

# Older female workers miss out on more than £91k in pension savings between ages 50 and 64



The need for policy and cultural change to enable women to participate more in paid work and share unpaid care giving equally



## The financial impact of unpaid care responsibilities on older women



Men aged 50 to 64 typically work 9 extra paid hours per week than women of the same age

Women aged 50+ are twice as likely to provide unpaid care for others as their male counterparts



On average, men's pension pots grow £91,465 more than women's between the ages of 50 and 64

Women suffer an average gender pension gap of 32%



The vast majority of savers believe that unpaid care work should be equally shared, including 83% of older unpaid female carers, and 85% of savers aged 30 to 45. This can help eliminate the gender pension gap.

## Introduction

**“My own future worries me a lot. I go and see my mum every day, she needs that regularity. If I’m not there by 2pm, she rings me up, so I know she depends on me going. When I’m in that position and my children are grown up and have moved away, and they’re both boys, it does worry me what’s going to happen to us.” Val, 58**

PensionBee’s vision is a world where everyone can look forward to a happy retirement. For this to happen, we all need good health, financial freedom, and social inclusion. Currently, an obstacle to achieving this financial freedom for all is a gender pension gap of [up to almost 60%](#) in some parts of the UK.

There has been a lot of discourse about women taking on a higher share of unpaid childcare work and participating in less paid work as a result during average childbearing years in their 30s. There is also much less focus on the large gap between men and women’s participation in paid work after the age of 50. PensionBee research shows that men’s pension pots grow by over £91,000 more than women’s typically do between age 50 and 64, and that men of this age typically participate in nine extra hours of paid work per week compared to their female counterparts. As a result of lower amounts of participation in paid labour throughout their lives, women of this age experience an average hourly pay gap of 25%, with part-time work being undervalued compared to full-time work.

Introduced in 2012, Auto-Enrolment has helped more than 10 million workers participate in the pension savings system. The policy has assisted in reducing the gap between the proportion of women saving compared to men, with substantially higher rates of participation amongst both genders<sup>1</sup>. However, women are still not able to enjoy similar levels of participation in paid work and career progression, as men are, and this has a compounding effect, often leaving women with substantially less income in retirement. Women are more likely to cut down on paid employment to take responsibility for a larger share of unpaid caregiving and housework<sup>2</sup>. This is particularly unfair as women tend to live longer and often bear their own care costs<sup>3</sup>. Whilst other factors, such as workplaces that lack supportive policies during menopause<sup>4</sup>, and hostile work environments<sup>5</sup>, also contribute to women participating less in paid work as they grow older, this report focuses on unpaid care responsibilities amongst older workers, which is under-reported.

<sup>1</sup> ["Auto-enrolment fundamentally changed the gender gap."](#) FT Advisor

<sup>2</sup> ["Women four times likely than men to leave work, even if they are paid more."](#) The Telegraph

<sup>3</sup> ["Women face 20% higher health costs in retirement, study finds."](#) Wall Street Journal

<sup>4</sup> ["Menopause forces women to leave their jobs or pass up promotions,"](#) study finds, Sky News

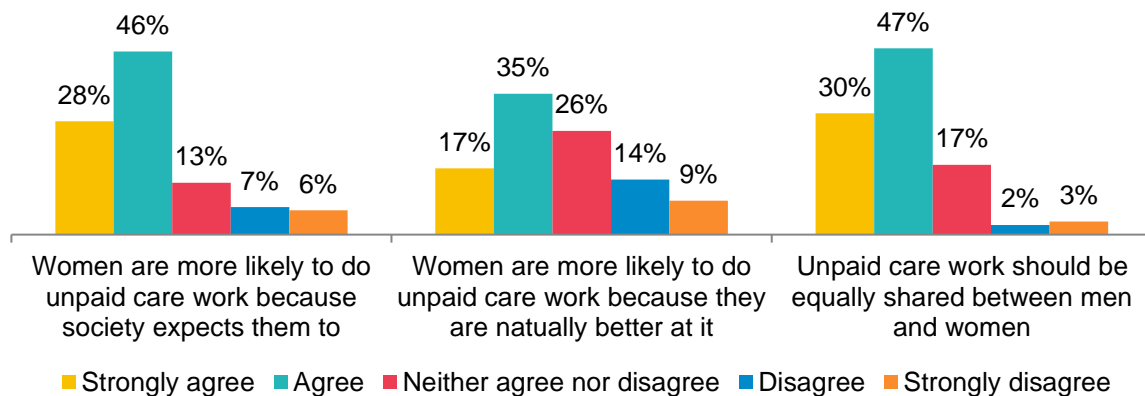
<sup>5</sup> ["Why Women quit,"](#) Forbes

More needs to be done to enable women to stay in full-time work throughout their careers, including after the age of 50. This report is a call to action for society to share unpaid care and financial responsibilities more equally amongst genders, for employers to offer more supportive policies, pension providers to improve the savings landscape, and for government to build trust in the social care system.

## Gendered expectations

**“Women get more of the caring responsibilities, it’s probably my generation, that we’re brought up like that.” Val, 58**

According to the ONS, a quarter of older female workers have caring responsibilities, double the proportion of older male workers with caring responsibilities<sup>6</sup>. However, PensionBee research shows that older workers with care responsibilities believe that care work should be equally shared between men and women.



Source: PensionBee, November 2021. Respondents: 247 carers aged between 50 and 64

These views are broadly consistent across genders.

<sup>6</sup> [Living Longer: caring in later working life](#), Office of National Statistics (ONS)

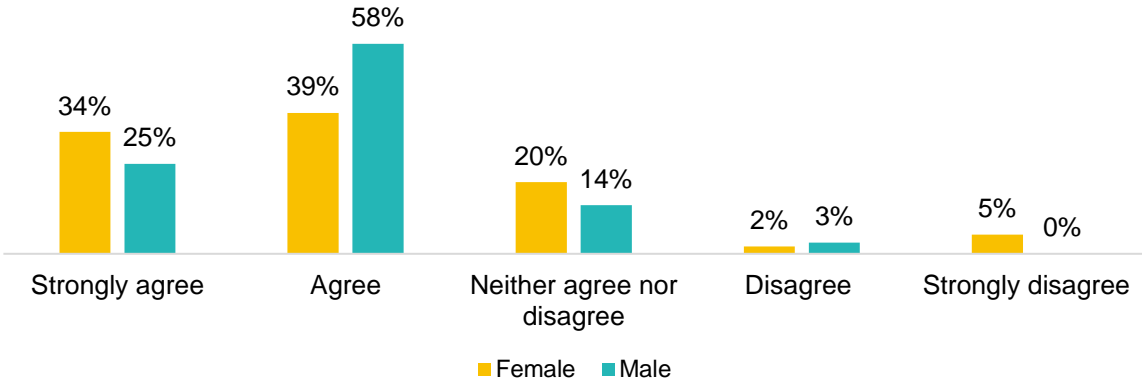
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**“It’s usually women. As a child I always saw my mum looking after everyone else, I never saw my dad do it. That’s why I would do it, even though I also work, because I saw my mum do it, she used to look after her mum at the end of her life. I have one brother, but he doesn’t come around at all, he doesn’t like to see it. He phones, and if there’s any money needed, he will send it, but he doesn’t visit.” Amanda, 57**

**“Society is still geared towards the male being the primary breadwinner, around your 50s, it’s your prime earning years, and the woman who has been a mother, is the most disposed to look after the parents after the kids have flown the nest. Things are slowly changing.” Richard, 45**

Women are slightly more likely to say that they strongly agree that unpaid care responsibilities should be equally shared.

Unpaid care work should be equally shared between men and women



Source: PensionBee, November 2021. Respondents: 247 carers aged between 50 and 64

It’s also a consistent view amongst younger savers, with support from 85% of those aged 30 to 45.

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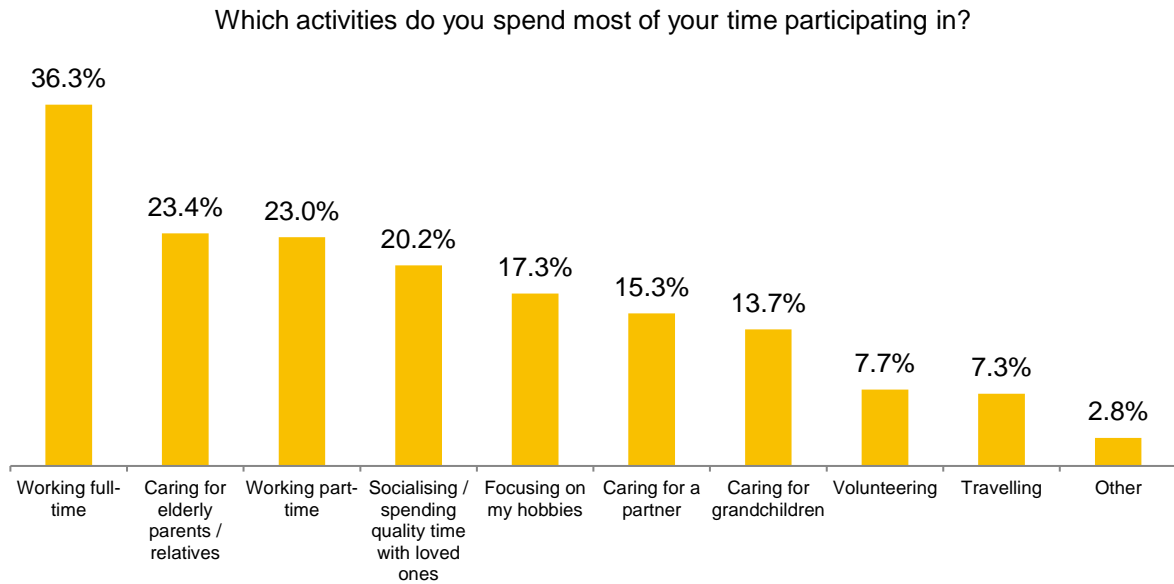
**“Because women have taken on that care responsibility due to having children, their earnings are impacted so significantly that when you look at the family finances, it doesn't make sense for you not to take on additional care responsibilities rather than your partner because you're already at a deficit. Due to women's [lower] wages, it doesn't make sense for your partner to give up work or hours, because you can't just balance the books. Therefore, you continue taking on that responsibility because that's just the situation that has been created.” Rachel, 43**

**“Women are impacted by the needs of elderly parents and children differently to how men are impacted. My father is in his 70s and has had health issues. My brother lives in the same house but doesn't do anything about it. I feel like women are wired differently, in my own family the men are more laissez-faire, there's no sense of helping because it's the right thing to do. Men were traditionally the breadwinners, but even now, even if women are on equal salaries, they would be expected to take on the care role.” Yasmin, 25**

## **Social impact of informal care work**

**“I go to work, and I look after my mum. I don't live with her, but I may as well just live there. I'm there most of the time helping her, looking after her. It's difficult to have any sort of social life because you don't know when you're going to get called away. I have friends who I have coffee with, but it's very difficult to plan a holiday. Not having any backup is difficult because care is expensive, to have someone come in to bathe her, for example, is expensive. I tend to do most of it for her. I don't have much of a life.” Amanda, 57**

More than half of the people with care responsibilities aged 50 to 64 say that caring takes up most of their time.

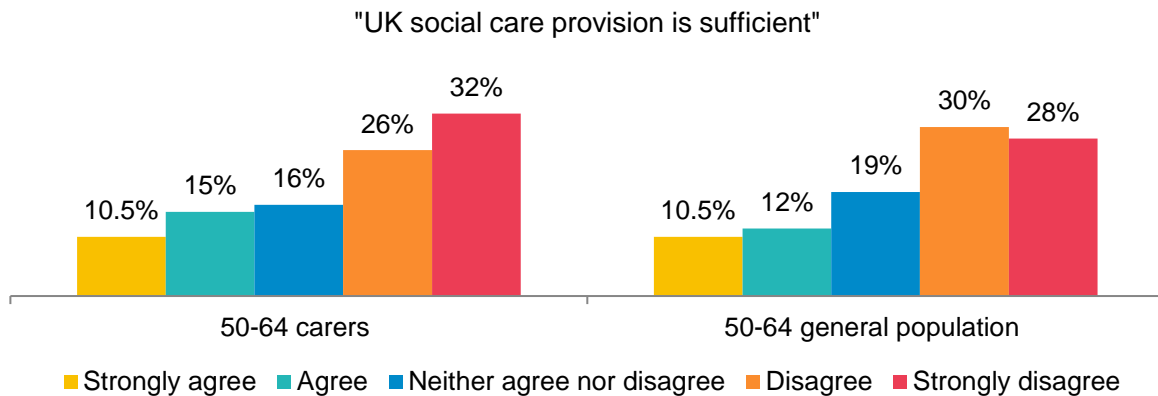


Source: PensionBee, November 2021. Respondents: 248 carers aged between 50 and 64

The prohibitive cost of private care, along with the negative reputation of state provision has led to many people, mainly women, taking on this responsibility themselves.

**“At the weekend I try to cancel the care workers, and do it myself, the price of private care is ridiculous, and you hear such awful horror stories about government funded services.” Val, 58**

People don't believe that state care provision is sufficient, this is consistent amongst genders, those with care responsibilities, and the general population.



Source: PensionBee, November 2021. Respondents: 447 respondents aged between 50 and 64

**“We’re seeing female clients who are not quite at retirement age, where they’re about 60, and they’ve got failing health of their own but they’re not quite old enough to claim pension credit or State Pension and so they’re expected to sign up for full working age benefits or if they’re caring for elderly relatives who seem to be living longer and longer, they may be forced to claim carer’s allowance. They’ve got to navigate the benefits system. They’ve got to manage the finances of elderly relatives, as well as caring for their physical needs. Having to manage their bank accounts and pay their bills if they’re choosing to stay in the home. It’s quite a big responsibility, particularly if the elderly relative gets beyond their late 70s, as they struggle with memory and regular things like bill paying. They’re very open to making ill informed decisions about finances and are vulnerable to being scammed.” Jayne, 62**

## Financial Impact of informal care work

### Reduced capacity to participate in paid work

Unpaid carers also report difficulty participating in paid work, re-entering the workforce after time out<sup>7</sup>, and achieving career progression. According to PensionBee research, more than a third (36%) of unpaid carers aged between 50 and 64 have cut down or left work due to their care responsibilities,

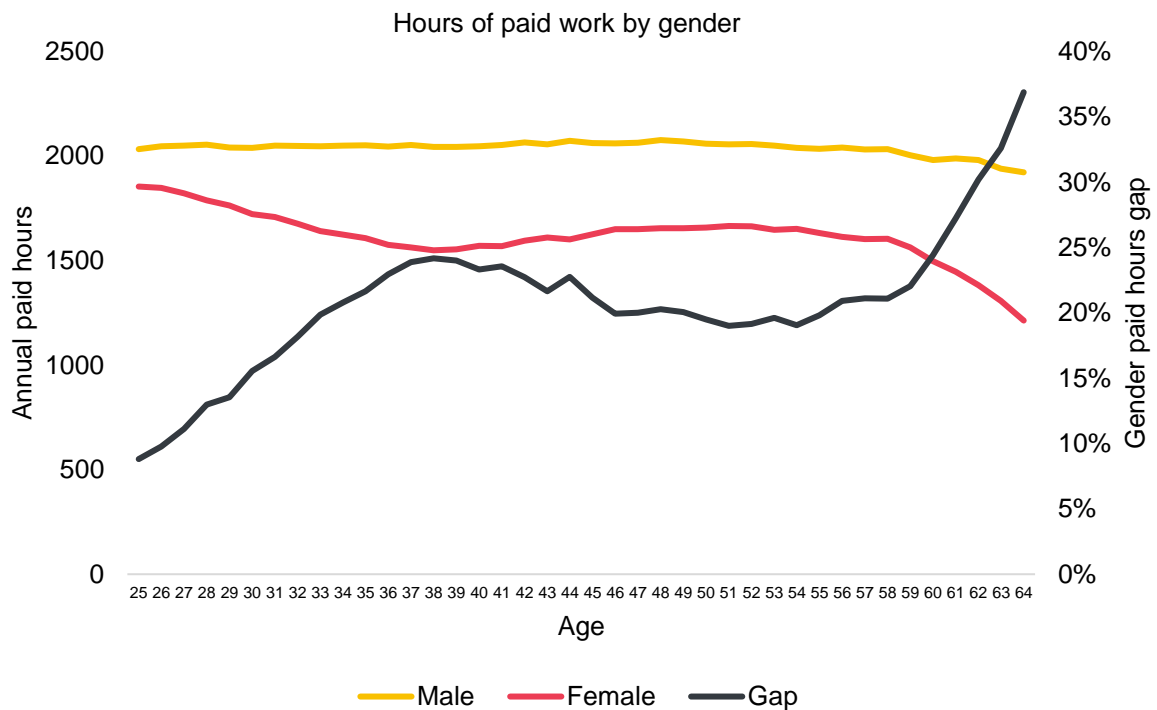
<sup>7</sup> [Older and sandwich generation carers and the impact of caring](#), Centre for Policy on Ageing

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and 15% would like to go back to higher levels of participation in paid work in future. More than two in five (41%) balance full-time paid work with unpaid care work.

**“My wife’s parents live over 100 miles away, so we can’t just go for half a day, we normally go for a few days. My wife’s done that maybe six or seven times since August. It would have been hard for us to do that if she was still working. If there hadn’t been the pandemic, it would have cost Janet a lot of money. She was working four or five days a week, and she was the main breadwinner really, for this household.” Stephen, 60**



Source: PensionBee analysis using data from [Gender differences in commute time and pay, 2002-2018, Office of National Statistics \(ONS\)](#)

**“My pay goes up £4k or £5k, every year and this impacts how much I can put into my pension. I can see why taking care of elderly relatives can impact a woman’s earning potential, as they might have to work part-time.” Yasmin 25**

This difference in paid working hours first presents itself in a woman’s late 20s to early 30s, the time when mothers typically tend to have their first child<sup>8</sup>.

Women also tend to work less paid hours in later lives, at nine paid hours less than men per week between the ages of 50 and 64, with the gap increasing to 14 less paid hours than men at age 64.

According to the Centre for Ageing Better, there are three times more women aged 50 to 64 working part-time than men. This is thought to be driven primarily by caring responsibilities, as women are in fact more likely to say they would prefer a full-time job, than their male counterparts<sup>9</sup>.

One view is that once women get assigned the caretaker role within a family, when they have their first child, this identity remains and they are more likely to be assigned care giving responsibilities in later life if an elderly parent, or another relative, needs care.

**“I used to earn a lot more than my husband, but at this stage he earns more. I started my business and it’s going to be a much more flexible lifestyle for the reasons of my children and doing something that I love. But that means I have more space and flexibility to take on primary responsibilities for care of our family and kids. If the situation continues as it is now, it will fall on me to do more of the day-to-day care work for elderly relatives.” Rachel, 43**

## Career Progression

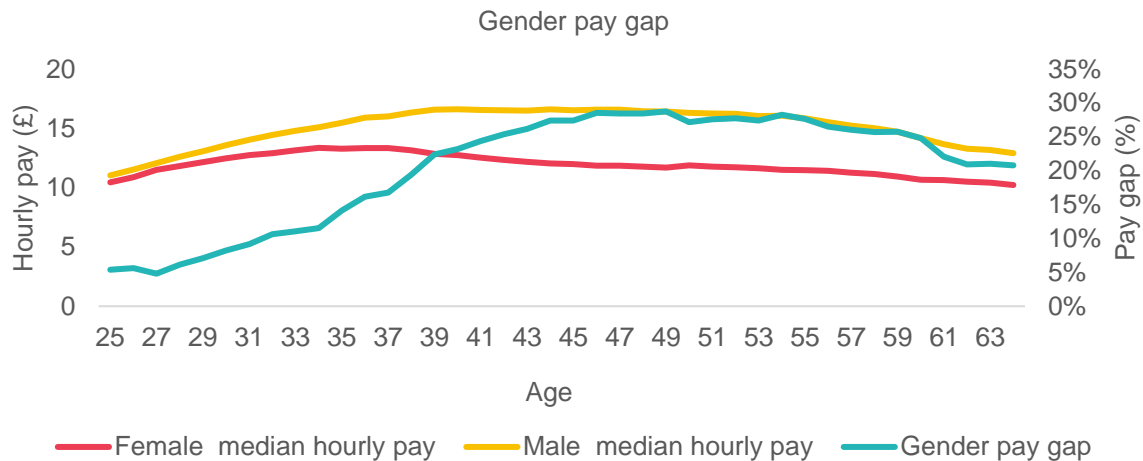
PensionBee research also reveals that unpaid care responsibilities can result in loss of career progression opportunities. Val, aged 58 comments, “Last year, we had a big restructure. There were lots of new jobs created and scope for progression. My mum was calling me 10 times a day at that point. My colleagues noticed; they could see I had other responsibilities. I didn’t get the promotion; it’s definitely had an impact on my progression, and the amount that I’m able to save into my pension.”

Amanda, aged 57, had a similar experience, “I was working towards progression before I took on this care role, I wanted to be a director, but I can’t. I think if I spoke to my manager, he would say I need

<sup>8</sup> [“Have kids, settle down.” UK Parliament](#)

<sup>9</sup> [Work and State of Ageing in 2020, Centre for Ageing Better](#)

to sort out my care responsibilities first. If I had gone to a different role, I would have been earning more, and could put more money away.”



Source: PensionBee analysis using data from [Gender differences in commute time and pay, 2002-2018, Office of National Statistics \(ONS\)](#)

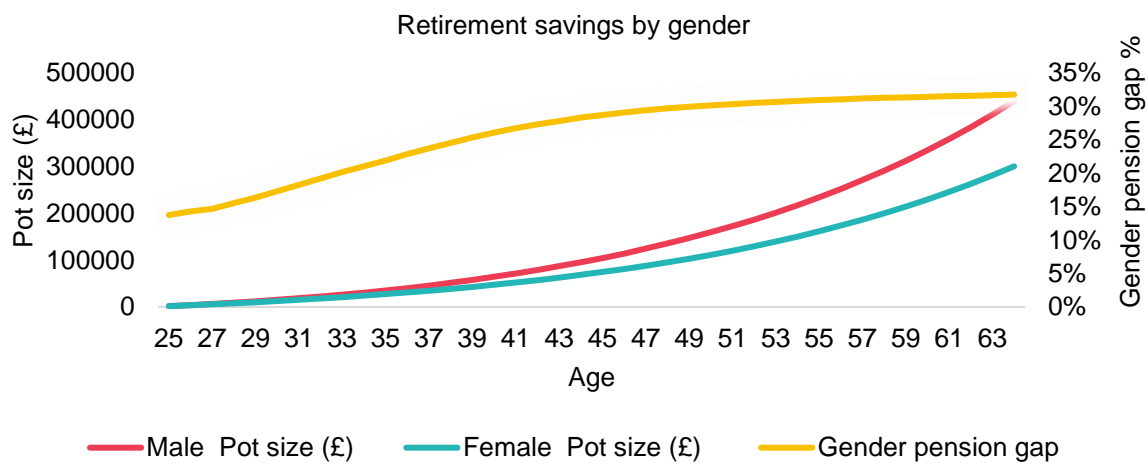
The graph above reveals that women’s median hourly pay peaks in their late 30s, at £13, whilst men’s typically peaks a decade later in their late 40s, at £17. Men continue to enjoy relatively high pay well into their 50s, when the gender pay gap is about 27%. The gap reduces to 21% in the 60s, with men’s median hourly wage dropping to £13 at age 64. This is the same level as women’s peak median hourly pay. Women’s earnings stay relatively low from age 50 to 64, when they go from £12 to £10.

This supports the idea that women struggle to achieve career progression in their 50s and 60s. In fact, it seems that their career progression is tempered from their late 30s onwards. The data shows that men also don’t have as much career progression from their 50s onwards. However, they have had an extra decade of progression compared to women, and this allows them to enjoy a higher wage well into their older working years.

## Retirement savings

According to PensionBee analysis of ONS data, with the current pay gaps, by age 64 men typically accumulate £439,581 in pension savings, which is £139,451 more than women’s average savings of £300,130, representing a gap of 32%. Interestingly, much of this accumulation happens after workers have turned 50, when men’s pots grow by £280,295, and women’s by £188,830. Men accumulate over £90,000 more than women do during this period, and this is driven by higher participation in paid hours of work, at higher median hourly pay, throughout their working lives, but especially from their late 20s to 30s, when women’s participation in paid work dramatically reduces.

**“I live with my husband and three children. We've just recently moved back in with my mother-in-law so I can care for her so I'm not currently in work. I'm studying business management at the Open University. When I no longer have to care for my mother-in-law, and I can go back to full-time employment, I'm looking forward to being able to contribute to my pension again.” Claire, 33**



Source: PensionBee analysis using data from [Gender differences in commute time and pay, 2002-2018, Office of National Statistics \(ONS\)](#)

Increasing life expectancies indicate that retirement savings are more important than ever, so that workers can meet their own potential future care needs<sup>10</sup>. According to PensionBee research, the vast majority (81%) of savers aged 50 to 64 agree that unpaid care responsibilities can have a detrimental impact on the carer’s ability to save enough for retirement, and most respondents aged 50 to 64 (76%) believe that unpaid care responsibilities can negatively impact their ability to meet their own future care needs.

<sup>10</sup> [“The 100-year life: how to prolong a healthy mind”](#), The Guardian

**“What we found with what happened to Janet’s mum is that the need for care came out of the blue. She’s now in a care home which costs £700-£800 a week. One minute she was living at home, doing okay, and then six weeks later she was in a care home. We didn’t foresee that.”**

**Stephen, 60**

## **Solutions**

We need policies that support unpaid carers, usually women, to participate fully in paid work, regardless of whether they care for children, parents, or other adults, along with wider cultural norms whereby care work is perceived as a responsibility that is shared equally by all genders. Higher levels of trust in social care provision can also help and can be driven by better working conditions for carers.

### **Supportive workplace cultures, with flexible and remote working**

**“I work because I have to. I don’t have anyone to fall back on. I’m lucky my employer gives me leave if I need it. I get full pay even when I have to miss a morning or a day because my mum has an appointment. One day I got a call to say she’s fallen over, and I had to leave work to help her. I’m lucky, my employers are very understanding. There’s an official policy to support carers at my workplace. One of my friends works for a different company, and each time she has time off, it goes against her absence record, and they have an acceptable percentage of absence, they don’t seem very caring. If my employers hadn’t been as supportive as they are I don’t know how I would have coped, I still need to pay my bills, my council tax. It’s hard, but it’s my mum, I’ve got to do it.”** Amanda, 57

PensionBee offers all employees the option to work remotely, in the office, or a combination. All employees can also request flexible working hours. Additionally, workers have a “Happiness!” check in once every six to eight weeks, where they speak with a trained manager about their wellbeing, and can discuss any difficulties in their work or personal lives. Over time, these meetings help to embed a culture of open communication, so that when a worker needs to ask for more flexible working arrangements due to new care responsibilities, they can feel more confident about doing so.

## A better landscape for saving

The onus is far too often put on consumers to save more. This is difficult when the pension provision landscape is not fully supportive. Whilst Auto-Enrolment is a successful start in including many more workers in the retirement savings system, issues with the UK defined contribution (DC) market, such as a lack of transparency of costs and charges, inadequate governance, and no licensing system to direct employers to schemes with high quality default products amongst the 140,000 DC pension schemes in the UK<sup>11</sup>, highlights the need for structural change to better empower individual consumers.

## Pension Consolidation

**“I don’t think people think of making additional contributions but being able to see my total pension balance clearly on the PensionBee app, makes me want to save more.” Claire, 32**

A high number of pension pots are left behind when workers switch jobs, and there’s a risk that these pots have high charges. A charge cap of 0.75% was introduced in 2015 for default pension funds by the UK government to protect consumer savings, however, this cap was not applied to the pension savings accumulated in old pots before the cap came into effect<sup>12</sup>. Savers can benefit from combining their old pots into a new plan, both from the charge cap, and from having their savings in one place.

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<sup>11</sup> Towards a new pensions settlement, the international experience, Gregg McClymont, Andy Tarrant

<sup>12</sup> *ibid*

## Normalising conversations about money and future planning

**“I think it's about having the conversation with elderly relatives to make sure we can have enough financial coverage to support them and that we're thinking about that as a longer-term plan. It's likely that the responsibility would fall more to myself because I'm a woman. With the state of the social care system, it's a constant low-level concern.”**

**Rachel, 43**

Conversations about money can be difficult, particularly for women, the vast majority (80%) of whom have refrained from talking about their finances to those they are close with<sup>13</sup>. Open conversations about future needs can help families build adequate savings.

**“I certainly know of families that have had to adjust their lifestyle to provide care, either directly or indirectly. It's not far from my mind in terms of my own living parent, and in terms of myself and my wife. We all have to think about the future, we're all living longer, but as that happens, the chances are you're going to need to provide care, either directly through yourself or indirectly through someone else. That has been part of my financial planning. Whilst one can't rely on the state to provide care, some care will be given, but it's incumbent on oneself so far as you can, to make those provisions yourself, and that is not always possible.”** Martin,61

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<sup>13</sup> [Money fit women study](#), Fidelity

## Better social care provision

**“There’s a lack of care workers at the moment, I can see that with the agency that my mum is with. The care workers were very good when it was locally run, but now they have been taken over by a national company. They can’t keep the staff; many have walked out without notice. What my mum needs is regularity, the same people. They tend to hire young girls, probably their first job, they have little experience, whereas the older staff have left, because they didn’t like the way the company was being managed.” Val, 58**

Improvements to social care provision in the UK can build trust and help unpaid carers participate more in paid work. This would allow them to save more for their own retirements, and potential future care needs. One way is to improve the quality of working conditions for professional care workers, with an end to zero hours contracts, a Living Wage, and career progression support and opportunities.<sup>14</sup>

## Gender inclusive paid parental leave

By modelling potential policy interventions<sup>15</sup>, PensionBee found that the most effective way to close the gender pension gap is for men and women to work equal hours, at equal pay. To achieve this, employers must offer gender-inclusive parental leave. This allows anyone who becomes a new parent to take an equal amount of paid leave and all new parents, regardless of gender, can receive this. This would help women retire with more than £106,000 more on average<sup>16</sup> in pension savings.

A difference in paid working hours first presents itself in a woman’s late 20s to early 30s, the time when mothers typically tend to have their first child<sup>17</sup>. This period tends to cement women’s roles as the caregivers, and lower earnings, participation in paid employment and savings throughout their lives, including in later working lives.

PensionBee provides easily accessible information about its parental leave policy<sup>18</sup>, which includes 110 days on full pay to all new parents regardless of gender, via the careers page on its website<sup>19</sup>. PensionBee is committed to the Association of British Insurer’s (ABI) initiative<sup>20</sup> to increase transparency around parental leave policies and pay in the insurance and the long-term savings industry.

<sup>14</sup> [Fixing social care](#), TUC

<sup>15</sup> [What would women’s pensions look like if there was no gender pay gap?](#), PensionBee

<sup>16</sup> [‘Women’s pensions would gain over £106,000 on average if new fathers did half of unpaid care work, report finds’](#), Evening Standard

<sup>17</sup> [Have kids, settle down.](#) UK Parliament

<sup>18</sup> [Parental leave policy](#), PensionBee

<sup>19</sup> [PensionBee Careers Page](#)

<sup>20</sup> [Transparency on parental pay](#), Association of British Insurers (ABI)



## Conclusion

It's predicted that as people tend to live longer, older workers will increasingly need to take on caring responsibilities, particularly for elderly parents<sup>21</sup>. Simultaneously, older workers need to stay in the workforce for longer to be able to save enough to support themselves during longer lives. Women are most likely to take on care responsibilities throughout their lives, and to participate less in paid work as a result, leading to lower incomes and lower retirement savings. Whilst there is a role for individuals to play, it is not fair for them to shoulder the full burden. More supportive employer policies, a culture of gender equality, and a better DC pension system can help.

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<sup>21</sup> [Living Longer: caring in later working life](#), Office of National Statistics (ONS)