

# Social Contexts and Responses to Risk Network (SCARR)

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## Risky Rainy Days: Who plans for their financial future?

Deborah Quilgars & Anwen Jones  
The Centre for Housing Policy, University of  
York

David Abbott  
The Norah Fry Research Centre, University of  
Bristol



Does planning ahead all depend on how much money you have – the rich can afford it and the poor cannot? Or is it as much about what your background is and the social and cultural groups that you belong to? Both financial resources and culture make a difference according to interviews with people from four different groups:

- Christians and Muslims
  - Disabled people
  - Gay, lesbian, bisexual people
  - Black and Asian people
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- Disabled people faced risky and uncertain futures. Job security was closely linked to worries about people's present and future health. Some financial products like insurance which might provide some safety net were often not available to Disabled people and the extra cost of being Disabled made it hard to save and plan for the future.
  - Religion – in this case being Christian or Muslim – had some impact on people's attitudes towards money and debt. Christians in our study felt that their faith could provide a 'buffer' against possible risky life events. Muslims said they resisted debt (or paid it off as quickly as possible) in order to save money for their families' futures.
  - Gay, lesbian and bisexual people sometimes manoeuvred themselves into jobs where they would feel safer from discrimination and increase their job security. Most said they didn't believe in a 'pink pound' and resisted pressure to over-spend as part of a so-called 'gay lifestyle'.
  - Asian men in the study prioritised work – and working hard – as a way of obtaining some financial security. Black people in the study did not think that being Black had much impact upon their views about planning ahead.

Across all four groups how much money people had still made a big difference to their ability to plan ahead. However, views and behaviour were also affected by other factors: the way their parents had dealt with risk, the balance between work and other aspects of life, and their beliefs about how much help people can expect from the government.

The project, carried out by Deborah Quilgars & Anwen Jones at the Centre for Housing Policy, University of York, and David Abbott at the Norah Fry Research Centre, University of Bristol, involved focus groups followed by interviews with 80 people aged 25-50 in Bristol & Leeds. The study is part of an Economic and Social Research Council Priority Network on Risk in Social Contexts directed by Peter Taylor-Gooby at the University of Kent. See: <http://www.kent.ac.uk/scarr/>

**Contact details:**

David Abbott:	0117 331 0972	<a href="mailto:d.abbott@bristol.ac.uk">d.abbott@bristol.ac.uk</a>
Deborah Quilgars:	01904 321480	<a href="mailto:dq1@york.ac.uk">dq1@york.ac.uk</a>

## Faith – Christians and Muslims

### ***Why might faith matter?***

There is a tendency to think that ideas of faith or fate no longer feature in the day to day decisions we make. However, research suggests that faith (often combined with ethnicity/culture) does impact on various aspects of life including feelings of well being and satisfaction with life and that religion tempers the impact of life events such as unemployment or divorce. Other research suggests that religion also appears to have an impact on attitudes to money and to financial planning.

### ***Findings: Importance of money and whether influenced by religion/religious beliefs***

Almost all Muslim respondents said that money was important for day to day living and a few (mostly women) said it was also nice to have money to spare for luxuries. It appeared that husbands and wives often had very different attitudes to money and, that this was sometimes a cause of discontent. Muslims mentioned both religion and their upbringing and ethnicity in relation to some money related issues e.g. saving.

*As an Asian person we're brought up heavily not so much to live each day to the next and not kind of spending as there's no concern about tomorrow. (Male, Muslim)*

None of those who had a mortgage had a Shari'ah compliant product but a few people said they were trying to pay the mortgage off as quickly as possible to avoid paying interest for too long whilst others preferred to borrow money from family members.

Christian respondents tended not to place much importance on money and this was very much related to their faith. Like Muslims, they perceived money as necessary to live and to provide for their children or family and most said they liked (or would like) to have enough disposable income for extras or to not have to worry about outgoings. However, Christian respondents were concerned about striking a balance in life and in particular between spending on themselves and charitable giving. A common view was that money was God's, not theirs, and they had a responsibility to take care of it and to do good for others (not just family and friends).

### ***Risk and security***

Muslims and Christians tended to talk about the costs associated with children and old age as financially risky events. They acknowledged that job loss or ill health would have an impact but was not something to worry excessively about. There was a tendency for Christians to be accepting of whatever fate had in store - but this didn't stop some from planning as they felt that even though God would take care of them the individual also has to be responsible.

*...when I say I trust in God it's not to the exclusion of sort of being prudent but I just don't care about money...and if I'm ill then it happens and I'll cope with it ...money's for using now... (Male, Christian)*

Almost all Muslim respondents said they felt financially secure. Having a secure job and being confident of finding alternative employment if necessary, earning an adequate income, having savings (in particular in the form of housing equity), second properties, and occupational pensions were all mentioned as factors which made people feel secure. Christian respondents also said they felt financially secure but they tended to place more importance on their job security and/or being able to find alternative employment or manage on less money if they had to.

### **Planning**

Most Muslim respondents thought it was important to plan and most relied on savings and, in particular, on property and housing equity. Christians also felt it important to save and plan for the future and said that they had a duty and a responsibility (to God) to save and be sensible. Christians combined two different view points – that there was something wrong about over-planning because there is a life after this one – with a sense that it was right to be responsible for their families and for themselves.

*I am very much a truster, a leaner and a rester in my faith, in God. And probably that's good in a way, but there is a time when there's got to be action as well.* (Female, Christian)

Christians were more likely to plan for contingencies such as ill health or unemployment and had a wider range of financial products than Muslim respondents. One reason given for not buying financial products was a mistrust of financial institutions. Another reason for not planning was that people generally did not believe that risks were very likely and/or that they would be able to manage whatever happened. Some Christians said that their faith seemed to help them feel more secure.

*I have an eternal perspective because I am a Christian. What I tend to think is if I get to 65 and I haven't got that much money I'm going to have maybe twenty years of living like that and then I'm going to live somewhere else for eternity.* (Male, Christian)

### **Safety nets**

All but two Muslim respondents said they could manage for a time on their savings or investments if they faced financial difficulties. Although most Muslim respondents said they could rely on their families for some help (and many had done so in the past) for the most part they preferred to rely on their own resources first. Few respondents mentioned State benefits without prompting and there was some reluctance to rely on benefits even among those who had few safety nets but overall people said they would claim them if they had to. Many interviewees said they had managed with little money in the past and felt that they could cut down and live on a more modest income again. Christian respondents mentioned the same safety nets as Muslims but typically mentioned a greater number of strategies including reliance on financial products and their housing as well as their church community:

*I really strongly feel that in some odd way the church is a back-up. There is a network of people and friends and church that provides a cushioning. I feel fairly confident that it'd be all right, and that we won't be allowed to sink if disaster struck...* (Female, Christian)

### ***Does faith make a difference?***

Muslims described a range of influences such as their upbringing/parents, past experience, having children/family responsibilities and their ethnicity – as the things that made a difference to how they thought about money, financial risk and security.

*I mean generally our parents, they've always tried to save and they always look to the future and they try to build a future for us, so they try to install that in us. (Male, Muslim)*

A minority did explicitly mention their faith as an influence in this area of their lives:

*In terms of savings, and for religious reasons I don't like to use interest or take interest, hence I don't really get involved in credit cards. Savings wise I don't receive interest and the bank don't pay it. Some banks have got Islamic orientated accounts and banks and mortgages so that was something I'd be very interested in because that's almost tailoring to my needs. (Male, Muslim)*

Christians tended to mention similar influences e.g. upbringing, past experience, children - but faith and beliefs were mentioned by most people. Most people described a mix of influences with faith running through these.

*It is that belief structure that makes me now not need to strive to have a very well paid job. It's that belief structure that makes me strive to want to do something useful in life now rather than make a lot of money necessarily. (Male, Christian)*

## **Sexuality – Lesbian, gay and bisexual (LGB) people**

### ***Why might sexuality matter?***

There has been a persistent stereotype that LGB people have higher than average disposable incomes. In fact research suggests that gay men earn up to 5% less than their average heterosexual peers, whereas lesbians earned 11% more. When it comes to planning for the future, research in the US suggests that they are far less likely to make formal legal and financial plans for themselves over the life course. Planning for old age and retirement may be more important for LGB people in the absence of extended family support. There has been a history of restriction and discrimination from financial services towards LGB people especially in the field of insurance products.

### ***Findings: Importance of money and whether influenced by sexuality***

There was very little consensus on whether or not sexuality affected attitudes towards money. A quarter said that money was relatively important and characterised their approach to it as 'cautious', or 'careful'. People in this category said that they lived within their means, avoided debt, and tried to save money. The same number said that they had a very laissez-faire attitude about money and preferred to 'live for the day'. Several respondents answered the question about money by referring to

'alternative values'. A lesbian social worker said that money was by no means everything:

*Money is nice it's great, you know you can go places and do things but there's kind of qualities in life that kind of money can't get close to really.*

### **Risk and security**

The majority of LGB people in our study said that they did not worry about money – or job loss – through redundancy or ill health. About a third said that they felt financially secure, had a lifestyle that they could enjoy (and protect into the future), and/or sufficient resources to ride out the possible financial strain of job loss – equity in their houses and savings being the two main safety nets mentioned. About a third of this group said that they had very secure jobs – mostly in the public sector and felt that it was virtually impossible for them to lose their job.

It was important to this group that they did work which interested them but also that they worked in environments which were not discriminatory. Some respondents had made a strategic choice to work in the public sector where they thought it would be easier to be out as LGB and where they would be afforded greater protection if discrimination did arise.

*I like working for [employer] because the people are much nicer....because of equal opportunities and all the rest of it. If you work in a straight firm or whatever, I've worked for banks and stuff before, they're quite prejudice.*

Those that did say that they worry about money matters framed their concerns primarily in relation to old age, retirement and death. Four people said that relationships (starting them or ending them) represented the biggest threat to financial security.

### **Planning**

Two-third of the LGB group said that they did make some financial plans for their future. Those that planned identified old age and retirement as the dominant reason – only one person said they had planned for job loss. Savings, investments and insurance policies were the most common form of planning. Of those that said they did not plan, all but one said it was because of a lack of money. For example, a gay part-time tutor and artist had a low income and no means of saving. He had been invited to join a pension scheme for artists but decided not to because he couldn't afford the payments.

The decision not to plan was sometimes more complicated than whether there was enough money to go around. For some, it was a belief that their attempts would be confounded by discrimination in the financial market; for others it was questioning what the point of planning was. A gay retail manager, who said he did not have enough money left after essential bills were paid to plan, said that whilst he couldn't afford to plan for his future, he was not sure if the future was worth planning for:

*If the government is expecting us to save more for our future then the question is, you know, what future? Global warming, environmental disasters, energy crisis. The future doesn't look bright in that respect.*

Respondents who had made conscious decisions to work in various types of jobs or to organise their work/life balance in a particular way recognised that this adversely affected their capacity to plan for the future.

### **Safety nets**

Those who had made some financial plans (savings, investments, insurance) said that this would, hopefully, help them through 'hard times'. Most felt that they would bounce back from adversity relating to work or ill health – i.e. that they would get another job or would get better. Homeowners thought that the equity in their house would be a backstop of last resort. Friends and family were the overwhelming source of support identified. A gay hotelier who had previously worked in the finance sector said that financial regulations changed so rapidly that it was difficult to know what to rely on and felt that family networks would be more reliable in case of difficulty:

*I suppose it's a trust issue. You'd have to start off with family because from a trust point of view that is the main thing I think.*

About half felt that in principle the state *should* act as a safety net. However, almost all of these accepted that people should, where possible, have tried to put resources aside for a rainy day and then draw on the State as a last resort.

### **Does sexuality make a difference?**

Half of the LGB group said that their sexuality did (or possibly) made a difference to issues around money, work, planning and risk – the other half thought there was not (or probably was not) a link at all. Though most people did not believe in the 'pink pound', some reflected on 'gay stereotypes' in relation to issues such as money and spending.

*I'm not a stereotype but I'm within that sort of stereotype group. So I'm a bit more avant garde if you like. I have an image and I can be foolish with me money as regards spending patterns, you know what I mean?*

A teacher also drew links between something of the nature of the gay community and approaches to finances. He felt that the 'fickle' nature of gay relationships meant that he was very protective of his own financial resources:

*I think there is a different agenda with being gay – certainly when you are in a partnership, the partnership perhaps isn't as secure initially because of the gay world and how fickle it is...so that makes you very guarded as regards to money and finance. I would always have my own property in case something goes wrong, because we don't have any other security blanket of children and things like that.*

There were accounts of perceived institutional discrimination in the financial services sector:

*I think my lack of planning now is because I feel that, as a gay person, it's not going to work. I think there is going to be red tape everywhere stopping us from being able to plan what we want. Because there's companies that still don't recognise it.*

Several respondents thought that being gay meant they had fewer responsibilities (especially after their deaths) and therefore were more relaxed about not planning. One retail manager felt that his sexuality 'set him apart' from mainstream society and this did affect his attitudes:

*I do kind of see myself as quite different from the rest of my family and I think that feeling of being different because I am homosexual has probably had some influence on the way I've lived and my attitude towards money.*

## Disability

### ***Why might disability matter?***

Research suggests that Disabled adults aged 25 to retirement are twice as likely to live in low income households as their non-disabled adults counterparts mainly because they are less likely to be in work. One significant factor that causes poverty is the additional cost of being Disabled. In addition to general poverty and inability to earn sufficient amounts of money, people with learning disabilities generally have very little idea of how much money they have - and difficulties in understanding information constitutes one of the biggest barriers to financial decision making for people with learning difficulties.

### ***Findings: Importance of money and whether influenced by being Disabled***

Money was a major source of concern for the majority of Disabled people in our study. A number of people reflected on how their circumstances had changed (for the worse) over their adult life-course. In terms of attitudes towards money, all types of approaches were characterised by the respondents from those who said they were careless and uninformed to those who budgeted carefully and tried to keep abreast of financial issues. Of the people with learning difficulties who took part in the study, some had been and were in debt and found it hard to make ends meet. A shop assistant had become £900 in debt to the residential home that she lived in because of confusion about who should pay her transport costs, for example. Only one of the six people with learning difficulties who took part said that they had a bank account in their own name and none of them were able to say exactly how much money they had for themselves after their essential costs and bills were paid for.

### ***Risk and security***

Everyone was able to identify risks in relation to work, money and financial futures – a small number were sanguine about them, usually those that had more 'established jobs', or partners with better paid jobs. A civil servant said that she worried about getting older and becoming less mobile. She was anxious to sort out some insurance which would cover or make a contribution to income if she was unable to work due to deteriorating health – *that's my own fault if I become ill and I haven't sorted it out.* Deteriorating health did to a large extent feel out of people's control – *there's not*



*much distance between you being okay and then how quickly it can change. There's a vulnerability that I'm much more conscious of. But it was a source of worry nonetheless.*

A freelance trainer who felt financially and work secure (*there'll always be work for people like me*) was concerned about longer term support/care arrangements in her older age. She did not have children and said that statutory care services were very poor, so worried about what she would do:

*Living on your own you do feel vulnerable but there isn't any services you can access where someone would just pop in, cos I don't want anything invasive...so I don't quite know how you do plan as such.*

### **Planning**

The idea of planning occupied the majority of respondents' minds - especially in terms of sustaining a standard of living in old age and/or retirement. A small number of respondents did save and have other investments including stocks and shares but these had mostly been acquired before an accident or incident which had led to the person becoming disabled. Some people had managed to hold on to and consolidate these assets but for others the intervening accident or injury marked a significant and dramatic change of fortune. One of the first things to go were assets or financial products like pensions and insurance. Most respondents in this group did not have enough disposable income to make significant plans to establish a financially secure future. A zoo worker with learning difficulties said that he had been interested in making a will but was put off when he found out that there was a legal fee which he said he could not afford:

*I did think a little while back about making wills and what it would take and things like that and then I found out that you have to pay solicitors' fees or whatever and I said like do you have to really do that. So it just got washed to the back of my mind.*

A number of respondents said that achieving financial security (as they saw it) was increasingly difficult given increases in the general cost of living alongside increases in levels of personal debt – something for which they felt financial institutions were as responsible for as individuals. But discriminatory barriers were also an issue and affected people's ability to make the kind of plans they would like. The belief that insurance options would not be available to them (on grounds of poor health) was widely shared. There was quite widespread distrust of financial service providers and their products. Some people, both with and without learning disabilities, thought that information needed to be easier to understand.

For a freelance trainer the experience of becoming disabled following an accident had made her conscious of the need for what she called a 'contingency fund' which amounted to 3 or 4 months worth of income. However she felt unsure about how to plan properly for older age and wasn't sure what her pension situation was. She echoed the views of a couple of other respondents when she questioned the value of planning now for older age if this meant that her current quality of life would be diminished:

*If I wanted to secure sort of a reasonably high quality of life [in retirement] I'd lose some quality of life now to do that and I think I'd rather have it now than be guessing what might, or might not, happen to me.*

### **Safety nets**

The overwhelming response was that people who had accumulated any assets would draw on these first and then reluctantly seek state support. There was widespread support for the idea that the state *should* support people who were in financial dire straits. One respondent thought that financial institutions were not very good at helping people in financial need or who got into financial difficulties – *they don't listen...they're not very caring*. His past experience led him to feel that state benefits would be a backstop for him and his family instead.

### **Does being Disabled make a difference?**

Links between being disabled ran closely alongside the issues that the interviews were exploring – around money, work and risk. Being disabled often meant that a range of 'filler' or 'gap' jobs which might be easily secured in the event of unemployment – like a waitress or shop assistant were not routinely available - *there's a whole gamut of jobs that you couldn't do because you're not physically able to*. For several people, planning wasn't financially viable. For others in the study, there was a sense that the future was out of their control – this in turn made them worry less. A job coach remarked on some of the differences between himself and others who lived without illness and impairment. He felt much more tuned into the future as he was reminded of it constantly through the myriad of medical appointments and professionals who discussed it with him – and he felt more in touch with his body and how it was changing – both in terms of being well and becoming less well:

*I think I'm more prepared than most other people cos I have regular visits to consultants, specialists, GPs, I'm aware of the changes that are happening within my body than any other person. I have a sight of what the future's bringing. So I can prepare and I'm more aware of what could happen in the future and at least I can sit here and think ten years, fifteen years might be as good as it gets and I'm preparing for that in my mind as much as financially. So whereas some people go round thinking they're invincible and nothing's ever going to happen and then tomorrow something does happen....*

## **Ethnicity – Black and Asian people**

### **Why might ethnicity matter?**

UK Black and Minority Ethnic (BME) households are twice as likely as White people to be in income poverty. Risks of poverty are highest for Bangladeshis, Pakistanis and Black Africans, but are also above average for Caribbean people. Research suggests that BME groups find financial decision making more problematic than the rest of the population and this has been attributed to a range of factors including traditional gender roles, poverty, lack of knowledge and preference for other sources of finance. While only six per cent of White households have no financial products, the figure is 14 per cent for Pakistani and Bangladeshi households and 16 per cent for Black households.

### ***Findings: Importance of money and whether influenced by ethnicity***

All respondents thought money was important, particularly to meet financial commitments and to support their families, but almost all stressed that it was not the most important thing although it was nice to have enough money for holidays and a few luxuries. People generally felt their attitude to money had been shaped by their upbringing and experiences although a few made a connection between their approach to money and their ethnicity. Some explained that money had become more important (or would become so) when they had children.

*Before I had my son it wasn't that important, if I had it, I had it, if I didn't, I didn't. But when you're responsible for somebody else it's, it's not the same... because you need to provide for somebody else who's relying on you.* (Female, Black Caribbean)

### ***Risk and security***

Black and Asian respondents, like respondents in other groups, did not tend to perceive risks to their financial security and only discussed them when prompted. People tended to talk about having to pay for their children's education and/or meeting their own needs in older age rather than ill health or unemployment. Nevertheless, like respondents in other groups they were aware of things that could go wrong, this was especially the case if someone close to them had been ill or suffered some misfortune.

*No it's not likely to happen. But something just happened in the, in one of our family. Not close related, it's from wife's side, and he's got a couple of shops in London and he fell from a ladder and broke both his 'ands. ...Now he basically can't do anything.* (Male, Asian)

Most people, but not all, said they felt financially secure and gave a number of reasons for this. Home ownership gave people a sense of security as did not having debts or at least not being over committed. Reducing or minimising debt tended to make people feel more secure. People also felt secure because they (or their partner) were in secure employment or believed that they could find another job if they had to.

*Yeah, fairly financially secure...I would say having a reasonably secure job and also having the skills, say if the job for whatever reason folded, I could turn my hand to the catering and still be able to, to survive.* (Male, Black Caribbean)

### ***Planning***

Although many planned for risks in one way or another, few seemed to think that risks such as ill health or a lengthy period of unemployment were likely and people usually felt that they would be able to manage whatever misfortune they experienced. Nevertheless, respondents did believe it was important and sensible to make financial provision for the future. This was mainly for their children and old age and, to a lesser extent, for a 'rainy day' – to tide them over if they were to lose their jobs or become ill. Not all respondents were able to plan as they simply did not have the money to do so. Some Black respondents who had a faith shared similar attitudes to Christians in the study, although they placed trust in God they also thought they had a responsibility to plan.

*... if it's something I can't change then there's no point me investing that effort to get upset about it, to get all worked up about it; it's not going to change it. But yeah, if it's something I can do something about, then it's like hell for leather if you will... But I do know that I'll be all right. I do have that assurance that things will work themselves out... (Female, Black Caribbean/White)*

### **Safety nets**

All the respondents had some form of safety net – in some cases though this was quite limited. Only two respondents had no formal safety nets apart from life insurance and a small amount of savings but both were buying their homes and had some equity. A number of people mentioned their home as a safety net. Most people said they would rely on finding another job and a few people said they could rely on friends and family for some (limited) help whilst a couple of people said they could rely on their Church or faith community. Very few mentioned state welfare as a safety net without prompting, however no-one thought that the state could be relied on and few were sure what help they might expect. A couple of people, both Asian men, had a range of safety nets including insurance policies, savings, equity and property

### **Does ethnicity make a difference?**

A few respondents thought their ethnicity might have influenced their views on money and planning. For example, people said that their parents 'are typical old West Indians' or implied that Asians have a different attitude to money and work but only a few said that this had *directly* influenced their approach to work, money or planning.

*...I think you'll find a lot of Asians I mean... I'm Indian...and [we] seem to be very close knit and they seem to like work hard and save money rather than spend it. And that's the general of all Indians basically in my age group. I know how hard my Dad used to work when he came here before we were born and all that kind of, that's influenced me basically. (Male, Asian)*

Many respondents mentioned a number of additional influences including gender, faith, upbringing (including being poor), past experience, faith, education and having children and said it was difficult to identify the most significant influence.

*I think my mother in my ear again, she used to drum it into us as women, you should be financially secure and financially independent, so we had a lot of that, because three girls, so my mother did quite a bit of, make sure you have a career, or make sure you can work for yourself and don't rely on a man to support you blah blah...Actually I'm not sure whether that's more about being Black or being a woman - probably a bit of both... (Female, Black Caribbean)*

## **ESRC priority network 'Social Contexts and Responses to Risk' (SCARR)**

School of Social Policy, Sociology and Social Research (SSPSSR)  
Cornwallis Building NE  
University of Kent at Canterbury  
Canterbury,  
Kent CT2 7NF, UK