

## Women are less financially confident – could it be impacting their retirement?

- Women are 33% more likely than men to say they do not understand how their pension works – suggesting a lack of financial confidence
- Women are less likely to have engaged with financial products that will benefit them in retirement – such as savings, investments and private pensions
- A Legal & General Retail survey of 22 – 32 year olds in the UK
- has found that the gender pensions gap will remain significant for this younger age group for decades to come unless interventions are made
- To help tackle the issue of financial literacy, Legal & General's new podcast [A Little Bit Richer](#) aims to give young people the confidence to manage their money

Women are 33% more likely than men to say they do not understand how their pension works – indicating a lack of financial confidence, according to by Legal & General Retail's [Lost Decade](#) research.

This lack of confidence could be why women are less likely to have engaged with key financial products which will drive better outcomes in the future. For example, women are 38% less likely than men to have a stocks and shares ISA, and 32% less likely to have a private pension.

Analysis by Legal & General Retail<sup>1</sup> has found that this lack of engagement, along with other factors such as the gender pay gap, could see young women in the UK (aged 22 to 32) with the equivalent of just £12,873 per year by the time they reach retirement in the 2060s. By comparison, young men are on track to have almost a third more in their retirement pockets – receiving £19,803 in income per year on average.

Young women are forecast to have an average of £644,701 in their workplace pension pot (equivalent to £195,636 adjusted for inflation) at the point where they reach the state pension age, based on current savings levels. This equates to an income of approximately £42,421 a year in retirement. Despite the fact this may sound like a generous income today, adjusted for inflation, by the 2060s this will be the equivalent of just £12,873.

Contribution rate	At-retirement pot		At-retirement pot (adjusted for inflation)		Prospective annual retirement income		Prospective annual retirement income (adjusted for inflation)	
	Women	Men	Women	Men	Women	Men	Women	Men
8%	£644,701	£957,097	£195,636	£290,008	£42,421	£62,977	£12,873	£19,083
12%	£ 967,052	£1,435,646	£293,454	£435,012	£63,632	£94,466	£19,309	£28,624
20%	£1,611,754	£2,392,743	£489,089	£725,020	£106,053	£157,443	£32,182	£47,706

### ***(Based on Legal & General analysis)***

Contributing to the gender pensions gap, the analysis also revealed a significant gender pay gap. By the age of 27, women are already earning £10,000 less than men of the same age. Furthermore, the research does not take into account other factors that could impact women's pension savings, such as

being less likely to hold senior leadership positions and being more likely to take career breaks for childcare, leading to an even wider pensions gap in reality.

**“To help close the gender pensions gap, more support is needed so that women can make informed decisions about their future as early as possible. As an industry, in order to make any real change, we need to work together to get more people engaging with their pensions and ensure there is education available. We need to help women become more financially confident.**

**“Our research shows that young women are currently projected to have £300k less in their pension pots than their male counterparts by the time they reach the current state pension age – a shocking figure, and one that shows the gender pensions gap isn’t going anywhere any time soon!**

**“There are many reasons for this, including the fact that women are still paid less and are less likely to be in senior leadership positions, resulting in smaller pensions. The gender pensions gap is about more than just pay though – women are also more likely to work part-time or on reduced hours, as well as taking career breaks for childcare, as an unpaid carer or needing time off work for medical reasons, such as menopause. The combination of these responsibilities and challenges still place women at a significant disadvantage in terms of being able to reach similar savings levels as men. In addition, women often self-identify as having lower confidence when it comes to savings and investments, presenting another potential barrier to reaching the same savings levels as men.”**

**Katharine Photiou, Managing Director of Workplace Savings at Legal & General**

To help women build their confidence when it comes to their finances, Legal & General have launched new podcast [A Little Bit Richer](#). Hosted by financial influencer Kia Commodore, the podcast will cover everything from making sense of your payslip, to mortgages and pensions, to financial wellbeing and mental health. This can be downloaded from Legal & General's official site or through your preferred podcast listening app.

**-ENDS-**

### Notes to editors

<sup>1</sup>Analysis based on the following research and assumptions:

- Opinium Research conducted 2,000 online interviews of people aged 22-32 between the 15<sup>th</sup> and 29<sup>th</sup> August 2023
- CPI = 3%
- Salary premium = 1%
- Salary increase = 4% p.a. (this assumes that salary increases on annual basis up to retirement at 68)
- Median male salary at age 27 = 35,000
- Median female salary at age 27 = 25,000
- Start saving into a workplace pension at age 22, retiring at age 68
- Investment return on pension pot, assuming broad 60/40 asset split, (7% p.a., 4% real)
- Qualifying earnings – Currently (£6,240 to £50,270), Historical years (actual LEL and UEL), Future years (increased annually by CPI assumption)
- Income based on current Legal & General annuity - fixed rate, single person annuity at age 68, with a 10-year GMPP.

Women are 33% more likely than men to say they do not understand how their pension works

- $320 \text{ (men)} - 425 \text{ (women)} = 105. 105 / 320 = 32.8125\% \text{ (33\%)}$

Women are 38% less likely than men to have a stocks and shares ISA

- 324 (men) – 201 (women) = 123. 123 / 324 = 37.962962962963% (38%)

Women are 32% less likely to have a private pension

- 324 (men) – 221 (women) = 103. 103 / 324 = 31.79012345679% (32%)

## About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with over £1.2 trillion in total assets under management\* of which 39% is international. We have a unique and highly synergistic business model, which continues to drive strong returns. Legal & General provides powerful asset origination and management capabilities directly to clients, which also underpin our leading retirement and protection solutions. We are a leading international player in Pension Risk Transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Our purpose is to improve the lives of our customers and create value for our shareholders. Through inclusive capitalism, we are investing in long-term assets, such as real estate and infrastructure, that can help build a better society for the future.

*\*as at HY 2023*

## About Legal & General Retail

Legal & General Retail helps create brighter financial futures for all our customers. The division covers the savings, protection and retirement needs of our c.13 million retail policyholders and workplace members.

In 2022, we had total individual annuity sales of £954 million, and issued £632 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.9 million members, while our Protection businesses gave peace of mind to more than 6.3 million UK life insurance, 1.8 million group and 1.5 million US customers, taking in £3.1 billion of gross written premiums.

The information contained in this press release is intended solely for journalists and should not be relied upon by private investors or any other persons to make financial decisions.

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