

# Pensions -

## *why do women face poverty in old age?*

### Did you know...?

- Almost two-thirds of pensioners are women
- Their average income is only 53% of the income retired men have to live off
- The value of the state pension is falling and around 70% of all pensioners are likely to be eligible for means tested pension credit by 2050
- 64% of men but only 38% of women of working age are covered by private pensions
- It is estimated that only 28% of part-time women workers have a company pension, compared to 55% of full-timers
- Women with personal, stakeholder or defined contribution occupational pensions receive an annuity that is between 10%-20% smaller than a man of the same age who has paid the same contributions - because of their average longer life expectancy. This means that women can expect a 10-20% smaller retirement income than a man, when they have built up the same level of savings in these schemes.

### Why...?

It can be harder for women than men to build up an adequate pension because:

- They still take on more responsibility for looking after children and other family members
- They are more likely to have time out of the labour market or work part-time
- They earn less, and are less likely to reach senior positions, especially if they work part-time.

It can be especially hard for women from some ethnic minority groups, who are less likely to be in paid employment and are more likely to have heavy caring responsibilities, and because of strong cultural expectations that their family will provide for their old age.

The EOC believes that a pension system based on the following gender principles would ensure a fairer pensions system for women:

- Simple, stable and sustainable over time
- Adequate in level
- Caring breaks covered - straightforward credits for those out of paid employment for parenting or family care reasons
- Recognition of different working patterns - more part-time workers need to be in pension schemes which carry an employer contribution
- Evaluation of pension arrangements by gender on a regular basis to ensure the system is delivering adequate pensions to women and men
- Discrimination on grounds of sex removed, unless there are justifiable reasons for maintaining differences. Sex-differentiated annuities result in smaller retirement incomes for women than men - the EOC would like to work with others to overcome the disadvantage women face.



**Women. Men. Different. Equal.**  
Equal Opportunities Commission

## What's the Government doing about it?

The introduction of the Minimum Income Guarantee, recently replaced by the Pension Credit, has made a difference to the incomes of the poorest pensioners, many of whom are women. However, it is a means-tested benefit and many people don't realise they can claim it. Means-testing is not a long term solution to women's poverty in retirement.

Government policy is to seek to increase the level of private savings for income in retirement in the long term. The Government's Pensions Green Paper however, highlighted the difficulties for women in building an adequate income for their retirement, but did not put forward any new proposals to tackle women's poverty in old age. Giving women better information about their financial situation will help some but it won't make any difference for those who cannot afford to save.

Women's needs must be taken into account when the Government changes the pensions system. In the longer term the EOC wants to see the state pension replaced with a pension set above poverty level, which everyone would receive, rather than a system based on qualifying years.

The Government has acknowledged that women are more dependent than men on state pensions for their retirement income but far fewer women build up a full national insurance record in their own right.

In the shorter term there is a range of specific changes to the existing pension system that would lift more women out of poverty. These would give more working women a chance to make pension contributions and provide better pension coverage for those who are caring for children or elderly or disabled relatives.

## What can you do about it?

- Write to your MP.  
Ask them:
  - what their party proposes to do about women's poverty in old age
  - what their party's position is on the reduced annuity rates available to women
  - how their party would compensate for women's loss of pension contributions when they take time out of the labour market because of caring commitments
  - what reforms their party proposes to enable women to build up a full national insurance record and basic state pension in their own right.

Urge them to lobby ministers to make sure that future pensions legislation takes account of the needs of women, who make up two thirds of the pensioner population.

- Get your organisation to sign up to the EOC's SACRED principles on women and pensions, set out overleaf
- Publicise your involvement in the EOC's campaign in the local press. A model press release is available on the EOC's website
- Get the facts about your own financial situation - soon pensions forecasts will be available for everyone. If it looks as if you're going to be badly off when you retire consider whether you can afford to save more. The Financial Services Authority produces a range of leaflets to help you make financial decisions. They also have a Consumer Helpline 0845 606 1234.

For more information about the EOC's campaign visit: [www.eoc.org.uk](http://www.eoc.org.uk) or call the Helpline on 0845 601 5901 (Calls charged at local rates)  
Interpreting service available  
Typetalk service: 18001 0845 601 5901



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Great Britain  
Arndale House  
Arndale Centre  
Manchester  
M4 3EQ  
[info@eoc.org.uk](mailto:info@eoc.org.uk)

Wales  
Windsor House  
Windsor Lane  
Cardiff  
CF10 3GE  
[wales@eoc.org.uk](mailto:wales@eoc.org.uk)

Scotland  
St Stephens House  
279 Bath Street  
Glasgow  
G2 4JL  
[scotland@eoc.org.uk](mailto:scotland@eoc.org.uk)