How do gender differences in lifecourses affect income in retirement

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## Lifecourses

The work-based lifecourses for men and women used in the modelling for this note

<table>
<thead>
<tr>
<th>Male Lifecourses</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostly full-time throughout</td>
<td>45</td>
</tr>
<tr>
<td>Mostly non-employed throughout</td>
<td>4</td>
</tr>
<tr>
<td>Full-time, very early exit (at about age 49)</td>
<td>12</td>
</tr>
<tr>
<td>Full-time, early exit (at about age 60)</td>
<td>30</td>
</tr>
<tr>
<td>Late start (at about age 23), early exit (at about age 60)</td>
<td>9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Female Lifecourses</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostly full-time throughout</td>
<td>27</td>
</tr>
<tr>
<td>Mostly non-employed throughout</td>
<td>17</td>
</tr>
<tr>
<td>Weak attachment, early exit (at about age 49)</td>
<td>7</td>
</tr>
<tr>
<td>Family carer to part-time (long break: 16 years)</td>
<td>12</td>
</tr>
<tr>
<td>Family carer to part time (short break: 4 years)</td>
<td>13</td>
</tr>
<tr>
<td>Family carer to full-time (10 year break)</td>
<td>18</td>
</tr>
<tr>
<td>Mostly part-time (from about age 23)</td>
<td>6</td>
</tr>
</tbody>
</table>
The most common female lifecourses show that women are more likely to have lower weekly income in retirement.

Weekly post retirement income at age 66 for individuals currently aged 55 earning at gender specific median earning level, under the three most common gender specific lifecourses (£ a week in 2016 earnings terms)

<table>
<thead>
<tr>
<th>Lifecourse Description</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostly full-time throughout</td>
<td>Net £285.42</td>
<td>Net £229.97</td>
</tr>
<tr>
<td>Full-time, very early exit (49)</td>
<td>£122.49</td>
<td>£69.55</td>
</tr>
<tr>
<td>Full-time, early exit (60)</td>
<td>£249.79</td>
<td>£162.23</td>
</tr>
<tr>
<td>Mostly full-time throughout</td>
<td>£122.49</td>
<td>£69.55</td>
</tr>
<tr>
<td>Mostly non-employed throughout</td>
<td>Net £255.41</td>
<td>Net £285.42</td>
</tr>
<tr>
<td>Family carer to full-time (10 year break)</td>
<td>£164.81</td>
<td>£229.97</td>
</tr>
<tr>
<td></td>
<td>£164.81</td>
<td>£229.97</td>
</tr>
</tbody>
</table>
Differences in earnings of men and women may result in women having lower retirement income.

Weekly post retirement income at age 66 for individuals currently aged 55 earning at the 30th, 50th, and 70th percentile levels (£ a week in 2016 earnings terms)

- **30th percentile**
  - Men: £168.21
  - Women: £95.03

- **Median**
  - Men: £178.60
  - Women: £122.49

- **70th percentile**
  - Men: £193.61
  - Women: £161.96

State Pension: £329.00
Private Pension: £255.14
Other: £285.42

Net £329.00
Net £255.14
Net £285.42

30th percentile
Median
70th percentile

Men mostly full-time throughout

Women mostly full-time throughout

Net £232.40
Net £72.59
Net £162.23

Net £255.41
Net £95.55
Net £168.03

Net £288.26
Net £126.10
Net £178.55
Gender differences in retirement ages under the previous pension system could mean lower retirement incomes for older women.

Weekly post-retirement income at age 66 for median earning individuals currently aged 55, 60 and 65 (£ a week in 2016 earnings terms)

<table>
<thead>
<tr>
<th>Age 55</th>
<th>Age 60</th>
<th>Age 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>£178.60</td>
<td>£191.40</td>
<td>£212.26</td>
</tr>
</tbody>
</table>

- Men mostly full-time throughout
- Women mostly full-time throughout

State Pension
Private Pension
Other
Women taking breaks to look after children may lead to lower private pension income in retirement

Weekly post retirement income at age 66 for median earning individuals currently aged 55 under various scenarios of caring for children (£ a week in 2016 earnings terms)

- **Male Full time throughout**: Net £286
  - State Pen: £122
  - Priv Pen: £168
  - Other (£3): £0

- **No children, full time throughout**: Net £256
  - State Pen: £96
  - Priv Pen: £168
  - Other (£3): £0

- **1 child, Short break (4 yrs) then part time**: Net £202
  - State Pen: £37
  - Priv Pen: £162
  - Other (£3): £0

- **2 children, Long break (16 yrs) then part time**: Net £187
  - State Pen: £22
  - Priv Pen: £162
  - Other (£3): £0

- **3 children late, Long break to part time**: Net £186
  - State Pen: £21
  - Priv Pen: £162
  - Other (£3): £0

Women: motherhood penalty applied
Lower earning women taking breaks to look after children may be dependent on the State Pension

Weekly post retirement income at age 66 for individuals currently aged 55, who earn at the 30th percentile level under various scenarios of caring for children (£ a week in 2016 earnings terms)

- **Male Full time throughout**
- **No children, full time throughout**
- **1 child, Short break (4 yrs) then part time**
- **2 children, Long break (16 yrs) then part time**
- **3 children late, Long break to part time**

Women: motherhood penalty applied
Conclusions

• Gender differences in labour means that more men have experienced being in full-time work throughout their careers and are therefore likely to have higher incomes in retirement.

• Gender differences in earnings mean that women are more likely to have a lower income in retirement than a man even when their labour market history is similar.

• The lower female State Pension age under the older system limited the amount of pension that could be built up leading to lower pensions for women (though paid earlier).

• Women are more likely to have caring responsibilities than men, leading to lower private pensions.