

email

Pensions

Women's pensions: 'Dramatic shift' needed

Philip Scott, This is Money

14 October 2008

[Vote](#) | [Quiz](#) | [Calculate](#)

Britons are finally saving more but women are still falling substantially short compared to men when putting money aside for retirement, according to new research.

The fourth annual 'Women & Pensions Report – What Women Think' from Scottish Widows, the life insurance arm of Lloyds TSB, found that 55% of men - up from 54% in 2007 - who could and should be saving for retirement are saving adequately – compared to just 46% of women, a 5% improvement on 2007.

Ian Naismith, head of pensions market development, at Scottish Widows says: 'Although women are slowly beginning to catch up with men, the gap in pension provision is still too high and there still needs to be a dramatic shift in women's attitudes to pensions saving.'

But what are the chief obstacles women are facing?

Unsurprisingly, for many, having children and inconsistent working patterns are a major barrier to saving consistently into a pension.

The report found that a third of women, at 34%, have financially dependent children and over a quarter of mothers, at 27% or 2.2m, have stopped altogether or reduced contributions to their retirement savings.

These factors, coupled alongside with the fact only 37% of women are in full time work, create major problems when it comes to saving into a pension.

Naismith adds: 'While having children and irregular working patterns hugely affect pensions savings, there is more that women can do to save for the long term and they should start saving consistently, early in their working lives to make up for the time that may be lost should they have children.'

The situation is unlikely to improve in the coming months, with 60% claiming they will be unlikely to save more for the long term over the next year as the credit crunch continues to bite.

In addition the research found that some 40% of women say they felt financially better off five years ago than they do now.

Over a third of women, at 35%, can't save anymore than they presently do, while almost half of women, at 44%, do not think they will ever save into a private

pension. And for those women that are saving, 38% are mainly saving for the short term.

The Scottish Widow's research also found that almost a third, at 30%, of people have a dependent spouse or partner. Men are also much more likely to have a dependent spouse or partner (33%) than women (13%).

In addition, 25% of respondents or 6.2m women believe their partner's income will help to keep them comfortable in retirement, though 40% of women who have no private pension scheme and are married/co-habiting also acknowledge they will need to generate income from other sources.

While divorce rates in the UK have fallen, many marriages still fail before retirement and despite the rules being changed in 2000 to enable pension splitting on divorce, an astonishing 81% of divorcees still do not consider the pension assets when discussing a settlement.

For those women getting divorced aged 51 plus, 79% do not take into account pensions as an asset, and these women will have less time than younger women to make alternative arrangements.

Naismith adds: 'These are difficult times for everyone, and perhaps especially for those with dependent children. However, it is still important that women, as well as men, recognise the importance of providing for their old age as well as for the shorter term. The difficulties in saving when a family comes along also reinforces the importance of getting onto the savings ladder as early as possible.'

Everything you need to boost your pension



• [Pensions news and advice](#)

- [Pensions guides and tips](#)
- [Pension experts: Ask a question](#)
- [Pension blogs: Personal tips from writers](#)
- [Annuity rate tables](#)
- [Pension message boards](#)
- [Pension pot calculator](#)
- [Pension protection fund calculator](#)
- [Cheapest Sippis](#)
- [Advice on women's pensions](#)

'If younger women are reluctant to tie their money up in a pension, it is perfectly acceptable to save in an [ISA](#) when they're younger and move the money into pension closer to retirement. Of course, if they do that they must also have the discipline not to dip into their retirement savings unless it's unavoidable.'

As a result of the findings Scottish Widows is urging the Government to take action to resolve the savings gender gap in the UK by reviewing pension incentives to encourage more women to build up pensions in their own right.

The group's proposals include:

- A rebranding of pension tax relief to make it simpler to understand – for example,

by making it clear that for every £4 an individual contributes the Government will add in £1

- The ability for pension contributions made by spouses and registered civil partners to be treated as made by the payer rather than the recipient for tax and limits purposes
- Limited ability to withdraw pension funds before retirement to meet specified costs
- An overhaul of means-tested benefits, including a review of the effect on housing benefit and discounting of ISA savings and small amounts of pension from means-testing

Peter Chadborn, of CBK Colchester, an [independent financial adviser](#), adds: 'Representation to the Government made by a high profile brand like Scottish Widows has got to be welcomed. Of the proposals being made I think the one of most value is the ability for a spouse or civil partner to make contributions on behalf of the recipient.'

'This would be an attractive proposition, particularly for high rate tax payers. I agree that an overhaul of means-tested benefits would be worthwhile. In my experience, the over complication of means-testing is a genuine disincentive against saving and long-term investing for those on modest or low incomes.'

The report also found that among those with a private pension scheme, men are more likely to be building up a [final salary](#), or defined benefit, pension than women with 42% compared to 34%.

This is Money can help you choose the right annuity



• [Financial Mail's campaign on annuities](#)

- [How you can get a 60% annuity pay rise](#)
- ['Should I wait to buy an annuity?'](#)
- ['My £345 pension annuities boost' \(pictured\)](#)
- [Get a better deal with our annuities supermarket](#)

And among younger people, aged between 18 to 29 with a private pension, the gap in final salary scheme provision reduces to 2%, probably because both sexes are less likely to have access to a final salary pension than those closer to retirement.

A third of people can't afford to increase their monthly contributions to long term savings; men could afford on average to add £122 to their long-term savings contributions per month compared to women who could add £79 and 23% of men who have a pension have a [personal pension](#) scheme compared to just 17% of women.

Assuming growth of 7% a year, savers must put away 15% of earnings every year for 40 years to be able to retire with just 50% of final salary. To retire on two-thirds of salary, workers must put away 20% every year for four decades.

- Check what you need to be saving with our [Pension Calculator](#)

Ads by Google

[Is Your Bank In Trouble?](#)

Free list Of Banks Doomed To Fail. The Banks and Brokers X List. Free!
www.MoneyAndMarkets.com

[Equity Release Calculator](#)

Find out how much equity you could release from your home.
AgePartnership.co.uk

[A Feel Good Savings Rate](#)

Open an account in minutes Earn 6.0% AER with ING Direct
www.ingdirect.co.uk/savings

[Mail online This is London Metro TravelMail](#)

[FMWF](#) | [Loot](#) | [Jobs](#) | [Homes & property](#) | [London jobs](#) | [FindaProperty.com](#)

[Used car search](#) | [Primelocation.com](#) | [Educate London](#) | [All sites](#)

Part of the Daily Mail, The Mail on Sunday, Evening Standard & Metro Media Group

© Associated Newspapers Limited 2008 [Terms](#) [Privacy policy](#) [Advertise with us](#)