



# SUPPORTING SOCIOECONOMIC DIVERSITY IN THE PENSIONS INDUSTRY

How can we help drive up social mobility?





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## Katherine Easter, Chief Operating Officer, PPF

Social mobility should be an important part of any Diversity Equity & Inclusion (DE&I) work. While traditionally DE&I initiatives have focused on factors like gender, ethnicity, or disability, the barriers people from lower socio-economic backgrounds face when it comes to accessing opportunities are manifold, and these often interact with other factors, such as age and ethnicity.

One of the challenges with really understanding the issue of social mobility is how we collect data. Collecting data is essential to show where progress is being made – what gets measured, gets managed. There isn't a standard way for employers to measure socio-economic diversity but work in this area is developing, so I hope it doesn't put organisations off from developing their understanding of barriers and approaches to addressing them.

By paying more attention to social mobility and prioritising our understanding of the impact and challenges, as an industry we can tap into a wider pool of talent, bring fresh perspectives, and drive real innovation. These are things that all pension schemes and trustees need to do as our sector changes and evolves.

When a leadership team reflects the full spectrum of society, it creates an environment where everyone feels valued and able to contribute. At the end of the day, it's about making sure opportunities are open to everyone, no matter where they come from.

At the Pension Protection Fund (PPF), we value difference and individuality, and I'm pleased to say that when we publish our updated DEI Strategy later this year,

socio-economic diversity will be an area of focus for the next three years.

I work closely with teams across the organisation, and I see every day how much stronger we are when our workforce reflects the diversity of the people we serve. Pension scheme members come from every background, and if the people making decisions on their behalf don't understand their experiences, how can we hope to meet their needs effectively? A diverse workforce is fundamental to building trust, empathy, and better outcomes for everyone involved.

As an industry that underpins the financial wellbeing of millions across all demographics, I believe we have a unique responsibility – and a real opportunity – to lead the way on social mobility.





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The key thing is recruiting and retaining people that don't all have the same background and life experience. By breaking down barriers - whether that's rethinking how we advertise roles, opening doors through apprenticeships, or creating clearer pathways for progression - we can ensure we're attracting people from all walks of life. Educating the wider population on the important work our industry does will also have benefits across new hires and those who we serve. We can introduce careers to people that might not otherwise have known how fundamental the pensions industry is to our population and our economy.

Many organisations have already taken meaningful steps to embrace inclusive hiring and build diverse teams. But there's still more to do, and that's why this report matters. Studies like this are a critical part of driving change. They spark the conversations we need to have and offer real, actionable advice we can use.

Together, we can make the pensions industry a place where everyone has the opportunity to succeed and make a difference.



**Katherine Easter**

Chief Operating Officer,  
Pension Protection Fund





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## Matt Dodds, NextGen Chair and Co-Founder

NextGen Pensions has continually evolved and adapted since a group of us first started discussing, several years ago, what we felt a ‘better’ pensions industry might look like. But we have always passionately believed that Diversity, Equity and Inclusion (DEI) are fundamental to creating a thriving and equitable industry. Our commitment to exploring these principles, and to help our industry understand and apply them, sees us proudly share our third major research report. Having previously explored inclusive recruitment, and then ways to help retain a diverse workforce, we turn our attention to socio-economic considerations on our industry.

I am continually amazed by the talent and dedication of the volunteers that make up NextGen Pensions. All our people give their time and commitment for free, because

they believe that by doing so, we can keep improving our industry. I hope companies, industry-bodies and individuals continue to appreciate and engage with our work and act on the findings we set out. By doing so, not only will we build a more inclusive and representative industry, but we can continue to fuel the fire of our NextGen volunteers and encourage them to keep researching, mentoring, training and contributing to an improving industry-wide culture.

I believe this report is a positive step in exploring how social mobility intersects with DEI. By examining the impact of education, employment opportunities, and systemic barriers, we aim to highlight the challenges and opportunities in fostering a more inclusive environment. Our research underscores that social mobility is not an isolated issue but a crucial component of broader DEI initiatives

- albeit one that can feel difficult to tackle. As always, we’ve tried to include practical recommendations, not just theoretical principles. If we can help organisations take just the first steps to create an industry where everyone has a fairer chance to succeed, regardless of their background, I think that would be a great success.

I want to say thank you to the researchers, participants, and stakeholders who contributed to this study. Their dedication and insights have been invaluable in shaping this report. I hope that the information and ideas shared will inspire meaningful action and drive positive change within the pensions industry.



**Matt Dodds**  
NextGen Chair  
and Co-Founder





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## WHAT IS NEXTGEN?

NextGen is a group of pensions professionals promoting fresh ideas and new talent. It's where the next generation of leaders debate, learn and network with each other. Through our cross-industry mentoring programme, events, research & insights, articles and debates spotlighting diverse voices, we aim to be a force for change in the industry and a space for its members to grow.

We're open to everyone. NextGen is not about age. We amplify original ideas from fresh faces, returners, late-starters and new connections with established figures. Our members and partners are looking to build a smarter, wiser, more productive, innovative and creative pensions industry. An industry that represents savers more fairly and does more to help them reach better outcomes in retirement.

Our Research & Insights sub-committee commissions and collates research to further NextGen's goals. We look for places where the industry needs our expertise to move the conversation forward, particularly around diversity of thought, age and demographic positioning within the industry, attitudes towards long-term and medium-term saving, generational shifts, and innovation.

In previous reports<sup>1</sup> we've looked at the challenges of recruiting and retaining diverse talent within the pensions industry, exploring how organisations can find ways to take a more proactive approach to unbiased recruitment and create an inclusive culture.

This time we're drilling down into how organisations in the pensions industry can take steps to increase social mobility. Whether you're a NextGen member or an employer in the pensions industry, we hope you find this report a useful tool. It doesn't hold all the answers, but we want it to be a conversation starter. A starting point for us to grow from.

<sup>1</sup> [NextGen-Research-Recruiting-for-a-cognitively-diverse-workforce May-2021.pdf](#) and [Retaining-the-NextGen.pdf](#)



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## What is social mobility?

The Social Mobility Commission defines social mobility as ‘the link between a person’s occupation or income and the occupation or income of their parents’. Where the link is stronger, there is a lower level of social mobility. Where the link is weaker, there is a higher level of social mobility.<sup>2</sup>

Social mobility can be considered as having three components:

- 1 Intergenerational economic mobility** – the ability to move up the economic ladder from one generation to the next;
- 2 Intragenerational economic growth** – increasing income within one’s lifetime; and
- 3 Individual economic growth** – improving one’s position within society by acquiring more education and skill.<sup>3</sup>



<sup>2</sup> Social Mobility Commission [What is social mobility? - Social Mobility Commission](#)

<sup>3</sup> [The importance of social mobility to the workplace | Morgan McKinley Recruitment](#)



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## Why is social mobility important to the pensions industry?

### Promoting fairness

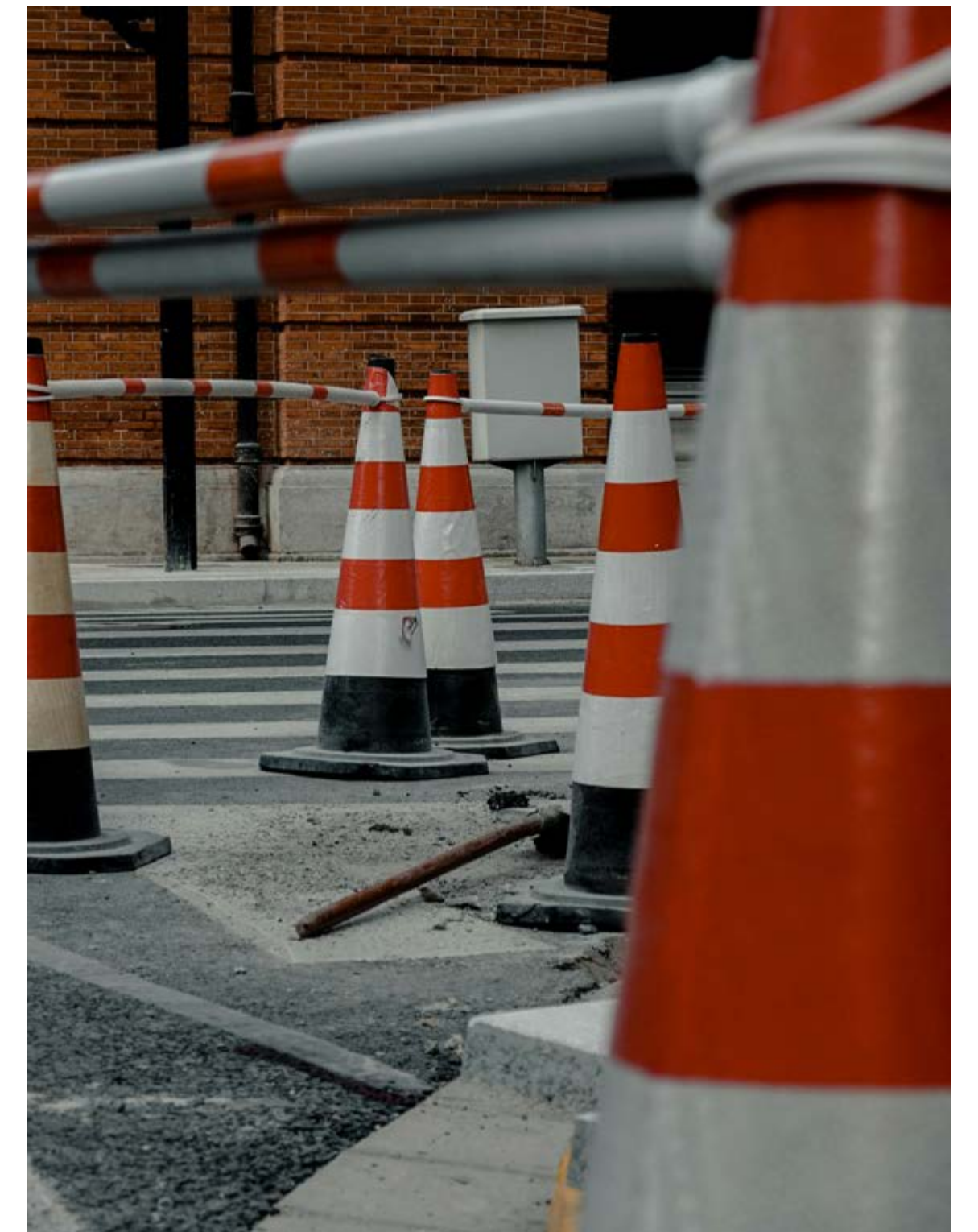
Greater mobility can lead to better alignment between people and job opportunities. When there is greater social mobility, individuals from diverse backgrounds have increased access to job prospects allowing for a fairer distribution of talent across different sectors. This allows for better matches between individuals and job positions based on skills, qualifications and aspirations<sup>4</sup> and also creates a fairer society.<sup>5</sup>

### Member outcomes

Removing the barriers and obstacles in place which deprive those from lower socio-economic backgrounds can help provide a fresh perspective to workforces, pension boards and more. This in turn allows for a more diverse range of ideas to be put forward, which ultimately drives better member outcomes and increased member satisfaction.

### Boosting the economy

Social mobility can also have wider implications across the economy. Research has shown that there is a direct correlation between increasing social mobility and boosting productivity in society which, in turn has a positive knock-on effect on the whole country's economy.<sup>6</sup>



<sup>4</sup> Are the barriers to social mobility being addressed in the workplace? | CIPD

<sup>5</sup> The importance of social mobility to the workplace | Morgan McKinley Recruitment

<sup>6</sup> Oxera-report\_WEB\_FINAL.pdf (suttontrust.com)





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## What does good look like?

There are ‘model’ practices already in action that we, as a pensions industry, can learn from.

While there are several key areas in which best practice can be demonstrated – such as training and development support, diverse leadership and flexible working patterns – for this research we’re focussing on social mobility through the lens of hiring practices in the pensions industry.

When it comes to ensuring that employers are supporting social mobility in their hiring practices, there are several key building blocks that have been set out by the Government<sup>7</sup> which can act as a guide to best practice. These include:

- Recruiting for skills and potential over qualifications and polish. Employers should challenge the extent to which asking for a qualification is considered essential to a role, over running an effective competency-based interview process and / or practical assessments. Such an approach may provide greater inclusivity in the assessment process, and later we explore the extent to which those surveyed in our research have attained a degree level of qualification or otherwise
- Widening the talent pool, targeting schools and further education colleges with high achieving students eligible for free school meals. Later on we discuss our findings in regard to the number employees we found were eligible for free school meals during their school years, to understand whether our research has identified if the talent pool

in the pensions industry has been wide enough to include those who were eligible for free school meals

- Ensuring that employers are capturing the appropriate data points to know the socio-economic background of its employees. This will enable employers to identify potential areas for improvement. Later, we share our findings on the proportion of employees surveyed that work for an employer who captures socio-economic background data

## What can we learn from the wider research?

At a broader level there are a host of good hiring practice guides and models out there to support employers.

<sup>7</sup> [www.gov.uk/government/publications/the-building-blocks-an-employers-guide-to-improving-social-mobility-in-the-workplace/the-building-blocks-an-employers-guide-to-improving-social-mobility-in-the-workplace](http://www.gov.uk/government/publications/the-building-blocks-an-employers-guide-to-improving-social-mobility-in-the-workplace/the-building-blocks-an-employers-guide-to-improving-social-mobility-in-the-workplace)







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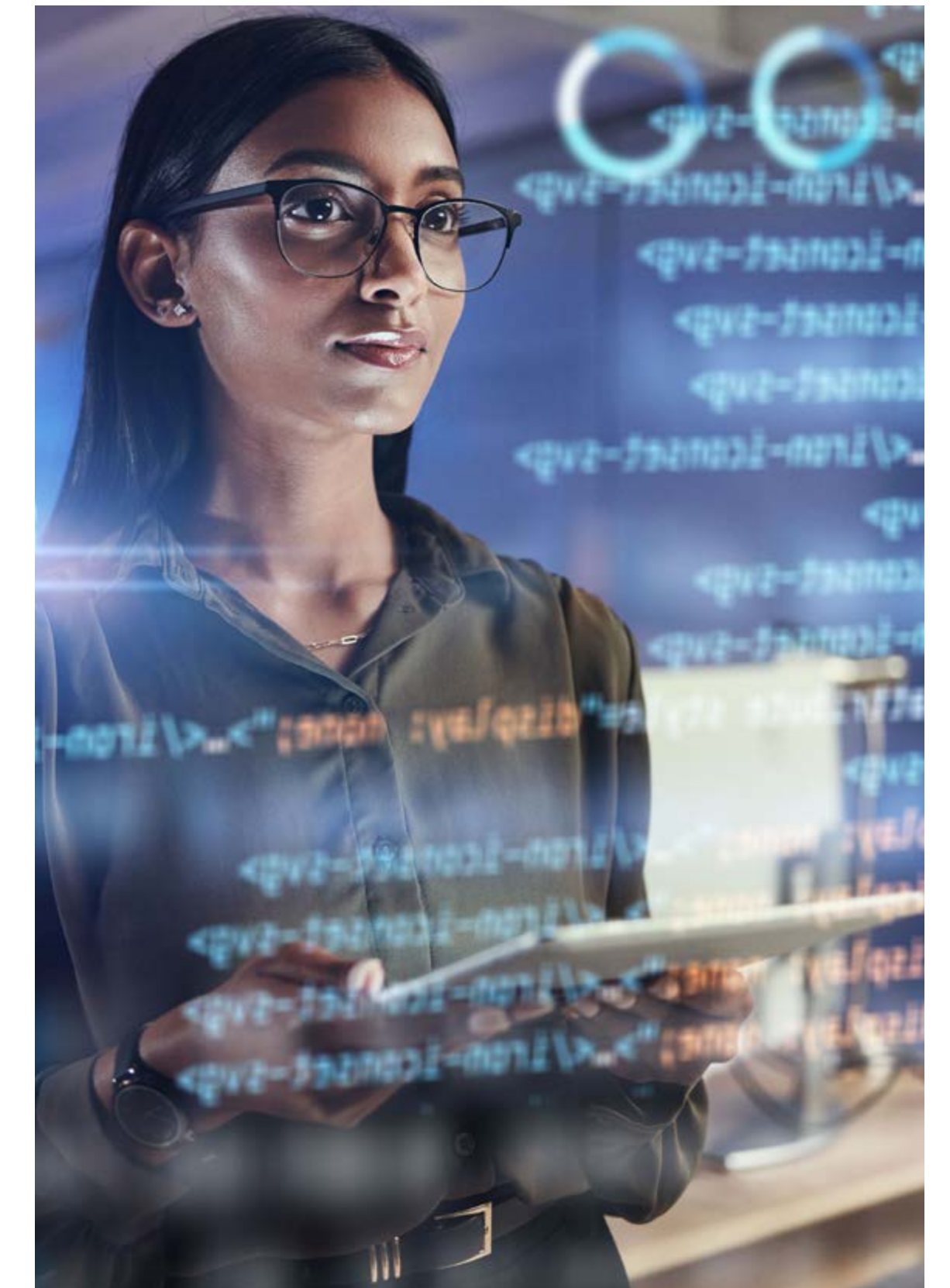
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The CIPD<sup>8</sup> have cited research from the Social Mobility Commission which noted that in professional service firms, trainees from lower socio-economic backgrounds are more likely to achieve the highest performance. Setting this aside, our own research truly underlines how boosting social mobility can not only benefit society, but also perhaps feeds into improved business performance as a whole.

The CIPD research also provides an interesting insight in regard to the focus of our paper. Whilst our research is focussed on the pensions industry, we note that industry naming conventions can differ and hence ‘professional services’ as described by the CIPD could feasibly include employers with a presence in the pensions market. Therefore, this could suggest that as an industry, we may already be well positioned in our hiring practices, from a social mobility perspective.

The Social Mobility Foundation’s Social Mobility Employer Index is another useful reference for our industry. The most recently completed 2023 report<sup>9</sup> revealed that among the top 75 employers, around a third of them are organisations that employ teams that operate within the pensions industry across professional services (legal, actuarial and consulting) and asset management. The good news is that our industry already seems to be operating under hiring practices that are deemed ‘good’ according to the Index.

However, employers must pay to complete a submission in order to be included in the Index. Is there a possibility that organisations in professional services and asset management are more willing and able to a) absorb a cost to attain such recognition and b) have the skillset amongst its employees to complete a polished submission that meets the criteria of the research? This could be true.



8 [www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/barriers-social-mobility-workplace](https://www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/barriers-social-mobility-workplace)

9 [www.socialmobility.org.uk/employerindex](https://www.socialmobility.org.uk/employerindex)





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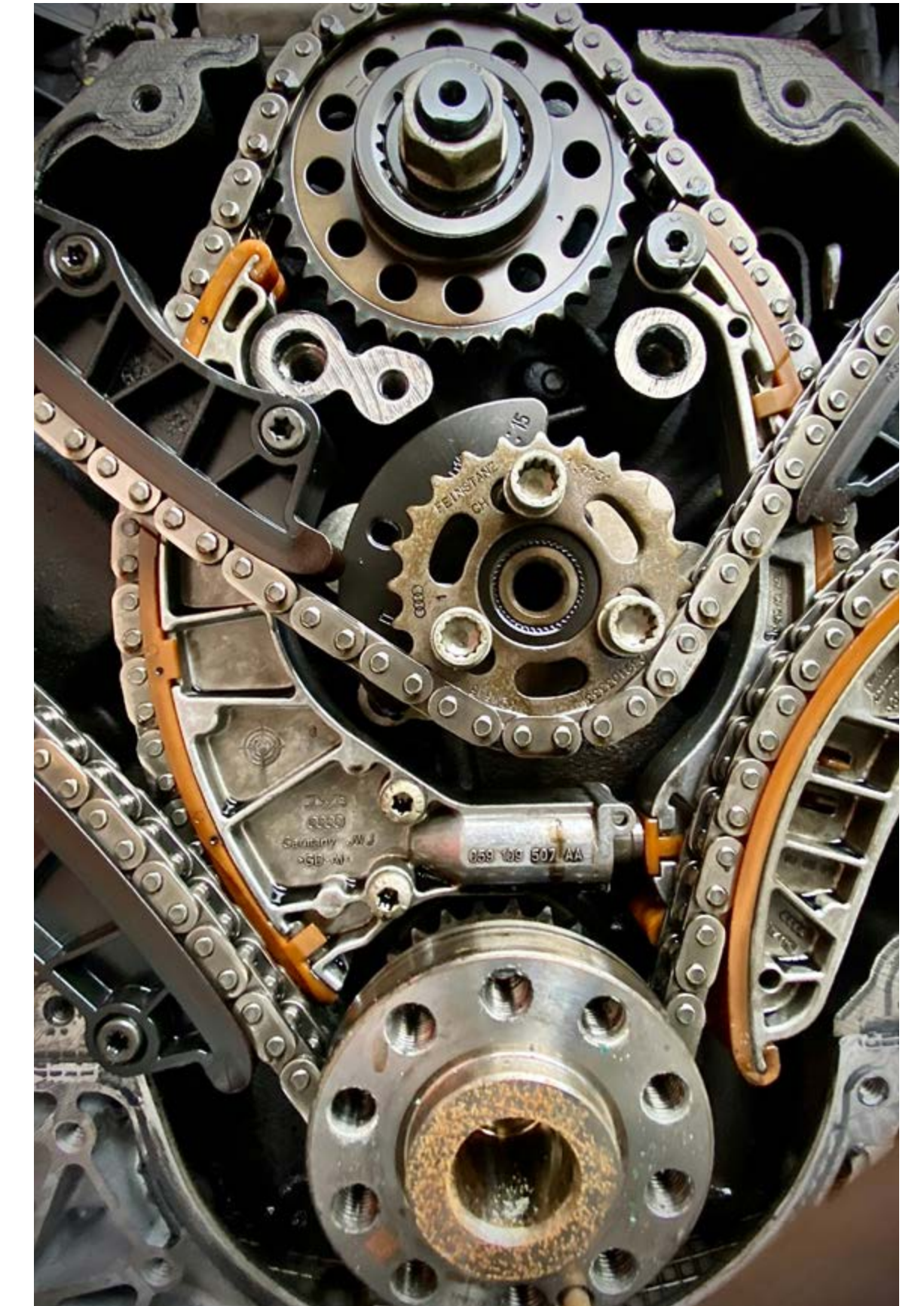
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Sectors employing young people, such as retail and hospitality, can provide a strong social mobility engine through offering impacted groups an opportunity to gain some initial work experience and build vital skills at a young age. This can provide a foundation ahead of seeking to move into different areas of work (which may include professional services) to utilise and build further on skills attained in the earlier work experiences. It's worth keeping in mind that the retail and hospitality sectors were hit particularly hard by the Covid-19 pandemic<sup>10</sup>, which may have tightened the budgets for employers in this sector and resulted in them being unwilling or unable to participate in initiatives such as the Social Mobility Employer Index due to cost and skill constraints.

By NextGen undertaking this research, which is at a zero cost to the participants and does not involve the need for specific written skillsets to complete responses to questions (which is in opposition to the Social Mobility Index), we have aimed to strip away some of the inherent 'advantages' that some organisations may have in being recognised in such a way by indices like this.



<sup>10</sup> State of the Nation 2022: A fresh approach to social mobility (publishing service.gov.uk)





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## SCOPE AND LIMITATIONS OF RESEARCH

NextGen has grown since its inception and is now proud to have a significant pool of members who contribute to its success and can provide wide and diverse views from their experiences. Those members have also developed networks across not only the pensions space but into the wider fields of finance and other disciplines.

We embarked upon a process to seek the views of our members and their wider networks to form the backbone of this report, gathering key details and useful insights.

We did this in two ways; by means of an online survey and a focus group discussion.

### Online survey

The members of NextGen’s Research and Insights (R&I) committee wanted the results of our specific research to dictate the key findings in the report. The survey questions were constructed by seeking views from across the R&I committee. The committee challenged each other and aligned the final result to focus in on the key areas of importance. The R&I committee considered as best they could how questions could be interpreted with the intention to be clear and concise.

The survey was created on an online platform and was promoted by the R&I committee and fellow NextGen members. The R&I committee noted it was important that the survey tried to reach as wide an audience as possible. Platforms such as LinkedIn were used to increase the number of people able to access

the survey. Word of mouth was also a useful tool. The design of the survey was such that it made the completion of the survey simple and quick to complete.

In promoting the survey this way, it was noted that there may have been some constraints to the breadth of audience the survey reached and that this should be noted when considering the results. The survey was eventually completed by 175 users at the point of the deadline. The split of results by male/female/non-binary were as expected and responses were completed in all age categories from aged 18 to the over 65’s, although it is worth pointing out there was a slightly lower number of respondents than expected in the under 25 and over 55 categories.



## SCOPE AND LIMITATIONS OF RESEARCH

### Focus Group

With regards to the focus group, it was agreed that having an open discussion with a diverse group of people may draw out other themes on the topic of this report and help highlight key issues. The R&I committee wanted to consider a different angle to the research, enabling open conversations and broadening the output. The R&I committee planned to hold a group session for 90 minutes to draw out these views with a group of up to 10 individuals.

For the best results it was important to ensure a diverse group of individuals were selected. As such, the pool of volunteers were asked to supply the following information in advance – Age, Job Title, Ethnicity, Location, Gender, Years Experience and Socioeconomic background. The most diverse group was then selected for the session.

The results of the session provided some good case studies and gave people the opportunity to provide background and reasoning behind their views. This output has been captured and feeds into other parts of the report.

In summary, whilst the population surveyed could always be larger the R&I committee were comfortable that the responses were of a size to draw meaningful conclusions from the data. Certain correlations within the data have provided useful key themes for the next section of this report.





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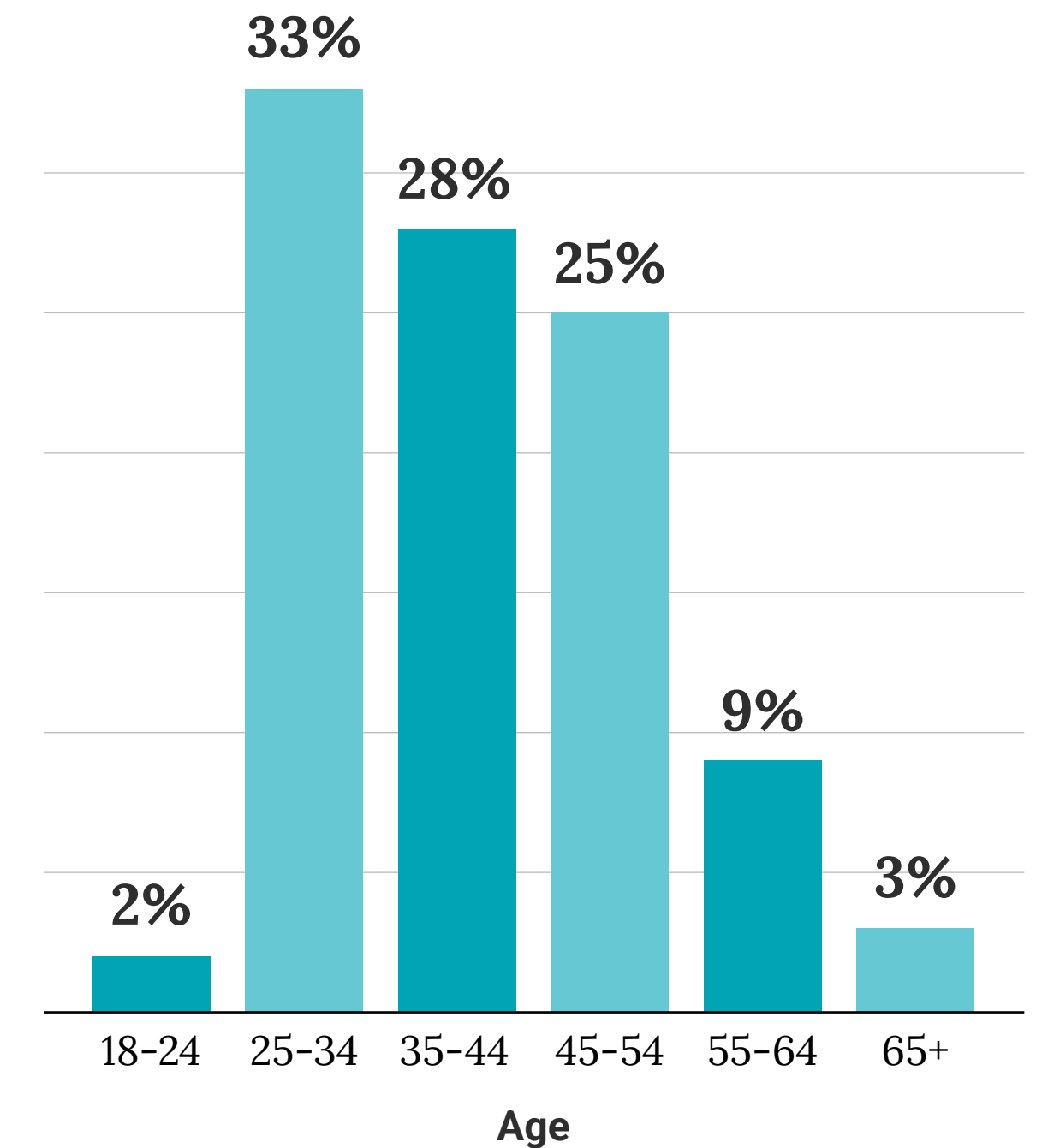
- **Age and Financial Satisfaction**
- **Current employment status**
- **Upbringing – Education and Social Class**
- **Starting location and impacts on social mobility**
- **Perception of self and others**

### Age and Financial Satisfaction

#### Age

The age of a person should not influence their ability to access career opportunities, and indeed, the Equality Act 2010 supports and protects against age discrimination. Unfortunately, the experience of all is not necessarily consistent with the support enshrined in law, whether in access to work, or career progression.

For that reason, our survey and our focus group attempted to ascertain participants age group in bands, with the breakdown being shown in the following bar graph:





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Analysis of the results and outputs immediately demonstrate a concentration across the three middle age bands, ranging from age 25, upwards to age 54.

The shortfall in numbers at each end of the age spectrum was very marked. The results challenge diversity across the pensions industry, but why should there be such an imbalance and why would both those in early and later career be affected?

There is a strong suggestion the low numbers under the age of 25 are explained by the industry no longer actively recruiting from the school-leaver population into something akin to modern apprenticeships. Results equally suggest that at least some of those completing further education courses are not accessing the industry, or that it is taking them longer to do so, in spite of their qualifications, with up to a 3-year delay in progress, depending of course on whether

they extend their time in further education with a Master's degree or Doctorate.

As a result, the industry would appear to be missing out on opportunities to mould fresh, young talent via their own early career development programmes and that there is a drag on degree qualified candidates entering the industry too. This does not present a healthy picture of organic growth of skilled resource, and it exposes the industry to unwarranted levels of risk in a competitive recruitment market likely increasing recruitment costs too, from competing for candidates in later career age segments, with higher recruitment costs.

At the opposite end of the spectrum, numbers reduce radically immediately age 55 is reached and this is not substantiated with evidence that this is as a result of large numbers of early retirements. Other factors are also likely to be at work, noting the large

reduction in the number of over-55s in the general workforce, post-pandemic.

A shortfall in over 55s within the pensions industry could compromise availability of key experience and skills to support development of the next generation, both in terms of availability of and access to a supply of experienced mentors and coaches, or the capacity to transfer and record extensive knowledge. Equally, the age-balance within the industry appears to be being eroded, with a more stereotypical mid-career band dominating the age profile, when a variety of age groups would bring equal variety of insight.

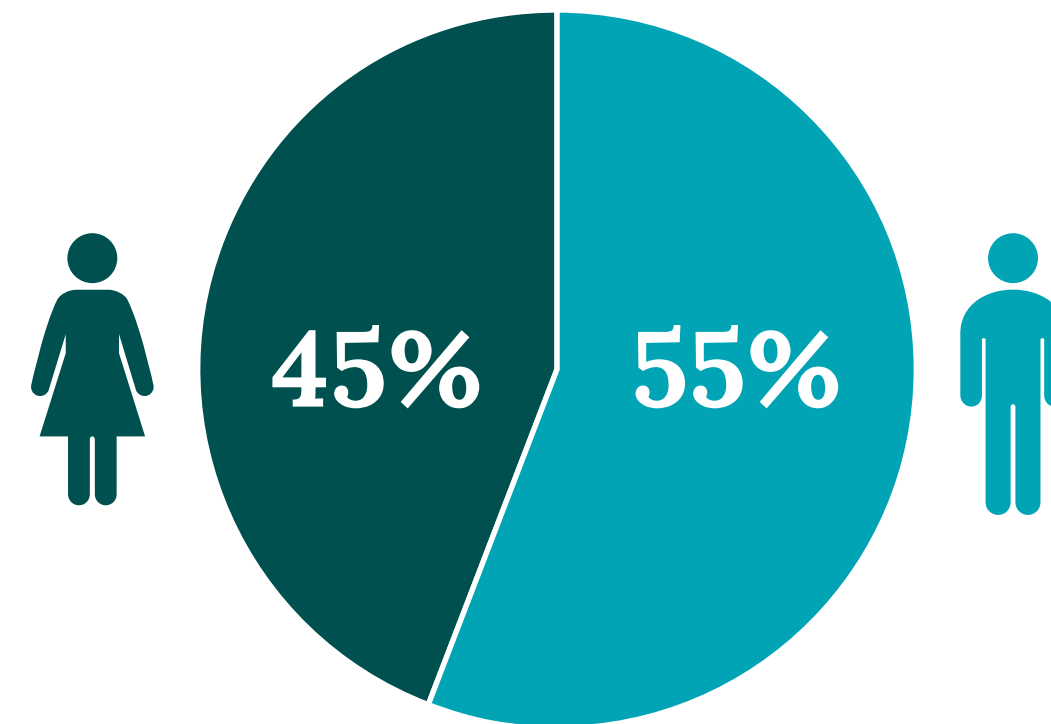


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Overall, therefore, this does not look diverse for those in early or later career.

The gender balance within age groups is also of great interest:

- **41%** of respondents under 35 are female.
- **26%** of respondents under 35 are male.
- The overall gender balance across the survey is **55/45%** female/male.



This raises a question about accessibility to the industry for women, especially those in the earlier career segment. If we were to wind back a decade, this group may well have included under-25 joiners and reflect a potentially disproportionate number of women in lower ranked positions.

### Our key take aways on age:

- Age can suggest disparities in access to career opportunities
- Our survey indicates that there is a marked shortfall of individuals under 25 and over 55 accessing the pensions industry workforce
- The decline in recruitment of individuals under 25 may stem from a lack of active outreach to school-leavers and barriers faced by graduates in entering the industry, leading to delays in career progression.
- A significant reduction in the workforce of those aged 55 and older raises concerns about the loss of experienced mentors and the transfer of knowledge, potentially impacting the development of younger talent.



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### Financial Satisfaction

In assessing inclusion within the pensions industry, it is important to consider whether those involved are attaining their goals. As a financial industry, and for more general socio-economic reasons, it is no surprise that the level of financial satisfaction within a career comes into play in assessing how inclusive the pensions industry is.

The survey records that under 35s appear to be less financially satisfied. As this group continue to be in the earlier half of their careers and are likely to be reaching major financial commitments, such as property purchase, marriage, or families, this is not surprising. However, it is important to ask if there are other underlying reasons for dissatisfaction.

The fact that the survey also noted over 45s think opportunities for those generations

following are better, whilst those younger generations think those both before and after them are better off suggests a disconnect and lack of understanding between age groups, which may be perpetuated by the lack of presence in numbers of under 25s and over 55s in the industry.

This must be caveated to some extent, given the natural tendency to presume other groups have it better or easier than one's own.

As a further indicator of financial satisfaction (or not), the survey noted most people to be in full-time employment. Whilst this is somewhat surprising, given supposed drives towards flexible working and an economic shift to greater levels of interim work, it provides disturbing continued evidence that part-time work is concentrated among women, with self-employment concentrated among men. It is unclear if those self-employed includes contractors working in

the interim resource workspace, which can be lucrative, if less secure, but part-time work is likely to be less financially positive. However, the survey results contradict this potential concern in terms of financial satisfaction, suggesting part-time work is being done by those more financially secure, which perhaps needs further research to pull out more detail on the balance of household incomes between partners.

In thinking about how we might address the issues suggested here, there are a few areas to note:

- The pensions industry may not be as visible from the outside, as some people within it think, therefore roles available may not be well known or publicised, particularly in the secondary education sector, before potential candidates enter further education.







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- The role of companies in the wider finance sector, who may have a pensions arm, but do not wish to brand as solely ‘pensions’ may be acting as a brake on access to pensions specialisms, where those specialist career paths may be diverted. This could either divert or discourage early career entrants to the industry.
- The removal of ‘pensions trained’ professionals being sought out by other sections of the industry, never to return may also discourage the retention of skills in early careers in the pensions sector.

### Our key take aways on financial satisfaction:

- Assessing inclusion within an organisation requires evaluating whether individuals are achieving their financial goals, with younger employees (under 35) reporting lower financial satisfaction, potentially due to major life commitments.
- A disconnect appears to exist between age groups, as older employees (over 45) believe opportunities for younger generations are better, while younger employees feel that both older and younger cohorts have it easier, indicating a lack of understanding across age demographics.
- Pension roles may lack visibility in the job market, particularly among potential candidates in secondary education, which could hinder recruitment efforts and awareness of available roles of younger talent.





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### Current employment status (including impacts of gender and marital status)

From the research undertaken, we identified the following gender-based impacts:

- More women than men filled in the survey. Women answering the survey tended to be of a younger age – 41% of women respondents were under 35, compared to only 26% of male respondents. This age differential reflects attrition of women from the pensions industry as they progress through their career, either to move to new careers, or take a career break, although there were no corresponding insights suggesting they returned to the industry at a later date.

- Most of the respondents to our survey were in full-time employment. Only 17% were either part-time workers or were self-employed (including contractors). Those working part-time were more likely to be women and those who were self-employed were more likely to be men. Both groups were more likely to be married than not and rated their financial satisfaction level much higher on this basis. Within our sector, it would appear not being in full-time employment is something that is done by people with higher financial security, perhaps those who can make a lifestyle choice to do so. Also, as these groups were more likely to be married, further research on this might look at the financial health of the household rather than of the individual, which would more clearly indicate whether financial security is derived from a partner's income, or if lifestyle choices are being made.

- Respondents whose parents worked in a manual or technical role or were long-term unemployed were identified as being more likely to agree that their background influenced their career. In terms of their current employment status, they are more likely to be in full-time employment, perhaps indicating and reinforcing their view that their background had an impact on their career.





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There were a number of key themes from focus groups, with differences and challenges. For example, we had eight participants for our focus group, who were chosen to have a broad range of socio-economic backgrounds, nationalities, and ages. They also came from different organisations and had different job specialisms within the industry. From this research, pockets within the industry were highlighted as being more diverse than others, particularly from a gender perspective. Two examples here were communications roles and those involving law and legal specialism. However, while gender-based targets can be quite concrete and visible, many diversity initiatives are not intersectional, which misses groups that might most need support. Equally there is a sense that some initiatives may have an element of ‘diversity-washing’, rather than being fully embedded with intent to improve areas such as gender balance.

Participants also identified that some entry-level roles, such as pensions administration, are currently quite transient roles but could be turned into something that aims to identify and nurture future talent, which ties in with other findings that point towards a need for more established apprenticeship programmes. Currently there are many different roles to where individuals can branch off to other specialism, rather than be retained within pensions.

Those new to the industry may be impacted more by changed working practices including hybrid or remote working. Additionally, pensions roles may not be apparent and visible to those in education, meaning a potential market and source for diversity is missed.

### **Our key take aways on employment status:**

- Focus group discussions highlighted that while some areas of the pensions industry are more diverse, many diversity initiatives lack intersectionality and may not effectively support all underrepresented groups, raising concerns about “diversity-washing.”
- There seems to be a need to enhance entry-level roles, such as pensions administration, to nurture future talent and improve visibility of pensions careers in education, as current transient roles may not attract or retain individuals in the sector.





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## Upbringing - Educational and Social Class

A person’s upbringing can have a significant impact on their adult life. A study from the ONS showed that people who grew up in income-deprived households in England have lower average earnings aged 30 years than their peers, even when matching educational level and secondary school attainment.<sup>11</sup> For that reason, our survey and our focus group asked participants about their early lives and what impact they think this has had on their career (if any).

A prominent issue was education. 16% of our survey participants went to an independent or fee-paying school, compared to 7% of the UK population.<sup>12</sup> Attending such a school is not always wholly down to the financial position of a person’s family; 25% of those who were privately educated received a

bursary to cover the fees. Given that (1) private school students in England are twice as likely to earn top A-level grades as state pupils<sup>13</sup>, (2) 96% of our survey participants who went to an independent or fee-paying school went on to higher education (with 25% attaining a Master’s degree or Doctorate postgraduate qualifications) compared to 81% in our overall survey population, and (3) the pensions industry is notoriously technical and competitive, with many career paths requiring specific entry level academic requirements, these kinds of educational trends may be unsurprising.

Another key theme of our research was family occupations. Out of our survey participants, around 60% have parents who worked in a professional or managerial role. This is much higher than the general UK population, but similar to the demographics uncovered by previous research conducted on the socio-economic diversity of the civil service.<sup>14</sup>

Those whose parents worked in a manual or technical role or were long-term unemployed are more likely to agree that their background had an effect on their career, which aligns with broader ONS research around this topic.<sup>15</sup>

11 [www.ons.gov.uk/peoplepopulationandcommunity/educationandchildcare/articles/whyfreeschoolmealrecipientsearnlessthantheirpeers/2022-08-04](https://www.ons.gov.uk/peoplepopulationandcommunity/educationandchildcare/articles/whyfreeschoolmealrecipientsearnlessthantheirpeers/2022-08-04)

12 [www.gov.uk/government/news/elitism-in-britain-2019#:~:text=Just%27%25%20of%20British%20people,politics](https://www.gov.uk/government/news/elitism-in-britain-2019#:~:text=Just%27%25%20of%20British%20people,politics)

13 [www.theguardian.com/education/2023/aug/20/private-school-england-twice-as-likely-top-a-level-grades](https://www.theguardian.com/education/2023/aug/20/private-school-england-twice-as-likely-top-a-level-grades)

14 [www.gov.uk/government/publications/navigating-the-labyrinth-navigating-the-labyrinth-socio-economic-background-and-career-progression-within-the-civil-service#section-1---understanding-socio-economic-diversity-in-the-civil-service](https://www.gov.uk/government/publications/navigating-the-labyrinth-navigating-the-labyrinth-socio-economic-background-and-career-progression-within-the-civil-service#section-1---understanding-socio-economic-diversity-in-the-civil-service)

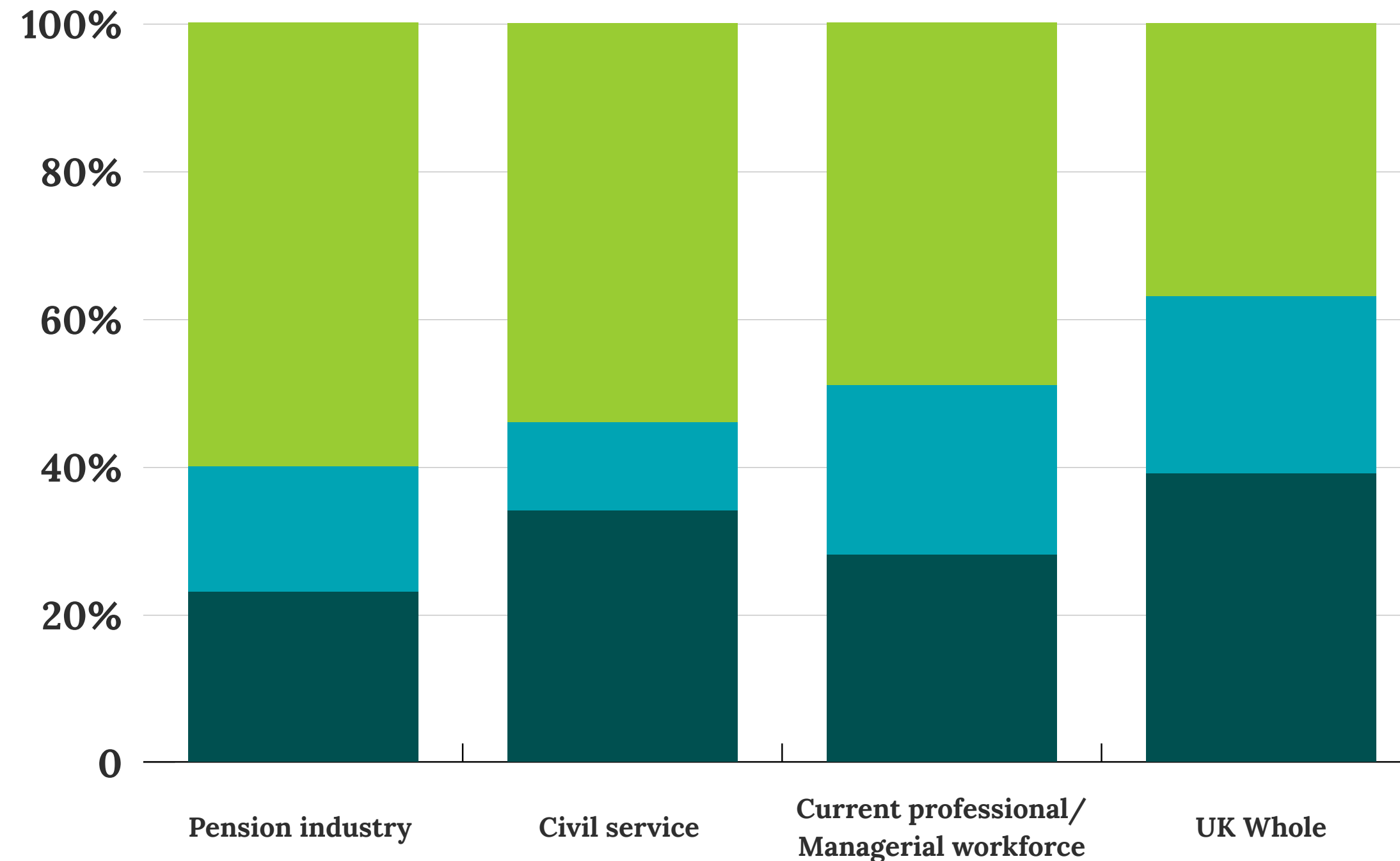
15 [www.ons.gov.uk/peoplepopulationandcommunity/educationandchildcare/articles/youngpeoplefromdisadvantagedbackgroundsfeellessincontroloftheirfutures/2023-11-06](https://www.ons.gov.uk/peoplepopulationandcommunity/educationandchildcare/articles/youngpeoplefromdisadvantagedbackgroundsfeellessincontroloftheirfutures/2023-11-06)



# KEY THEMES

- Foreword – PFF
- Foreword - NextGen
- What is NextGen?
- Social Mobility
- Scope and limitations of research
- Key themes**
- Conclusions
- Acknowledgements

**Parent's occupation at 14**



	Working class	23%	34%	28%	39%
	Intermediate	17%	12%	23%	24%
	Professional/Managerial	60%	54%	49%	37%

As socio-mobility broadly refers to people moving between social classes, it's fair to see how parental occupations can impact the social mobility of their children:

- a) Parents' occupations directly affect household income, which influences the resources available for education, extracurricular activities and other lifestyle and health choices and opportunities. Our research on independent and fee-paying schools, set out above, aligns with this idea; whilst 25% of those who were privately educated received a bursary to cover fees, the inverse of this is that 75% did not have such a bursary. A related, but separate, question, is whether the recipients of those bursaries needed them in order to access independent or fee-paying schools, or whether this was just a nicety.



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Research did not dig into this, but it would be interesting to see what kinds of results such queries would produce.

- b) Jobs and careers that provide higher salaries or benefits like defined benefit pensions can lead to greater familial wealth accumulation, which can be passed on to children through inheritance or financial support during a parent’s lifetime.
- c) Some jobs and careers have more social and cultural capital than others and may impact the social networks and opportunities their children are exposed to. This idea was discussed at length during our focus group session, with some participants who grew up working class noting they felt not just a lack of opportunities or networks, but also lower confidence levels as a result of having larger penalties for failure in comparison to middle class peers.

In the Focus group there was also a general sense that parental occupations have the ability to influence children’s aspirations and familial expectations. This aligns with wider research on the topic; The Chartered Institute of Personnel and Development reported that nearly a million people in the UK (973,376) do the same job as their parent breadwinner.<sup>16</sup> The same paper also noted that research from the Department of Education showed “young people found the information, advice and guidance (IAG) received from their family to be more useful than the IAG they received from teachers”, highlighting the importance of parental influence on an individual’s future career aspirations. This is undoubtedly a complex and multifaceted area, but our data (noting the limitations on our research as outlined within Section 4 (Scope and limitations of research) of this report and the wider research referenced here indicate that a person’s upbringing can significantly impact their social class as an adult.



### Our key take aways on education and social class:

- Family background may influence career trajectories.
- Parental occupations may affect household income and access to resources, shaping children’s educational and career opportunities, with implications for social mobility and the accumulation of familial wealth.
- The influence of parental guidance on career aspirations can be significant, with some individuals feeling that they must follow in their parents’ professional footsteps.

<sup>16</sup> [www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/impact-social-mobility/](http://www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/impact-social-mobility/)

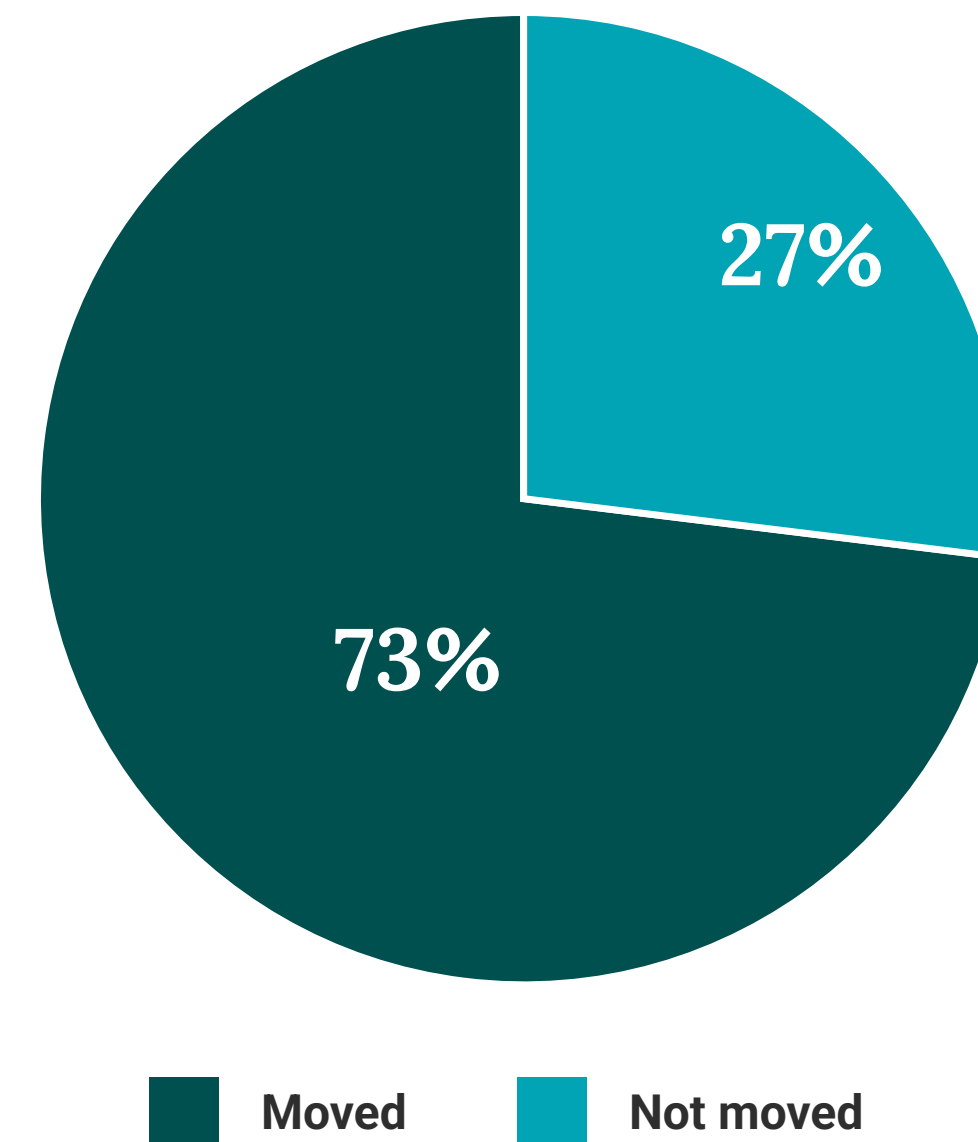
## KEY THEMES

### Starting location and impacts on social mobility

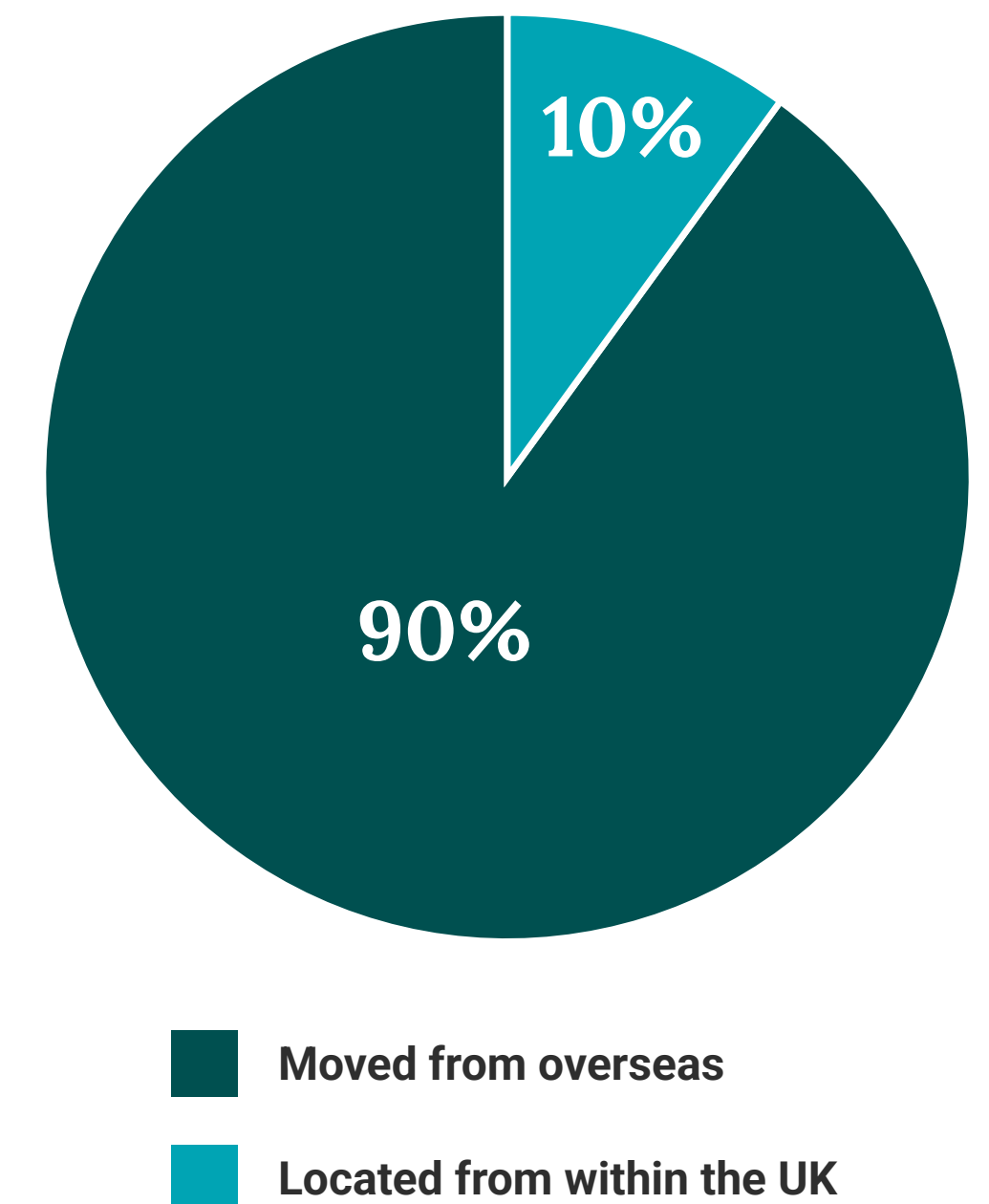
Geographical mobility can be linked to socio-economic mobility in many ways; moving to an area considered to be an economic hub can provide more employment and education opportunities as well as enhanced social and professional networks, which are factors associated with determining someone’s social class. Our survey results provided some interesting insights on geographical movement of pension professionals in the UK:

#### (a) High levels of geographical mobility:

- (i) A significant majority (73%) of participants in our survey have moved away from their place of birth.



- (ii) A statistically significant proportion of this mobility involves international relocation, with 10% of those who have moved coming from abroad to the UK.



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### (b) Regional retention patterns:

- (i) Despite moving away from their hometowns, many participants noted that they had retained connections to those regions. For instance, 53% of those who grew up in the South-East and moved from their hometown still live within the South-East.
- (ii) Our survey found that London attracts a considerable number of individuals from the South-East, with 27% of movers from this region relocating to the capital. This is perhaps not surprising given (1) the short distance between London and the South-East and (2) the robust economy in London.

- (iii) Our survey also found that participants generally felt higher “financial satisfaction” if they were originally from London or the South East compared with other areas.

Recognising the limitations of our survey, we can however conclude:

- The high rate of geographical movement, both within the UK and from abroad, suggests that individuals are willing to relocate. Although the reasons for relocating may vary amongst individuals, we would expect one of those reasons to be for better opportunities.
- The retention within the South-East and relationship between this area and London implies that while people move, they may choose to remain within economically vibrant areas. Our finding of higher financial satisfaction amongst those participants who hail from London and the

South-East (see (b)(iii) left) also indicates a regional disparity in economic outcomes. There are many potential implications here; for example, this could indicate that it is more difficult to move from a less affluent area to a more affluent one and so we see a high correlation between those who were born in affluent areas now working in economic hubs like London. Where a person from a less affluent area does manage to make that move, they could perhaps be adding to a ‘brain drain’ in those less affluent areas and may feel they have fewer connections if they did not grow up close by or in a similar area. As a next step, it would be interesting to explore whether people from lower socio-economic backgrounds typically remain in economic hubs, move out to commuter belts or return to their hometowns.



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All that being said, we should acknowledge the fact that geographical mobility does not present an entirely clear picture of or relationship with social mobility, particularly given:

- the rise in flexible working (a study found that most people who took up homeworking during the pandemic planned to undertake hybrid working in the future, and, consequently, an ONS second study found that the proportion of workers hybrid working rise from 13% in early February 2022 to 24% in May 2022);<sup>17</sup>
- the rise in adult children living with their parents (in the most recent English and Welsh Census, most people in their early 20s were living with their parents)<sup>18</sup>; and
- the fact that many people move more than once in their lives.<sup>18</sup>

### Our key take aways on geographical mobility:

- Maintaining a connection to your hometown was prevalent amongst our research, with 53% of those from the South-East still residing in the region, suggesting a pattern of regional retention despite wider geographical mobility.
- Higher financial satisfaction is reported in certain regions, highlighting regional disparities in economic outcomes and suggesting challenges for those moving from less affluent areas.
- Geographical mobility does not fully correlate with social mobility, as factors like the rise of flexible working, adult children living with parents, and multiple relocations complicate the relationship between movement and socio-economic advancement.

<sup>17</sup> [www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/isybridworkingheretostay/2022-05-23](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/isybridworkingheretostay/2022-05-23)

<sup>18</sup> [www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/moreadultslivingwiththeirparents/2023-05-10](https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/moreadultslivingwiththeirparents/2023-05-10)

<sup>19</sup> [www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-household-moves-fact-sheet/english-housing-survey-2021-to-2022-household-moves-fact-sheet](https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-household-moves-fact-sheet/english-housing-survey-2021-to-2022-household-moves-fact-sheet)

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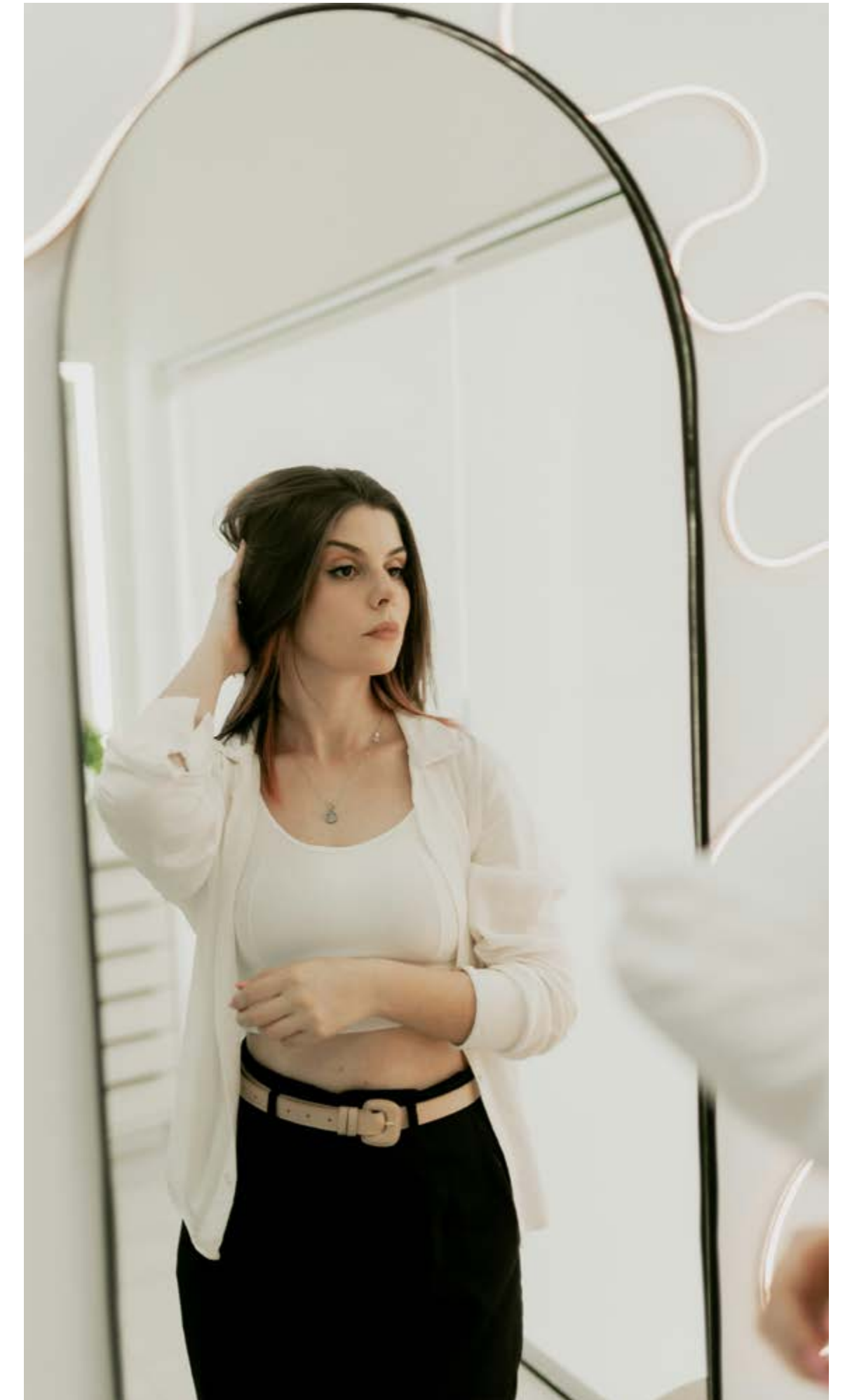
### Perception of self and others

We're incredibly grateful to those that took part, in particular in our focus group sessions, as these really helped us glean information that isn't as easy to capture in written surveys. In addition to the measurable data we collected, we made a number of interesting observations in particular in relation to how we view ourselves, how we view others, and indeed how our views on both develop overtime.

We had a really great range of opinions from round the table, some of which hadn't thought about their own class before, nor the class of others, whilst others had strong views.

It was interesting to hear the different factors that were considered when participants were asked about their own social class – with a re-occurring theme being the class of your parents, or at least your own perception of their class. It's clear that there is a lot of subjectivity when it comes to which class you fit in, and what class you put others in, with all views being equally important and there being no right answer.

How we look, where we live, how we talk (our dialect), where we went to school, our education (if any), the vocabulary we use, all influence perceptions and in some cases, were thought to have been a barrier to their own personal and professional development.





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Some examples given included:

- The language we use / understand – feeling unable to contribute to conversations due to complex terminology.
- How we express ourselves – Being considered too direct
- Feeling worthy of working in the industry due to perceived class and / or the university we did or did not attend.

Imposter syndrome has increasingly become a topic of conversation in the industry, perhaps influenced by the many perceptions – those that you create of yourself, and those that you create of others – which, indeed, are just that – perceptions. It's important to challenge perceptions to help us see the reality.

Socioeconomic status can change over time with an underlying thought that your original status when you were growing up very much stays with you - it may influence your own self-esteem, the jobs you apply for and sense of self-worth. We find this point particularly interesting given your upbringing isn't always apparent to those around you, suggesting that psychology may be a factor.

### **Our key take aways on perception:**

- Challenge your own thoughts.
- Be open minded – don't judge a book by its cover
- Socioeconomics shouldn't be a barrier to what you want to achieve
- Appreciate that everyone has different backgrounds which shape who they are, how they think and behave.



## CONCLUSIONS

Our ultimate aim is to shine a light on the critical issue of social mobility within the pensions industry, underscoring its importance for fostering DE&I. By defining social mobility and attempting to identify what ‘good’ looks like as we go, some key areas for consideration include;

- The necessity of inclusive hiring practices that prioritize skill over pedigree
- Our findings reveal significant age disparities and illustrate the challenges faced by younger professionals and those nearing retirement, signifying an urgent need for organisations to cultivate a more diverse workforce across all ages

- As we seek to drive change, it is imperative for industry stakeholders to engage in proactive measures aimed at enhancing social mobility, not only for the benefit of individuals but also for the overall health and productivity of the industry as a whole
- The insights gleaned from surveys and focus groups provide a valuable foundation but should serve as a catalyst for ongoing conversation and action





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Moving forward, it would be great if we could consciously challenge preconceived notions about socioeconomic status and foster an environment where talent is recognised and nurtured, regardless of background. By doing so, we can build an industry that is not only fairer and more equitable but also rich in perspectives that can lead to innovation and growth.

It seems unlikely that large scale reform is needed to achieve a stronger footing on this topic. However, something we have acknowledged in this report is the limited data available on this topic, with the majority of survey respondents advising their employer doesn't collect or know if their employer collects socio-economic data. If employers don't capture the necessary information, they won't be able to easily identify any potential areas in need of consideration. It all starts with the capturing of this crucial data.

With the above in mind, we implore employers to collect and review relevant social-economic information about their workforce and consider this during the recruitment process. In the meantime, small changes and efforts in being more consciously aware of social economic factors when recruiting, would likely go a long way to help shape the future of the pensions industry towards being a more inclusive and thriving landscape for us all.

### **Join us in driving up social mobility across the pensions sector!**

The data only tells us part of the story and isn't, in itself, going to change the state of play. And that's why we're going to be hosting a series of discussions aimed at brainstorming solutions to some of the issues raised in our research.

Whether you're a NextGen member, employer or simply have something to say on social mobility, we'd love for you to get involved. [Get in touch](#) if you'd like to participate.





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