



The Carer's Pension Gap

Rethinking the causes of pension inequality

A report by PensionBee



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Foreword

From the gender pension gap to the carer's pension gap



Romi Savova
Chief Executive of PensionBee

The gender pension gap's a well-documented, well-publicised social problem. Every single set of data tells the same story, even if the figures might vary by a few thousand pounds each time.

Watching the gap persist year after year's disheartening, particularly if you're on the wrong side of it.

At PensionBee, a female-led company with women making up more than 50% of employees and where there's no gender pay gap, we have a role to play.

We have done our fair share of reporting on customer data and identifying what we think are the primary causes, such as women taking time out to care for children, as well as how to solve it.

We're pleased that the Government has begun to address some of the causes, for instance, by planning to introduce free childcare when children are age one and two, rather than waiting until age three, from 2025.

This policy's aimed more at reducing the cost of childcare for young, working families, but it'll have the positive spin-off benefit of also reducing the length of career break that women (for it's usually mothers) take in order to look after children, and therefore also reducing the pension gap difference, over time.

Other policies that would help are yet to be announced, but we're hopeful: they are so often flagged that you feel it must only be a matter of time.

For example, ensuring that rights to shared parental leave also involve rights to shared parental pay for an equal duration of time in the first year of a child's life, for both mothers and fathers, would also make a big contribution to closing the gap. We remain some way off providing true choice universally for families until this becomes statutory. For now, new parents rely on the relative generosity of their employers.

In the spirit of encouraging progress and by giving further reasons for the Government to take policy action

on the social issues that give rise to the gender pension gap, we're pleased to publish this Carer's Pension Gap Report, focusing on the reasons we believe women suffer a pension gap, which go beyond their gender and are more to do with the social role they tend to fill.

We hypothesised that the main reason there's both a gender pay gap and a gender pension gap's that women tend to perform more unpaid care work than men throughout their working lives, meaning they take more time out of paid work and are therefore not building up a private pension for as many years as men. There's nothing new in such a view.

But the research we carried out presented us with intriguing findings, which suggest that although a higher proportion of female carers report looking after children as the reason for having taken time out of work (and this may affect their finances more profoundly and for longer), male carers are more likely than female carers to report looking after their parents or their partner.

This is just one finding from our research that indicates women might face a pay and pension gap because society **thinks** they do more unpaid care work, or are likely to do more of it throughout their careers than men, even though this may not be true if you include other types of unpaid care, not just childcare.

However, official ONS data suggests the childcare gap may impact mothers' retirement outcomes more significantly than the other care gaps identified affect unpaid carers. That's because while they might not take many years completely out of work, they are more likely to go from full-time to part-time work and remain part-time for longer - often several years, according to the ONS (see page 17).

There are clear social and cultural factors at work in the reasons for inequality of pension outcomes between men and women that are more nuanced than plain sexism and simple likelihood to quit - or downsize - a job. We hope that this report will help to reframe this conversation, around a certain type of inequality of pension provision caused by the need to step out of work to perform unpaid care, whoever's performing that role.

Executive summary

- An estimated two in three of us will have to take time out of paid work to care for someone at some point in our working lives.
- The most common reason for people to take time out of work to provide unpaid care was to look after children (48% of people who reported having to take time out of work to care), followed by looking after parents (30%) then a partner (21%), then grandparents (15%), and then other family members (13%). Just 8% reported having to look after a friend and 5%, grandchildren, although this rises to 19% of carers aged between 55 and 64.
- For someone who needs to take time out of paid work to provide care at five key care moments, which we identified as looking after children, a grandparent, a parent, grandchildren or a partner, the Carer's Pension Gap is roughly £30,000. This is the difference between a pot size of £222,000 at age 67, and one worth £193,000 - some 13% lower. This assumes two years completely out of paid work when dependent children are young, plus a year each (four years in total) of caring for grandparents, parents, grandchildren and a partner at other key moments throughout working life.
- Every year spent out of work to perform unpaid care is a pension pot at retirement roughly £5,000 lower. So someone only performing a year of care for a parent could expect a pot size of around £217,000 rather than £222,000, and so on.
- Every year spent working part-time (three days a week) rather than full-time to provide unpaid care results in a pension pot at retirement roughly £2,000 lower for each year part-time.
- In terms of the impact on retirement income for someone facing the Carer's Gap, after taking a 25% lump sum, you would get about £12,222 a year with the larger £222,000 pot, compared with £10,582 with the smaller pot of £193,000 - a difference of about £1,640 a year in retirement income¹.

¹ Annuity calculations by Retirementline, www.retirementline.com



An estimated two in three of us will have to take time out of paid work to care for someone at some point in our working lives.

Introduction

There are currently almost five million unpaid carers in England and Wales, according to the Office for National Statistics (ONS)², more of them are women. In England, 10.3% of females are unpaid carers, compared with 7.6% of males. In Wales 12.0% of females compared with 9.0% of males provide unpaid care.

Research indicates unpaid carers contribute £162 billion per year to the economy.³

Unpaid carers face managing on lower incomes, which makes them more financially vulnerable; they also face more hours of work overall, if you include some hours of paid work on top of care work, and emotional strain.

When the need to care for someone close arises, it can be sudden and dramatic, transforming your life and work overnight. You can go from being employed full-time and paying into a pension to unemployed and on benefits, caring night and day for someone you love, in a matter of hours.

The toll of becoming an unpaid carer's often primarily physical and emotional. But there can also be a significant financial impact, which is felt both at the time and also later on. The financial impact may be a cause of further stress.

This metamorphic life change is also incredibly common. Sometimes the reasons are joyous - the birth of a child or grandchild, for instance. But also, they can be upsetting: the debilitating illness or injury of a spouse, for example.

When someone becomes a carer, some less vitally urgent matters, like long-term finances, can take a back seat. Life is in the way. Then, when you come out the other side, you can see the impact the need to care has had on other areas of your life, such as your retirement outlook.

Clearly, not all moments in a person's life when they need to provide unpaid care are a result of personal choice. In fact, personal choice most likely accounts for the minority of instances when becoming a carer is required.

There's a benefits safety net system set up for unpaid carers. This ensures that people thrown into these circumstances, who provide a valuable role in



Becky O'Connor

Director (VP) Public Affairs of PensionBee

society, don't slip instantly into extreme hardship.

A new Carer's Leave Bill will also give employees the right to five days of paid leave to look after older, disabled or seriously ill relatives or friends, with legislation due to come into effect in April 2024 at the earliest.

The main benefit for carers is Carer's Allowance - it's £76.75 a week if you care for someone more than 35 hours a week. There's another one - Carer's Credit - which helps towards your National Insurance record, to ensure you still get the State Pension. The person who's in need of care may also be eligible for a number of benefits.

With caring for a child, the system's a bit different. You can get help, albeit often insufficient, to help with childcare costs, as well as child benefit if you earn under the threshold, to help with the cost of having children.

But one of the things that unpaid carers might have foregone, which won't be replaced by the benefits or credit system and whether caring for children or a spouse, is adequate private pension provision.

There's the possibility of further reform of the State Pension to help solve this issue. In her Government-commissioned review of the State Pension age, Baroness Neville Rolfe refers to policy areas where further work is needed to support State Pension provision: "One major example is carers where we had evidence both of the contribution this dedicated group make in supporting the ill, disabled and older people, and the difficulties they face. I believe further work is required in this area."⁴

It's worth noting that although no new increase in the State Pension was announced following the review, over time, the State Pension age is set to increase and as it does, the probability that someone will need to take more time out of work to care for someone increases alongside the number of years in work.

⁴ Pg 10 - State Pension Age Independent Review 2022

² Office for National Statistics

³ Centre for Ageing Better

It's possible that the need to stop work and take on a caring role doesn't always have a negative impact on someone's future pension. If the time period's only a couple of years, it's likely that someone could make up a shortfall by contributing more once they return to work.

A worker earning a typical £25,000 when they start work at age 22 and paying in 8% a year might expect a pension pot worth £222,000 when they reach age 67⁵. If they take two years out at age 35 and 36, then resume contributions again as before, their pot size's likely to be around £212,000 - about £10,000 lower. But they could make up this shortfall relatively easily by paying in 8.5% of earnings when they return to work, instead.

Some carers might also have had a more than average-sized pension pot at the time the care need arose, meaning that while they might end up taking a hit, their pension provision's only less good than it would have been otherwise, but still relatively good.

These are some of the more benign scenarios we could come up with.

ONS data on number of hours of unpaid care provided by males and females in England and Wales

A new analysis by PensionBee of ONS data on unpaid carers reveals that around half of both male and female unpaid carers provide 19 hours or less of care a week, while roughly a third provide 50 hours or more of unpaid care a week.

The proportion of male unpaid carers providing less than 19 hours a week's slightly higher (48%) than the proportion of female carers providing the same number of hours (46%). While the proportion of female unpaid carers providing more than 50 hours a week's slightly higher, at 33% compared with 32%.

⁵ Assumes 2% salary growth a year, 0.7% fees and 2.5% investment growth after inflation

Total number of unpaid carers, England and Wales

Female

2,952,100

Male

2,036,916

Table 1: Proportion of male and female unpaid carers in England and Wales working hours

	Female	Male
Total number of unpaid carers, England and Wales	2,952,100	2,036,916
	% of female unpaid carers, England and Wales	% of male unpaid carers, England and Wales
Provides 19 or less hours unpaid care a week	46%	48%
Provides 20 to 49 hours of unpaid care a week	21%	20%
Provides 50 or more hours unpaid care a week	33%	32%

Source: ONS

The five key care 'moments'

In a decades-long working lifespan, it's highly likely that there won't just be one point in someone's life when they've to take time out of work to perform unpaid care. There could actually be up to five major breaks (we breakdown the probabilities of having to face these moments in tables 2 to 7 on pages 14 and 15).

We identified the potential for five key unpaid care moments in one person's life - a kind of worst-case scenario, but not unrealistic, in which someone could find they face all of the possible caring responsibilities throughout their working lifetime. There are different probabilities that anyone could face any of these, depending on gender, age and also geography.

These are:

- Looking after an older relative: parent
- Looking after an older relative: grandparent
- Looking after a younger dependent: child
- Looking after a younger relative: grandchild
- Looking after a partner

In the following pages, we consider the probability that someone will face some or all of the unpaid care scenarios above and what these multiple unpaid care moments could cost someone in terms of pension pot size and lifestyle in retirement, based on the Pensions and Lifetime Savings Association (PLSA) living standards guidelines.

Research on the impact of unpaid care work on retirement finances

PensionBee carried out research to identify who's performing what kind of unpaid care work and for how long, as well as asking people whether they felt this had had any impact on their ability to save for the long term and if so, how much impact.

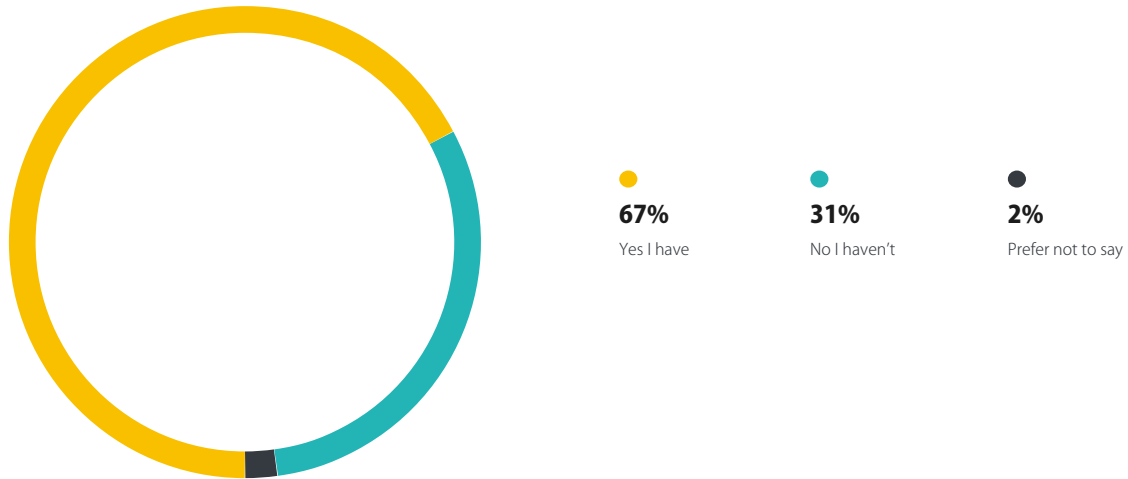
The survey of 1,489 respondents was carried out online in April, with 1,000 (67% of respondents) people saying they had taken time out of work to care for someone, unpaid.



Research findings

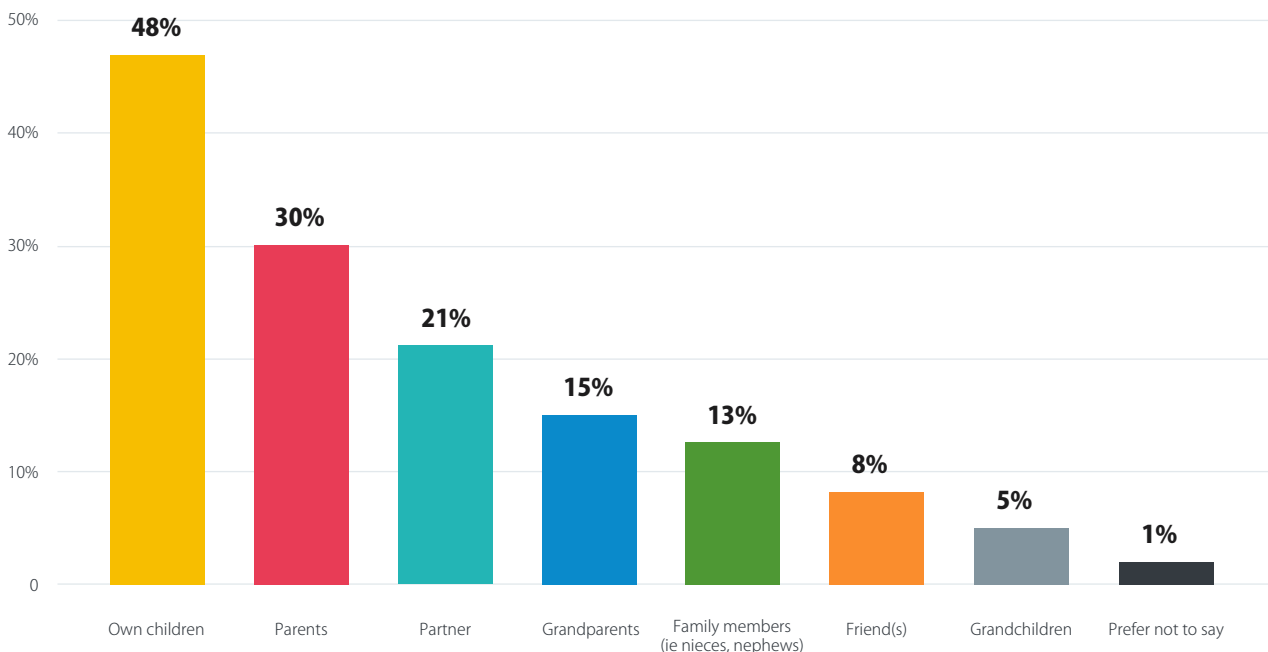
Overall, two thirds (67%) of respondents over the age of 18 in the UK said they've had to take time out of work to care for someone at some point, on an unpaid basis.

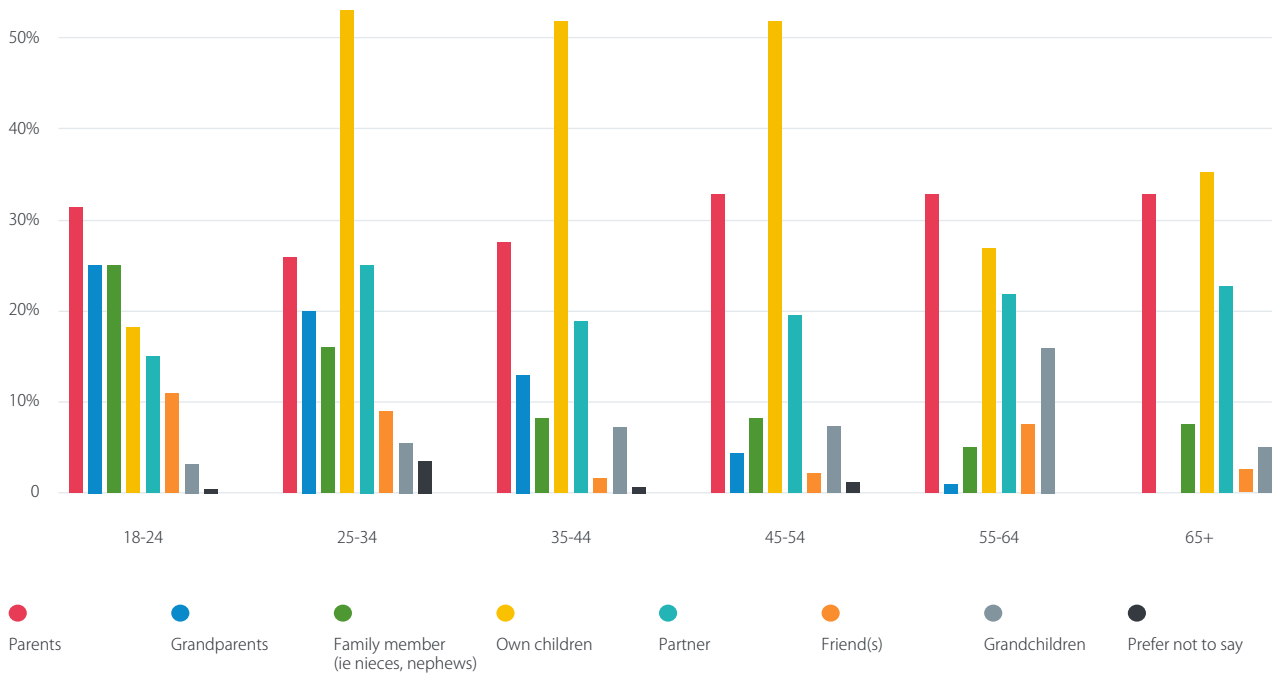
Q Have you ever had to take time out of paid work to care for anyone, unpaid? This can include children, grandchildren, spouse, other family members.



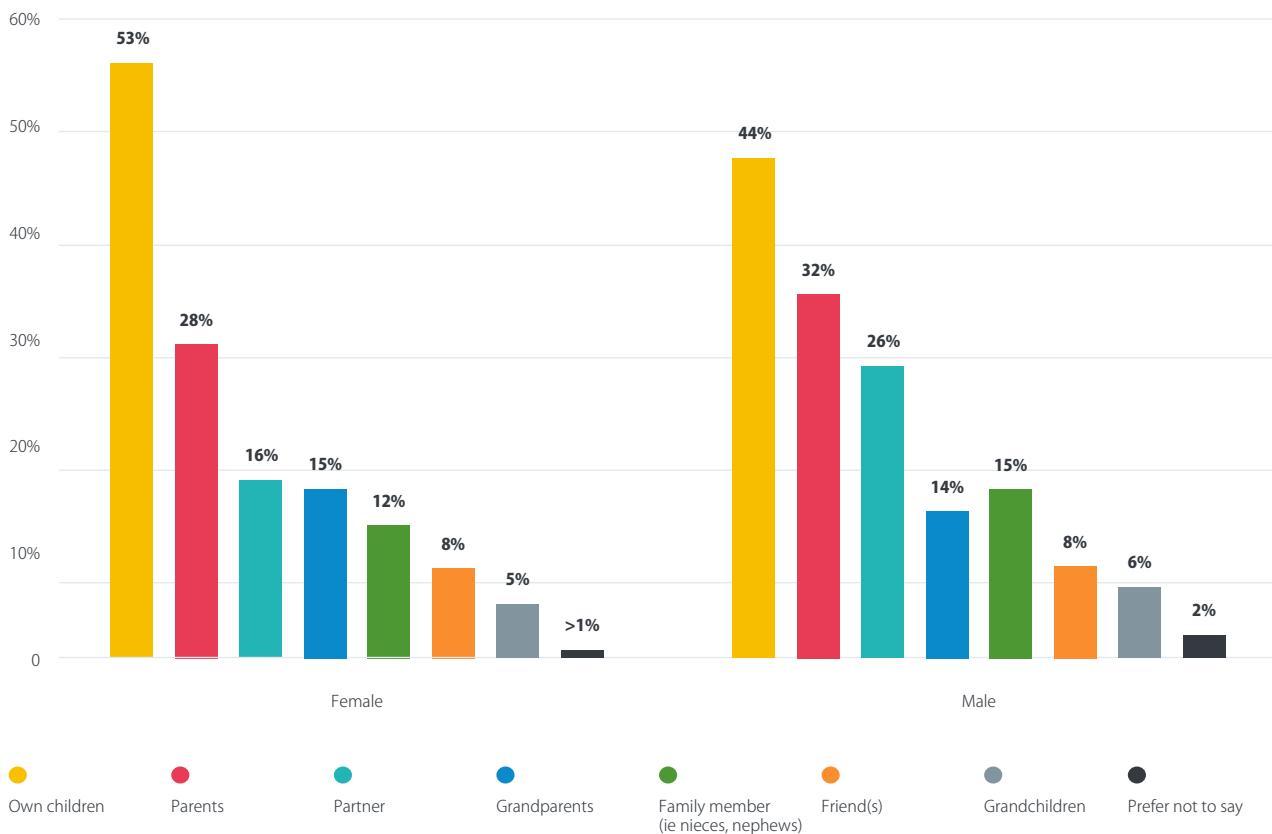
Q For whom did you have to provide unpaid care?

Overall, nearly half of respondents who reported having to take time out of work to care did so to care for their children (48%); three-in-ten to look after their parents (30%), one-in-five (21%) their partner, 15% their grandparents, 13% other family members, 8% friends and 5% grandchildren. However the proportion of 55 to 64-year old carers who reported looking after grandchildren rose to almost one-in-five (19%).





More women than men reported having to provide unpaid care for their own children: of respondents who said they had taken time out of work to care for children, 55% were women and 45% were men. However among people who had taken time out to care for parents, 53% were male and 47% female; among those who've had to care for a partner, 61% were male compared to 39% female; of those who've had to care for grandparents, 52% are female and 48% are male and of those who've had to care for grandchildren, 55% are male and 45% female.



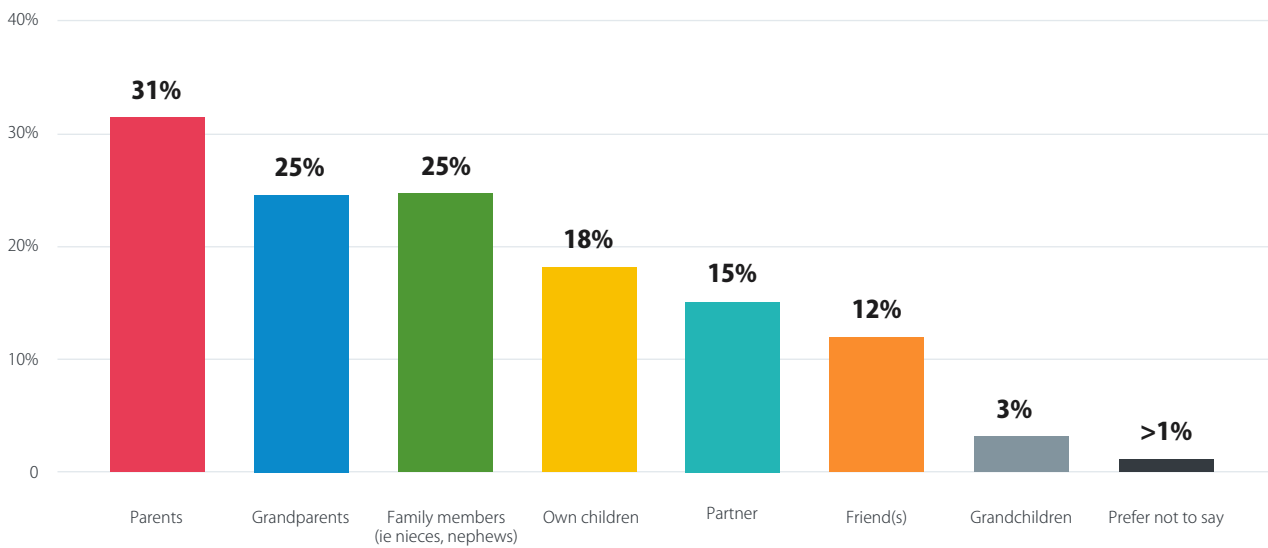
Female carers were more likely than male carers to say they had taken time out to look after their children: 53% compared with 44%.

Male carers were more likely (32%) than female carers (28%) to say they had taken time out to look after their parents.

Male carers were more likely (26%) than female carers (16%) to say they had taken time out to look after their partner.

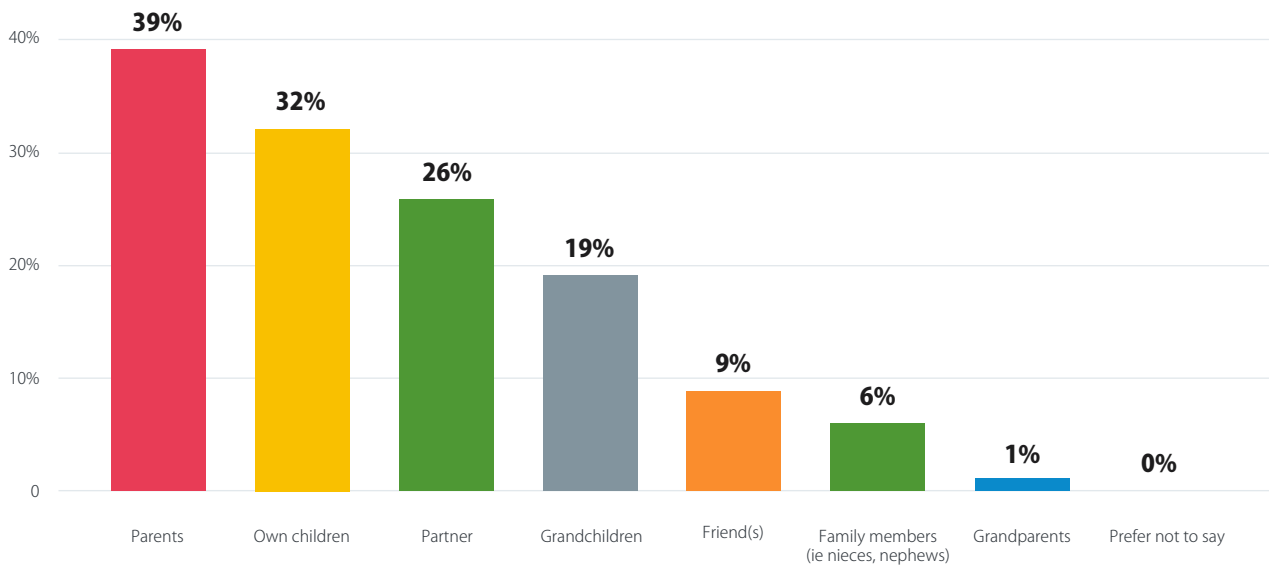
Six-in-ten 18 to 24-year old respondents reported having to take time out of work to care, with nearly a third (31%) of these saying they had to care for their parents and a quarter (25%) saying they cared for their grandparents. A quarter also said they had had to look after other family members unpaid.

Care provision among 18 to 24 year olds



Between the ages of 25 to 54, people are most likely to say they had to perform unpaid care of their children, with 53% of 25 to 34-year old carers, 65% of 35 to 44-year carers and 53% of 45 to 54 year old carers taking time out of work for this reason.

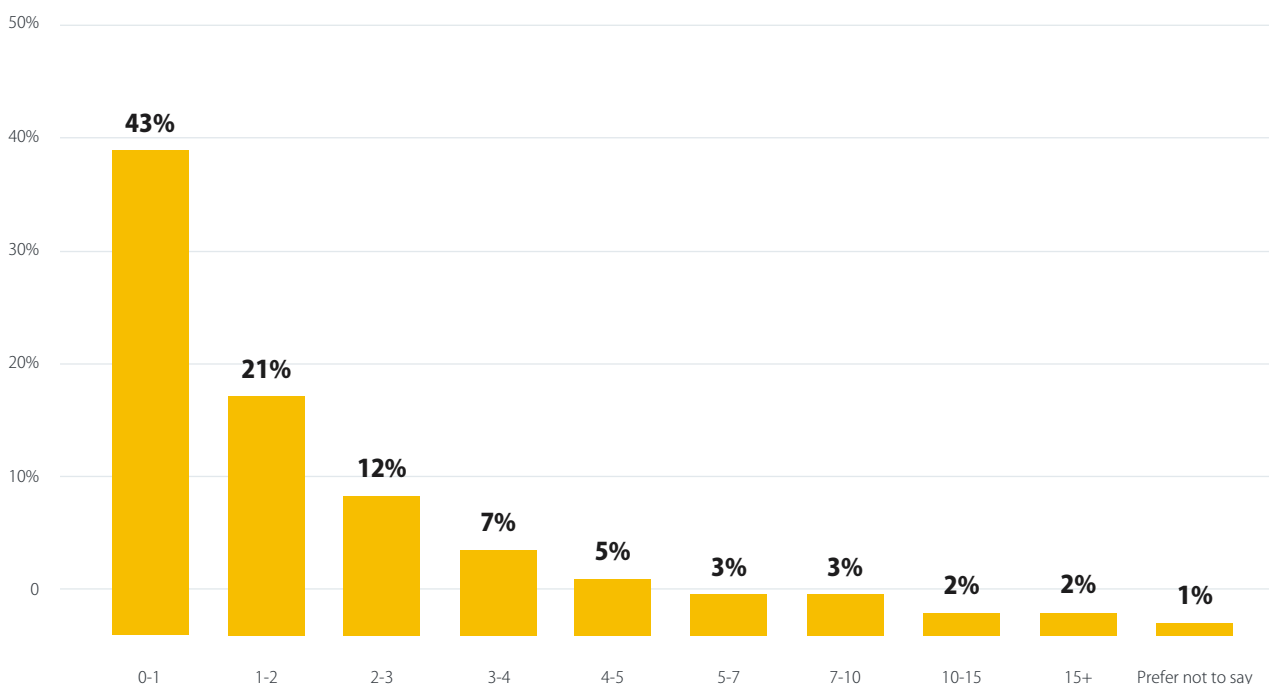
Care provision among 55 to 64 year olds



However in the 55 to 64-year old age group, looking after parents becomes the dominant reason behind time out of work to care, with 39% of carers in this age group saying they had to look after parents, compared with 32% saying they looked after children and 19%, grandchildren.

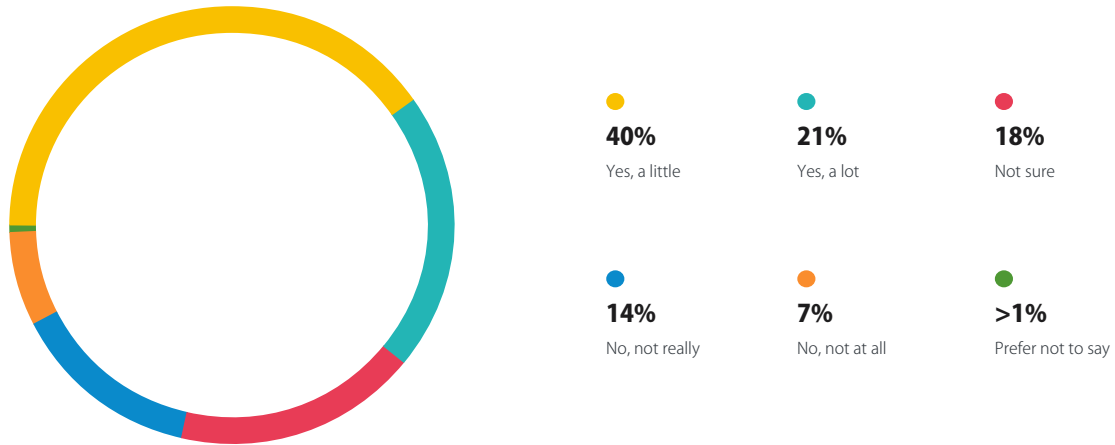
Q How many years in total, approximately, would you estimate you have spent out of work due to unpaid caring?

Over two-in-five (43%) carer respondents said they had to take 0-1 years out for unpaid care, with just over one-in-five (21%) taking up to two years and almost one-in-five (19%) taking between two and four years. Only 2% said they had to take ten to 15 years out of work, although this proportion rose to 5% of 55 to 64-year old carers.



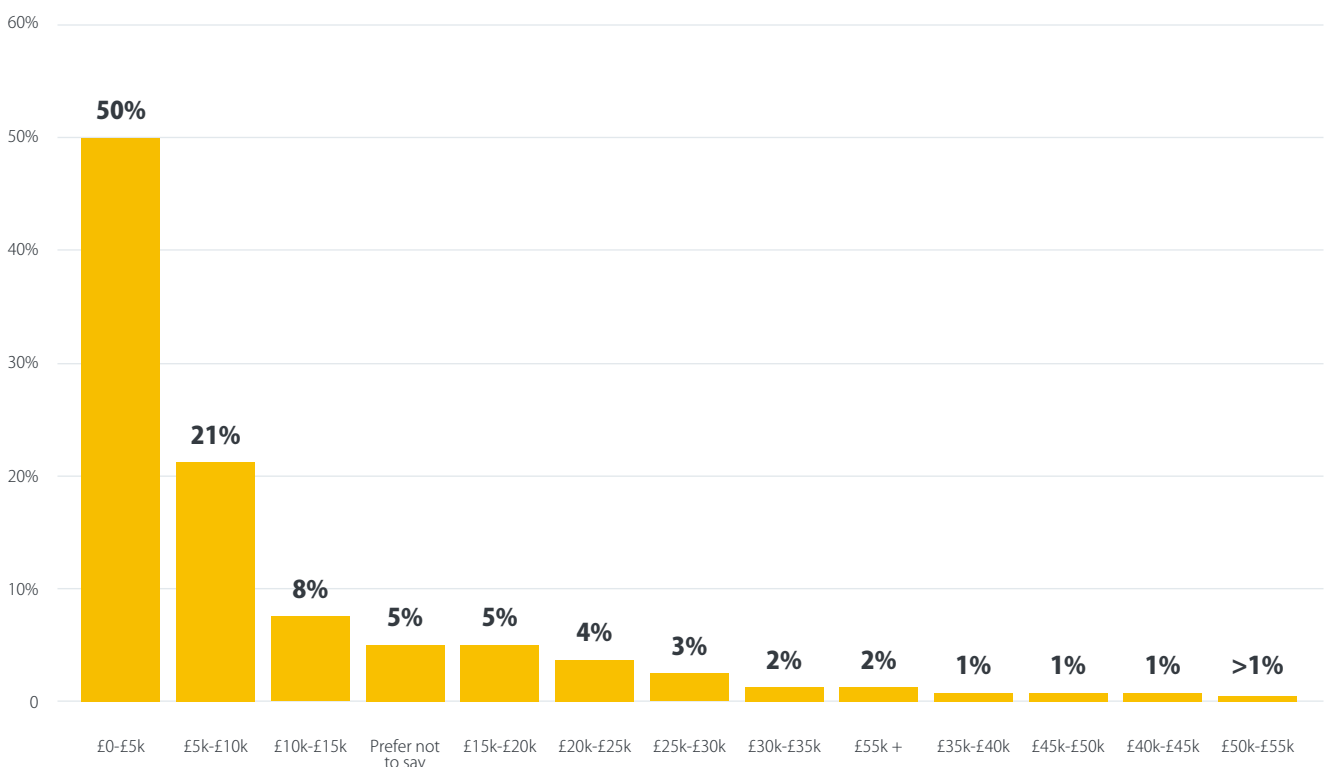
Q Do you think your ability to build up a pension has been affected by having to perform unpaid care work?

Nearly two thirds (61%) of carer respondents said their ability to build up their pension was affected by performing unpaid care work, with just over one-in-five (21%) saying it hadn't affected their pension, while 18% weren't sure.



Q If you had to estimate the financial impact of this on your pension per year, how much do you think you have lost out by per year?

Half of respondents (50%) said the financial impact of this unpaid work on their pension, per year of unpaid care, was £0-£5,000; one-in-five (21%) said they estimated the impact to be between £5,000 and £10,000 and a further 8% believed the impact was £10,000 to £15,000.



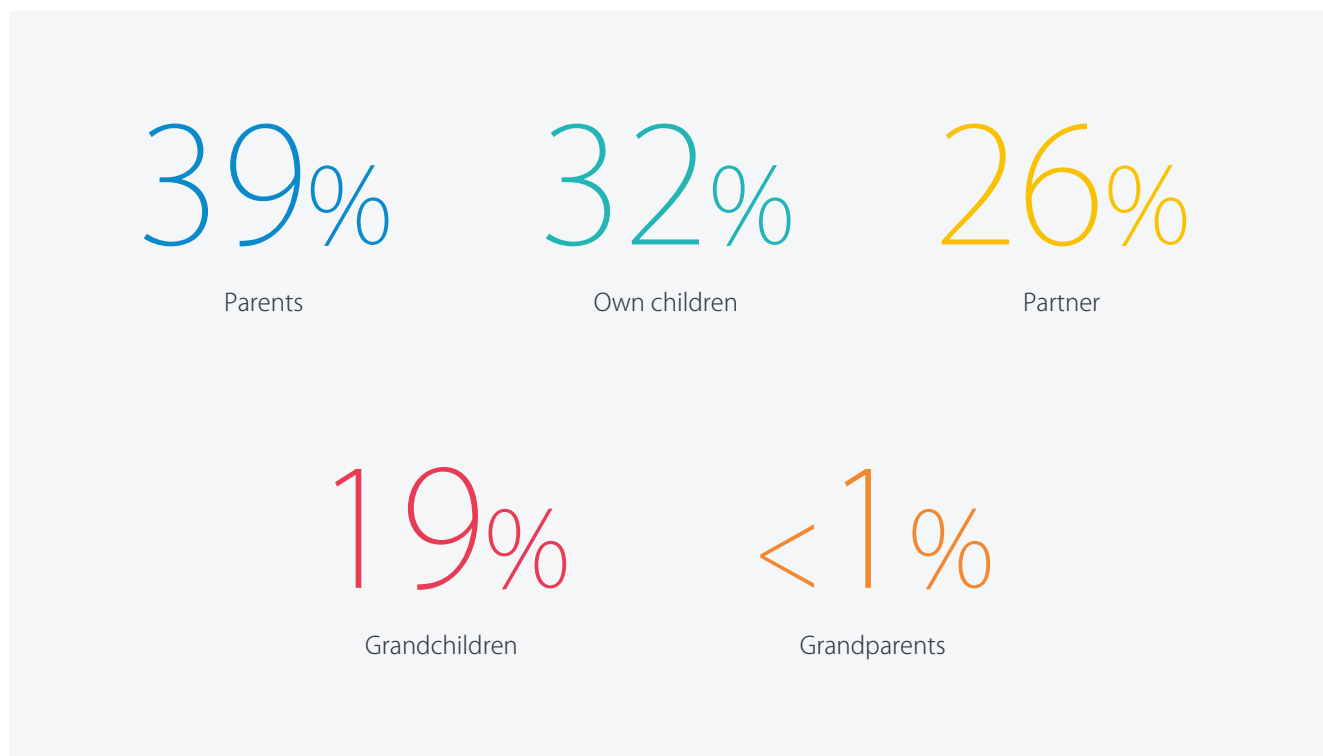
What are the chances?

Generally, the probability of you needing to take time out for unpaid care increases the older you are and if you're a woman, but not in all cases.

The longest impact's likely to be the impact of looking after your own children, whereas the highest incidence of needing to take time out to care occurs in the 55-64 age group, when you're the most likely to face a need to look after your partner, your parents and your grandchildren potentially.

From a policy perspective, such a high risk of people in the workforce needing to take time out to care in these pre-retirement years is significant.

Within this 55 to 64-year old age group alone, the proportion of carer respondents who've had to look after each of the following groups are:



The impact on your eventual pension pot naturally also varies, but if you were facing four of these care moments during this time of your life, that could be four years out of paid work at a key time for building up pension provision, resulting in a pension that could be around £20,000 lower just a few years later at age 67 (see table 2).

Having to downshift from full-time to part-time work is another common, often more long-term change to working patterns for carers and can also have an impact on how much pension's built up.

The below tables consider the probability of someone needing to leave paid work to perform unpaid care for each care moment and what the likely impact on their pension pot at retirement would be:

Table 2: Impact of facing four unpaid care moments between the ages of 55 and 64 on a pension

	Pension pot continuing to work full-time	Pension pot with four years out of work between age 59 and 63
At age 67	£222,016	£202,048
Difference		-£19,968

Assumes starting salary of £25,000 at age 22, average annual salary increases of 2%, investment growth above inflation of 2.5%, 8% minimum contribution and 0.7% charges.

Table 3: Looking after an older relative: parent

Characteristic	Female probability	Male probability
18 to 24 years old	16%	25%
25 to 34 years old	18%	19%
35 to 44 years old	18%	19%
45 to 54 years old	20%	23%
55 to 64 years old	25%	26%
Overall (all ages, male or female)	20%	

Table 4: Looking after an older relative: grandparent

Characteristic	Female probability	Male probability
18 to 24 years old	18%	16%
25 to 34 years old	12%	17%
35 to 44 years old	11%	7%
45 to 54 years old	3%	3%
55 to 64 years old	2%	<1%
Overall (all ages, male or female)	10%	

Table 5: Looking after a younger dependent: own child/children

Characteristic	Female probability	Male probability
18 to 24 years old	13%	12%
25 to 34 years old	40%	32%
35 to 44 years old	47%	32%
45 to 54 years old	38%	36%
55 to 64 years old	29%	15%
Overall (all ages, male or female)	33%	

Table 6: Looking after a younger relative: grandchild

Characteristic	Female probability	Male probability
45 to 54 years old	6%	3%
55 to 64 years old	15%	11%
Overall (all ages, male or female)	4%	

Table 7: Looking after a partner

Characteristic	Female probability	Male probability
18 to 24 years old	12%	9%
25 to 34 years old	14%	22%
35 to 44 years old	10%	18%
45 to 54 years old	9%	17%
55 to 64 years old	8%	24%
Overall (all ages, male or female)	14%	

Scaling the impact of unpaid care on pensions

PensionBee estimates that the cost to someone's pension of them having to carry out unpaid care work five times throughout working life could be a pension pot that is almost £30,000 smaller at retirement, at £192,893 rather than £222,016.*

This figure assumes two years out of paid work for a new parent; then three years out of work later on, towards the end of working life, to care for parents, grandchildren, or a partner, as well as having to care for grandparents at some point when you are younger, too - as 25% of 18 to 24-year old carers who answered our survey reported they had to do.

The gap is greater - closer to £40,000 less at retirement age, for those who go part-time for ten years to look after children (mostly mothers), in addition to taking four years out of paid work to care for others in their late fifties or early sixties.

From our survey, respondents' own estimates of the impact on their pension from taking time out was about the same, with half of carer respondents (50%) saying they thought unpaid care cost them between £0 and £5,000 in missed pension per year unpaid, while just over one-in-five (21%) thought it cost them between £5,000 and £10,000. About a quarter (25%) thought that unpaid care work had cost them more than £10,000 in lost pension for every year out of work.

Considering the pension pot sizes for a life spent continually in work versus a life with five periods of time out spent caring, in terms of the amount of retirement income you could buy with each, at current annuity rates and after taking a 25% lump sum, you would get about £12,222 a year with the larger £222,000 pot, compared with £10,582 with the smaller pot of £193,000 - a difference of about £1,640 a year in retirement income.

This would be a typical amount, however it could be much more or less depending on earnings, proportion of salary contributing to a pension, number of years being a carer and when in life the time out is taken.

*All estimates assume an average graduate starting salary of £25,000 at age 22, 8% contributions, fees of 0.7%, salary growth of 2% a year and investment growth of 2.5% a year (above inflation).

Sizing the childcare gap

Of all the unpaid care gaps, the pension gap caused by the need to care for children may be the hardest to scale.

The amount of time one parent spends out of work as a result of having children will depend on many factors including their partner's earnings, their employer's policies, their own wishes, their access to childcare, affordability of childcare, how many children they have, the ages of their children and so on. So talking about averages will either underplay or overplay the issue for most people.

Then there's the issue that many parents, still usually mothers, according to the ONS, do not just take a clean break from work then resume again after having time off to look after children. They scale back for several years. Going from full-time to part-time, for example, is more common for new mothers than giving up work altogether.

So the gap here's less clear cut - more of a lull in work for several years than a short, sharp hard stop.

The lost decade

An analysis from the ONS suggests that earnings may be compromised for about two thirds of women who aren't in full-time work for around a decade, from when their youngest child's one until they turn 12.

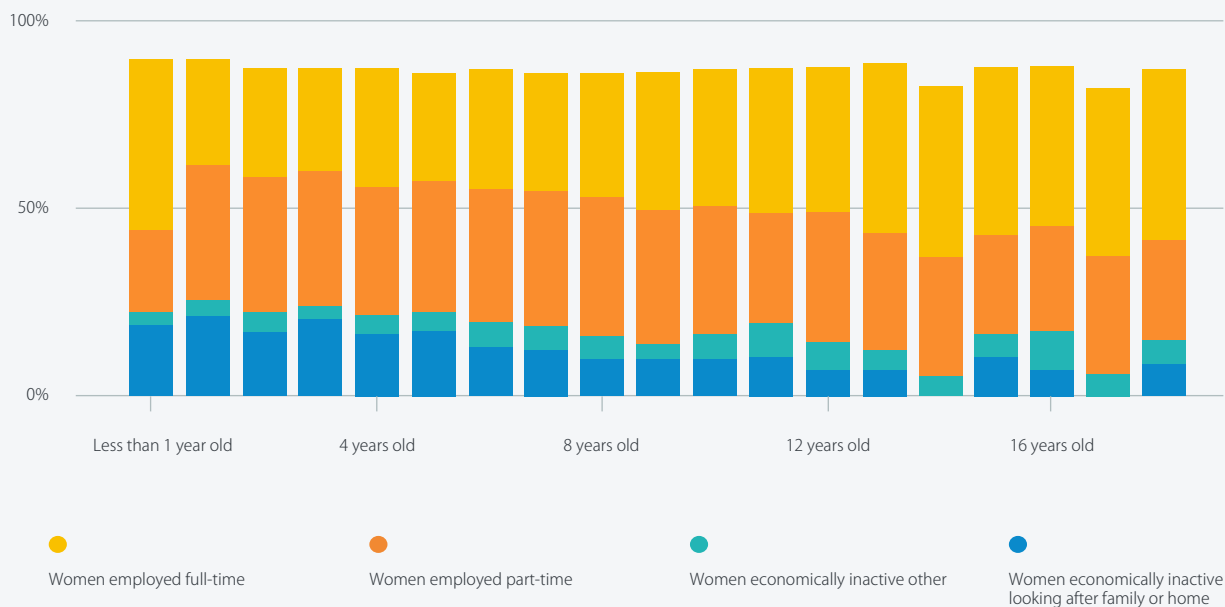
Part-time work's the prevailing work status for women as long as they're primary school-aged children. So while the amount of time spent fully out of work, if any at all, may be minimal, the impact for women of having children on their earnings persists for several years. Impacting their pension provision even more significantly than fully taking time out for a couple of years.

Mothers are more likely to be in work than women without children, according to the ONS, which said in the latest 'Families and the Labour Market' report: "The employment rate was higher for mothers than either women or men without dependent children and has been since 2017."¹

This suggests that the economic imperative to earn when

Figure 3. The proportion of mothers working full-time generally increased as their dependent children grew older

April to June 2021, UK



Source: Labour Force Survey (LFS) Household datasets

you have mouths to feed might also have the benefit of helping mothers close the gender pension gap later on, when they go back to full-time work, as long as they remain enrolled in their workplace scheme.

Assuming that a mother who has young children’s more likely to have gone down from full-time to part-time, perhaps from five days to three days for a decade, we can work out what the typical impact on a pension pot would be of this change in earnings for several years.

Table 8: Impact on pension pot of a working parent going part-time for 10 years, not working for 10 years or not working for two years

	Pension pot continuing to work full-time	Pension pot going part-time (three days a week) for 10 years from age 30 to 40	Pension pot not working for 10 years from age 30 to 40	Pension pot not working for two years from age 30 to 32
At age 67	£222,016	£203,125	£170,011	£212,651
Difference		-£18,891	-£52,005	-£9,365

Assumes starting salary of £25,000 at age 22, average annual salary increases of 2%, investment growth above inflation of 2.5%, 8% minimum contribution and 0.7% charges.

Sizing the parent and grandparent care gaps

Among those respondents who said they had to take time out to care for an elderly relative such as a grandparent (15%), or a parent (30%), the most common amount of time out of work taken was one year or less (39% of this group). The age group most likely to say they had to take time out of work to care for a parent or elderly relative was 25 to 34-year olds.

Table 9: Impact on pension pot of one year out of work to care for a parent or grandparent

	Pension pot continuing to work full-time	Pension pot after one year out of work to care for an elderly relative at age 30
At age 67	£222,016	£217,124
Difference		-£4,892

Assumes starting salary of £25,000 at age 22, average annual salary increases of 2%, investment growth above inflation of 2.5%, 8% minimum contribution and 0.7% charges.

Sizing the caring for a partner gap

Among those carer respondents who said they had to take time out to care for their partner, the most common amount of time out of work was a year or less. The age group most likely to say they had to take time out of work to care for a partner was 55 to 64-year olds (26%).

Table 10: Impact on pension pot of one year out of work to care for a partner

	Pension pot continuing to work full-time	Pension pot after one year out of work to at age 60
At age 67	£222,016	£217,029
Difference		-£4,987

Sizing the caring for grandchildren gap

Nearly one-in-five (19%) 55 to 64-year olds who reported having to take time out of work to perform unpaid care stated this was to look after their grandchildren.

Most of them were women (53%) and they were mostly out of paid work for one year.

Table 11: Impact on pension pot of one year out of work to care for a grandchild

	Pension pot continuing to work full-time	Pension pot after one year out of work to at age 60
At age 67	£222,016	£217,029
Difference		-£4,987

Solving the Carer's Pension Gap(s)

As with any big social issue, the solutions involve many groups pulling together, including policymakers, employers and individuals

We list below a few suggestions for different stakeholders to consider.

The role of employers

Developing HR policies that are empathetic to both planned and unplanned needs to care can help workers keep their jobs and help employers avoid the unnecessary costs of further training and recruitment.

When it comes to childcare, offering new mothers and fathers the same amount of paid leave could significantly help level the playing field.

Offering more paid leave to people when a caring need arises, as the new Carer's Leave Act will now enshrine, is key to preventing people having to leave the workforce. Employers can offer to go beyond statutory minimums.

Considering allowing more part-time and job-share opportunities to employees will allow people to stay in work. While this could mean lower income for a time, at least it allows for some pension contributions to continue.

Awareness and education around the opportunity to contribute to the workplace pension even if someone's earnings aren't above the £10,000 threshold for inclusion in Auto-Enrolment.

The role of policymakers

The Government has made clear that it plans to address the gender pension gap and Baroness Neville-Rolfe's review of the State Pension age drew attention to the particular issues facing carers.

Aside from the childcare years, our report finds the burden of care, not surprisingly, highest in the 55 to 64 year old age group. These are key years for making up for lost time on pension contributions for those focused on boosting their retirement prospects.

Leaving work at this age may also lead to more difficulty getting back to work again afterwards, because of age-related discrimination among hirers.

The 'back to work' incentives that have been the focus of policy for this age group in recent months are misplaced, if the reasons for leaving are overwhelming needs to care for others.

Early access to some State Pension should be a consideration for those who've inhibited ability to continue to work because they are caring, at this time of life, as well as those who are suffering from age-related illnesses that prevent them from working beyond a certain age.

This could be in proportion to the number of years of National Insurance they've built up by the time they require the pension.

Currently, many in this age group may dip into their private pension, which they can access from age 55, to get through this difficult time. They run the risk of running their pot dry early as a result.

If some State Pension support was offered to those who've to leave work to care in this age group and to those who need care, the Government could potentially increase the Normal Minimum Pension Age from 55, as planned to 57 and then further, perhaps to 58, over time, as well as the State Pension age, from 67 to 68.

Another policy to consider would be limitless backdating of National Insurance credit claims. This would especially help younger carers, who may not know that they can claim National Insurance credits and may not understand how time out of work could affect their State Pension entitlement. By the time they realise, it might be too late to backdate their claims. The usual time limit on backdated claims is currently up to the previous six years only.

The role of the individual

As we have outlined, some forms of caring are expected, such as childcare, while others aren't.

As far as is possible, individuals can 'make hay while the sun shines' and during those times in life when they are more able to save into a pension, to do so.

Taking advantage when working for employers with more generous pension schemes, for instance, those that offer 'double matching' on contributions, is sensible.

People on low earnings below the £10,000 threshold for Auto-Enrolment may also benefit from asking to join their company pension scheme.

Keeping track of old pensions is really important, particularly for people who end up with many jobs in between different caring roles.

If you're married or otherwise related to someone doing unpaid care work, you can pay into a pension for them.

Making sure that you're claiming National Insurance credits for years when you're not working but are caring's also really important, to make sure you get as much State Pension as possible, when the time comes.

Conclusion

We are a nation of carers. Workers, both male and female, old and young, are filling the gaps created by a lack of social care support, at great personal cost. They are paying the price, in the form of lower income throughout working life and less later life financial security.

The need to take time out of work to perform unpaid care affects a relatively large number of people. The chances are high that in our lifetimes, it'll affect us individually. This has consequences that go beyond pensions, affecting people's careers, personal lives and also the UK economy.

With two thirds of respondents saying they've had to perform unpaid care work at some point, this is not a niche problem - nor is it necessarily gendered, although currently women are more likely to face the consequences of often the biggest gap - the childcare gap.

Besides the pension gap caused by childcare, we can see there's a strong case to give more attention to the impact of the multiple care moments faced by people in their late 50s and early 60s.

As the Government looks to address the labour shortage, particularly among older people who may have left the workforce early, ministers would do well to consider the strain placed on people in these years. Given the chances of someone having to take time out of work to care for others during this life stage, it's not surprising many just throw the towel in on work.

Not only does the Government lose labour, these individuals also miss out on what can be key years for making up for lost time with private pension provision. They also face an increased risk of running out of pension money later on in retirement, if they use up too much of whatever private pension they had amassed to cover those years when they are caring and not working.

Based on our analysis, an unpaid carer would be in line for a basic standard of living in retirement, with an income of about £20,000, including full State Pension and an annuity at today's rates. This is short of the £23,300 a year that the PLSA says is needed for a moderate standard of living in retirement.

Thank you for reading.



If you have any comments on or questions about this report, please
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