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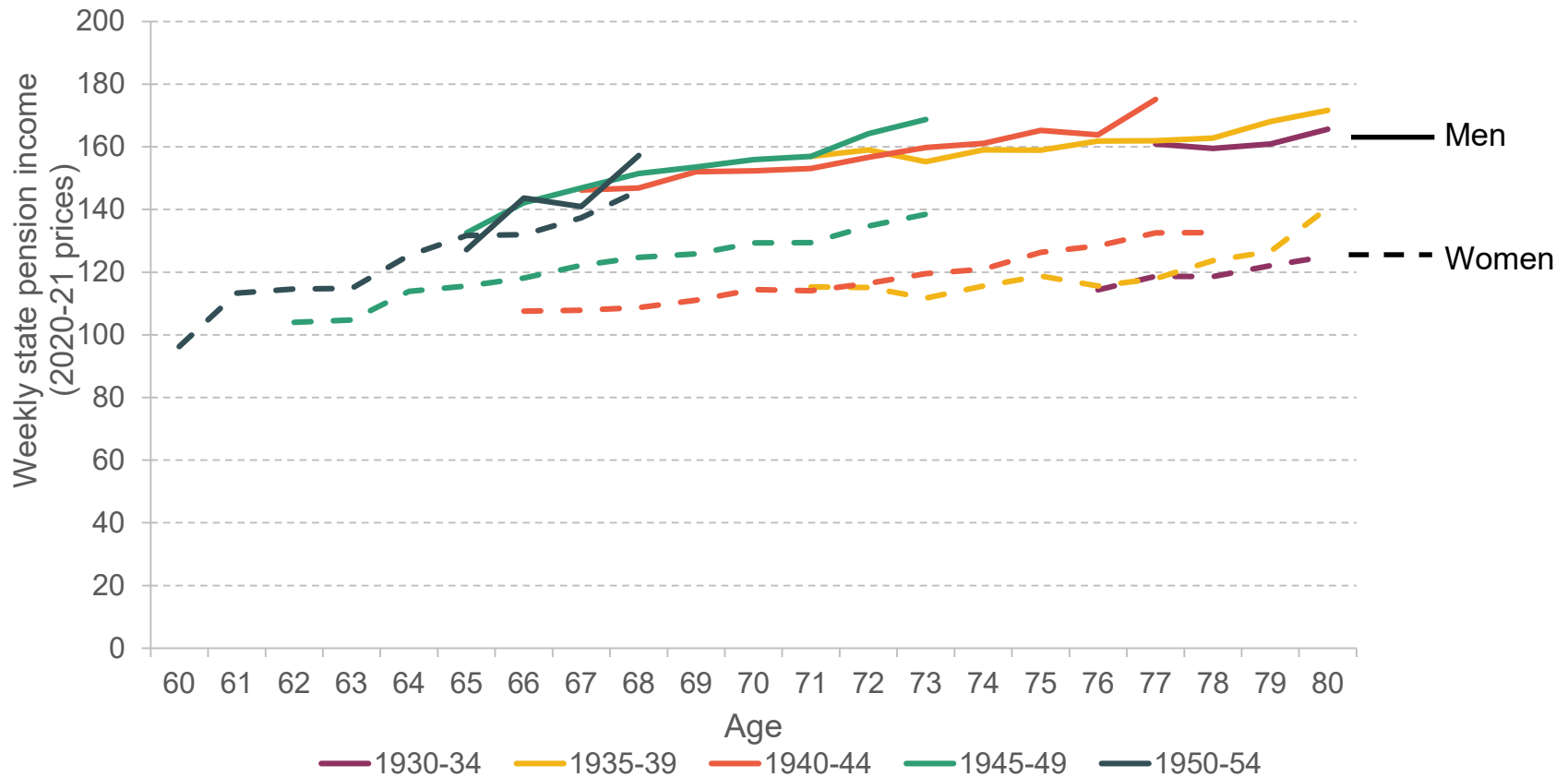
# The gender gap in pension saving

# The gender pension gap

- Gender pension gap generally refers to difference in retirement incomes between men and women
- Understanding the drivers behind the gap crucial for evaluating effectiveness of different policies
- Important to be clear which gap is being analysed for which group
  - Gaps in pension incomes, pension participation, pension contributions?
  - For retirees, people of working age, people working in specific sectors?

# Gender gap in state pension incomes almost closed

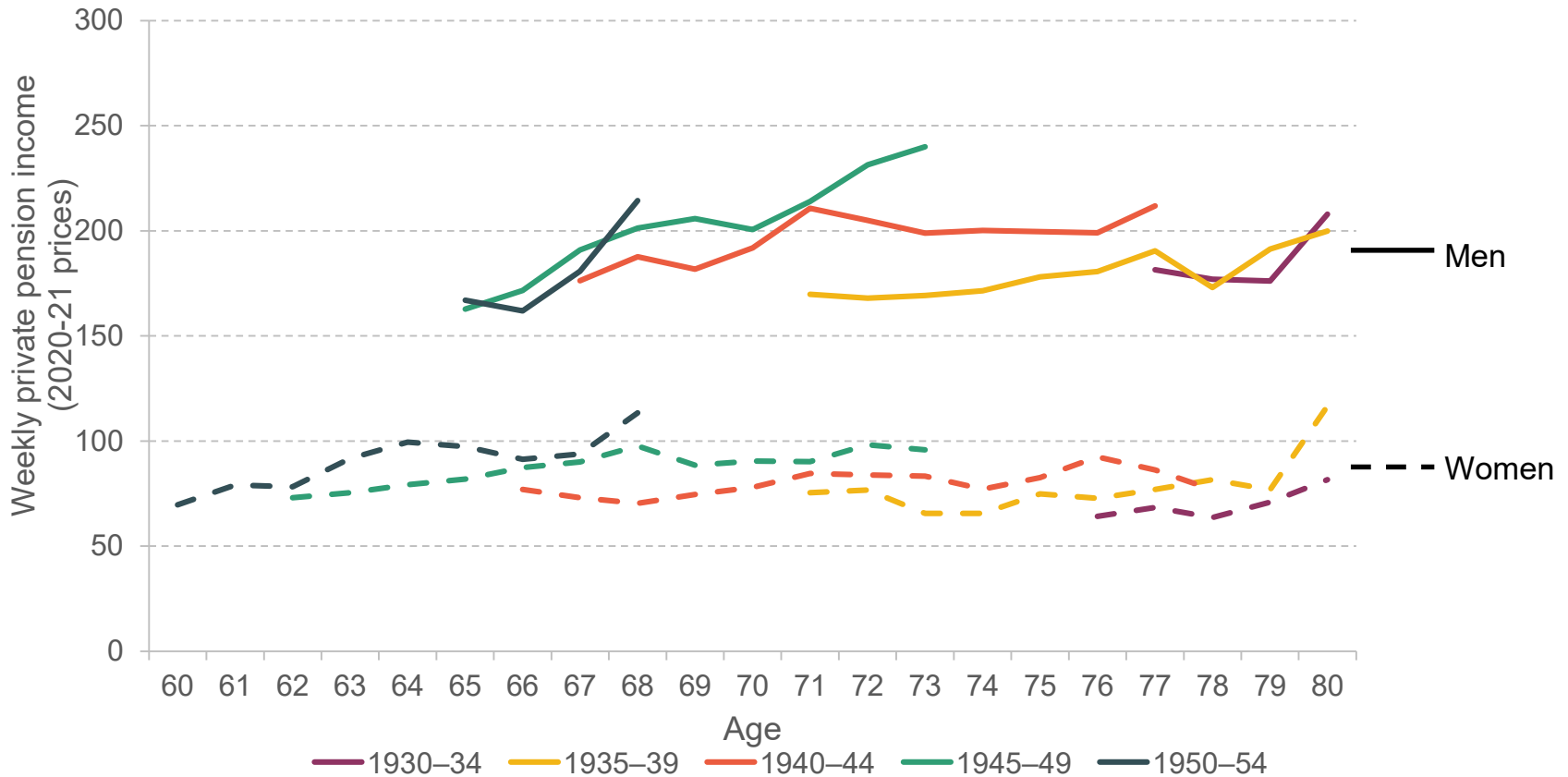
Average state pension income of men and women over state pension age, by age and birth cohort



Source: Figure 1 of Cribb, Karjalainen and O'Brien (2023)

# Gap in private pension incomes still prevalent

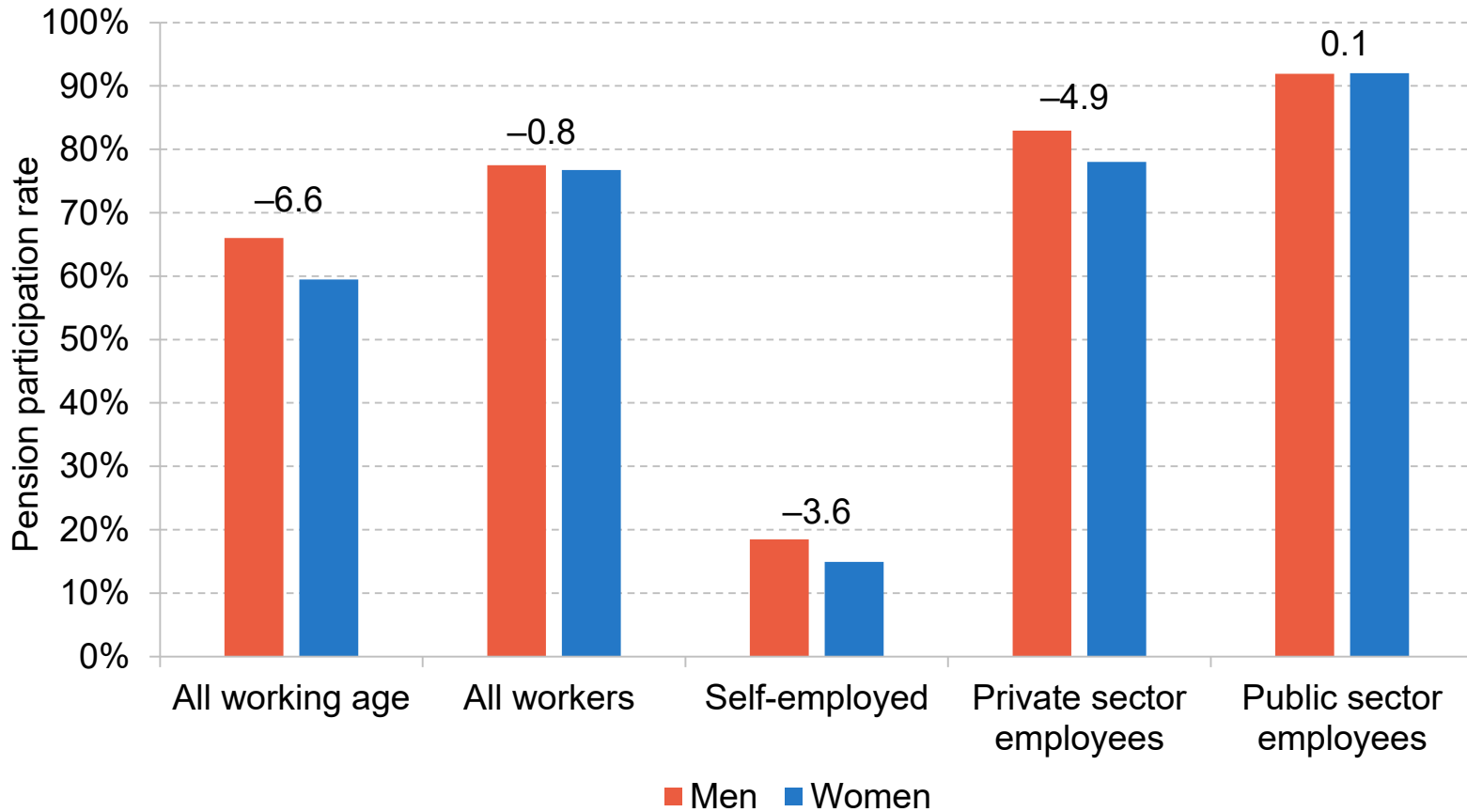
Average gross private pension income of men and women over state pension age, by age and birth cohort



Source: Figure 2 of Cribb, Karjalainen and O'Brien (2023)

# Gaps in pension participation driven by employment rates IFS

Pension participation rates for different groups of men and women aged 22–59 in 2019



Source: Figure 3 of Cribb, Karjalainen and O'Brien (2023)

# Differences in sector composition offset gaps in pension contributions

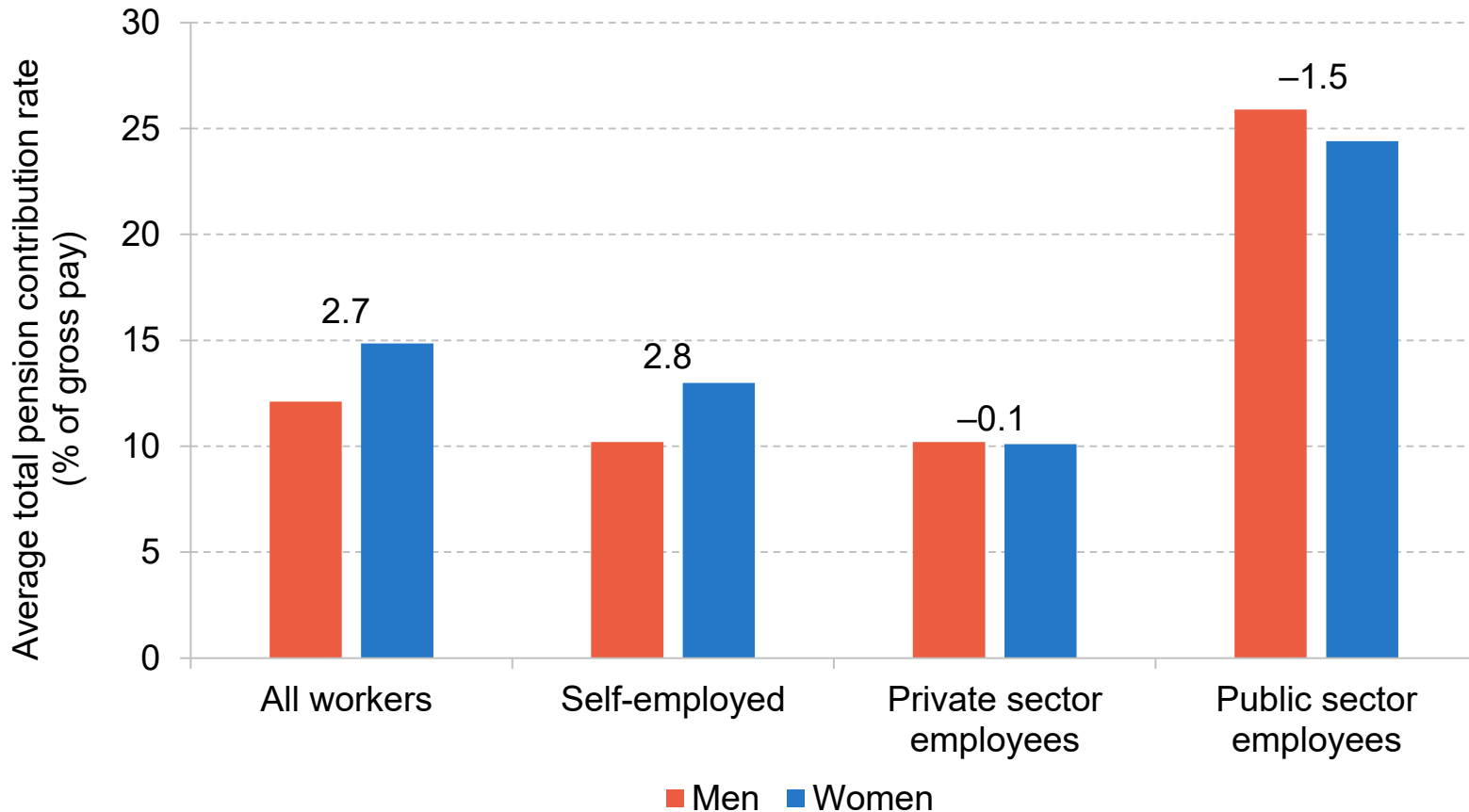
Average total pension contributions for different groups of men and women aged 22–59 in 2019, for those participating in a pension scheme



Source: Figure 4 of Cribb, Karjalainen and O'Brien (2023)

# Women actually have higher average contribution rates than men

Average total pension contribution rates for different groups of men and women aged 22–59 in 2019, for those participating in a pension scheme



Source: Figure 5 of Cribb, Karjalainen and O'Brien (2023)

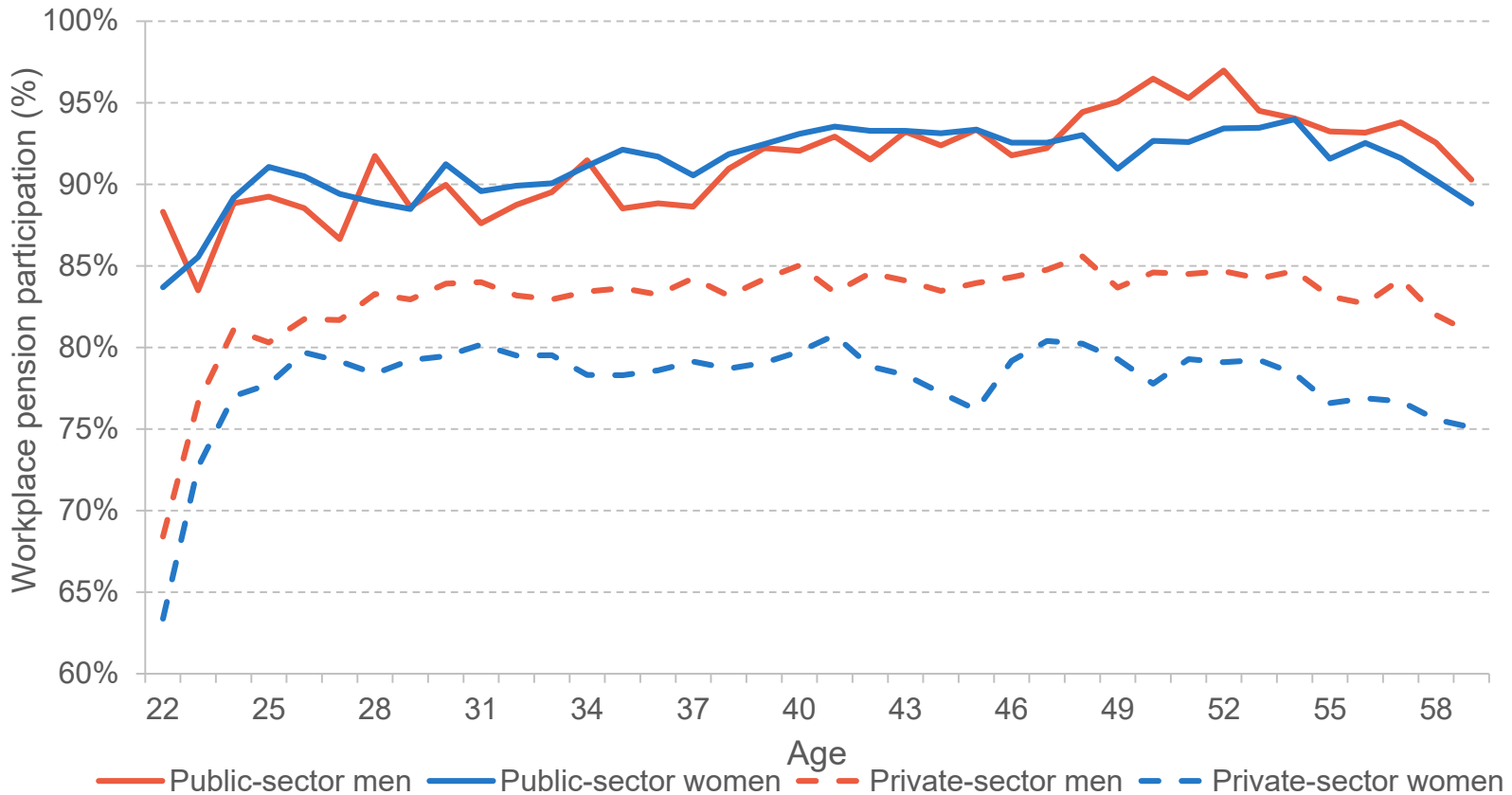
# Gender gaps in pension saving within sectors

- Differences in labour market experiences drive gender gaps in amount entering pensions
  - This is key determinant of gender gap in pension incomes for future retirees
- But there are also differences when looking at men and women working in the same sector
  - To what extent are these also a function of differences in individual/job characteristics?



# Gaps in participation for employees open up slightly with age

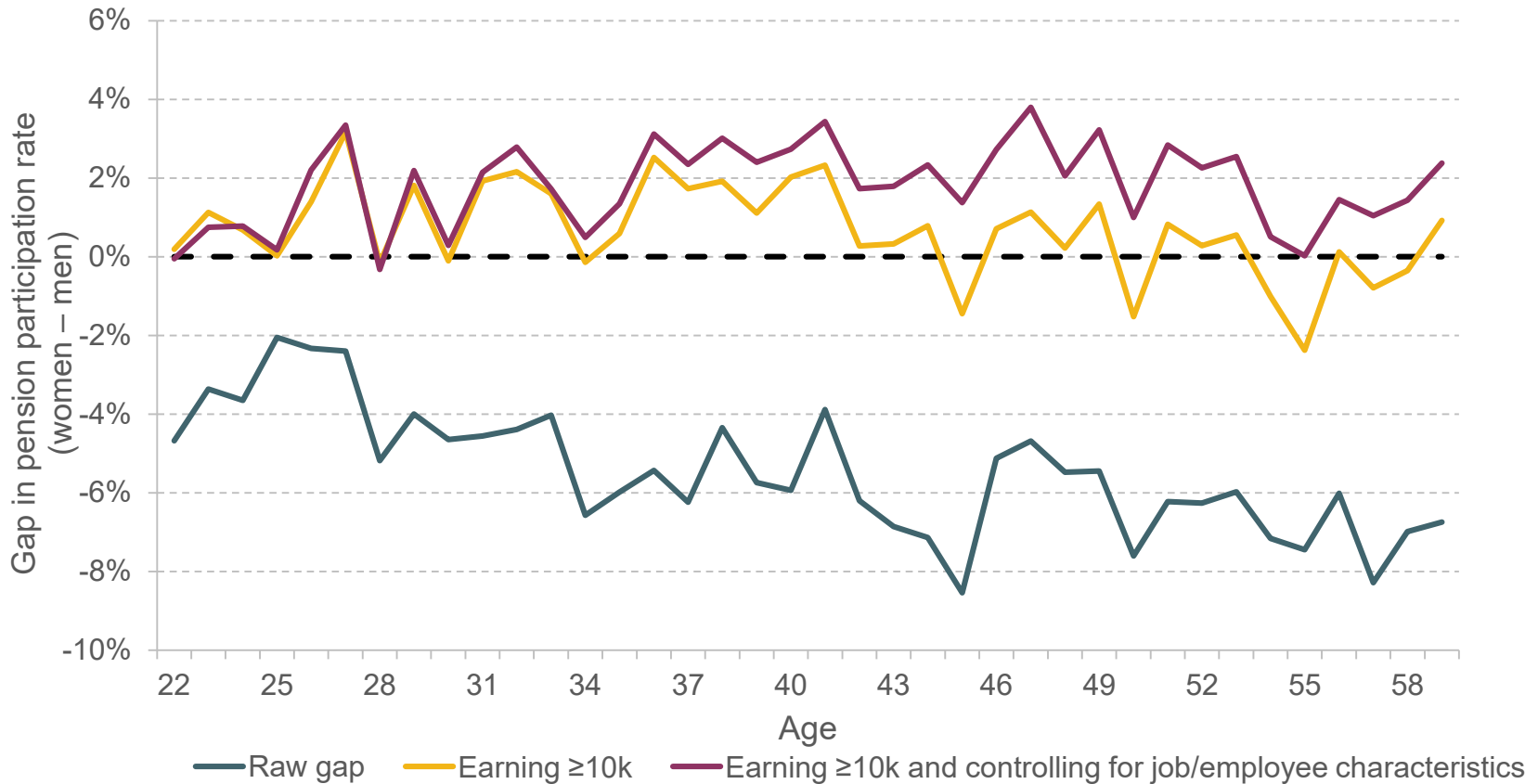
Workplace pension participation for male and female employees, by age and sector (2019 to 2020)



Source: Figure 8 of Cribb, Karjalainen and O'Brien (2023)

# Participation gap in private sector due to automatic enrolment threshold

Explaining the gap in pension participation among private sector employees (2019 to 2020)



Source: Figure 10 of Cribb, Karjalainen and O'Brien (2023)

# Small gender gap in contribution rates in private sector

Explaining the gap in pension contribution rates among private sector employees participating in a pension (2019 to 2020)



Source: Figure 10 of Cribb, Karjalainen and O'Brien (2023)

# Within-sector gender gaps mainly driven by differences in earnings

- Public sector:
  - Very little participation gap
  - Gender gap in contribution rates in favour of men (1.5ppt) closes to near zero after controlling for earnings and other individual/job characteristics
    - Due to structure of public sector DB schemes with higher contribution rates for higher earners
- Self-employed:
  - Gender gap in participation (3.6ppt) shrinks after controlling for earnings, but does not close completely, especially at older ages
  - Among savers, women have higher average contribution rates

# Summary

- While gender gap in state pension incomes essentially closed for recent retirees, still large gap in private pension incomes
- Main determinants of gender gap in private pension saving are differences in labour market experiences
  - These particularly open up after women have children
- Differences in sectoral composition offset some of the within-sector gaps in pension saving
- Gender gaps in pension saving within sectors largely driven by differences in earnings

- Gender gap in pension saving driven by differences in employment rates, hours worked, and hourly wages
  - → gender gap in private pension incomes will remain for decades
- Policymakers should see gender pension gap as a further consequence of labour market inequalities
  - Labour market policies might be better placed to target gap than pension saving policies
- Gap in pension participation in private sector due to £10k threshold for AE
  - But there are good reasons for many earning <£10k to not save in a pension

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