

# The Second 50

Addressing the gender pensions gap





# Foreword

**At Aegon, we want to better understand how living longer, more flexible lives is changing the ways in which we all live, work, save, support our families and, ultimately, retire. We identify 'Five Fundamentals' that shape our circumstances, experiences and goals in what we're calling 'The Second 50'. These are work, wealth, health, family, wellbeing.**

**But there are challenges.**

The 'Gender Pensions Gap' is an established measure of the inequality in retirement savings and income experienced by women, compared to men, across the UK.<sup>1</sup> In recent years, it's rightfully received a great deal of focus from the industry, Government and media, as we search for solutions to close the disparity felt by women and promote better outcomes for all. In particular, discussions have often focused on financial matters, linked closely to the 'Gender Pay Gap' - an imbalance in earnings that can stem from different caregiving responsibilities and work arrangements.<sup>2</sup>

With wealth being one of our key Fundamentals, it's clear that addressing the Gender Pensions Gap is vital to ensuring that everyone has the same opportunities to make their Second 50 as fulfilling as possible. But this goes beyond just pension outcomes, requiring collective effort from the industry, employers, Government and individuals. By starting to prepare for later life at an earlier stage, we can change how we combat contributing inequalities, as well as improve how we view and feel about our money in later life.

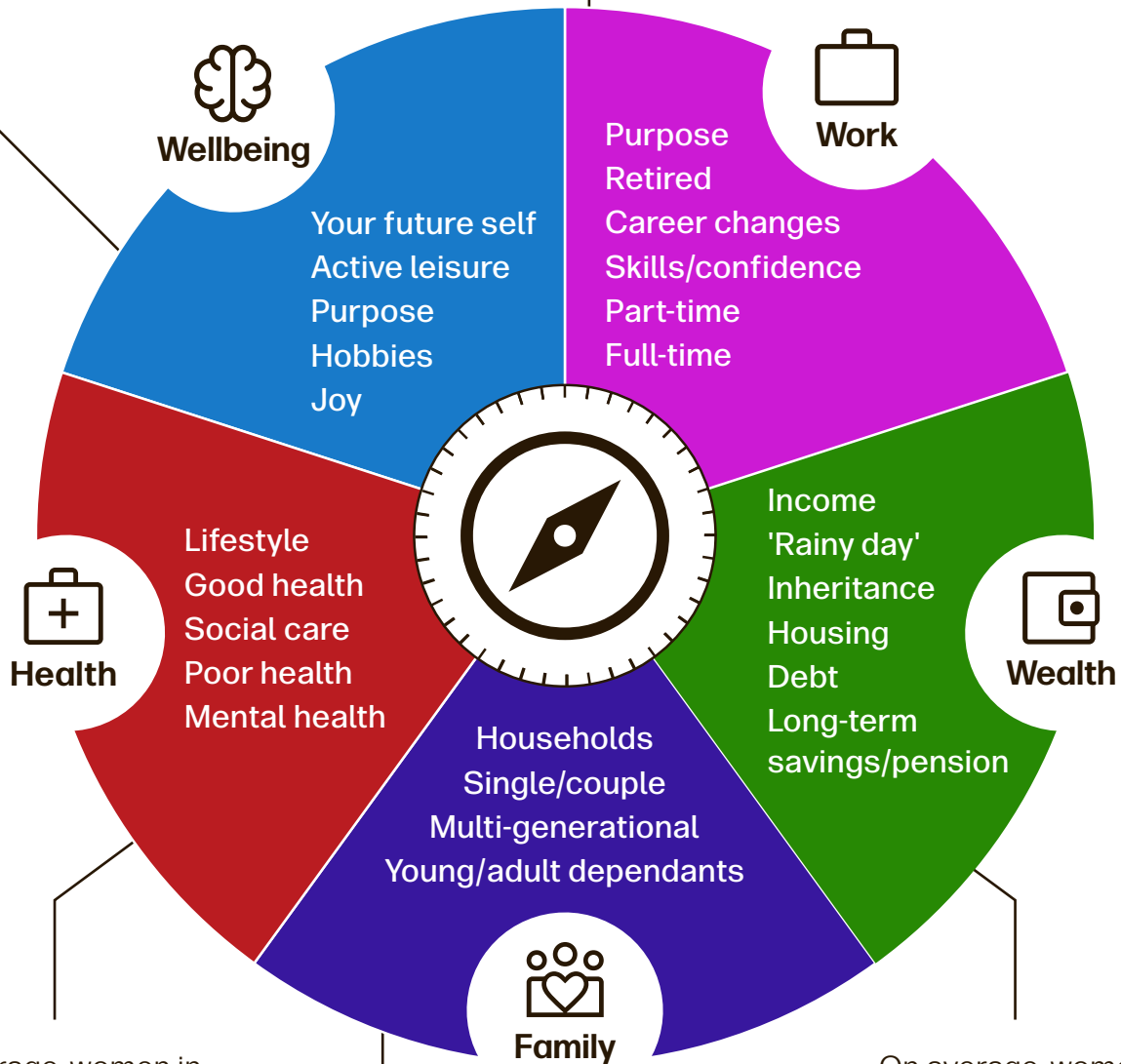
*Kate Smith*

**Kate Smith**

Head of Pensions, Aegon UK

# The Five Fundamentals of the Second 50

- Women are three times more likely than men to experience common mental health problems.<sup>3</sup>
- For every £1 earned by a man in the UK, an equally qualified woman with a similar personal and professional background earns 90p on average.<sup>4</sup>
- Women make up just 11% of FTSE 100 CEOs, 19.4% of executive directors.<sup>5</sup>



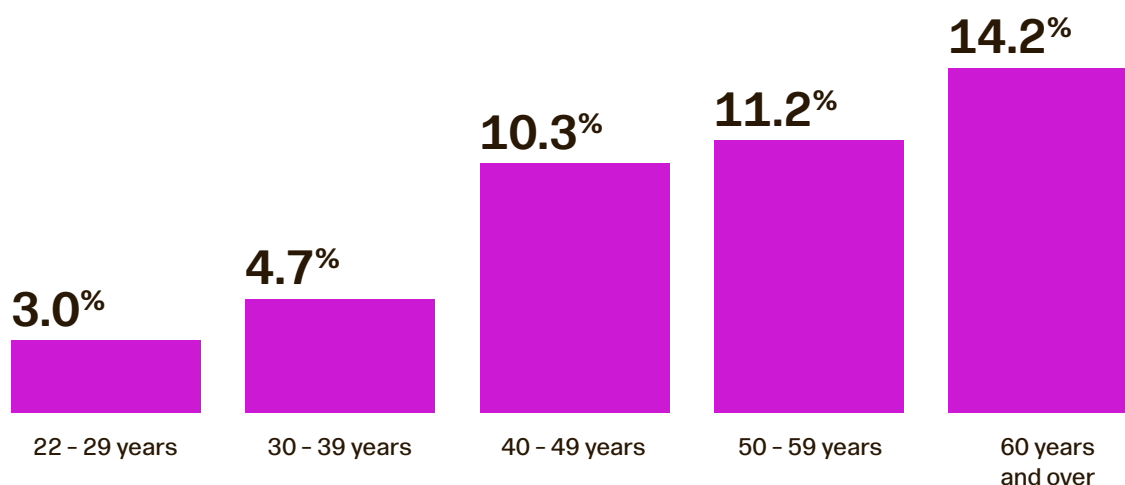
- On average, women in the UK live around four years longer than men.<sup>6</sup>
- Women are diagnosed later than men for more than 700 diseases, including six non-specific types of cancer. And women have a 20% higher chance of developing heart failure or dying within five years of their first heart attack than men.<sup>7</sup>
- 85% of women living in a couple with children do at least one hour of childcare work per day, this only holds true for 67% of men.<sup>8</sup>
- Two thirds of family caregivers are women.<sup>9</sup>
- On average, women have 35% less private pension wealth than men at normal minimum pension age.<sup>10</sup>
- On average, the gender pay gap between men and women increases from 3.0% among 22-29 year old's to 14.2% among those aged 60+.<sup>11</sup>

# Understanding the challenges women face

**The unique challenges experienced by women are many and varied, often rooted in historic inequality and continuing societal pressures.**

Although there is no significant gender gap in educational qualifications – our research shows that men (49%) and women (46%) are almost equally likely to hold an undergraduate degree or above – we see significant gaps in what men and women are paid.<sup>11</sup>

On average, men earn more than women, and it's a trend that only increases as we age. In fact, the latest national data shows that the pay gap among 22 to 29-year-olds stands at 3.0%, but climbs as high as 14.2% for those aged 60 or over.



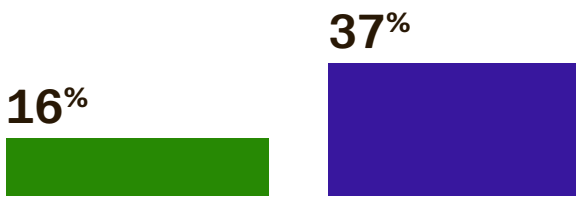
**Data source:** Gender pay gap for full-time median gross hourly earnings (excluding overtime) in 2023, by age group, UK. Office for National Statistics, published November 2023.<sup>11</sup>

This stems partly from the different journeys taken by men and women throughout the years in which we're widely expected to work. For example – when it comes to our families, women are far more likely to hold caregiving responsibilities, both to younger and older generations, than men.<sup>12</sup> This creates a situation whereby many women are required to adopt different ways of working.

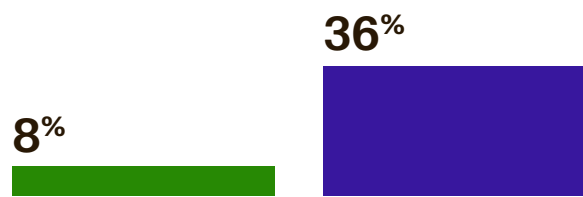
Our research found that women are more than twice as likely to work in part-time roles, with this divide stretched even wider among those with dependent children. Nearly half (49%) of women in the UK have a noteworthy gap in their employment history too, typically driven by maternity leave and caregiving responsibilities, compared to 41% of men. Women are also more likely to have held more than one job at the same time, possibly to allow greater flexibility in how they work.



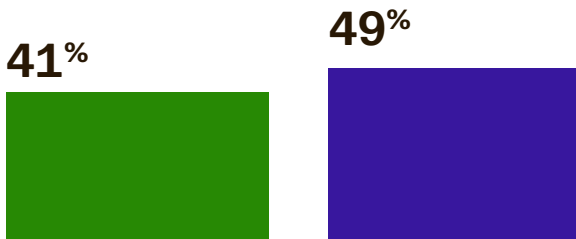
Proportion of people working part-time.



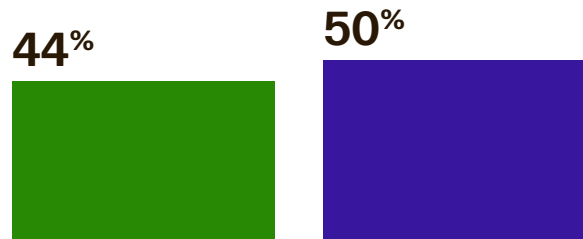
Proportion of people working part-time in households with dependent children.



Proportion of people with a noteworthy gap in their employment.



Proportion of people who have held more than one job at the same time.



■ Men ■ Women

These differences in how women navigate working life, ultimately have a significant impact on how they earn and save for retirement.

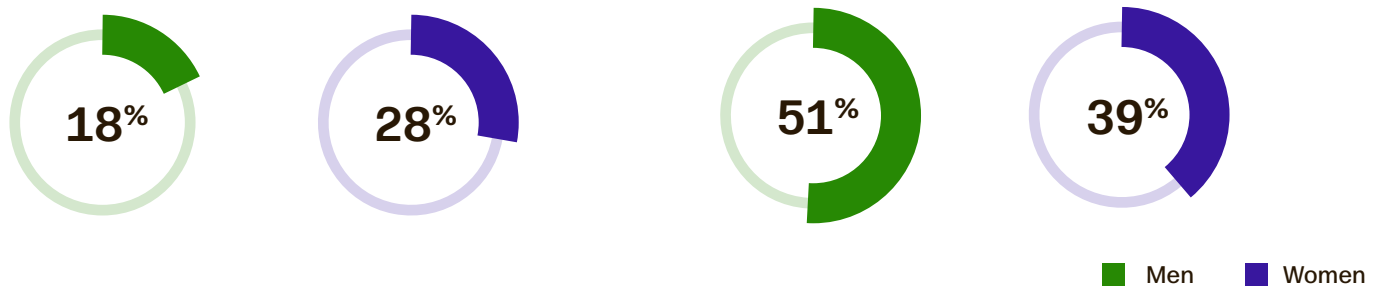
Part-time roles not only have fewer paid working hours, but they tend to pay less on a pro-rata basis and typically offer fewer opportunities for progression. Noteworthy gaps in employment can also interrupt career development, as well as reduce lifetime earnings and pensions contributions. While working more than one role at a given time, and often at a lower rate of pay, can impact your eligibility for auto-enrolment into vitally important workplace pension schemes..

Over time, these factors accumulate into a gender pensions gap - and not a small one. According to the Department for Work and Pensions (DWP), on average, women have 35% less private pension wealth than men when they reach normal minimum pension age, currently set at 55.<sup>10</sup> For women, this makes financial security in later life a greater challenge, especially as they tend to live longer than men.

# How the gender pensions gap affects the Second 50

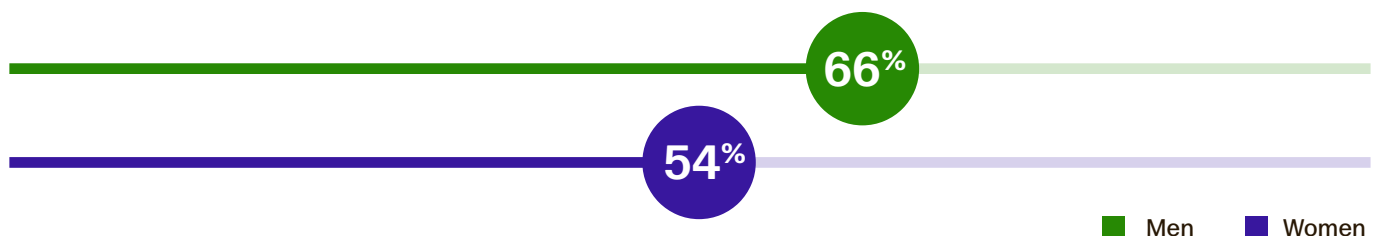
One of the impacts of a less linear journey through employment, is the increased uncertainty that comes with it. A combination of time out of the workforce and having a wider range of jobs, many of which are part-time and lower-paid, can make it much harder for women to have a clear picture of their long-term financial situation.

Proportion of people who say they are 'very unprepared and hardly saving at all for retirement'.



Lower engagement with long-term financial planning also results in a worrying financial education and knowledge gap between men and women.

Proportion of people who feel they are 'very' or 'fairly' able to understand financial matters relating to planning for their retirement.



Given the gender gaps in both engagement with long-term financial planning and the size of pension pots come retirement, it should come as no surprise that many women in the UK are approaching retirement with a lack of confidence.

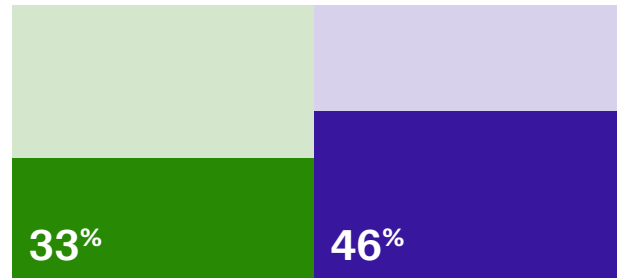
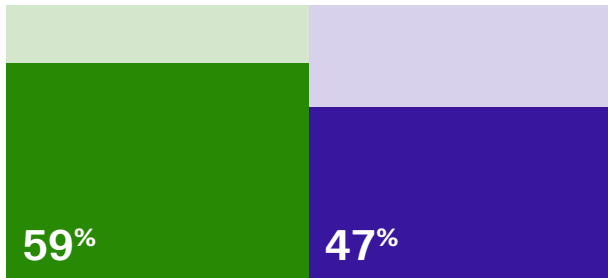
Proportion of people who feel they are 'not very' or 'not at all' confident in achieving a comfortable retirement.



**A lack of confidence could also be contributing to the concerning struggles women face in remaining financially independent and in control of their own finances come retirement. While it's common for couples to plan for retirement together, existing societal roles and norms could leave women more vulnerable to aspects outside of their control.**

Proportion of people who feel in control of how they manage their long-term finances.

Proportion of people who feel unprepared for the main income earner in their household to experience an unexpected life event.



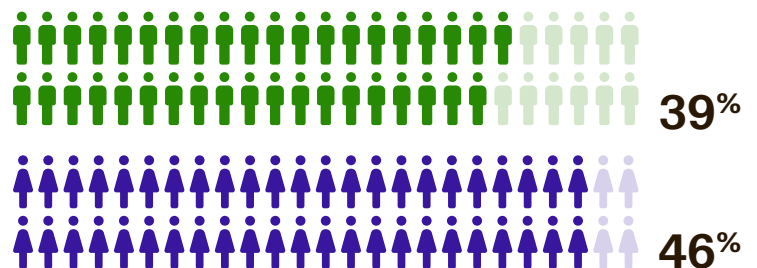
■ Men ■ Women

**Above all, a lack of financial confidence and control could be behind the greater mental impact felt by women in the context of planning for their financial futures.**

Proportion of people who say they don't know what their retirement options are or expect to be overwhelmed and poorly equipped to make choices.



Proportion of people who are concerned about running out of money in retirement.



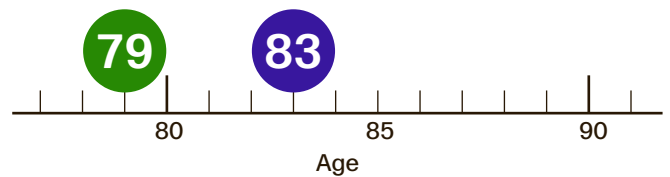
Proportion of people who are stressed about their long-term financial planning.



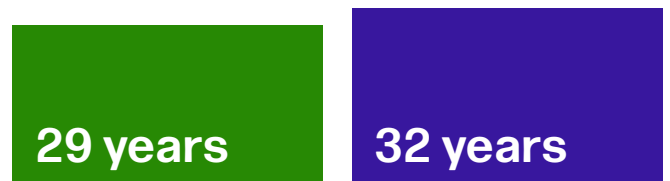
■ Men ■ Women

What makes all of these concerns particularly worrying is that, on average, women in the UK now live **four years longer** than men.<sup>6</sup> However, given they also have **35% less private pension wealth** than their male counterparts, they face significant challenges in making their lower wealth go further in retirement.

On average, women in the UK live **four years longer** than men<sup>6</sup>



A 55-year-old woman is currently projected to live for another **32 years**, compared to **29 years** for a same-aged man<sup>13</sup>

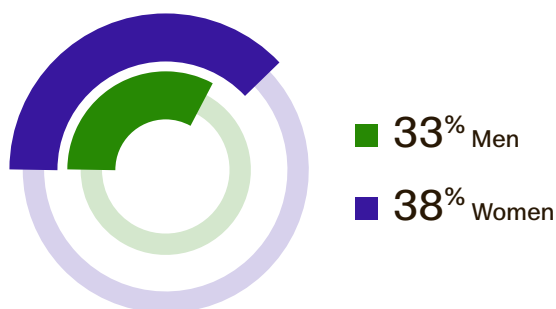


However, her private pensions are likely to hold **35% less** in them than his<sup>10</sup>

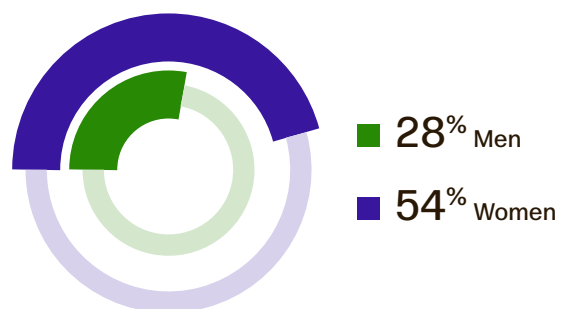


The contrast in resources emphasises the importance of supporting women to better financially prepare for later life and their **Second 50**, starting with an understanding of what they hope to rely on when funding their retirement, how they can maximise it, and when they're likely to receive or need it. The State Pension can offer a foundational income in retirement, but it's unlikely to be enough on its own.

Proportion of working people who say the State Pension will be an important or sole source of retirement income.



Proportion of retired people who say the State Pension is an important or sole source of retirement income.







# Supporting women to make the most of their Second 50

**Everyone across the UK should be able to look forward to and enjoy a comfortable, fulfilling and financially secure Second 50. However, the reality is that for many women across the country, this remains a bold ambition.**

Addressing the root causes of the gender pensions gap will require significant effort from individuals, Government, employers and the financial services industry, as part of a process that will likely span years – perhaps even decades.

Fortunately, there are a number of practical steps women can take to protect their financial independence now, build retirement confidence, and make the most of their Second 50.

## **Understand what makes you unique**

Feeling confident in your finances starts with an understanding of what makes you unique. When envisioning your future and creating a financial plan, be sure to consider the variety of opportunities and challenges that make your experiences and expectations as a woman different from others. This could include setting aside money for periods where you reduce your working hours to care for children or ageing parents (e.g., switching to part-time work or taking a career break), or factoring in possible time off and medical costs when looking after your own health, including for the menopause.

## **Make sure joint plans consider your individual needs**

Societal gender roles often see many women taking a backseat in planning for their own later life, which could lead to their personal and financial needs being neglected or under-funded when the time comes. If you and your partner are writing a joint financial plan, always remember to consider your individual goals and requirements as a woman, as well as making contingencies for the unfortunate, yet realistic, possibility of becoming your household's sole provider. It's important to maintain your financial independence.

## **Looking after your pension during times of change**

Women are more likely to work in part-time roles and take noteworthy career breaks compared to men. This can be of great benefit in terms of balancing work with other responsibilities you may have, but it's vital you consider the possible impact on your retirement savings. In particular, stopping work could see your employer no longer contribute into your workplace pension, while reduced working hours and earnings might make you less likely to contribute yourself. To ensure you don't sacrifice your long-term needs, try to find a sustainable balance whereby you leave yourself with enough money for the present, yet continue to pay into your pension for the future. If you do end up with any gaps in your savings, consider how you can make them up.

## Don't be afraid to get help

Our research shows that women are less likely to seek the support of a financial adviser, despite the increased financial confidence they can inspire. From personal recommendations on the most appropriate products for you, to building clear and achievable financial plans, financial advice could be invaluable in setting you up for a fulfilling, secure and enjoyable Second 50. If you're interested in getting financial advice, or need more general guidance on financial matters, be sure to check out the Government's free [MoneyHelper](#) service.



# Notes

## Methodology

Unless otherwise stated, the research referred to throughout this document was conducted with 900 adult workers in the UK (employed by an employer) and 100 fully retired UK residents, all aged over 18. The research was carried out on our behalf by H/Advisors Cicero, with 2024 data collected between 10-22 July 2024.

## References

1. **The Gender Pensions Gap**. Data source, House of Commons Library, published 1 August 2024.
2. **The Gender Pay Gap**. Data source, House of Commons Library, published 8 January 2024.
3. **Men and women: statistics**. Data source, Mental Health Foundation, accessed 19 November 2024.
4. **Women in Work 2024**. Data source, PwC, published 29 February 2024.
5. **Share of female held leadership positions in FTSE companies in the United Kingdom in 2023**. Data source, Statista, published 4 July 2024.
6. Life expectancy at birth for UK females in 2020 to 2022 was 83 years, compared to 79 years for UK males.  
**National life tables – life expectancy in the UK: 2020 to 2022**. Data source, Office for National Statistics, published 11 January 2024.
7. **Closing the gender health gap**. Data source, Oliver Wyman Health, accessed 19 November 2024.
8. **Gender Equality Index 2019: Work-life balance**. Data source, European Institute for Gender Equality, published 7 October 2019.

9. **Gender Differences in Family Caregiving. Do female caregivers do more or undertake different tasks?** Data source, BMC Health Services Research, published 14 June 2024.
10. **The Gender Pensions Gap in Private Pensions.** Data source, Department for Work & Pensions, published 5 June 2023.
11. **Gender pay gap in the UK: 2023.** Data source, Office for National Statistics, published 1 November 2023.
12. Among sandwich carers – those who care for both sick, disabled or older relatives and dependent children – 62% are women and 38% are men.  
**More than one in four sandwich carers report symptoms of mental ill-health.** Data source, Office for National Statistics, published 14 January 2024.
13. Projected life expectancy of a 55-year-old woman in 2024 is 87 years, meaning they will live on average for a further 32 years.  
Projected life expectancy of a 55-year-old man in 2024 is 84 years, meaning they will live on average for a further 29 years.  
**Life expectancy calculator.** Data source, Office for National Statistics, figures calculated on 22 October 2024.



## About us

**Our story started over 190 years ago, when we were founded as Scottish Equitable here in the UK. Today we're part of Aegon, a global financial services company, and provide pensions, savings and investment products to over 4 million customers across the country. We do that by partnering with financial advisers and providing workplace pension schemes to over 9,000 employers.<sup>1</sup>**

<sup>1</sup> As at Q4 2023

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