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UNDER STRICT EMBARGO UNTIL 00:01 TUESDAY 16 FEBRUARY 2010

PENSION GAP BETWEEN MEN AND WOMEN CONTINUES TO GROW

- **WOMEN'S EXPECTED PENSION IN 2010 IS £7,424 A YEAR LESS THAN MEN'S**
- **WOMEN'S PENSIONS HAVE FALLEN BY 11 PER CENT SINCE 2009**

Women planning to retire in 2010 expect to receive an average annual pension of £12,169, while their male counterparts expect to collect an average pension of £19,593 – a pension gender gap of £7,424 – according to recent figures from the Prudential Class of 2010 retirement survey*.

And the pension income gender gap has widened by £782 since 2009 when the difference between men's and women's pensions was £6,642**.

The gap continues to grow despite a decrease in expected pension incomes as a whole over the last year. In 2009 men expected to collect an annual pension of £20,313 – down 3.5 per cent to £19,593 for 2010 – while women expected to collect £13,671, down 11 per cent to £12,169 for 2010.

The mean expected pension income for men and women is down from £17,779 in 2009 to £16,509 in 2010, a fall of £1,270, which equates to approximately £100 a month.

Regional differences

Around the UK the average annual pension those retiring in 2010 expect to receive varies by £5,000, with those living in the South East expecting the highest annual income at £19,275 and people in the South West expecting the lowest income at just £13,871 per year.

REGION	ANNUAL PENSION INCOME
South East	£19,275
London	£18,258

Scotland	£18,179
Wales	£17,869
Eastern	£17,224
East Midlands	£16,565
North West	£16,022
North East	£14,783
Yorks/Humbs	£14,541
West Midlands	£13,921
South West	£13,781

Issues and solutions

Karin Brown, director of pensions and annuities at Prudential, said: “The reason women appear to get less in their pensions than men is embedded in years of history and, to a certain extent, because some women take a career break to have children which has an impact.

“But there is plenty of scope for women who are working and contributing to a pension to help reduce this deficit in future. By talking to your employer you can find ways of boosting pension savings and maximising the tax advantages that pension savings can bring.”

Women taking a career break

One major cause of the gender gap in expected pensions is that women take a career break to have children, but it is possible to protect future pensions and maintain a pension during this time.

Women who take a career break to have children can safeguard their state pension with home responsibilities protection but this must cover the full tax year from April to April, so July to July, for example, would not count. Women can also buy back any missing National Insurance contributions.

Karin Brown said: “Women could also consider trying to keep up any company or private pension contributions even if they are on maternity leave or an extended career break – or ask their spouse or partner to make contributions for them.”

Neglecting pension savings

Almost a third (32 per cent) of UK workers over 55 who said they were delaying plans to retire because of the economic slowdown and the falling value of investments or due to a financial emergency, believe they will never be able to afford to retire completely.

Karin Brown continued: "Although many working people may not be able to remedy this situation at a late stage in their working lives, younger people do have a chance to start building a decent pension pot. Prudential believes people should, ideally, start saving for their retirement as early as their twenties or early thirties instead of putting off pension saving until later in life."

Not saving enough

Although many people do save for a pension, either in occupational or personal schemes, it may not be sufficient to enjoy a good standard of living in retirement.

A rule of thumb is for people to try and save half of their age as a percentage of their salary into a pension scheme, for example 12.5 per cent at age 25; 15 per cent at age 30; 20 per cent at age 40 and so on.

Not taking advantage of company schemes

Many employers offer generous pension schemes and agree to match any contributions made by employees. People should enquire about the pensions scheme offered by their employers.

Not shopping around

People in retirement have a wide choice of annuities available to them and it is recommended that they shop around for the product which is most suitable for their needs.

ENDS

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Sources

* Survey conducted by Research Plus between 3 – 10 December 2009 among 6,073 UK adults aged 45+ using an online methodology.

** Prudential Class of 2009 survey based on an independent study carried out by Research Plus of 1,000 UK adults aged 45+ between 10 – 18 November 2008 using an online methodology.

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