

Women's pensions £100,000 less than men's due to gender pay gap and childcare commitments ^[1]

1.2 million women approaching retirement age have no savings at all, report finds

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Source: Independent

Format: Article

Publication Date: 10 Jul 2019

AVAILABILITY

Access online ^[2]

EXCERPTS

Women save only a third of the amount that men do by the time they approach retirement, primarily because of time taken out of their careers to look after a family, according to a report.

Women in their 60s have an average of £51,100 in their private pension pots while men have £156,500, according to retirement research body the Pensions Policy Institute (PPI).

Taking time away from work or working part-time contributes to almost half of the difference, the researchers estimate, with the gender pay gap accounting for a further 28 per cent. Women earn around 18 per cent less than men, on average, according to official figures.

Childcare costs that fall disproportionately on women and the fact that women also tend to live longer than men may also make it harder for them to build up a comfortable amount of retirement savings.

Sam Smethers, chief executive of women's rights organisation the Fawcett Society, said: "The shocking pensions gap that women experience is a result of a lifetime of income and workplace inequality."

Divorced women can end up with particularly small retirement savings, averaging just £26,100 compared with £103,500 for divorced men. The figures indicate that divorce affects women's savings more than men's, with the impact varying as a result of individual divorce settlement terms.

Women need to save around 5 to 7 per cent more than men in order to enjoy the same level of income in retirement because of their greater life expectancy.

But the PPI found that there are 1.2 million women in their 50s who have no private pensions – 50 per cent higher than the figure for men of the same age.

Those approaching retirement without any private pension are unlikely to have a retirement income of £15,000 per annum, considered the minimum amount required to achieve a comfortable standard of living.

Joanne Segars, interim chairwoman of trustees at Now: Pensions, which sponsored the report, called for more to be done to help mothers remain in the workforce.

"Not only are women typically paid less, but they are much more likely to work part-time or take time out of the workforce to care for children or elderly relatives," Ms Segars said.

"This time out of the workforce has a huge impact, and the part-time pensions penalty can't afford to be ignored.

"Policy and regulation around saving for retirement need to change to better reflect the changes in the workplace and society."

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