

October 2016

## **Self-employed becoming pension and protection underclass**

- 46% of self-employed believe they'll never be financially secure enough to retire (compared to 19% of employed Britons)
- 32% of self-employed don't know how they're going to fund retirement (compared to 16% of employed Britons)
- 38% of the self-employed don't have a pension (compared to 10% of employed Britons)
- Being self-employed means you're also around 50% less likely to have individual protection or medical insurance

New research by personal finance experts Drewberry has revealed that the UK's record number of self-employed are fast becoming a pension and protection underclass.

Drewberry's 2016 [annual survey of 2,000 British workers](#)<sup>1</sup> has highlighted that, while surging growth in the number of self-employed Britons has led to record employment levels in the UK, today's, increasingly aged, self-employed are falling ever further behind their employed peers when it comes to pension provision and everyday protection planning.

### **No end in sight**

Tom Conner, Director of Drewberry, said: "There are now more than 4.7 million self-employed Britons<sup>2</sup> thanks to the growth in what's being called the 'gig economy'. However, times are hard – the self-employed have seen real pay fall by almost a quarter since the financial crisis and this is reflected in this year's findings.

"Currently, there are two and a half times more self-employed than employed who think they'll never be able to retire [46%]. Meanwhile, nearly four times as many self-employed [38%] don't have a pension with twice as many [32%] having no idea how they'll fund their retirement.

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<sup>1</sup> Drewberry's annual survey was conducted by the market research company OnePoll at the end of August 2016. The research was conducted among 2,000 employed and self-employed UK workers. Drewberry's key findings can be viewed at: <https://www.drewberryinsurance.co.uk/knowledge/research/personal-finance-survey-2016>

<sup>2</sup> ONS Trends in self-employment in the UK: 2001 to 2015

“In terms of insurance cover the outlook is more bleak still,” says Conner, “as, arguably, the self-employed are far more vulnerable to the risk of a long-term illness or disability. Indeed, almost 22% of our self-employed participants admitted they had no idea how they’d cope in the event of a long-term illness while, almost half said they’d be forced to rely on their savings – even though very few have anything like the savings this would require.

“Our findings suggest that employed Britons are almost three times more likely to have income protection insurance [8.4%] and around twice as likely [8%] to have critical illness cover than their self-employed peers. Meanwhile, more than twice as many employed people [9%] currently have private medical insurance.

“What’s probably most worrying is that it’s difficult to see anything that will counteract this disparity going forward,” says Conner, “recent employment trends, coupled with auto-enrolment, suggest that the gap between the employed and those who work for themselves is only going to grow from here.”

### Recent employment trends

“Recent studies have shown that the number of self-employed workers is growing almost four times faster than the number of employed and the great weight of this growth is coming from the part time self-employed. This reflects the fact that so many Britons are being forced to work well into their dotage,” says Conner.

“The number of self-employed people over 65 has more than doubled in the past five years alone while there’s now an estimated 3,000,000 UK workers over the age of 60.

“For a great many, this is the legacy of failing to address their retirement earlier in life and it’s a trend that we expect to grow based on the findings of our latest survey.”

46% of Britain’s self-employed believe they’ll never be secure enough to retire

...this compares to only 19% of Britain’s employed workers.

32% of the self-employed have no idea how they’ll fund retirement

...only half as many employed people admitted the same.

38% of Britain’s self-employed have no pension savings

...while only 10% of employed people are still outside of the pensions regime.

Only 3% of self-employed people have income protection insurance

...while almost three times as many employed people have this kind of cover.

Less than 8% of the self-employed have CIC

...compared to 14% of employed Britons.

Less than 4% of the self-employed have PMI

...while more than 9% of employed people have the same cover.

**-ENDS-**

### Media enquiries

Matthew Morris, Carr Consulting & Communications  
[matthew@carrcandc.co.uk](mailto:matthew@carrcandc.co.uk)  
Mob: 07717 420693

Kevin Carr, Carr Consulting & Communications  
[kevin@carrcandc.co.uk](mailto:kevin@carrcandc.co.uk)  
Mob: 07887 838811

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For advice consumers can call 020 8432 7333 or email [help@drewberry.co.uk](mailto:help@drewberry.co.uk).

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