Caught in a gap – the role of employers in enabling women to build better pensions

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Phoenix Insights is now

Standard Life Centre for the Future of Retirement

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To stimulate debate and improve cross-sector workplace practice to close the gender pension gap, Phoenix Insights has partnered with the Institute for Employment Studies ('IES') to analyse women's finances through the lens of the workplace.

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Executive summary

Phoenix Insights has partnered with the Institute for Employment Studies ('IES') to develop two in-depth reports which analyse women's finances through the lens of the workplace.

The research, which includes interviews with 22 employers and 31 individuals, as well as analysis of Understanding Society[1], looks at stages across the female life stages, such as childbirth, divorce, miscarriage, caring duties and the menopause to understand how these life stages affect women's work patterns and choices, their overall earnings capability and their ability to save.

In turn, the research goes on to consider how this negatively impacts their pension contributions and ultimately their financial situation when they come to retire. This report presents an opportunity for employers to engage with the actions that can be taken at these different life stages to help achieve sustainable, long-term improvements to gender equalities within organisations and have a positive impact on the gender pension gap as a result.

The gender pay gap is a significant contributor to the gender pension gap

The Organisation for Economic Co-operation and Development ('OECD') 2020 estimates that the gender pension gap in the UK is between 34.2% and 40.5% which is over twice the gender pay gap (currently at 14.9%) (ONS, 2022b). However, without closing the gender pay gap, pension contributions and, by implication, pension income will remain, on average, lower for women than men as lower average earnings lead to lower average contributions to women's pensions.

Women are more likely to fall beneath the automatic enrolment threshold

At the national level, there are gender differences in workplace pension participation. Women are substantially more likely than men to earn below the £10,000 threshold for automatic enrolment – 35% compared with 11%. Yet despite these raw differences, the research finds that women are in fact more likely to contribute to a workplace pension if the impact of different average earnings between genders is removed. Thus, gender differences in earnings are the primary factors that hinder women's pension participation.

Not enough action is being taken to address the gender pension gap

Among employers, there was a lack of awareness of both the causes of the gender pension gap and how this contributes to gender inequalities more broadly. As a result, there was little evidence of action being taken to directly work towards closing the gender pension gap. Despite this lack of action, employers indicated that gender equality was a business priority, suggesting a willingness to do more (even within the current economic climate) if they are given a steer in the right direction.

Key recommendations to take forward

The recommendations in this report cover actions that can be taken by employers to offer enhanced support to female employees throughout different stages of their life to help minimise the gender imbalance in potential earnings and, in turn, their pension contributions. The suggested steps cover pensions, flexible working, pay, health and wellbeing policies and how they can be embedded in organisational practice. While these recommendations will require testing to see whether and how effective they are within different organisational contexts, they provide a basis from which to begin work to close the pension gap to incite sustained, long-term, positive change. In the report, these recommendations speak to the key stages of the life course in which women need support. A summary of five key recommendations is provided below, with other recommendations detailed within Chapter 3:

- Re-enrol workers annually, instead of every three years, to give them the opportunity to re-engage if they have taken career breaks or have opted out because of a lack of affordability. Re-enrolling workers annually should also present a window for employers to understand the reasons why people may choose not to opt back into the scheme and allow them to act accordingly.
- Ensure employer contributions to pensions continue for employees during periods of parental leave and actively highlight to all employees that partners, family or anyone else can make additional contributions to support. Throughout all life stages, employers should pay at least the Living Wage to increase the affordability for employees to pay into their pensions while maintaining a good standard of living.

1. Understanding Society is a large national household survey that captures information yearly about the social and economic circumstances and attitudes of people living in the UK.

- Adopt a minimum of five days unpaid leave for those with caring responsibilities, and where possible, five days paid carer's leave.
- Make flexible working the norm from day one and highlight this across all job roles. To further normalise flexible working, measures employers can adopt include encouraging all employees to be transparent about their working hours, encouraging senior male employees to visibly adopt flexible working, allowing for flexible working contracts to be changed more than every year and encouraging flexible working discussions at line management meetings.
- Implement a holistic health management policy programme that visibly outlines the support that is available to manage physical and mental health conditions – explicitly including reproductive health conditions such as miscarriage, fertility treatment, for those diagnosed with endometriosis and managing menopause symptoms.

Employers must act on these recommendations

Potential benefits from acting on recommendations are likely to be felt beyond the gender pension gap. If women are not given the additional support that they need to remain in paid employment at different stages of their life, their ability to contribute enough to their pension to guarantee a good standard of living in retirement will suffer, exacerbating existing gender inequalities. Therefore, sustained action is needed in order to address the gap by improving women's saving potential. While there is an economic argument and resulting business benefits, there is a need for social justice. The recommendations also have the potential to improve financial awareness of pensions and good practice by improving accessibility and fostering inclusive work practices across the life stages. Further work is needed to help ensure that support is directed towards the women who need it the most.

1

Introduction

Phoenix Insights has partnered with the Institute for Employment Studies ('IES') to develop two in-depth reports which analyse women's finances through the lens of the workplace by looking at stages across their life, such as childbirth, divorce, miscarriage, caring duties and the menopause.

The aim is to understand how these events affect women's work patterns and choices, their ability to save and in turn how this negatively impacts their pension contributions and their financial situation when they come to retire. This report sets out the actions that can be taken by employers at these different life stages to help achieve sustainable, long-term improvements to women's overall earning potential and have a positive impact on the gender pension gap as a result.

Research has shown that organisations that have a good gender balance and achieve equal opportunities between men and women are likely to benefit from improved recruitment and retention, as well as greater levels of understanding of the customer market and creativity/innovation (ILO, 2019; McKinsey, 2020). However, while there are strong economic and business cases to be made for greater equality between genders in the workplace, it is argued that the social justice case for equality should be a priority.

If gender equality is viewed as an add-on to existing business practices, it is more likely to be abandoned in times of economic difficulty, whereas the social justice case for gender equality is shielded from this flux (Rubery and Rafferty, 2013). Therefore, the sustained, long-term, positive impacts of investing in gender equality should be considered when engaging with the recommendations made in this report.

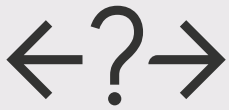
This report sets out the evidence behind this call to action before outlining recommendations that could help close the gender pension gap, both within and beyond organisations. It will be accompanied by a report focused on the systemic changes that are needed, calling on government and other stakeholders to also take action to reduce the gap.

1.1 Research aims

The objective of this study is to stimulate debate and improve cross-sector workplace practice to close the gender pension gap. The focus of the research is to explore:

The life stages and points in women's work trajectories where they make decisions that affect their earnings from work and payments into pensions and the relative importance of each life stage (e.g. pregnancy, child and other caring responsibilities, relationship changes, long-term ill health and menopause).

The initiatives employers implement to support women throughout their career trajectory, and the areas in which lack of this support could contribute to the gender pension gap.



The factors contributing to individuals' decisions about work across their life stages to identify areas where policies and practices could be adopted to better support women (and men) and close the gender pension gap.

1.2 Research approach

The research used a mixed methods approach that was broadly informed by a rapid evidence review conducted in early 2022. Primary qualitative data was collected during **31 interviews with women at different life stages and 22 individuals working in a range of organisations** with responsibilities that included the management of pension policy. Secondary quantitative data was analysed drawing on pensions-related questions within the longitudinal data set, Understanding Society (for a full technical methodology see Appendix 1).

2

Gender equality in earnings potential and ability to save

2.1 Introduction

Before providing recommendations for closing the gender pension gap, it is first necessary to understand its causes. Drawing on available evidence, this chapter outlines how workplace pension participation and contributions differ between men and women, and why these trends are observed.

The discussion in this chapter is focused on current organisational practice around pensions, and gender inequalities more broadly, which is then used to inform the development of the targeted recommendations in Chapter 3.

2.2 National context

If the gender pay gap which measures average earnings is not closed, pension contributions and, by implication, pension income will remain, on average, lower for women than men when they come to retire. There are gender differences in workplace[2] pension participation. One potential explanation is that women are substantially more likely than men to earn below the £10,000 threshold for automatic enrolment – 35% compared with 11% – because they are unable to engage in full-time employment across different stages of their life. This shows that women are more willing to contribute to their workplace pension, but under the current policies their ability to do so is restricted by hours worked and income. Thus, gender differences in hours worked and income are the primary factors that hinder women's pension participation.

Gender differences in pension participation emerge at around age 35–44 while the difference in the value of contributions begins earlier at around 25–34. However, the cumulative effects of gender differences and how this shaped women's experience at work throughout their life create a situation in which the largest gap in the value of contributions is experienced by those aged 45–54.

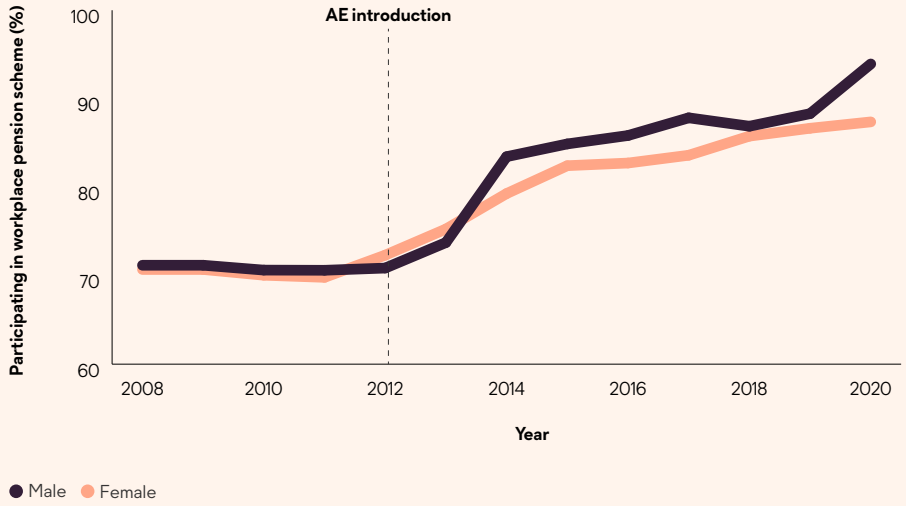
Automatic enrolment closed the gap in participation but not in contribution

Figure 1 shows the percentage of employees contributing to a workplace pension within organisations that offer a scheme. In 2020, 94% of men were participating in their workplace pension schemes compared with 87% of women[3]. Prior to this, automatic enrolment contributed to an increase in the proportion of both men and women contributing to their workplace pension scheme, even within organisations in which a scheme was already offered. Analysis conducted by the Institute of Fiscal Studies ('IFS') (Crawford and O'Brien, 2021) is perhaps more representative of the impact of automatic enrolment since it shows the increase in participation rates across all employees (including those who were working within organisations that previously did not offer a workplace scheme)[4]. This indicates that the legislative requirement for employers to provide a workplace pension offer for qualifying employees was the most transformative part of the change. After 2013, participation rates among men and women diverge and Figure 1 shows that fewer working women are enrolled in their workplace pension scheme than working men. The difference was slightly over four percentage points in both 2014 and 2020. However, the IFS (Crawford and O'Brien, 2021) suggests that the difference in participation between men and women has in fact closed due to auto-enrolment in organisations overall.

2. Note that while this report uses the phrase 'workplace pension', Understanding Society reports this as 'employer pension'.
3. This difference is statistically significant.
4. The IFS analysis uses the Annual Survey of Hours and Earnings (see Figure 2 in Crawford and O'Brien, 2021).

Figure 1

Participation rate in organisations that offer a workplace pension (including opt-outs and exclusions)



Automatic enrolment has led to much higher levels of workplace pension participation, yet men are now slightly more likely to contribute to their pension (in organisations that offer a scheme).

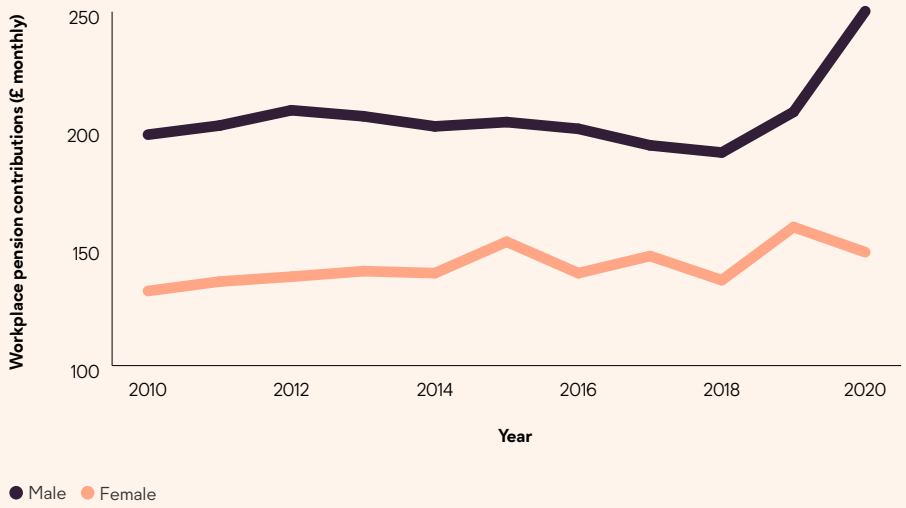
Source: IES analysis of Understanding Society (ISER, 2022).

Figure 2 shows that the value of monthly contributions is considerably higher for men than women. Most notably, in 2020, the gap doubled from the previous year (from £49 to over £100). However, this appears to be a function of higher earnings for men, as the actual percentage of salary contributed is roughly equal among men and women (see Figure 3) standing at around 6% of earnings in 2019. The reasons for the gender pay gap are varied, but can broadly be organised within the following three areas:

- Unpaid caring and household responsibilities can limit the amount of time available for paid employment, made worse by a lack of flexible working in industries where work-life balance is poor. The Office for National Statistics ('ONS') 2016 found that women carry out 60% more unpaid work (including housework and childcare) then men.
- Occupational segregation whereby women and men are concentrated in different sectors/roles due to social stereotypes and cultural norms, but also linked to opportunities for flexible working.
- Different pay grades in areas of the workforce with high proportions of women (Fawcett Society, 2020).

Figure 2

Average amount of monthly salary contributed by employees to workplace pension



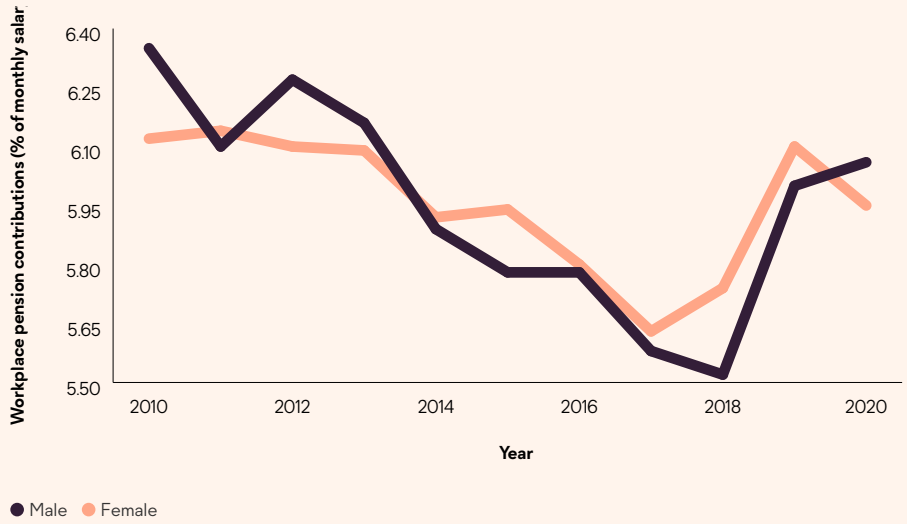
£100

The average monthly contributions gap between men and women doubled in 2020 to a difference of £100 across employees.

Source: IES analysis of Understanding Society (ISER, 2022).

Figure 3

Average percentage of salary contributed by employees to workplace pension



%

The actual percentage of an individual's salary that is contributed to their pension is roughly equal on average for men and for women.

Source: IES analysis of Understanding Society (ISER, 2022).

Women remain disproprortionately excluded by the automatic enrolment threshold

This section compares the characteristics of men and women who do not participate in their workplace pension (see Table 1.3 in Appendix 2). In terms of demographic characteristics, women are as well educated as men and have a similar average number of children. There does appear to be a slight difference in living standards, with women more likely to be in social housing than men – potentially driven by single mothers. Women earn significantly less than men, in part due to working fewer hours (27.8 hours compared to 36.5 for men). However, when looking at total household monthly labour income, the gap between men and women closes substantially. This implies women rely on a higher income of their partner and make less financial contribution to the household on average. This creates a gap in individual wealth between partners and leaves women in a particularly vulnerable position when relationships break down, especially in situations where there is a lack of legal protection.

Table 1.3 (see Appendix 2) shows that a considerably larger proportion of non-participating women earn below the threshold of £10,000 for auto-enrolment (35% of women compared with just 11% of men).

Among those whose earnings fall below the auto-enrolment threshold, 54% of women still choose to be a member of their workplace pension scheme, compared to 43% of men. This indicates that women may value their workplace pension more despite being on lower incomes. The table further shows that of those who are not participating in their workplace pension scheme, private pension membership (other than a workplace pension) is larger for men than women, which may be related to more men substituting their workplace pension for one that they manage themselves. This again indicates that women are generally more likely than men to rely on their workplace pension.

Figure 1 presented the raw data on differences in workplace pension participation which showed women are significantly less likely to participate. However, when using statistical methods to examine the factors that determine pension participation, conditional on their income, women are in fact more likely to participate in their pension.[5] Nevertheless, the implication is that it is their finances rather than their willingness to contribute to a workplace pension that drives participation rates (see Appendix 3 for a detailed methodological explanation). This emphasises the importance of identifying the life stages and highlights the need and opportunity for employers to act in order to better support women in accessing roles in which they do not experience these constraints. Further, it is recognised that government interventions will also be needed to incite the necessary change. These interventions will be outlined in the second report in this series.

5. This finding also holds when controlling for working hours and a combination of both job hours and income.

Value of a woman's pension contributions diverges in the mid-20s

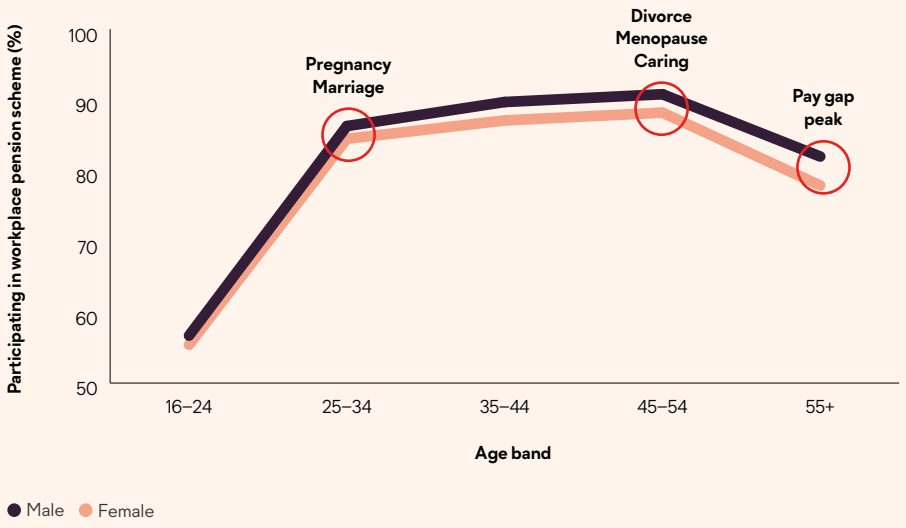
Exploring workplace pension participation by age shows differences over a woman's life. The analysis is banded and represents the ages at which the average woman reaches these stages. Supplementary data shows that, on average, a woman has her first child aged 31 (ONS, 2022), followed by marriage at 32 (ONS, 2019). In the second band, the data shows that divorce for women occurs on average at the age of 44 (ONS, 2018) and that menopause occurs most commonly between the ages of 40 and 50. At 50, the gender pay gap reaches its peak (ONS, 2022b). This is also the age at which 25% of women will have caring responsibilities (including, and in addition to, children) (Carers UK, 2019). The analysis is restricted to post-2012 to reflect the period after automatic enrolment.

Figure 4 shows that at younger ages, workplace pension participation rates between men and women are similar, both rising in parallel to around 85% of the respective populations aged 25–34. However, women in the age group 35–44 see their participation in a workplace pension scheme diverge from that of men, during a time when they are significantly more likely to be taking on unpaid childcare and household work (particularly among those who are single parents). By the age of 50, one in four women have caring responsibilities, compared to one in six men (Carers UK, 2019) which could explain this slight continued divergence. Female participation remains just above 85% while male participation increases to 91%. The difference in workplace pension participation rates between genders is statistically significant[6] for all age bands above 35–44.

While differences in pension participation vary by gender, it is differences in the contribution rate and value that drive the gender pension gap. This gap is further widened since women are more likely to be contributing nothing to their pension as a consequence of falling beneath the automation enrolment threshold (see below).

Figure 4

Participation in workplace pension by age in 2019/20



Across employees of all ages, the participation gap is relatively small when compared to the gap observed in the value of the contributions.

Source: IES analysis of Understanding Society (ISER, 2022). (NB: See Chapter 3 for average age of life stage references.)

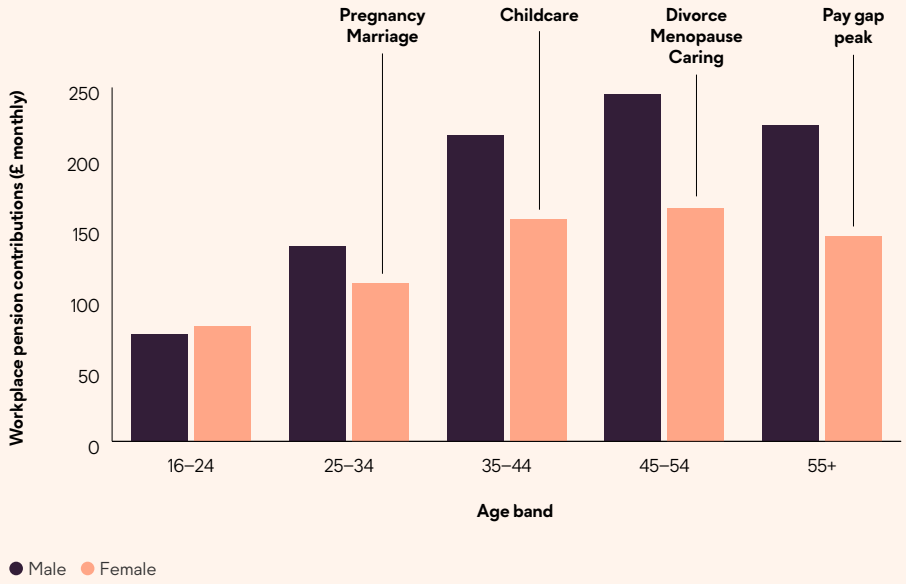
6. Statistical significance in this case indicates that the relationship between age and workplace pension participation is caused by something other than chance (e.g. gender).

2 Gender equality in earnings potential and ability to save

Figure 5 shows the value of workplace pension contributions diverge between men and women at 25–34 and the gap widens with age. In the age category 45-54, men are saving 50% more into their workplace pension than women (£245 compared to £165 per month).

Figure 5

Average amount of monthly salary employees contributed to workplace pension in 2019/20



45–54

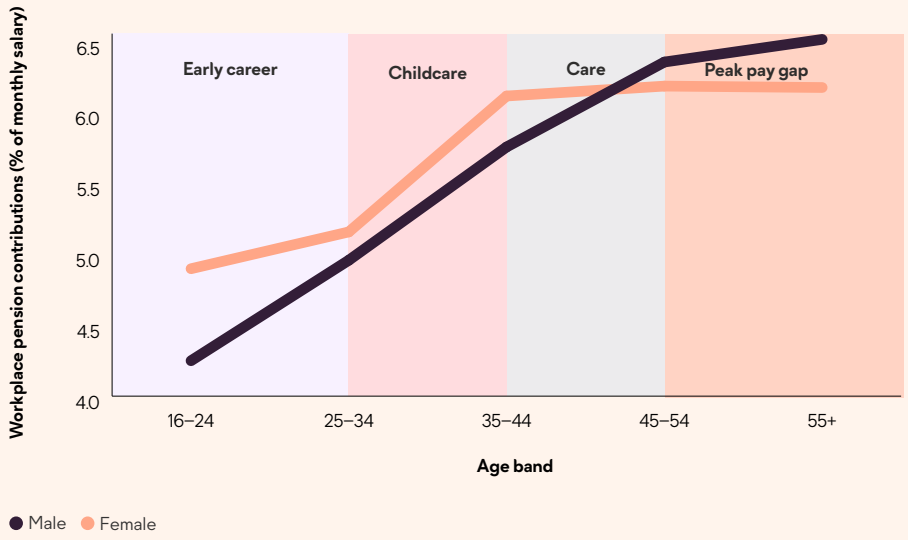
The average monthly contribution gap peaks between the ages of 45 to 54 (£245 for men versus £165 for women).

Source: IES analysis of Understanding Society (ISER, 2022). (NB: See Chapter 3 for average age of life stage references.)

Figure 6 shows this difference in value is driven by higher earnings for men. On average, women are contributing a higher percentage of their monthly income into their pension than men up until middle age – 6.1% compared to 5.8% at age 35–44.

Figure 6

Average percentage of salary employees contributed to workplace pension in 2019/20



This shows that the gender pension gap is driven primarily by higher earnings for men since women, on average, contribute a higher percentage of their monthly income into their pension up until their 40s.

Source: IES analysis of Understanding Society (ISER, 2022) (NB: See Chapter 3 for average age of life stage references)

Experience of minority groups

Due to the sample size, Understanding Society cannot be used to analyse the difference between groups of women based on sexuality. It is possible to observe the trends across those belonging to an ethnic minority group, although more research will be needed in order to gain an in-depth understanding of how the experience of ethnic minority women differs. While a preliminary analysis conducted by IES suggests that the trends across women from an ethnic minority group do not differ significantly from the averages presented in this chapter, other published findings that use different data sets make differing claims (see The People's Pension, 2021). Therefore, it is recognised that further investigation will be needed to complement the holistic approach to the female life stages taken within this iteration of the research.

2.3 Employer practice

While many of the root causes of gender inequalities are systemic, employers have a role and huge opportunity in actively addressing them by recognising where targeted policies and practice changes could be deployed to better support women across the different life stages. Ensuring that women can access good-quality, sustained employment as they care for children and other loved ones, manage health-related issues and experience changes in their personal relationships, is essential as this will have a cumulative impact on pension savings. Furthermore, by tackling the gender pay gap employers can have a positive impact on savings inequalities too. However, there are additional measures employers can take to lessen the gender pension gap more specifically that are discussed further in Chapter 3.

It is also necessary to recognise the role that pension providers will need to play in closing the gender pension gap. While this report is focused on the actions that employers need to take, employers will also need to be given robust support from their pension providers to help ensure that the organisation and its employees receive high-quality, trustworthy information about their pension scheme and have access to tools to help them further understand the pension gap within their organisation and how it can be best addressed. Therefore, while the evidence presented within the examples outlined in this chapter draws on interviews with employers, it is recognised that they are not solely responsible for implementing the recommendations made in this report.

Employer action on closing the gender gap

Employers broadly reported that gender equality was an organisational priority. However, these assertions were not typically followed with evidence of action, indicating a gap between rhetoric and positive activity to enhance the employment offer beyond the statutory minimum to incite change in gender equality. Small organisations typically relied on informal arrangements to supplement statutory minimum policies for flexible working and parental leave. By contrast, large employers were more likely to have established policies that went beyond the minimum but at times lacked the necessary changes to organisational practice for these policies to enable change.

Cross-sectoral differences in practice were less clear. In some male-dominated organisations, it was recognised that more needed to be done to attract women. In these cases, employers engaged on the issue of gender equality through the lens of workforce diversity. In other cases, where there were examples of positive practice, these typically related to flexible working, pay equality, care policy and women's health policy. Equality-driven changes to pension policy were less commonly observed since action tended to be aimed at increasing workforce diversity and retention, rather than focused on the gender pension gap explicitly. Nevertheless, by enabling women to stay and progress in work throughout their lives, these broader gender-related policies and practices could make a positive contribution to narrowing the gender pension gap.

Flexible working policy and practice

Flexible working can be used to support people to manage care and other needs alongside paid employment, allowing these individuals (who are disproportionately women) to remain within the labour market.

Encouraging greater equity in the uptake of flexible working is likely to have a positive impact on the gender pension and pay gaps since it can help support progression and the movement of women into more highly paid roles (CMI, 2020). The uptake of flexible working within organisations could be further normalised by encouraging uptake among senior members of staff and men.

> "A lot of the engineers were saying to us that they needed flexibility with things like childcare... sometimes their partners were breadwinners and they had to go and pick the kids up... we've now got in place a 43-hour flexible working contract. And it works for both of us because it helps with our customer demand."
>
> Reward director, large industry wholesale and servicing firm

> "We take the gender pay gap very seriously and look at ways of closing it, which we have done successfully... it's all tied in with the flexible working practices, allowing senior managers to work four days a week. I think that has made a difference because it encourages women to take up more senior positions."
>
> HR Manager, medium-sized education institution

Pay equality practices

Some organisations took voluntary action to improve gender equality at an executive level, by undertaking gender pay gap reporting and by making gender equality a business priority. These two examples detailing a process for measuring, and acting on, differences, typify the commitment required to realise these values in practice, not just in rhetoric.

> "Whenever we do our annual salary review, we will always pick up anywhere where there might be an imbalance... we definitely make sure that everybody is paid equally for the jobs that they do and have the same opportunities to progress... We go through the process every year for our board. We just don't publish our data."
>
> Head of HR, small security and defence business

> "During the pandemic, you didn't have to report your gender pay gap. We chose to. Irrelevant of whether it was a requirement or not... Also, within our executive level, it's part of their group objectives that are directly linked to their bonus. It's all very well talking about it, but they have to evidence it... This year, it's about them changing their gender split within their senior leadership within each specific area of each of the businesses that they're responsible for."
>
> Reward manager, large banking firm

Care policy

Offering enhanced parental leave and other flexible arrangements is likely to support individuals to manage caring responsibilities alongside paid employment. Carers UK (2019) has found that one in four women aged 50–64 has caring responsibilities for older or disabled loved ones and CPP (2022) has found that one in five women have reduced working hours as a result of adult caring responsibilities. As the gender pay gap data demonstrates (ONS, 2022b), women suffer a long-term pay penalty for part-time working – while the full-time pay gap is currently 8.3%, the pay gap across all workers is 14.9%.

> "We've got an extremely generous maternity policy. We pay above statutory. We support staff with all kinds of special leave that they may have. To look after dependants. Not necessarily children, but dependants. Again, we give enhanced paternity leave payments. We don't give more time, but we do give full pay."
>
> HR Manager, medium-sized education institution

Women's health policy

Among employers actively working towards improving gender equality, there was a view that menopause policies helped improve visibility and support for women. There is a clear need for this support since the Fawcett Society (2022) has found that one in ten women leave the labour market due to menopause. Similarly, for women undertaking fertility treatment, 50% were concerned it would affect their career prospects, while 35% felt it did actually affect their career (Fertility Network UK, 2017). Furthermore, by engaging men on women's health topics, employers with these policies felt it was more likely that policies would be embedded consistently within organisational practice.

> "Issues related to menopause did come out in our Diversity and Inclusion Group, and I had a few enquiries coming our way about a policy, or even somewhere where somebody could go to either get some help or talk to somebody or take time off for treatment, or if they're having a brain fog day, for example. We are working on a menopause policy at the moment, but we also have a very robust sickness and absence policy, so anyone that I've spoken to, we already let them know that they can take time off under our sick policy if they need to."
>
> HR Manager, small security and defence business

> "We have a menopause policy that was introduced this year... there is deliberately a man who heads up the menopause policy. Although the person that wrote the policy, that supplies all the information and supplies all the support is a woman, the person that heads it up as a figurehead, happens to be male. That was a deliberate decision. It doesn't sit within HR either. That was also a deliberate decision so that it makes it more business rather than it's all 'fluffy and people'."
>
> Rewards manager, large financial services firm

Pensions policy

Gathering and analysing data about pension participation was not the norm. However, one employer who undertook analysis of pension opt-out rates within the organisation found that these were higher among people from ethnic minority backgrounds. Therefore, in an effort to improve pension participation across ethnic groups, the decision was made to re-enrol all employees every year. While this is not directly related to the gender pension gap, it could help close the gap by encouraging women who have opted out to re-enrol.

> "From next week we will be rolling out some changes around re-enrolment. Instead of triennially as per our legislative requirement, we will be moving to a yearly re-enrolment model within the firm."
>
> Director of pensions, large consulting firm

Employer inaction on the gender pension gap

There was a lack of direct action among employers on the gender pension gap. In some cases, employers were unaware of the gender pension gap within their organisation and often did not understand how the difference in experience between men and women contributed to this. However, some who had an understanding but chose not to act did so because of concerns about affordability in the current climate. Failing to understand the additional support that women need in order to create workplaces that are more equal in terms of gender will have a negative impact on the gender pension gap. With this in mind, this section presents the evidence on the constraints on organisational policy and practice that could be contributing towards to the current gender pension gap.

Support across the life stages

Women have historically relied on part-time working to enable them to manage paid work alongside caring responsibilities – women still make up 72% of all part-time workers (ONS, 2022) – yet it cannot be assumed that part-time work is inherently flexible. Flexible working plays a central role in enabling people to remain in paid employment through their life. It also allows people to work more hours than they could within an inflexible role. While employees have the 'right to request flexible working' as a statutory minimum, this is not a day-one right, nor are employees able to make more than one request per year. Therefore, individuals suggested that often the right to request was not enough to enable them to fit work with household and family commitments or manage work alongside health conditions. In some cases, employer decisions appeared unequal, since they were often made on an informal basis or could be rejected for being 'incompatible with business need'. The balance and degree of discretion in the process could feel like a barrier for women trying to manage caring responsibilities or health conditions alongside paid employment.

> "It's not officially documented, we have flexible working policies we're legally compliant, and we're actually really good on flexibility... So, while it's not a guided policy, we do have teams where they do job shares. Some of them will not work on Friday afternoon because they've done their hours for the rest of the week so they can get home early and look after their grandchildren. So, a lot of what we do is informal... It pretty much depends on who it is as well. If it's someone I don't particularly rate anyway, maybe not. It would have to be someone I really like that I would go out of my way for."
>
> Business owner, medium-sized construction firm

Caring responsibilities

Where employers offered above the statutory minimum for parental leave and childcare, these arrangements typically occurred on an informal basis. This facilitated inequitable practices that were dependent on an individual's relationship with their line manager or other colleagues. Furthermore, in several cases, it was evident that women with caring responsibilities were confined to lower-paid, seemingly more 'flexible', roles which meant they struggled to progress because senior roles were not afforded the same flexibility. Consequently, several women reported working fewer hours than they would have liked or moving to an industry with greater flexibility (typically with lower pay) which negatively impacted their pension contributions.

> "My son has a lot of needs and he had lots of appointments so I needed to be near home. It was just me bringing them up. It was the right thing for me to slow down a bit and not tearing around everywhere like a lunatic... [when I did ask to work part-time] the resounding response was no... I'd been with them 24 years... At the time, everyone was full-time... The bank did offer a lot of job shares. But you had to find someone to job share with, so if you didn't know someone that wanted to go part-time, it was very difficult."
>
> Josie[7], 60, gardener

Health conditions

Women are more likely to be economically inactive due to long-term health conditions than men (ONS, 2022). In addition, one in ten women leaves the labour market because of menopause symptoms or health conditions linked to menopause. Moreover, 22% of women avoid disclosing menopause symptoms out of embarrassment or choose not to seek promotion because of the impact on their ability to work (Fawcett Society, 2022; APPG, 2022). This suggests that women lack the necessary support from their employers (e.g., through the provision of flexible working) to enable them to remain in paid work during this time. Employers interviewed tended to rely on a combination of statutory sick leave and informal support to help women manage menopausal symptoms since menopause policies tended not to be in place. Women also reported taking time out of work to manage health conditions such as endometriosis[8], polycystic ovary syndrome, or severe period pains. However, without formal policies, they felt as though they may be overlooked (or treated unfavourably) by less sympathetic managers when it came to promotion or career development opportunities.

7. Not the individual's real name.
8. Endometriosis alone costs the UK economy £8.2 billion a year in loss of work, treatment and healthcare costs (Endometriosis UK, 2019), while a 10-country study (which included the UK) found that the annual average cost to an individual in terms of productivity lost was €6,298 (Simoens et al, 2012).

Pension and pay support

Pensions are complex. Interviews suggest that more needs to be done within organisations to ensure senior decision-makers and HR professionals at all levels sufficiently understand the issues around pension provision, in addition to the causes of the gender pension gap.

Some employers believed that since they paid men and women equally, and because pension contribution rates were not determined by gender, they should not be concerned about the gender pension gap. Evidently, this is a clear misunderstanding of how gender inequalities around earnings opportunities and savings capabilities are created and reinforced both within and between organisations, leading to a situation whereby policies are set according to the statutory minimum. However, employers must go beyond these minimums if the gap is to be reduced.

> "...we've always operated an open gender balance whatever their sexuality[9] is. We've always treated everybody the same and that's been the same ever since I've been here. We've never made any, certainly not employment-wise, any differentiation between male and female... I haven't [ever considered the gender pension gap]. Because our pension scheme and payment of employment, the rates aren't gender orientated, it's never been an issue."
>
> General manager, social care

In cases where employers lacked awareness of the importance of communicating pension information to employees (e.g., within the induction process), employees were left with gaps in their understanding of their own savings needs. It was common for the women interviewed not to understand the impact that changes to their working hours or contracts could have on pension contributions. More could be done, both by employers and other stakeholders, to raise awareness and support employees through working-life transitions, making clear how workplace and state pensions are affected by these choices.

> "I'm not sure. I don't know [if working part-time impacted my pensions]. I've got to admit, I don't know a lot about that. I would hope not, but I don't really know if it did because was it not if you worked part-time...? Was it stamps, is that to do with your pension?
>
> Sandra[10], 54, sales assistant

Pension policy

Existing pension policy may also be contributing to the gender pension gap. Auto-enrolment legislation is used as a guide for policy-setting within organisations. However, current contribution rates at the auto-enrolment level do not guarantee a good quality of living within retirement. As the earlier analysis presented, the £10,000 threshold disproportionately excludes women from contributing to a workplace pension. Women on variable hours contracts could be trapped in a cycle of being unable to pay into their pension either through a lack of affordability or because they are excluded entirely.

> "It's affected everything because now the hours are so low... I haven't been charged any national insurance or anything and it's all because it's still not at that point... So, as for pensions and things this year it's zero at the moment."
>
> Maggie[10], 34, facilities manager

There were also cases where employers paid contribution rates that increased with seniority as part of the wider rewards package offered. However, in organisations where men are disproportionately represented within senior roles, this type of policy will reinforce pension inequalities. Finally, only two of the organisations included in the study were measuring their gender pension gap. This measurement and awareness deficit among organisations may explain some of the lack of action on the issue.

Pay and progression

The main inhibiting factor for the women who were interviewed that were not contributing to a pension was a lack of affordability, particularly among women on low pay and/or those who were single parents, since they had to prioritise other outgoings. While this is an issue across genders, women are disproportionately represented among low-paid workers[11]. Furthermore, where there are observable differences between the number of men and women in senior roles within organisations, the pension gap is also likely to be intensified since employee pension contributions are a percentage of salary. Therefore, employers focused on equal pay overlook a second source of inequality within their organisation that also needs to be addressed when trying to close both gaps.

9. In this interview, there was conflation between sexuality and gender, but the quote has been included verbatim. Nevertheless, this demonstrates the need for better awareness and engagement on issues related to gender on the part of some employers.
10. Not the individual's real name.
11. A fifth of women in work (20%) are paid below the real Living Wage, compared to 14% of men (Living Wage Foundation, 2022).

3

Employer recommendations

This report has set out the case for change. This chapter outlines the steps that employers must take if pension inequalities are to improve. As established at the beginning of the report, there is a clear business case for prioritising an equality agenda within organisations – even in challenging economic times. Without this, women will remain at a disadvantage within the labour market which may mean that some will struggle to afford a good standard of living when they retire. Current predictions suggest that, on average, a woman will retire with £51,100 in her pension pot, compared to a man's £156,500 (NOW: Pensions, 2022). This difference is reflected in the level of confidence among individuals that they will be able to save enough for retirement, with men 14% ahead of women (Phoenix Insights, 2022).

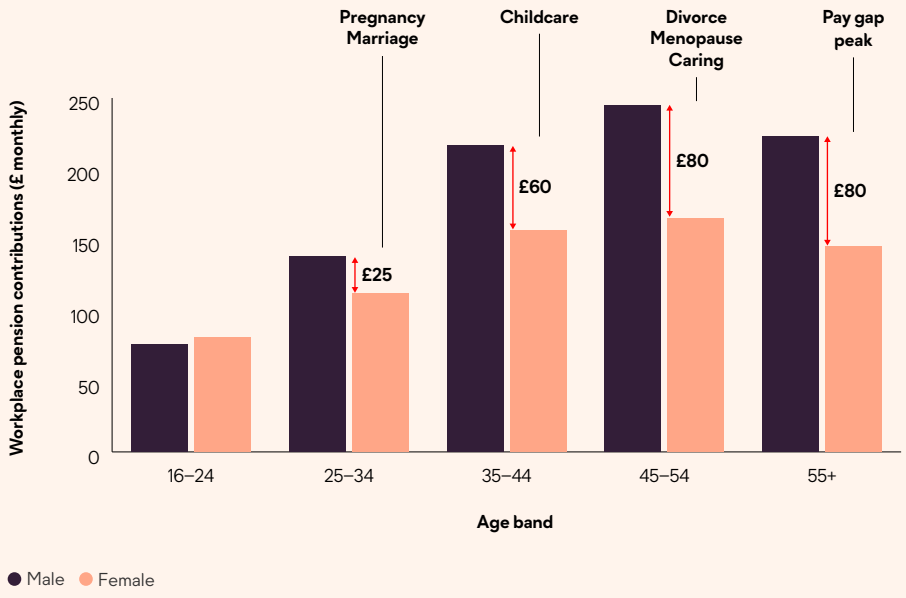
If employers meaningfully engage with the recommendations set out in this chapter, both at the different stages of a woman's life course but also more broadly, the impact on workforce diversity and inclusion in a wider sense, is likely to be positive. While these recommendations draw on well-evidenced mechanisms that can be adopted to support female employees, it will be necessary to conduct testing to understand the extent to which they help close the gender pension gap more directly and within different contexts.

3.1 How employers can support key life stages

Figure 7 shows the monetary difference between men's and women's pension contributions at different stages. While much of this difference comes from the gender pay gap, which increases with age (see Appendix 4), employers can make interventions at each stage of a woman's life that could improve pension and labour market accessibility and participation.

Figure 7

Workplace pension contributions monthly by age in 2019/20



45–54

The average monthly contribution gap peaks between the ages of 45 to 54 (£245 for men versus £165 for women).

Source: IES analysis of Understanding Society (ISER, 2022). (NB: Life stages referenced below).

Pregnancy and childbirth

Note: The standardised mean age of women birthing their first child is 30.7 (ONS, 2022). From this, it can be approximated that a woman's median earnings will be around £25,039 in her 30s (ONS, 2022b). The gender pay gap is 11.7% (3.2% for full-time employees) between males and females in their 30s (ONS, 2021).

- Support employees by signposting them to accessible pension information throughout their careers, and deliberately at key life stages, rather than just at the induction stage or within mid-life MOTs. If employers notice that their employees are struggling financially, they should signpost them to reliable and reputable guidance services such as MoneyHelper. This is especially important during pregnancy when employees may need additional support with their finances or may be considering what their return to work will look like – recent research has found that mothers are more likely to return to work part-time (44%) than they are full-time (32%) (Gumy, Plagnol and Piasna, 2022).
- Ensure employer contributions to pensions continue for employees during periods of parental leave. Consider allowing a partner or family member to make additional contributions and ensure that any support offered is communicated clearly to the individual.
- Encourage fathers to take parental leave by providing an enhanced offer since this is likely to have positive outcomes for the pension gap and equalities more broadly.
- Explicitly extend access to flexible working arrangements to pregnant women and individuals who are undertaking fertility treatment to help with the private management of appointments and symptoms.
- Ensure that women who are returning to work after giving birth, or who have suffered a miscarriage, are supported back into the workplace through the creation of a re-induction plan (e.g., a stepped return to work, (re)training opportunities and clearly defined progression pathways). It is also important that individuals are made aware of the impact that a part-time return to work could have on their cumulative pension – particularly if this brings them below the £10,000 threshold (see recommendation below regarding enrolling all employees into the workplace scheme regardless of income level).

Marriage, long-term relationships and divorce

Note: The average age at first marriage for women is 31.5 (33.4 for men and the average age for getting married overall is 36 for opposite-sex marriages, 37 for same-sex) (ONS, 2019) and the average age at which a woman gets divorced is 44 (ONS, 2018) – at this point, a woman's median pay falls to £24,911 and the pay gap increases to 18.1% (10.9% for full-time employees) by the 40s (ONS, 2022b).

- Ensure HR professionals are sufficiently trained with the knowledge and skills to have effective conversations with employees about how choices might impact their contributions and financial security in later life (e.g., opt-out and re-enrolment conversations). Regular conversations should help individuals understand how life transitions, such as relationship changes, can shape their financial future. As a result, this should help improve an individual's financial independence, which has become increasingly important given the higher levels of cohabitation, divorce and later marriages than there were in previous decades.
- Communicate pension information regularly to serve as reminders for employees but also to support them with their financial wellbeing and broader understanding of pensions (e.g., third-party webinars and targeted internal communications). Targeted communications would likely be the most effective way to improve engagement and mitigate gaps where the risks widen across the different life stages. This will also likely help support women to make independent financial decisions and avoid reliance on male figures for financial and pension information (Foster and Heneghan, 2018).
- Explicitly state the mechanisms available to support people dealing with the management of unexpected domestic issues within flexible working policies. In particular, this will allow individuals who are dealing with relationship breakdowns, or are suffering from domestic violence, the time and privacy that they need without being penalised. For further information on how to support employees in this situation please refer to the Equality and Human Rights Commission guidance (CIPD, 2020).

Caring

Improving accessibility and retention

- Make flexible working the norm and not the exception (CIPD, 2022b), although approaches are likely to vary depending on an individual's needs. Thus, a variety of potential arrangements and support mechanisms should be considered, including (but not limited to) annualised hours, compressed hours, flexitime, home/hybrid working, job-sharing, part-time working, term-time working and sabbatical leave (CIPD, 2022).
  - Make it clear in the recruitment stage that flexible working is offered within the role being advertised and make it available from day one.
  - Ensure that line managers are skilled effectively to manage flexible teams (especially those that are also working remotely).
  - Encourage managers to work flexibly themselves since they are then more likely to support flexible working within their team.
  - Engage meaningfully with employees when developing and reviewing policies to ensure that they are employee-led at a collective level (e.g., through equality and diversity committees, trade union dialogue or other forms of consultation) (Gloster, 2018).
- Practical examples of how to better support flexible working include:
  - Make flexible working a key topic to cover in line management meetings.
  - Ensure that employees have access to sufficient resources to support them with working from home.
  - Encourage all individuals to be transparent about their working hours (e.g., on email signatures and calendars).
  - Make explicit that individuals do not need to disclose the reason for their flexible working request to encourage more to do so.
  - Be open to changing flexible working agreements at any point during the year (legislatively you can only make one application per year).
  - Adopt a 'Carer's Passport' model that allows individuals to port their flexible working arrangements when moving jobs internally (see Civil Service HR, 2020).
- Encourage senior male employees to visibly adopt flexible working practices to help embed change across the organisation.
- Adopt a minimum of five days unpaid leave for those with caring responsibilities, and where possible, five days paid carer's leave. Extend carer's policies to include people with all types of caring responsibilities (including elder care, care for grandchildren and friends/family with additional needs).

Improving engagement and affordability of pensions

- Pay at least the Living Wage to increase the affordability for employees to pay into their pensions while maintaining a good standard of living.
  - Single mothers in particular reported finding contributions unaffordable when considering childcare costs. Wages are important, but other pensions-related policy changes can be adopted to help improve engagement and affordability (see also section 3.2).
- Re-enrol workers annually, instead of every three years, to give workers the opportunity to re-engage if they have taken career breaks or have opted out because of a lack of affordability. Re-enrolling workers annually should also present a window for employers to understand the reasons why people may choose not to opt back into the scheme and allow them to act accordingly.

Menopause and long-term health conditions

Note: The average menopause age is 51 (Gold, 2011) – it is estimated that the gender pay gap reaches its peak in a woman's 50s (ONS, 2022b) and the gap in pension contributions is approximately £80 a month (see Figure 7).

- Develop and implement a health management policy that visibly outlines the support that is available to manage physical and mental health conditions – explicitly including reproductive health conditions – which includes access to flexible working and paid leave for the management of symptoms but could also cover other adaptations that could be raised through job redesign/crafting. The Chartered Institute of Personnel and Development ('CIPD') recommends treating an employee with menopause symptoms in the same way as someone with any long-term health condition (APPG, 2022).
- In addition to the above, develop a stand-alone menopause policy to help improve the visibility of the issue since it is experienced by all women and can have a detrimental impact on a woman's ability to remain in work (Fawcett Society, 2021; ACAS, 2022).
- Ensure health-related policies are embedded into organisational practice by:
  - Encouraging conversations and creating an enabling organisational culture that can provide information, normalise issues and raise awareness about menopause to all employees (APPG, 2022).
  - Training line managers to ensure people are aware of the support that can be offered (50 Plus Choices, 2021; APPG, 2022).
  - Setting up support groups and identifying workplace champions (50 Plus Choices, 2021).

3.2 Recommendations to improve workplace pensions

While certain recommendations can be linked to points in a woman's life, other overarching policies and practices should be considered to help raise engagement with workplace pensions. While helping all employees, the benefits of these changes are likely to be most notably felt among women who remain at a disadvantage.

Gender pay gap monitoring

- Review organisational pay structures and the distribution of workers across roles yearly to understand where changes are needed. Even within smaller organisations that are not legally required to report on the gender pay gap, measuring the pay gap could be a way in which progress on gender equality is monitored.

Improving pension awareness

- Choose a pension provider that offers information through an easily accessible portal/platform.
- Communicate pension information regularly to serve as reminders for employees but also to support them with their financial wellbeing and broader understanding of pensions (e.g., third-party webinars and internal communications).
- Check that personal details provided to pension providers are accurate to ensure that employees can receive important communications (such as annual statements) and remind employees to update their details if any changes occur (such as moving home or starting a new job).

Supporting pension participation and affordability

- Offer one- to six-month contribution holidays (for a limited time where possible)[12] or provide an option for employees to 'opt-down' to help those struggling with payments and reduce decisions to opt-out.
- Pay at least the Living Wage to increase the affordability for employees to pay into their pension while maintaining a good standard of living.
- Become a Living Pension employer by committing to a minimum contribution level for all employees, which will be measured in cash as well as percentage terms. The Living Wage Foundation ('LWF') is currently piloting this with a group of employers, ready to launch in 2023. It is using the levels outlined by the Resolution Foundation (2021) in its study 'Building a Living Pension' and employers will be able to take a range of approaches, but will ensure a minimum cash level is met, with a higher level expected to come from employers, especially for those on lower earnings[13]. Increasing the rate is likely to benefit women more significantly since they are currently more likely to fall beneath the necessary savings cash benchmark (Resolution Foundation, 2022). Furthermore, paying a higher amount while an employee is in work should help alleviate some of the negative effects of career breaks.
- Include all employees, regardless of their income level, in the workplace pension scheme to ensure that women (who are more likely to fall below the automatic enrolment threshold) are not disproportionately excluded from employer contributions.

Measures to avoid reinforcing the pension gap

- Avoid setting pension contribution rates that increase with seniority. If this model is adopted, the pension gap will further reflect existing hierarchical inequalities within the organisation.
- Monitor the gender pension gap and adopt measures to close the gap where needed. This information may be accessible through the pensions provider so employers should engage with them to understand whether any additional support is available.

12. Note that not all providers allow individuals to take contribution holidays once enrolled in the scheme.
13. The LWF is building a target that it says aims to ensure an acceptable standard of living in retirement. This would be age dependent, but based on the Resolution Foundation findings, across an average of people aged 25–45 this would be £3,000 a year (16.1% of the real Living Wage in 2020–21) (Resolution Foundation, 2021).

3.3 Conclusions

This report set out to identify actions that could be taken at different points in a woman's life to help achieve sustainable, long-term improvements to gender equalities within organisations and have a positive impact on the gender pension gap as a result.

Pay differentials between men and women contribute more to the gender pension gap than gender differences in terms of employee contributions to a pension. For as long as employers remain unaware of the complex causes and consequences of the gender pension gap and inequalities more broadly, it is unlikely that meaningful change will result. Furthermore, a lack of pension awareness among employees can prevent individuals from making informed financial decisions. Policies and practices must be implemented to support employees to remain in paid employment throughout their life and to encourage and enable them to contribute to pensions. For this to happen, employers need to understand the importance of, and direct links between, their policies and practices and the gender pension gap.

While the recommendations have been informed by a theoretical and empirical evidence base, more testing is needed to help understand whether and to what extent the recommendations close the gap within different organisational contexts. Additionally, more research will help understand how the pension gap differs between women from underrepresented groups, such as those from ethnic minority backgrounds, and how they can be supported by employers and other stakeholders.

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Appendix 1: Technical methodology

Phase 1

An evidence review was undertaken, using a semi-systematic approach. The search criteria specified that sources were UK-focused, published in the past five years, and with content that covered the 'gender pension gap' in the title or description of the reports. The search was also limited to evidence that was accessible online through academic databases (e.g., Google Scholar, Sage) and directly through relevant websites (e.g., government departments, research organisations, women and family organisations, pension providers, workplace practices and employer organisations). In the final sample, 35 documents were reviewed and coded using the qualitative data analysis software Atlas.Ti. A combination of inductive and deductive coding was used: an initial coding template was developed based on the aims of the review but was adapted to incorporate emerging themes and findings as the research process progressed. Furthermore, a scoping exercise of secondary datasets was conducted to explore the potential for analysis to fill evidence gaps or add a new perspective to the understanding of the gender pension gap.

While the evidence reviewed outlined many of the causes of the gender pension gap and how these interact with different stages of a woman's life, there remained a lack of understanding regarding the size of this impact on contributions at each stage, how this varies between women with differing characteristics and what stakeholders can do to help mitigate these effects. To do this, there was a need to develop a greater understanding of the current policies and practices implemented by employers that have an impact on the pension gap and gender inequalities more broadly within their organisations. Building on this, these discussions would need to be supported by an analysis of the lived experience as told by individuals to help capture how these experiences differ. At a macro level, further analysis will be required to help develop a national picture of how contributions vary across the age groups so that a set of robust recommendations can be made. The findings from phase 1 of the research were used to develop the methodology for phase 2 of the study outlined below.

Phase 2

Qualitative approach

The final qualitative sample included 53 participants. Twenty-two employer representatives who were responsible for employee pensions (typically in a finance or HR role) were interviewed by telephone or videoconference in sessions lasting 30 to 45 minutes. In addition, 31 women were interviewed. These interviews lasted between 45 and 60 minutes and were conducted over the telephone.

Sample

The sampling strategy aimed to ensure that a diverse range of employers and individuals were included in the research. For the employer interviews, a range of employers was chosen (the distribution of which is outlined in Table 1.1). Public sector organisations were excluded from the sample following discussion with the client, as they represent a different audience for the outputs from the work. For the individual interviews, we recruited female participants who have worked in the private or voluntary sector to mirror the employer sample selection approach. The sampling strategy ensured that a diverse range of respondents was included, considering factors such as occupation/earnings, ethnicity, and relationship status (the distribution of which is outlined in Table 1.2).

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Table 1.1 Employer interview sample details

Organisation size	Sector	Location
Small–Med	Accommodation and food	Scotland
Small	Accommodation and food	London
Small–Med	Manufacturing	Midlands
Small	Care sector	East Midlands
Small–Med	Other service activities	England South
Large	Other service activities	UK-wide
Small	Accommodation and food	North Yorkshire
Small–Med	Manufacturing	Scotland
Small	Architecture and engineering	West Yorkshire
Large	Professional services	UK-wide
Large	Construction and engineering	England South
Small–Med	Education	England South
Small–Med	Healthcare	West Yorkshire
Small–Med	Other service activities	England South
Large	Education	England South
Small–Med	Sports and hospitality	West Yorkshire
Small–Med	Professional services	England South East
Small	Recruitment	England South
Large	Industry wholesale and servicing	UK-wide
Large	Financial services	UK-wide
Large	Consultancy	UK-wide
Large	Financial services	England South East

Sample by no. employees: Small (below 50) – 5, Small–Med (50–250) – 9, Large (250+) – 8

Table 1.2 Individual interview sample details

Demographic characteristics		No. of respondents
Employment status	Full-time	9
	Part-time*	9
	Self-employed	3
	Unemployed	8
	Economically inactive	1
	Student	1
Age	18–30	4
	31–50	12
	51+	15
Income	Low (<£10k)	12
	Med (£10k–£25k)	8
	High (£25k+)	11
Ethnicity	White	21
	Mixed/multiple ethnic groups	1
	Black/African/Caribbean/ Black British	7
	Asian/Asian British	1
	Other ethnic group	1
Relationship status	Single	11
	Married	7
	Divorced/separated	8
	Cohabiting	5
Dependants	Yes (under 18)	14
	Yes (over 18)	3
	None	14

* Included in this group were two semi-retired women.

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Research tool design

A semi-structured interview guide was developed for employers which asked open-ended questions that explored workplace policies, practices and interventions used to support employees during life events, what they felt works well in delivery and the challenges that they have experienced. The guides also covered employers' perspectives on potential pension support strategies, such as the provision of information and education, line management practices and potential changes to pension policies and practices.

The individual interview guides were also semi-structured but drew on a narrative interviewing technique to allow individuals to tell the story of their employment history and identify key stages in their life that have affected their earnings from work and payments into their pension. The interviews explored in detail the varied and nuanced decisions individuals make about work and pensions, including their perceptions of workplace support and other information sources, balanced against other factors that are important to them, and whether (and how much) they pay into a pension. The individuals were also asked to consider different approaches to closing the gender pension gap and how feasible/useful they felt these could be in relation to their personal circumstances.

Interview analysis

Regular analysis meetings were held to ensure that emerging findings were gathered which would inform the coding framework adopted in the final analysis stage. All interviews were recorded and professionally transcribed. Once the interviews had been transcribed, they were thematically coded by the research team using a qualitative analysis programme (Atlas.Ti) which allows for the corroboration of codes and themes across the dataset.

Quantitative approach

The quantitative analysis uses the Understanding Society (ISER, 2022) survey, a large national household survey. It began in 2009 and the most recent release of data covers the period up to and including the year 2020. Over 40,000 households were interviewed in each wave and individuals were asked a range of questions about household characteristics and their individual circumstances. This included questions about pension membership and contributions as well as pension income. This makes it an interesting source for studying gender differences in a pension context.

The analysis uses an initial sample of 85,664 employees for whom their employer has a pension scheme. They may or may not be eligible to be auto-enrolled in this scheme. Of these, 67,562 are participating in their workplace pension scheme. Sample sizes may change as the analysis uses variables which may contain missing values, particularly in income variables. The analysis is conducted using statistical software Stata.

Appendix 2: Analysis of non-participation

Table 1.3 Characteristics of men and women who are not participating in their workplace pension scheme

Not participating in employer pension scheme	Men	Women	Difference	T-statistic
Average age	39.6	40.7	-1.069***	(-5.09)
	(14.2)	(13.9)		
Number of hours working	36.5	27.8	8.741***	(54.92)
	(9.9)	(11.1)		
% with children	30.2	33.4	-0.0323***	(-4.62)
	(45.9)	(47.1)		
Average number of children	1.78	1.65	-0.0134	(-0.98)
	(0.84)	(0.76)		
% married/partnered	49.4	45.7	0.0373***	(4.98)
	(50.0)	(49.8)		
% with private pension	15.4	8.8	0.0664***	(12.12)
	(36.1)	(28.3)		
Below threshold	11.3	35.7	-0.244***	(-39.01)
	(31.7)	(47.9)		
Monthly salary £	2,212	1,557	655.3***	(35.99)
	(1,430)	(1,019)		
Household monthly labour income £	3,543	3,291	252.1***	(7.13)
	(2,224)	(2,443)		
Housing tenure Owns outright or with mortgage	71.6	72.5	-0.00912	(-1.30)
	(45.1)	(45.0)		
Rent	18.7	15.9	0.0283***	(4.82)
	(39.0)	(36.5)		
Social housing	9.7	11.7	-0.0192***	(-3.96)
	(29.6)	(32.1)		
Education level Degree or equivalent	34.1	37.0	-0.0281***	(-3.71)
	(47.4)	(48.3)		
A-levels or equivalent	14.2	12.8	0.0143**	(2.66)
	(34.9)	(33.3)		
GCSE or equivalent	34.1	33.0	0.0110	(1.47)
	(47.4)	47.0)		
No qualifications	17.6	17.3	0.00286	(0.48)
	(38.1)	(37.8)		

T-statistic in parentheses

* p < 0.05, ** p < 0.01, *** p < 0.001

Source: IES analysis of Understanding Society (ISER, 2022).

Appendix 3: Regression analysis

A probit regression was estimated to determine the factors that are important for employee pension participation. The first model included demographic characteristics and then, in later models, controls were added sequentially for the number of hours worked, monthly salary and occupation to observe how each affected the likelihood of a woman contributing to a pension. Earlier we saw the raw difference in pension participation (i.e. that women are less likely to participate in a workplace pension than men). However, the regression analysis shows that this disappears when controlling for other factors.

Model 1 of Table 1.4 shows the most basic specification and suggests that being female reduces the likelihood of participating in a workplace pension. However, when controlling for job hours, salary, and both together (models 2–4), the sign of the coefficient on female changes from negative to positive. This should be interpreted as being female increases the likelihood of participating in a workplace pension with all else equal. Although this may seem counterintuitive, the interpretation is straightforward. Descriptively women have on average lower salaries than men, but conditional on income, hours worked and both, women are in fact more likely to participate in their pension. This is an interesting finding in the sense that the implication is that women are constrained by their salary and hours, or a combination of the two and not their unwillingness to contribute to a workplace pension.

Table 1.4 Probit regression of determinants of pension participation

	Model 1	Model 2	Model 3	Model 4
Female	-0.0775***	0.0948***	0.0860***	0.172***
	(0.0106)	(0.0115)	(0.0113)	(0.0119)
Age	0.0164***	0.0185***	0.0117***	0.0141***
	(0.000450)	(0.000460)	(0.000464)	(0.000477)
Ethnicity				
Mixed	-0.0693*	-0.0807**	-0.0867**	-0.0918**
	(0.0385)	(0.0390)	(0.0391)	(0.0394)
Asian	-0.268***	-0.254***	-0.227***	-0.227***
	(0.0182)	(0.0185)	(0.0185)	(0.0187)
Black/African American	-0.167***	-0.182***	-0.139***	-0.157***
	(0.0244)	(0.0247)	(0.0247)	(0.0249)
Other ethnic group	-0.310***	-0.308***	-0.306***	-0.308***
	(0.0660)	(0.0668)	(0.0673)	(0.0677)
Education				
A-Level or equivalent	-0.315***	-0.286***	-0.187***	-0.194***
	(0.0173)	(0.0175)	(0.0177)	(0.0178)
GCSE or equivalent	-0.456***	-0.430***	-0.268***	-0.287***
	(0.0127)	(0.0128)	(0.0134)	(0.0135)
No qualifications	-0.545***	-0.514***	-0.336***	-0.357***
	(0.0160)	(0.0162)	(0.0168)	(0.0169)
Has a child	0.227***	0.281***	0.169***	0.217***
	(0.0111)	(0.0113)	(0.0114)	(0.0116)
Job hours		0.0232***		0.0155***
		(0.000593)		(0.000634)
Monthly salary			0.000215***	0.000172***
			(4.80e-06)	(5.03e-06)
Constant		-0.640***	-0.104***	-0.680***
		(0.0335)	(0.0241)	(0.0337)
N	75,648	75,330	75,648	75,330

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: these are coefficients and shouldn't be interpreted as marginal effects.

Source: IES analysis of Understanding Society (ISER, 2022).

Appendix 4: Gender pay analysis

Table 1.5 Median annual pay by gender and age

Age	All workers (£)	Men (£)	Women (£)
18–21	12,451	15,177	10,105
22–29	25,178	27,000	23,166
30–39	30,019	34,600	25,039
40–49	31,476	37,748	24,911
50–59	29,007	35,540	22,913
60+	22,023	28,049	16,611

Source: (ONS, 2022b)

Table 1.6 Gender pay gap by age

Age	Full-time (%)	All workers (%)
18–21	0.9	0.6
22–29	2.1	3.9
30–39	3.2	11.7
40–49	10.9	18.1
50–59	11.7	20.8
60+	13.9	18.4

Source: (ONS, 2022b)

Institute for Employment Studies

The Institute for Employment Studies ('IES') is an independent, apolitical, international centre of research and consultancy in public employment policy and organisational human resource management. It works closely with employers in the manufacturing, service and public sectors, government departments, agencies, and professional and employee bodies. For 50 years, the Institute has been a focus of knowledge and practical experience in employment and training policy, the operation of labour markets, and human resource planning and development. IES is a not-for-profit organisation which has around 50 multidisciplinary staff and international associates. IES expertise is available to all organisations through research, consultancy, publications and the internet. The Institute's values infuse its work. It strives for excellence, to be collaborative, and to bring curiosity to what it does. IES works with integrity and treats people respectfully and with compassion.

Inclusive terminology

The terminology used to define ethnicity continues to evolve, and greater awareness has arisen about gender, cognitive differences, as well as disability. IES seeks to be a learning organisation; as such it is adapting its practice in line with these shifts. It aims to be specific when referring to an individual's ethnicity and to use their self-descriptor wherever possible. Where this is not feasible, it is aligned with the Race Disparity Unity ('RDU') which uses the term 'ethnic minority' to refer to all ethnic groups except white British. RDU does not use the terms BAME ('black, Asian and minority ethnic') or BME ('black minority ethnic') as these terms emphasise certain ethnic groups and exclude others. At the time of this publication, IES has opted to use the RDU terminology where appropriate. More broadly, IES understands that while individuals may have impairments, it is society that disables them, hence we refer to disabled people. Not all people identify with male or female and we reflect their self-descriptors in our work and use the term non-binary should abbreviation be necessary. IES also values neurodiversity and we again, where possible, always use people's self-descriptors rather than impose categories upon individuals.

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