



Bridging the gender pension gap

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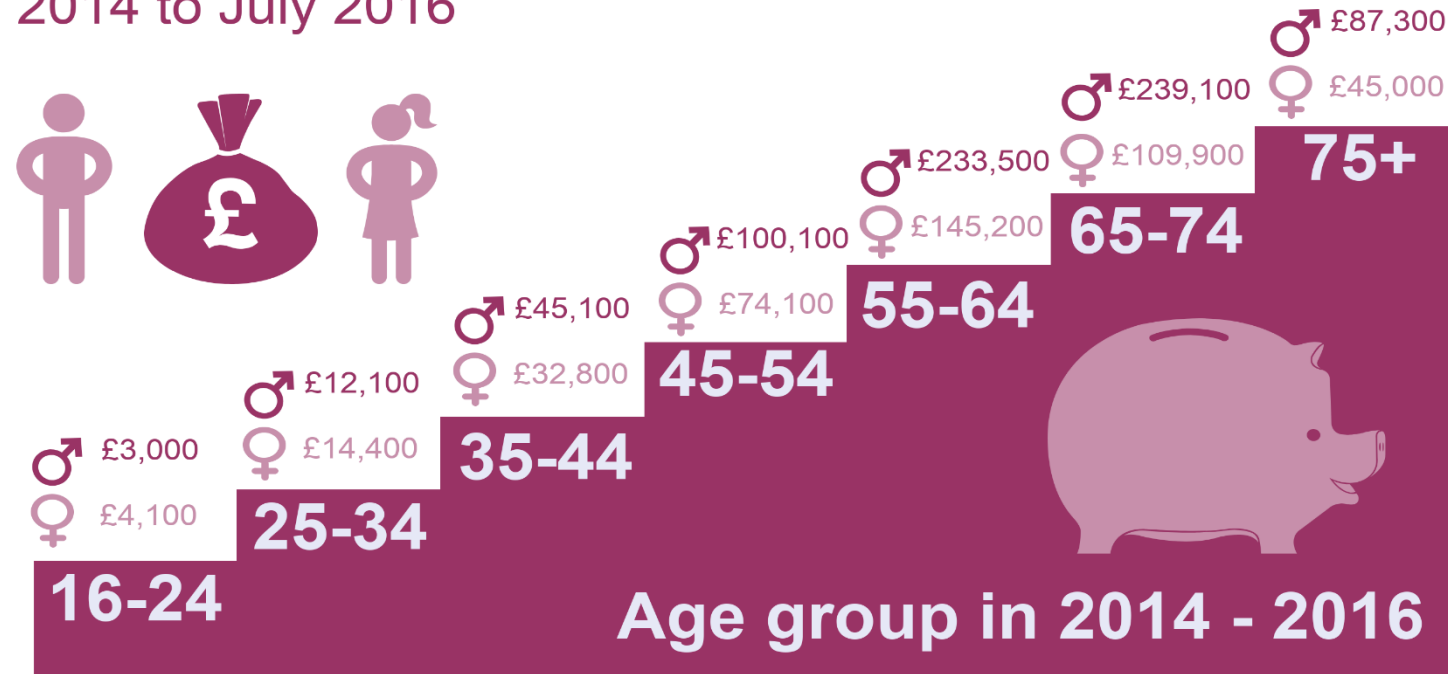


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Sizing the gender pension gap

Median private pension savings by age and sex, July 2014 to July 2016



Source: PPI Briefing note 114 (2019)

- Trade union Prospect have estimated the gender pension gap at **39.5%** (double the level of the gender pay gap which was 18.4% in 2017).



But Automatic Enrolment will sort this, won't it?

By 2060: only 3% improvement

(PPI, 2019)



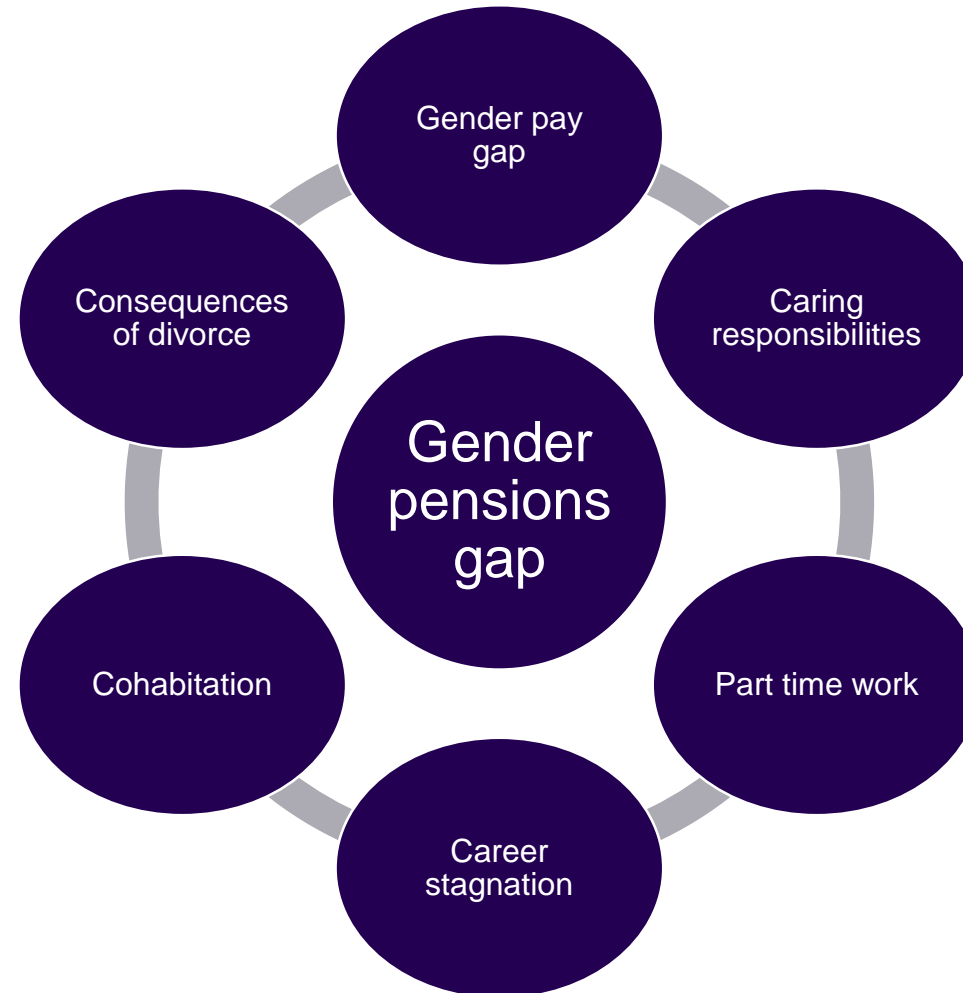
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Insuring Women's Futures Programme – Pension Gamechangers



The “perils and pitfalls” impacting women’s savings





Sizing the gender pensions gap – financial confidence

Many studies show large differentials in financial confidence between men and women:

- 52% of women in their late 20s say they do not understand enough to make decisions about retirement savings (38% of men) (CII /IWF)
- 26% of millennial women thought of themselves as having a high level of financial engagement (55% of men) (Kantar TNS)
- 38% of women feel confident making investment decisions (53% of men) (Britain Thinks)



Gaps in Automatic Enrolment

Where are the gaps?

- Only 63% of female workers meet the eligibility criteria for Automatic Enrolment. Female workers are less likely to meet the earnings criteria.

Current Government commitments

- Remove the Lower Earnings Limit
- Change to lower age limit to 18 (from 22)

What more could be done?

- Revisiting the earnings trigger - reducing the earnings trigger to the NI threshold would capture 480,000 more people.
- Net pay / RAS – anomaly affects 1.75m low paid people, 74% of which are women, depriving them of tax relief to boost their pension savings.



A sharper institutional focus on gender



Money and Pensions Service

- The new Money and Pensions Service is perfectly positioned to help to improve the financial wellbeing of women.



Data collections

- Role for DWP, MaPS, FCA and TPR
- Examples of good practice: NEST and Scottish Widows





Limits of pension policy levers

High cost of childcare

- Childcare costs in the UK make up 1/3 of average household income (OECD).

Unequal parental leave

- Shared Parental Leave only taken up by 1% of eligible new parents in 2018 (TUC).

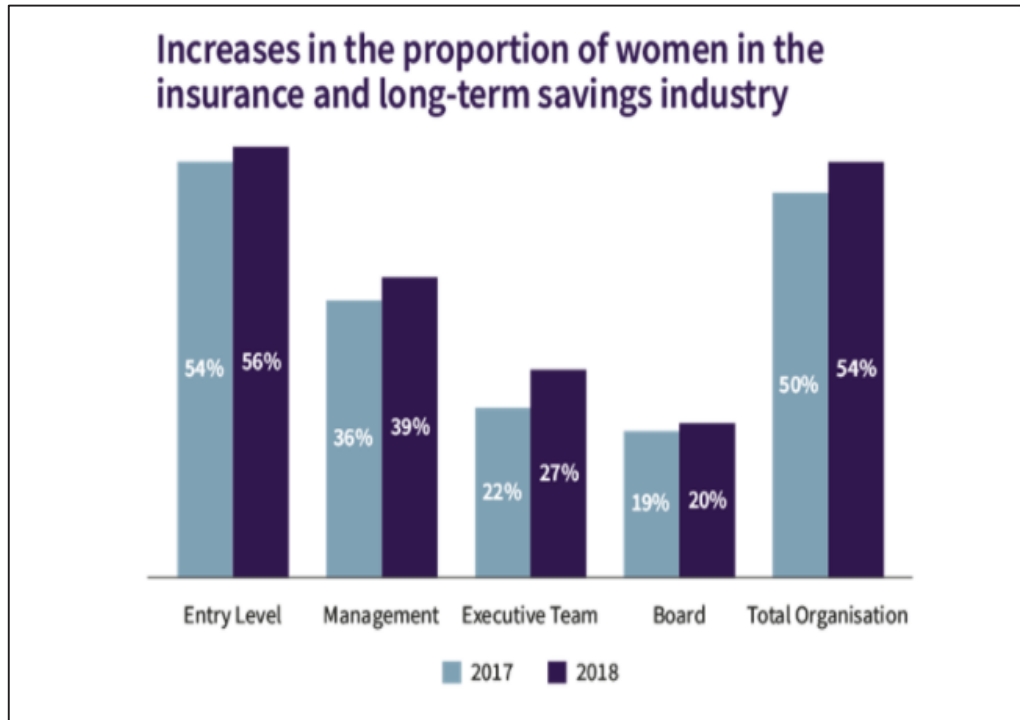
Lack of gender-disaggregated data

- Little gender distinction in analysis by Government and regulators and little focus on how the impact of policies might vary between men and women.
- Limited available data on choices women are making in retirement.

What about our own sector?



ABI's Diversity & Inclusion program: data collection



Source: Association of British Insurers, 2019

ABI member firms taking action



76%
have a diversity and inclusion strategy



79%
of companies have an internal employee resource group to support inclusivity



61%
have a mentoring programme targeting at developing underrepresented groups in their firm



88%
have an executive sponsor for diversity and inclusion



75%
provide mental health first aid training



58%
have a development programme specifically for women



Diversity & Inclusion

Tackling the gender seniority gap

- ABI's *Tackling the gender seniority gap* research found that the dominant reason for the gap is the 'motherhood penalty'.



Source: Association of British Insurers: *Tackling the gender seniority gap*



What can we do about it?

“To reduce the seniority gap, we need to make it easier for part-time or formerly part-time employees to advance. This can be achieved by;

- Making more senior jobs available part-time;
- Having more flexible working practices advertised, encouraged and implemented;
- Making job shares easier and more attractive; and
- Developing advancement opportunities for women who worked part-time.”



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