Pensions Policy Institute

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The UK's leading independent authority on pensions and retirement policy

The Underpensioned: Updating the Gender Pension Gap

www.pensionspolicyinstitute.org.uk

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Welcome

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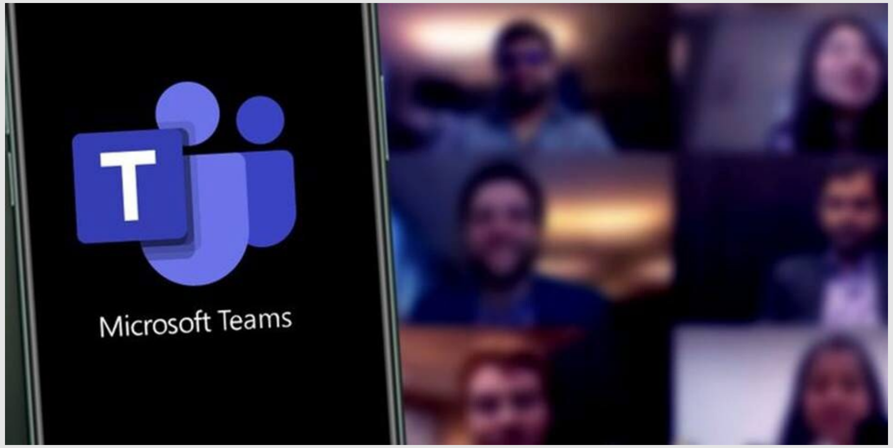
VIRTUAL Housekeeping



Please make sure your microphones are muted

Asking questions

Please either:
Use the raise your hand function
Type your question into the chat box
Or text your question to Danielle Elliott on 07714 250 910

Please switch your camera on during the Q&A session

Event overview

The event today is the official launch of the report **Updating the Gender Pension Gap**.
Part of the Underpensioned series of reports.

The PPI first carried out research segmenting the impact of the various causes of the GPG in 2019.

An update followed in 2023 with more recent data and explored the context of inequality in retirement outcomes between men and women in greater detail. This report serves as an update to the 2023 report.

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The Underpensioned series is kindly sponsored by

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The PPI Pillars of Purpose

We are the UK's leading independent authority on pensions and retirement policy.
We conduct rigorous, impartial, evidence-based research that shapes better retirement outcomes for everyone.

OUR VISION

BETTER-INFORMED POLICIES AND DECISIONS THAT IMPROVE LATER LIFE OUTCOMES

OUR MISSION

WE PROMOTE INFORMED, EVIDENCE-BASED POLICIES AND DECISIONS FOR FINANCIAL PROVISION IN LATER LIFE THROUGH INDEPENDENT RESEARCH AND ANALYSIS

WE ARE A TRUSTED SOURCE OF INFORMATION

We balance the argument by providing objective and accessible information on the extent and nature of later life financial provision, and any associated implications.

WE LEAD THE DEBATE

Through contributing impartial analysis and commentary to the policymaking process.

WE ENCOURAGE RESEARCH

Both at the PPI and in collaboration with others, which in turn informs policy and decision-making.

WE MODEL IMPACT OF POLICY CHANGES

We analyse long-term outcomes under the current UK pensions system and the impacts of possible reforms.

Key Findings

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John Adams

Senior Policy Analyst

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What is the Gender Pension Gap?

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The GPG is a measure of the difference, or inequality, in pension outcomes for men and women.

This can be considered in terms of:

Pension wealth

The difference in the amount of pension wealth accumulated over working life.

Retirement income

The difference in the income men and women receive in retirement.

There has been a lack of consensus on the definition which can make it harder to track. Since 2023 the DWP have reported the Gender Pensions Gap using the definition:

'the percentage difference between female and male uncrystallised median private pension wealth around normal minimum pension age for those individuals with private pension wealth.'

This measure excludes people with no private pension wealth (22% of women compared to 18% of men). Using the DWP measure, the most recent estimate of the Gender Pension Gap is **48% at ages 55–59**.

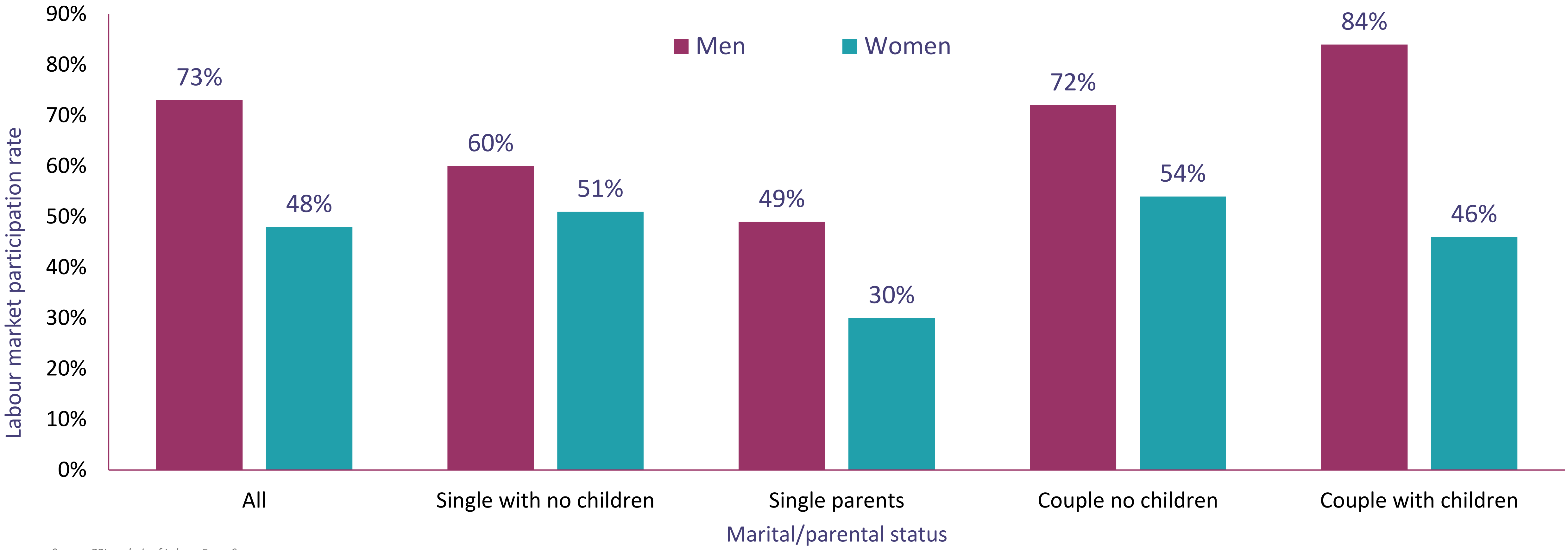
Women in their late 50s have just over half the pension wealth of men

Shows the different factors contributing to the difference in the average pension wealth and their magnitudes between a man and a woman aged 57

Source: PPI analysis of Wealth and Assets Survey data combined with PPI modelling.

Parenthood is associated with the largest differences in paid work

Labour market participation rate adjusted to account for part-time hours, ages 20-64, 2025



Source: PPI analysis of Labour Force Survey.

Pay differences in working lives accumulate

Pay, hours and career progression all affect the pension wealth build up over time

13%

Gender Pay Gap

Difference in median hourly pay between women and men in 2025.

76%

Annual income

Women's average annual income as a proportion of men's.

12% of women but 19% of men

Higher managerial / professional

Share of women employees highest occupational group compared to men.

Lower hours, lower pay and weaker progression can reinforce one another across a working life — and pension contributions reflect the cumulative result.

Source: ONS (2025); PPI analysis of Labour Force Survey and Family Resources Survey.

Pension provision partly offsets the gap — but access rules still matter

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The pension system is not the main source of the gap, although labour-market inequalities can affect who it reaches

Greater equality within pensions

+12% — **Scheme type** Women's greater representation in public-sector Defined Benefit schemes increases their relative pension wealth.

+1% — **Participation** Once differences in employment and eligibility are removed women have slightly higher participation rates

Automatic-enrolment barriers remain

12% of employed women do not meet the qualifying criteria

9% of employed men do not meet the qualifying criteria

State Pension outcomes have also become more equal under the new State Pension. There is a 2% gender gap under the new State Pension compared to 13% gap under the old State Pension compared

Source: IFS (2023); PPI analysis of LFS and StatXplore.

Pensions policy can mitigate the consequences

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The report explores possible mechanisms rather than making policy recommendations

Employer-only contributions

for low earners

Extend some workplace pension saving to people who cannot afford an employee contribution.

Family carer top-up

during periods of care

Replace some of the pension contributions lost while out of work or working reduced hours for caring.

Household pension pots

for shared household decisions

Recognise that caring and employment decisions within couples can produce very unequal individual pension assets.

Pensions policy can soften the effect of unequal working lives, but it cannot remove the underlying labour-market inequalities.

Source: PPI, The Underpensioned: Updating the Gender Pension Gap — 2025 Update.

Conclusions

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The Gender Pension Gap is primarily the pension consequence of inequalities experienced during working life

The gap remains substantial

Women in their late 50s have around 54% of men's average pension wealth in the decomposition.

Working patterns and pay are the largest drivers

The biggest negative effects arise through employment, hours, earnings and caring responsibilities.

Pensions policy can mitigate poorer outcomes

But substantially closing the gap requires change beyond the pension system itself.

Sponsor's Response

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Lizzy Holliday

Director of Government Relations

Legal, Compliance & Public Affairs

Marsh

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Policy proposals for a fairer UK pensions system

Remove the £10,000 auto enrolment trigger

Remove the lower earnings limit

Introduce a family carer's top-up

Considering pension pots on divorce

Ensure affordable childcare is available for those who want to return to work

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