

## Women left with half the pension pot, no matter the job

- Women's pensions at retirement are half the size of men's (£12,000 versus £26,000), regardless of the sector they work in
- More than a third (38%) of women who have taken a career break did not know the long-term financial impact it would have on their pension
- Legal & General is calling for all companies and pension providers to disclose their gender pensions gap, to raise awareness of it and work together to help close it across all sectors

Analysis<sup>1</sup> of more than 4.5 million savers has found that every single industry in the UK has a gender pensions gap, even those dominated by female workers.

On average, women's pensions are half the size of men's (£12,000 versus £26,000). Considering women are likely to live four years<sup>2</sup> longer than men, this issue deepens as they need to have saved around five to seven per cent more at retirement age.

The study by Legal & General found the gender pensions gap exists regardless of average pay across different sectors, and ranges from a gap of 59% in the healthcare industry, to 13% in courier services.

The healthcare (59%), construction (51%), real estate/property development (48%), pharmaceutical (46%), aerospace, defence and government services (46%), and senior care (45%) sectors were found to have the largest gender pensions gaps. Of these six sectors, three are key industries for female employment – healthcare, pharmaceuticals, and senior care<sup>3</sup>.

Top sectors for female employment and their pensions gap	
Sector	Pensions gap
Healthcare	59%
Pharmaceuticals	46%
Senior Care	45%
Leisure Travel & Tourism	29%
Charity	29%

Source: Legal & General analysis of workplace member data from defined contribution pension schemes, 2022

### Many different factors have led to the gender pensions gap but very few solutions are offered

There are many reasons for the gender pensions gap, ranging from women holding fewer senior positions and being paid less, resulting in lower pensions contributions, to the fact they are more likely to take career breaks due to caring responsibilities. Of those that have taken a career break, 38% did not know the financial impact it had on their pension contributions<sup>4</sup>.

Another potential driver is a significant gender confidence gap when it comes to managing pension pots. More than a quarter (28%) of women said they had confidence in their ability to make decisions about their pension, compared to almost half (48%) of men<sup>5</sup>. This lack of confidence extends further to other financial decisions, with women less likely than men to feel confident managing their investments (22% of women versus 41% of men), and their savings (56% of women versus 67% of men).

**Katharine Photiou, Commercial Director of Workplace Savings at Legal & General said,** *“We looked at data from over four million workplace members and found that every industry in the UK has a significant gender pensions gap. This is a serious issue in itself, but it deepens when life expectancy is taken into consideration too.*

*“We’ve all heard about the gender pay gap, but very few discuss the gender pensions gap, despite the fact so many women experience it. This shows more needs to be done to boost engagement with pensions, particularly with those who feel less confident, and who may need help on where to start when it comes to making financial decisions.*

*“Millions of people would benefit from a wider range of support services to make more informed decisions about their savings and investments. But this support needs to be personalised to achieve any real shift, and this is where government and industry need to work together. Pensions can seem complicated but they’re just a regular savings plan with some tax perks. We need to demystify pensions and get back to basics.”*

Legal & General is calling for all companies and pension providers to disclose their gender pensions gap, to raise awareness of it and work together to help close it across all sectors. For full details on Legal & General's suggested solutions to close the gender pensions gap, please see notes to editors\*.

**Rita Butler-Jones, Co-Head of Defined Contribution at Legal & General said,** *“It is striking that some of the sectors where we see the highest gender pensions gaps - such as senior care, healthcare and pharmaceuticals – are also among the top sectors for female employment. This demonstrates the extent of the crisis facing many women as they approach retirement, even in careers where they make up the majority of the workforce.*

*“There is therefore a real need for providers, schemes and government to work together to understand and tackle both the sector-specific and structural barriers which women face in saving for their future.”*

While many factors behind the gender pension gap are out of most people’s control, there are some actions you can take to help reduce it:

- Contribute as much as you can to your pension - and start early. Compound interest remains hugely underrated and poorly understood by both men and women.
- Check the charges on your historic pension pots. See if consolidating your pots will bring them down.
- Plan for a future full of Saturdays. Everyone underestimates how much they'll need.
- Likewise, check how much your State Pension will be and when you'll get it. If it's not going to support your ideal lifestyle, plan how you'll cover any shortfall.
- Put a bit more into your pension whenever you get a pay rise.
- Talk through your pension planning with your partner. Make sure you know about each other’s saving plans, contribution limits and that you are both on the same page.
- Carry out a regular [Midlife MOT](#). It'll help you see how your finances are doing, and allow you to check in on your work and health wellbeing too.
- Make use of free support like the MoneyHelper or Retirement Living Standards websites. You can also check out our own planning tools.
- Keep a regular eye on your pension to make sure you're in full control of it and saving for your ideal future.

**-ENDS-**

## Notes to editors

<sup>1</sup>The analysis is based on LGIM's proprietary data on c4.5 million defined contribution members as at 1 April 2022 but does not take into account any other pension provision the customers may have elsewhere.

<sup>2</sup> ONS: Life expectancy at birth in the UK: 82.9 years for women vs 79 years for men; Office for National Statistic, 2018 to 2020. Average four years.

<sup>3</sup> According to the ratio of female members across the Legal & General book of business

<sup>4</sup> Legal & General Insight Lab survey of 2,135 workplace members was conducted 4 - 26 July 2022

<sup>5</sup> Opinium survey of 2,001 UK adults was conducted between the 4<sup>th</sup> and 8<sup>th</sup> February 2022

**\* Legal & General (L&G) is actively involved in exploring solutions with government and industry**

- L&G recognises that urgent action needs to be taken now and is calling for all companies and DC pension providers to publicly disclose their own gender pensions gap, so that all stakeholders can understand the issue and work to fix it.
- L&G has reviewed its own gender pension gap and will monitor it annually to ensure it is making progress, by reviewing internal support, processes and policies to make changes such as better support for menopause and a review of paternity and shared parental leave. Current analysis shows that there is a 60% gender pension gap for L&G retirees at the point of retirement with an average gap of 32% for current savers.
- In addition to disclosing its own gender pension gap, L&G is committed to raising the profile of the gender pension gap across the companies it invests in and will continue collating data in order to include it in its stewardship activities going forward, as well as working with regulators, trade bodies and other providers on longer term solutions.
- Going further, L&G has created a working group with 14 of its largest clients with 535,000 members and assets of over £7bn, to help them tackle inequality in their own pension schemes by the end of 2022 and plans to expand this group further in 2023.
- In terms of regulatory reform, L&G submitted a number of recommendations to the Work & Pensions Select Committee in January 2022 as part of the Pension Freedoms Consultation, including:
  - Reducing the eligibility age for auto-enrollment to 18 and basing auto-enrollment pension contributions on the first £1 of earnings by removing the £10,000 eligibility trigger.
  - Allowing greater flexibility for couples to pay into each other's pensions, as well as considering an increasing the maximum allowed.
  - Encouraging pay and job progression for part-time workers and examine whether eligibility to means-tested benefits acts as a barrier to women seeking to increase their income and savings ability.
  - Promoting the inclusion of pensions in divorce proceedings.
  - Prioritising the provision of suitable and affordable childcare to encourage women to work more hours.

## **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 £1.4 trillion in total assets under management\* of which a third is international. We also provide powerful asset origination capabilities. Together, these 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. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

*\* at 31 December 2021*

## **About Legal & General Retail**

As of 1st January 2022, Legal & General Retail Retirement and Legal & General Insurance (our two retail businesses) have been combined into one division, Legal & General Retail, to enable us to better serve the needs of our retail customers.

Legal & General Retail helps protect the lives and futures of our customers; the division covers the savings, protection and retirement needs of our c12 million retail policyholders and workplace members. In 2021, we wrote £957 million of annuity premiums, and issued £848 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.4 million members, while in the UK we paid out a total of £1,133.8 million in insurance claims.

## **About Legal & General Investment Management**

Legal & General Investment Management is one of Europe's largest asset managers and a major global investor, with total assets under management of £1.42 trillion (€1.69 trillion)<sup>1</sup>. We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

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<sup>1</sup> LGIM internal data as at 31 December 2021. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong. The AUM includes the value of securities and derivatives positions.



For over 50 years, we have built our business through understanding what matters most to our clients and transforming this insight into valuable, accessible investment products and solutions. We provide investment expertise across the full spectrum of asset classes including fixed income, equities, commercial property, and cash. Our capabilities range from index-tracking and active strategies to liquidity management and liability-based risk management solutions.

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