Working Lives
Fit for Future

Aviva's Working Lives Report 2023 investigates employer and employee attitudes to the workplace, finances, wellbeing, and planning for retirement.

June 2023

Introduction

In this, the latest **Aviva Working Lives Report**, we interviewed employers and employees across the UK to gather their views and experiences of their working environment during what is now widely considered as a cost-of-living crisis.

Where relevant, we have compared this research against the previous Aviva Working Lives Reports, from 2022[1] and 2017.

Contents

Welcome to the Aviva Working Lives Report

“Looking back at last year’s Aviva Working Lives Report, which was published just as the UK was emerging from the pandemic and teetering on the edge of the cost-of-living crisis, it is interesting to see how working lives have both changed and stayed the same throughout what has been a financially challenging year for many.

The pandemic fundamentally changed how businesses across the nation operate, and now, options for flexible working and regular or occasional working from home are commonplace. This appears to be an evolving landscape for many employers as they continue to adjust working patterns to meet the needs of the business and motivate their people.

The end of lockdown restrictions was a welcome relief for many businesses desperate to return to normality. However, it was not long before the UK experienced record levels of inflation. Employers and employees today are clearly focused on the issue with many people more anxious about their finances. Financial education is key to supporting employees at this uncertain time. Employers have an important role to play in creating a culture which encourages their people to talk about their money worries and supports their general wellbeing. Offering financial seminars, giving access to Employee Assistance Programmes (EAPs), and providing crucial support for retirement planning are all important.

The world of work has made great strides in breaking down barriers and supporting a diverse and inclusive workforce. Over the last year, there has been a renewed focus on the importance of retaining valuable and experienced over 50s workers. Aviva has long supported an inclusive workforce and now the government has announced its intention to help those aged 50 and over re-join the jobs market,[2] with official statistics suggesting the pandemic contributed to a reduction of older workers in employment.[3]

Employers report being marginally less positive than this time last year, yet there is still an overwhelming sense of optimism. It is important that employers harness that positivity and use it to support their employees with financial education and wellbeing policies which recognise individual needs at this economically challenging point in time.”

Emma Douglas,
Director of Workplace Savings & Retirement

Meet the experts

Emma Douglas

Director of Workplace Savings & Retirement at Aviva

Emma leads Aviva's workplace pensions business and is **Chair of the Pensions and Lifetime Savings Association** (PLSA). She has over 20 years' experience in the investment management industry, working with employers and organisations large and small. Financial education through employers is fundamental to supporting people through their working lives and beyond into comfortable retirements.

Debbie Bullock

Head of Wellbeing at Aviva

Debbie is the conscience of the business and a champion for workplace wellbeing. **Wellbeing** is about supporting all our people through different periods of their lives. It is about treating people individually and creating a culture of psychological safety. People should feel comfortable to ask for the support they need. It's easier to do that if they know what's available to them and so that is something we are always working on.

Maiyuresh Rajah

Head of Investment Strategy and Proposition at Aviva

Maiyuresh is responsible for investment strategy across **Aviva's Wealth business** and has over 20 years' experience in the pensions industry. He is passionate about delivering innovative investment propositions so that people can invest sustainably for their futures and meet their financial goals.

Chapter 1

Post-pandemic workplaces

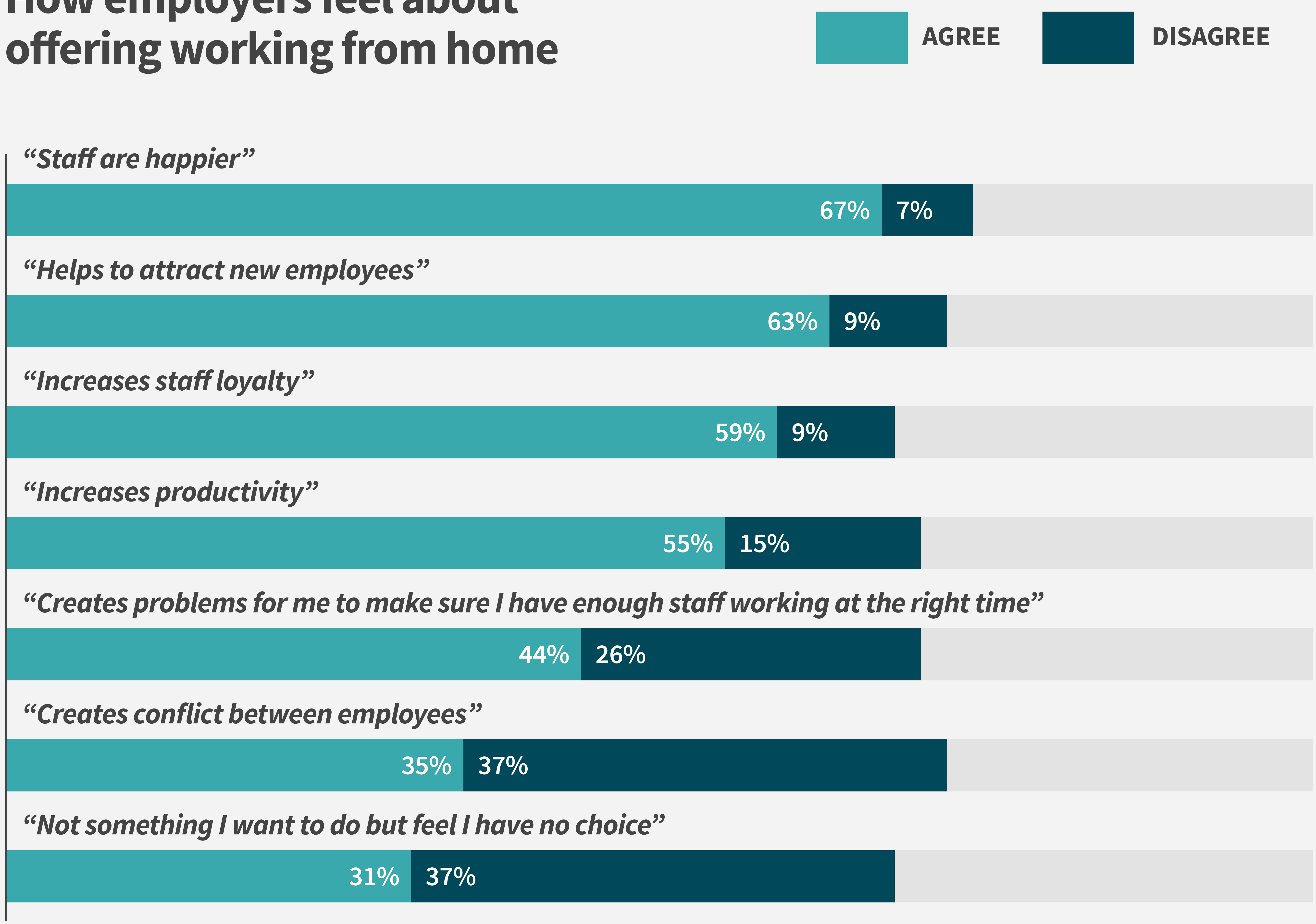
A year on from the start of the return to workplaces

The last year has been a period of adjustment for many employers and employees, moving from the lockdown conditions which forced many into working from home, into what has been for many a gradual return to the workplace.

Before the pandemic, working from home might not have been a workplace benefit that many firms would have offered on a regular basis. For almost half (46%) of employers, the pandemic was the catalyst. Over three quarters (76%) of employers we surveyed now offer the opportunity to work from home. For many employers, this might just be for a part of the working week. This is a small increase on last year (74%) which suggests working from home is here to stay. It is encouraging that more than 4 in 5 (84%) said they plan to continue offering these opportunities for the foreseeable future.

Having the option to work from home on a regular basis has clear benefits for many employees in terms of helping to better manage work-life balance.

How employers feel about offering working from home



However, significantly less employees this year said working from home makes them feel happier (44% in 2023 versus 57% in 2022). This suggests that the novelty of working from home on a regular and permanent basis might be wearing off. It could be that people still enjoy having the option but are also now beginning to appreciate the wellbeing benefits which also come from being in the office, like socialising with colleagues and separating work and home life.

Employers generally agree that working from home makes employees happier (67%). Just over two in five employees (41%) said it helps them manage their family and other responsibilities outside of work, and a third (33%) believe it increases productivity. It is generally felt by employers that face-to-face time also builds engagement, creates belonging, supports company culture, and aids learning and training.

There is some disparity between how employees feel about working from home versus employers' perception of managing it. Over half (59%) of employers think that offering working from home increases staff loyalty. However, only 21% of employees felt it increased loyalty to their firm.

What is starker is that just over a third (35%) of employers said working from home increases conflict between employees, compared to only 13% of employees. Over two in five (44%) employers also said it creates problems for them ensuring they have adequate staffing levels. This suggests that managing working from home has brought about challenges for employers.

However, more employers disagreed with the notion it was something they did not want to do but felt they had no choice (37% disagreed versus 31% agreed).

Debbie Bullock said

"Offering employees some level of **flexible working** and opportunities to **work from home** when it is appropriate can help people maintain a good work-life balance. However, there are also clear challenges for employers in managing productivity levels and ensuring everyone is getting a fair chance to work from home. It is about finding the right balance and is unlikely to be a 'one size fits all' approach. There are clear wellbeing benefits for people coming together as a team and can help to combat feelings of isolation."

Workplace benefits

Workplace benefits are considered a perk or compensation provided to employees outside of salary or wages. Separate Aviva research conducted in 2019 and again last year surveyed employers and employees about their experience of workplace benefits.[4] These previous findings were compared to this year's Working Lives research, which found 93% of employees said workplace benefits – other than salary – improve their overall happiness. This is up again from 2022 (88%) and 2019 (86%).

What attracts employees to their current role?

		Rank	2023	2022	2019	Rank 2022	Rank 2019
Salary		1	40%	36%	41%	2	1
Work life balance	(achieving personal and career goals)	2	34%	41%	41%	1	2
Flexible working	(working in the office and at home)	3	31%				
Location	(including parking and transport links)	4	28%	31%	36%		
Career progression		5	21%	24%	22%		
People and culture		6	18%	19%	20%		
Bonus		7	16%	11%	8%		
Company reputation		8	16%	18%	19%		
Workplace benefits package	(beyond salary)	9	16%	13%	13%		
Level of pension contribution		10	10%	12%	11%		
Perks	(i.e., free pool table, free fruit etc.)	11	9%	8%	6%		
Company ethos on climate		12	7%				
Nothing in particular		13	3%				
Other		14	1%	4%	5%		

Salary retakes the top spot, regaining its first-place position ahead of **work-life balance** as the reason employees gave for being attracted to their current role. In the last year, since the start of cost-of-living squeeze, two in five (40%) employees now said they were attracted to their current role for the **salary**, ahead of second-place **work-life balance** (34%). This is a switch in ranking since last year's post-pandemic findings.

Bonus leapfrogs into seventh place, now ahead of **company reputation**, **workplace benefits (beyond salary)**, and **level of pension contribution**.

Almost two-thirds (61%) of employers struggle to offer a competitive workplace benefits package with most of those (46%) saying it is because the cost to implement them is too high. However, almost three-quarters (74%) plan to improve their workplace benefits package, with one in five (20%) planning to do so within the next 12 months.

Aviva in Action

Smart Working at Aviva

Smart Working is our name for hybrid working. This means working at both the office and at home. It is an informal arrangement that enables colleagues to work in ways that deliver the best outcomes for our business and our customers, and builds a great colleague experience, balancing flexibility with a sense of belonging and high performance.

We believe revolutionising how our people work will improve their work-home balance while:

- continuing to deliver the needs of our business and a first-class customer experience,
- reducing our carbon footprint and minimising travel where technology can help us achieve a similar outcome,
- giving colleagues access to the same opportunities, support, and development.

Chapter 2

Cost-of-living crisis

A year of living through financially and economically challenging times

The 'cost-of-living crisis' is the fall in 'real' incomes – adjusted for inflation and tax – that the UK has experienced over the past year. It is caused by a combination of high inflation exceeding wage increases and tax increases that have squeezed incomes for many households.

In October 2022, inflation reached 11.1% – a 41-year record high, before easing in the subsequent months.[5]

Economic uncertainty can have knock-on effects for employers. Just over three quarters (76%) of employers are optimistic about their company's future. This is a slight fall on this time last year (79%), but still marginally higher than in 2017 (75%). Just over one in ten (14%) are not optimistic.

High employer optimism a year ago reflected positivity about moving into what was widely considered as a post-covid environment. Companies emerging from lockdown conditions are likely to have been buoyed by the gradual return to operating as they did before the pandemic. While the last year has been turbulent, the more recent easing of inflation may be helping to give some renewed reassurance to firms.

Key priorities for employers over the next 12 months are **retaining key employees** (33%), **attracting employees with the right skills** (30%), and **motivating employees without unduly increasing pay** (28%).

Although the estimated number of vacancies in March 2023 recorded the ninth consecutive period to see a quarterly fall since May to July 2022 (at 1,105,000), the retention and attraction of high-quality people clearly remains a priority for employers. The fall in the number of vacancies has been put down to "uncertainty across industries", as Office for National Statistics (ONS) survey respondents continue to cite economic pressures as a factor in holding back on recruitment.[6]

Employer priorities regarding management of workforce over next 12 months

Talking about money worries

Over the last year, household budgets have been squeezed, forcing people to prioritise their spending. In September last year, UK consumer confidence tumbled to a new record low of −49 points[7] reflecting the harsh reality faced by many consumers as to whether they can pay their energy bills and afford the weekly food shopping. This short-term financial planning is clearly addressing an urgent need but could also have implications for long-term finances and retirement plans.

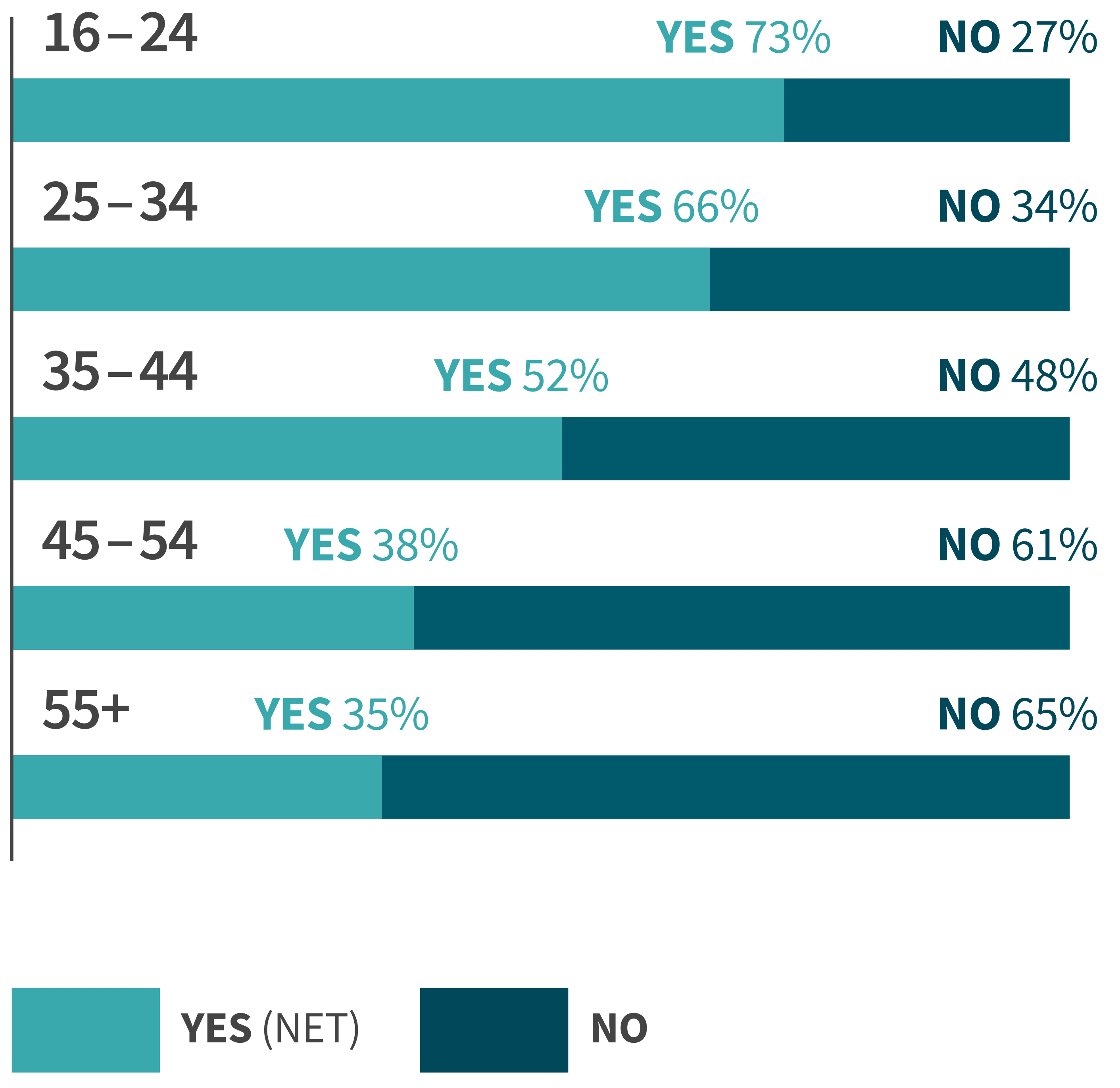
Almost three quarters of employees (72%) said the cost-of-living crisis has made them feel more anxious about their finances.

Women are more likely than men to say the cost-of-living crisis has made them feel more anxious (78% of women versus 65% of men).

To help cope with feelings of anxiety about their finances, employees are more likely (46%) to say they talk to their friends or family, followed by over a quarter (28%) who try not to think about their finances, and 17% who talk to their colleagues or manager. Only 14% said they would talk to a financial adviser, and 12% do not have any coping mechanisms.

Employers have an important role to play in supporting their employees through this challenging time, particularly when it comes to offering financial education. However, just over a third (34%) of employers do not actively encourage employees to talk to their managers about their financial concerns.

Employees who have talked to their employer or line manager about their financial wellbeing, by age



More than two in five (43%) employees have never spoken to their employer or line manager about their financial wellbeing. However, this is a significant improvement on last year (73%) suggesting that more people now feel comfortable about talking about their money worries, which could be because of the cost-of-living crisis. It could also reflect significantly increased anxiety about financial concerns because of the current economic landscape.

Younger workers are more likely to say they have talked to their employer or line manager about their financial wellbeing: 16-24 (73%), 25-34 (66%), 35-44 (52%). While older workers are more likely to say they have not: 45-54 (61%), 55+ (65%).

Men are more likely to say they have talked to their employer or line manager about their financial wellbeing (59% of men versus 54% of women).

Some employers offer external financial education either through a specialist provider or an Employee Assistance Programme (EAP). There are a number of 24/7 helplines and online resources at hand that can offer information about financial issues.

Emma Douglas said

“Talking money with an employer or line manager is becoming more commonplace, with younger workers leading the way in breaking down the stigma associated with talking to the boss about money worries. However, it is important that all generations of workers feel they can talk about their financial wellbeing with their employer, especially workers who are starting to plan for retirement.

One of the areas where employers can offer important support is with retirement savings. Pensions are designed to be a long-term investment and decisions made today will echo beyond people’s working lives.

This period of financial hardship appears to be unabating and the challenges will be unique for everyone. It is more important than ever that employers encourage their people to talk to them about money worries, and employees are given the confidence to take up any financial education their employer can offer.”

How employees can start a conversation with their manager about their financial concerns

1 Open up

Schedule a separate half-hour confidential chat with your manager. Talking about your money worries is the first step in getting support. Tell them in advance you are looking for financial education and wellness guidance. They should be able to talk to you about the range of free financial advice services which are available online and through apps.

2 Education

Find out whether your firm offers financial education seminars. Take-up any free financial education and wellness programmes. In the long term, however, the value of their pension can go down as well as up and they may get back less than the amount invested.

How employers can support their people during financially challenging times

1 Create a psychological safety net

Foster a culture where people will not feel embarrassed to talk about their money worries, and that the information they share will be kept confidential.

2 Signpost employees to credible advice

Employers need to be confident offering personalised support without feeling liable for 'advice.' This can be done through financial wellbeing surveys, fact sheets, links to third-party websites and organisations, utilising free apps and Employee Assistance Programmes (EAPs).

3 Make it personal and practical

Ensure personalised financial wellbeing support is available to everyone. Feelings of stress are unique. We might be in the same storm, but we are in different boats. Support which is practical can help people who might be feeling overwhelmed.

4 Tailored tools

Offer a wide variety of tools to meet the needs of different audiences, like face-to-face and online. Recognise that different generations might respond better to different types of support.

5 Plain speaking

Talk in plain English to remove complexity. The language people use makes a difference. Using accessible language helps to give people a safe place to open-up.

Aviva in Action

Aviva provides financial education to employers and employees

In 2022, Aviva provided over 1000 financial education seminars for its workplace pension clients, with over 60,000 member attendees.

In July 2022, Aviva launched its 'Increased Cost of Living' seminar for the employees of its workplace pension clients. It has delivered seminars to over 2,800 attendees since then. The seminar is free to Aviva workplace pension scheme members and provides information on budgeting, saving money on household bills, understanding debt, and money problems and mental health.

Chapter 3

Planning for retirement

The role of employers in helping their people plan for life after work

Employers have clearly defined responsibilities for their people while they are employed by them. However, there are also benefits to organisations in helping their people to plan effectively for when working life comes to an end; the financial, physical, and emotional factors involved in retiring.

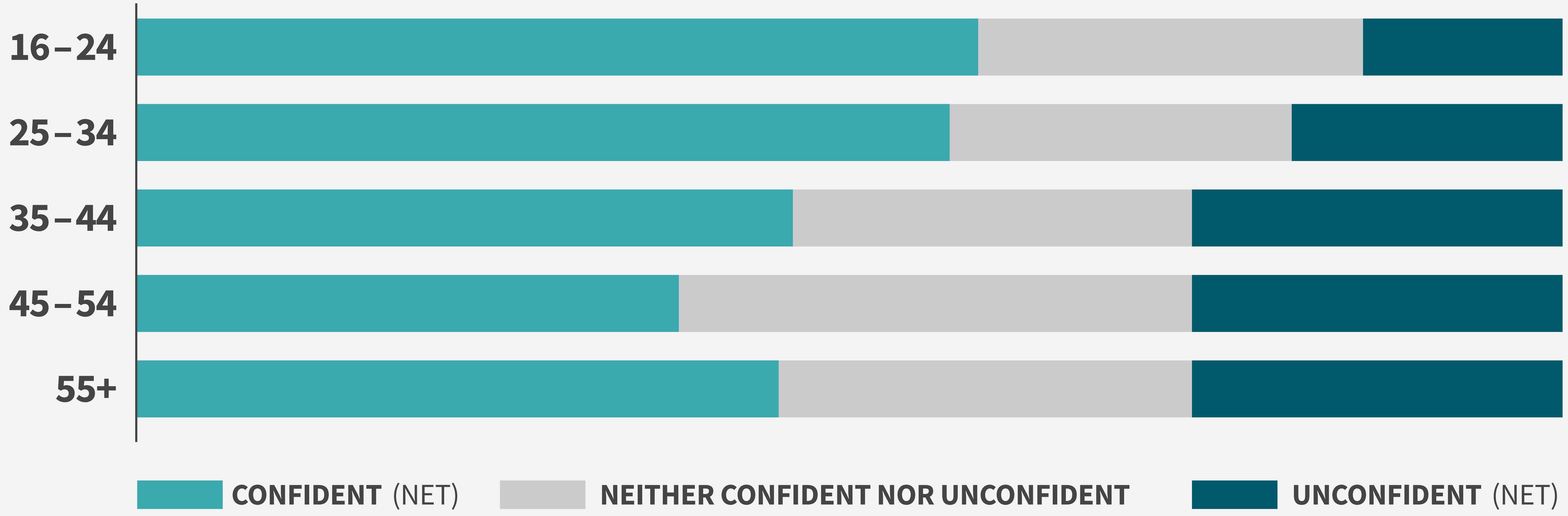
Recent research from the fourth edition of Aviva's Age of Ambiguity study,[8] published earlier this year, explored changing attitudes towards work and retirement accelerated by the pandemic and found more than two in five (44%) 55–64-year-olds plan to move into 'semi-retirement' before they reach 65, allowing them to draw on their pension savings while continuing to work part-time.

It is reassuring that almost 9 out of 10 (86%) employers surveyed for this report feel responsible for ensuring their employees save for a comfortable retirement. However, just over one in ten (11%) do not feel at all responsible.

Half (50%) of employees are confident in planning for a financially comfortable retirement, but more than one in five are unconfident (22%). Men are significantly more confident than women at planning for a financially comfortable retirement (58% of men versus 44% of women).

What might be surprising is that those employees closest to retirement age are more likely to have no idea whether they will be able to retire comfortably compared to younger workers (14% of 45+ year-olds versus 10% of 16–44-year-olds). Also, younger workers are more confident at planning for a financially comfortable retirement compared to those closest to retirement (54% of 16–44-year-olds versus 42% of 45+ year-olds).

Confidence planning for a financially comfortable retirement, by age

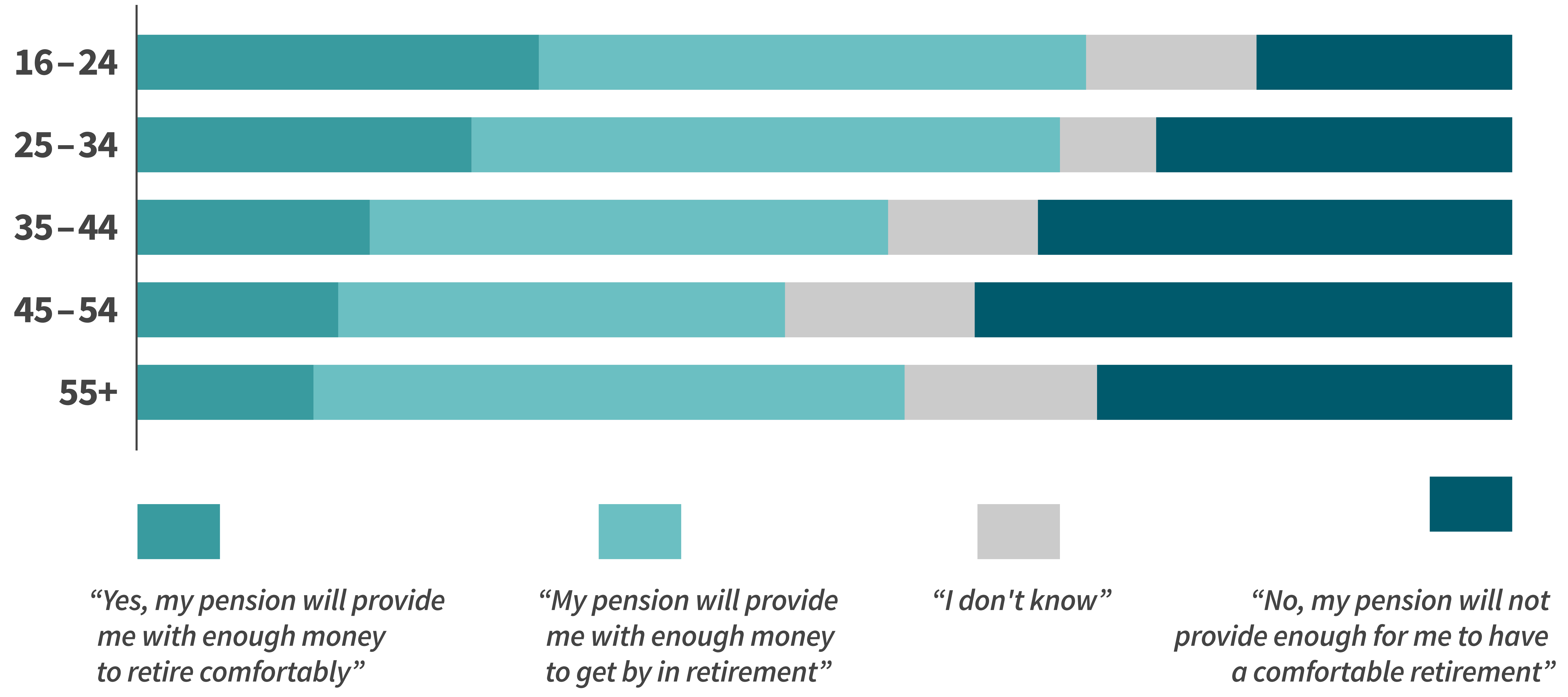


This might suggest those closest to retirement are more anxious or overwhelmed about the decisions which they might soon need to make. It could also be that closer to retirement is when people begin to realise, they have not saved enough, and might need to reconsider their plans. It could also be that younger people feel more confident using financial planning apps that are available and understand the importance of being in control of their money.

Employees are more likely to say their pension will only provide enough money to just get by in retirement (39%). Only one in five (20%) said their pension would be enough to retire comfortably, and one in ten have no idea (10%).

Again, the closer people get to retirement the more likely they are to say they their pension will not provide enough to retire comfortably. Younger workers (16-24) are the most positive (29%) but this steadily decreases the older people get, with over 55s significantly less positive (13%).

Will your pension be enough for a comfortable retirement?



Women are significantly more likely than men to say their pension will not provide enough for them to have a comfortable retirement (33% of women versus 25% of men). However, this gap has closed slightly on last year (40% of women versus 28% of men). Women are also more likely than men to say they don't know if they will be able to retire comfortably (12% of women versus 9% of men).

This could be a result of an increased awareness of the gender pension gap, which shows the gap between women and men's pension contributions begins to widen significantly from the age of thirty-five. This gender pension imbalance persists into retirement with women aged 60-65 years old having pension pots which are on average just over half (57%) the size of men's pots at the same age.[9]

Almost 4 in 5 (79%) employees would like more support from their employer about planning for a financially comfortable retirement. Of those, more than two in five (41%) would like more information on how to build up a pension pot, and 45% would like more information on how to make a pension last throughout retirement. One in five (20%) said their employer provides enough support already. Two in five (20%) employers said they only provide the minimum retirement planning information which is required.

It was the 16–24-year-olds who were most likely (39%) to say they do not have a financial adviser and would not use one.

Emma Douglas said

"Pension freedom legislation has given people more flexibility and choice when it comes to choosing how to use their savings at retirement. However, it is desperately concerning that many savers are overwhelmed by the choices they face at retirement but are reluctant to pay for independent financial advice and are sleepwalking into retirement. The pensions industry and government must work together to support today's retirees in making the right choices for what might be long and, hopefully, financially comfortable retirements."

Employers can help retirement planning click into place

1 Time

Encourage employees to start saving for retirement as early as possible – ideally at least 40 years before planning to retire.

2 Amount

If affordable, employees should aim to save at least 12.5% of their salary towards their pension every month. They do not have to do this on their own because employers make contributions on their behalf, and they get tax relief on the money they put in.

3 Final pot size

Employees should aim to build a pension pot of at least 10 times their annual salary by retirement.

4 Tax relief

Encourage employees to take advantage of the tax relief offered by the government to boost savings. When saving into a pension, for every £8 saved, the taxman adds an extra £2.

5 Investing wisely

Helping educate employees on the basics of investment could help them take more control of their later in life planning. Employees should understand that their money is invested to help it grow over the long term, however, the value of their pension can go down as well as up and they may get back less than the amount invested.

6 Keep checking

Encourage employees to 'check back in' with their pensions. Annual pension statements can be used to track retirement targets and help employees build a clearer picture of their progress.

7 Online tools

Point employees towards free online retirement calculators which can help them keep feel more in control of their retirement planning. **Aviva Retirement Tools and Calculators.**

8 Reframe expectations

Reminding employees that life expectancy in retirement could be 20 years or more may help them reframe their retirement picture and save more appropriately. The Pension and Lifetime Savings Association's **Retirement Living Standards** is a useful guide on how much money is needed for a Minimum, Moderate or Comfortable standard of living in retirement.

9 Lost pensions

Encouraging employees to check with the **Pension Tracing Service** to find any lost pension savings.

Aviva in Action

Aviva is one of the first Living Pension employers

The Living Wage Foundation (LWF) launched the Living Pension in March 2023. Aviva is delighted to be one of the first UK employers to be awarded the Living Pension accreditation.[10]

The Living Pension has been developed as a voluntary pension savings target for Living Wage employers and has been independently calculated to provide enough income to meet every day needs in retirement. It will be open to all accredited Living Wage employers from March 2023.

Auto-enrolment minimum pension contributions are currently set by the government at 8%, which includes a minimum 3% contribution from employers.

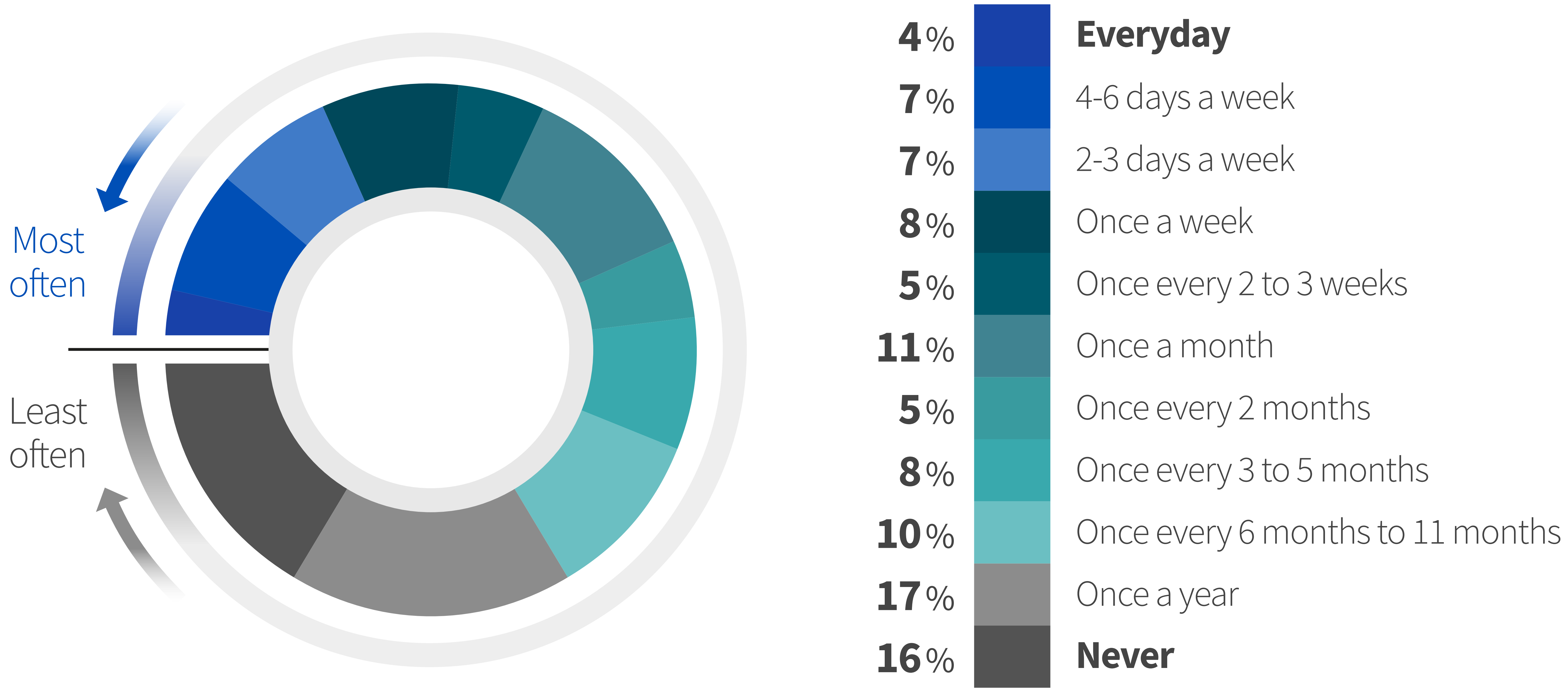
To become a Living Pension Employer, organisations must provide a Living Pension savings level which equates to 12% of a full-time real Living Wage salary, of which at least 7% must come from the employer.

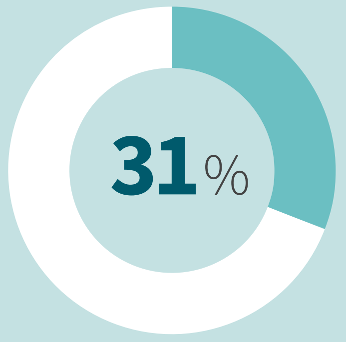
Aviva has been working closely with the LWF from the outset to develop this accreditation and test the proposals through its own employee pension schemes. As a result, Aviva has opted to increase its default pension contribution rates. This means that from July 2023, Aviva will automatically enrol new starters on a pension contribution of 14%, of which 10% is contributed by Aviva and 4% by the employee.

Keeping track of retirement savings

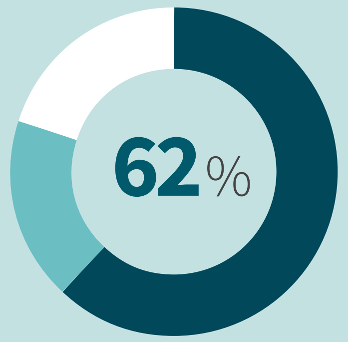
According to government figures, people have had on average 11 jobs during their working life.[11] This could mean a lot of pensions to keep an eye on. Pensions consolidation means combining two or more pensions into one pot. One of the benefits of consolidating is make them easier to manage. It can also make that money work harder, as well as providing a more holistic view of likely income in retirement.

How often employees check their pension

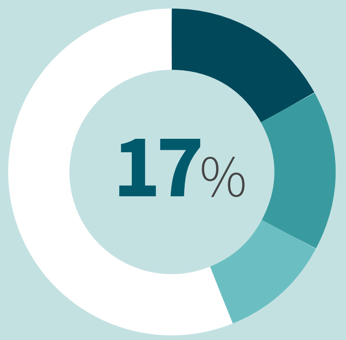




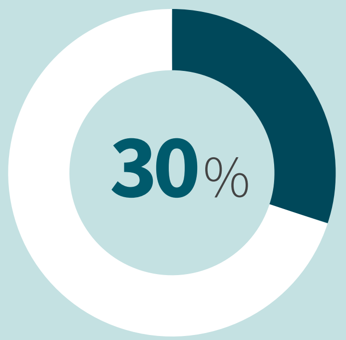
Almost a third (31%) of employers do not provide employees with any information about tracking down their pensions.



Almost two-thirds (62%) of employees who have more than one pension have not consolidated them, and a further almost one in five (18%) have not even considered it.



Employees are most likely to check their pension once a year (17%), never (16%), or once a month (11%).



Almost a third of employees (30%) do not know how many pensions they have. More women than men do not know how many pensions they have (34% of women versus 26% of men). Half of 16-24-year-olds (50%) do not know how many pensions they have.

Pension consolidation is not for everyone. It is something which needs careful consideration and, sometimes, paid-for independent financial advice. There is plenty of supplementary help available. The financial advice community helps thousands of people every year. There is also free help from the government: **Pension Tracing Service**, **Money and Pensions Service** (MaPS), **Money Helper**, and **Pension Wise**.

Emma Douglas said

"Consolidating pensions should not be left to when people are approaching retirement. Consolidating pensions when you start a new job is a great way of making sure you keep track of them, will help to maximise those savings for longer, and contributes to better retirement planning."

Aviva in Action

Aviva pilots pension tracing service

Aviva has been testing a free online pension tracing service and a pension consolidation service with some of its retail and workplace pension customers.

With just a few customer details, we do the hard work in tracking down a lost pension and checking this for certain valuable benefits, saving our customers valuable time and effort.

The information we receive is collated into a single pension report for the customer to consider their next steps. This might include consolidating their pension pots with Aviva; speaking to an Independent Financial Adviser (IFA) or, for those without an IFA, speaking to our Aviva Financial Advice team who can help customers understand their options.

Chapter 4

Workplaces as a force for good

The role of workplaces in positively shaping society

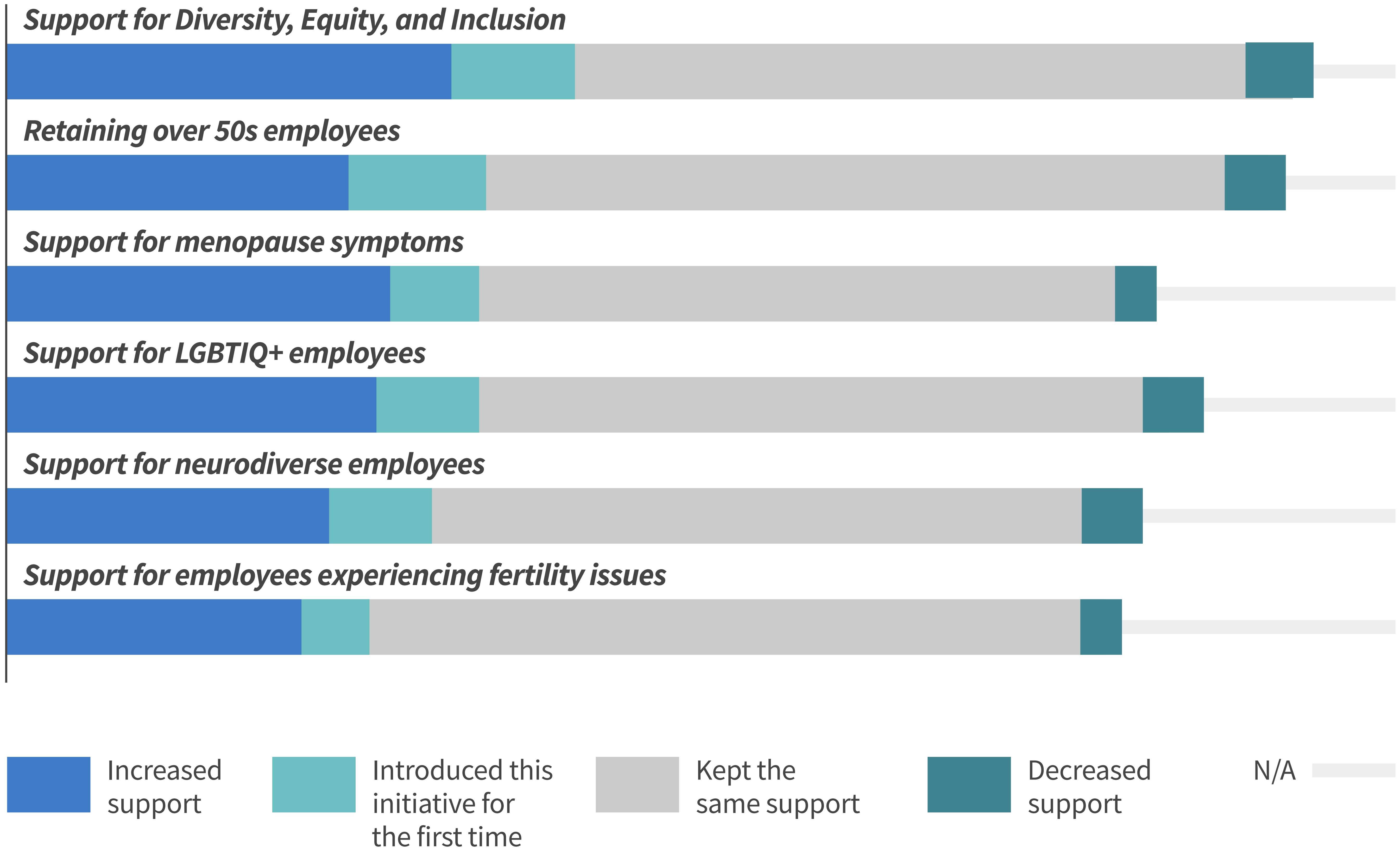
In recent years, there have been some big step changes in employers introducing policies for their people which recognise individuals and the support they might need to effectively balance their personal lives with their working lives.

In the last year, around one in ten employers have for the first time introduced new initiatives to support their people. This includes, but is not limited to, support for: Diversity, Equity, and Inclusion (DE&I) (9%); retaining over 50s employees (10%); menopause symptoms (6%); LGBTIQ+ employees (7%); neurodiverse employees (7%); and employees experiencing fertility issues (5%).

Debbie Bullock said

"This is not just the right thing to do for workers, it also makes sound commercial sense. When people feel supported by their employer, it helps to alleviate the pressure they might be under and allows them to be their authentic selves when coming into work."

Change in support for employee initiatives over the last 12 months



Spotlight on: Over 50s workers

In the 2023 Spring Budget, the government announced a 'Back to work Budget' which included £70 million investment in support for over 50s staying in or getting back to work.[12]

In the last year, one in ten (10%) employers have for the first time introduced support for retaining over 50s employees. Over three-quarters (76%) of employers think it is important to retain employees aged over 50, with almost a third (32%) of those saying it is **very** important.

Employees aged 55 and over are the only age group most likely to say they do not work from home (30%). However, they also follow that up by then saying working from home makes them feel happier (28%). All other age groups are most likely to say working from home makes them feel happier, followed by it helps them manage family and other responsibilities outside of work.

This might suggest that older workers are less likely to take up the option of working from home, maybe because it is not something many would have experienced throughout their careers. It could also be that older workers enjoy the social interaction which comes with working in the office.

A study by the Office for National Statistics (ONS) into 50 to 65 year olds who have left or lost their job since the start of the pandemic and would consider returning to work, the most important factors when choosing a paid job were flexible working hours (32%), good pay (23%), and being able to work from home (12%).[13]

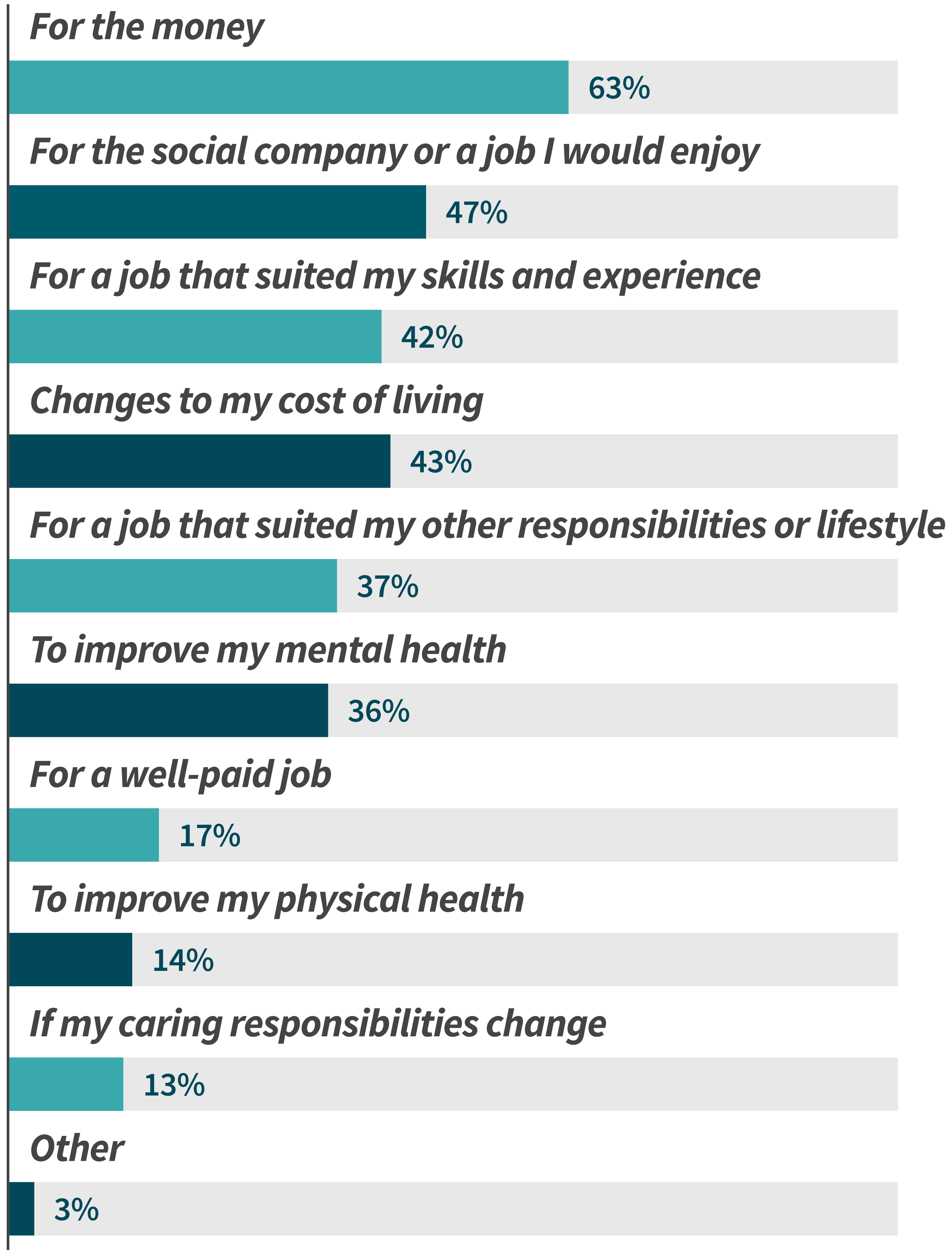
Debbie Bullock said

"Over 50s workers can be a valuable asset to an organisation, bringing a breadth of experience and skills. It is important they are supported by employers in a way that recognises their individual needs. Improving retention rates can be helped through apprenticeship programmes, which offer an opportunity to re-skill, and 'mid-life MOTs', which are a free check-up of your wealth, work and wellbeing. It is also worth considering options for job-sharing, 'part-tirement', and seasonal working to cover peak times."

The ONS also found that over 50s with a physical or mental health condition or illness who would consider returning to work, would do so for the money (67%), and second to that, for the social company or a job they would enjoy (46%).[14]

It is interesting that respondents did not say they would return to work for a promotion. It is commonly felt that careers should follow a linear upward trajectory, moving up the ranks with age. However, older workers put more onus on the social company and enjoyment of a job, and the wellbeing aspects, rather than fulfilling career aspirations.

ONS Data: Reasons for considering returning to paid work or self-employment (adults aged 50 to 65)



Debbie Bullock said

"It is time to break down the taboo that career success necessarily means promotion, especially in later working lives. Employers have a role in encouraging their people to use their skills in less pressurised roles and jobs they enjoy. Apprenticeships are not just for the young and are another way to reskill older workers into alternative roles.

Staying in work and coming back to work has some clear benefits for older workers besides the financial security, which they appear to recognise. The social aspect of work and the act of going to work can contribute to improved mental and physical health. Aside from the positive implications for individuals, it has potential benefits for society and the economy."

Climate action and ESG within workplaces

Aviva research last year[15] identified a risk that UK SME businesses could pull back from taking climate action because current financial pressures are making it harder for many businesses to invest in climate action. It found that almost three-quarters (72%) of UK businesses know they need to get climate-ready but only one in three have plans to do this.

In this survey, four out of five (80%) employers have made some improvements to their workplaces since the pandemic to make them more climate friendly. Those changes include turning off IT equipment when not in use; reduced heating and air-conditioning; and adjusted lighting.

Not only can these have a positive impact on the environment but can also save money on office costs and motivate those employees who are interested in sustainability.

Almost three-quarters (74%) of employees think it is important to have climate-friendly policies in the workplace. Younger employees aged 25-34 (82%) and 16-24 (75%) were most likely to say it is important that their workplace has climate-friendly policies.

What is responsible investment?

Responsible investment is the practice of incorporating environmental, social and governance (ESG) factors into investment decisions.

More than four in five (84%) employers and almost nine in ten (89%) employees think it is important that a workplace pension fund is invested responsibly. This might suggest that more pension savers now have a better understanding of how their pension is invested and that it can be invested in responsible funds. However, of those, more than two in five (46%) employers and over a third (35%) of employees said it was important but not essential.

This is a switch from last year, when just under two-thirds (65%) of employees said it was important that a workplace pension fund is invested responsibly, compared to 80% of employers.

Almost one in five (19%) employees said it is important as long as it does not impact fund performance. More than a third (34%) do not know if their pension is invested responsibly, which is an improvement on last year (55%).

More than seven in ten (73%) employers said the range of ESG investment options offered by pension providers is adequate.

Maiyuresh Rajah said

"Pension savers now have a better awareness of whether their pensions are invested responsibly, which is a very positive step forward. Investment strategies that manage their social and environmental impacts will not only have a positive outcome on the environment and society, but they should also lead to superior investment returns over the long term.

Employers, with the help of pension providers and advisers, can continue to play a crucial role in helping people understand the impact they can have on climate-change and society through their workplace pension. Pension providers can help employers make available innovative and engaging tools that can help people understand why responsible investing is important and how their investment funds fare from an ESG perspective.

Having ESG focused self-select options that people can choose to invest in will be helpful. However, most people's assets are invested in default funds meaning that providers and employers should focus on default strategies that integrate ESG factors across the whole solution."

Aviva in Action

Aviva wants the UK to be the world's first most 'climate-ready' economy by 2030

In 2022, Aviva launched its campaign for the UK to be the most climate-ready large economy by 2030 and its first Climate-Ready Index – a framework to measure how influential countries (G7*nations +Ireland) are progressing on climate mitigation, resilience, and adaptation.

Aviva was the first major UK financial services company to target Net Zero carbon by 2040.

Pensions have a key role to play in tackling climate change and Aviva has been at the forefront of responsible investment for decades. Aviva enhanced its award-winning My Future Focus investment solution last year. In July 2019, Aviva launched its Stewardship default fund – an ethical default fund using the Stewardship funds for workplace pensions – where Aviva is the leading provider.

Aviva intends to make it easy for customers to make climate friendly choices and its 2040 Net Zero ambition covers the investment and pension assets it controls, for both new and existing customers.

Methodology

1,001 full or part time employees aged 16+ in the private or charity sector and 203 private sector aged 18+ employers (excluding sole traders) were interviewed by Censuswide between 03 and 05 May 2023.

Censuswide abides by and employs members of the Market Research Society which is based on the ESOMAR principles.

All interviews were conducted online. The sample was targeted, and data weighted back to these targets, to ensure a comprehensive cross-section of the UK working population.

Where appropriate, some statistics have been combined to make a net score, for example 'Strongly Agree' and 'Slightly Agree' combined to make 'Agree'.

About Aviva

Aviva is one of the UK's leading Insurance, Wealth, and Retirement businesses, with franchises in Ireland and Canada. Our purpose is to be with you today, for a better tomorrow. We exist to be with people when it really matters, throughout their lives.

For more details on what we do, our business and how we help our customers, visit **www.aviva.com/about-us**.

The Aviva newsroom at **www.aviva.com/newsroom** includes links to our image library, research reports and our news release archive. Sign up to get the latest news from Aviva by email.

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