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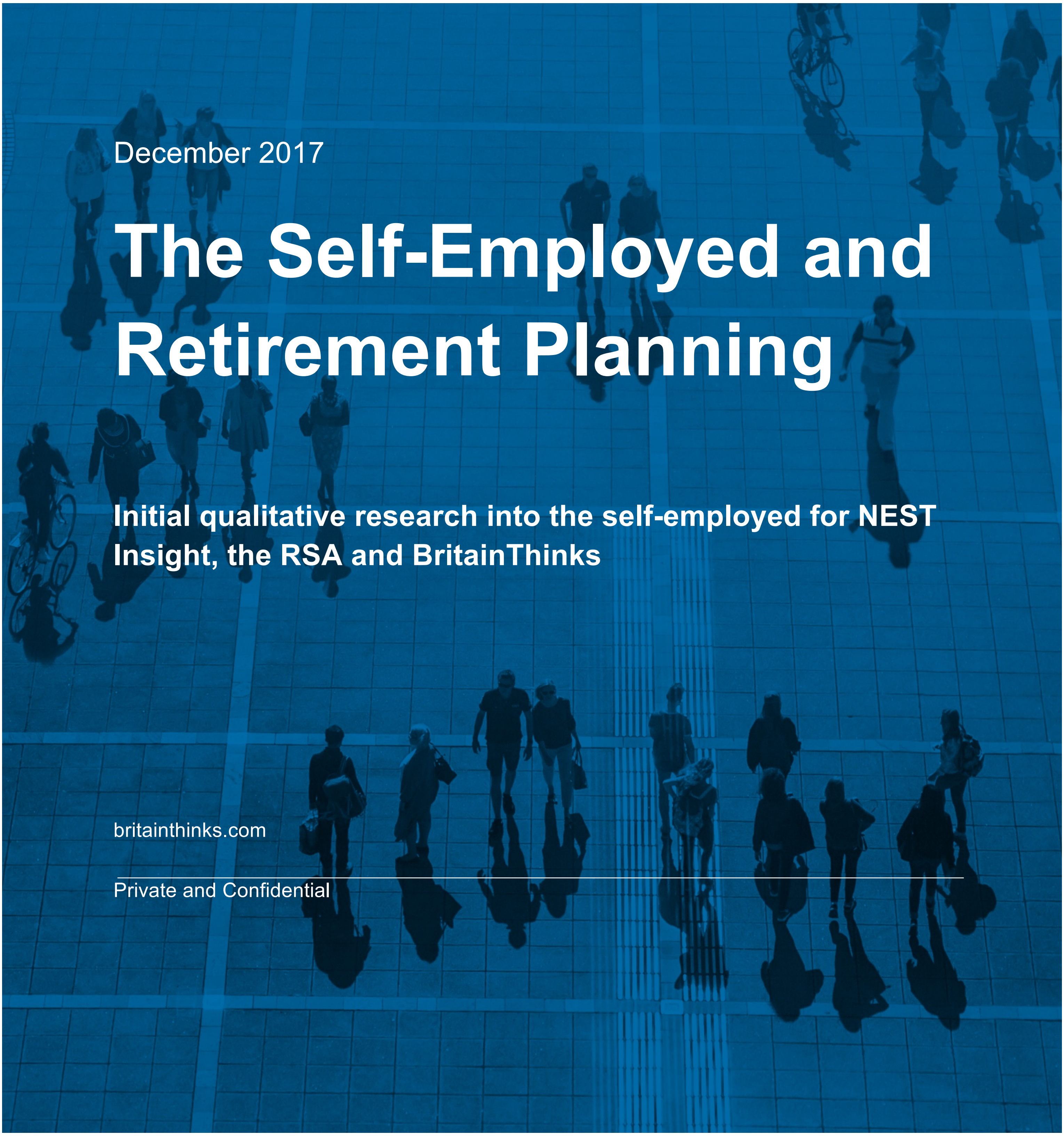

December 2017

The Self-Employed and Retirement Planning

Initial qualitative research into the self-employed for NEST Insight, the RSA and BritainThinks

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Contents

Executive Summary

1. **There is no single type of self-employed worker.** Under the definition of self-employed fall a variety of individuals and professions, from more traditional self-employed workers and business owners to those earning their income in 'new economy' jobs. As a result of this variety, finding savings and pensions solutions to suit all self-employed workers will be a challenge.
2. **The desire for flexibility is central to the decision to become self-employed.** This flexibility takes on many forms, including: individuals wanting to choose their own working hours and patterns, ensuring their job fits around other personal and professional commitments and the freedom to work without management oversight. Self-employed workers are also able to choose whether to take on more or less work, depending on their financial needs.
3. **The greatest financial challenge for self-employed workers is uncertainty and the lack of a guaranteed income.** Income can vary across the year, with the post-Christmas period feeling challenging for many. This uncertainty has the knock-on effect of preventing self-employed workers feeling confident in pursuing savings, a mortgage or a pension. For some, these financial investments feel like closed avenues.
4. **Levels of money management vary among the self-employed.** Two extremes, of highly organised record-keeping to next-to-no oversight over finances, as well as varied levels of management in between, were evident across the research. Many do not have separate business bank accounts, preferring to keep the entirety of their income in one or two current accounts, further reflecting how entwined their work is with their lives.
5. **Many self-employed workers do not feel able to put money into savings.** For lower earners in particular, putting money aside feels impossible, with little left once regular bills and expenses have been paid. Many of the higher earners do have some form of savings, often kept in current accounts or invested in property where possible. However, none of the self-employed workers in 'new economy' type roles had savings.
6. **Pensions are not a front-of-mind concern for many self-employed workers.** Those that take more of an interest tend to be older and more financially comfortable. For some, this lack of interest stems from feeling unable to make any savings at all, never mind investing in a pension. Others remain extremely suspicious of pensions, not understanding what makes them different to savings accounts or why they should trust that they will eventually receive their pension funds. Investing in property or saving to support dependants remain greater financial priorities for most. Younger workers in particular, who feel unable to achieve any of the financial milestones that previous generations may have, see little point in making savings, preferring to spend their income on enjoying the here and now.

7. **There are 5 key factors to bear in mind when designing pensions education or provision for the self-employed.**
    a. **Flexibility** to suit the varied and ever-changing income and lives of the self-employed.
    b. **Trust and Transparency** to ensure confidence that pension funds are protected and will ultimately be received when needed.
    c. **Ease** of use for a time poor audience who often struggle with the complexity of pension plans.
    d. **Achievability**, or the sense that setting up a pension plan is truly an option for those in self-employed work, particularly lower earners.
    e. **Knowledge** of what pensions are, what makes them different and what options might best suit self-employed people.

Among self-employed workers, four qualitative typologies emerged in terms of how individuals think about savings, pensions and the future:

Confident Savers tend to be older, and feel that they have a good hold on their finances. They have few money worries and have done their research in to the best ways to prepare for the future. They have some form of savings or pensions ready for their old age.

Worried Strugglers are getting to the point where they know they need to start planning for old age, but don't feel able to make savings. Many plan to keep working as long as they can rather than retire and have never looked in to pensions.

Accepting Questioners choose their work for its flexibility and feel like it suits them well at the moment. They are beginning to wonder if they should start planning for the future, but they don't feel in a financial position to start saving just yet and don't know what their options are, especially when it comes to pensions.

Happy Present-Livers tend to be younger, love the freedom their work gives them and use it to fund their interests. They live for the moment and have no time to worry about what might happen when they're older. Pensions don't seem relevant for them.

Background to the Project

Background

BritainThinks, Nest Insight and the RSA have embarked on a multi-phase research project to understand retirement planning among the self-employed.

This report provides the findings of the initial phase of qualitative evidence gathering, which took place in December 2017.

This research aimed to identify:

- Current attitudes and behaviours across self-employed workers;
- Key structural barriers to saving, including for retirement among this audience;
- Criteria and requirements for products, services and communications to drive a stronger savings culture amongst self-employed workers.

Methodology

15 depth-interviews with self-employed workers, lasting one to two hours, were conducted in three locations, London, Nottingham and Manchester from the 5th to 13th December 2017.

Sample

The research aimed to engage with a range of self-employed worker "types", drawing on previous research findings which suggest that self-employed workers do not fit the single typology that some politicians or commentators ascribe to them. The research design took into account a number of factors, including:

- Importance of self-employed income – self-employed work as sole source of income vs partial source of income;
- Life stage – e.g. childless school leaver / university student earning extra cash vs mother or father supporting children;
- Employment history – e.g. employees who previously worked in larger companies with pension schemes, which may have influenced behaviour and financial standing.

Gender	Age	SEG	Self-Employed Occupation	Dependants	Total annual income	Location
F	56-60	B	Self-Employed Graphic Designer	No	£25,000-£40,000	**London**
M	41-45	C1	Acupuncturist/ Designer	No	£25,000-£40,000	
M	31-35	C2	Delivery Driver	Yes	Under £25k	
M	21-25	C2	Deliveroo & Courier	No	Under £25k	
F	56-60	C2	Taxi Driver	Yes	Under £25k	
M	41-45	C2	Self-Employed Builder	Yes	Under £25k	**Nottingham**
M	56-60	D	Delivery Driver	No	Under £25k	
F	31-35	C1	Online Teacher	No	Under £25k	
F	36-40	C1	Self-Employed Interpreter	No	£25,000-£40,000	
M	46-50	C2	Self-employed Plumber	Yes	£25,000-£40,000	
F	31-35	B	Self-employed Baker	No	£25,000-£40,000	**Manchester**
M	21-25	D	Personal Trainer, Uber Eats and Deliveroo	No	Under £25k	
M	51-55	D	Delivery Driver	Yes	Under £25k	
M	26-30	D	Deliveroo	No	Under £25k	
F	20-25	C1	Self-employed Beautician	No	Under £25k	

Section 1: Life as a Self-employed Worker

There is no one kind of self-employed worker. Those who fall under this definition include a range of ages and life stages, living situations and skill levels. However, one factor which nearly all have in common is their reason for becoming self-employed. First, it should be noted that this decision is a voluntary choice, rather than a decision driven by necessity. All self-employed workers consulted as part of this research say that they have voluntarily elected to become self-employed.

Within this, the key factor driving individuals to become self-employed is flexibility. This flexibility takes on several aspects:

- **Flexibility in terms of hours and days worked:** for many, this is essential to ensure that their work fits around their wider commitments, whether this is family or additional work. This is especially true for those with young children, who are able to make their work fit around being a parent. For younger self-employed people, their work gives them the freedom to pick and choose when they'll work, allowing them to travel or explore other interests. “Traditional” employment is not seen as providing the same level of flexibility.
- **Freedom from the confinements of ‘traditional’ work:** those self-employed workers with experience in other professions speak of the difficulty they found in working directly to managers and having others dictate when and where they need to work. The freedom of “being their own boss” is therefore very appealing.
- **Coping with changing life circumstances:** self-employed work, with the flexibility it provides, is more adaptable to life changes, such as the arrival of children, bereavements or a sudden fall in household income (e.g. due to seasonal income variations, relationships ending etc.). This flexibility lessens concern about what impact these changes could have as workers are easily able to pick up additional work or shifts when money is tighter.

"It's freedom, basically. What I didn't like working for a firm was, if I finished at half past 2, I had to sit in my van for an hour, just to see the day out…" (Confident Saver, Plumber, 46-50, Nottingham)

Being self-employed also provides the flexibility to pursue a varied working life. This is most clearly seen in the numbers of people working in multiple jobs simultaneously and the range of skills some self-employed workers might demonstrate. For some, this is an opportunity to use one job as a means to fund another which they see as their “passion project”.

The flexibility to pick up additional work as and when necessary also provides self-employed workers with a simple way to bolster their income during less profitable points in the year. For instance, during the beginning of year, particularly in the post-Christmas period, drivers or delivery workers appear to struggle to maintain the same level of income as across the rest of the year. In these instances, ‘new economy’ type jobs provide a quick and easy way to bolster their income during leaner times. Self-employed workers may therefore have multiple jobs with multiple purposes.

"December until around February, the courier work goes down, so I do Deliveroo or overtime to back-up extra income. So, in the run up to Christmas I have much more money and buy more things, after this I stick to the basics." (Happy Present-Liver, Courier and Deliveroo, 21-25, London)

Moreover, for some, their self-employed work is seen as more interesting than 'traditional work' in that it is outside of the confines of an office, provides the freedom to travel to new places and to meet new people. Several self-employed workers, most obviously those that drive for work, spoke of how a key benefit of their job was being able to explore where they live.

"The variety is really good, I'd hate to be doing only one thing all the time. If I was only doing deliveries all day it'd be mind-numbing. But it's pretty fun doing them in the summer when the weather is good and I'm zipping through the streets on my bike." (Happy Present-Liver, Personal Trainer & Uber Eats/Deliveroo, 21-25, Manchester)

However, choosing to be self-employed naturally comes with its challenges. More notably, levels of income can be unreliable, with a lack of security and some points of the year proving more challenging than others (e.g. as previously mentioned, the post-Christmas period can be a struggle). This unreliable income is especially challenging for those with dependants, including children and ageing parents. As a result of this unstable income, for those considering them, applying for a mortgage or loan is a challenge and seen as unachievable for many. Those self-employed workers with a partner often rely to some extent on their partners who are in full time employment with a stable wage to manage the household income, although self-employed respondents will also contribute to bills.

"Yes, I am self-employed, but there have been times where, because my wife works, she's kept us going and without that...God knows what I'd be like." (Worried Struggler, Builder, 41-45, Nottingham)

For some, self-employed work is not seen as a sustainable profession, with many uncertain as to whether they would continue to work in the same way in to the future. In particular, those in more manual work recognise that they will not be able to keep working in the same way indefinitely, and that the time will come when they may need to change their profession. This "deadline" on self-employed work is more often linked to age rather than any other factor such as an increase in dependants. On the other hand, some self-employed workers resist the idea that their chosen profession is not for life, feeling that they will keep working as long as they can, and well beyond the "usual" age of retirement.

"Maybe I'll look at retirement products in a few years, but I'll probably just keep working, and maybe just do less. I'd like to keep working as long as I can." (Confident Saver, Plumber, 46-50, Nottingham)

Lizzie: Confident Saver

Lizzie is 56 and lives and works in East London with her partner. She has owned her Graphic Design company since 2003, having previously worked for larger companies abroad. Lizzie loves the flexibility of being able to choose when to have a day or afternoon off, but sometimes feels that being self-employed means she ends up taking on too much. She is strict with her hours, and always tries to work 9am-6pm.

Lizzie describes herself as "*not a huge spender*", and has a "*safety cushion*" of savings, so if a client doesn't pay on time she doesn't worry. She has a consistent flow of work from several regular clients, and she will invoice her others throughout the month. Lizzie is able to comfortably make ends meet and is not worried for the financial future, as long as things can continue as they are with her work. She has an organised approach to her finances, finding it easy to keep track of them, and is in contact with an accountant every other month.

"I think that comes from working for yourself, that you become more cautious, you make sure to have money put aside because you don't want those sort of stressful situations to occur."

She would like to continue working as a graphic designer for as long as possible, however she has recently started to worry that, as she gets older, her ideas will be perceived by colleagues and clients as less relevant. She currently has two accounts for savings, one which she cannot access until retirement and one which she can instantly access. She has the sum of her pension schemes from two previous employers stored in one place. She has set herself a minimum target for savings that she would like to meet for a decent retirement to be possible, and believes that anything above this amount would be a bonus. The most important factor for Lizzie with pension options is flexibility, in terms of being able to choose how much money you put in. She also likes to be able to access at least some of her savings, although recognises the value of not being able to access them until later in life.

"If all goes to plan, then I think I'll be fine [financially]. If I can carry on working, then I know I'll be fine."

Section 2: Money Management in Self-Employment

Many self-employed workers do not think about money management in terms of months, preferring to do their planning week to week. This often stems from how they receive their income, typically on a daily or weekly basis or just as work is completed, making it more difficult to plan month to month.

Self-employed workers vary in how methodical an approach they take to money management. Some, especially *Confident Savers,* find using apps or programmes to manage their money such as *Monzo*, *I Expense It*, or *Easy Books* useful. However, these self-employed workers appear to be very much in the minority. A number of those who run their own business make use of an accountant, however, the expense associated with this professional assistance is often a deterrent.

“I used to have a business account, but it was free for 2 years and then it was £8 a month and I didn't want to pay for it - and I had to pay to use a K4business chequebook. I'm giving them money to get to my money...so I just cancelled it. I use a free app for invoices and other than that I just use a receipt book.” (Worried Struggler, Builder, 41-45, Nottingham)

"I feel like I would have to be earning a lot of money before it was worthwhile to get an accountant in. I just assume it is expensive." (Accepting Questioner, Online Teacher, 31-35, Nottingham)

Most prefer to take a more informal approach to financial management, keeping the bulk of their money in one current account and either mentally earmarking money for certain expenses rather than physically moving it, or even making written notes of where money has been moved in and out of. No self-employed workers in ‘new economy’ roles demonstrated any attempt at or interest in keeping track of their income and expenditures, other than checking their bank accounts.

“Everything goes in my account. If I borrow money from myself, or move it around, like taking it out of the Christmas Club, I write it down on paper so I don’t forget to put it back.” (Worried Struggler, Taxi Driver, 56-60, London)

“When money comes in, I have a book and make a note of how much I should put aside for tax. This isn't a separate account, it’s just mentally earmarked – and I use a book, not a computer or app or anything.” (Confident Saver, Delivery Driver, 51-55, Nottingham)

Those who run their own business tend to pay closer attention to their finances. However, this rarely extends beyond what is necessary to ensure the smooth running and compliance of their business. Some even go out of their way to ensure that they have to do as little money management as possible, as it is seen as too time consuming and confusing. As self-employed workers have chosen their work to suit their lives and to make them easier, additional financial burdens or considerations would not be welcome.

> *"I don't buy materials for work, I get the client to buy it and I work for a set rate. I don't want to get involved in VAT. I've seen a lot of people who are self-employed struggle [with receipts] they've got folders this thick, for one job...I don't want to get involved with that side of it, I never have done. I don't want to make money on materials, all I want is to get paid for the job I'm doing." (Worried Struggler, Builder, 41-45, Nottingham)*

For many, money worries relate more to daily life expenses, rather than to business related spending. This is a further example of how, for self-employed people, their work is so tightly entwined with their lives that there is little distinction between the two. This is demonstrated most clearly in the rarity of self-employed workers having separate business bank accounts.

Level of concern when it comes to finances varies, with little similarity across self-employed workers, although understandably, there is higher concern among those with lower levels of income, with dependants or who themselves are older. The main concern for most, particularly those with a smaller income, is simply to cover their expenses and to pay the bills. *Worried Strugglers* exemplify these concerns.

Sally: Worried Struggler

Sally is 59 years old and has been a black cab driver in London for almost 20 years. She lives at home with her mum and youngest son. She has 7 grandchildren and is always busy supporting her family when not working. Sally gets a buzz from visiting new places in London, and initially chose her job for the flexibility it afforded her when taking care of her then young children. She gets frustrated when business is slow and she ends up hanging around on taxi ranks and has also noticed things becoming tougher for cab drivers with the rise of Uber.

Money has been a real worry for a couple of years, but she is generally able to make ends meet. Caring for her elderly mother and the rest of the family, she finds it difficult to be organised with her finances. Card payments in cabs make it harder to juggle things as there is a delay before money gets to her account. However, taxi apps have been helping her get more jobs and she feels they are "the way to go." Her partner has a regular pay check and pays her a certain amount regularly for bills, but she is the one who manages the finances. She has been focused on paying off a six-thousand-pound bill on a credit card for the past few years, and also has an overdraft.

Sally wants to work for as long as possible: *"I wouldn't want to end up totally on my own and not working, it terrifies me."* She knows she can't drive a taxi forever, and hopes to get an "easier" job such as working in Marks and Spencer's. She has not been able to put any savings aside, as any extra income goes on supporting her children and grandchildren.

She has never looked into pension options and knows little about how they differ from normal savings. She would like to start saving soon, but does not see how she could do this apart from by earning more money. She would theoretically prefer pension options that minimise hassle and thinking time, for example the idea of raising National Insurance appeals as *"you've got to pay it, it'd be done, quick and easy".* She would have reservations about how much it would increase by however and would prefer if there were several options of how much extra you would pay.

"I'm gonna have to just keep on, I don't know, 'til I can't work anymore basically."

Beyond that, and for younger self-employed workers in particular, financial concerns centre on being able to buy a home or to save for a family. These are both seen as more of a priority than starting to save for a pension. In general, property appears to many like the smarter investment, with buying a property ensuring you are "set for life" and more reliable than a pension.

"First, I've got to get a house, then I'll have a family and I'll need to pay for that because kids are expensive. And then, I can start thinking about saving money." (Happy Present Liver, Courier & Deliveroo, 21-25, London)

Section 3: Savings and Retirement

Self-employed workers demonstrate varied levels of interest and active engagement with savings. For most, it feels like something they *should* be doing. However, for those with a lower income in particular, having money left by the end of the month to put aside feels like an impossibility. Younger self-employed workers are far less likely to have any kind of savings, although some older workers also feel that making any savings would be a struggle, with the total of their income already clearly earmarked for bills or other regular expenditures.

"I'd love to have a savings account but at the moment I don't make enough money. I have £2,000 in my business account but it never goes up much beyond that cos I have to take money out for training or to invest in the business in some way." (Accepting Questioner, Beautician, 21-25, Manchester)

For those with savings, these are most often kept in current accounts, with a minority looking in to other savings plans such as ISAs. Others would prefer to invest in property, seeing this as a more certain form of saving. Older workers, especially *Confident Savers*, are more likely to have set up some kind of savings account, even if this was just in a current account. This was often with the benefit of dependants in mind.

"I do have an ISA, and I try and put money in to it when there's any spare, but there's not much in there." (Accepting Questioner, Online Teacher, 31-35, Nottingham)

Retirement is not a front-of-mind concern for many, either because it seems too distant or because it seems unachievable. Unsurprisingly, younger self-employed workers see little point in thinking about retirement. As saving for 'big things' like a house or retirement feels so unachievable, some of these younger workers feel they might as well treat themselves by spending any surplus income on 'treats' such as clothes or travel. *Happy Present-Livers* are typical of this focus on the here-and-now. On the other hand, some do have ambitions for retirement, although have done little in terms of planning how to fund these dreams.

"I think worrying and stressing about money just makes things worse. I've always focused on what I love doing, and putting my energy into that." (Happy Present Liver, Deliveroo, 26-30, Manchester)

Johnny: Happy Present-Liver

Johnny is 30 and lives in Manchester. He spends 20 hours a week as a personal trainer, doing a mix of work for the local gym and with his own clients. He has recently started working as a fitness instructor at a local school and also does food delivery for Uber and Deliveroo for around 5 hours per week. He loves the variety of his work, the sense of "*creativity and flow*" and has also got to know the streets of Manchester extremely well through his delivery work. He hopes to build his personal training business, and eventually he would like to open his own specialist martial arts gym.

There is some regularity to Johnny's financial month, especially with outgoings. These are relatively few as he lives with his friend and his friend's dad, and pays them £35 rent a week, which he sees as a "*very sweet deal*". He is careful with his money and keeps track of what he has. He won't buy things without checking he has enough money for them. Overall, he doesn't feel he is short of money but thinks it's good to be frugal: *"It's good to keep a bit of an impoverished mind-set."* His biggest financial concern is that he feels he may have all his "*eggs in one basket*", in that all his work relies on him being physically fit. If he injured himself he is not sure what he would do.

Johnny knows that he won't be able to rely on his physical fitness to make a living into his 50s, 60s and 70s. He is, however, keen to keep working for himself and also wants to invest his savings in something that will grow over time - he thinks that property and index funds are two good bets. He likes the idea of *"accumulating wealth, having a set-up or a business that can be managed less and less by me over time."* Pensions do not appeal to him, primarily because he wants control of his own money and values "*liberty*".

"I'm relatively young and with the income I've got I'm probably better off spending it on boots and gloves. I feel like I am investing, just not in a pension, but in myself and my skills and business knowledge."

Neither is retirement a universal concern for older self-employed workers. Although it is more of a concern as they get older, most do not assume that retirement will be a certainty. Some plan not to retire at all, either because they enjoy their work too much, or because it does not seem realistic for them to stop working. In those cases, people in more manual work hope to find "easier" jobs, that might suit an older person, although appreciate that those approaching the conventional age for retirement might struggle to find employment. *Confident Savers* feel that they are more likely to retire than *Worried Strugglers.*

"I'll keep working as long as I can, but then I see 70+ year old women driving taxis and it just looks wrong. I'd like to get a nice job at Marks or something, but my friend applied there and didn't even get a response because she was older." (Worried Struggler, Taxi Driver, 56-60, London)

Section 4: Encouraging Retirement Planning Among Self-Employed people

Knowledge of pensions is extremely limited among the self-employed, including across all ages. For many, there is an evident lack of understanding about how pensions differ from “normal” savings accounts, or what the benefits of a pension could be. Some even question whether self-employed workers could have pensions, assuming that it is only an option for those employed by organisations.

“Now that I’m self-employed, I didn’t think a pension was a thing.” (Happy Present Liver, Courier & Deliveroo, 21-25, London)

For others, beyond a lack of knowledge, the lack of ability to save anything substantial prevents any consideration of pensions. With savings of any kind seeming so unachievable, there is little motivation to look further in to the possibilities. *Worried Strugglers* and *Accepting Questioners* may think about what might happen when they’re order, but take little action due to this feeling of pointlessness.

In addition, there is fairly consistent suspicion directed towards pensions from self-employed workers. For some, this stems from an anti-establishment sentiment, with a perception of a level of government involvement in pensions which is not present around “normal” savings accounts. Others dislike the idea that they would not be able to access their money if it was in a pension as easily as in a savings account. Altogether, this leads to suspicion and mistrust about whether people will receive their full pension amounts when they are ready to claim them. When testing the idea of an annuity, “handing money over to someone else”, is an immediate concern for some, although others can see the benefit of having a guaranteed income, with running out of money in old age an existing concern. *Happy Present-Livers* were the most likely to feel suspicious

"I’d rather have savings in a bank. I'm not sure how pensions work, but you don't have access to it do you? I wouldn’t like the idea of paying my money in, so that possibly in 50 years if I'm still alive, I can live a little bit more comfortably. I’d rather have it now so I can do what I want with it." (Happy Present-Liver, Deliveroo Driver, 26-30, Manchester)

Potential solutions

The following three options were tested to gauge their appeal and applicability to self-employed workers.

1. Raising national insurance for self-employed people

- Immediate red flag in that this sounds suspiciously like a tax increase, even if the self-employed person themselves would be the ultimate beneficiary.
- Some appeal in the ease of the idea in that it would require no effort on the part of the individual and that the funds would not reach the self-employed person's account at any point, preventing them from spending the money like they might with current account savings.
- Naturally, participants have questions about how much their national insurance would increase by and stress that this would need to be a 'reasonable' amount.

"Like this because it's something you have to pay anyway, national insurance…so if by paying it you can guarantee a better future without really thinking about it - because you have to pay it anyway. As long as it isn't very much, a few quid a year isn't going to make a massive amount of difference." (Confident Saver, Plumber, 46-50, Nottingham)

2. Opt-In at the point of doing tax returns

- Limited by the fact that some are not very, or at all, familiar with the process of tax returns, either passing the task on to others or potentially never engaging with it at all. Suggestions were made here to provide the opt-in option when individuals set-up as a self-employed business instead.
- Similarly to the idea of raising national insurance for the self-employed, this idea benefits from the perception of ease, in that it would require no extra effort on the part of the self-employed person, who would also be prevented from spending their savings by it never reaching their bank account
- Some concern and confusion over the idea that if tax is paid annually, the pension would only be paid into annually as well, whereas monthly payments would seem preferable.
- Participants stressed that they would want clear information provided at the point of opting-in about which pension plans would best suit them.

"It's the little kick…to spur you along - if someone says 'look, for very little effort and advice you can have a pension set up' I'll be like 'right, sign me up.'" (Accepting Questioner, Online Teacher, 31-35, Nottingham)

3. The Lifetime ISA

- Of course, this idea is currently limited to those under 40. However, those over 40 saw it as a promising idea potentially worthwhile for their children and liked the idea of a similar option for the over 40s.
- Seems like a good idea overall, although there is some suspicion about why the government would give "free money" to people.
- The lock on withdrawing the funds is not seen as a negative for most, again, because this would prevent people from spending their savings. However, some dislike the lack of flexibility, should they need their money for a rainy day or want to use it before they were 60.
- Some concern that if individuals were not able to pay anything in to it, and therefore not earn interest, the money would end up 'just sitting there'. Perhaps seen as more beneficial to those with a steady income.

"I like the fact that the government are helping you, but 60 is so old. What can you do when you're 60? If it was 50 I'd be like, yeah." (Accepting Questioner, Beautician, 21-25, Manchester)

Rebecca: Accepting Questioner

Rebecca is 25 and lives at home in Manchester with her mum. She has owned her beauty salon for 3 years, where she offers hair, nails, massages, tanning and other treatments. Prior to this she worked as a beautician at other salons and spa hotels. She likes the convenience and flexibility of having her own business, however sometimes finds it to be stressful and expensive. She hopes to be doing beauty work for as long as possible, however the industry is very competitive and so she has to make sure to keep up with training herself in the latest beauty techniques.

Rebecca prides herself on being very organised and knows exactly when and how much regular outgoings leave her business account. Her income, by contrast, is irregular and varied, although December is typically her busiest time and January the quietest. She has a partner but they live separately and so do not pool their resources. She makes ends meet each month but there isn't much left over. She would like to save money but says it's too difficult at the moment. Her biggest financial concern at present is the cost of her business rent.

Rebecca thinks about the future a lot and mainly hopes to be able to move out of her mum's house and buy a place with her partner. She would love to retire when she is about 50, but doesn't feel she has done anything to prepare for retirement yet. Her mum doesn't have a pension either - she thinks that perhaps if her mum had, she would have done this too. She is worried that at 25 she might be too old to start a pension and also that *"…what if I died when I'm 50? Would I not get it? Would my next of kin not get it?"* She feels she does not know enough about pensions at present, particularly for self-employed people, and would not want to pick the wrong one. Trust in the pension provider is very important to Rebecca; she approves of HMRC and so likes the idea of raising the National Insurance rate. By contrast, she thinks there's a good chance of not living until aged 60, so would be wary of a Lifetime ISA.

"People who work for a company, they have the same pay from month to month. But I don't know what I'm going to make so I can't plan ahead. When you're self-employed you don't get anything back. The wages I take for myself is £100 a week, but we don't get the tax credits and I still have my national insurance and pay the taxman."

Beyond these three solutions, some key principles for encouraging pension savings among the self-employed emerged:

- **Providing the flexibility that self-employed workers value:** The inconsistent incomes of the self-employed means that making regular savings would be a challenge. There might be some months where it is possible to put money aside, and others where it's not. Pension plans which allow for this flexibility, and for money going both in and out when it best suits the individual are essential.
- **Removing the 'mystery' around pensions with full transparency:** Pensions feel somewhat shrouded in mystery, and also suffer from the perception of a connection to government or large corporations, rousing suspicion that not all the funds due to an individual would be received when the time comes to claim their pension. Ensuring trust and transparency that this would not be the case would be crucial. Phrasing is also essential to this, ensuring that pensions do not sound like additional burdens or taxation, particularly if the proposed solution centres on taking funds directly out of an individual's income. A balance is needed here on ensuring that money cannot be easily accessed and therefore "wasted", while ensuring that the individual can see where their money is, that it is increasing and can be reached in an emergency.
- **Keeping the set-up and maintenance of savings and pensions accounts as easy as possible:** Although aware of the importance of saving, pensions are seen as a difficult and complicated thing to set up and therefore another potential burden on a time-poor group of people. Solutions which require minimal effort, such as

savings being taken out at source rather than ever reaching a bank account, are therefore preferred.

- **Ensuring that any solutions feel achievable to most self-employed workers:** Being able to put money aside for savings, never mind for a pension, does not feel achievable for many self-employed workers. Making this appear like a more achievable, and vital, task will be integral to encouraging greater saving e.g. messages outlining how putting a small amount aside regularly will have a large benefit in the long term or clear guideless on how much people need to save to support themselves when they're older.
- **Improving knowledge of pension benefits and options:** A key barrier to pensions among the self-employed is a lack of knowledge and understanding about what pensions are, how they are different to savings accounts and how to set them up. Most self-employed workers demonstrate some interest in knowing more about pensions and whether this would truly be an option for them. Being recommended suitable pension plans, rather than having to do the research themselves would be preferable.

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