Office for National Statistics

# Early Indicator Estimates from the Wealth and Assets Survey

## Abstract

Preliminary estimates from the Wealth and Assets Survey using attitudinal data which are not dependent on the thorough checking and imputation methodology required for the production of the main wealth estimates from the survey.

## Main points

- Employer-based pension schemes are considered as the "safest" way to save for retirement and confidence has been increasing, with 40% of individuals asked giving this as the "safest" option in the period July 2012 to June 2014, compared to 35% in the period July 2010 to June 2012, and 37% in the period July 2008 to June 2010.
- Knowledge surrounding "workplace pension reforms" increased substantially over the period July 2012 to June 2014. In the first quarter, July to September 2012, 40% of those asked said they had not heard of it, compared to just 8% in the final quarter, April to June 2014, of the period.
- Investment in property, also increasingly seen as a safe way to save for retirement (second only to an employer-based pension), is regarded as the most likely method to "make the most of your money", with 42% of individuals asked giving this method as the most likely to "make the most of your money", compared to 40% in the period July 2010 to June 2012 and just 32% in the period July 2008 to June 2010.
- Many people thought they would retire at an older age than previously, with 58% thinking they would retire at 65 to 69 in the period July 2012 to June 2014, up from 54% in the period July 2010 to June 2012. Over the same periods, the share of people who thought they would retire at 60 to 64 fell from 27% to 21%.
- Despite some indications of increasing confidence in pensions, in the period July 2012 to June 2014, 59% of individuals asked still said they were not confident of having enough income in retirement to maintain the standard of living they were hoping for.

## Introduction

The main results from wave 4 of the Wealth and Assets Survey (WAS)[1], covering the period July 2012 to June 2014 will be published around December 2015. There is currently, therefore, a delay of around 18 months between the end of data collection and the availability of data for that particular wave. In order to better meet customer needs, provide timely metrics and added value before the main delivery of data, this is the first in a series of releases which present some "early indicators" using data from WAS.

**Notes**

1. Wealth in Great Britain Wave 4 – 2012 to 2014. This will follow the format of previous reports concentrating on total household wealth and the 4 components of wealth: net property wealth, net financial wealth, physical wealth and private pension wealth.

## Purpose

The publication of early indicators serves 2 purposes:

- to monitor changes in areas we expect to see change over the period of one wave of the survey
- to allow more up-to-date statistics to be quoted

## What are ‘early indicators’

Early indicators are derived from simple frequency counts of variables included in the Wealth and Asset Survey (WAS) questionnaire. At present no cross-tabulations or multivariate analyses are included, as this would involve manipulation of the datasets which would be more time-consuming and could potentially impact on the main processing timetable.

Early indicators will be produced before ANY editing or imputation is carried out. This has a number of implications:

- these data will NOT be accredited as National Statistics, as the necessary quality requirements will not have been met - instead these are considered "Official Statistics"
- we have made an assessment of the reliability of these Early Indicators and are satisfied that they would not be misleading due to their early production
- imputation is crucial to the estimation of wealth measures, therefore, at present, measures of wealth will not be provided
- the weighting procedures adopted for WAS data serve a number of purposes:

  - to take account of the varying sampling probabilities

  - to take account of attrition between waves

  - to gross up to recognised population totals

the full weights are not produced until the full dataset is available and prior to this the only weighting that will be used will take account of the sampling probabilities (in particular, the oversampling of the wealthiest) the weighting will be improved towards the end of each wave, – with full weights being available around 6 to 9 months before the final publication of each wave of data.

The questions best suited to be used as early indicators are "opinion" questions or those relating to "ownership" of a particular asset. In reaching the set of indicators included in this release, opinions were sought from the main government users of the survey, but the list is not fixed and will be varied over time.

## Reliability

One of the main concerns about producing the early indicators was their reliability. The reliability of the estimates might be compromised for a number of reasons:

- these indicators will only be based on a subset of responding households and therefore subject to higher sampling variation
- full weighting will not be available until 6 to 9 months before the full wave sample is available

Therefore we undertook a pilot exercise using data from the second wave of the survey (July 2008 to June 2010) to simulate the production of early indicators over time. Two approaches were considered:

- firstly, cumulative pools worth of quarterly data were created; this meant that the first early indicator would be based on the first 3 months of data, the second based on the first 6 months of data and so on - each of these indicators was then compared to the final weighted 2-yearly estimates to investigate the extent of variance with the published WAS estimate
- secondly, a time series of quarterly data was created - again this time series was compared to the final weighted 2-yearly estimates

The cumulative approach was deemed to be the best approach in most cases as the estimates were less volatile and became a better indicator of the full wave estimate as the sample became larger over the survey period. However, the time series was also deemed to be of value, as these allow analysts to link awareness or attitude changes to external factors occurring during the period under consideration. For example awareness of changes to pension policies might be affected by advertising campaigns occurring at specific points during the period of the survey.

## "Early indicators" - in this release

This release includes finalised data from wave 2 (July 2008 to June 2010) and wave 3 (July 2010 to June 2012) of the survey, with preliminary data from wave 4 (July 2012 to June 2014). As data are now available from the whole of wave 4, it is possible to see the difference between the subsets of data from wave 4 that would have been available at an earlier date and the full wave 4 data. Early Indicators from wave 5 of the survey will be produced with the next release of early indicators[2].

In order to maintain the production timetable for the main results of the survey, it is important that the production for the early indicators is not allowed to impact upon this. It is, therefore, not the intention to provide a great deal of commentary on the data, however the main observations will be highlighted.

Each release will therefore comprise a short article, containing commentary alongside plots of the cumulative data, with accompanying data tables and plots of the time series[3].

### Notes

1. It is the intention to release Early Indicators at least six monthly, but the next release will probably be in October 2015, which will include preliminary estimates from the first year of wave 5 (July 2014 – June 2015).

2. Either quarterly or six monthly depending on the size of the sample responding to each question.

## Results

The early indicators included in this first release have been suggested by the consortium of funding departments of the Wealth and Assets Survey (WAS). At present 2 main subject areas are covered: saving for retirement and keeping up with bills and credit commitments.

There are other questions on the survey which could be used for early indicators, many of which will be included in future releases.

### Saving for retirement

There are a number of questions included in WAS that seek the views of respondents concerning their attitudes towards saving for retirement.

### Question name: OSafeRet

**Image 1:OSafeRet**

**Which of the options on this card do you think would be the safest way to save for retirement?**

CODE ONE ONLY

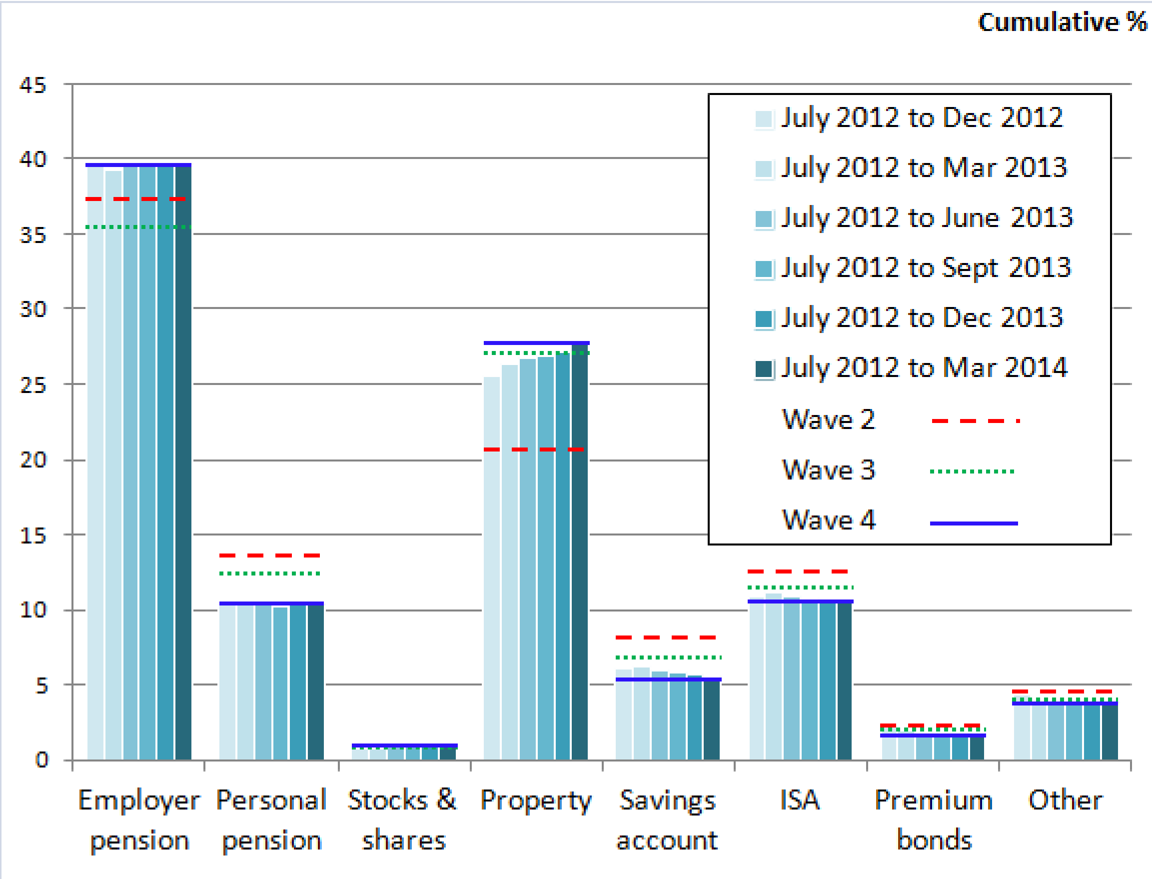
1. Paying into an employer pension scheme
2. Paying into a personal pension scheme
3. Investing in the stock market by buying stocks or shares
4. Investing in property
5. Saving into a high rate savings account
6. Saving into an ISA (or other tax-free savings account)
7. Buying Premium Bonds
8. Other

This provides a regular indication of people's attitudes to saving for retirement, including trust in pensions.

See Figure 1. The safest way to save for retirement is considered to be paying into an employer pension scheme, with 40% of those asked reporting this as the safest method in wave 4 of the survey (covering the period July 2012 to June 2014), an increase on both wave 2 (covering the period July 2008 to June 2010) and wave 3 (covering the period July 2010 to June 2012). The second safest way was considered to be investing in property. In wave 4 of the survey, 28% of those asked reported this as the safest method. This was similar to the level in wave 3, but some 7 percentage points higher than those reporting this as the safest method at wave 2. Both these results suggest a strengthening in confidence in employer-based pensions and property prices.

**Figure 1: Which option do you think would be the safest way to save for retirement?: Great Britain, 2008 to 2014[1]**

Great Britain, 2008 to 2014[1]




Source: Wealth and Assets Survey - Office for National Statistics

**Notes:**

1. Data for Wave 4 are preliminary estimates.

### Download chart

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### Question name: OSafeRe2

**Image 2:OSafeRe2**

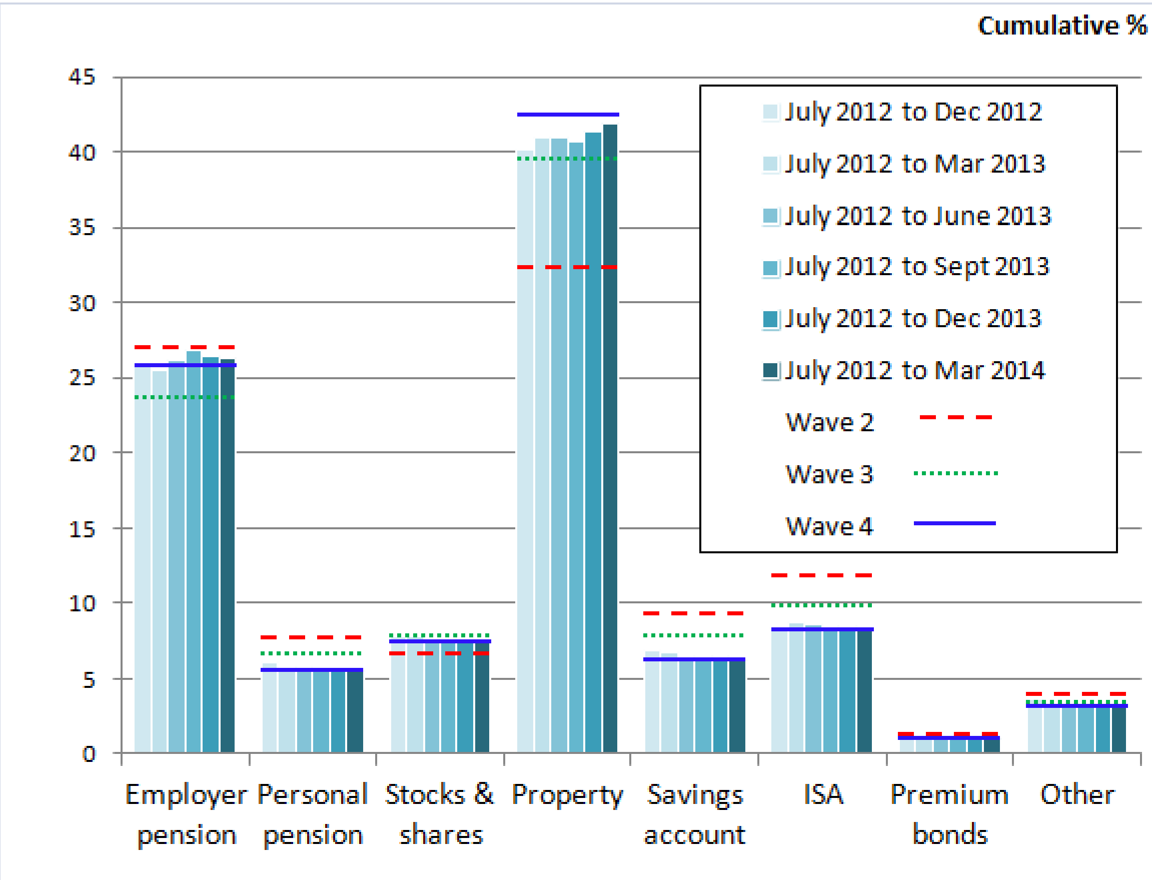
**And which do you think would make the most of your money?**
CODE ONE ONLY

1. Paying into an employer pension scheme
2. Paying into a personal pension scheme
3. Investing in the stock market by buying stocks or shares
4. Investing in property
5. Saving into a high rate savings account
6. Saving into an ISA (or other tax-free savings account)
7. Buying Premium Bonds
8. Other

See Figure 2. It is also these 2 methods that are considered to "make the most of your money" when saving for retirement, with 42% of those asked in wave 4 considering investing in property and 26% of those asked considering paying into an employer pension scheme, the most likely to "make the most of your money". The results again re-iterate the growing confidence in property prices over the period from July 2008 to June 2014.

### Figure 2: Which option do you think would make the most of your money?

Great Britain, 2008 to 2014[1]




Source: Wealth and Assets Survey - Office for National Statistics

**Notes:**

1. Data for Wave 4 are preliminary estimates.

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### Question name: Ounder

#### Image 3: Ounder

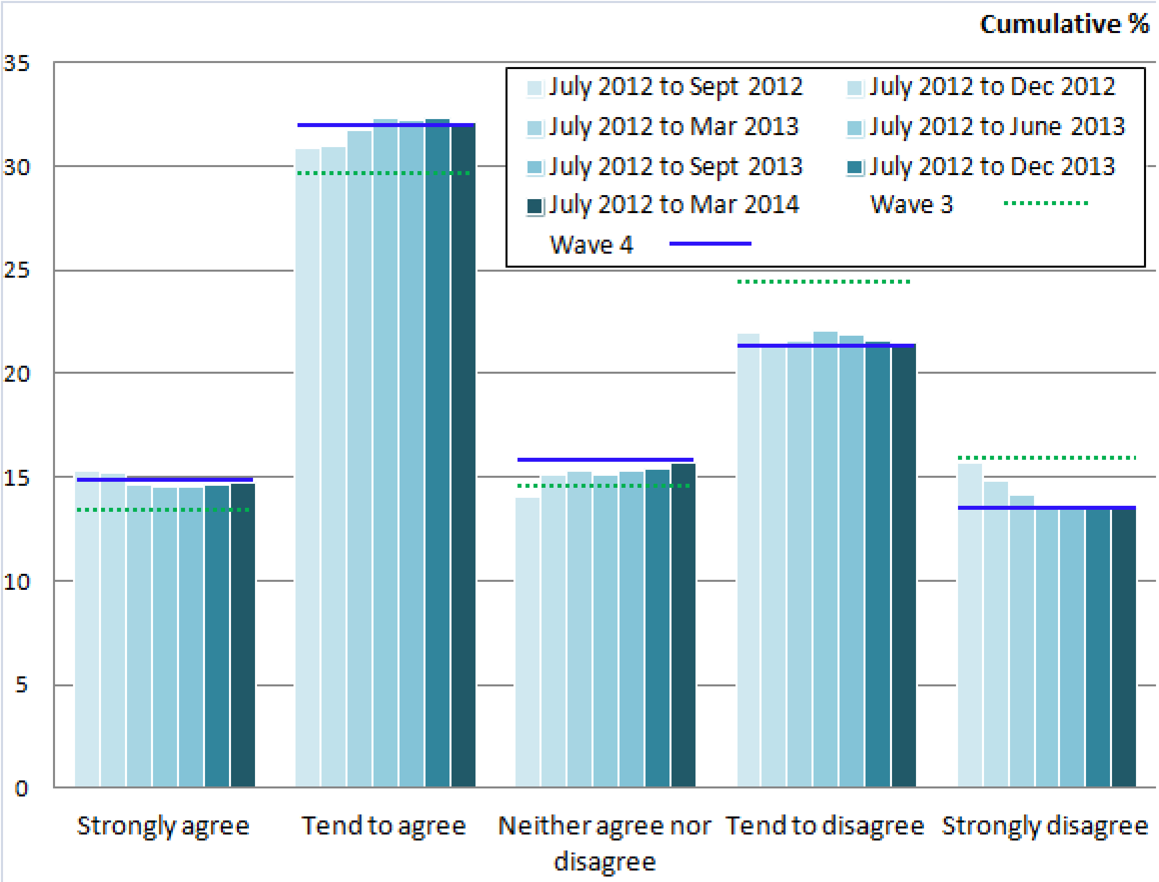
**"I feel I understand enough about pensions to make decisions about saving for retirement".**

1. Strongly agree
2. Tend to agree
3. Neither agree nor disagree
4. Tend to disagree
5. Strongly disagree
6. Don't know/ no opinion (SPONTANEOUS ONLY)

See Figure 3. With changes to pension policies in recent years, this question is designed to gauge whether respondents feel they have sufficient knowledge and understanding about pensions in general so that they can make the necessary decisions about saving for retirement and to understand if current information provided is sufficient or if more is needed. This question was introduced in wave 3 of the survey. The evidence-to-date suggests that over the period of wave 4 of the survey, a higher proportion of people feel they have sufficient understanding of pensions (with 47% of respondents saying they either strongly agree or tend to agree that they understand enough in wave 4 compared to 43% in wave 3).

### Figure 3: "I feel I understand enough about pensions to make decisions about saving for retirement"

Great Britain, 2010 to 2014




Source: Wealth and Assets Survey - Office for National Statistics

**Notes:**

1. Data for Wave 4 are preliminary estimates.

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### Question Name: OPens

**Image 4: OPens**

**Sometimes people save towards retirement, at different times and in different ways. What are your reasons for not currently contributing towards a pension?**

CODE ALL THAT APPLY

| |
|---|
| 1. Low income/ not working/ still in education |
| 2. Too many other expenses/ bills/ debts |
| 3. Can’t afford to (general) |
| 4. Too early to start a pension |
| 5. Too late to start a pension |
| 6. Don't know enough about pensions |
| 7. Not interested/not thought about it/got around to it |
| 8. Prefer alternative forms of saving |
| 9. Not eligible/ employer doesn't offer a pension scheme |
| 10. Employers scheme not attractive/ generous |
| 11. Not staying with employer/looking for a new job/recently changed jobs |
| 12. Past pension arrangements are adequate |
| 13. Don't think I will live that long |
| 14. Do not trust pension companies/ schemes |
| 15. Other |
| 16. Don't know (SPONTANEOUS ONLY) |

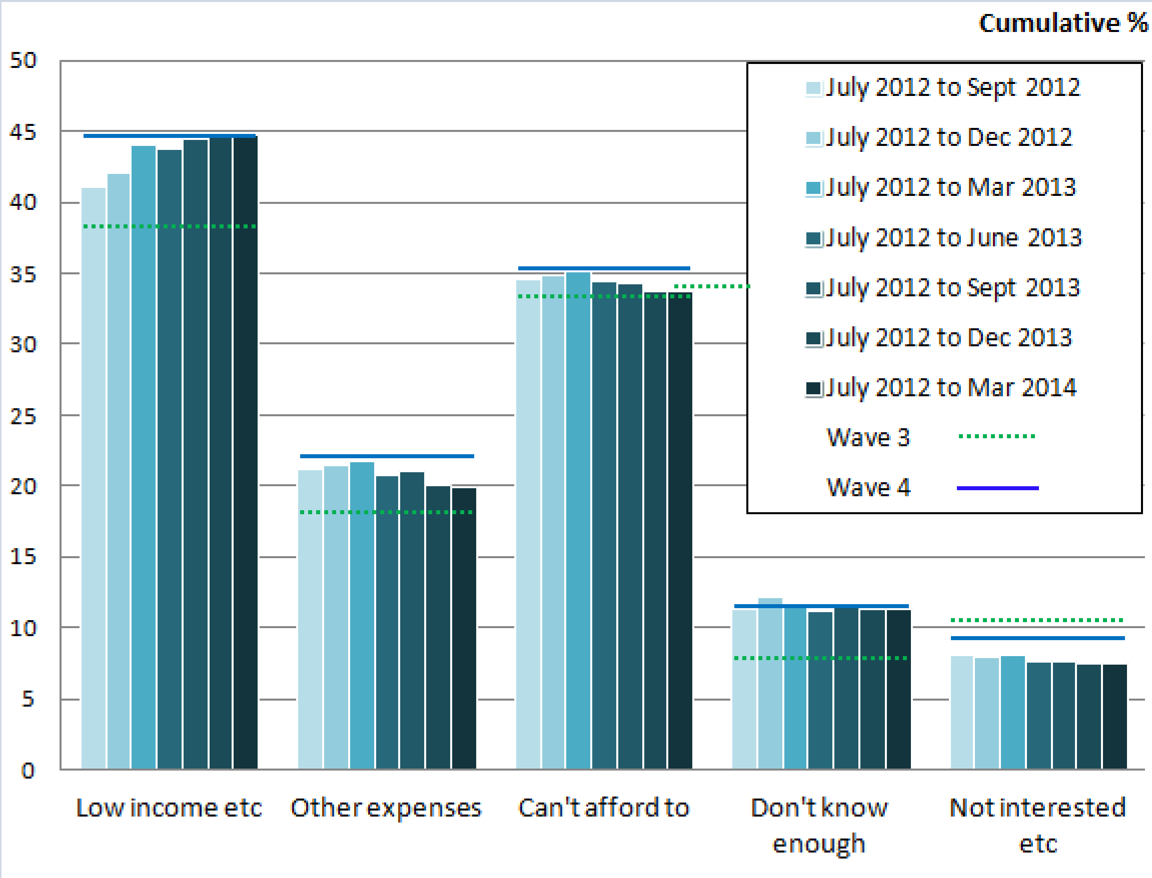
As this question is a "code all that apply", each respondent can appear in any or all of the categories 1 to 15.

As contribution towards a pension will remain the main way in which most people save for their retirement, it is important to understand why people are not contributing towards a pension, and whether reasons are changing.

See Figure 4 for the 5 most popular reasons. The results seen here may seem to contradict other indicators as, for example, it implies that the proportion of individuals who do not know enough about pensions is increasing. However, this only reflects the position for those people who do not have pensions – that is, does not take account of the fact that many may have started a pension between waves and are thus excluded from the wave 4 estimates. So for those people who had no pension in wave 4, the main reason given for not contributing was that they were on low income, not working or still in education (with 45% of people who were asked this question giving this as a reason for not contributing towards a pension).

### Figure 4: Reasons for not contributing to a pension

Great Britain, 2010 to 2014[1]




Source: Wealth and Assets Survey - Office for National Statistics

**Notes:**

1. Data for Wave 4 are preliminary estimates.

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### Variable Name: PExpRet

### Image 5: PExpRet

**At what age do you expect to retire (from your main job)?**

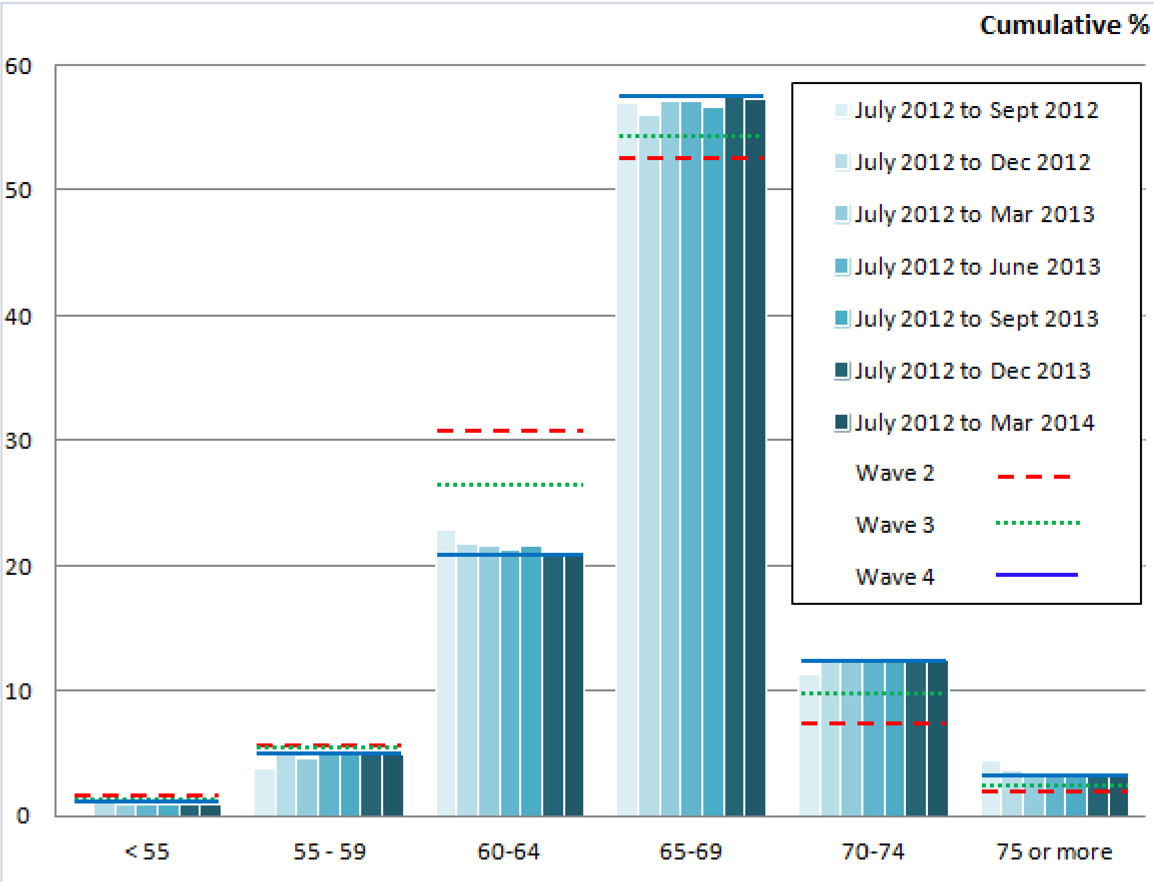
| ENTER AGE |
|---|
| < 55 |
| 55 to 59 |
| 60 to 64 |
| 65 to 69 |
| 70 to 74 |
| 75 or more |

This could help to give us an indication of changes in people's expectation of when they will retire.

See Figure 5. Recent pension policy reforms have included a gradual increase to the age at which state pensions could be claimed. This question has always been included on the WAS questionnaire to give an indication of people's expectation of when they will retire, but was not really expected to change, until the pension reforms were announced. The effect of the announcement can be clearly seen, with expected retirement age increasing each wave, with the proportion of respondents expecting to retire between the ages of 60 and 64 falling by around a third from wave 2 (31%) to wave 4 (21%), whilst those expecting to retire between the ages of 65 and 69 increased from 53% at wave 2 to 58% at wave 4, those expecting to retire between the ages of 70 and 74 increasing from 7% at wave 2 to 12% at wave 4.

### Figure 5: At what age do you expect to retire (from your main job)?

Great Britain, 2008 to 2014[1]




Source: Wealth and Assets Survey - Office for National Statistics

**Notes:**

1. Data for Wave 4 are preliminary estimates.

### Download chart

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## Question Name: KnowWPR

### Image 6: KnowWPR

**The Government has announced a new system for encouraging more people to pay into a workplace pension. All eligible employees will be automatically enrolled into a workplace pension scheme from 2012. This is referred to as the "workplace pension reforms".**

**People will pay a percentage of their wage or salary into their workplace pension scheme and money will also be paid in by their employer and by the Government in the form of normal tax relief.**

**We'd like to get an idea of whether you have heard about the reforms before and how much – if anything – you know about them.**

**Before today, how much, if anything, would you say you knew about the workplace pension reforms?**

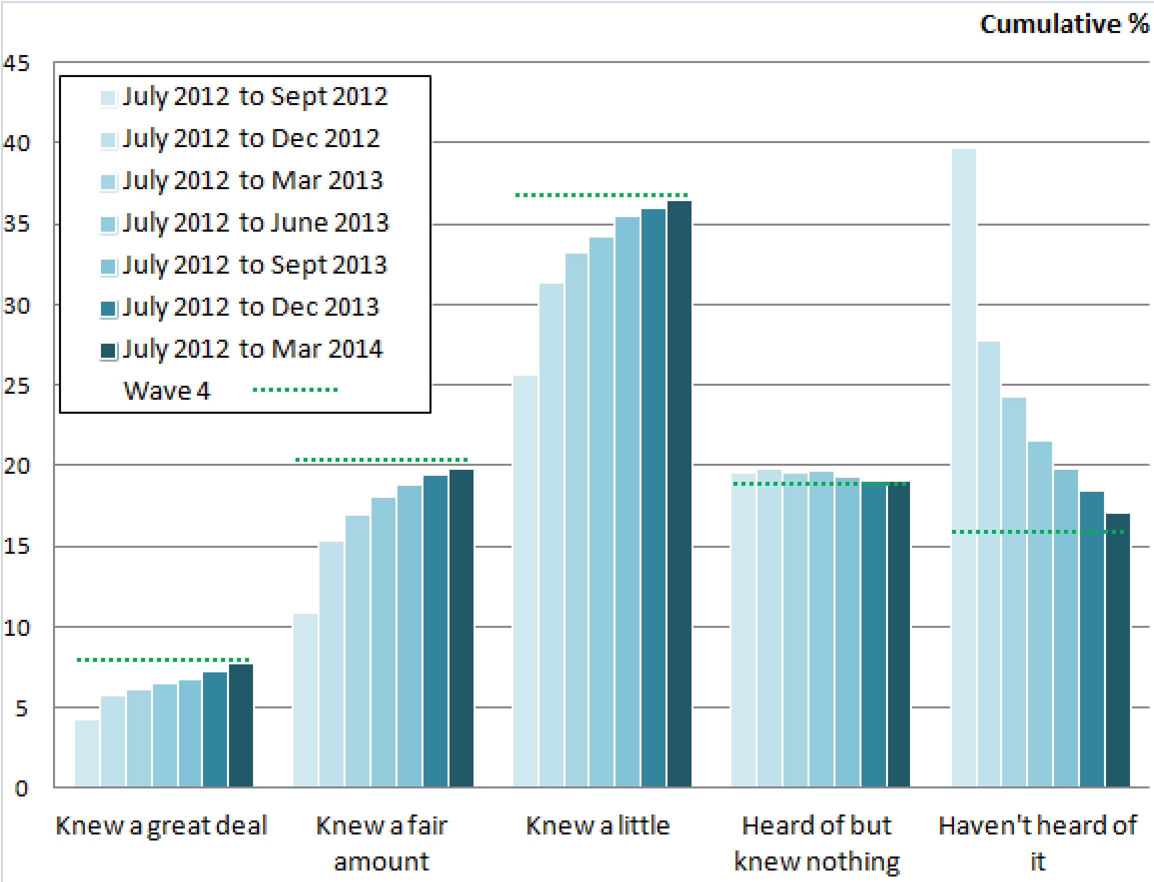
1. Knew a great deal
2. Knew a fair amount
3. Knew a little
4. Heard of but knew nothing
5. Haven't heard of it

This question, included in wave 4 of the survey only, was designed specifically to give an indication of awareness of automatic enrolment which could feed into evaluation.

See Figure 6: This clearly shows that the publicity surrounding "workplace pension reforms" - (WPR) is being effective. In the first quarter of wave 4 (July 2012 to September 2012) only 4% of those asked said they knew a great deal about WPR and 40 % of people said they had not heard if it at all. Comparing this with the results for the whole of wave 4 (July 2012 to June 2014), 8% of those asked said they knew a great deal about WPR and only 16% said they had not heard of it at all.

### Figure 6: Before today, how much, if anything, would you say you knew about the workplace pension reforms?

Great Britain, 2012 to 2014[1]




Source: Wealth and Assets Survey - Office for National Statistics

**Notes:**

1. Data for Wave 4 are preliminary estimates.

### Download chart

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The proportion of those asked who said they had not heard of WPR fell in every quarter of wave 4, with 40% saying they had not heard of it in the first quarter, to just 8% saying they had not heard of WPR in the final quarter (April 2014 to June 2014) – see Figure 6.1 in the background tables.

### Question Name: OSavExt

**Image 7: OSavExt**

**Thinking back over the last 12 months, has anything in the wider world, or outside your household, influenced your decisions on pensions, savings or investments?**

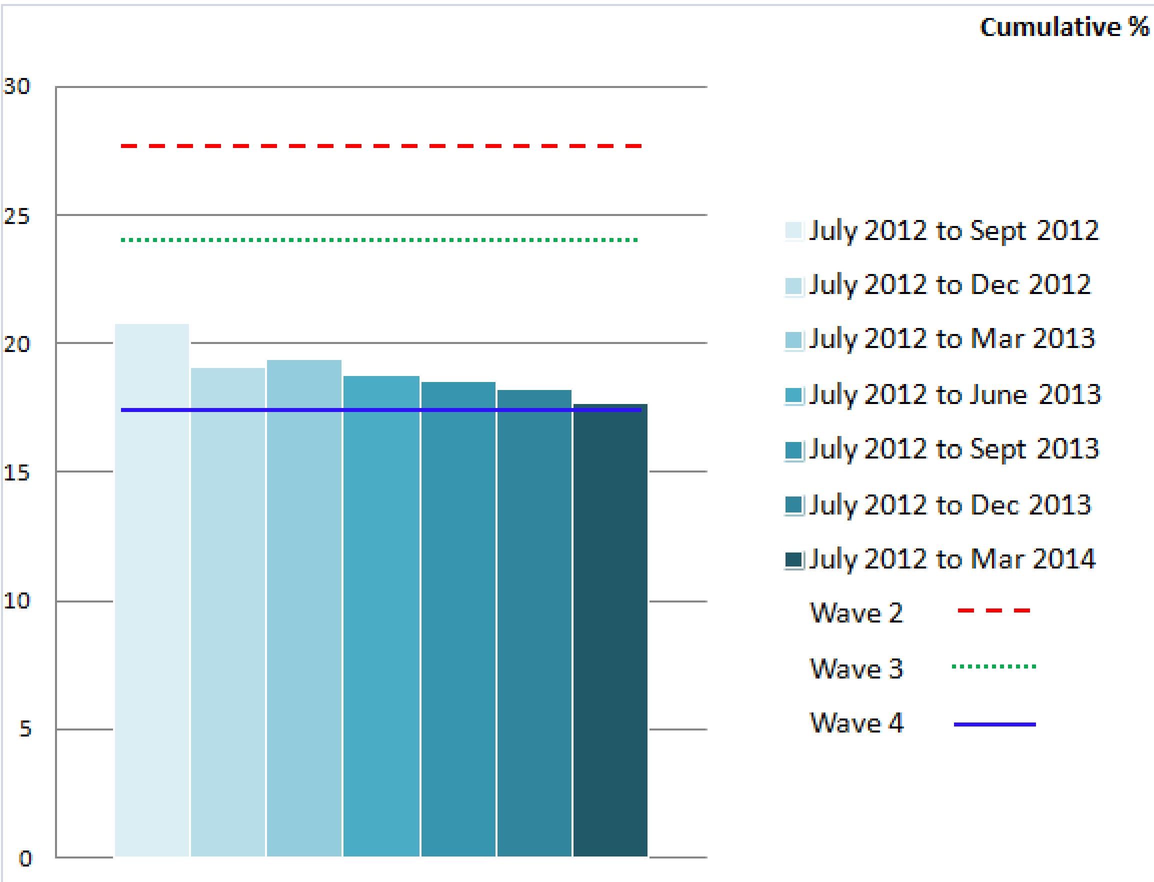
1. Yes
2. No

This question aims to give a direct indicator of the possible impact of any policy changes, advertising campaigns etc. that occur during the period of the survey.

See Figure 7. Indications are that the impact of external events have had a lessening effect over the period in question. Wave 2 of the survey (July 2008 to June 2010) saw the highest positive response to this question (28%) – which is perhaps unsurprising as this period was immediately after the start of the economic recession – when people were feeling its effects. Since then the economy has stabilised, but interest rates have remained low. In wave 4, 17% of those asked responded positively to this question.

**Figure 7: Thinking back over the last 12 months, has anything in the wider world, or outside your household, influenced your decisions on pensions, savings or investments?**

Great Britain, 2008 to 2014[1]




Source: Wealth and Assets Survey - Office for National Statistics

**Notes:**

1. Data for Wave 4 are preliminary estimates.

### Download chart

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### Question Name: OStandL

**Image 8: OStandL**

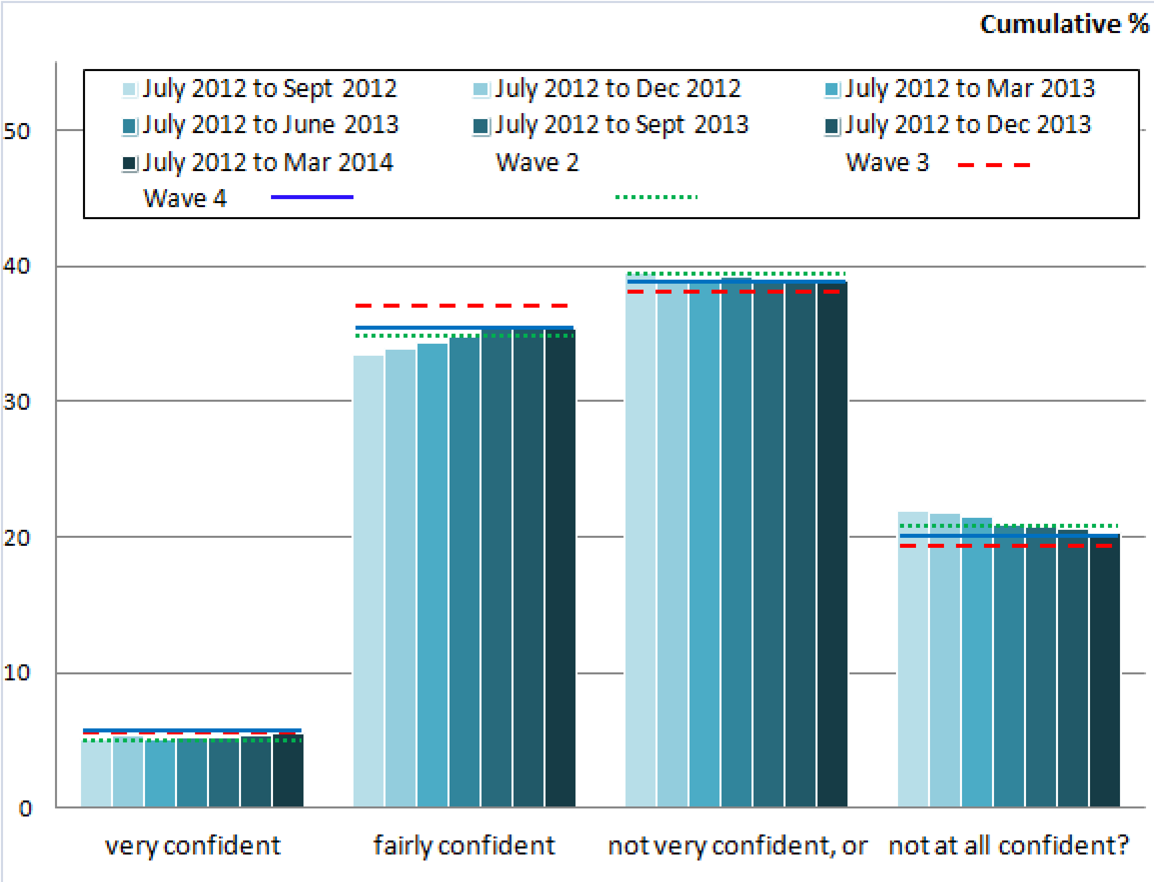
**How confident are you that your income in retirement will give you the standard of living you hope for? Would you say you were....**

1. very confident
2. fairly confident
3. not very confident, or
4. not at all confident?

See Figure 8: Similar to other indicators, but perhaps a little less markedly, the responses to this question suggest a fall of confidence between waves 2 and 3 of the survey – with those who said they were very or fairly confident that their income in retirement will give you the standard of living you hope for, falling from 43% in wave 2 to 40% in wave 3. Whilst corresponding figure for wave 4 was 41%, the majority (59%) of those asked still said that they were either not very confident or not at all confident that they will have sufficient income in retirement to maintain the standard of living they hope for.

### Figure 8: How Confident are you that your income in retirement will give you the standard of living you hope for? Would you say you were….

Great Britain, 2008 to 2014[1]




Source: Wealth and Assets Survey - Office for National Statistics

**Notes:**

1. Data for Wave 4 are preliminary estimates.

### Download chart

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### Question Name: LVTDay

**Image 9: LVTDay**

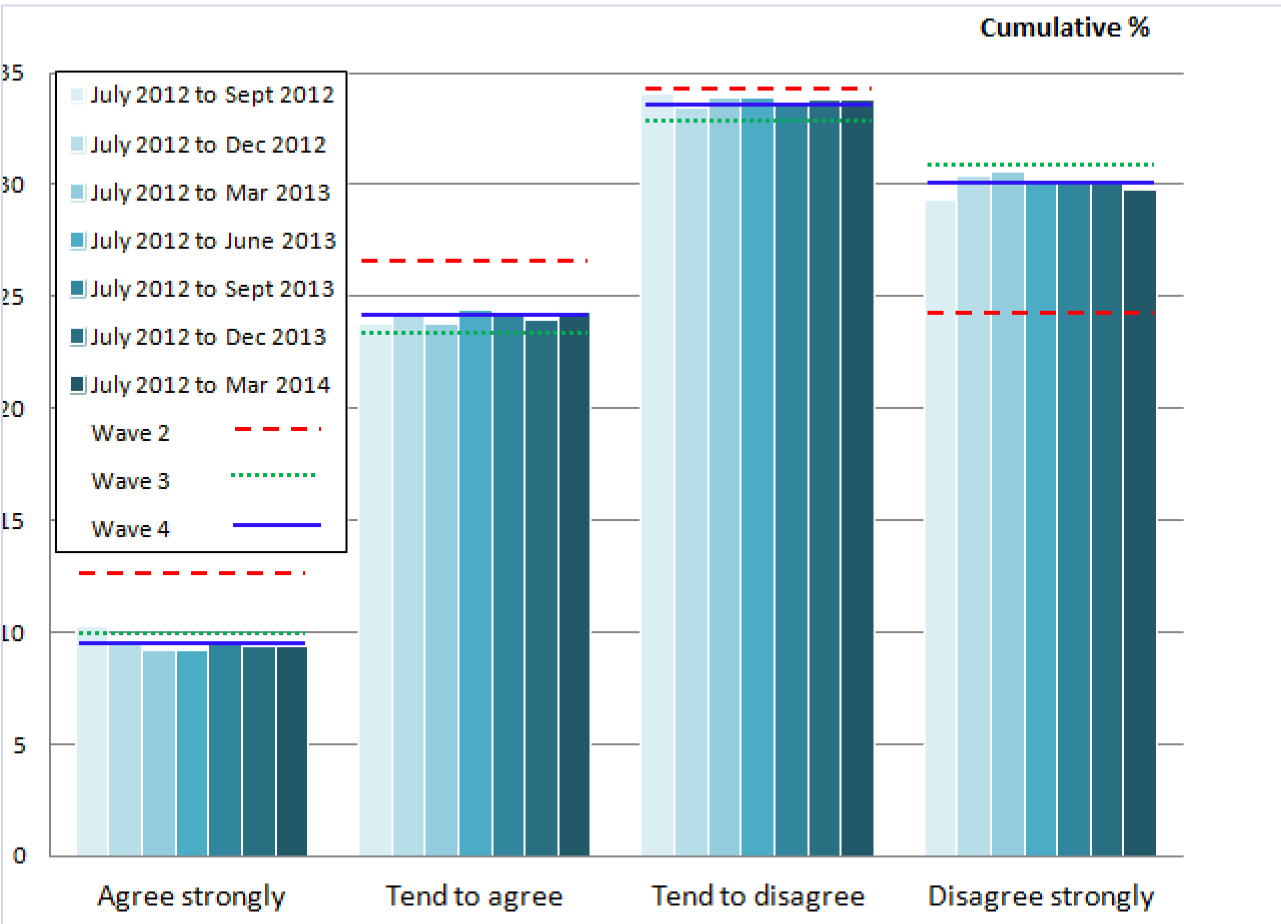
| "I tend to live for today and let tomorrow take care of itself" |
|---|
| 1. Agree strongly |
| 2. Tend to agree |
| 3. Tend to disagree |
| 4. Disagree strongly |
| 5. Don't know, no opinion? |

Changes in this might indicate how concerned people are about their future finances and their general confidence in the economy.

See Figure 9. Between waves 2 and 3 of the survey there was a marked drop in the proportion of people agreeing (either strongly or tend to) that they "live for today and let tomorrow take care of itself" (39% in wave 2 to 34% in wave 3). This could reflect people's reaction to the recession – becoming more cautious with their finances. The position seems to have stabilised between waves 3 and 4 – indicating little change in the way people feel about the economy over this period.

### Figure 9: I tend to live for today and let tomorrow take care of itself

Great Britain, 2008 to 2014[1]



Source: Wealth and Assets Survey - Office for National Statistics

**Notes:**

1. Data for Wave 4 are preliminary estimates.

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### Credit commitments

### Question Name: Commi

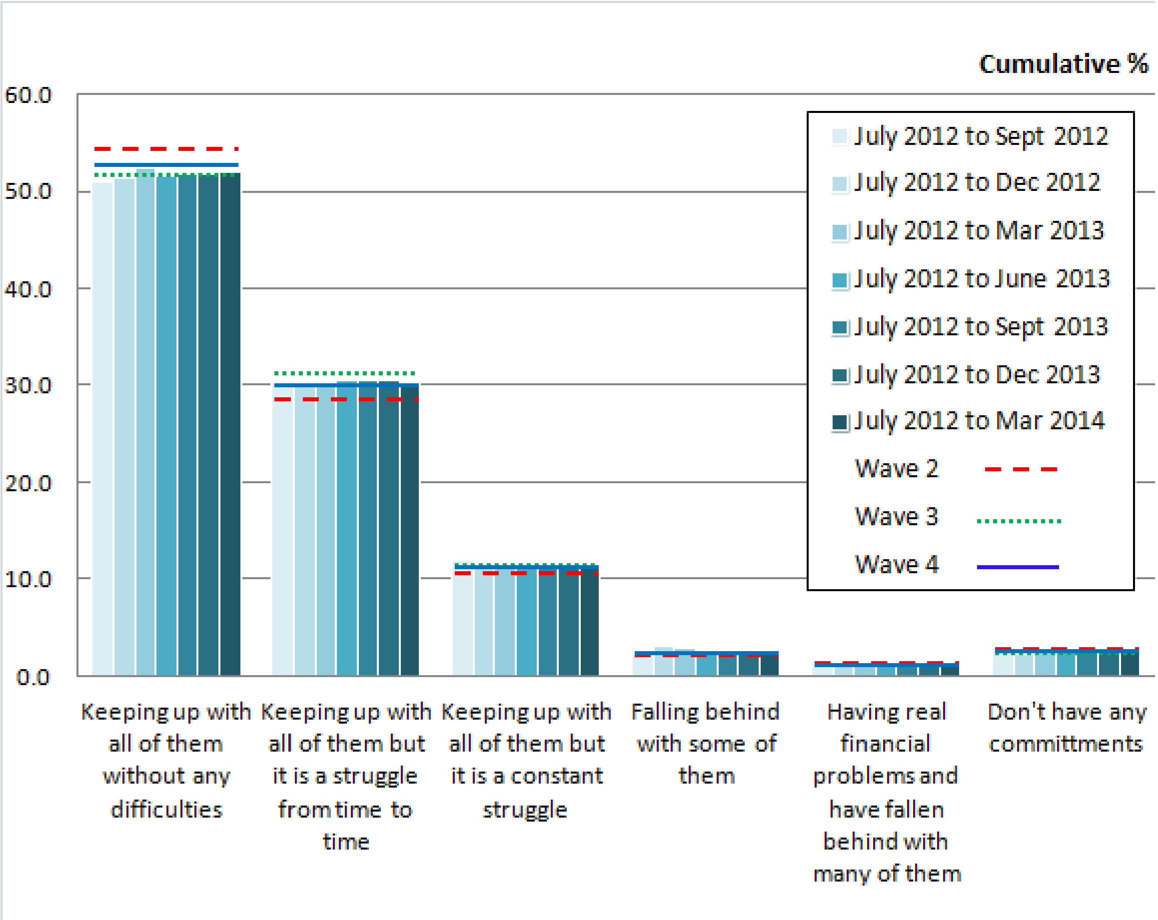
#### Image 10: Commi

| **Which of the following statements best describes how well you are keeping up with your bills and credit commitments at the moment. Are you....** |
|---|
| 1. Keeping up with all of them without any difficulties |
| 2. Keeping up with all of them but it is a struggle from time to time |
| 3. Keeping up with all of them but it is a constant struggle |
| 4. Falling behind with some of them |
| 5. Having real financial problems and have fallen behind with many of them |
| 6. Don't have any commitments |

See Figure 10. In wave 4 of the survey, 53% of individuals asked said they were keeping up with all of their bills and credit commitments without any difficulty, only slightly less than the proportion in wave 2 (54%). There is very little change over the period of all 3 waves.

**Figure 10: Which of the following statements best describes how well you are keeping up with your bills and credit commitments at the moment.**

Great Britain, 2008 to 2014[1]




Source: Wealth and Assets Survey - Office for National Statistics

**Notes:**

1. Data for Wave 4 are preliminary estimates.

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## Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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