



# Conquering the divide

## Why 'having it all' doesn't have to include the gender pension gap.

The idea of 'having it all' is a divisive one. Initially celebrated as a symbol of women's ambitions beyond old-fashioned stereotypes, it can now be seen as an unwanted pressure – where women must seamlessly juggle family, career, travel, fitness, hobbies and (somehow) self-care.

Indeed, the freedom of choice that many modern women have can be a double-edged sword.

Although there's undoubtedly been a seismic societal shift – women are getting more financial parity with men with each passing year – issues like the gender pay gap and gaps in National Insurance contributions due to family commitments still have a major impact.

The latest available data shows the gender pension gap is 16% at the beginning of women's careers, reaching 55% at the point of retirement.<sup>1</sup> Ironically, women may have to live off this smaller pension pot for longer than a male

partner – a woman aged 50 today will live to an average age of 87 years old.<sup>2</sup>

While it may be dispiriting to feel on the back foot, there are some simple actions you can take to tackle any hurdles you face.

### Regular check-ins

An annual review can help you find out where you stand with your financial goals and make sure you stay on track. Check in on all your savings, investments and insurance policies, and talk through your future planning with your partner to ensure you're both on the same page.

Your earnings will change over time as you move through your working life, and it's important to try and make sure your contributions towards retirement keep pace. It's also worth keeping up to date with where your pensions are held, as well as how much they're worth and whether they're working hard for you and continue to be fit for purpose. If you're not sure whether you had a pension at a previous employer, the Department for Work and Pensions offers a free Pension Tracing Service. You can find this online at [gov.uk/find-pension-contact-details](https://gov.uk/find-pension-contact-details).

#### Sources:

1 Legal & General Gender Pension Gap figures, 24 Jun 2022. The analysis is based on LGIM's proprietary data on c.4.5 million defined contribution members as at 1 April 2022, but does not take into account any other pension provision the customers may have elsewhere.

2 Life Expectancy Calculator, Office for National Statistics, accessed 3 October 2022.

3 Rising Prices Add Almost 20% to the Cost of Retirement, Pensions and Lifetime Savings Association, January 2023. All figures are for the UK, excluding London.



### The cost of a comfortable retirement

According to the Pensions and Lifetime Savings Association,<sup>3</sup> for a minimum standard of living (with a weekly food budget of £54 and one week and a weekend away in the UK each year), a single person needs £12,800 a year, while a couple needs £19,900.

Meanwhile, for a moderate standard of living, individuals need £23,300 a year, while couples need £34,000. This means £74 a week on food, with two weeks in Europe and one long weekend in the UK every year.

For a comfortable standard of living (which includes three weeks in Europe each year and a more generous budget of £144 for food each week), a single person needs £37,300 a year, while a couple needs £54,500.





### **Act now**

There are also ways to boost your savings rate and therefore make a big difference to your long-term wealth. If you have surplus cash – from a work bonus or inheritance, for example – that isn't being used, why not put it to work?

For savings you wish to access in the medium to longer term (five years or more), a Stocks & Shares ISA may lead to more growth. While they present a certain amount of risk, they're still likely to beat the return you could get on cash savings over this time.

And if you haven't used all your pension allowances, making a one-off pension contribution can be a smart way to get nearer that retirement goal. Using unclaimed pension allowances under the 'carry-forward' rules could substantially boost your retirement fund.

### **Your trusted ally**

Although regular check-ins are important, it's not up to you to have all the answers. By sharing your aspirations with a trusted financial adviser, you can move closer towards gender wealth equality. Making your money work harder for you in the context of your own personal and family aspirations may just be the key that opens the door to success.

Whatever your dreams and goals, an adviser can help you map out the future you want, while giving you the financial confidence to help you get there. That's what 'having it all' means to us.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances.

