

Precarious lives and financial decision-making



Will Sandbrook
Managing Director, Nest Insight

31 January 2025

We established Nest Insight to identify better ways of supporting low, moderate and volatile income workers to build financial security, both now and in later life.

One thing we've tried to do in our work is to highlight how – especially for lower-income workers, the different aspects of their finances are closely intertwined. In our 'How Much is Enough' report at the end of last year we discussed how we can't think about what an adequate contribution rate to a pension might be for someone, for example, without also understanding the what the opportunity costs and potential offsetting behaviours might be for an individual who is already struggling to build or maintain financial resilience today. Our Real Accounts work, culminating in our 'Fluctuation Nation' report, focused in on the specific challenges of income volatility and the financial and psychological premiums – over and above the poverty premium – that can come with such volatility.

We've also tried, since we launched, to support capacity building around financial security and pensions research by partnering with Universities to support PhD Studentships in relevant topic areas. This paper addresses one of those areas: Kris Fuzi, the author, took up one such studentship working with one of our previous collaborators, Debbie Price at the University of Manchester, and it's been great watching his PhD research develop, reach a successful conclusion and to see him now actively contributing to this important research area through his work at CHASM at the University of Birmingham – an organisation with whom we have also worked closely in the past. We're particularly excited to share this research brief now, summarising some of that PhD work. His work and conclusions very much echo some of our own, such as the projects highlighted above, but also bring additional and important perspectives around income and work precarity and how they interact with financial planning and decision-making.

It's great to be able to share this important work, and we very much look forward to continuing to work with Debbie and Kris's CHASM colleagues in the future.

Executive Summary¹

Building savings for later life now requires individual awareness, foresight, and sacrifice. Precarious workers have specific social and economic barriers that make this process even more difficult.

Precarious work is characterised by inconsistent pay, low employer protections, and work contingency. Increasing attention also focuses on precarious conditions that reach beyond work into everyday life.

This impact brief therefore outlines how precarious workers experience insecurity at work and at home, how many struggle to build savings, and why only a small minority can afford to pay into a pension.

After reviewing the conditions of precarious work, this brief moves on to consider how feelings of work insecurity are connected to:

- › The presence of insecurity in the private rental market, and how homeownership can ease this insecurity for precarious workers but not remove it entirely.
- › Inequalities in financial support amongst precarious workers, including domestic support and intergenerational wealth transfers.
- › The gendered impact of childcare and the compounding experience of insecurity for precariously working mothers.

These connected experiences of insecurity influence how precarious workers think about the future and shape their approach to financial decision-making.

This process is termed a 'financial mindset.'

- › A '**surviving mindset**' is characterised by financially surviving month-to-month. These workers must prioritise their spending with no room for pension building.
- › A '**securing mindset**' is characterised by some financial resilience but workers must prioritise life investments, such as buying a home, above pension building.
- › A '**saving mindset**' is characterised by engagement in saving behaviour. These savings are commonly reserved for short-term needs, not pension building.

These findings suggest more attention is needed towards the impact of precarious lives on later life financial security. To help precarious workers engage with pensions, we require a system that understands their socio-economic barriers to saving.

Pension decisions are connected to work, income, housing, wealth, and childcare. For more vulnerable consumers like precarious workers, these socio-economic barriers are often more pressing financial obstacles to overcome **before** they engage in pension saving.

Therefore, reforms to our financial system are needed that help precarious workers overcome their lived insecurities and build financial resilience. With more resilience, precarious workers have the financial confidence to start saving for later life.

¹ Fuzi, K. (2023) [Precarious Lives and Financial Behaviour: An Investigation into the Impact of Insecurity on Saving and Pension Planning](#)

1 Introduction

Individuals need financial resilience and confidence in order to navigate financial decision-making. Precarious forms of working are now a reality for a rising number of the UK workforce. The first half of this decade has also seen a steep rise in the cost of living. Insecure incomes and rising costs lead to greater financial strains on monthly budgets for workers and their families. This places barriers in the way of achieving the financial security needed for inclusion in financial systems.

Precarious working conditions, such as inconsistent pay, produce experiences of insecurity for precarious workers. A report by the [Living Wage Foundation](#) identified 6.1 million insecure workers in the UK, amounting to 19 per cent of the workforce, and including low-paid self-employed, underemployed, temporary, and zero-hour contract workers. This impact brief extends precarious work to include part-time work. Part-time work is largely confined to lower-income workers, has been shown to increase financial hardship, and is often taken up to balance the responsibilities of paid work and unpaid childcare ([Warren and Lyonette, 2018](#); [Warren and Lyonette, 2020](#); [Warren, 2022](#)).

Precarious conditions also exist at home. The [Work Foundation](#) have identified that those in precarious work are much more likely to be living in the private rental market. Nearly a quarter of private renters experience the double jeopardy of insecure work. Moreover, [Resolution Foundation](#) have revealed tightened financial constraints placed on renters as a result of average UK rental costs rising rapidly since 2020.

The cost of living crisis has compounded these living conditions. [LV=](#) show 59 per cent of people aged 35 to 54 are finding it difficult or are unable to pay day-to-day bills, with women reporting a significantly lower sense of financial wellbeing compared to men since 2020. Those most severely affected by this crisis are low-income and financially precarious households ([Ögtem-Young, 2024](#)).

This brief therefore details how insecurity at work and at home is a barrier to pension engagement for precarious workers.

Following Real Accounts Impact Brief [#1](#) and [#2](#), **the following builds a holistic understanding of the socio-economic barriers precarious workers face in their everyday financial lives.**

Engagements with these consumers should encourage more opportunities for short-term emergency savings and flexibility in financial products. Building financial resilience and confidence in this way can help remove barriers to saving and pension engagement, helping to achieve life-long financial security.

2 Precarious Work

Exposure to risk, financial inconsistency, and contingency are three key conditions of precarious work. These three conditions create experiences of insecurity at work because of the low financial resilience workers face from a lack of employer protection, a low and inconsistent income, and an uncertain future income.

Precarious workers need more flexibility in their working lives. Traditional employment does not offer the same level of flexibility that is available through precarious work. This means precarious workers who need flexibility are trapped in precarious forms of working for long periods of their career or fall into precarious work because of a sudden need for flexibility.

A socio-economic factor pulling people into precarious work is the need to manage both paid work and unpaid childcare responsibilities. This most commonly effects precariously working mothers.



... [I] worked my way up to sort of being management level, lots and lots of responsibility and lots and lots of stress. And then I was made redundant as I found out that I was pregnant [...]. Erm, and I just thought that I am going to take the opportunity now to do ... something for me that allows me to spend time with my daughter, and as an older mum that was quite important.



- Jennie

However, greater work flexibility for precarious workers often comes at a price of no paid breaks, no holiday pay, no sick pay, or no employer pension. This means they are vulnerable to the risks of injury or illness and are individually responsible for their pension planning.

Risks are compounded for female workers who rely on flexible working practices to help with childcare responsibilities as any transition into secure employment, with the stronger protections it offers, cannot happen until their children are older.

Financial inconsistency is defined as a persistent uncertainty of income on a weekly, monthly, or annual basis. The type of working context determines how financial inconsistency is experienced:

- › **Fixed-term contract** workers experience inconsistencies associated with the renewal of their contract.
- › Employers control hour allocation for **zero-hour contract** workers, leading to hour and pay fluctuations.
- › **Freelance and self-employed** workers are subject to the fluctuations of demand and competition.

Therefore, fixed-term workers experience longer-term monthly or annual fluctuations in their income. Zero-hours, freelance, and self-employed workers experience shorter-term weekly or monthly income inconsistencies and a lack of control over their working hours. Part-time working is not a cause of financial inconsistency on its own.

Informal contracts observed in freelance and self-employed work also expose workers to unpaid work time. Contractual security and fixed-hours are important here:

- › Fixed-term, part-time, and zero-hour contract workers **have scheduled hours** and can hold a stronger assertion against unpaid work as a result.
- › Low-paid freelance and self-employed workers **do not have scheduled hours** and frequently earn their income as a fixed-rate on specific tasks.

Informal contracts, no scheduled hours, and a fixed-rate means, where a task takes more work time than expected, precarious workers see fluctuations in the value of their fixed-rate and reduced earnings from other missed potential work tasks.

The built in temporariness of fixed-term contracts and the consistent uncertainty of work availability for zero-hour, freelance, and self-employed workers acts as a form of insecurity through **exposure to contingency beyond workers' control**. Part-time working was again not found to be a cause of contingency on its own.

Contingent working conditions contribute to workers maintaining a focus on the present or short-term future to combat the insecurities of their working lives.

Research by [Chan and Tweedie \(2015\)](#) and [Bone](#)

[\(2019\)](#) show precarious working conditions influence how workers perceive long-term life planning such as:

- › Starting relationships.
- › Buying a house.
- › Or having children.

Exposure to risk, financial inconsistency, and contingency are all conditions of precarious work that constrain workers' budgets and lower their resilience.

Precarious workers must maintain a focus on immediate needs such as ensuring their inconsistent income covers the essential costs of rent, utilities, and food. Spare cash is reserved to build financial resilience against the risk and contingency of their work.



I am usually about [£2,000] a month [before tax] ..., erm, last few months I have been about that. It is hard earned just in terms of time [...]. I would say it could be 10 hours a day and I will do sort of a couple of hours at the weekend.

- Rosalyn



3 Precarious Housing

Different forms of housing produce distinctive precarious conditions. Privately renting a property shapes experiences of insecurity through high rent costs, unexpected rent increases, and tenure uncertainty. Homeownership is not a precarious form of housing but income inconsistency and work impermanency act as a barrier to mortgage applications and, if approved, uncertainty persists with fixed-term mortgage rates.

Precarious work and the private rental market create specific barriers to pension engagement.

- › Private renters are trapped with disproportionately high rent compared to income and the risk of uncontrollable tenure change in the short-term future.
- › Private renters hoping to transition from renting to homeownership must apply available saving capabilities to build a mortgage deposit.



... because we were renting you had to kind of either have a guarantor or you had to pay 6 months in advance, and because [of the area] that was like 12 grand or something. [...] Of all of the effects on my life that precarious work has had, that one was just massive.



- Ivy

Unregulated private rental markets lead to a lack of tenure control for tenants. A deregulated rental market means landlords hold greater leverage under the knowledge that a large proportion of the labour force relies on private renting for their housing needs (Maalsen, Rogers, and Ross, 2020). Precarious workers who are privately renting feel they hold little leverage against the cost of rent or property improvements. This is a result of Section 21 no fault evictions – allowing eviction without reason with one month's notice – though these are soon to be banned under the Renters Reform Bill.

A low social housing stock in the UK means that for many, the only route out of the precarious private rental market is homeownership. This is financially out of reach for many precarious workers, and decisions on housing have consequences for long-term thinking and pension engagement, as Caroline explains.

Despite homeownership offering a route out of the precarious rental market, precarious working conditions continue to create complications for pension engagement.

- › Where precarious workers build enough savings for a mortgage deposit, once invested in a home they lose the financial resilience built through those savings.
- › Mortgage repayments and changes to fixed-rates must be weighed up against their precarious income and retirement income.

Both these complications lead homeowners to prioritise rebuilding financial resilience or overpaying on mortgage repayments before (re)starting pension contributions.



I would love to have a mortgage, but at the minute it would be the saving up to get a deposit. [...] So, my next step, I would prioritise trying to get myself even a shared ownership over a pension because it is about the here and now, you know.



- Caroline



... one of my big concerns about getting a mortgage and buying a house is the fact that at least now I know that we've got money in the bank should we ever need it. Whereas once that is all tied up in a deposit in a house, that's gone.

- Steph

... I don't want to retire from work when I am 60, I want to be retired from the responsibility of having to work certain hours. So ... it is the mortgage that I wanted to concentrate on, which is why I have left the pension really.

- Tania



Agunsoye and James (2020) show that a rigid financial system that fails to account for the variety of financial experiences across the lifecourse can lead consumers to disengage. The significant changes in housing costs observed in the past 25 years combined with the rise of precarious working conditions offers one such explanation for pension disengagement amongst precarious workers.

4 Inequalities in Financial Support

Insecurity from work and housing is reduced where precarious workers receive financial support from others or hold a perception of financial support in the future.

- › Intergenerational support exists through wealth transfers and the possibility of inheritance.
- › Domestic support, most likely from a romantic partner, operates as a reassurance of support when needed.

Precarious workers who receive or expect to receive financial support feel more financially resilient despite their existing precarious conditions and feel more certain about their wellbeing in later life.

Family wealth is a key variable for the level of significance of financial support.

- › Ivy represents a smaller category of precarious workers whose intergenerational support has cushioned the harsh financial realities of a precarious life.
- › Jennie represents the majority of precarious workers whose financial support exists in smaller monetary exchanges from friends and family.



... I think our parents' generation, in some ways, the ability for them to accumulate money has been easier than it has and will be for us. Although I don't mean to downplay how hard they also worked, [...] my parents recognise that, and they have been quite generous to me at various times. ... I could do things like go travelling or buy a house or do my masters, like the big things that I wanted to achieve in the first half of my life basically they have helped me to do that.

- Ivy

I've attracted a couple of little things this week so I'm kind of thinking, OK, I need ... to get some more visibility and some orders in. ... I suppose I'm lucky in respect that I do have a husband that is earning enough to pay the bills, just. We just need my money to live.

- Jennie



Intergenerational support helps workers to **overcome** their precarious conditions. For example, workers use this support to change careers or buy a house. **Domestic support** helps precarious workers to **cope with** the insecurity of their precarious conditions. Having enough household income to pay the essentials is a source of comfort against weekly or monthly income fluctuations.

For individuals lacking in both intergenerational and domestic financial support, they must endure the insecurities of their precarious lives or seek help from a retreating and conditional welfare state.

Differences in levels of support mean some maintain a focus on surviving their present financial circumstances. This is a significant barrier to pension engagement.

5 Childcare Insecurity

Caring responsibilities for young children (aged roughly 0-11 years old) is a compounding feature of insecurity at home for precarious workers. Gender is a key demographic difference here.

- › Of the ten precarious workers with young children, nine self-identified as female and one self-identified as male.



... I did love working [in my permanent role because] ... there was loads and loads of benefits. But when I think about where I am at now, I think, even though my wages are slightly less and it is only a fixed-term contract, I am really fortunate to be able to do term-time only. ... I don't have a lot of options for childcare, but when the kids are off school, I can have that time with them.

- *Caroline*



This has clear connections with both flexible working practices and inequalities in financial support.

- › Mothers take on risks associated with precarious work in order to achieve the flexibility necessary to balance paid work and unpaid childcare.
- › Childcare insecurity is most extreme where mothers have a lack of financial support.

Working in full-time traditional employment that offers no work-life flexibility makes managing the dual responsibilities of paid work and unpaid childcare difficult. This gendered “tension exacerbates the social pressure on individuals to juggle multiple roles” and causes “emotional and physical exhaustion simply from the tension of being both at once” ([Serrano, 2024](#)). Attempts to ease this gendered tension leads mothers into precarious work but the dual responsibilities remain.



... since we separated [my ex-partner] has created this spreadsheet... So, in terms of running costs for school lunches for [my son], childcare when we had to pay for that etc., he just plugs it in and sends me the spreadsheet at the end of the month and literally all I do is look at the figure at the bottom ... and I just transfer the money. ... I trust him implicitly.

- *Rosalyn*



Sharing the cost, time, and energy that goes into childcare is crucial in easing the sense of insecurity that it creates alongside precarious work. Childcare support, whether financial or otherwise, should be available and adequate for all working parents. A crucial approach to addressing adequacy is ensuring employment policy encourages employers to offer flexibility for working parents that maintains job and income security.

Without such measures, childcare will remain a barrier to pension engagement for many precariously working parents.

6 Insecurity and Thinking about the Future

Insecurity from work, housing, a lack of financial support, or childcare leads to differences in how precarious workers' think about time. An inability to think about one's long-term future has consequences for building savings and pension planning.

- › Precarious workers who experience more insecurities are more likely to focus on their present financial circumstances.
- › Precarious workers experiencing less insecurities can think about their future finances, but many are only thinking about their short-term needs.

This is supported by findings from the **Centre on Household Assets and Savings Management** (CHASM) where pension consumers experienced uncertainty in their futures associated with work, health, care, inheritance, and assets.

The presence of insecurity in a person's life therefore informs how far into the future they think.

For precarious workers, not thinking about future finances is a result of socio-economic inequalities that limit financial resources and create more pressing financial needs (**Fuzi, 2024**). Pressing needs for precarious workers include financially surviving month-to-month, building emergency savings, or saving for essential items.

This highlights the importance of addressing wider forms of insecurity observed in precarious lives and the barriers they pose to long-term financial planning.

As the report by **CHASM** identifies, current pension products rely on the assumption of predictable futures for consumers that creates difficulty for those attempting pension decision-making with uncertain futures. Extending this argument, precarious work, precarious housing, no financial support, and childcare costs and responsibilities limit how far into the future precarious workers can think about their finances and leads to pension disengagement for many.



I've spent my best years, my mid-20s to my mid-30s, ... in low-income employment on the promise that one day it might get better. And I kind of feel relatively confident that it will do now. [...]. Erm, but there was like a lot of uncertainty [...]. So, when I think about retirement, at this point I can't imagine it.



- Chris

7 Financial Mindsets

Precarious workers' experiences of work and housing, and the presence of financial support or childcare costs and responsibilities shape their approach to financial decision-making. I have termed this their 'financial mindset.'

The three financial mindsets found amongst precarious workers are:

- › Surviving mindset.
- › Securing mindset.
- › Saving mindset.

These financial mindsets help to explain why some precarious workers are saving and others are not. Where workers are saving, they help to explain what precarious workers are using their savings for and why.

7.1 Surviving Mindset

Precarious workers with a surviving mindset have financial lives characterised by prioritising essential needs, curbing non-essential spending, and a low financial resilience to unexpected costs. What commonly shapes a surviving mindset is the combination of an inconsistent income, a lower average annual income, and childcare responsibility. Consistent exposure to the insecurity from these precarious conditions prevent precarious workers from building financial resilience through emergency savings. Other forms of saving or pension planning is therefore not a financial priority or realistic for this category of workers. Three workers in this category had an active pension, however none were contributing enough to provide an adequate income in retirement.

Case Study 1: Caroline

Caroline was 36 and lived in a privately rented property with her two young children. Working in the charity sector where funding dictated the renewal of her contract, Caroline had to face the annual uncertainty associated with her contract ending. Her fixed-term contract did, however, provide employer protections of paid breaks, sick pay, holiday pay, and the option of a pension.



There have been a few essential items I have needed to purchase but couldn't, for example a mattress, ... but have had to decide to prioritise what we need most.



Caroline was a single mother and felt her work needed to mould around her children. She didn't earn enough to pay for childcare and felt there was nobody to consistently rely upon for support. As a result, Caroline could only work part-time and this significantly lowered her annual income despite the boost she received from Universal Credit. She placed her annual net income in the range of £20,000-£23,000.

Sole responsibility for the household finances created a lot of stress and anxiety for Caroline. She frequently presented in-depth financial planning to meet her family's needs but noted in her financial diary occasions where she had to cut back on activities for the children and essential consumer items in order to meet her monthly budget.



[The mattress] has been really springy for months, where I would lay on it and I would roll and then I would feel something sharp digging in my leg. [...] It's essential and ... it is frustrating because I am thinking ... 'I am going to work, and I can't even afford a mattress.'

... I will start thinking about [my pension] at some point but not for the next couple of years, at the minute it is just about surviving.



Feeling unable to meet her family's essential needs had a dramatic effect on how far into the future she could plan her finances and placed more immediate financial concerns before a pension.

Case Study 2: Jennie

Jennie was 43 years old and lived with her husband and daughter, who had just started nursery. Jennie faced two redundancies from secure employment leading up to the research. With the second redundancy coinciding with Jennie expecting her first child, she wanted more work flexibility in order to work and raise her daughter, leading her to low-paid self-employment.



... I think that is something that we will have to manage because at the end of the day you don't know what is going to happen around the corner... I think managing [our daughters] expectations at a young age and sort of having those days where we don't spend money..., like we did on Saturday, that will help pave the way for the future.



Her self-employment came with income inconsistencies week-by-week, no paid breaks, no sick leave, no holiday, and no pension. Jennie, however, was reassured that she had a husband who earned "a decent amount" of money that balanced out the income insecurity from her work. Jennie's secure and well-paid work earlier in life meant she was a homeowner and felt fortunate that meeting her husband later in life meant he too was a homeowner. They lived in one property and rented out the second.

Both Jennie and her husband made financial sacrifices because of the insecurity from her low-paid self-employment and the increased household costs that came with a child. Her inconsistent income impacted how they spent time as a family.

Similar to Caroline, Jennie found herself having to constrain her spending. The added security she received from her husband and their existing housing wealth, however, provided a sense of financial security in retirement. She nevertheless felt that her working pattern was not conducive with a pension and struggled to plan so far ahead.



... I have kind of got it in my head that I won't ever get a pension, I've got a couple thousand pounds somewhere... For me, my pension will be whatever happens with the other house... if we sell it, we sell it, if we don't, we don't, we will still get a rental income. That for me is my pension fund and for now I can't think that long-term.



7.2 Securing Mindset

Higher average incomes and no childcare responsibilities present opportunities for precarious workers with a securing mindset to improve their living conditions. Improving conditions at work is most commonly associated with changing careers, seeking permanent work, or transitioning to traditional self-employment. Improving conditions at home is achieved by building financial resilience through short-term savings or becoming a homeowner. Precarious workers with a securing mindset are focused on building greater security in the short-term futures and therefore no workers in this category were engaging with pensions.

Case Study 3: Daryl

Daryl was 33 years old and for much of his working life he had worked precariously. Having found skill and passion in writing, Daryl began his career doing online piecework as a transcriber and other “online gigs.” The income he received for this work was calculated per words written. Troubled by the insecurity of this form of working, Daryl transitioned into freelance writing. Despite his income remaining inconsistent, Daryl enjoyed building relationships with clients and getting paid per job.

Daryl's freelance work did not include any paid breaks, sick leave, holiday, or pension. However, Daryl was single and lived with his brother in a privately rented property and, despite feeling he should be paid more for his work, felt financially stable.



... I like to keep my clients to keep my jobs coming in, you know, when I work with a client, I build a very good relationship with [them] [...]. I have been able to build a very large client base. [...] I need to find some systems [and] get some funding to start a firm... So, I don't think it is too far for me, I am looking at next year or two years' time, actually, I will start working on that.



When asked in what ways he thinks about the future, Daryl explained that his focus was on the next few years and starting his own writing firm that would offer him more security and greater control.



I just want to put myself in a very good position in life, I really don't think too far about pensions. I believe that once I can set myself up a firm, that is going to set me up for life. I don't believe in keeping savings for the future, I believe in starting something that is going to stand for a long time.



Daryl's limited income, short-term priorities, and desire to build more security into his working life had direct consequences for his thoughts towards pension planning.

Case Study 4: Chris

Chris was 35 years old and lived with his partner in a privately rented property. Having spent much of his career in precarious or low-paid work, I met Chris during a transition from zero-hours to self-employed work. With no children and an increase in his income, Chris felt financially secure relative to his past. This helped to ease the concerns he had over his inconsistent income and no employer protections.

Living in the private rental market for many years, Chris expressed significant dissatisfaction with the insecurity that he and his partner faced. They had been slowly building a mortgage deposit and hoped to buy a property in the near future in order to remove the precarity of the private rental market from their lives.



It is the strange sort of duality of working in [name of town] but not being able to afford to live there. We have had a discussion about it, and we can't live in the insecurity of that [...]. We don't know how much rent is going to increase... We renew our tenancy on an annual basis, and it is very expensive to pay deposit fees, and to move, and transition [...]. We always live in perpetual fear that one day the landlord will just decide to increase the rent, kick us out, [or] whatever ...



Buying a property, Chris explained, meant he and his partner were more conscious about money and were having more regular conversations about it. Chris had paused his pension contributions because of inconsistencies in his self-employed income. More financial confidence or a permanent work role were the two options for Chris to restart pension contributions.



I have got four pensions with [pension provider]. And I was going to give myself a year to see how I am after the financial year, before I start thinking about pensions. So, really that is the most uncertain thing at this point. ... [But] if I take the salary job then there is pension benefits attached to that. So, remains to be seen. Complete uncertainty in that respect.



7.3 Saving Mindset

Precarious workers with a saving mindset engage in saving behaviour but savings are reserved and utilised for short-term needs. These short-term needs include big cost purchases, such as house renovations, covering the cost of maternity leave, or a mortgage deposit. Three workers in this category had an active pension. All three were on fixed-term contracts and members of a workplace pension scheme where they and their employer made regular monthly contributions. Higher incomes, not having

children aged 0-11 years old, financial support, and homeownership are all significant factors in shaping a saving mindset. The only two private renters in this category were in the process of buying their own home. These two workers displayed a securing and saving mindset as result.

Case Study 5: Rosalyn

Rosalyn was financially secure relative to her peers but admitted to working longer hours than she should for that security. Rosalyn was 48 years old and lived with her teenage son in a property she owned. Caring responsibilities and costs were split with her ex-partner.



The first 12 months [of precarious work] was frightening me. [...] I was anticipating hitting a savings milestone, which I did on Monday, and I have been punching the air all week because it has allowed me to relax a wee bit and say, ‘OK, you’ve had 18 months of this, you have never once failed to pay your bills, you’ve been putting money away, you’ve been paying for guttering, and getting your sink unblocked’. You know, all the hateful boring stuff.



Prior to the COVID-19 pandemic, Rosalyn transitioned from permanent to freelance work looking for more work satisfaction and work-life balance. She described her permanent work as “utterly miserable but mercifully short-lived”. However, the lack of control and uncertainty in her freelance work made Rosalyn financially cautious.

Weathering the first 18 months of financial uncertainty and reaching a saving milestone helped to build Rosalyn’s financial confidence, having a significant influence on her long-term financial planning.



... if the guttering, or whatever else it is, needs to be done, I’m fine. I can accommodate that and it is not going to put me in the shit, to be honest.

I am talking to my financial advisor at the minute around, OK, I haven’t now paid into a pension for the last 18 months. I’ve got bits and pieces sitting around, you know, frozen ... but I need to get my act together as far as that goes.



Case Study 6: Tania

Tania was 52 years old, a homeowner and shortly prior to the research her adult son had moved out of the property where she now lived alone. Tania had worked on fixed-term contracts for 20 years and felt the responsibilities of her work were not fairly rewarded. Tania was working two part-time and fixed-term contracts with different organisations because a full-time contract was not available.

Tania felt financial support was available from her son should she ever need it. She had spent the last few years saving £6000 for her first kitchen refurbishment since moving into the property 30 years prior.

Despite her abilities to build savings and contribute to a pension, Tania felt constrained in her abilities to “do it all”.



I could overpay [on my pension]. However, I want to be mortgage free by the time I retire. ... It is the mortgage that I wanted to concentrate on, which is why I have left the pensions really, as they are.



Tania was financially secure and projected a sense of security into later life but was nevertheless concerned about her level of pension contributions. Despite having a saving mindset, her financial decision-making remained constrained by her precarious working conditions.



... I'm not happy about this [but] the largest outgoing I have is my mortgage. I'd rather have control and not have that outgoing [in retirement]. I can't do anything about gas and electric because that is going to be there forever, I can do something about my mortgage. And as long as I know that my income equals my outgoings, I am happy.



Financial products must recognise the need to build financial security and confidence. Flexibility in financial products is required that will allow precarious workers to transition through surviving, securing, and saving financial mindsets in a way that removes the barrier of insecurity to long-term saving. More vulnerable consumers experiencing high levels of insecurity cannot be expected to build pensions pots when other financial priorities exist for them. Financial products are not enough on their own, however, policy intervention is needed to address rising forms of work, housing, wealth, and childcare inequalities.

8 Conclusion

Auto-enrolment has been a hugely successful policy, but precarious workers continue to slip through the cracks. This is happening because auto-enrolment eligibility does not cover many precarious workers. Beyond eligibility, a lack of financial resilience or confidence today prevents them from building savings for later life.

Financial security and confidence are shaped by precarious conditions at work and at home. At work, precarious workers face exposure to risk, financial inconsistency, and work contingency. At home, they face precarious housing and varied levels of financial support. Precariously working mothers face a gendered condition where they are drawn to and trapped by precarious work to manage childcare costs and responsibilities.

Differences in these lived experiences lead to differences in saving and pension engagement. To address this, a financial system that applies a holistic approach to financial planning and identifies barriers to engagement is needed.

Pension decisions are connected to work, income, housing, wealth, and childcare. To help more vulnerable consumers engage with retirement savings, we need to acknowledge how more pressing financial priorities, such as building emergency savings, present barriers to long-term saving.

In acknowledging this, our financial system is better placed to help precarious workers transition through surviving, securing, and saving financial mindsets towards life-long financial security. This research therefore identifies two key policy implications.

8.1 Flexibility in Pension Systems

A model of regular and prolonged periods of pension contributions is not the right model for everybody. We need a financial system that is capable of helping individual consumers adapt to the insecurities and uncertainties outlined in this brief.

Precarious workers can benefit from a financial system that offers flexibility and fluidity. To benefit, however, they require a level of financial resilience. Opt-out payroll savings – as trialled by Nest Insight – offer one route to achieving this. Further work is needed to establish the potential benefits of such models specifically for precarious workers. This would improve our understanding of the extent to which these models would support better outcomes for this group. Given the interactions between pension saving and shorter-term resilience, models could also explore how potential eligibility for employer contributions and tax relief might be preserved for those who need to prioritise emergency savings over pension savings for certain periods of their lives.

Building financial resilience in this way will help remove barriers to pension engagement for precarious workers.

8.2 A Contextual and Holistic Approach to Financial Security

A holistic approach to financial planning requires contextual understandings of the hardships, inequalities, and insecurities that more vulnerable consumers face. Findings from the [Real Accounts](#) programme and smaller pieces of research like this current brief are important first steps in achieving this.

Understanding specific consumer groups' financial priorities and needs lead to more holistic approaches to achieving a life-long security strategy. For example:

- › **Opt-out payroll savings** from **Nest Insight**. This would tackle low financial resilience experienced by precarious workers with a **surviving mindset** but must be flexible to account for their financial vulnerabilities.
- › **Resolution Foundation** recommend **borrowing from existing pension pots** to support consumers experiencing financial shocks. Precarious workers have inactive pension pots; borrowing from these could help those with a **securing mindset** access a low risk loan to help improve their lives.
- › A **Living Pension** comes with the option of **temporary pauses in contributions**. Precarious workers with a **saving mindset** would feel confident engaging with a pension and managing the inconsistency and uncertainty of their income.

A contextual and holistic approach to financial security recognises the messy and often interconnected inequalities found in work, income, housing, wealth, and childcare. Therefore, improving the financial lives of precarious workers requires a cross-societal response to inequality.

This process involves continued evaluation of existing working practices in the labour market and the appropriateness of these practices for building financial resilience. We must also further investigate the experiences of those living in the private rental market to uncover the full extent of financial hardship. Moreover, we must continue to acknowledge the significance of relationships in shaping a sense of security in everyday financial lives, be this through in-kind support, everyday financial support, or wealth transfers.

Addressing inequalities in work, income, housing, wealth, and childcare, alongside changing our financial system to be more flexible, will help precarious workers to achieve financial resilience today and build savings for later life.

Recognising the contextual complexities of this process is the first step in achieving a life-long financial security strategy.

Authored by

Kristian Fuzi, **CHASM**, University of Birmingham

LinkedIn: www.linkedin.com/in/kristianfuzi

Bluesky:

bsky.app/profile/kristianfuzi.bsky.social

About Nest Insight



Nest Insight is a public-benefit research and innovation centre. Our mission is to find ways to support people to be financially secure, both today and into retirement. We conduct rigorous, cutting-edge research, working collaboratively with industry and academic partners to understand the financial challenges facing low- and moderate-income households. We use these data-driven insights to identify and test practical, real-world solutions. Our findings are shared widely and freely so that people around the world can benefit from our work. Nest Insight is supported by its strategic partners the BlackRock Foundation, JPMorganChase and Nest, as well as a range of project partners. For more information, visit nestinsight.org.uk

© 2025 National Employment Savings Trust Corporation



Contact us:

insight@nestcorporation.org.uk

To find out more, visit our website:

nestinsight.org.uk

© 2025 National Employment Savings Trust Corporation. All rights reserved. Reproduction of all or any part of the content, and use of the Nest trademarks and trade names, is not allowed without the written permission of Nest. Nest does not warrant nor accept any responsibility for any loss caused as a result of any error, inaccuracy or incompleteness herein. This content is provided for information purposes only and should not be construed as financial, investment or professional advice or recommendation by Nest. Data may be obtained from third-party weblinks, but these may not be error-free and cannot be verified.

Contact insight@nestcorporation.org.uk for more details.

January 2025