minimising charges and delivery risk;

• a new national minimum employer contribution to improve incentives to save and increase pension participation;

• a simple choice for members, which we expect to include ethical and branded funds for those who want them, and a default fund for those who do not want to make a choice;

• an innovative approach to delivering the scheme using a delivery authority, staffed by individuals with expertise in business and financial services;

• a governance scheme with operational independence, whose duty to consult members and act in their interests will insulate it from external pressures; and

• a set of policies to ensure that personal accounts will complement, rather than compete with, existing high quality pension provision, including no transfers in and out of personal accounts and a maximum annual contribution of at least £5,000.

Consultation – you have asked for views on the following areas:

1. With regard to the target group for personal accounts:
   • Whether there should be a cohort of employees approaching State Pension age at the time personal accounts are launched who should not be automatically enrolled into personal accounts.
   • Whether in practical terms, this might adversely affect the interests of this group, because they would be less likely to exercise the positive choice to opt in.
• Whether three years is the right period for repeat automatic enrolment of employees who have opted out of personal accounts.
• How this would affect employers and employees.

2. Delivering personal accounts:
• How can members’ interests best be represented in the governance of personal accounts?
• What sort of information should support personal accounts and the responsibilities of different organisations in communicating this information?

3. The appropriate method of charging members for personal accounts:
• What overall charge structure is most appropriate?
• How much flexibility should the personal accounts delivery authority or the personal accounts board have in deciding the charging structure?
• Are there particular circumstances or activities where it is appropriate to make an additional charge?

4. For employers offering ‘non-occupational’ workplace pension arrangements:
• How can the Government treat such arrangements as ‘schemes’ for the purposes of exemption from personal accounts requirements?
• How can the Government ensure that, in the absence of automatic enrolment, these can offer similar levels of coverage and saving to those estimated for automatic enrolment?
5. In relation to waiting periods in personal accounts:
   - The Government is not proposing a formal waiting period for personal accounts, although it recognises that there will be a short period before the automatic enrolment process is completed. This is an area in which the Government continues to welcome views.

   **In relation to waiting periods and scheme exemption, the Government is interested in views on:**
   - Whether employers with exempt schemes with contributions that are higher than the minimum level, could operate a short waiting period, of perhaps three or six months, to encourage them to continue to offer good-quality schemes.
   - What is the minimum level of scheme contributions about which a waiting period is acceptable.

6. **How the Government could ensure that employers with exempt schemes have the flexibility to manage the implementation of these reforms in the same way as employers who will operate personal accounts, for example by:**
   - phasing in the minimum employer contribution or levels of accrual for exempt schemes over three years or an appropriate period;
   - phasing in by groups of employees; or
   - some other approach.

7. **With regard to the approach to compliance:**
   - How can employees, who choose to save in personal accounts, best be protected from suffering detrimental
treatment by their employers compared to those that opt out?
• What type of information and support would encourage compliance?
• How processes can be designed to encourage compliance.
• How the proposed penalty regime could be structured.
• How valuable would a whistle-blowing helpline for employees be?

8. Given the twin aims of focusing the scheme on the target market and allowing sufficient flexibility for individuals within the scheme:
• Should the annual contribution limit be set higher than £5,000? If so, at what level?

Structure of this response

This response provides an overview of:
• Key issues raised by PRIAE on BME elders in its work on income security, employment, poverty and pensions
• Key recommendations made by PRIAE in its work on income security, employment, poverty and pensions for BME elders

We then explore the specific implications of this evidence for the White Paper *Personal accounts: a new way to save.*
Key issues raised by PRIAE

Income Security and Poverty

Income distribution
Analysis of economic resources later in life confirms that minority ethnic groups are vastly over-represented in the bottom quintile of income distribution. BME elders are also more likely to be receiving Income Support than their White counterparts (PRIAE, 2003b: 7).

Over three-quarters of older Pakistani & Bangladeshis and 58 percent of older Black-Caribbean’s are in receipt of Income Support compared with 33 percent of older people from the White majority population. A significant proportion of BME elders are financially disadvantaged and are dependent upon income from the State (PRIAE, 2005c: 18).

Differences by ethnic group
One-third of older Black-Caribbeans, half of older Indians and three-fifths of Pakistani and Bangladeshi older people are in the bottom fifth of income distribution compared to just over a fifth of White and a quarter of Irish older people (Age Concern, 2002: 2).

Indian older people are least likely to experience multiple deprivation, displaying similar levels to White older people, while under half of older Pakistani and Bangladeshis, two-fifths of older Black-Caribbeans and a quarter of Irish elders experience medium or high deprivation (Age Concern, 2002: 2).

Poverty
20% of all pensioners live in poverty. Nearly three in ten (29%) of minority ethnic pensioners are in poverty (Age Concern, 2006: 13).
Employment

The early surveys from the Policy Studies Institute (1977; 1984) explained the unequal distribution of minority ethnic workers in the 70’s and 80’s (i.e. the elders of today) by sector and industry, as being due to differences in labour requirements between various industries and discrimination by employers and unions. Once in jobs, discrimination in earnings followed suit (PRIAE, 1999b: 34).

There are a number of reasons why these communities are likely to work in these industries, including lower qualifications and discrimination in other types of employment (PRIAE, 2003a: 7; PRIAE, 2005b: 6).

We must also add that the distribution of self-employment for Chinese and Pakistanis is almost double that of the White group. It has long been recognised that self-employment particularly in small-scale businesses (e.g. shopkeepers) helps to conceal under-employment within the family with reduced net income for the household (PRIAE, 1999b: 35).

Unemployment

For the emerging generation of elders we must add the effects of long-term unemployment, characterised by the decline of the manufacturing base (foundries, textiles, transport) where many ethnic minorities had been concentrated (PRIAE, 1999b: 34).

Labour Force Survey statistics indicate that the unemployment rate for ethnic minorities is always equal to or higher than the rate among White groups, irrespective of age group. However, this difference in economic inactivity is most marked for Black and
Pakistani/Bangladeshi groups, who experience three times more unemployment throughout their working lives than the majority population (PRIAE, 2003b: 4-5).

This can be explained by a number of factors, including a shorter working life in the UK due to migration patterns and settlement, a lack of awareness of and disposition against claiming benefits and racial discrimination in earnings from employers (PRIAE, 2005b: 4).

**Pensions**

**Basic State Pension (BSP)**
The majority of older people are in receipt of the Basic State Pension, but there are wide variations between groups, with a substantially lower proportion of South Asian elderly people receiving a state pension than other ethnic groups, particularly those of Indian and Other Asian background (PRIAE, 2005c: 18).

**Occupational and personal pensions**
Occupational and private pensions are important determinants of where older people appear in the income distribution. One of the Government’s *Opportunity for All* indicators is therefore the proportion of working age people contributing to a non-state pension (Social Trends 36, 2001: 84).

**Differences by age and gender**
In general older workers are more likely to have personal and/or occupational pensions than younger workers, and in general men are more likely than women to have personal and/or occupational pension arrangements (PRIAE, 2005c: 17).
Differences by ethnicity

While introduction of the Stakeholder Pension may go some way to alleviating demand on the Basic State Pension [however, take up so far has been low (PRIAE, 2005c: 17)], today’s BME pensioners are less likely than the White majority group to be receiving an occupational pension. This difference is most marked among Indian, Pakistani and Bangladeshi communities, who are less than half as likely to be receiving income from a former employer in retirement as their White peers (PRIAE, 2003b: 7).

A considerably lower proportion of older people from ethnic minority groups are in receipt of a pension from their former employer than White British or Irish elders, with the exception of older Black-Caribbean people who are more likely than other ethnic groups to have worked in the public sector (PRIAE, 2005c: 18).

People from black and minority ethnic groups often work in lower-paid jobs which do not have occupational pension schemes. They are also less likely to have a private pension due to lower incomes and the inability to afford the personal contributions. This problem is exacerbated if the person is a first generation migrant.

There are a number of hidden factors that can contribute to ethnic minority workers not saving, including remittance payments made to family that continue to reside overseas. In addition, self-employed workers, such as shop-keepers, can often be masking an overall deficit in household income (PRIAE, 2003b: 6).

Differences by ethnicity with gender

In 2002 White British/Irish people of working age were more likely than any other ethnic group to have an occupational and/or personal pension and this applies to both men and women. Forty
percent of White British/Irish women had an occupational/personal pension, followed by thirty-seven percent of Black-Caribbean women (reflecting the high numbers of these working in the public sector), twenty nine percent of Indian women and twenty five percent of Black-African women. By comparison, only nine percent of Pakistani and four percent of Bangladeshi women had an occupational and/or personal pension. There were also differences between men and women in ethnic minorities. Only Black-Caribbean and Black-African women were more likely than their male counterparts to have an occupational/personal pension, whilst Pakistani/Bangladeshi men were almost twice as likely as their female counterparts to have these products (PRIAE, 2005c: 17).

**Women**

While women are among the poorest pensioners, this income gap is arguably even more acute for ethnic minority women, many of whom have remained outside formal paid employment altogether. The industries where such women have worked, such as textiles, have often been in the black market, rendering them without National Insurance contributions or access to an occupational pension scheme (PRIAE, 2003a: 7).

We recognise that there is a diversity of female employment among different BME groups (Pakistani and Bangladeshi women have lower employment than Indian and African-Caribbean women for example) – differences which need to be addressed in targeting information and measures. However we would maintain that the contributory nature of the state pension is key to the inadequacy of women’s pensions as women are unable because of lower earnings and unemployment to make the same contributions as men (PRIAE, 2005b: 9).
The higher prevalence of self-employment among Chinese and Pakistani communities also means that women do not have an income of their own, although they may work in the family business. This phenomenon has also masked under-employment within families.

Many parallels can be drawn between the experiences of the majority of women and ethnic minority groups in accessing pensions, in terms of fewer years worked, employment in lower paid industries and restricted access to private and occupational pension provision. This combination of factors during working life leads to lower pensionable income for these groups, translating into poverty in retirement (PRIAE, 2003a: 8).

**Information**

Although information on pensions may not be accessible to a large number of majority older people because of its complexity, such difficulties are exacerbated in the case of BME elders who may face additional barriers and be less able to understand literature and communicate with officials (PRIAE, 2005b: 4).

Studies have shown that older Bangladeshis and Pakistani’s have little understanding of whether they have contributed to an occupational pension scheme or accrued pension rights during their years of employment (PRIAE, 2005b: 7).
Key recommendations made by PRIAE

On the Basic State Pension (BSP)

The Basic State Pension is crucial to the income of BME elders in retirement, as they often do not have capacity to build up savings. In this regard, it is not appropriate for the onus of retirement income to be shifted to the private sector (PRIAE, 2003b: 7).

Delegates at the ME²PN South Region Conference on Wednesday 7th February 2007 told us in the workshop ‘Fighting poverty: pensions reform and take-up’ that: ‘Sometimes personal savings are used as an alternative to a pension’. PRIAE’s agrees with the above assertion and it is particularly important therefore for the Government to promote savings in a way that is complementary to other pension provisions, including the Basic State Pension.

The Government needs to increase confidence in citizens that increased savings will not lead to a reduction in other pension entitlements. This was clearly the belief of one delegate in the above workshop who stated: ‘Elders should get a substantial return on their pension contributions, not have their financial status checked. The Government is mugging citizens!’

The state basic pension should be raised to ‘at least £109 per week’ – proposed by Age Concern and Fawcett Society to which PRIAE subscribes (PRIAE, 2005c: 21).

PRIAE recommends that there should be a basic state pension irrespective of years in employment. As a developed country, such
a measure would ensure that no one experiences retirement in poverty (PRIAE, 2005b: 6).

**On higher savings**

PRIAE is concerned that higher savings will not be viable for some BME communities who experience lower income due to higher unemployment. We would welcome greater appreciation and more realistic solutions for those who cannot save more, or afford to pay higher taxes, and therefore may simply be forced to suffer the health consequences of later retirement – or live in poverty (PRIAE, 2005b: 5).

**On employment of BME elders**

The increase in retirement age must clearly be coupled with measures to enable BME elders to remain in employment in later life, which requires development of skills, training and life long learning.

In seeking to re-employ ethnic minority workers over 50, consideration should be made of the skills that may be possessed by this group, but never put to use in employment due to discrimination. Many new arrivals to the UK had alternative careers and qualifications to support their professions, which can be brought to the fore in the drive to involve older workers in the labour market, an issue noted by PRIAE in earlier research (PRIAE, 2003a: 7).

In the area of education: grants should be available to BME elders to ensure they are given an opportunity to acquire new knowledge
and skills and therefore seek better employment which does not have an adverse effect on their health (PRIAE, 2005b: 6).

On financial education and information

Improved financial education and awareness are key to the pension position of future ethnic minority pensioners (PRIAE, 2003a: 3).

The onus remains on the government to ensure that BME communities are fully informed of their state pension rights and contributions (PRIAE, 2005b: 7).

Publicity

Publicity campaigns must reach ethnic minority audiences, requiring an innovative and original approach in order to be effective. As confirmed by those who are currently providing services to BME elders, it is not enough to translate some of the mainstream information into other languages. A concerted effort must be made to reach ethnic minority audiences, using mediums and media that are most effective, it must also be disseminated in an appropriate setting (PRIAE, 2003a: 4).

Publicity campaigns also need to draw on the ethnic minority press, which has increasing coverage and readership. This section of the media is well-placed to communicate messages in a way that will be accessible and interesting for BME audiences. In addition, any mainstream advertising that is undertaken needs to have regard to the need to avoid stereotyping messages (PRIAE, 2003a: 5).

The Institute welcomes proposals to improve provision of information on the basis of individual circumstances, particularly the universal roll out of state pension forecasts. This information must
be presented clearly in order to be effective in reaching all sections of the community (PRIAE, 2003a: 5).

**BME voluntary organisations and financial education**

There is anecdotal evidence to suggest that BME groups are less willing to seek advice from Independent Financial Advisors or other representatives. There must be a concerted effort to make such services more accessible to minority ethnic groups (PRIAE, 2003a: 6).

There may be cultural barriers preventing the BME community from accessing financial services. For example, Shari’a Islamic law prohibits Muslims from accruing interest on any savings they have, as this constitutes income without effort. In order to provide a good service, those working in the financial industry should be aware of such constraints (PRIAE, 2003a: 6).

While ethnic minority organisations are in a good position to take forward the strategy to improve financial education and awareness, the crucial role they thus play must be recognised. Such service providers operate on a voluntary basis, and many do not even have permanent paid staff, with care provision as their main focus. Historically, these organisations have proved willing and innovative in assisting the government with information strategies. However, it must be borne in mind that any such activity is additional to their main focus. Therefore, community and voluntary organisations involved in financial education must be funded appropriately and for the long-term (PRIAE, 2003a: 4-5).
Delegates at the ME²PN South Region Conference on Wednesday 7th February 2007 however told us in the workshop ‘Fighting poverty: pensions reform and take-up’, that: ‘There is a one stop shop in Brent but this is not universal’. Community-based information should therefore be made more widely available to minority and majority elders.

On cultural understanding

PRIAE is familiar with culturally specific forms of saving, practices, household patterns of living which do impact on decisions regarding pensions and future commitment to expenditure in retirement. However BME elders and families are also experiencing changes in family structures and decisions about forms of savings etc. PRIAE therefore believes that policy recommendations need to be carried out with a good level of understanding of cultural norms and practices viz finance in retirement (PRIAE, 2005b: 8).

On the role of housing assets and equity release

Housing assets are thought to be more evenly distributed than pension assets and financial wealth. BME elders are therefore more likely to own property than to have adequate pension contributions for retirement and this conclusion has been borne out by research. Further investigation is needed on the options and possibilities surrounding home ownership amongst BME elders and their use in old age, to anticipate the potential benefits of using housing assets as a resource in retirement. We would welcome the targeted provision of information to BME elders on the various possibilities of using housing assets to support retirement and their costs, such as equity release. We would also appreciate support from the DWP to
consider further BME elders’ views on payment for long-term care through current personal assets (PRIAE, 2005b: 8).

Age Concern has noted that the equity release market is not yet fully regulated (Age Concern, 2006: 20). The Government would need to explore how to better regulate the equity release market, taking into consideration the needs of BME elders.

Implications for the White Paper Personal accounts: a new way to save

- Given the particular disadvantages many ethnic minorities face in employment (as recently noted in PRIAE’s summary of results from the CEMESME Contribution of Ethnic Minority Employees to Small and Medium Sized Enterprises (SMEs) research study), including lower wages, greater risk of unemployment, and ‘fewer years in employment’ due to migration, problems which are often compounded by poorer health in BME communities, which limits ability to earn and save, pension measures through employment and earnings will always have a limited impact on BME elders, and such measures must only be one part of a broader strategy. *Pensions policy must be part of a broader strategy to promote equality in the workplace and address health inequalities as BME elders can be disadvantaged through ‘race’ and age during their lives, and BME women face additional disadvantages.*

- There is a high prevalence of self-employment among BME communities, particularly in Chinese and Pakistani communities. *Suitable provision must be made for the self-employed to ensure they can benefit equally from the new system of personal accounts. This will include an effective*
information and publicity campaign which will result in increased awareness. But PRIAE also states that awareness in all areas must be translated to capacity and action. PRIAE, as the leading organisation specialising in ageing and ethnicity in the UK and across Europe, would be able to assist in creating and translating awareness to capacity and action given its particular expertise in direct engagement with BME communities through ME²PN and other initiatives.

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• A savings strategy should be coupled with a greater exploration of the role of housing assets and equity release. PRIAE has recommended previously that "Many migrants who arrived in the fifties and sixties, often have a shorter ‘working life’ than their UK-born counterparts. This may have had an impact on their ability to build up adequate rights to a Basic State Pension. PRIAE suggests that those workers who do not currently have enough National Insurance contributions built up to receive a full state pension on retirement should be given the option of ‘buying back years’ of contributions. This would allow them to alter the state provision in retirement where applicable, improving the sense of financial control over the future" (PRIAE, 2003a: 5). This same principle of ‘buying back years’ of contributions should apply to personal accounts, and PRIAE does not therefore agree that the annual contribution limit be set at £5,000. The scheme should be flexible and offer individuals the opportunity and choice to ‘buy back years’ of contributions. Failure to recognise this need would discriminate against BME communities and others with a ‘broken’ history of ‘contributing’. Because housing assets are thought to be more evenly distributed than pension assets and financial wealth, the Government should explore how housing assets could be used to build up an individual’s personal account.

• Given the particular disadvantages BME elders face, and the lower take-up of many benefits and services in BME communities, PRIAE maintains that the onus of retirement income should remain with the Basic State Pension. PRIAE therefore welcomes the statement in the White Paper Personal accounts: a new way to save that policies will ensure that ‘personal accounts will complement, rather than compete with, existing high quality pension provision’.
ENDS/PRIAE – PRIAE response to the White Paper *Personal accounts: a new way to save*

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Further Information about PRIAE

PRIAE is itself an international NGO set up to support grassroots minority age organisations in the civil sector, acting as an ‘umbrella organisation’. The Institute therefore works with minority elders and age organisations, with clinical and non-clinical professionals and researchers, across sectors to influence, inform, develop and strengthen the knowledge base, capacity and practice in ageing and ethnicity. PRIAE welcomes the opportunity to respond the White Paper ‘*Personal accounts: a new way to save*’.
PRIAE is recognised as having helped to increase awareness of policymakers on the combined effects of age and ethnicity. Claude Moraes MEP states ‘PRIAE is the only body I know that looks at multiple discrimination brought about by age and ethnicity’.

Stephen Hughes MEP regards PRIAE’s work as a ‘wake up call for policymakers’ (MEC minority elderly care launch, 2004). PRIAE carried out the largest European research into health and social care of 26 ethnic groups in ten countries where 300 civil society organisations supplying age services were researched – a first of its kind research and provides European societies with important insights. The research award was given by DG Research at the EC – a first such grant to a civil society organisation in the area. The results were launched at the European Parliament (www.priae.org).

PRIAE has undertaken a number of projects and initiatives which are relevant to the pension needs of BME elders, including:

a) The Royal Commission on Long Term Care of the Elderly (1998/9);
b) Contributing to a national conference in January 2003 attended by Rt. Hon. Ian McCartney MP;
d) Submitting a Response on DWP service delivery to black and minority ethnic communities to the House of Commons Work and Pensions Committee in September 2003;
e) Written and oral evidence given to the House of Lords on the Economics of an Ageing Population (2003/4);
f) Meetings held with the DWP since 1998 including with the three Pensions Ministers during that time;
g) Contributing to the Joseph Rowntree Foundations’ Enquiry into Long Term Care Finance;

h) The Financial Well-being of Ethnic Minority Women Aged 40+ in the United Kingdom Report produced with partners from five European countries as part of the Age+ project;

i) Written responses to two reports of the Pensions Commission.


References


PRIAE (2007) Summary of Results from the CEMESME Contribution of Ethnic Minority Employees to Small and Medium Sized Enterprises (SMEs) Research Study.