

### International Women's Day - and a Gender Pensions Gap



### Saturday 8 March 2025 is International Women's Day

International Women's Day (IWD) has been around for over a hundred years, as have many of the issues still impacting women's advancement. Since 1911, IWD belongs to all who care about women's equality. Celebrate women's achievement. Raise awareness about discrimination. Take action to forge gender parity. All IWD activity is valid, that's what makes IWD so inclusive.



# PPI Digest

## International Women's Day #IWD2025

### International Women's Day - and a Gender Pensions Gap

#### **The Gender Pensions Gap occurs across all age groups and pension types**

Women have just 46% of the private pension wealth of men at age 55-64 (median average male balance is £125,000 and female is £57,500).

Young women (aged 25-34) only have 44% of the median average male balance (£4,200 compared to £9,600).<sup>[1]</sup>

#### **The Gender Pensions Gap is predominantly driven by the difference in hours of paid work between men and women over the course of their life**

The number of hours that women are in paid work during their life is 27% less than men.<sup>[2]</sup>

Women work 60% more hours unpaid than men.<sup>[3]</sup>

[1] ONS (2025 Pension wealth: wealth in Great Britain

[2] PPI analysis of 2024 LFS data Office for National Statistics, 2024, Labour Force Survey, [data series], UK Data Service, 11th Release, Accessed 27 February 2025. SN: 2000026, DOI: <http://doi.org/10.5255/UKDA-Series-2000026>

[3] Adams, J., PPI(2025) The Underpensioned Index report

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#### The Gender Pensions Gap is also impacted by relationship changes

Only 30% of divorce settlements include pensions but they are relationship property like other assets such as housing or other savings.<sup>[4]</sup>

Failing to consider retirement outcomes as part of a separation agreement leaves women facing financial vulnerability in later life.

#### The Gender Pensions Gap matters because pensioner poverty is real and gendered

Two-thirds (67%) of pensioners in poverty are women and half (50%) of pensioners in poverty are single women.<sup>[5]</sup>

Women live longer than men. There is a two year difference in life expectancy at State Pension age for women and men, with women expected to live another 21 years, compared to 19 years for men. 20% of women at State Pension age are expected to live to age 95 compared to 13% of men.<sup>[6]</sup>

**We will all benefit from a more equitable society through advancing gender equity**

[4] IFoA and Scottish Widows (2024)

[5] Wilkinson, L., Adams, J., PPI (2024) [The Underpensioned: Defining the Gender Pension Gap](#)

[6] Wilkinson, L., Adams, J., PPI (2024) [The Underpensioned: Defining the Gender Pension Gap](#)

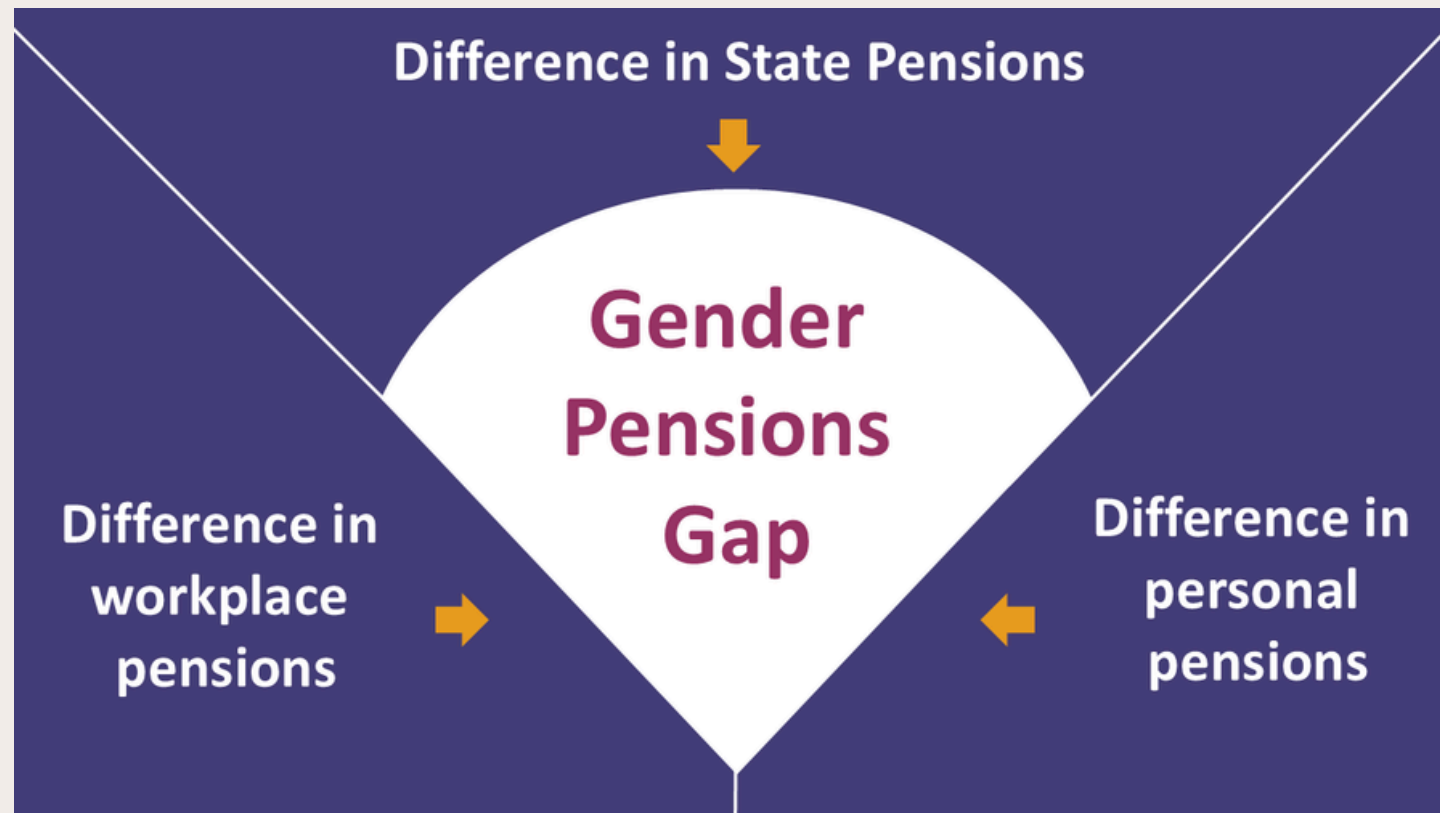
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### What is the Gender Pensions Gap?

The Gender Pensions Gap is the difference in pensions between women and men. Pensions include the State pension, workplace pensions, and personal pensions. The majority of people retire with only State and workplace pensions.

Financial wellbeing in retirement is also impacted by other forms of wealth, which goes beyond pensions and includes property and other savings, some of which may generate an income or may instead provide financial security.



## Pension eligibility and availability

In the UK, the **State pension** is contributory, so you generally saving, make contributions when you are younger to receive the State pension when you are older.

**Workplace pensions** are also contributory and are only available to certain employees. If you are not an employee, you will not have a workplace pension, which mainly excludes self-employed people.

**Personal pensions** are a form of discretionary saving, so they are accrued by some people who have disposable income.

## Personal pensions

Personal pension plans are individual arrangements (not made through an employer) based on a direct contract between the individual and a pension provider. These are voluntary arrangements for people with disposal income to save and are supported by tax relief measures.<sup>[7]</sup>

## State Pension

This is a basic level of pension currently offered as the 'new State Pension' (nSP) and previously offered as a the 'basic State Pension' (bSP) with an 'additional State Pension' for those who had paid NI contributions (NICs).

The new State Pension is a flat rate pension paid to those people who achieve a set number of qualifying years before reaching State Pension age (SPa), either through NICs levied on workers' earnings, or credited as a result of some qualifying activity (defined as being in receipt of one or more of the following: Statutory Maternity Pay, Paternity or Adoption Pay, Statutory Sick Pay, Child Benefit, Universal Credit, or Carer's Allowance). The actual amount of pension paid depends on years of NICs. 35 years of NICs are necessary to qualify for a full new State Pension and a minimum of 10 qualifying years are necessary to receive any new State Pension. <sup>[8]</sup>

Historically, women generally received a lower State Pension than men because they had not paid sufficient (or any) NICs due to their lack of paid employment, with other married women electing to receive a lower pension benefit in return for paying a reduced rate of NICs. Women born in the early 1940s received around 25% less, on average, in State Pension income than men. The gap between those reaching State Pension age after the 2016 changes outlined above has reduced to below 5% but a larger gap of 8% is faced by women who retired before 2016 and receive their State Pension under the old system. <sup>[9]</sup>

The State Pension continues to represent a greater proportion of a women's income in retirement than a man's due to the difference in workplace and private pensions. 66% of women's retirement income is State Pension and benefits. <sup>[10]</sup>

## Workplace pensions

These are pension schemes arranged through an employer. The employee and/or employer make contributions to the pension and the money is invested until retirement.

There are two main types. **Defined Benefit pension schemes** promise a specific level of benefit when an individual retires that is based on their salary during working life. **Defined Contribution pension schemes** accrue benefits (contributions made plus investment growth) that are made available at State Pension age.

There is a difference in the balances of workplace and other private pensions between men and women across all age groups.

### Median Value of private pension wealth in working ages <sup>[11]</sup>

Age Band	Women's median pension wealth	Men's median pension wealth	Gender private pension gap	Women's proportion of male pension wealth
25-34	£4,200	£9,600	£5,400	44%
35 – 44	£14,400	£23,600	£9,200	61%
45 – 54	£31,700	£58,700	£27,000	54%
55 – 64	£57,500	£125,000	£67,500	46%

## Workplace pensions

There are a number of reasons for the differences in the balances of men and women, some relate to policy design features, but others reflect broader social assumptions.

Participation in workplace pensions is largely driven by auto-enrolment but women are disproportionately ineligible. Of the 13 million women employees in the UK, around 2 million (15%) do not meet the qualifying criteria, compared to 9% of male employees.<sup>[12]</sup>

This is largely due to the earnings threshold of £10,000 with a single employer. This is harder to reach for low paid people, people with multiple jobs, and people who work part-time. There are 1.2 million women who earn below the earnings threshold of £10,000 and they make up 58% of the workers who do not meet this qualifying criterion.<sup>[13]</sup>

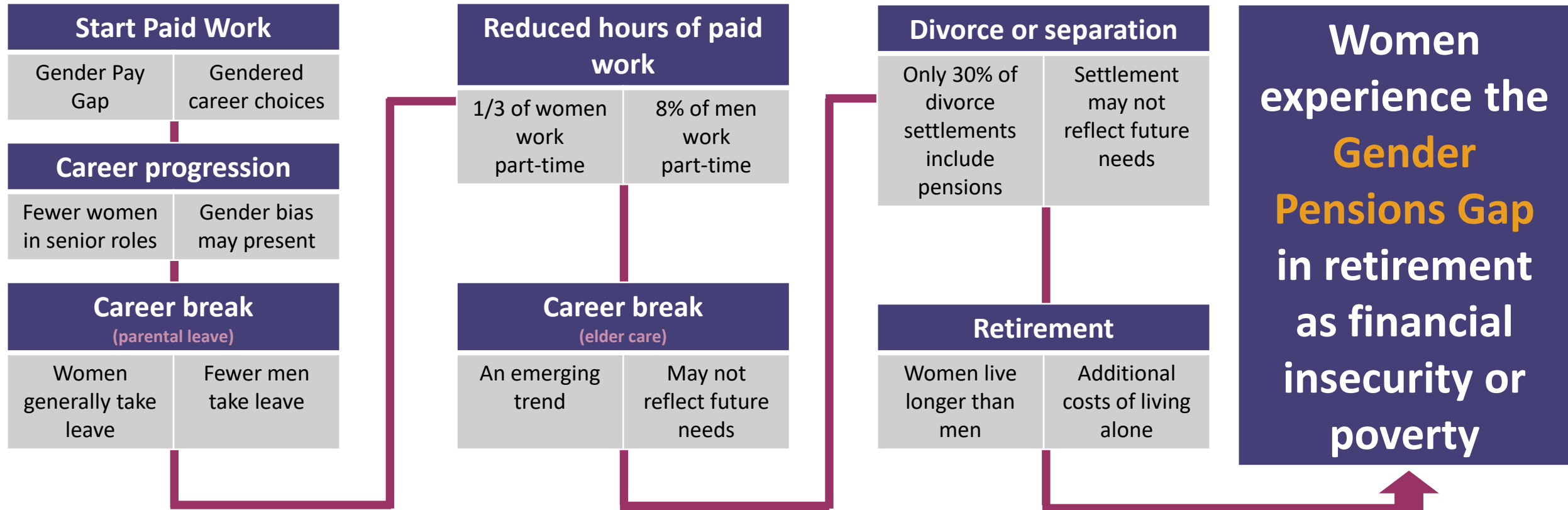
**The gender pay gap is 7%.** This is the difference between average hourly earnings of men and women.<sup>[14]</sup> However, women are generally in paid work for fewer hours than men, with a third of women in paid employment working part-time compared to just 9% of men. If we compare the average pay received by men and women, which reflects the difference in hours of paid work (as well as the effect of occupation type and position level), the difference in earnings by gender is 25%.<sup>[15]</sup>

The primary reason that women are in part-time employment roles is the hours of unpaid care work they undertake - 60% more than men.<sup>[16]</sup> These hours are spent on care and domestic activities. The most common reason cited by healthy women for not doing more hours of paid work is caring for their family.<sup>[17]</sup>

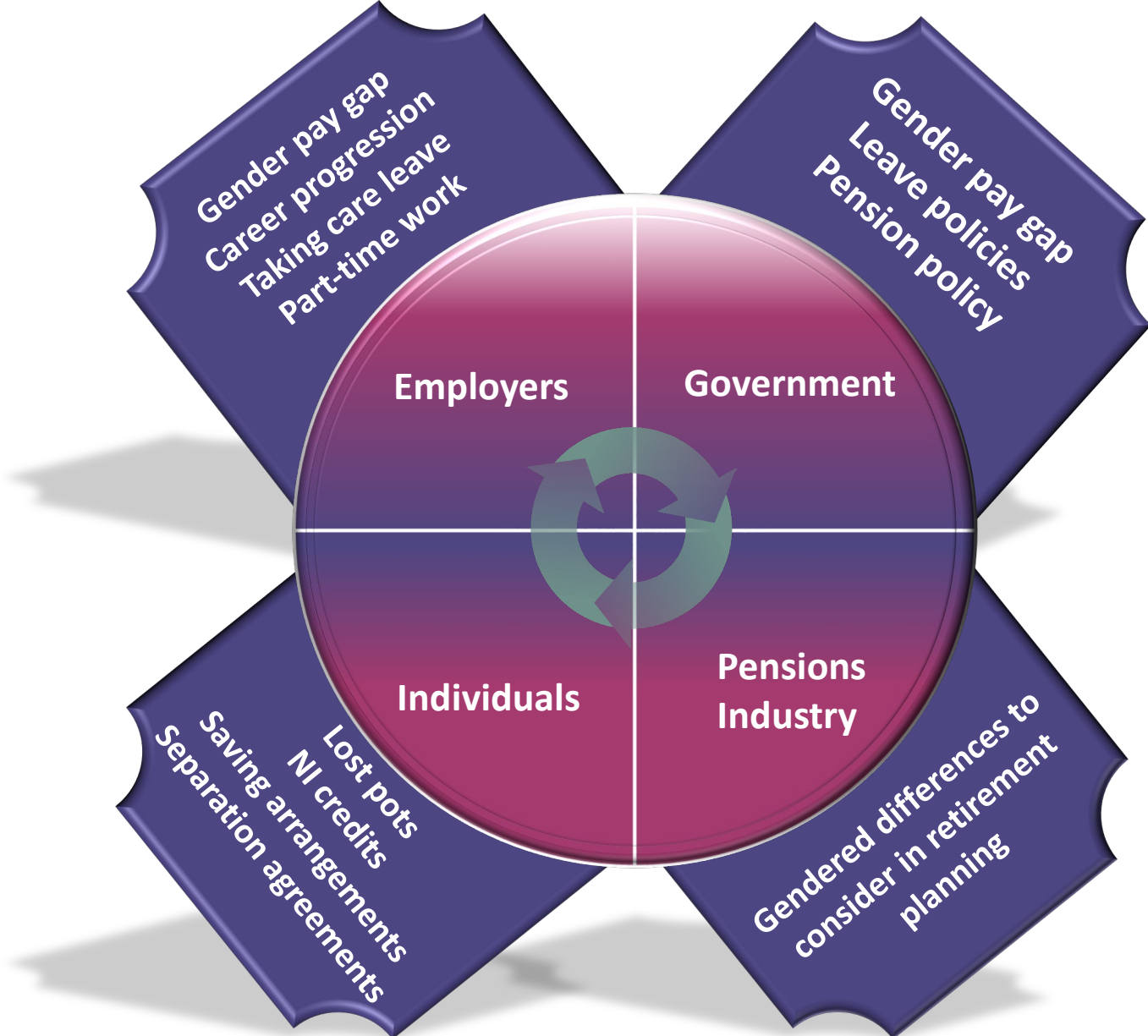


# The Facts

## Life points which can contribute to the Gender Pensions Gap



# We can all contribute to reducing the Gender Pensions Gap



## References – The Facts section

7	PPI (2024) Pensions Primer
8	PPI (2024) Pensions Primer
9	Wilkinson, L., Adams, J., PPI (2024) The Underpensioned: Defining the Gender Pension Gap
10	PPI (2022) The Underpensioned Index
11	ONS (2025) Pension wealth: wealth in Great Britain, Table 6.10
12	Adams, J., PPI (2025) forthcoming The Underpensioned Index report
13	Adams, J., PPI (2025) forthcoming The Underpensioned Index report
14	ONS (2024). <a href="#">Gender pay gap in the UK: 2024</a>
15	Wilkinson, L., Adams, J., PPI (2024) The Underpensioned: Defining the Gender Pension Gap
16	Adams, J., PPI (2025) forthcoming The Underpensioned Index report
17	PPI analysis of 2024 LFS data Office for National Statistics, 2024, Labour Force Survey, [data series], UK Data Service, 11th Release, Accessed 27 February 2025. SN: 2000026, <a href="#">DOI change log</a>

## Further Reading

[PPI \(2024\) Pensions Primer](#)

[PPI \(2024\) The Underpensioned: Defining the Gender Pension Gap](#)

[PPI \(2022\) The Underpensioned Index](#)

# For further information or comment please contact...



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