

Financial preparedness for later life among the Chinese community in the UK

82

POLICY BRIEFING

MARCH 2025

This policy briefing summarises research examining financial preparedness for later life among individuals from the Chinese community in the UK. Using a mixed-methods approach, the research investigates pension arrangements and retirement planning attitudes using data from the UK Household Longitudinal Study (2010–2023), photovoice method and focus groups.

For individuals from the Chinese community in the UK, the findings show a lack of trust in the government and pension systems, leading to an emphasis on personal savings, self-reliance, and family support for financial security in later life.

To address concerns about government reliability and state pension sufficiency, policies should focus on strengthening trust in the formal pension system, supporting financial independence, and improving accessibility.

Key Points:

- *In the UK, individuals from the Chinese community have higher personal pension membership and are more likely to expect to use savings or investments for retirement than any other ethnic group.*
- *Men are more likely than women to have a personal pension and to expect to use savings or investments for retirement.*
- *Language barriers and digital exclusion may hinder access to pension information, reinforcing reliance on personal savings.*
- *Low trust in the government and pension systems drives greater reliance on personal savings, self-sufficiency and family support for financial security in later life.*
- *Leveraging successful retirement planning models among individuals from the Chinese community can encourage all communities, especially women, to financially prepare for later life, ensuring greater security and financial independence in retirement for everyone.*
- *Policy responses should develop financial literacy programmes, build trust in UK pension systems, offer financial rewards/incentives, and address language barriers among individuals from minority ethnic groups.*

Introduction

This briefing summarises key findings from the analysis of the UK Household Longitudinal Study (UKHLS) between 2010–2023, and from photovoice and focus groups, as part of the ESRC-funded project *‘Promoting inclusivity in pension protection and other forms of saving among men and women from black and minority ethnic communities in the UK: a mixed methods study’*, based at the Centre for Research on Ageing.

Financial preparedness for later life is a key concern for all UK communities, but the Chinese community exhibits a distinctive approach, traditionally placing a strong emphasis on self-reliance in financial matters. Many individuals from the Chinese community rely on family support, real estate investments, and personal savings over formal pension schemes to secure their financial futures. High financial independence and low reliance on state welfare are influenced by cultural values, economic behaviours and structural barriers. Filial piety is a core value of the Confucian culture and emphasises providing for older parents. It shapes cultural norms and social policies relating to old age support. Understanding these patterns is crucial for designing effective, culturally sensitive later life financial planning programmes.

The study

A mixed methods design was chosen to enable an in-depth exploration of whether and how individuals from the Chinese community financially prepare for later life or depend on support from the UK government.

Quantitative analysis of UKHLS panel data between 2010–2023 (waves 2–11 and 13) explored personal pension membership and expectations to use savings or

investment for retirement among individuals aged 45–64. The total pooled sample consists of 78,667 participants for personal pension membership and 36,157 participants for non-pension savings expectations.

This study also used photovoice and focus group discussions to explore financial preparedness for later life. Photovoice involved two Chinese participants capturing and reflecting on their financial experiences through photography and interviews. Focus groups with a total of 28 members of the Chinese community in Southampton also provided insights into approaches to saving, pension participation, and financial planning for later life, highlighting cultural influences on these decisions.

Main findings

Personal pension membership

Personal pensions are pensions that individuals arrange for themselves, often referred to as defined contribution or ‘money purchase’ pensions. The pension received is typically based on the amount contributed. Figures 1 (a) and (b) show the proportion of personal pension membership among men and women aged 45–64 by ethnicity in the UK. Overall, 26% of men and 16% of women have personal pensions. Among individuals from the Chinese community, 38% of men and 24% of women report having personal pensions. Compared to other UK ethnic communities, men from Bangladeshi communities (5%) and women from Pakistani communities (3%) have the lowest personal pension membership. Women from White British communities are slightly above the national average of personal pension membership at 17%, but this is still lower than women from Chinese and Other White communities.

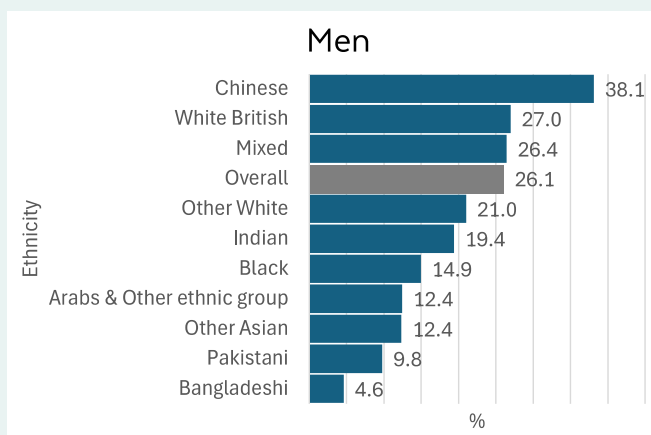


Figure 1 (a): Proportion of personal pension membership among men aged 45–64 by ethnicity in the UK

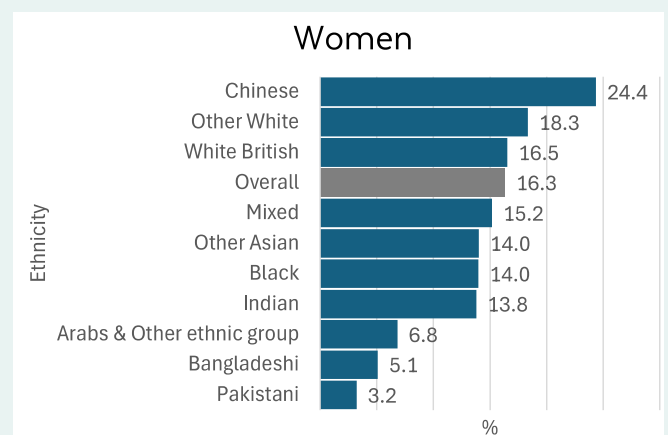


Figure 1 (b): Proportion of personal pension membership among women aged 45–64 by ethnicity in the UK

Source: Authors' own analysis of UKHLS: waves 2, 4, 6, 8, 10, and 13; 2010–2023

Focus group participants echoed the quantitative findings. Those from the Chinese community showed a tendency to save money and/or invest in personal pensions rather than rely on the government. For some, this was related to their migration history and ineligibility for the full state pension.

One participant shared:

“When I came to the UK, I started working. I have worked for 10 years, and now my age reaches the retirement age, I have a state pension now, but it is not very much. [...] Unless you have worked for many years and you are eligible for full pension, the consequence would be almost the same if you don’t pay for pension when you are young and just get the allowance from the government when you get old. So, what is the point you pay for the pension now? [...] My pension from Hong Kong is good, so my life here can be more comfortable. The UK pension scheme just makes people don’t want to buy the pension.”
(Male, age 65–74)

Expectation to use non-pension savings or investments for retirement

Figures 2 (a) and (b) show the proportion of people expecting to use non-pension savings or investments for retirement among men and women aged 45–64 by ethnicity in the UK. Overall, 44% of men and 38% of women expect to use such savings or investments for retirement. Among the Chinese community, it is much higher at 71% of men and 53% of women. Men and women from Bangladeshi communities accounted for the lowest proportion (13%), while men and women from White British communities are slightly above the national average (45% vs 39%).

Our interviews and focus groups reveal some of the motivations behind this financial behaviour. First, some participants distrust the pension system and the government, fearing that future state pensions might be insufficient. One participant (male, 75–84) said, “governments all over the world are the same; they don’t save money for you.” Second, some participants, especially women, were reluctant to make investments that they perceived as risky. One participant (female, 65–74) admitted that she would “rather save money by [herself] than buy these [investment] funds.” Another participant (female, 65–74) thought that investing money in things like life insurance was “greedy” and too risky.

A strong emphasis on self-sufficiency and cultural values like filial piety played a crucial role in shaping participants’ financial decisions. They want to provide for themselves in old age and help their children financially:

“Usually, I would save it. You can see now I have a job, but I don’t know if it will be one day I lose my job. I am also a parent. I also hope that I can do things better and support my children financially if needed. For example, when he grows up and he needs to buy a house, I might need to help him. So, I will save the money whenever I feel it is needed someday in the future. I am not a materialistic person either, I won’t spend so much money on a handbag.”
(Female, 55–64)

One participant also mentioned language and digital access barriers as limiting information and support:

“Basically, the Chinese people are always self-sufficient. They can survive without any support from the government. They have been here since after the Second World War. They can do it that way.”

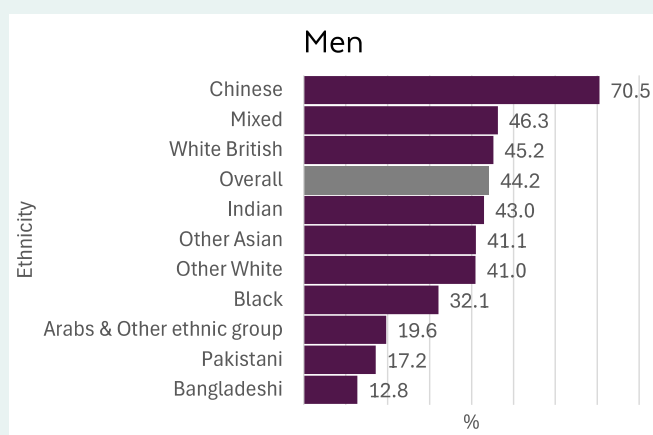


Figure 2 (a): Proportion who expect to use non-pension savings or investments for retirement among men aged 45–64 by ethnicity in the UK



Figure 2 (b): Proportion who expect to use non-pension savings or investments for retirement among women aged 45–64 by ethnicity in the UK

Source: Authors’ own analysis of UKHLS: waves 2–11 & 13; 2010–2023

So not only for me, I think most of the Chinese people, we do not know what is available. We just base on our own savings. [...] Secondly, language barrier. If they want to apply, they need to understand English. Even if they know English, they do not know where to apply now that everything is online.”

(Male, 45-54)

Policy implications

The findings from this study show that policymakers must focus on strengthening stability and trust in the formal pension system. Support for those choosing financial

independence, with more flexible retirement savings options should also be available. Improving language and digital accessibility is critical to helping individuals navigate the pensions system.

With 18.3% of the UK population in the 2021 UK Census identifying as members of ethnic minority groups, these measures are important to ensure cultural sensitivity towards the Chinese community and other minority groups in the UK, many members of which value filial piety and financial independence. Understanding such preferences is vital for designing effective financial planning programmes for later life across all UK communities.

Authors

Saddaf Naaz Akhtar

(University of Southampton, CRA)

Spela Mocnik

(University of Southampton, CRA)

Yuanyuan Yin

(University of Southampton, WSA)

Athina Vlachantoni

(University of Southampton, CPC-CG, CRA)

Edited by Teresa McGowan and Becki Dey

(University of Southampton, CPC-CG)

ESRC Centre for Population Change Connecting Generations

Building 58

Faculty of Social Sciences

University of Southampton


SO17 1BJ


Tel: +44 (0)23 8059 2579

Email: cpc@southampton.ac.uk

 @CPCpopulation @ConnectingGens

 /CPCpopulation

 @cpc-cg.bsky.social

 /company/esrc-centre-for-population-change-and-connecting-generations