

Menopause in the workplace

Unique retirement planning challenges women face

Women make up nearly half of the UK workforce, but many feel forced to reduce their hours at work, pass up promotions and even leave their jobs due to lack of menopause support. While symptoms vary between individuals, for many women the menopause can have a big impact on their everyday life.

It's only further down the line that the resulting missed pension contributions become apparent, but by then it may be too late. A new report, 'Bridging the Gender Pension Gap',^[1] looks at the unique retirement planning challenges women face, as well as the contrasting attitudes and savings behaviour of women and men.

SIGNIFICANT GENDER PENSION GAP

Women face a number of challenges that could limit their ability to save for retirement and, ultimately, contribute to a significant gender pension gap. These include an unequal distribution of caring responsibilities, the eligibility criteria for automatic enrolment which disadvantages those (mainly women) in part-time work, and the menopause.

Despite the menopause being a life event that almost all women will encounter as they grow older, it is a factor widely unregistered when discussing women's retirement savings. Menopausal symptoms have forced thousands of women to reduce their hours or, worse still, leave work altogether. As a result, these women are missing out on important pension savings at a key stage in their life.

SAVING WHEN APPROACHING RETIREMENT

The analysis demonstrates the dramatic impact the menopause can have on women's pension savings. A 50-year-old woman in full-time work until the State Pension age of 67 could be better off by over £126k in pension savings when compared to a counterpart who stopped working at the same age. Women reducing their working hours at age 50 could lose out on £63k in their pension pot.

Workers are most focused on saving when approaching their retirement. Those aged 55 and over are saving the greatest amount, more than

twice as much as those aged 18-34. Being able to save during this stage of life is critical to achieve healthy retirement savings.

EARNINGS AS A BARRIER TO SAVING

There are significant disparities between women and men when it comes to their confidence, approach to, and outlook for retirement. The research finds that men are saving more into their workplace pension. Just 20% of eligible women contribute over the statutory minimum of 8% to their workplace pension, compared to 28% of men.

Earnings present a key barrier to women saving more. 50% of women view their earnings as a barrier to saving more versus just 30% of men. As a result of saving less, women are significantly less confident than men that their pension contributions will be enough to provide them with sufficient income for the duration of their retirement.

SUSCEPTIBLE TO LEAVING THE WORKFORCE

Almost half of women (48%) said they weren't confident, compared with only 28% of men. Overall, women have much wider and deeply felt concerns about what retirement may have in store for them. While the introduction of automatic enrolment ten years ago helped more women than ever save into a pension, the UK still faces a yawning gender pension gap.

Women in their 50s, for a variety of reasons, are much more susceptible to leaving the workforce than men. Separate studies show that caring responsibilities mean women are twice as likely to be forced to leave their job than men. However, a notable barrier to remaining in work, which is only just beginning to receive increased awareness, is the menopause. ■

ARE YOU CONFIDENT YOU HAVE ENOUGH MONEY FOR A COMFORTABLE RETIREMENT?

For most, retirement will be funded in the main by a pension. It is therefore vital you have a robust plan in place that will allow you to grow and protect your pension, both now and in the future.

With ever-changing rules and regulations, we now have a pension system that is often difficult to navigate, putting many off using this as a savings vehicle. To find out more, speak to us to discuss your options.

Source data:

[1] Royal London partnered with independent research agency Cicerolamo to undertake a nationally representative survey of 3,042 adults in the UK. Fieldwork was conducted between 13-24 May 2022. Based on women having £100,000 fund at age 50, salary of £40,000 for full time and £20,000 for part time, 10% pension contributions based on full earnings and 5% fund growth, their respective fund sizes at age 67 would be £355,510 for the full-time worker and £292,356 for the part-time worker – a difference of £63,154.