

The Under Pensioned Women

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Equal Opportunities Commission
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Pensions not designed for modern lives

Pension systems based on

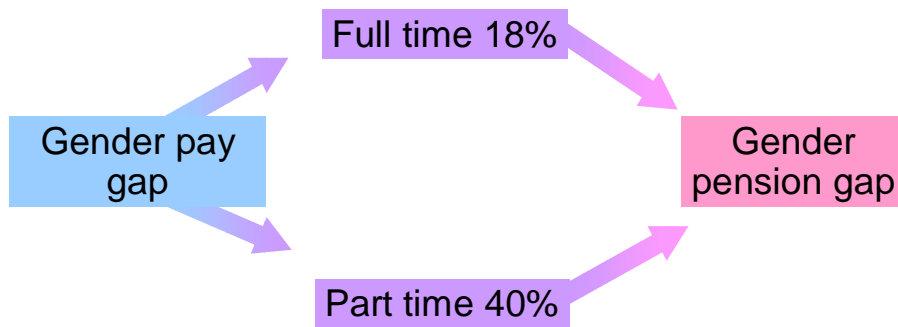
- Full time work, from 16 to 65
- No gaps for children or to care for others

This has led to

- Older women's personal income 57% of men's
- Fewer than 13% full entitlement to BSP in own right

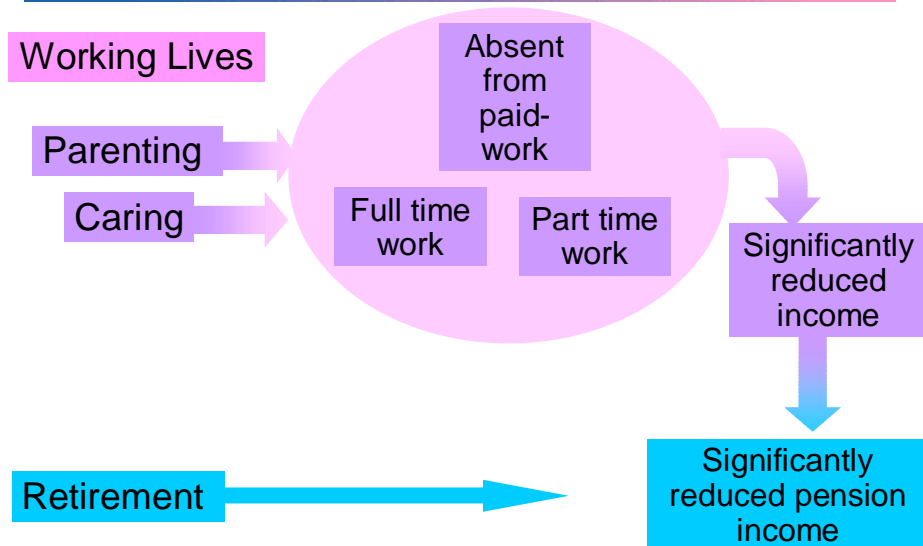
More flexible pensions are needed for today's society.

Gender pay gap impacts retirement income



Need to close the gender pay gap to close the gender pension gap.

Women's lives are significantly different to men's



Large difference between men's and women's working patterns



- 80% of part timers are female
- 60% of mothers work part time, vs. 4% of fathers.
- More than ¼ of women aged 45-64 provide unpaid care for elderly or disabled people.
- Almost one third of women reduce their labour market activity as a direct result of caring.

Greater longevity – deeper poverty later in life.



Women greater longevity than men

Lower annuity rates

Greater impact of inflation

Likely to out live partner

Have to save more to get same income as men

Dependence on means tested benefits.

Survivor benefits great importance.

Poverty increases with age

Women are likely to live alone during retirement



- Over 40% of women aged 65+ are widows
- More than 2/3 of women aged 80 or older are widows.
- 60% of women over 75 live alone.
- High likelihood on reliance on survivor benefits.
- Increased risk of dependence on means tested benefits

Reduction in survivor benefits will have a large impact on older women

Many issues with state schemes.



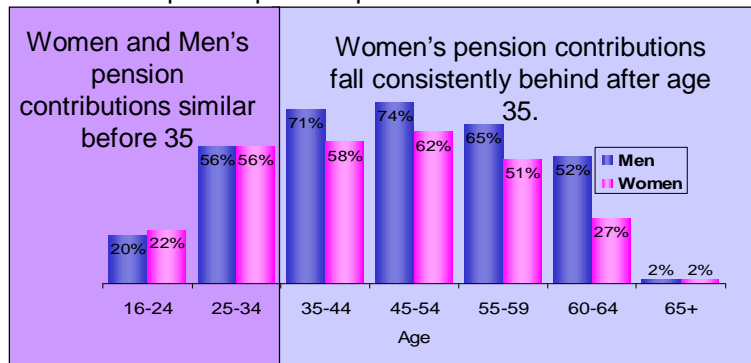
- LEL set too high for many women.
- 25% rule
- Qualifying for HRP can be difficult
- HRP is not a positive credit

Need state pension scheme to actively reward those who have made positive but unpaid contributions to society

Impact of motherhood and caring on women's pensions



Proportion of Employees and the self-employed making some current private pension provision 2001/2002

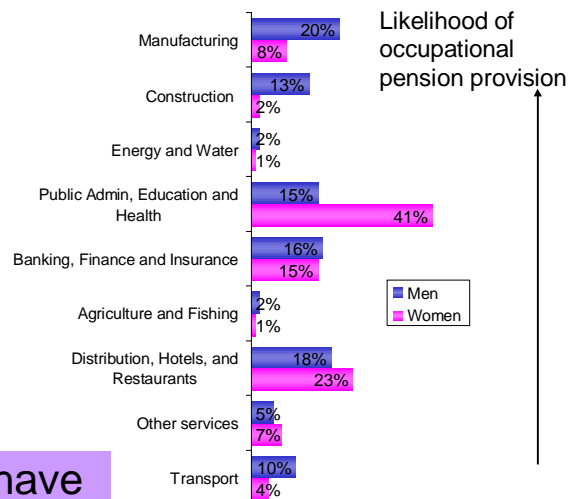


Even those women who are able to work are less likely to contribute.

Private pension provision by occupational sector



- Women in private sector - lower pension coverage
- Public sector women well covered
- Fewer women in professional and managerial groups.
- More women work for small employers

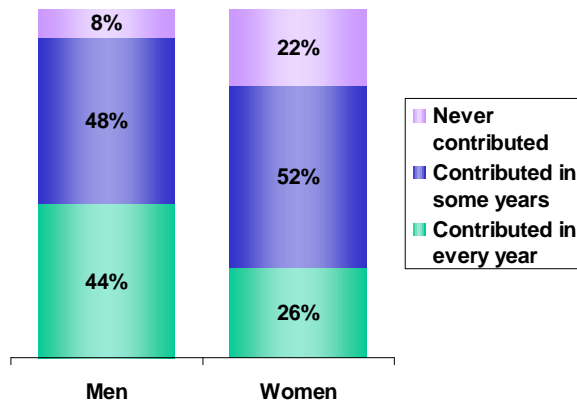


All sectors should have good pension provision

Women's contributions to private pensions



- Erratic contributions
- Lower contributions
- Pensions lower priority than childcare



Divorce – large impact on women's pensions



- One marriage in two ends in divorce
- By 2021 - 840,000 divorced women over 65, and 626,000 divorced men
- Low individual provision for wife during marriage
 - At point of divorce average pension funds for men, £46,500 and only £5,800 for women.
- 300,000 divorces - 1,300 pension sharing orders
- Difficult to accumulate new pension entitlement – too late to accrue interest

Women need to build up pension savings in their own right throughout their lives

Short term changes to improve pensions



Increase women's entitlement to the basic state pension

- Review LEL to include more low earners
- Relax rules for HRP to include moderate amounts of caring
- Abolish 25% rule, pro rata pensions for all
- Add earnings from more than one job
- Extend back dated contributions

More radical review is required for long term success

Long Term Pension Model

