



Summary

- The UK has low social mobility, with leadership in financial services still dominated by white men from higher socioeconomic backgrounds.
- Apprenticeships, and diversity, equity and inclusion (DEI) programmes, are helping to provide access to the pensions industry, but progress remains uneven across firms.
- Major barriers include traditional recruitment practices, high qualification costs, and the concentration of opportunities in London.
- Experts urge firms to collect socioeconomic data, remove unnecessary degree requirements, and focus on recruiting for skills and potential to drive lasting change.

White men from higher socio-economic backgrounds are 33 times more likely to be found in senior financial services roles – including the pensions profession – than women from ethnic minority and lower socio-economic backgrounds, the 2024 *Progress Together* report suggested.

It is a statistic that arguably highlights the scale of the challenge facing the industry when it comes to social mobility – the movement of people between social or economic classes.

The figure reflects a wider pattern across the UK, where social mobility remains persistently low. Among Organisation for Economic Co-operation and Development (OECD) countries, the UK has one of the lowest rates of social mobility, with research indicating it takes around five generations for someone born into a low-income family to reach average income levels.

The current landscape

While the figures paint a challenging picture, there have been some signs of gradual improvement over the past couple of years.

Several firms, including Aviva, Hymans Robertson, and Schroders, have been ranked in the Social Mobility Employer Index, while initiatives such as the Pensions Management Institute's Trustee Accelerator Programme have also aimed to widen access and attract a more diverse range of people into the profession.

Muse Advisory CEO, Ian McQuade,

Sizing up the social mobility challenge

► Paige Perrin investigates why social mobility in the UK pensions industry remains limited, and how apprenticeships, DEI initiatives, and smarter recruitment could finally open the doors to a more diverse workforce, in the latest for *Pensions Age's* special focus on DEI

suggests that, as with many office jobs, the pensions sector has a less diverse mix of people for whom the work appeals.

However, he notes the industry has become regionally broader and now draws more people from a wider range of educational and socio-economic backgrounds than in the past.

Arguably, the growing number of apprenticeships has been a big influence in improving the state of social mobility in the pension sector, with recent research from the Society of Pension Professionals (SPP) showing that 52 per cent of firms now offer an apprenticeship programme – a development that possibly reflects a more open approach to recruitment.

McQuade describes this as “good progress”, adding that “there is greater recognition as to the skills and experience that are available, and therefore firms in our industry are casting their nets wider to find the talent that can be elusive”.

However, he stresses that opening the doors is only the first step, arguing that

it's “crucial” to ensure these individuals have support structures within the business, especially if they lack them outside of work.

SPP president, Sophia Singleton, agrees that apprenticeships have been “a key driver” of progress in social mobility but acknowledges that there is “clearly much more” to do to ensure people from a diverse range of backgrounds have a good chance of entering the industry.

“This is really important to us, not only because it will lead to better decision-making and results, but it will also ensure that, as an industry, we better represent the savers whose money we are looking after,” she says.

Singleton also explains that working from home and the hybrid working revolution have in turn helped social mobility, providing opportunities for people to work with teams across different regions within their firms and for companies that are not necessarily based where they live.

Challenges and barriers

Despite progress in some areas, it is important to remember that there are still barriers on the path to progress. These challenges appear to be rooted in both structural and cultural factors that continue to shape who enters and advances within the profession.

NextGen Research & Insights Sub Committee member, Suneet Chavda, explains that the “biggest structural barriers” include the reliance on traditional recruitment practices, the high cost of professional qualifications, and the concentration of opportunities in financial hubs like London.

McQuade similarly points out that firms with pension consulting or actuarial divisions still rely heavily on graduate recruitment, which can limit diversity.

Chavda adds that NextGen’s research suggests family background also continues to influence career paths in the pensions sector, and that diversity levels vary across roles – for example, legal teams tend to be more diverse than administrative ones.

McQuade stresses that ensuring those from less privileged backgrounds have the same opportunities to progress is a “much harder challenge”.

“It is down to those who are recruiting or promoting people to look for the talent that lies within people.”

He also notes that, despite there being “so many opportunities” in the industry, many people still end up in pensions “by accident” – something he suggests could reflect an ongoing image problem.

“The role we have is critical to society and incredibly varied. As someone joining an industry, there are so many different opportunities,” he states.

Pathways to progress

Many in the industry agree that the first step toward meaningful change on social mobility is better data collection. Without understanding the socio-economic makeup of their workforce, firms arguably cannot take targeted action to

improve social mobility.

Singleton says: “As with many sectors, the industry could and should do more to capture social mobility data, as many firms don’t know the socio-economic makeup of their workforce.”

She questions how employers can act “if people don’t know the size of the problem”.

Social Mobility Foundation chief executive, Sarah Atkinson, echoes this, stating: “Change starts with data; we need to be able to see the problem to fix it”.

“Social mobility is increasingly on the industry’s radar, and while there is growing awareness of the importance of this issue, more needs to be done to integrate it into broader diversity and inclusion strategies”

She highlights figures showing that around half of firms in the Association of British Insurers still do not collect socio-economic data, meaning they lack a full picture of their workforces. “Clearly, this needs to change,” she adds.

Despite this apparent awareness, progress on data capture appears “very limited”.

Sutton Trust research and policy manager, Erica Holt-White, notes that only 15 per cent of employers ask about the profession or class background of employees’ parents, while 60 per cent collect data on ‘protected characteristics’ such as gender, ethnicity, and sexual orientation.

Atkinson suggests that improved data can underpin practical measures to remove barriers – for example, covering work-experience costs, removing unnecessary degree requirements, and introducing mentoring schemes.

Adding to this, Chavda says NextGen’s research identifies three key areas for employers to focus on: Recruiting for skills and potential over polish, widening the talent pool, and capturing socio-economic data effectively.

“Employers can widen their talent pipeline by improving their recruitment practices, including ensuring that opportunities are openly advertised and transparent, as well as diversifying their recruitment channels,” Holt-White suggests.

She argues that “tapping into talent” from a diverse range of backgrounds can help employers move beyond a narrow cohort of the most advantaged candidates – a change that may ultimately benefit both the industry and wider society.

“Social mobility is increasingly on the industry’s radar, and while there is growing awareness of the importance of this issue, more needs to be done to integrate it into broader diversity and inclusion strategies,” Chavda stresses.

“Efforts to rebrand the industry and highlight the opportunities for innovation and impact could help attract a more diverse range of young talent. After all, as an industry we underpin the financial wellbeing of millions across all demographics, so we have a unique responsibility – and a real opportunity – to lead the way on areas such as social mobility,” he adds.

The coming years may show whether initiatives such as apprenticeships, mentoring programmes, and improved recruitment practices can translate awareness into tangible outcomes.

For now, the sector appears to be moving in the right direction, but experts suggest that sustained attention, data-driven strategies, and cultural change will be crucial if social mobility is to improve meaningfully within pensions.

 **Written by Paige Perrin**