



# PROPERTY

## HAS IT OVERTAKEN PENSIONS AS THE MOST LUCRATIVE INVESTMENT FOR RETIREMENT?

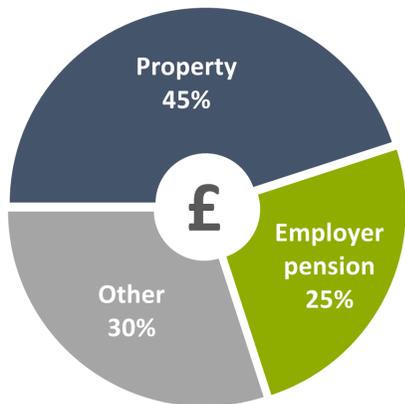
Bank of England chief economist Andy Haldane was labelled ‘irresponsible’ by Tom McPhail of Hargreaves Lansdown for advocating investing in property rather than a pension scheme. But is Haldane justified?

Key findings on the Office for National Statistics’ Wealth in Great Britain:

Early Indicators Estimates from the Wealth and Assets Survey

Wave 5: July 2014 to December 2015

FIG I. “WHICH OPTION WOULD MAKE THE MOST OF YOUR MONEY?” (JUL 2014 TO DEC 2015)\*



1 **Fig. I** shows that nearly half of Britons believe property is the most lucrative investment for retirement, while only a quarter think pensions—despite the economic security and tax benefits it accompanies—is best

Other methods of retirement saving include, among others, savings accounts and stocks and shares

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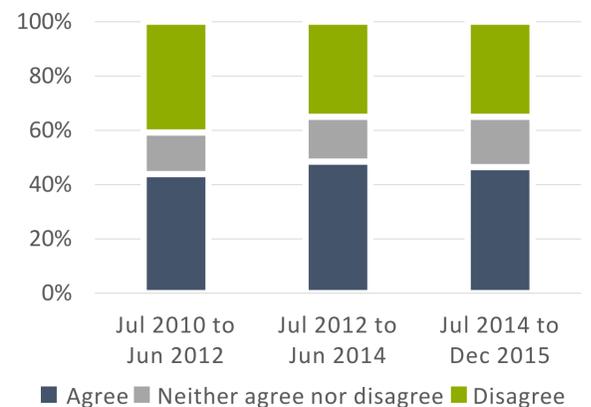
**Fig. II** illustrates a consistent opinion towards employer pensions, but a steadily increasing favourability for property investment, rising by 5% between July 2010 and July 2014

This phenomenon is echoed in **Fig. III**, where over a third of respondents since July 2012 felt they did not understand enough about pensions

FIG II. “WHICH OPTION WOULD MAKE THE MOST OF YOUR MONEY?”\*



FIG III. “I UNDERSTAND ENOUGH ABOUT PENSIONS TO DECIDE ABOUT SAVING FOR RETIREMENT”\*



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These results controversially reflect that contrary to specialist advice and government initiatives, there has been a growing confidence in property prices since July 2010

Decreases in other methods of saving for retirement like saving accounts and stocks and shares are linked to the effect of low interest rates

### PERSONAL DEVELOPMENT AT ONS

#### STATISTICAL SKILLS DEVELOPED

##### DUMMY VARIABLES

I split multivariable questions (those requiring respondents to check all that apply, instead of one single answer) into dummy variables to generate time-series and cumulative frequency counts

##### OVERCOMING RELIABILITY ISSUES

I evaluated different effects of *proxy* approximation weights, since the Early Indicators Article samples is only a subset of the full survey’s population. *Full* weights are not yet available, adversely affecting sampling variation (i.e. in oversampling the wealthy)

##### FAMILIARITY WITH STATISTICAL METHODOLOGY

I selected indicators from the WAS dataset to target the appropriate elements of economic wellbeing, namely *saving for retirement*, *credit commitments*, *debt burden* and *funding for pensions*

##### FAMILIARITY WITH STATISTICAL SOFTWARE

Independent work on SPSS let me appreciate the utility of statistical problems, e.g. significance testing, multicollinearity, in real world contexts

#### PROFESSIONAL SKILLS DEVELOPED

##### ADAPTABILITY

I quickly adapted training in Stata to SPSS interface and applied statistical skills I developed in my quantitative studies, e.g. in coding dummy variables and recoding scalar variables (such as age) into ordinal variables

##### TIME MANAGEMENT

I cooperated with the Methodologies department on dataset weighting and thought ahead to prepare the SPSS syntax beforehand, thus maximising my productivity

##### TEAMWORK & PROBLEM SOLVING

Working in a team entailed a proactive attitude to helping my co-workers. I acted independently by applying further data analyses to lessen the team’s workload. I applied skills I learned in Excel training to identify the largest changes in data across proxy weights

##### DEALING WITH CLIENTS

Writing the Early Indicators Article required a sensitive understanding of ONS’ audience. ONS provides statistical information not only to the public sector in the UK, but also to major private firms nationally and internationally

#### AREAS FOR IMPROVEMENT

