

# Risk, exposure and resilience to risk in Britain today

Women's Risks in Life - an interim report



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# 1 Foreword

Risks are present throughout our lives. This important report exposes the stark realities about the risks of 21st century living. It also highlights how the particular life trajectory of women leaves them exposed to larger risks than men, but they are also generally much less prepared for them. This is because women typically have less financial resources.

Of course, over the past few decades, women's incomes have improved significantly, but they are still more likely to face poverty, low pay and worklessness than men. Yes, the gender pay gap is closing, but there is a long way to go. In today's society, women's lower pay, interrupted careers and unpaid caring roles mean they have less ability to build 'rainy day' savings to protect against illness, family breakdown, or other life risks.

Some of the risks we all face arise so unexpectedly we may have little ability to protect ourselves, but there are others which we can prepare for. For example, pension provision and saving for old age can mitigate the risk of old age poverty.

I have spent my career trying to help improve later life incomes for as many people as possible. I have witnessed first-hand how vulnerable women are in today's society when it comes to pensions, savings, retirement poverty and social care provision.



The State does provide some safety net, but women too often fall through the cracks. Women typically receive lower State Pensions than men. Although the differential is being eroded, it will take decades to disappear.

But the State Pension alone will not be sufficient for a secure and decent later life. Private pensions and other savings are important too. In fact, as women tend to live longer than men, they really need higher pensions and lifetime savings than men but they usually have less.

This applies even more to later life care needs than pensions. This report highlights the huge difference between care costs for men and women. Older women are particularly vulnerable to these risks.

When it comes to later life care, there is no reliable basic State provision. Publicly funded care is the responsibility of cash-strapped councils which impose a means-test for any help and deny any money until needs are already substantial. The insurance profession may be able to help with protection solutions, dedicated savings or insurance plans for care, but I also hope that the government itself will introduce more incentives to help people manage the risks they face and save for such eventualities.

Society needs to do much more to help women mitigate the risks they will face. So how can women's risk resilience be enhanced? There are no easy answers, but the first step is to recognise the particular problem for women, the next part is to deal with it.

Improving financial education for all and greater access to financial planning guidance would help more households and in particular more women plan their financial future to prepare for and protect against the risks they face. However, just increasing financial awareness will not overcome the gender risk exposure gap.

There is more to do to give women a fairer chance of security throughout their lives. Government, employers and the insurance profession can all play their part in making progress on this important agenda and I hope this report, plus the further research following from it, will move us towards that goal.

**Baroness Ros Altmann, CBE**

# 2 Introduction

This interim report is part of a market initiative led by the Chartered Insurance Institute called Insuring Women's Futures (IWF). IWF's purpose is to lead the insurance profession in refining its approach to women and risk: specifically how we can improve insurance solutions and services to enhance women's risk resilience, through targeted advice, improved access and education.

You'll see many examples in the following pages where women face some very different risks from men, and their resilience to financial and non-financial shocks is also typically significantly lower than men's. That is a risk for society, not just for women.

Our hope is that by sharing this view of risk throughout women's lives we will be able to spur the development of risk solutions to better meet their needs. Women are less engaged in insurance than men as a whole, and that's not just because there aren't enough products designed to meet their needs nor is it about selling more insurance. Women's approach to managing risk is different from men's, as are their expectations as customers. In today's society, women typically have less income and job security with which to plan for the future, and traditional protection mechanisms create dependencies for women. Women's historical roles in society as mothers and as carers is changing rapidly, but we all need to work together to help men and women to take control of their risk from a position of knowledge and empowerment.

The CII exists to increase public trust in insurance and financial planning. We do this through the provision of professional learning and qualification to those delivering the products and services that answer these needs. We also work with professionals and businesses to set professional standards, building on the ethical and practical components of Chartered status. The provision of risk solutions that meet the needs of the whole of society is part of that ethical standard, and we will continue to work with practitioners to achieve this.

Women today are increasingly left high and dry as the daily pressure of modern life rises, while the historic support systems recede. It's a problem that affects men too, but as we'll demonstrate, to a lesser extent. The context in which women expect to manage risks has changed dramatically, but societal norms and structures are still catching up. In the 19th Century, women were entirely reliant on the family: effectively their father and

then their husband. They still faced risk, but they had no power to manage it. In the mid 20th Century the welfare state began to provide a common safety net that began for the first time to provide health, pension and income support for those in greatest need. In the late 20th Century, the employer began to provide enhanced benefits in the form of pensions and healthcare. As longevity has increased into the 21st Century, these support structures have become unsustainable: we are all expected to look after ourselves. Yet at the same time, women continue to take on the greater proportion of care, often taking part time and less stable jobs leaving them less able to protect themselves when the unexpected happens, and to plan for the future.

I hope that anyone reading this report can see themselves, their sister, their wife, their mother or their friends in some of the scenarios explored here. I hope that while some of the facts may be shocking, it's possible to see where there is opportunity to make things better. Because that's what insurance should be about fundamentally. But it's up to us to make sure that what we do really addresses the needs of those who need us the most.

**Sian Fisher, ACII Chartered Insurer**

Chief Executive Officer,  
The Chartered Insurance Institute





This report is genuinely shocking in highlighting the significantly greater risks women face than their male counterparts in our modern world. This should be a call to action for government and the financial services sector alike to find meaningful and lasting solutions to the challenges women still face.

**Huw Evans**, Director General, Association of British Insurers



BIBA welcomes the CII's Women's Risks in Life research and the important focus it provides. While all the findings are not completely surprising, the research will allow the insurance profession to concentrate its efforts on those areas where there is the greatest need for protection to help women become more risk resilient. My appointment as a panel adviser to the Insuring Women's Futures Committee will ensure that the expertise of BIBA's membership is actively involved in supporting and shaping any insurance solutions that emerge in response to women and the risks they face in life.

**Steve White**, CEO, British Insurance Brokers' Association



Too many women are walking a daily tightrope of juggling work and caring responsibilities. It's time to ensure that someone coping with these day to day pressures doesn't risk their own financial future as a result.

**Tom Wright**, CBE, Chief Executive Age UK



We would like this "Women at Risk" report to raise awareness and support women by: promoting and helping them with their State and Private pension, providing ideas to make up shortfalls in pension provisions, helping women understand the impact on their pension when a relationship ends; and ensuring that women get involved in pensions, by communicating through the channels that are accessed by women.

**Michelle Cracknell**, Chief Executive, The Pensions Advisory Service



I welcome this important report for highlighting the impact of a significant protection gap on women's lives. Any protection gap on a key group of individuals constitutes a protection gap more widely for society. This report is thus a concern not just for women but for the resilience of our society. I look forward to the findings being taken forward in tangible action to redress this gap.

**Paula Jarzabkowski**, Associate Dean of Research & Enterprise  
Professor of Strategic Management Cass Business School, City, University of London



This interim report highlights the industry need to transform how we engage and support women appropriately de-risk and protect their incomes, commitments, liabilities and lifestyles, especially given the backdrop of working age welfare reform and its disproportional impact on women, this compounded by the UK personal and occupation financial protection gender gap as cover in force is lower for women than men. A comprehensive strengthening of all women's safety nets is needed through access to careers that build wealth, increased financial literacy, improved product solutions plus better infrastructure for raising children with or without a significant other.

**Johnny Timpson**, Income Protection Taskforce and ABI Protection Committee member



# 3 The case for change

By corraling and correlating a number of separate trends and data sources relating to women in Britain today, some new and impactful insights have emerged.

We have established a clear gender risk gap, which leaves women at a significantly greater level of risk than men, and at the same time less resilient – and hence more exposed – to the impact of those risks. This interim report looks at all women, from cradle to grave, including both those with and without the financial means to protect themselves and to invest proactively. It considers women and men separately, while acknowledging the role of relationships. It shows that women are still, in 2016, more vulnerable to a wide range of risks than men. **While women are increasingly better educated than men, they earn less, feel less financially secure, provide the bulk of unpaid care, have smaller pensions, face greater hardship in later life and struggle to pay for their own old-age care.**

Whether the problems are related to the safeguarding of assets, the accumulation of wealth, the protection of income or the provision of care, we must look objectively at the whole of society to understand women's life patterns, their domestic situations, pressures and also their choices. Only then can we address the underlying causes of these exposures and find ways to mitigate them.

Men and women have fundamentally different risk profiles, resilience and exposures. Some of these are inherent, such as the likelihood of suffering gender-specific diseases, but this report shows that many of them are the result of socioeconomic and historic norms. **Lower pay and savings leave women in their early sixties with savings worth an average of £13,400, and an average pension pot of £35,700. Yet women at age 65 can expect to face average care costs of £70,000, and for those who need to enter a care home aged 65–74, the average cost is £132,000. Divorced women are far less resilient to financial risk, a pension pot worth on average just a third of divorced men's.**

The messages in this report, while in many cases presenting a negative picture for women, should not be a cause for pessimism. We are also highlighting the pivotal role of women in society and that they are increasingly high achievers. Progress has also been made in closing the pay gap. We have a singular opportunity, however, for the insurance profession, other relevant parties, women and men in wider society to make groundbreaking interventions to address some of the causes of women's risk exposure, to reduce the protection gap, and to **empower women to make the shift from dependence to independence, to manage the risks they face in life.**

This interim report represents a snapshot in time of girls, young and older women in Britain today, helping us to relate to the risks and exposures they face so we can improve them. But it is not just about women: **by enhancing our awareness of girls' and women's risks today, we will also increase our understanding of boys' and men's risks, and those faced by society tomorrow.**

Insurance and the wider financial planning and protection profession touches everyone. We have an opportunity to engage further in responding to the needs of society as a whole. We, as a profession, are the experts in risk, so we must apply that expertise to finding solutions.

This report is only the start. In the coming months we will take a deeper look at women's risks in life. **We will consider societal differences, seek to better understand the dynamics of household decision-making, women's choices, their approach to risk protection and financial planning, and to quantify the women's protection gap in the UK.**

By doing so, we will prioritise the areas in greatest need. While our initial focus is on the UK, our profession is international, and over time we will extend our work to develop a global viewpoint.

Jane Portas

Insuring Women's Futures Committee member and Lead, Women's risks in life



# 4 Highlights

## Education, work and pay



59%

Girls and young women are now outperforming boys and young men in education: **59% of girls get 5 A\*-C at GCSE against only 49% of boys.** 51% of women go to university against only 42% of men

22–29 year old



40+



On average, **women and men now earn the same in their 20s**, but from their 40s women earn 13% less than men, **and by their 50s, 16%**

**1/30 women** are on zero hours contracts compared to **1/40 men.** **38%** of people on zero hours are **aged 16–24**



**29% of women** earn below the Voluntary Living Wage, against **22% of men**



29%



**42% of women** work part-time compared with **13% men**

## Family, relationships and care



**1/5 women** over the age of **15** have experienced some form of sexual violence

**13% of girls** aged **16–19** were victims of domestic abuse in the previous year



**1 in 7 women** in their early 40s are caring for both **children** and **elderly relatives**



**32% of marriages** in 1998 divorced by 15th wedding anniversary. Cohabitation has doubled since 1996

Women who are separated and divorced are most likely to have suffered domestic abuse in the previous year

20%



1/3

**Nearly 1/3** of women in their late 50s are **caring for an adult**

**1/4 women** have been the victim of domestic abuse since the age of 16, equivalent to **4.5 million women**



## Health, wellbeing and ageing

**More than 1 in 10** women suffer post-natal depression in the year after giving birth



**53% of women** in their **30s** and **40s** (65% divorcees) have suffered mental health conditions compared with **36% of men**

Women experience **19 years'** ill health compared with **16 years** for men



A girl born in **2011** can now expect to live to **83**, **four years longer than a man**

The average cost for women entering a care home from **65–74** is **£132,000**, nearly double the cost of men's. But in the south east, the average is **£186,000**



## Financial resilience to risk

**52% of women** in their late **20s** say they **do not understand enough** to make decisions about retirement savings – **38% men**



**34% of women** in their **30s** say their **money wouldn't last a month** if they lost their main source of income

**Men in their late 30s** have **60% more savings** than women of the same age



**70% of women** in their **50s** say they are not saving enough for retirement – **59% men**



**Most women** in the bottom **40%** of households by household income have no pension wealth at all



The average divorced woman has **1/3 the pension pot** of the average divorced man (£9,000 compared with £30,000)

**36% of women** and **30% of men** (48% and 38% for those divorced) see the State Pension as their main source of income in retirement



The average man accumulates **5x the pension pot** of the average woman



Women are achieving highly educationally and entering the workplace equally, but are subsequently suffering a **Motherhood Penalty**. Women earn less than men, and they are more likely to be in low paid and insecure work. They are playing a pivotal role in society in their thirties, forties, and fifties as the providers of unpaid care – for both children and adults. This means they struggle to build up the provision to support themselves in later life and so are more likely to be dependent on a partner, if they have a partner.

Separated and divorced women are more vulnerable still. These women are more at risk from domestic abuse, including domestic violence and financial coercion.

They are also more likely to face mental health issues. On top of this, the rise in cohabitation increases women's risk exposure. The **Impact of Divorce and Separation** on women's finances means that many divorced and separated women lack financial resilience and are facing hardship in later life.

We are all living longer, and women longer than men. But women face a **Longevity Trap**. Women suffer ill-health for longer, and in later life require more support with daily living as well as with old age care. Having spent much of their life caring for others, women are left with insufficient pension and savings to be able to pay for their own care.

# 5 Executive Summary

## 5.1 About this report

This interim report presents a snapshot of women's and men's risks in life in Britain today, and their resilience to shocks and preparedness for later life. It is not focused on specific insurance or financial products or services. Rather, it takes a holistic view of life risks in society today, and seeks to glean a better understanding of women's risks and their exposures. By doing so, it highlights the potential scope for the insurance profession to play a greater role in protecting women, and society as a whole.

As an interim report, we have focused on the key highlights, but recognise that further in-depth analysis, possibly including primary research, may be necessary to clarify and better understand the issues identified.

The key findings of women's risks in life are summarised under three broad headings in section

- **Risk & Work – Education, work and pay**
- **Risk & Relationships – Family, relationships and care**
- **Risk & Wellbeing – Health, wellbeing and ageing.**

We also highlight women's potential risk exposure, which we measure with reference to their financial resilience: see page 54, **Resilience to Risk – Financial resilience to risk**. We recognise that this is not the full measure of a potential protection gap for women, but it is an indicator of its existence. For the purpose of this review, we take financial resilience to be the ability to withstand the impact of risk. The main components of resilience that we consider are: access to savings, pension savings, assets (excluding property), stable income and absence of debt.

Finally, on page 66, we consider **Attitudes and approach to risk**, among both women and men.

While this report aims to provide an overview of risks experienced by all women in today's society, it is recognised that further analysis is needed to understand the specific issues and scenarios that affect particular groups of women, including those with differences in ethnicity, race, ability, sexual orientation, education and religion.

This report does not seek to ascertain insurance protections, rather its focus is on inherent risk and exposure. In subsequent work, and through collaboration with the profession, we will establish existing insurance solutions and examine where there is scope for the insurance profession to better help women deal with these exposures. This will be part of the subsequent Insuring Women's Futures' Women's Risk Solutions workstream, where we will constitute a market taskforce to work alongside us to consider the profession's response.

We hope that this report and the wider Insuring Women's Futures programme can serve as a catalyst for real change, and that as a profession, we can convene to play our role in shaping how society copes with risk.

## 5.2 An overview of British society today

The past few decades have seen huge changes in family life, work and welfare in Britain. Access to education, labour market participation and attitudes towards gender roles have all moved in a direction of greater equality in recent decades. But inequalities remain, particularly gender gaps in employment and imbalances in time spent on unpaid work. Patterns of parenting have changed with fathers playing a far more active role in their children's lives than before, but mothers continue to do the bulk of unpaid work and childcare, even when paid employment is taken into account.

We are living longer. In 1911, 1 in 20 people were over 65; in 2011, this had increased to 1 in 6. Given current population projections, demographic change will produce more people needing care and more carers providing it unpaid (McNeil and Hunter, 2014). At the same time, publicly funded formal care for older people has been cut back: the majority of councils are now providing care only for those with 'substantial' or 'critical' needs (LGA, 2016). Age UK has shown that the number of older people in England who don't get the social care they need has risen to 1.2 million – up by 48% since 2010 (Age UK 2016). With women outnumbering men as carers by nearly two to one (McNeil and Hunter 2014), they are set to take on even greater caring responsibilities as the population ages.

There has been a change in family structures. Rates of divorce are far higher today than fifty years ago, though they are down on their peak of 1993. The number of

families with cohabiting couples has doubled from 1.5 million in 1996 to 3.3 million families in 2016. There are 105.3 boys born for every 100 girls.

British society has become increasingly diverse and multi cultural. The non-white population increased from 8.7% in 2001 to 14% in 2011 (ONS, 2012). This is largely as a result of historically high levels of net-migration.

The world of work has changed in recent decades too. There has been a rise in self-employment and an increase in non-standard contracts, including zero-hours contracts, agency working, fluctuating shift work, commission-only work and fixed-term contracts. These changes will have a disproportionate impact on women, who are more likely to be in low paid and insecure work as this report demonstrates.

The number of people employed in manufacturing has declined steadily. In 1911, 2 in 5 workers were in manufacturing, a similar proportion to those working in services. At the last census, 4 in 5 worked in services, with under 1 in 10 working in manufacturing. Women are particularly likely to work in services, as well as in the public sector.



5.3 Summary of risks in life

This section summarises the key findings of our research analysis highlighting the key risks women face in life, compared with men's, and their respective financial resilience. It looks at risk on an inherent, one dimensional basis.

**There is still a significant pay gap with women earning far less than men. This has profound effects on women's life choices, independence, resilience to shocks, and preparedness for later life**

Women are now outperforming men in education, being 9 percentage points more likely to go to university and those that do are 4 percentage points more likely to get a good degree. Women and men aged 22–29 now earn the same. However, a significant gender pay gap opens up later on; women working full time in their 40s earn 12% less than men. This is related to a motherhood pay penalty, whereby women who have children before the age of 33 earn significantly less than both men and women without children.

On average women in full-time work earn over 9% less than men, down from 17% in 1997.

Women are more likely to be low paid than men – they are nearly twice as likely to be earning below the statutory minimum wage (1.7% compared with 1.0%), and far more likely to be earning below the voluntary Living Wage.

**Women are more likely than men to be in insecure and temporary work and are more likely to feel financially insecure**

Women are more likely to be on zero-hours contracts (3.4% compared with 2.4%) and temporary contracts (6.6% compared with 5.8%), and they are more than three times as likely to be working part-time than men (42% compared with 13%).

Women, and particularly those with children, are more likely to feel financially insecure. 1 in 2 women with three or more children say that their money would not last a month if they lost their primary income, compared with just 1 in 4 women without children.

**Women are more likely than men to provide unpaid care which limits their ability to work, thereby contributing to lower incomes and savings and consequently lack of resilience to financial shock**

Nearly a third of women in their late 50s are caring for an adult.

1 in 10 women belongs to the ‘sandwich generation’ and are providing care for both an adult and for dependent children. Those in their early 40s are most likely to be doing so, with 1 in 7 women of this age caring for children and older relatives.

**Women are much more likely to suffer domestic abuse than men, including violence and financial coercion**

Women are twice as likely to suffer from domestic abuse as men, with 1 in 12 suffering each year.

Around 85,000 women are subjected to rape each year, and 1 in 5 women has experienced sexual violence.

Domestic abuse and financial coercion can affect all women, but rates are highest for separated and divorced women as well as lone mothers, with around 1 in 5 within these groups experiencing domestic abuse each year.

Financial coercion can limit the independence of women, preventing them from escaping from abusive relationships.

**Women face distinct health risks and are more likely to suffer from mental health problems**

Women face distinct health risks, particularly around childbirth and menopause.

Women are less likely to meet the recommended levels of exercise, and 1 in 4 is obese, but they are less likely to smoke and to drink alcohol than men.

The menopause, which tends to affect women between the ages of 45 and 55, is associated with an increased risk of health problems including osteoporosis and heart disease.

Women are more likely to take time off sick from work, taking on average seven days off per year compared with four for men, but they are less likely to be on long-term sickness related benefits.

Women, particularly those who are divorced or separated, report higher rates of mental health problems compared with men. 65% of divorced women have experienced a mental health condition, compared to 49% of divorced men and 51% of women as a whole. Mental health conditions can be a significant barrier to work, particularly for older women.

1 in 10 women suffers from post-natal depression in the year after giving birth.



**Women will experience longer life expectancy, longer periods of ill-health in later life, and a greater need for care, resulting in higher and more unpredictable costs of care than men. However, many women are not preparing for the costs of care**

- A girl born in 2014 can expect to live to 83.2, nearly four years longer than a boy born on the same day.
- Women can expect to face 19 years of ill-health typically – from age 64 until age 83 – three years more than a man. On average women will need help to carry out basic tasks for nearly 3 years, compared with 1.5 years for a man.
- At age 65, women can expect to pay £70,000 on care throughout old age, compared with just £37,000 for a man. A woman entering a care home between the age of 65 and 74 can expect to stay for four years, at an average cost of £132,000. Costs in some areas are far higher, with an average of £186,000 in the South East. These figures are the average, and some may face longer stays and far higher costs.
- Over half of women in their 30s have not thought about how they will pay for care costs.

**Women are marginally more risk averse than men – but evidence is mixed and the impact of other factors such as education and income level seem to be more significant**

- Women are slightly more risk averse and slightly more ‘present-biased’, but this is largely explained by income and motherhood.
- Women are more likely to report that they lack knowledge relating to financial decisions and to want information and advice.

**Women, as a result of lower incomes and greater insecurity at work, are less likely to be saving for a pension than men and there is a very large gap by retirement**

- During the years in which women have young children, they have fewer savings than men, reducing their resilience to economic shocks. Men in their late 30s have 60% more in savings than women the same age.
- Men are more likely to have a private or occupational pension, and they save much more. Women are more likely to have a Defined Benefit (DB) scheme than men, due to greater likelihood of working in public sector, but access to DB schemes is falling. The average man retires with a pension pot five times higher than the pot an average woman retires with.
- Women’s lower savings and pensions wealth mean they are more likely to be dependent on others and to be less financially resilient when relationships break down**
- 80% of women under 30 agree they are not saving enough for their retirement, compared with 75% of men.
- Most women in the bottom 40% of households by household income have no pension wealth at all.
- Women are more likely to say they will be reliant on the state pension as their main source of income in retirement (36% compared with 30%) – women who are divorced, separated or widowed are particularly likely to be reliant on the state pension.
- The average divorced woman has less than a third of the pension wealth of the average divorced man – £9,000 compared with £30,000.
- Most separated woman have no pension wealth at all.

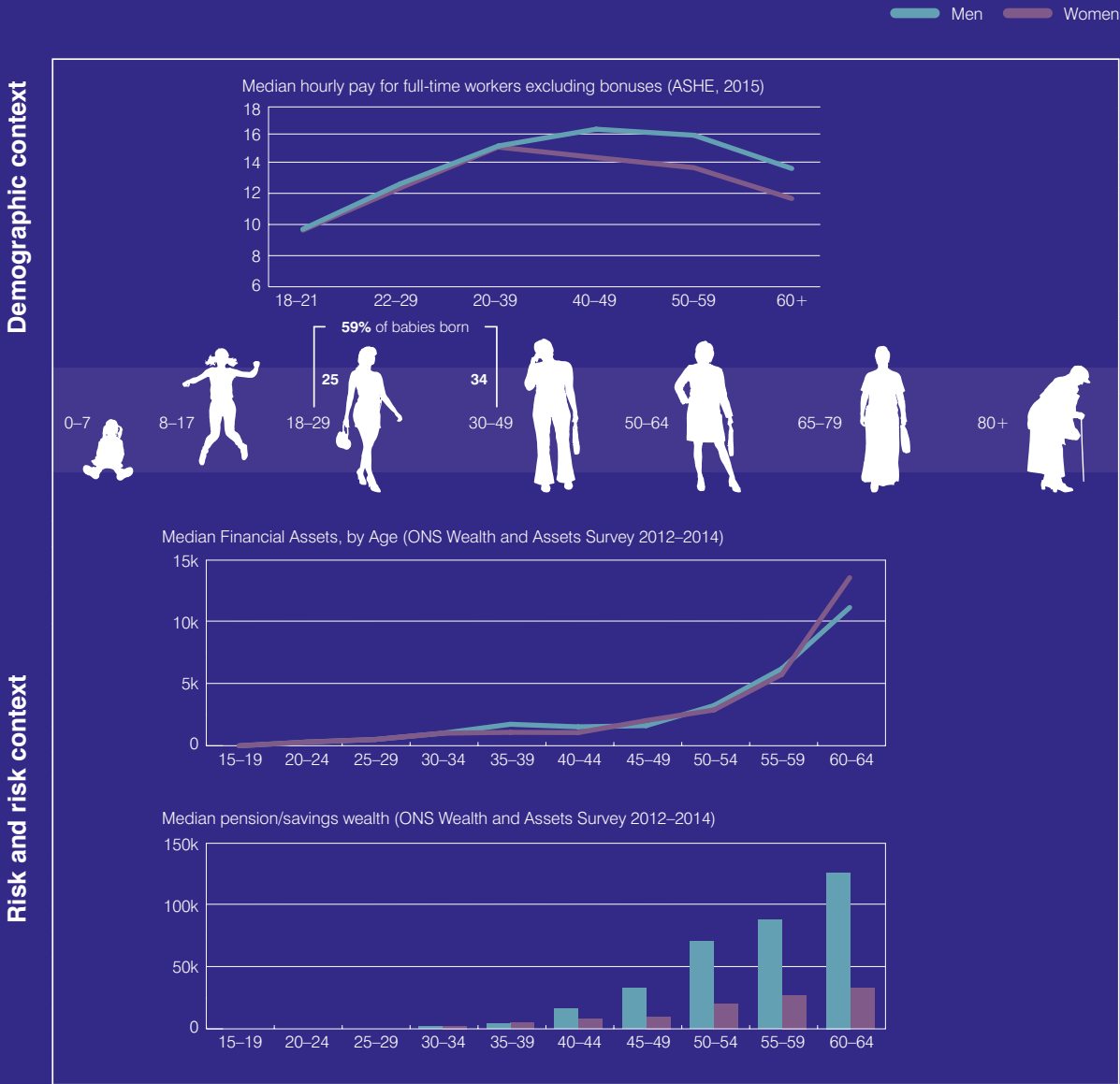
5.4 Women's exposure – trends in women's risks and financial resilience

Here we consider risk exposure being the difference between the inherent risks faced by women and men, and their resilience to shocks and preparedness for later life; we consider women's resilience in terms of their financial position. We present three infographics correlating:

- Women's and men's pay compared with the maternity rate and further how this relates to their pensions and savings wealth
- The divorce rate, and how divorce affects women's and men's ability to prepare for retirement through considering the impact on pensions wealth, and reliance on the State
- Women's and men's life expectancy, attitude to saving for retirement, and the costs of care in later life.

Pay, maternity and financial resilience

Women and men earn similar amounts early in their careers, before a significant gender pay gap opens up between men and women in their 40s. This is related to motherhood, with most children being born to women between 25 and 34. A large pension gap opens up between men and women, also starting from the early 40s, and growing steadily from then on. By their early 60s, as men and women approach retirement, men’s pension savings are on average nearly four times higher than women’s.

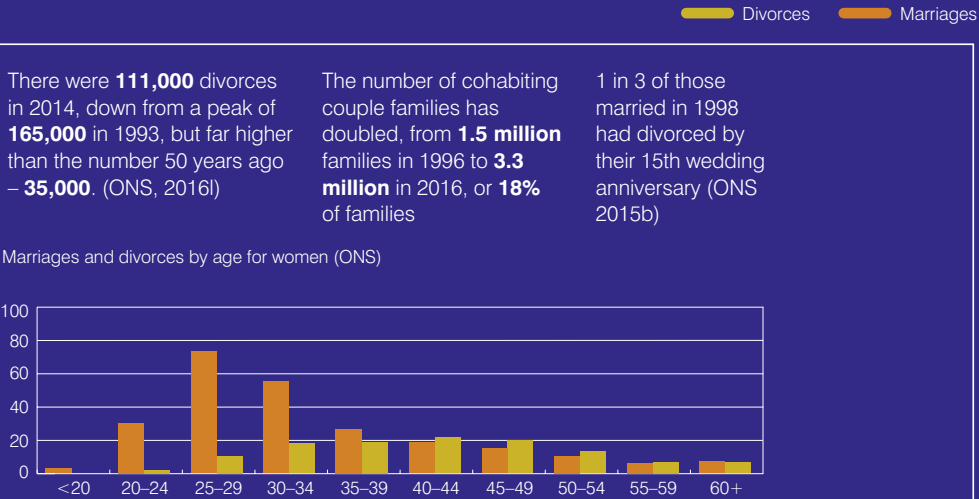


Women's exposure – trends in women's risks and financial resilience

Relationship breakdown and financial resilience

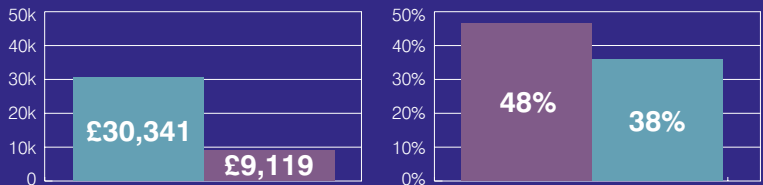
Women are far more likely to provide unpaid care for adults and they tend to provide more childcare. 1 in 7 women in their early 40s, are caring for both a dependant child and an adult. Women are more likely to experience domestic abuse, with women in their late teens and divorcees being more likely to be victims. Divorced women have pension pots a third the size of divorced men, and they are more likely to rely on the state pension.

Demographic context



Average pension wealth of divorced men and women (Wealth and Assets Survey, 2014)

Divorced women are more likely to rely on the State pension (Wealth and Assets Survey, 2014)



**43%** of divorced women feel debt is a burden compared with **34%** of divorced men

**20%** of lone mothers, divorced or separated women have experienced domestic abuse in the last year

**65%** of divorced women have experienced a mental health condition, compared with **49%** of divorced men **51%** of women as a whole

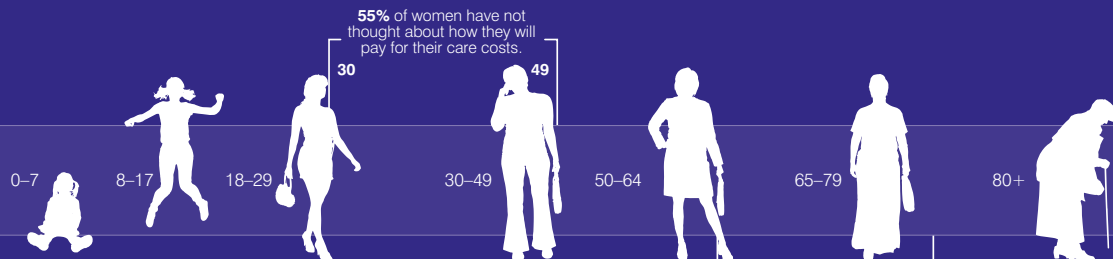
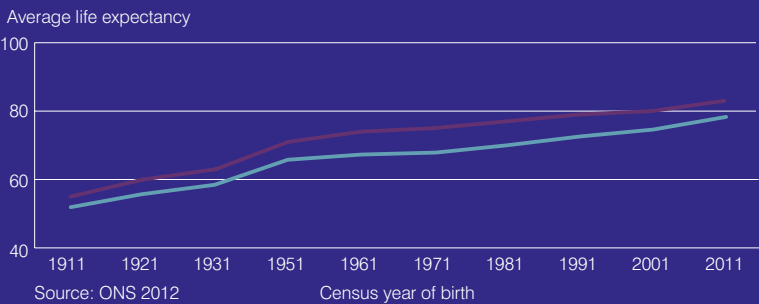
Risk and risk context

Men Women

Longevity, healthy life expectancy, care and financial resilience

Life expectancy has increased steadily and significantly over the last century, with women living longer than men. A girl born in 1911 could expect to live to 55; a girl born in 2011 can expect to live to 83, nearly three decades longer. Women tend to have a longer period of unhealthy life in old age: 19 years compared with 16 years for men. Women tend to need care for longer in their life, and they face far higher costs of care as a result. However, women tend to have far lower levels of pension savings, and they are far more likely to say that they are not saving enough.

Demographic context



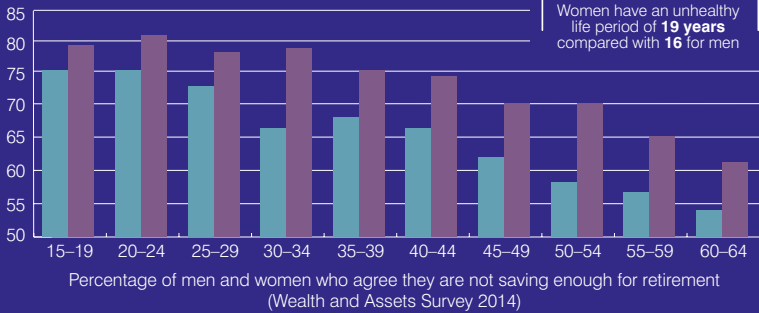
**55%** of women have not thought about how they will pay for their care costs.

**30**

**49**

**64** Healthy life expectancy for women

**83** Life expectancy for women



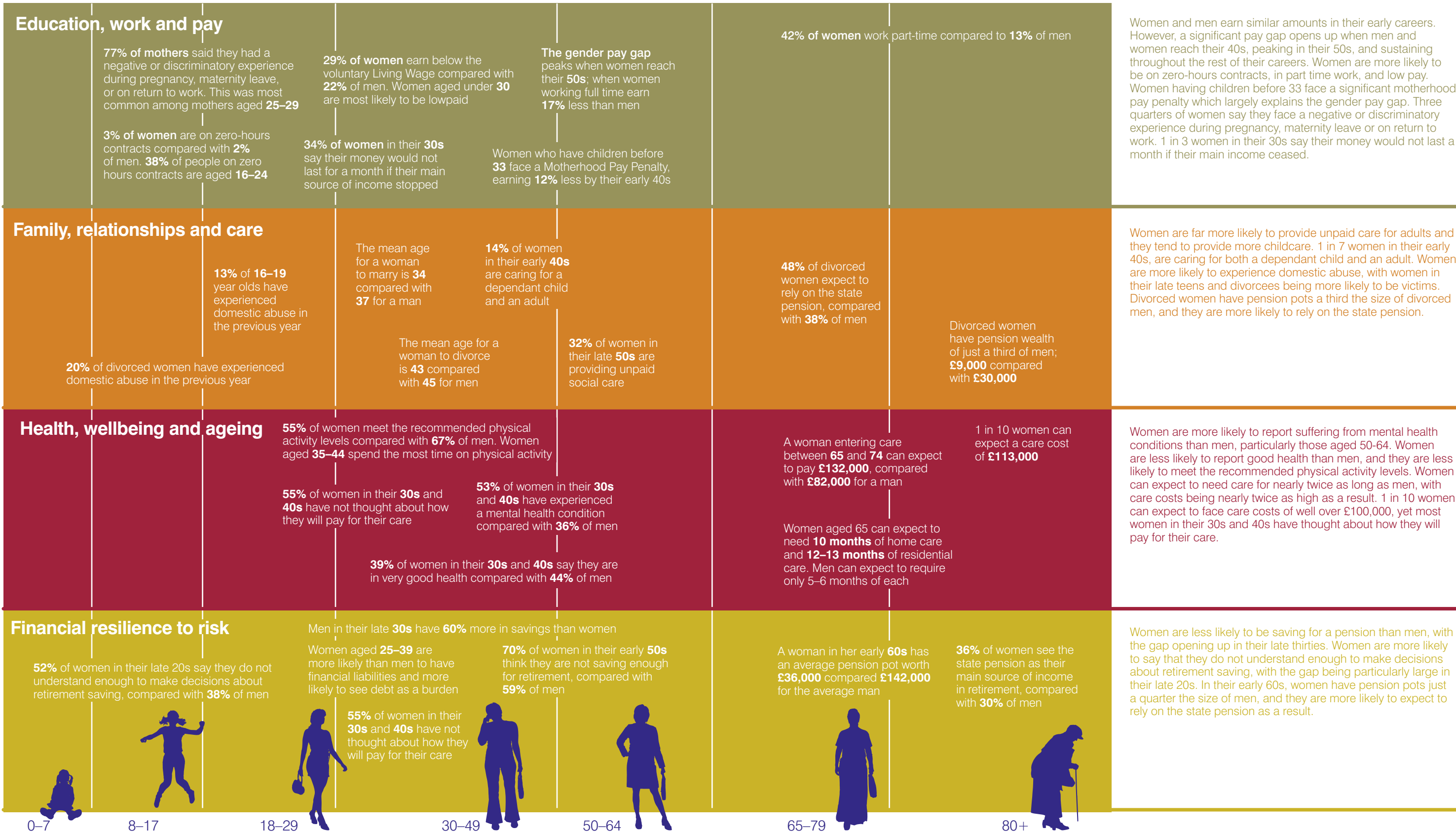
|  | Men      | Women    |
|--|----------|----------|
| Median cost of care on entering care home aged 65–74 | £82,000  | £132,000 |
| Median pension wealth, 60–64                         | £141,900 | £35,700  |
| Median savings wealth, 60–64                         | £11,000  | £13,400  |
| Median savings wealth (divorcees, aged 60–64)        | £5,000   | £4,000   |

Men Women

5.5 Incidence of women's risk – from cradle to grave

We include here infographics showing the key risks faced by women at different points through their life course, highlighting the incidence of risks occurring at different life stages, based on historic data. It allows us to identify the various risk probabilities of women in society today and ultimately will be used to draw out individual life course.

The incidence of risk picture will be further developed in our final report to highlight scenarios for further consideration as part of our work on Women's Risk Solutions.





5.6 Potential interventions for women’s risk solutions

The Women’s Risk Solutions workstream of the Insuring Women’s Futures programme deals with how the insurance profession may improve its response to women’s needs. This involves understanding the current status of the profession’s relationships with women as customers, and drawing on the Women’s Risks in Life work (this interim report and the full version to be published during 2017, and additional deep dives) to highlight areas of focus for reviews aimed at improvement and innovation. Potential generic areas of intervention for the profession, identified in this interim report include the following:

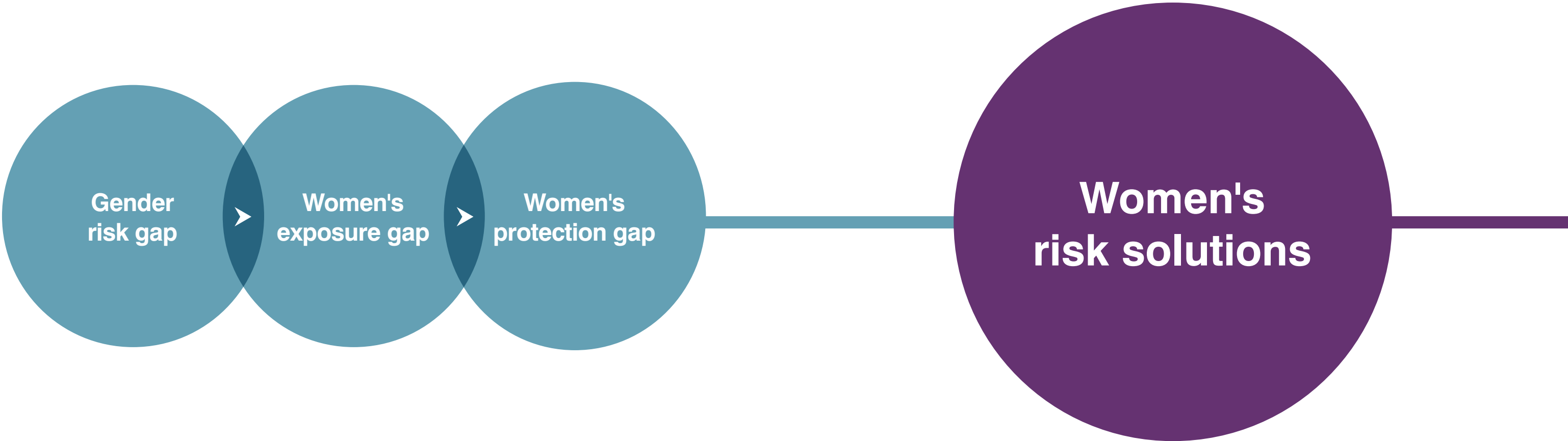
- **Education and awareness** – Educating and raising life risks awareness amongst young men and women, and of the risks associated with not engaging with, and taking ownership for managing, their respective risks in life.
- **Equality-oriented solutions** – Access to risk solutions, including advice, services and products, that allow for equality between men and women – such as savings and investment products that address individual’s needs, circumstances and risk appetites – even when earnings’ disparities exist within relationships.

- **Specific risk mitigation** – Specific risk solutions for particular circumstances to allow women in complex situations (such as dependent partners suffering violence) to both protect and empower themselves.
- **Employer solutions** – Engaging with employers, and developing new and improving existing work place risk solutions for employees – these may be benefit solutions funded by employer or employee funded options, both aiming to support closing the women’s protection gap.
- **Effective engagement** – Improved engagement with women, empathetic with women’s approach to risk, addressing their expectations and preferences in regard to informed and individual advice – through face-to-face, telephone as well as new and technology-based interactions.
- **Building trust and relevance** – Improving the image of the profession and making it more appealing to women.

Some of the causes of women's risks and the opportunities for addressing the women's protection gap may be outside the control of the insurance profession. It will be important to work with government bodies and policymakers to develop effective solutions. Some examples of wider societal areas of focus include:

- Women should be supported and encouraged to achieve more equal and independent savings/ financial provision to build up their resilience, and prepare for financial insecurity that can result from unexpected life events such as illness, or relationship breakdown.
- Given the stark inequalities in pensions savings between men and women, and the increased exposure for women, more attention must be focused on how women can be supported and encouraged to build adequate preparedness against pension poverty.
- Women face significantly higher average care costs than men and yet many younger women are not saving, and have not thought about how they will cover these costs. This challenge must be tackled if more widespread financial hardship among women later in life is to be avoided.

The research also raises a number of other issues for consideration, including the need to support families with caring responsibilities, and to see investing in childcare as a way to minimise the impact on maternal income from time out of the labour market as well as a need to help employers to offer better support for working families.



5.7 Approach to this review

Methodology

This report has been developed as a result of a secondary research exercise, following four stages:

- 1. Identification of appropriate data sources including existing analysis undertaken by expert organisations, as well as statistical data.
- 2. The data was then filtered to match the review criteria (authority, representation, relevance, recency, reliability) and subject to analysis, including correlation.
- 3. The analysis was then corroborated by expert evidence from various external organisations with specific authority on the various aspects of the review.
- 4. Finally, the report was subject to expert review and challenge by members of the Insuring Women’s Futures Advisory Panel, and other external experts.

Sources of data

The data presented in this report derives from a range of sources. These sources have been selected based on relevance, the sample size of the data collection, representativeness of the population, reliability and authoritativeness of the source and date that the data are from. Much of the analysis is based on data drawn from government sources and released by the Office for National Statistics (ONS), including the Labour Force Survey, Wealth and Assets Survey, Annual Survey of Hours and Earnings, and Crime Survey for England and Wales, as well as nationally representative long running surveys such as Understanding Society. Some survey data is only available for constituent nations of the UK, such as the Crime Survey of England and Wales; we have sought to find data with the greatest coverage and always including England, which has the largest population. Where segmentation of the data has led to small sample sizes, we have not reported the results.

The analysis has been supplemented by expert research findings from specialist organisations, such as the Fawcett Society, Age UK and Refuge. When considering research from other organisations, we have looked for analysis of national statistics and nationally representative surveys. All data sources and reports from other organisations are referenced, and a list of references is included at page 69. The ‘average’ refers to the median, unless otherwise stated.

Definitions

In this report, we define **risk** as the potential to be exposed to danger, harm, hardship or loss. This can come in many forms, including specific events and incidence of risk outside of our control, such as health and mental health, emotional wellbeing, job security or financial wealth and security. Risk may also arise as a result of choice, for example, choosing to stop work after children, or couples electing to invest all savings in one partner's personal pension.

We consider **resilience** to be the ability to withstand the impact of risk. The main components of resilience that we consider are financial: access to savings, pension savings, assets, stable income and absence of debt. We consider financial resilience as it is a measurable proxy for exposure to risk.

Illustration of approach



# 6 Risks in Life

## 6.1 Education, work and pay

In this section we consider the gender pay gap, and its impact on women's earning potential. The persistent gender pay gap means that women have lower total incomes over their life course, and it helps explain the lower levels of pension savings and financial resilience women face.

### Key findings:

Women out-perform men in education, and now earn the same as men in their 20s – women are nine percentage points more likely to go to university, and are more likely to gain a good degree.

There is a large gender pay gap that opens up as women progress through their careers – while women earn slightly more than men on average in their 20s, by their 40s men working full time are earning 12% more.

The average man in their 50s, working full time, earns more by the end of October than a women the same age and working the same hours earns across the whole year.

The gender pay gap is closing but progress is slow – on average, women in full time work earn 9% less than men, down from 17% in 1997. However, at the current rate, the gender pay gap will not be closed until 2050.

The gender pay gap has four main causes – discrimination, unequal caring responsibilities, a divided labour market, and men in the top roles.

The gender pay gap leaves women more at risk of low pay and less financially resilient – women are more likely to experience low pay, and are consequently less able to save or build up a pension.

## Women's earnings potential, pay profile and the gender pay gap

### Women out-perform men in education

Women still earn less than men, despite the fact that they out-perform men in education and tend to have higher levels of skills.

Female students get better GCSE results than male students. 6 in 10 girls get five A\*–Cs at GCSE, including English and Maths, compared with just 5 in 10 boys (DfE, 2016a, p. 3).

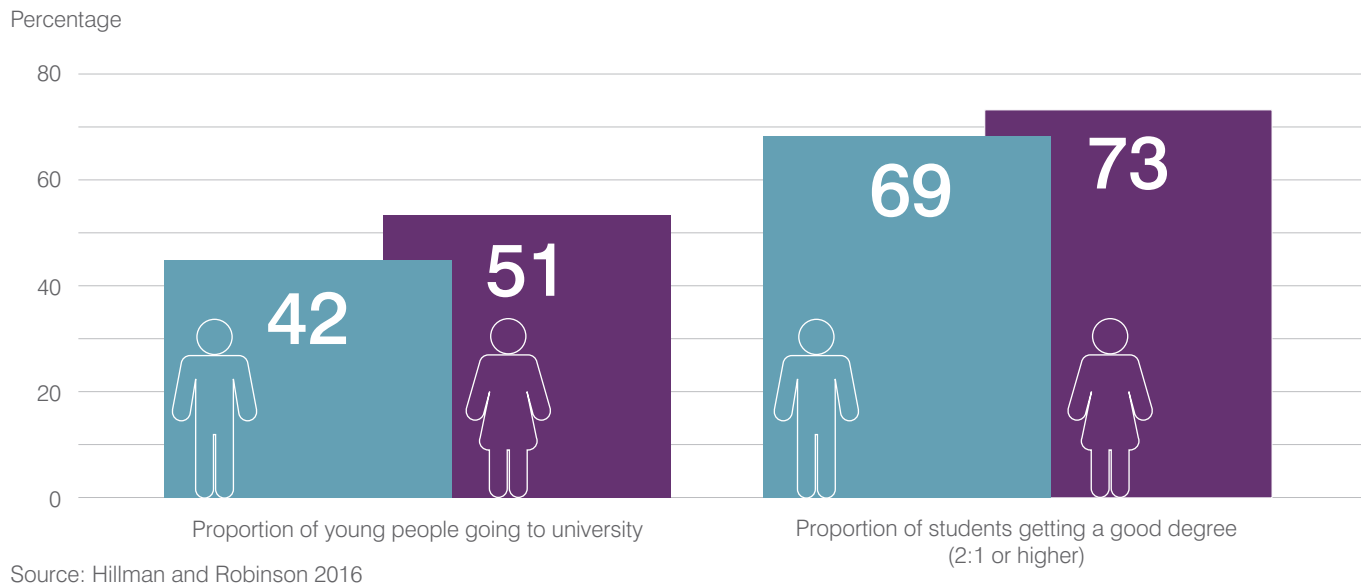
Women are now far more likely to go to university; 5 in 10 women go, compared with 4 in 10 men.

The gap is particularly large for young people from deprived backgrounds.

Self-employed women may be more independent and more able to work flexibly than employees. However, self-employment can also come with risk and insecurity.

Women are not just more likely to go to university (see graph 6.1 below), but are more likely to get a good degree too (2:1 or higher), and to be in work following graduation (Hillman and Robinson, 2016, p. 17, 24).

6.1 Participation in and achievement in Higher Education by Gender (%)



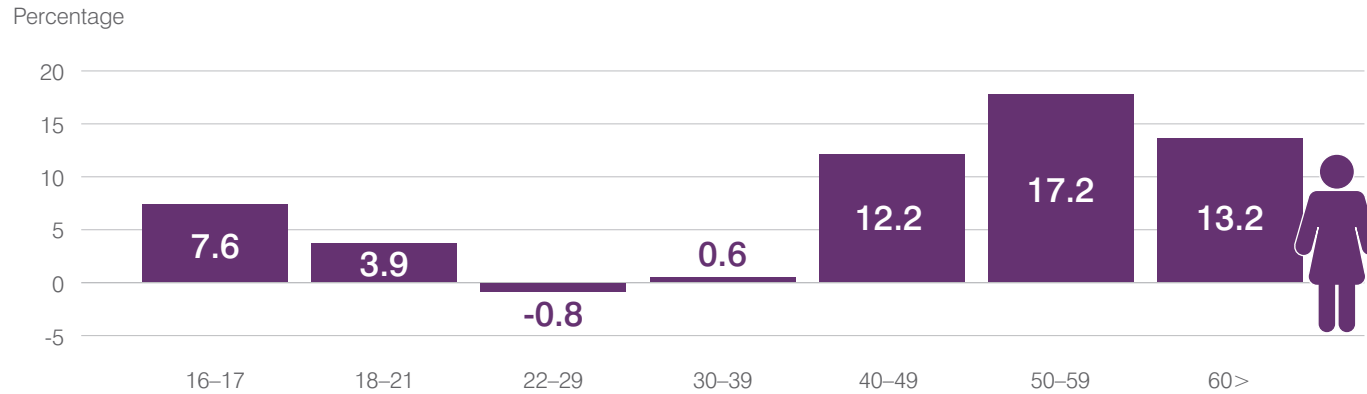


There is a large gender pay gap that opens up as women progress through their careers

However, despite women out-performing men in education, and nearly half a century on from the Equal Pay Act, there is still a large gender pay gap in the UK. There are very little differences in incomes between men and women early in their careers. Women aged 22–29 actually earn slightly more than men (ONS, 2015f, p.10).

But, from age 40 upwards, men are paid far more than women. Women earn 12.2% less than men between the ages of 40–49, and 17.2% less than men from 50–59 (ibid)<sup>1</sup>. This means that a man in his 50s will, on average, earn more by the end of October than a woman in her 50s will in an entire working year.

6.2 The gender pay gap by age (%)



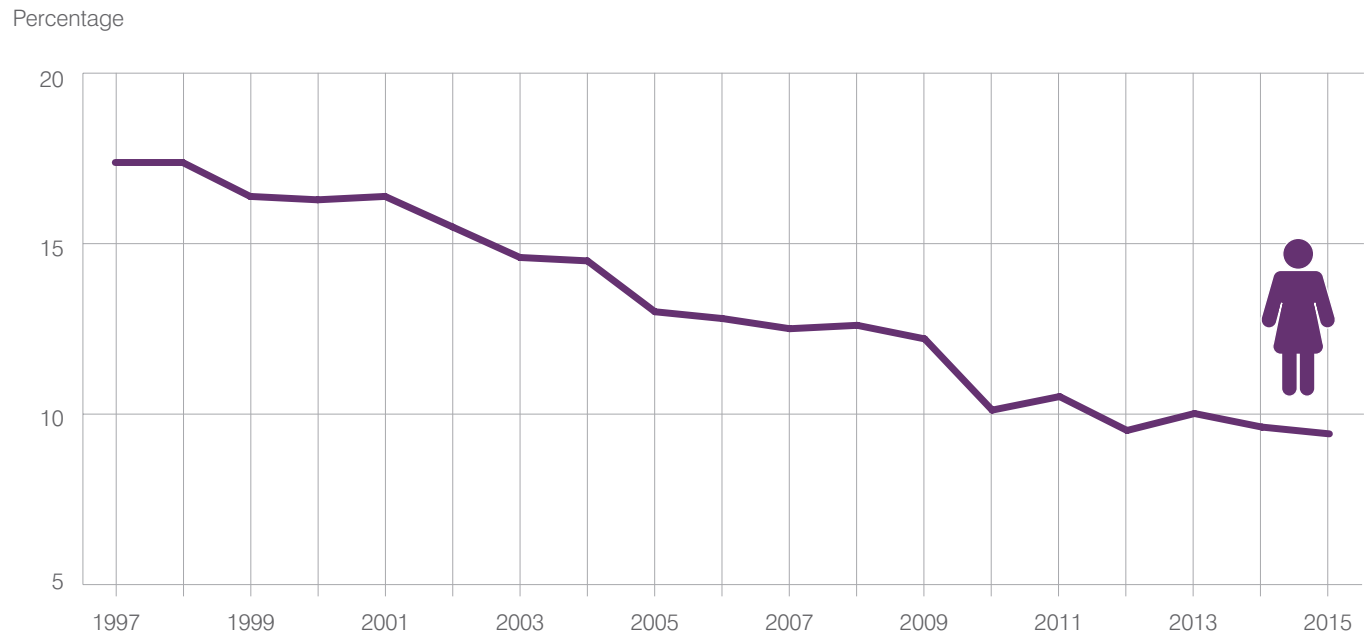
Source: ONS 2016c

The gender pay gap has reduced over time but progress remains slow

The gender pay gap has been reducing steadily for decades, but it remains substantial and progress has been slow in recent years. Overall, women working full-time still earn 9.4% less than men (ONS, 2015f, p.2). This is the gap in median hourly

earnings for full-time workers, measured by the Annual Survey of Hours and Earnings. If the gender pay gap continued to decline at the rate of the last four years, it would not be eliminated until 2050, exactly 80 years after the Equal Pay Act.

6.3 The gender pay gap for full-time workers over time (%)



Source: Median hourly earnings for full time workers (ONS 2015f)

The gender pay gap has four main causes

According to the Fawcett Society, there are four main causes of the gender pay gap (Fawcett Society, 2015);

- **Discrimination** – while it is illegal to pay women less than men for the same job, there is evidence that this still occurs.
- **Unequal caring responsibilities** – women still play a far greater role in caring for children and older relatives. This means they are more likely to rely on part time work which tends to be lower paid.
- **Labour market segregation** – women tend to be significantly over-represented in low paid sectors. 4 in 5 workers in the care sector are women. 3 in 5 of those earning below the living wage are women.
- **Men in the most senior roles** – while there has been progress in many areas, men continue to make up the majority of those in the highest paid and most senior roles.

The gender pay gap, risk and resilience

The gender pay gap leaves women more prone to risk, and less financially resilient than men. It is one of the main reasons why women are more at risk from low pay than men. Lower levels of pay limit women's ability to buy insurance protection and/or build up financial resilience through saving or through building up a pension. As we shall see in the next section, the gender pay gap is in large part, but by no means exclusively, due to the differential impact of having children on the careers and income of women and men.

The gender pay gap is higher in the private sector, although the gap has been narrowing; from 23.8% in 1997 to 17.2% in 2015. Progress in reducing the pay gap in the public sector has been particularly slow; it has even increased in the last two years. In 1997 the pay gap was 13.5% and by 2015 it remained at 11.4% (ONS, 2015f, p.11). This may be because the jobs lost in the public sector have disproportionately hit areas where pay was more equal, meaning the gap is higher for the remaining jobs (Cragg, 2016). The gender pay gap is proportionately higher for higher earners. The top decile (10%) of earners has changed little in the last 20 years, remaining at around 20%. The gap for the bottom decile has narrowed far faster; halving from 13.6% in 1997 to 6.5% in 2015 (ONS, 2015f, p.11). The gender pay gap is proportionately lower for professional occupations (9.3%), administrative and secretarial (8.1%), caring, leisure and other services (7.6%), and sales and customer service occupations (3.6%). It is proportionately higher for those in process, plant and machinery operatives (21.8%) and those in skilled trades and occupations (24.7%) (DCMS, 2014, p.14).

<sup>1</sup> Since original publication of this report, later data from the 2016 ASHE survey indicates that the marginal gap in favour of women aged 22–29 has reversed to a 0.2% gap in favour of men of that age, meaning that at all ages men now earn more than women. (ONS, 2016c).

# The motherhood pay penalty

In this section we examine the impact of the motherhood pay penalty on women. Women with children earn less than women without children, and less still than men. The lower income of mothers, along with the high costs of having children, puts mothers at particular financial risk.

## Key findings:

Women who have children before they are 33 experience a motherhood pay penalty – on average, a mother working full-time will earn 11% less than a childless woman by their 40s. The gap is bigger for single mothers. Combined with the additional costs of having children, lower incomes place real pressure on women's finances, and leave mothers facing financial insecurity.

The motherhood pay penalty and the fatherhood pay bonus help explain the gender pay gap – on average, a woman born in 1970 was earning 34% less by the age of 42 than a man of the same age, with the gap being primarily due to the impact of motherhood pay penalty. However, it does not explain the gap in its entirety; a childless man born in the same year was still earning on average 12% more than a childless woman born that year.

Women with younger children are much more likely to be working part-time – 2 in 5 women with a one year old child are working part-time, compared with 1 in 5 who are working full time. Part-time work is more likely to be low paid.

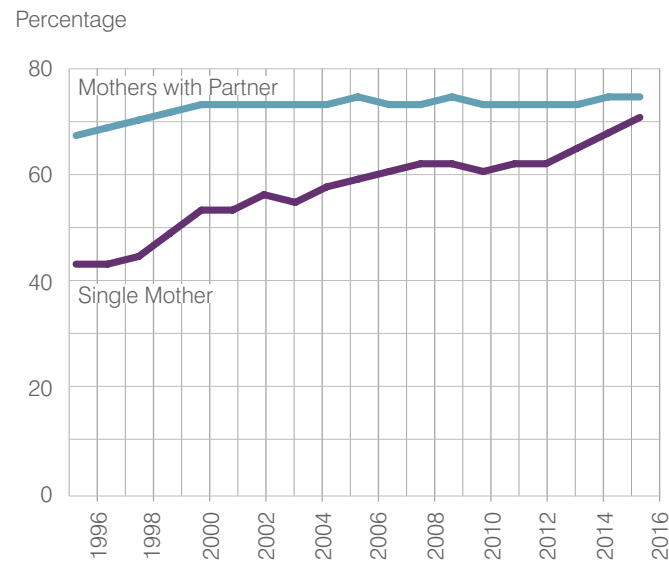
Women face a high risk of discrimination during pregnancy and maternity – 77% women report a negative and possibly discriminatory experience whilst pregnant, on maternity leave or on return. This could represent 260,000 women annually. Fewer than 1 in 3 women raise such experiences formally or informally.

# Employment rates for mothers have risen rapidly, but they are more likely to work part-time

The employment rate for mothers has risen rapidly in recent decades. In 1996, 6 in 10 women (61.8%) were in work, compared with 7 in 10 women (69.6%) today. This increase has been driven by a particularly rapid increase in the employment rate for single mothers. 20 years ago, the gap in employment rate between lone mothers and mothers in couples was 24.2%, today it has narrowed to under 10% (ONS, 2014, p. 16, 23).

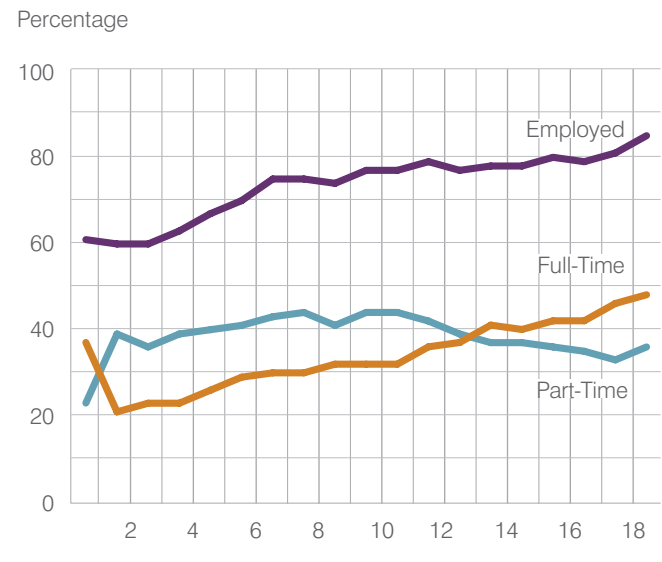
Part-time work is much more common among mothers. 54% of mothers in employment work part-time, compared with 32% of women without children. Part-time work is particularly common for mothers with children under 10 (ONS, 2014, p.19). Part time work is far more likely to be low paid, and there is evidence that periods of part-time employment can have a long-term damaging effect on earnings in later life. As children grow older, mothers are both more likely to be in work, and more likely to be in full-time work.

## 6.4 Increase in employment rates for mothers by relationship status (%)



Source: ONS 2014

## 6.5 Maternal employment by age of youngest child (%)



Source: ONS 2014

Women who have children before they are 33 experience a significant motherhood pay ‘penalty’

Having children has a significant negative impact on maternal income.

Longitudinal survey data shows that by their early 40s, mothers who had their children before 33 and who are in full-time employment, earn on average 11% less than women without children. Controlling for other factors, such as education, religion and socioeconomic group, the gap reduces to 7%. The gap does not appear to be affected by the number of children a woman has. This has been called the ‘motherhood pay penalty’ (TUC/IPPR, 2016). The average age of a mother having her first child is 28.5, and 2 in 3 children are born to women aged under 33 (ONS, 2015a).

Conversely, men experience a fatherhood pay bonus, with men who have children earning 21% more by their early 40s. Even controlling for other characteristics, men with children earn a fifth more than those without children (TUC/IPPR 2016). This may be due to men who have children being more likely to work extra hours to make up for lost maternal income, or them being more likely to ask for a pay rise.

Mothers who were single when they had their first child earn 12% less in full-time work at age 42 than women who were in a couple when they had their child (ibid).

The motherhood pay penalty seems only to affect women who have their first child aged 32 or under. Indeed women aged 33 or older earn up to 12% more at age 42. This may be because women who choose to have children later in life have developed more experience, and skills, and so are both more attached to the labour market (ibid, p. 4).

The combination of lower incomes that mothers face, and the cost of raising children, makes women more vulnerable to poverty and financial insecurity.

Single mothers, who face both a bigger motherhood pay penalty and who lack a second income, are particularly at risk of poverty. Of the 7.9 million households with dependent children, 1.9 million are single parent households, with 86% of these being headed by a female lone parent (ONS, 2016e, p. 5). Half (44%) of the children of single parent families live in relative poverty, compared with 1 in 4 children in couple families (ONS, 2016d).

Recent research by IFS has also shown how the gender pay gap grows after having a child. Using the British Household Panel Survey, they show that the pay gap between men and women grows from just over 10% before the birth of a first child, steadily to 33%, 12 years after the birth of the first child, where it remains relatively steady (IFS, 2016).

The motherhood pay penalty and the fatherhood pay bonus help explain the gender pay gap

The gender pay gap can in large part be explained by the different impact of parenthood on income by gender. Analysis of the 1970 Birth Cohort Study showed that the motherhood pay penalty contributes to a gender pay gap of 34% in terms of mean earnings, when controlling for other factors, between a woman and a man working full-time at age 42 (TUC/IPPR 2016).

However, the motherhood pay penalty cannot explain the gender pay gap in full, and there is also a gender pay gap for childless people; at age 42, a man without children earns 12% more than a woman without children (ibid).

For many women, giving up work to look after children is a conscious choice. However, for many others, this is a constrained choice due to gendered social norms around caring responsibilities and the lack of affordable childcare (Alakeson 2012). Irrespective of whether this is a free choice, it is clear that many women’s careers and incomes suffer as a result of taking time off work to care for children.

It should also be noted that while men experience a fatherhood pay bonus, there can be negative impacts for fathers too as a result of the uneven division of caring responsibilities. With mothers being more likely to take primary responsibility for childcare, fathers often end up working longer hours and having less time to spend with their children. As the Fawcett Society found in a recent survey, there are many fathers who currently do not feel that enough provision is made for them to take time off to care for children. This is backed up by evidence that they are more likely than mothers to have requests for flexible working turned down (Olchawski, 2016).

Women face a high risk of discrimination during pregnancy and maternity

Recent research showed that 3 in 4 recent mothers (77%) said they had a negative or possibly discriminatory experience in the workplace during pregnancy, maternity leave, or on return from maternity leave. This was most common among mothers aged 25–29. If this reflected the whole population, this could mean 260,000 mothers per year face a negative or discriminatory experience at work. Only just over 1 in 4 of these mothers raised the issues they faced either formally or informally (IFF Research, 2016).

2 in 5 (41%) women felt that there was a risk to, or impact on their health and welfare. 1 in 5 (20%) reported financial loss as a result of their pregnancy, and the same number reported harassment or negative comments related to their pregnancy or flexible working from their employer and/or their colleagues. 1 in 9 felt forced to leave their job. This could mean 54,000 mothers leaving their job each year (ibid).



## Low paid employment and job insecurity

In this section we examine the prevalence of low pay and insecurity at work. Being in low pay and insecure work puts women at greater risk from financial shocks, and limits their ability to build up financial resilience through savings and pensions.

### Key findings:

Women are at greater risk of low paid employment compared with men – they are nearly twice as likely to be earning below the statutory minimum wage (1.7% compared with 1.0%), and more likely to be earing below the voluntary living wage (29% compared with 22%).

Women increasingly face insecurity in work – they are more likely to be on zero-hours and temporary contracts, which tend to be more insecure. Women are less likely to be self-employed, but their numbers are growing rapidly.

Women are more likely to be in part time work, which is more likely to be low paid – women are more than three times as likely to be working part time than men – 42% compared with 13%. Part time work is much more likely to be low paid.

Women are more likely to report feeling financially insecure, particular those women with children, as a result of lower pay and greater insecurity in work. 1 in 2 women with three or four children say that their money would not last a month if they lost their primary income, compared with just 1 in 4 women without children.

### Women are more likely to be low paid

The UK has a significant challenge with low pay. Over 1 in 5 of all employees (22%), earn less than the voluntary Living Wage, which is calculated according to the cost of living. This represents 5.6 million people, up from 4.5 million in 2012 (Markit, 2016).

Low pay is particularly common for women;

- Excluding London, 29% of women in the UK earn below the voluntary Living Wage, compared with 22% of men (ONS, 2015 p.10). In London, these figures stand at 22% and 16% respectively.
- 1.7% of women earn below the statutory minimum wage, compared with 1.0% of men (ONS, 2016, p.4)

Women below the age of 30 are most likely to be low-paid. As we explore below, the greater likelihood of women being in low pay contributes to lower levels of saving, lower levels of financial resilience, and a higher degree of financial risk.

### Women increasingly face insecurity in work

There has been a growth in insecure work in recent years, and this seems to be affecting women disproportionately.

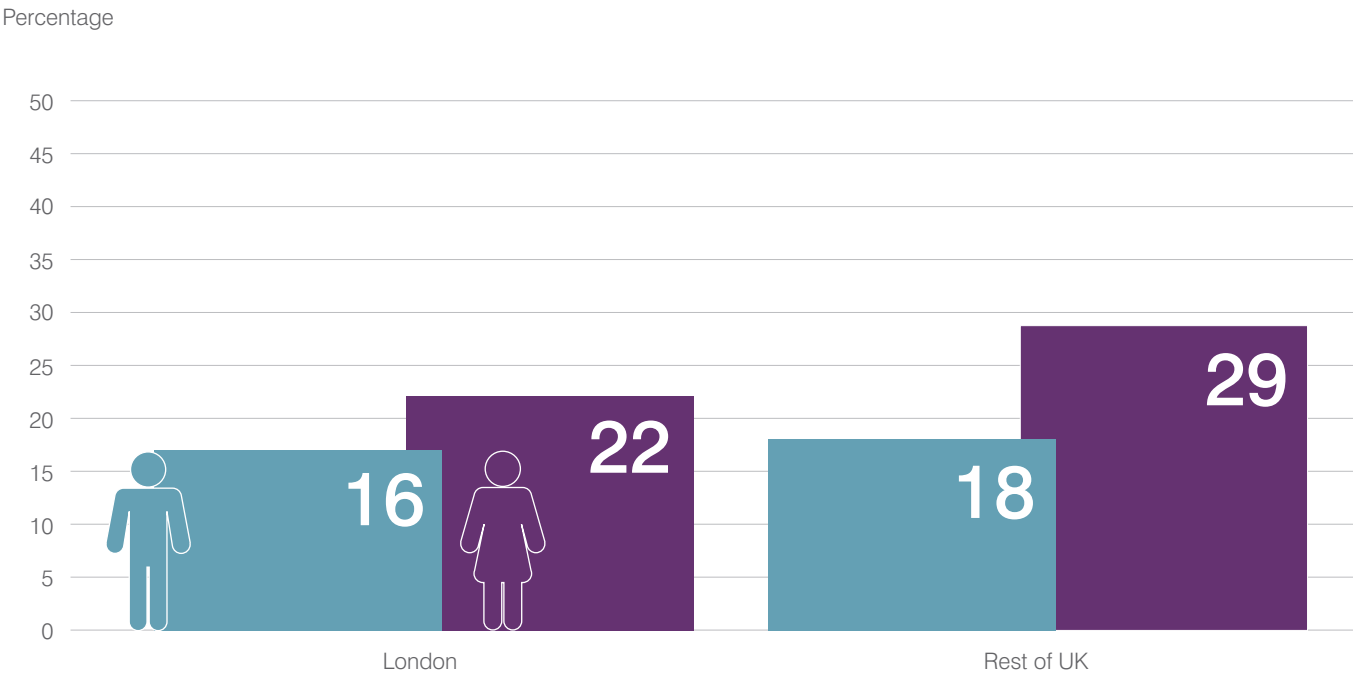
**Women are more likely to be on zero-hours contracts.**

Women are more likely to be employed on a contract that does not guarantee a minimum number of hours – so called zero-hours contracts. 1 in 30 women (3.4%) are on such a contract, compared with 1 in 40 men (2.4%). There has been a rapid growth in this area, and there are now nearly 500,000 women on zero-hours contracts, up from 337,000 two years previously (Table 3, ONS 2016a).

Women on zero-hours contracts are more likely to be young (38% of people on zero-hours contracts are aged 16-24), and working in sectors such as health and social work, and accommodation and food. Compared with people not on zero-hours contracts, these workers are more likely to want more hours, an additional job, or a different job (ibid, p. 2-6).

As they do not guarantee a minimum number of hours, zero-hours contracts can leave workers facing variable and unpredictable incomes, potentially leading to insecurity and financial risk.

6.6 Low pay and gender (%)



Source: ONS 2015

**Women are more likely to be in temporary work**

Women are more likely to be in a temporary job; 6.6% of women are in a temporary role compared with 5.8% of men (ONS, 2016b).

However, this does appear to be at least in part due to choice. Only 1 in 4 women (27.6%) in a temporary role was in one because they couldn't find a permanent role. This is as compared with 1 in 3 men (34.4%) (ibid).

Temporary contracts by their nature offer less long-term security and can undermine an employee's ability to plan.

**Women are far more likely to be in part-time work than men**

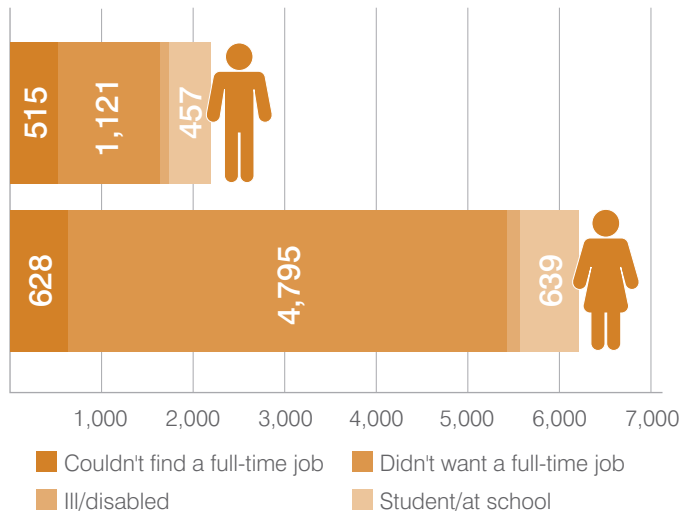
Women are more than three times as likely to be in part-time work than men. 42% of women in work are part-time, compared with just 13% of men (ONS, 2016b).

Women working part-time are far more at risk from low-paid employment. Part-time employees are twice as likely to be paid below the minimum wage (ONS, 2016, p.4) and three times as likely to be earning below the voluntary Living Wage (ONS, 2015, p.2).

Most women who are working part-time say they are choosing to do so. 3 in 4 women working part-time say they do so because they do not want a full-time job, compared with just 1 in 2 part-time men (ONS, 2016b). This suggests lower levels of 'underemployment' among women.

However, while women may appear more likely to choose to work part-time, it is likely that for many it is a constrained or forced choice. Women face an uneven share of caring responsibilities, and many of those who say they didn't want a full-time job may be primary carers. Women with children are far more likely to be working part-time (Alakeson 2012, ONS 2014).

**6.7 Prevalence and reasons for part time working by gender**

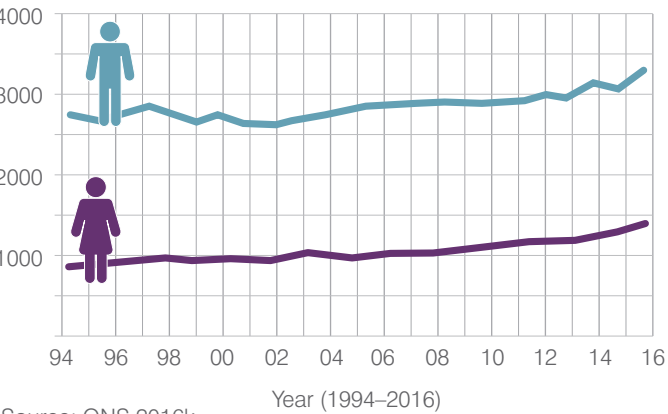


Source: ONS 2016b

**Women are less likely to be self-employed, but their numbers are growing rapidly**

Women are much less likely to be in self-employment. However, self-employment is growing rapidly among women, from just over 1 million in 2008 to 1.5 million now; 10% of all women in work. Without payroll pension schemes, the self-employed are less likely to have a private pension. Self-employed women may be more independent and more able to work flexibly than employees. However, self-employment can also come with risk and insecurity.

**6.8 Self-employed by gender**



Source: ONS 2016k

# 6.2 Family, relationships and care

## Women's caring responsibilities at different ages

In this section we consider caring responsibilities and how they relate to women's risk and resilience. Women are far more likely to have caring responsibilities. This limits their ability to work, to be financially independent, and exposes them to greater financial risk.

### Key findings:

- Women are more likely than men to provide unpaid care, particularly in their late 50s when nearly a third of women are carers.
- Women who provide care are less likely to be in work; just 1 in 2 women in their late 20s who are carers are in work, compared with 2 in 3 non-carers. This contributes to a lower level of income and savings and consequently lack of resilience to financial shocks.
- Government spendings on care is in real-terms decline – potentially leading to a growing demand for unpaid caring, which will fall disproportionately on to women.
- 1 in 10 working age women belongs to the ‘sandwich generation’, providing care as well as having dependant children. This rises to 1 in 7 for women in their early 40s are most likely to belong to this group.

## Women are more likely to have caring responsibilities for both adults and children

A fifth of women at any given time are providing care to a sick, disabled or elderly person. The proportion of women providing unpaid care peaks in the 55–59 age group where nearly a third of women are carers. This compares to 16% of men caring, peaking at 24% among 60–64 year olds (Understanding Society 2014–15).

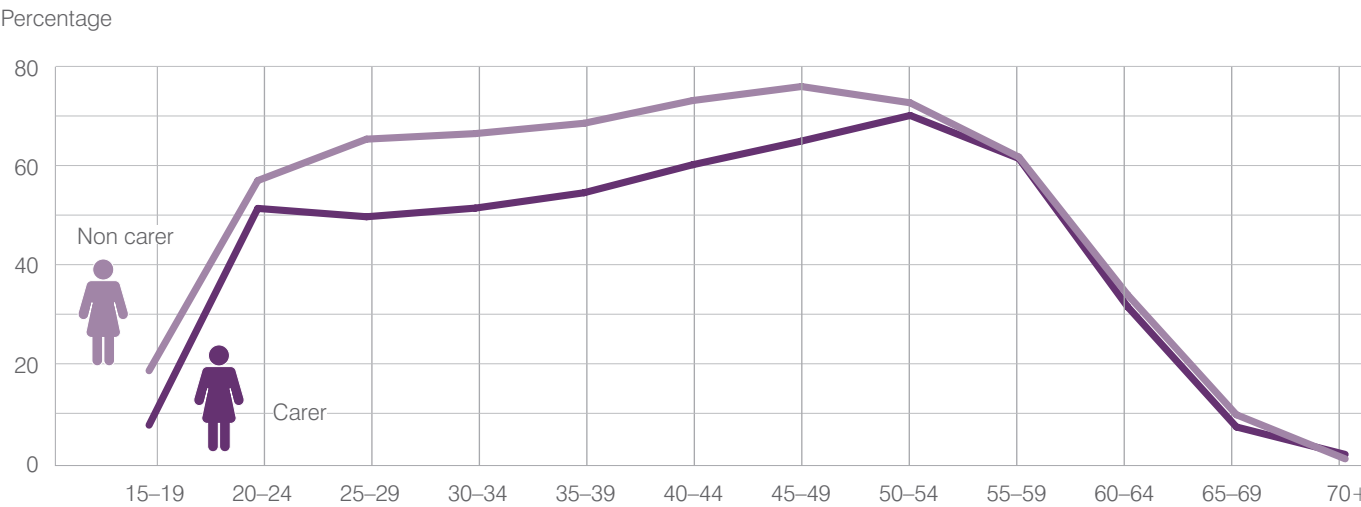
Government spending on care is in real-term decline, and in combination with increasing demand from an ageing society, is leading to ‘a huge reduction in the availability of services’ (Age UK, 2014, p. 1). As families are asked to take on more of the responsibility for care, much of this will fall to women.

Women who provide care are less likely to be in work (see Chart 6.9). Caring is also associated with working part-time. This affects women’s ability to earn and save in preparation for unexpected life events.

1 in 10 working age women are carers for adult relatives and also have dependant children (Understanding Society 2014–15). Women are much more likely to be in this position than men; the proportion of women in this position peaks at the 40–44 age group at 14% (see Chart 6.10). For this group, combining work and saving with care is particularly challenging.

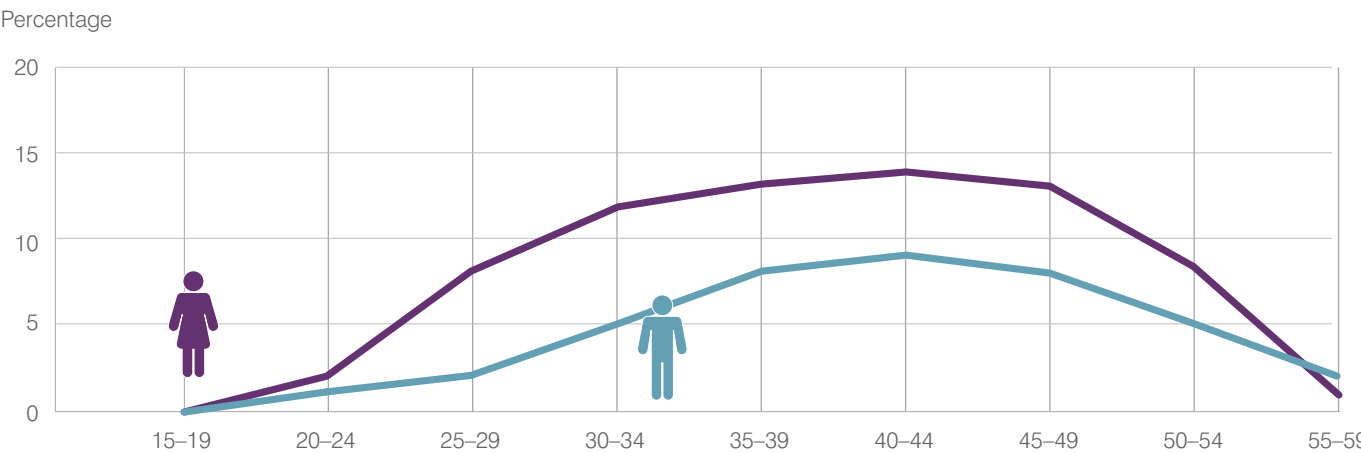
Women face challenges in combining work and care both as mothers and as grandmothers. Working grandmothers who provide informal childcare for their grandchildren are likely to be younger, in work, and belong to low-income households: 66% of grandmothers who provide between 10–19 hours of childcare a week earn less than £25,999, compared with 25% who earn £44,000 or more (Ben-Galim and Silim 2013, p13). Women who leave the labour market later in their careers often find it difficult to return to work.

6.9 Employment rate, by carer status and age (women only) (%)



Source: Understanding Society, 2014–15

6.10 People with caring responsibilities for adults and dependant children by age and gender (%)



Source: Understanding Society, 2014–15



## The effects of divorce and separation

In this section we consider the impact of family status on women’s risk and resilience. We look at how for some women, divorce and separation can leave them facing significant financial risk.

### Key findings:

The divorce rate has increased significantly in recent decades – 1 in 3 of those married in 1998 had divorced by their 15th wedding anniversary, compared with just 1 in 5 of those who had married in 1968. The average age for a woman to divorce is 42.6 compared with 45.1 for men.

Divorce and separation pose significant financial risk for many women – particularly later in life when they have less of an opportunity to build up savings and pensions independently.

The number of cohabiting couple families has doubled in 20 years, from 1.5m couples in 1996 to 3.3m in 2016, and this presents a risk for some women as cohabiting partners are less well protected on separation.

Women who do not have a partner are significantly more likely to feel financially insecure than men without a partner – 43% of divorced women say that debt is a burden compared with 34% of men.

Women face a higher chance of mental health illness following divorce and separation – 2 in 3 (65%) divorced women say they have experienced a mental health condition, compared with 1 in 2 (51%) women as a whole.

There are 12.7 million married couple families in the UK, and this number has been stable for the last two decades. Around 115,000 couples divorce every year, and almost half of these have a child under 16 (ONS, 2015b, p. 7). This contributes to the 2.9 million lone parent families in the UK, 86% of which are headed by a female lone parent (ONS, 2016e, p5).

Divorce has increased significantly in recent decades. 1 in 3 (32%) of those married in 1998 had divorced by their 15th wedding anniversary, compared with just 1 in 5 (20%) of those who had married in 1968. The average age for a woman to divorce is 42.6 compared with 45.1 for men (ONS, 2015b, p.6). There were 111,000 divorces in 2014. While this is down on the peak reached in 1993 of 165,000, it is over three times higher than the rate of fifty years ago when there were only 35,000 in 1964 (ONS, 2016l).

### Divorce and separation represents a significant financial risk for women

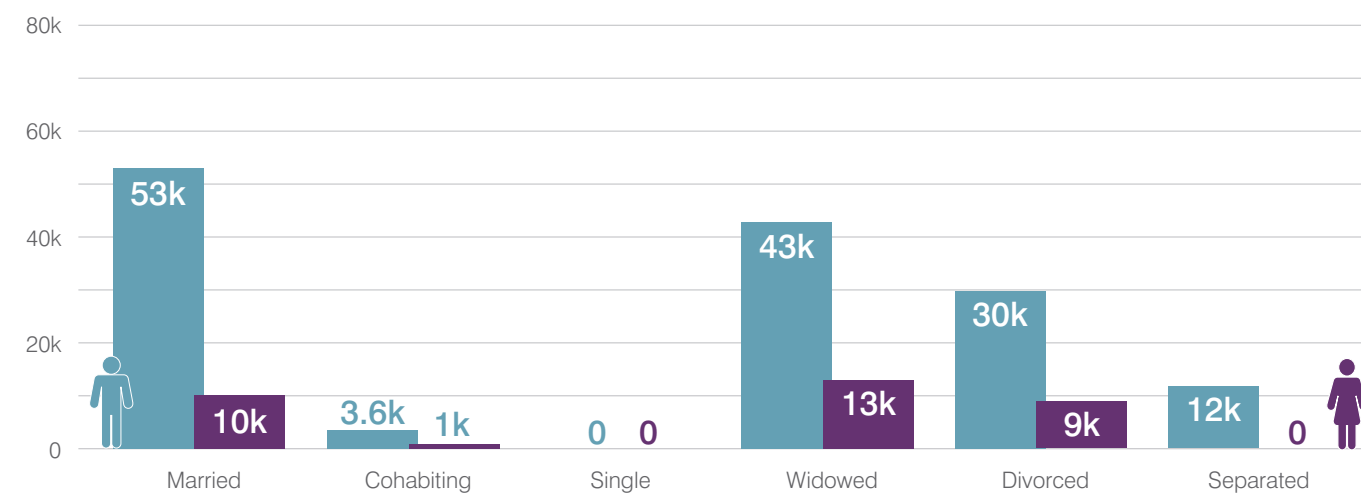
Divorce and separation<sup>2</sup> have negative financial and wellbeing effects for both men and women, but pose particular risks to women. Women who are divorced or separated have lower levels of savings than their male counterparts, and the average divorced woman has less than a third of the pension wealth of the average divorced man. Most separated woman have no pension wealth at

all, and they are far more likely to be reliant on the State Pension.

As the average age of marriage increases, so too does the average age of divorce. The mean age at divorce for women is now 42.6 (ONS 2015b, p6), with an increasing number of relationships breaking down as couples reach their 50s: the so-called ‘silver splitters’. Only the over 50s have seen an increase in the divorce rate for men and women since 2003 (ibid).

Women separating from their partners at this point in their careers are at particular risk, as they do not have many working years left to build up an independent savings pot or pension, and they are more likely to live with children. The average age of divorce also coincides with the divergence of men and women’s earnings after children (see page 26), meaning divorced women may face multiple disadvantages in accumulating savings. Although married women are generally entitled to a pension sharing order upon divorce, women without appropriate legal advice are particularly vulnerable to being left without protection. The average woman who expects to rely on a partner for income in retirement has just £8,335 in pension wealth, leaving her open to financial hardship if the relationship were to break down (Wealth and Assets Survey 2012–2014).

### 6.11 Median pension wealth by relationship status (£)



Source: Wealth and Assets Survey 2012–2014

<sup>2</sup> ‘Separated’ individuals are married but separated from their husband/wife.

Increased levels of cohabitation could represent a risk for women

Over the past 20 years the number of cohabiting couple families has more than doubled, from 1.5 million families in 1996 to 3.3 million in 2016, or 17.5% of families (ONS 2016e). Almost 1.3 million of these families, or 39%, have dependent children (ibid). Cohabitation does not offer the same protections for individuals as marriage, such as access to partners' pensions and assets, or the right to maintenance payments after separation. This disproportionately increases financial risks for women as they have lower levels of savings and pensions than men and are more likely to give up work to care for children. Legal protection remains distant, as a Cohabitation Rights Bill which would have offered individuals some protection following relationship breakdown did not successfully pass through the 2015–16 session of parliament<sup>3</sup>.

Women who do not have a partner are significantly more likely to feel financially insecure than men without a partner

Women's relationship status has a significant effect on their financial security. Married men and women are equally as likely to say debt is a burden. However,

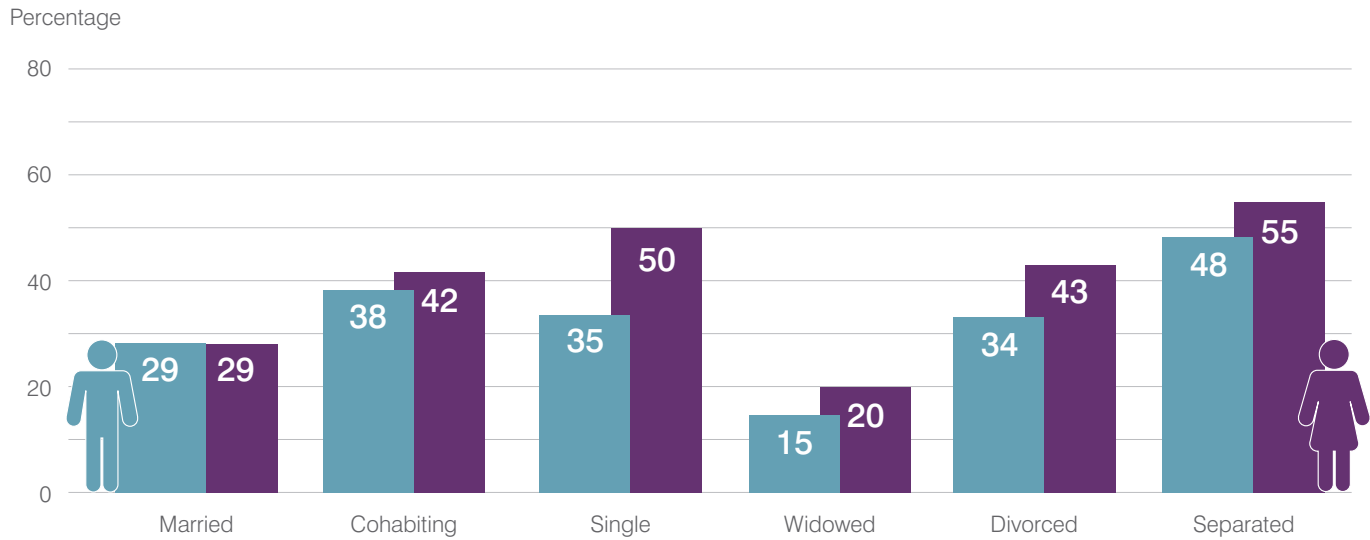
widowed, divorced and single women are respectively five, nine and 15 percentage points more likely to say that debt is a burden than men (see Chart 6.12). They are also more likely than men to say that if they lost their main source of income, their money would not last a month (Wealth and Assets Survey 2012–2014).

More than half of women who have separated from their partner report that they feel they are under a burden of debt, with a similar number reporting that if they lost their main source of income they would only be able to support themselves for a month or less.

Women face a higher chance of mental health illness following divorce and separation

Women who are divorced report a higher incidence of mental health illness compared with other women (65% vs 51%) as well as compared with divorced men (49%) (Health Survey for England 2014).

6.12 Percentage that feel debt is a burden (%)



Source: Wealth and Assets Survey 2012–2014

<sup>3</sup> <http://services.parliament.uk/bills/2015-16/cohabitationrights.html>

# The incidence of intimate violence, domestic abuse and financial coercion against women

In this section we consider the risk women face through intimate violence, domestic abuse and financial coercion. Women are at greater risk of violence in relationships. They are more likely to face financial coercion, which can limit their independence and prevent them from leaving abusive relationships.

## Key findings:

Women are twice as likely to suffer from domestic abuse as men; 8.2% of women experience domestic abuse each year compared with just 4% of men.

Around 85,000 women are raped each year, and 1 in 5 women has experienced sexual violence.

Domestic violence and financial coercion are risks for all women, but some groups face particularly elevated risks.

Women with the least financial independence and resilience appear to be at the most risk – over three times as many women living in the lowest income households experience domestic abuse compared with those in the highest income households.

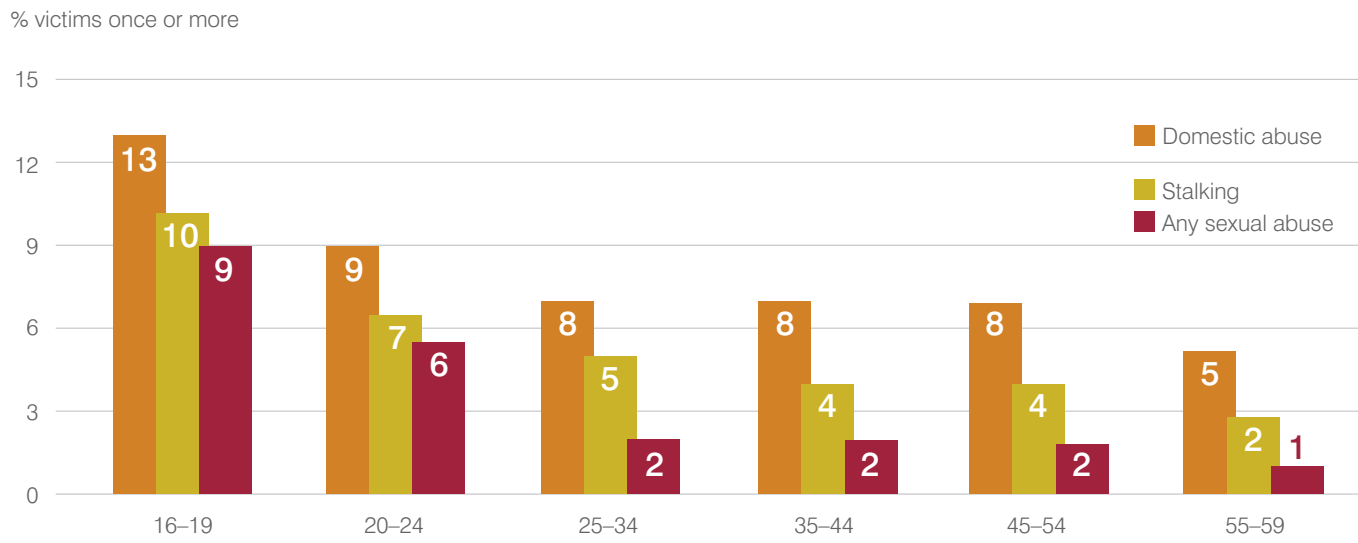
Domestic violence and financial coercion can have profound consequences on women's financial circumstances, health and wellbeing.

Women are twice as likely as men to suffer from domestic abuse, where domestic abuse includes non-sexual abuse, sexual assault and/or stalking carried out by a current or former partner or other family member<sup>4</sup>. 8.2% of women experience domestic abuse in the year up to March 2015 compared with 4.0% of men; this is equal to 1.3 million women (ONS, 2016f).

The majority of people experiencing domestic abuse experience partner abuse, with 6.5% women reporting abuse from a partner in the last year. A quarter of women have experienced domestic abuse since the age of 16 (ibid).

Intimate violence, which includes domestic abuse as well as sexual assault and stalking by individuals other than partners and family members, is experienced by women across society, but the incidence varies by age, social class, education, relationship status and disability. 12.6% of women aged between 16 and 19 experience domestic abuse each year, compared with 5.4% of those aged between 55 and 59 (see Chart 6.13, ONS 2016f, p13).

6.13 Percentage of women aged 16–59 who were victims of intimate violence, in the last year by age and type of abuse, year ending March 2015 Crime Survey for England and Wales (%)



Source: Crime Survey for England and Wales, Office for National Statistics

<sup>4</sup> Definition and data taken from Crime Survey of England and Wales 2015. The statistics combine results of a self-completion module with results from face-to-face interviews, as certain crimes such as domestic violence are known to be underreported in face-to-face interviewing.



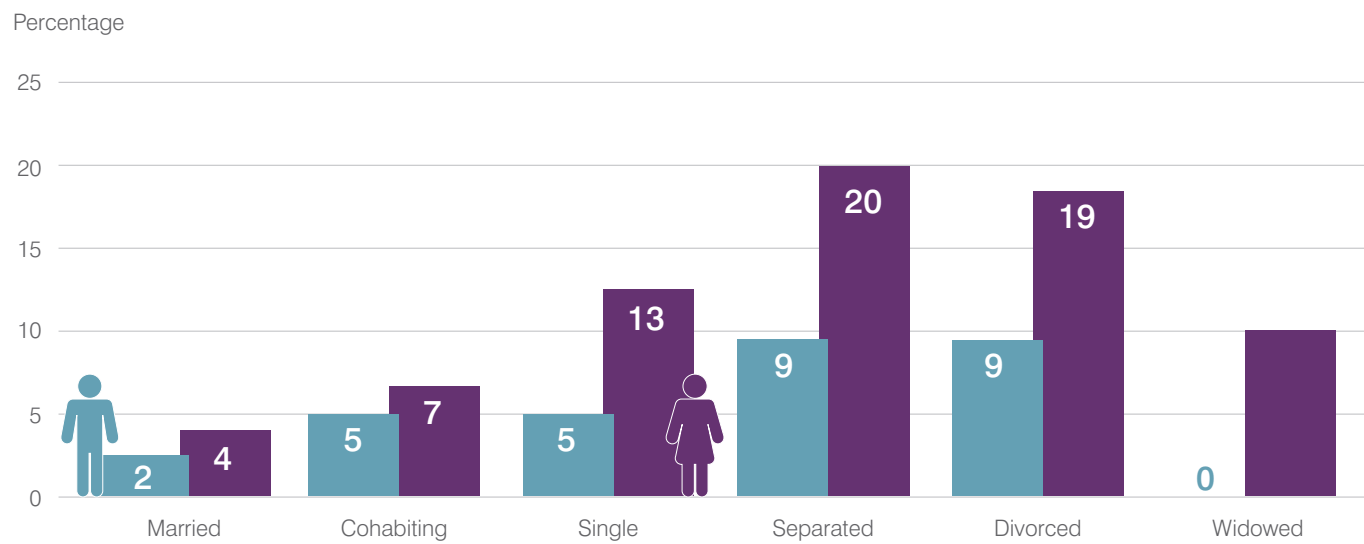
Women who were separated and divorced (19.8%) are the most likely to have experienced domestic abuse in the last year compared with other relationship statuses. Women living in lone parent households are at risk in particular, with around 1 in 5 being survivors of domestic abuse in the last year.

Over three times as many women living in the lowest income households (less than £10,000) experience any domestic abuse compared with those in the highest income households (more than £50,000) (see Chart 6.15). Women with degrees or diplomas are also less likely to experience domestic abuse.

These figures show that while women across society experience domestic abuse, it is those who have the least financial independence who are most at risk. Financial means are an important factor in ending abuse; of the people who experience abuse from a partner they live with, 58% do not leave, and of these, 15% do not because they cannot afford to (ONS, 2016g).

Approximately 85,000 women and 12,000 men are raped in England and Wales each year. 1 in 5 women aged 16–59 has experienced some form of sexual violence since the age of 15. Only 15% of these experiences are reported to the Police, and around 9 in 10 of those who are raped, knew the perpetrator prior to the offence (Home Office, 2013).

6.14 Percentage of adults aged 16–59 who experienced domestic abuse in the last year, by marital status and sex (%)



Source: Crime Survey for England and Wales, Office for National Statistics

Non-physical abuse and financial coercion

Financial coercion is a common form of domestic abuse. Almost two thirds of women abused by a partner experience emotional or financial abuse, compared with 1 in 3 experiencing force and 1 in 2 experiencing threats (ONS, 2016g). These types of abuse often accompany each other and female survivors are more likely to experience multiple types of abuse.

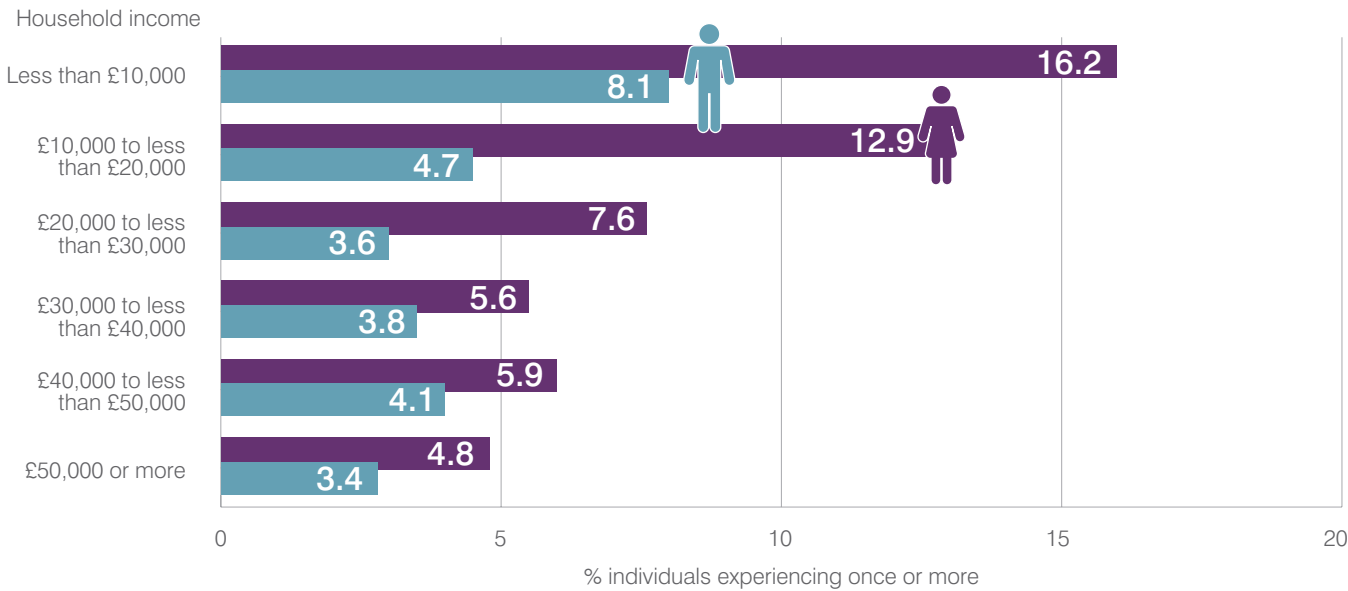
Financial coercion specifically is an increasingly recognised problem. A recent nationally representative survey commissioned by Cooperative Bank and Refuge found that 1 in 5 adults has experienced financial coercion in a current or past relationship, and 60% of all incidents are reported by women (Sharp-Jeffs, 2015, p. 6). Women are more likely to experience coercion for longer, in multiple relationships and at key life events such as having children.

Financial abuse in particular prevents escape from other types of abuse, as survivors often do not have control

over their own finances and therefore the means to support themselves if they leave the perpetrator. Women leaving relationships involving financial coercion may lose possessions, assets and their homes; they may also be unable to access credit and other financial services if their abuser has damaged their financial standing (Sharp-Jeffs 2015a, p. 10). Escaping an abusive relationship will often involve costs, which may prevent women in these relationships from leaving.

As well as financial abuse from partners, many older women living at home or in sheltered housing are at risk of financial abuse by friends, relatives or care workers. While older men are in fact slightly more vulnerable to financial abuse, the greater number of older women in the population means that more elderly survivors are women. Approximately 1.2% of people over 65 have experienced abuse since they turned 65; divorced and separated older women are at an increased risk (Davidson et al 2015).

6.15 Percentage of adults aged 16–59 who experienced domestic abuse in the last year by household income and sex, year ending March 2015 Crime Survey for England and Wales (£)



Source: Crime Survey for England and Wales, Office for National Statistics

# 6.3 Health, wellbeing and ageing

## Women's health

In this section we consider the distinct profile of risks women face in terms of health and mental health throughout their lives. We examine how these distinct health and mental health risks affect their resilience.

### Key findings:

**Women face distinct health risks, particularly around childbirth and menopause.**

**Women are more likely to take time off sick from work but they are less likely to be on sickness-related out of work benefits.**

**Women are more likely than men to suffer from musculoskeletal problems in later life but they are less likely than men to suffer from circulatory conditions.**

**Women are more likely to suffer from mental health problems, with levels of poor mental health being particularly high among women who are divorced or separated.**

**Poor mental health is more likely to affect the employment status of women – while mental health conditions don't seem to significantly affect young women's participation in the labour market, they do for older women, where they are associated with lower participation, part time work and low pay.**

### Women’s physical and mental health

Women face some distinct and significant health risks.

Obesity levels among women are growing, but less rapidly than among men. 1 in 4 women over 16 are obese, the same proportion as among men (Health Survey of England, 2014). Women are less likely to exercise than men, with two thirds of men meeting the recommended physical activity levels (67%) compared with just over half of women (55%) (BHF, 2015). Women aged 35-44 spend the most time on physical activity. However, women are less likely to smoke than men; 15.9% compared with 20.7% (ONS, 2015c). Women are less likely both to drink alcohol, and to drink heavily than men; 13% of men drink heavily, compared with 9% of women (ONS, 2013a).

Women are more likely to take time off from work due to sickness. In 2013, the average sickness absence rate for women was 2.6%, equivalent to nearly 7 days. For men, the average sickness absence rate was 1.6%, or 4 days (ONS, 2014b). This may be related to the uneven share of childcare, with some of this absence being ‘indirect’ sickness absence to care for an unwell child. However, women are less likely to be on Employment and Support Allowance (ESA), the main out of work sickness related benefit. Two thirds of ESA claimants are men (DWP 2016).

Women face distinct health risks around childbirth. Maternal mortality in the UK is far lower than in developing nations, but women still face a 1 in 6,900 lifetime risk of maternal death. More than 1 in 10 women face post-natal depression in the year following the birth of a child.

The menopause tends to affect women between the age of 45 to 55, with the average age being 52. Women tend to experience symptoms for two to five years, which can be both physical and psychological. The menopause tends to be associated with an increased risk of health problems, including osteoporosis and heart disease (NHS 2016).

Women are slightly less likely to suffer from cancer. In 2013, there were 179,443 cases of cancer in men and 172,754 cases in women. By far the most common cancer among women was breast cancer – accounting for 31% of all cancers in women – followed by cancer of the lung, bowel and uterus (Cancer Research UK, 2016).

### Women are more likely to suffer from mental health problems

Women report higher rates of mental health problems than men. Around half of women say they have experienced a mental health problem, with the proportion affected remaining relatively stable across the working life period (Health Survey for England, 2014).

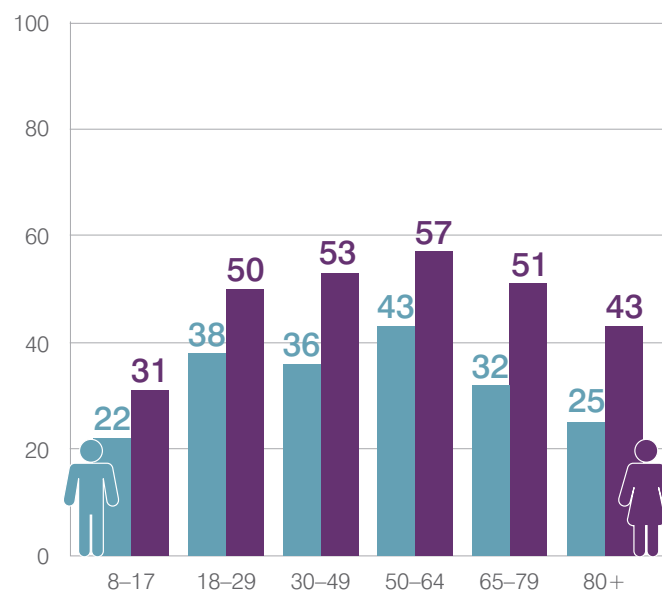
The gap between men and women is particularly significant for older women. 1 in 2 women aged 65–79 say they have experienced a mental health condition, compared with just 1 in 3 men.

While post-natal depression is a significant risk, having children is associated with a lower chance of mental health illness (ibid).

There is a strong relationship between marital status and reported mental health conditions. 2 in 3 women who are separated or divorced say they have experienced a mental health condition, compared with 1 in 2 women who are married or single (ibid).

The suicide rate among men is nearly four times higher than it is among women; 19.0 per 100,000 compared with 5.1 per 100,000 (Scowcroft, 2015, p. 6). This is in keeping with other Western countries, where suicide is more common among men, but suicidal thoughts and behaviour more common among women (Canetto and Sakinofsky, 1998).

6.16 Percentage who have ever experienced a mental health condition by gender (%)



Source: Health Survey for England, 2014

Mental health is a significant barrier to work for older women

For younger women, experiencing a mental illness is not associated with less engagement in the labour market.

However, as women age, having poor mental health is associated with earlier retirement, becoming economically inactive, and for those that remain in the labour market part time work and lower pay. Women aged in their 30s and 40s with a mental health condition are only 5 percentage points more likely to be economically inactive than women without a mental health condition. However, for women aged from 50–64, the gap is 11%.

The severity of the condition is linked to labour market outcomes; the employment rate of women with a long-term limiting mental health condition is 43% whereas the overall employment rate of all other women is 68%.

Younger women are less likely to report good health than younger men

Women under 50 are less likely to report very good health than men under 50.

52% of women aged 18–29 report very good health compared with 57% of men. For women aged 30–49, the proportion who report very good health is again lower than men; 39% compared with 44% (Health Survey for England, 2014).

Women in higher social classes are far more likely to rate their health well. 2 in 4 women (42%) in the highest social class rate their health as very good, higher than the number of men in this social class. However, less than 2 in 4 women (23%) in the lowest social class rate their health as very good, compared with 3 in 10 men in this social class (29%). The gap between the highest and lowest social class for women is 19 percentage points, compared with just 10 percentage points for men (ibid).

Women are more likely to suffer from musculoskeletal problems in later life

As with men, women are more likely to develop life-limiting health conditions as they age.

The two main such conditions are musculoskeletal conditions and heart and circulatory conditions. However, women aged over 50 are significantly more likely than men to suffer from musculoskeletal conditions. These include back pain, arthritis and osteoporosis. Among women aged 70 or over, 14% have a limiting musculoskeletal condition, compared with 8% of men. This is largely because women are more likely to experience certain conditions like arthritis and osteoporosis (Health Survey for England 2014).

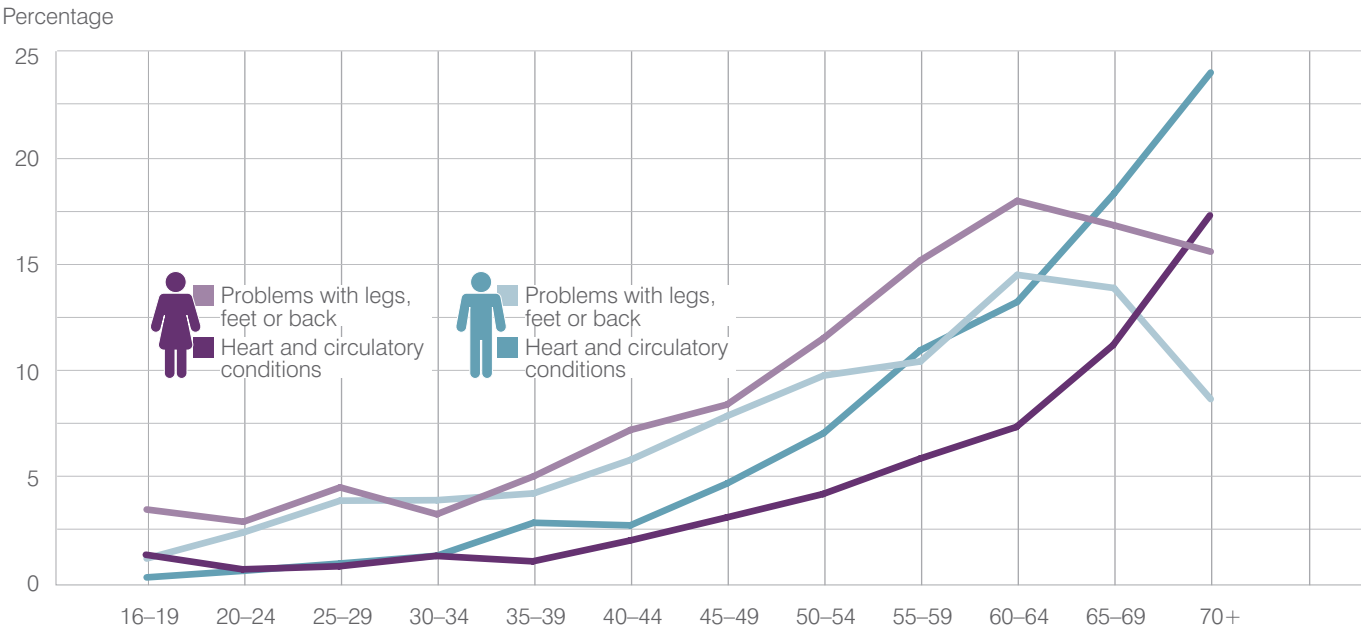
Men aged over 50 are much more likely to suffer from circulatory conditions, such as angina heart disease. Among men aged over 70 or over, 22% have a limiting circulatory condition, compared with 16% of women.

The development of musculoskeletal conditions occurs earlier in women who are in lower social classes. Women aged 50–54 in the lowest social class are twice as likely to have developed a life-limiting musculoskeletal condition as women in the highest social class.

Women are more likely to suffer from dementia

The top three causes of death for women are dementia and Alzheimer's, followed by heart disease, then cerebrovascular disease (including strokes and vascular dementia). All three are more common in women than in men. For men on the other hand, the top three causes of death are heart disease, lung cancer and then dementia and Alzheimer's (ONS, 2016h).

6.17 Prevalence of limiting health conditions, by age and gender (%)



Source: Quarterly Labour Force Survey, Oct–Dec 2015



# The Longevity Trap

In this section we consider women's need for care in later life, and the cost of care. We examine how as a result of longer life expectancies and other factors, women tend to require care for a far longer period of time. This, and the far higher care costs that women experience, represents a significant financial risk.

## Key findings:

Women live longer than men and their life expectancy is increasing – in the last two decades, life expectancy has increased by nearly four years, the equivalent of 70 days a year.

The population is ageing and women make up a larger proportion of the elderly. Nearly 2 in 3 people aged over 80 are women.

Women are facing an increasing period of ill-health at the end of their life. The average woman will face 19 years of ill-health, and will need help to carry out basic tasks for nearly 3 years.

Women are more likely to need formal care at the end of their life. A woman can expect to need home care and domestic care for twice as long as a man.

Women face higher and unpredictable costs of care. The average cost of care for a woman at 65 is £70,000, compared with just £37,000 for a man. A woman entering a care home between the age of 65 and 74 can expect to stay for four years, a cost of £132,000 or £186,000 in the southeast – nearly double the cost for a man. Women who stay longer can expect to pay far more.

Many women do not seem to be preparing for the costs of care – more than half of women in their 30s have not thought about how they will pay for care costs.

## Women live longer than men and their life expectancy is increasing

Life expectancy in the UK is increasing as a result of improved diet, advances in healthcare, and healthier lifestyles such as the decline in smoking.

A girl born in 2011 has a life expectancy of 83, 28 years longer than a century before. In the last two decades, life expectancy has increased by nearly four years, the equivalent of 70 days a year.

Life expectancy for women remains higher than for men, although the gap has narrowed.

There is significant variation in life expectancy by social class. Women in the highest social class (higher managerial and professional) live 5.3 years longer than women in the lowest social class (routine) (ONS, 2015d).

## The population is ageing and women make up a larger proportion of the elderly

As life-expectancy increases, so the UK's population structure is ageing.

In 1911, 1 in 20 people was over 65; in 2011, this had increased to 1 in 6.

Women make up a larger proportion of the older population; 55.7% of those aged over 65, and 63.2% of those aged over 80.

## Women are facing an increasing period of ill-health at the end of their lives

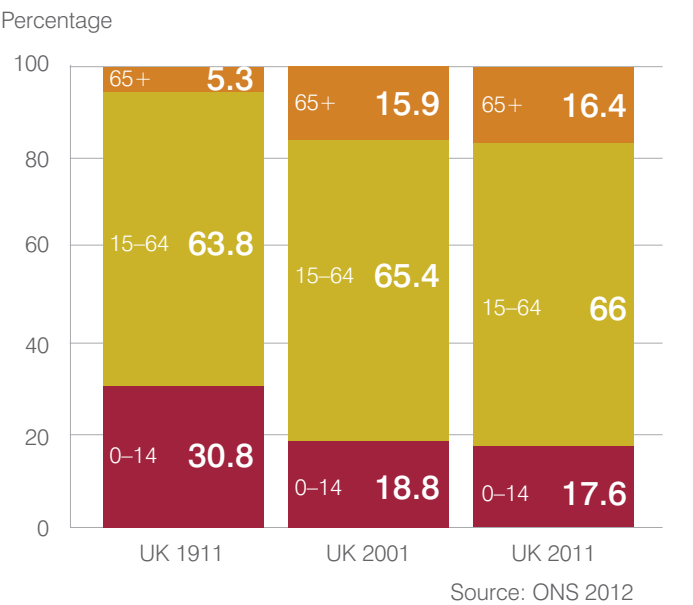
As life expectancy is growing at a faster rate than healthy life expectancy, women are facing an increasing period of ill-health at the end of their lives.

ONS measures both life expectancy and healthy life expectancy. The gap between the two is the period of time at the end of a person's life when they can expect to suffer from a life-limiting health problem or disability. A girl born in England in 2013 can expect to have 19.2 years of unhealthy life expectancy at the end of her life, compared with 16.1 years for a boy born in the same year.

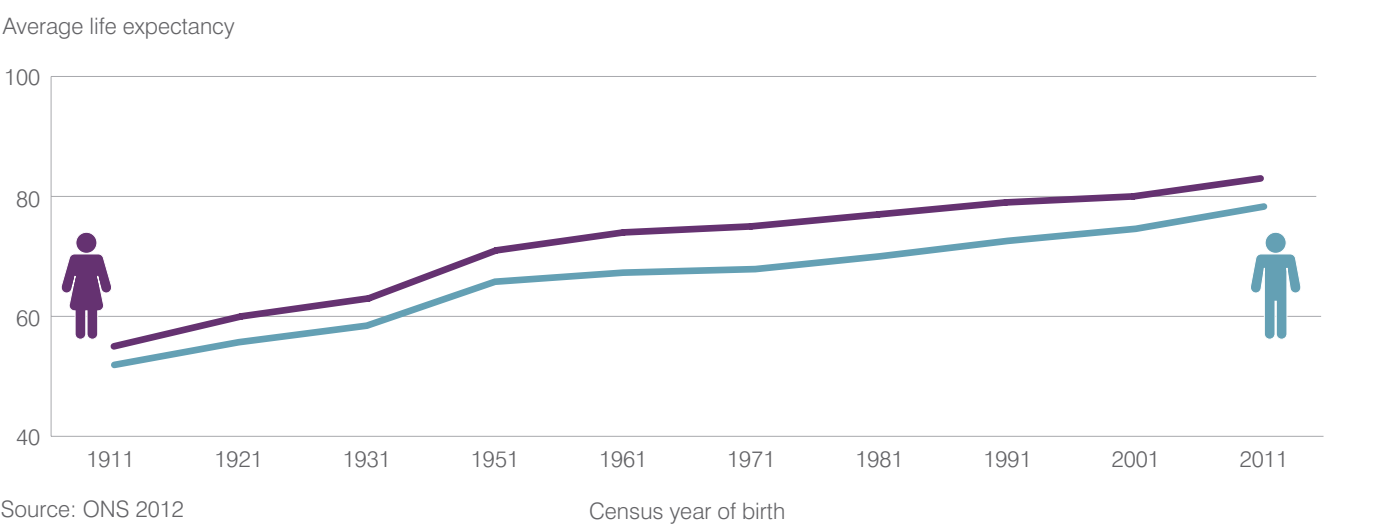
The ONS' health expectations are a way to monitor whether the 'extra' years gained are spent in good health.

**Good health** is where an individual self-defines as having 'very good', or 'good' health. **Ill-health** is the period at the end of life where the individual self-defines their health as 'fair' 'bad', or 'very bad'. **Activities for Daily Living** are the essential things we normally do on a daily basis, including feeding ourselves, bathing, toileting and dressing.

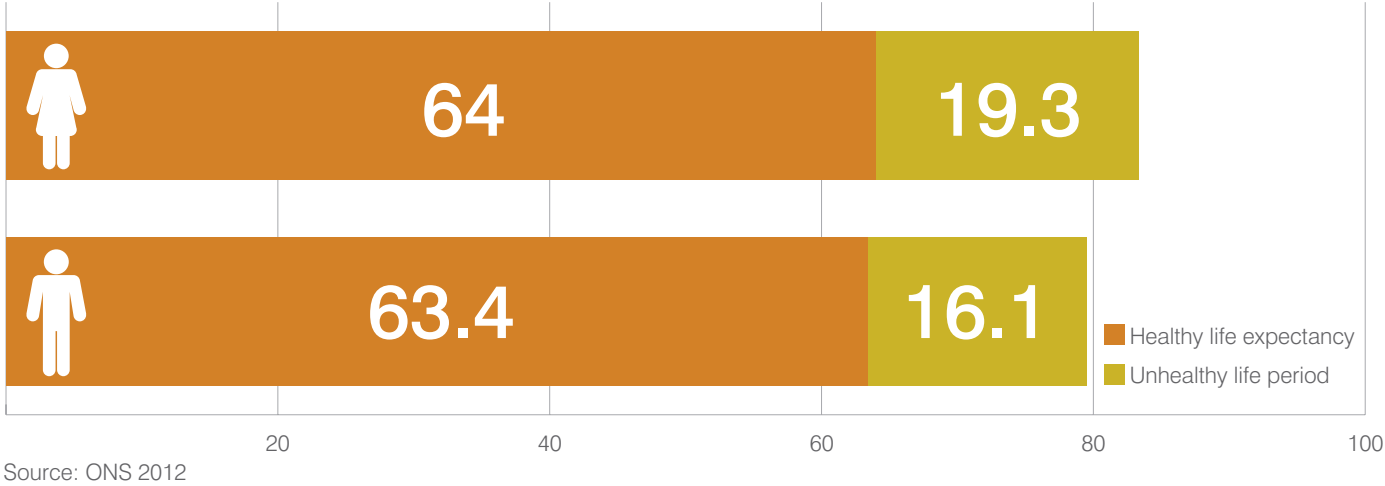
## 6.18 UK population by broad age group(%)



## 6.19 Life expectancy for babies at birth in England



6.20 Healthy life expectancy and unhealthy life period by gender (%)



Women also face a longer period in later life where they experience difficulties with activities for daily living (ADL), such as eating, bathing, dressing or toileting. A woman aged 65 can expect to experience difficulties with ADLs for five years and to be unable to perform one or more ADL for 2.7 years. The corresponding figures for men are three years and 1.5 years. (Comas-Herrera and Wittenberg, 2011).

Women are more likely to need formal care at the end of their life

Women are more likely to outlive their male partners, as a result of both having a longer life expectancy, and marrying earlier; the average age for a woman to marry is 34.3, compared with 36.7 for a man (ONS, 2016). Most men over 80 (53%) live in a couple, compared with just 1 in 7 women (14%) (analysis of 2011 Census).

Changes in family structure may impact on the availability of informal family care to support people as they age. These changes include people having fewer children and starting families when older, an increasing number of 45-64 year olds living alone, and people living further away from their children. This has led to predictions of a shortfall in the ability of adult children to support older disabled relatives (CPA, 2014; McNeil and Hunter, 2014).

As a result of longer life expectancies, longer periods of ill-health, and women out-living their partners, women are more likely to require care for longer. We estimate that 31% of women aged 65–79 require some help with their day-to-day living, rising to 61% of those 80 and above (Health Survey for England, 2014).

Currently, women aged 65 can expect to require 10 months of home care and 12–13 months of residential care. Men on the other hand can expect to require five to six months of home care and five to six months of residential care (Comas-Herrea and Wittenberg, 2011).

This is evident from the UK care home population. There are 214,000 women aged over 65 in care homes, compared with just 77,000 men aged over 65. 14% of women aged over 80 are in care compared with 6% of men, though the gap is narrowing (ONS, 2014a).

A study of over 11,000 residents at 305 Bupa care homes found that women stay in care homes on average far longer than men (Forder and Fernandez, 2011). According to their figures, a woman entering a care home aged between 65 and 74 can expect to live for four years, at a cost of £115,000, compared with 2.5 years for a man, at a cost of just over £71,000. Uprated for inflation, these costs would now be £132,000 for women and £82,000 for men.

| Age   | Female (days) | Female (cost) 2010 prices | Male (days) | Male (cost) 2010 prices |
|-------|---------------|---------------------------|-------------|-------------------------|
| 65–74 | 1465          | £115,149                  | 908         | £71,369                 |
| 75–84 | 1035          | £81,351                   | 649         | £51,011                 |
| 85+   | 717           | £56,356                   | 452         | £35,527                 |

Women face higher and unpredictable costs of care

As a result of this, women experience far higher care costs than men. At age 65, on average a woman can expect a future cost of care (including residential costs) of £70,000, nearly double the average for men of £37,000 (Based on Forder and Fernandez, 2012, figures uprated using CPI<sup>5</sup>):

|                           | Male    | Female  |
|---------------------------|---------|---------|
| Mean care and hotel costs | £36,977 | £69,857 |
| Mean care-only costs      | £27,814 | £49,590 |

Source: Based on Forder and Fernandez 2012, totals uprated using CPI, dynamic model assumes 2% inflation

However, there is significant variation in terms of care costs. As the Dilnot Report found, at age 65, 1 in 4 people can expect to pay nothing or very little in care costs, half can expect to pay up to £20,000 (£22,500 in 2016 prices), but 1 in 10 can expect care costs of over £100,000 (£113,000 in 2016 prices) (Dilnot Commission 2011).

There is also significant regional variation in the cost of care. The national average for the cost of a week in a nursing home is £699. But this varies from £577 in the northeast to £834 in London and £893 in the southeast (Knight Frank Research, 2015). In reality then, care costs can be as much as £185,744 for some women.

In England, social care is means tested and local authorities currently will not provide free care services for individuals with assets worth more than £23,250 (excluding their home if they or a partner live there). Even those with fewer assets are likely to get care only if they have substantial needs. This means the vast majority have to cover their own costs; though median financial assets for over 65s are just under the cap, 77% of over 65s have property wealth above the cap, meaning many will have to sell their home to pay for care (Dilnot Commission 2011, ONS 2015e). The Care Act 2014

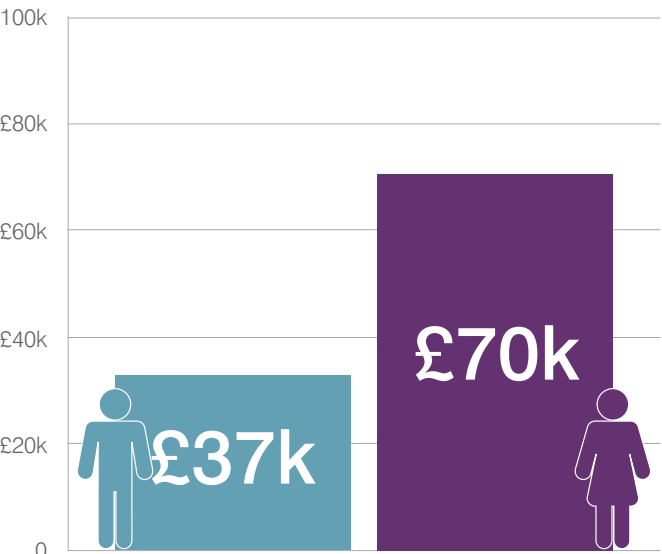
allows for a new cap on care costs, and an increase in the £23,250 threshold, but this has been delayed until April 2020. The system differs in the rest of the UK. In Scotland, personal and nursing care are provided free of charge, but those in care homes have to contribute towards accommodation costs.

Many women do not seem to be preparing for the costs of care

Despite the increasing likelihood that women will require expensive care in old age, most women (55%) aged 30–49 have not thought about how they will pay for this.

There is also confusion as to the extent to which they will be expected to fund their own care. 4 in 10 of this age group were unaware of the government’s plans to cap care costs, and 1 in 10 thought that all care costs were covered by the state (Health Survey for England, 2014).

6.21 Median care costs at age 65



Source: PSSRU 2011 figures updated using CPI, costs include care and hotel costs

<sup>5</sup> These mean figures include individuals who have no care costs, and also take into account provision by the state – the total cost of care to the government and individual is higher.

# 6.4 Financial resilience to risk

## Women's savings and debt

This section looks at women's resilience to the risk they face. It does this by examining women's savings, accumulated wealth and assets, and pension provision. Alongside the risk that women are exposed to, this allows us to understand the protection gap that women face. This protection gap cannot be solved by insurance alone, and it should be considered a matter for public policy too.

### Key findings:

Men in their late 30s have 60% more in savings than women the same age. During the years in which women have young children, they have fewer savings than men, reducing their resilience to financial shocks.

Women with children have lower levels of savings – the average woman in her 30s has around £1,000 of savings, but for those with three or four children, this is just £100–£200.

Divorced and separated women have far lower levels of savings than divorced and separated men – while men and women are in relationships, they tend to have similar levels of savings. However, when relationships break down, women are left with far lower levels of savings.

Women with children and women who have divorced are more likely to be in debt – nearly half of divorced women (45%) are in debt, compared with 1 in 3 divorced men (35%).

### Women's savings shortfall

Here we examine data on women's savings, debt and financial security. Having sufficient and accessible savings is important in order to have financial resilience against shocks in income.

#### Many women lack adequate savings in order to protect them from shocks and protect their independence

The change in personal income after having children affects the amount that women personally save.

The savings<sup>6</sup> of men and women are near identical in their 20s but once women hit their mid to late 30s their average savings diverge from men (see Chart 6.22 below). This divergence only exists at these ages for women with children, showing that the difference is mainly due to lower incomes for mothers and higher costs, like childcare, that women with children face.

While women in their 30s have an average of around £1,000 in savings, women with children see savings reduced below this amount with each child. The average for women with 3–4 children has just £100–£200 in savings, with little resilience to a temporary decline in income or even small unexpected costs, such as a broken household appliance.

The low levels of savings explain the wide gap in perceived financial resilience. 1 in 3 women (34%) in their early 30s say that if they lost their primary income, they would not be able to cope for a month, compared with 1 in 4 men (26%).

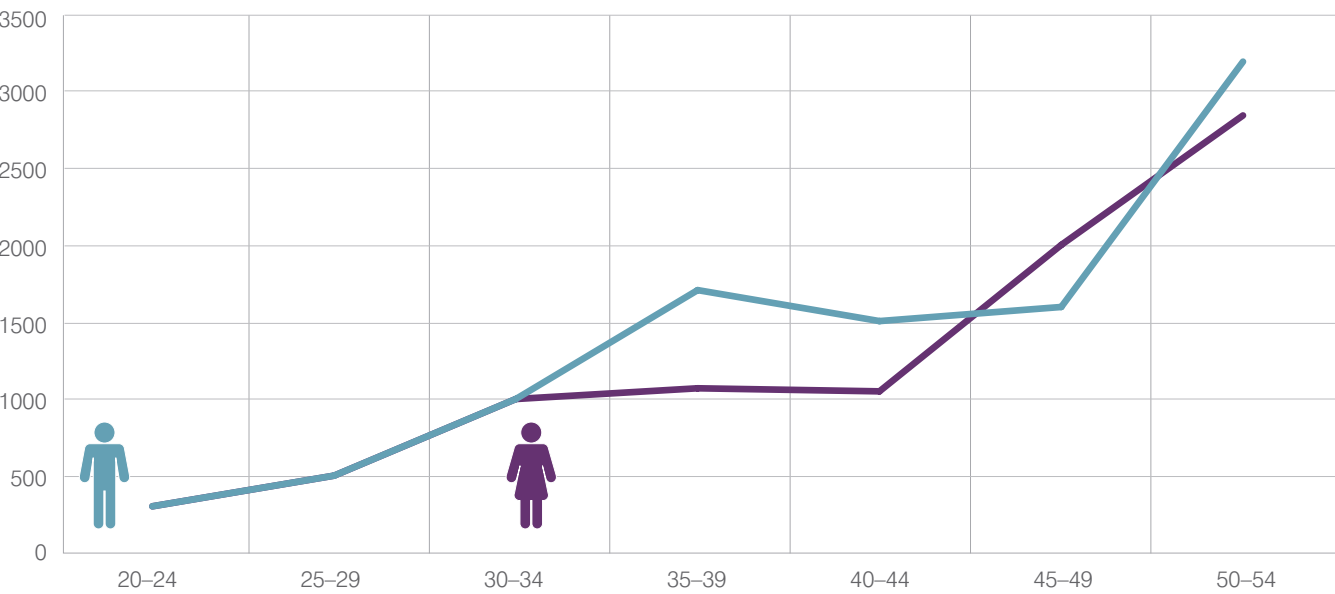
Women catch-up in their savings in their late 40s and early 50s, as they return to work. But to do this while earning less than men (see page 34), many women must save more as a proportion of their earnings.

#### Women are as likely as men to save, but men save larger amounts of money

Women are slightly more likely to have savings products than men – for example savings accounts, ISAs, or premium bonds. The difference is widest for low-income groups and those without qualifications, though these groups are less likely to have savings products overall. However, men and women are similarly likely to have saved recently when asked<sup>7</sup>, suggesting that women may have products they are not using.

At low incomes, women save a larger amount than men; but at high incomes, they save much less. Among the poorest fifth of households, women have more than twice as much as men in savings, at £550. But among the richest fifth of households, men have 27% more in savings than women (See Chart 6.23 overleaf). This pattern is also repeated when we look at individual outcomes, with women saving more in every income group apart from the best paid fifth of adults.

6.22 Median Financial Assets, by Age



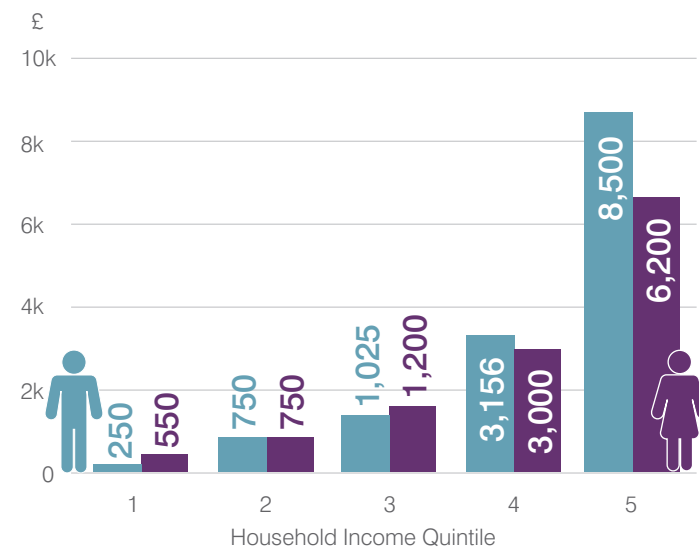
Source: ONS Wealth and Assets Survey, 2012–14

<sup>6</sup> This is defined for the purposes of this analysis as an individuals' gross financial assets. It does not include property wealth or pension savings.

<sup>7</sup> 'Recently' refers to saving in the most recent two years prior to taking the Wealth and Assets Survey.



6.23 Median Financial Assets, by household income (£)



Source: ONS Wealth and Assets Survey, 2012–14

Women’s savings and resilience to shocks are more closely linked to their relationships than men’s

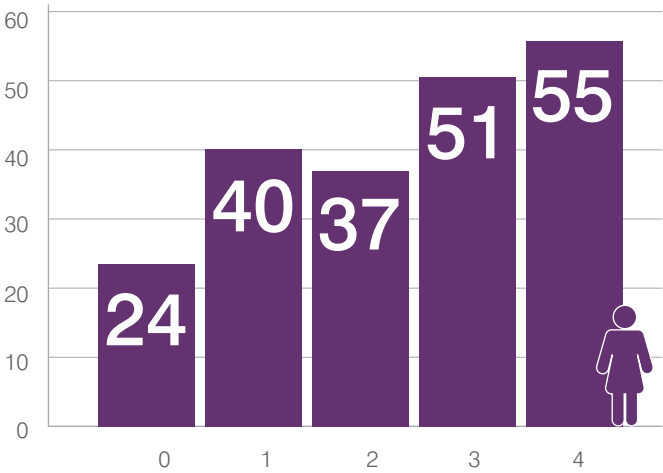
Men and women who live together – either married or as unmarried couples – have similar levels of savings. However, among widowed, divorced and separated individuals, women tend to have far lower levels of savings<sup>8</sup>. Divorced women have nearly half the savings of divorced men. Women who have separated have a third the savings of men who have separated (See Chart 6.25 opposite).

It seems that while women are in a relationship, they face higher levels of security, often as a result of having a dual income. However, if relationships break down, women are often left financially insecure and may pay disproportionately for children, stretching their financial assets. Previous research has shown that relationship breakdown not only leads to lower levels of saving<sup>9</sup> for women than men, but that this gap between men and women remains ten years after the separation (Westaway and McKay, 2007, p. 35).

Women are more likely to report feeling financially insecure

Women report higher levels of financial insecurity than men.

6.24 Percentage of women saying that their savings would last less than a month, by number of children (%)



Source: Wealth and Assets Survey 2012–2014

1 in 3 women in their 30s say that if they lost their main source of income, their money would not last a month, compared to 1 in 4 men of the same age (Wealth and Assets Survey, 2012–14).

This indicates women have lower levels of financial resilience than men, and that they are more at risk from financial shocks. It is linked to both lower levels of income, and lower levels of savings which we explore below.

Women with children have particularly low levels of financial resilience. 1 in 4 women with no children say that their money would not last a month if they lost their main source of income; for women with three or four children, this rises to 1 in 2 (ibid).

This is likely due both to women with children having lower incomes, and to the higher costs that women with children face. The price of sending a child under two to nursery part-time (25 hours) is now £116.77 per week in Britain, or £6,072 per year (Rutter, 2016).

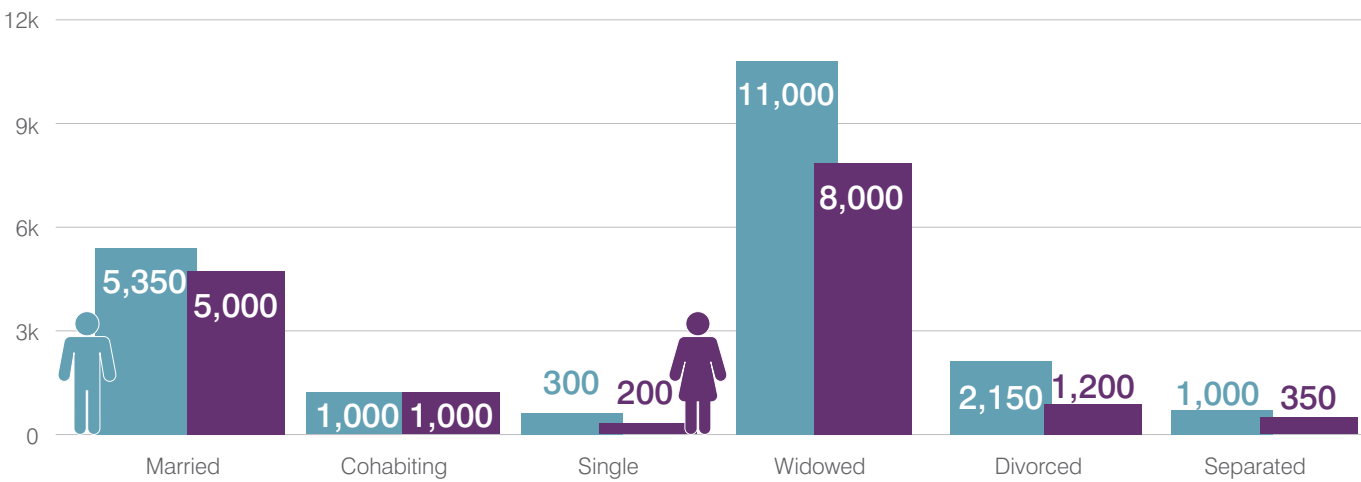
Disabled women are far less likely to be in work

Women with disabilities are far less likely to be in work than women without disabilities. Just 46.8% of women who have a disability are in work. This is lower than the employment rate for men with a disability (50.1%) and far lower than the employment rate for all women (69.8%) (ONS, 2016j).

<sup>8</sup> Differences between relationship statuses, such as between cohabiting and married individuals are likely to be attributable to the different age profiles of individuals in these groups.

<sup>9</sup> The authors include in 'savings' money held or put into savings accounts, TESSAs/ISAs, premium bonds, unit/investment trusts, PEPs, stocks and shares and National Savings Bonds.

6.25 Median financial assets, by relationship status (£)



Source: ONS Wealth and Assets Survey, 2012–14

Women experience debt for longer periods in their lives

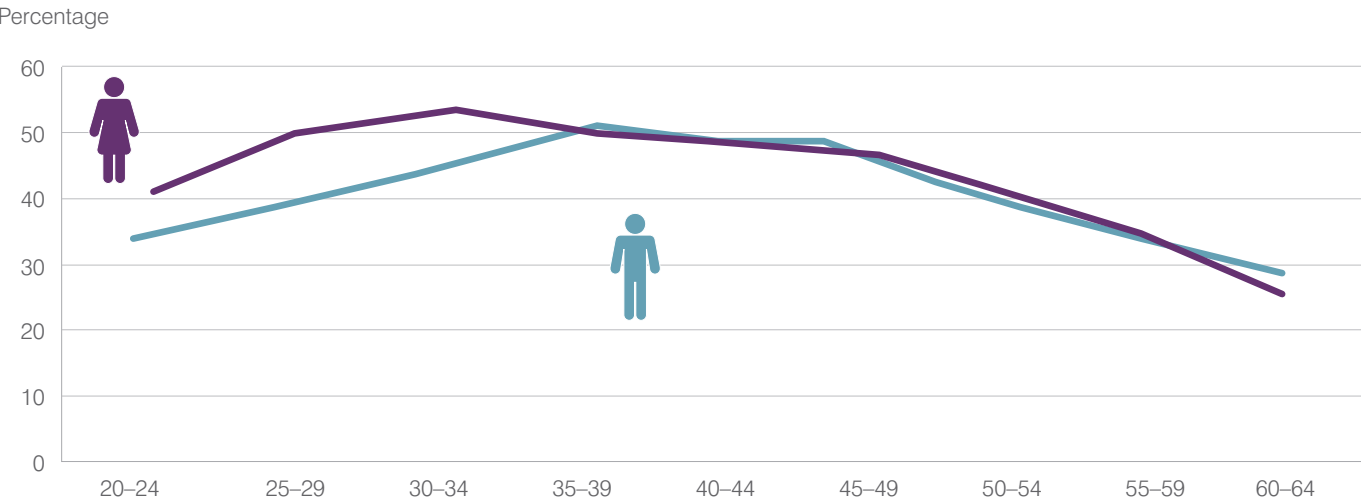
Most individuals in the UK do not have any financial liabilities<sup>10</sup>; the median amount of personal debt is zero – this is true for men as well as women (Wealth and Assets Survey 2012–2014). But a third of adults in the UK do have financial liabilities, and whether an individual is in debt varies with age, social class and relationship status.

However, among the third of people who do have financial liabilities, the distribution of individual and household debt is not equally distributed throughout the population; it varies with age, social class and relationship status. The majority of 25–39 year old women have financial liabilities, while this is only true for men aged 35–39 (Wealth and Assets Survey 2012–2014).

Individuals with a degree level qualification are much more likely to be in debt, and with university tuition fees that effect will almost certainly increase.

Having children is associated with an increased chance of being in debt, but only for mothers under the age of 40. Women’s relationships affect their financial security through debt, as separation and divorce are strongly associated with elevated debt levels – with 45% of divorced women in debt compared with 35% of divorced men.

6.26 Proportion of women and men with financial liabilities (not inc. mortgages), by age (%)



Source: ONS Wealth and Assets Survey, 2012–14

<sup>10</sup> 'Financial liabilities' include Credit Cards, Store Cards, Mail Order balance, Hire purchase balance, non-mortgage loans, overdrafts, student loans, any other arrears (e.g. bills). Mortgage debt is not included.

# Women's pension deficit

In this section we examine the extent to which women are saving for pensions. With life expectancy continuing to grow and with the State still providing only a limited safety net for older people, having an alternative source of income in old age is important in order to provide financial resilience and to protect against the risk of pensioner poverty.

## Key findings:

Most women in the bottom 40% of households by household income have no pension wealth at all.

Women are less likely to have a pension with the gap opening up in the late 30s as a result of having children. While more women than men have defined benefit pension schemes, these schemes are closing and will not provide a secure option for women in future.

Women have much smaller pension pots to draw upon in retirement, despite having longer life expectancies and higher care costs. The average man retires with a pension pot five times higher than the pot an average women retires with. The average man in his late 40s has a pension pot larger than a woman in her early 60s approaching retirement age.

Women's lower pensions wealth mean they're more likely to be dependent on others and to be less financially resilient in retirement. Women are more likely to say that the State Pension will be their largest source of income in retirement, with the gap being particularly large for women who are divorced, separate or widowed.

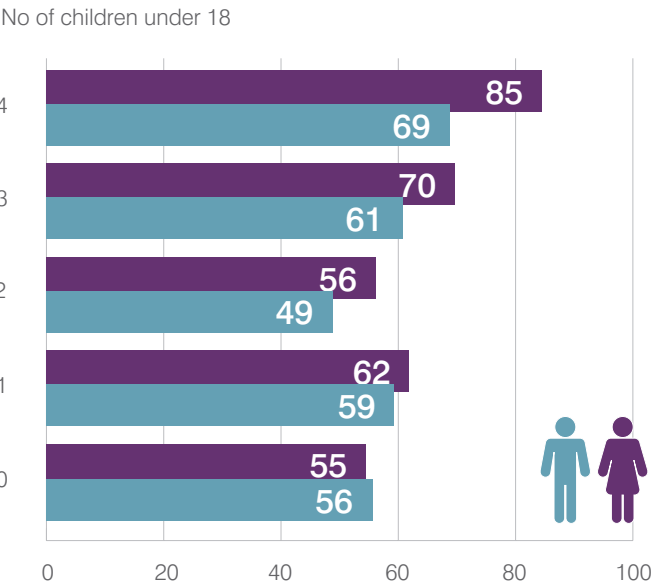
80% of women under 30 agree they are not saving enough for their retirement, compared with 75% of men.

## There is a significant pensions shortfall with many women failing to build up adequate savings for retirement

Overall 57% of people of working age do not have a private pension<sup>11</sup>. Younger women and younger men are equally likely to save. However, from their late 30s, a gender gap opens up, with men being increasingly more likely than women to save for a pension (see Chart 6.28). As with income and savings gaps, this occurs at the age that many women leave work to care for children, and experience lower earnings from which to save. The gap is particularly significant for women in lower social classes. Women with a degree, in higher social classes, and with higher incomes are more likely to have a pension.

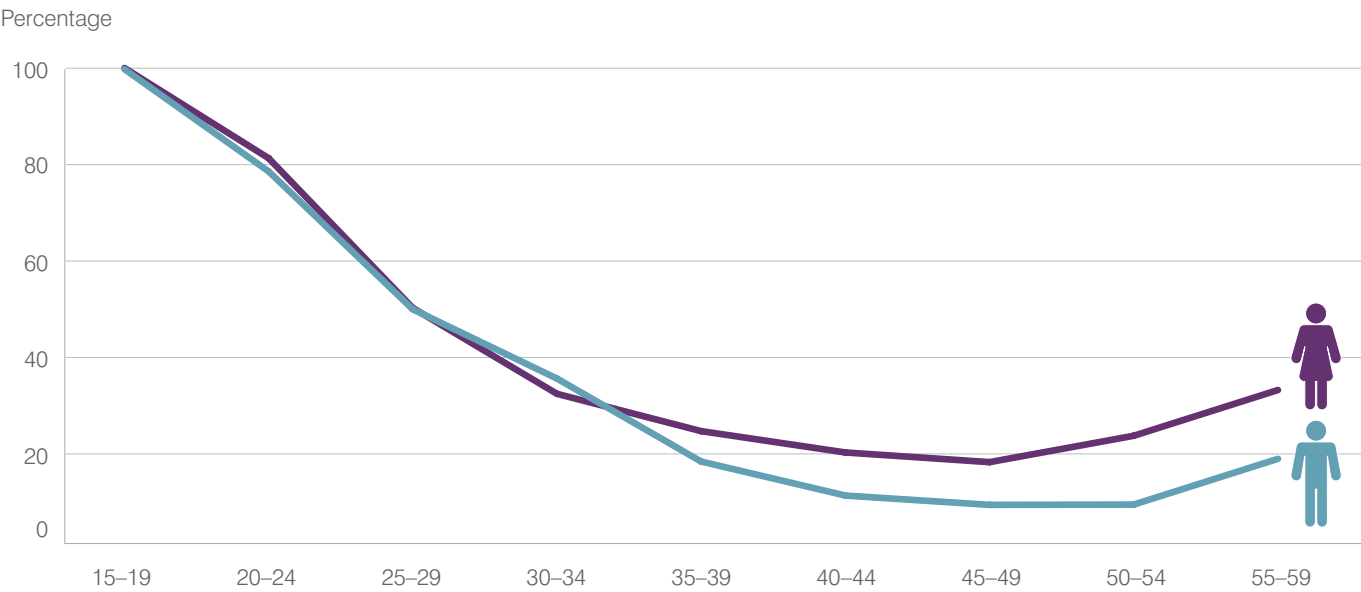
This gap is related to having children, as women with no children are actually slightly more likely to have a private pension than childless men. However, mothers with children are less likely to have a pension than fathers, with the gap growing with every additional child.

6.27 Proportion of working age adults with no pension (%)



Source: ONS Wealth and Assets Survey, 2012–14

6.28 % with no pension, by age



Source: ONS Wealth and Assets Survey, 2012–14

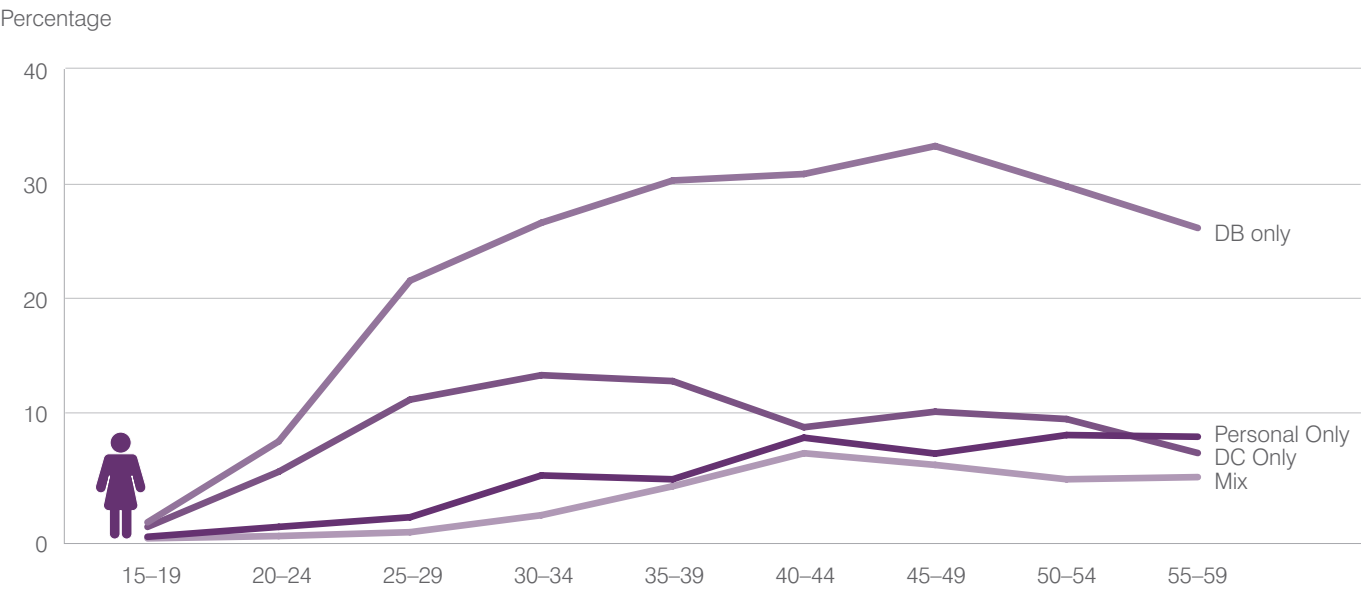
<sup>11</sup> Occupational or personal pension

Women are more likely currently to have defined benefit pensions which offer greater benefits but are limited by their being linked to pay – but these schemes are being phased out increasing risk exposure

While women are less likely to have pensions, they are more likely than men to have occupational defined benefit (DB) pensions, and more likely to have a DB pension than any other type (see Chart 6.29). This is due to the greater propensity for women to work in the public sector where DB pensions are more common. These pensions tend to be more generous compared with defined contribution (DC) schemes, and they offer greater security in retirement. However, generosity of the scheme is dependent on years of service and salary, which for women are often affected by having children. Men are more likely to have private or defined contribution pensions.

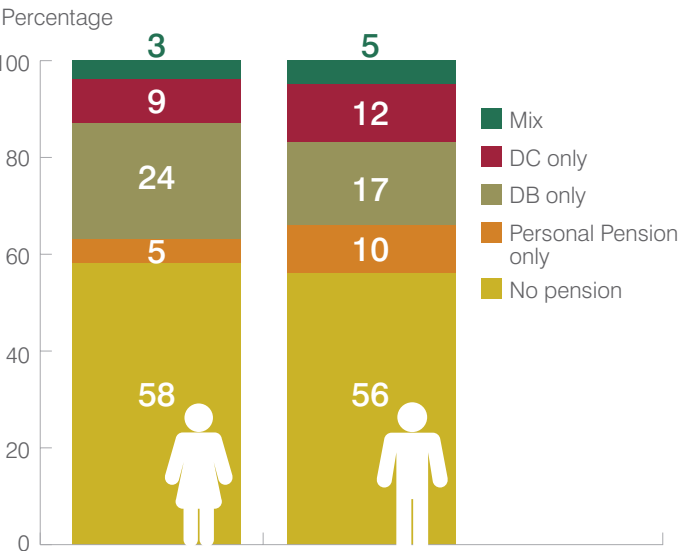
Many DB schemes are now closed and the number of members is rapidly declining; while in 2006 there were still 1.4 million active members of such schemes, by 2015 this number had fallen to 0.6 million (ONS, 2016i). Younger women will not be able to rely on generous defined benefit schemes in future, and in fact, recent research has raised doubts about whether many schemes will pay the full amount existing pension holders expect (Blake 2015, p. 3).

6.30 Type of pension by group, for women with a pension (%)



Source: ONS Wealth and Assets Survey, 2012–14

6.29 Pension coverage and type by gender (%)



Source: ONS Wealth and Assets Survey, 2012–14

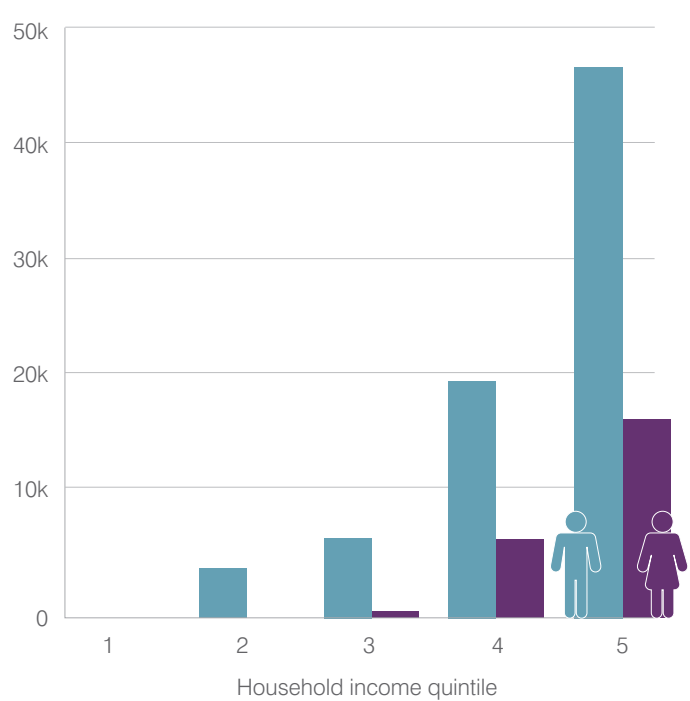
Women’s total pension funds are far lower

While older women in today’s society are more likely to be in the more generous DB schemes, women’s overall pension savings are far lower.

Again, the divergence in pensions savings starts in the mid to late 30s. It is largely a result of the drop in income associated with having children, and the effect that has on lower wages and lower hours. However, unlike savings, the gap does not close. By the age of 60–64, women have an average pension wealth of £35,700, with men having a pension pot almost four times higher. At 65–69 the gap widens again, with men’s reaching a peak pension wealth of £179,091 – five times that of the average woman’s peak pension wealth. In fact, a man can expect to have a larger pension pot in his late 40s than a woman can expect to retire with.

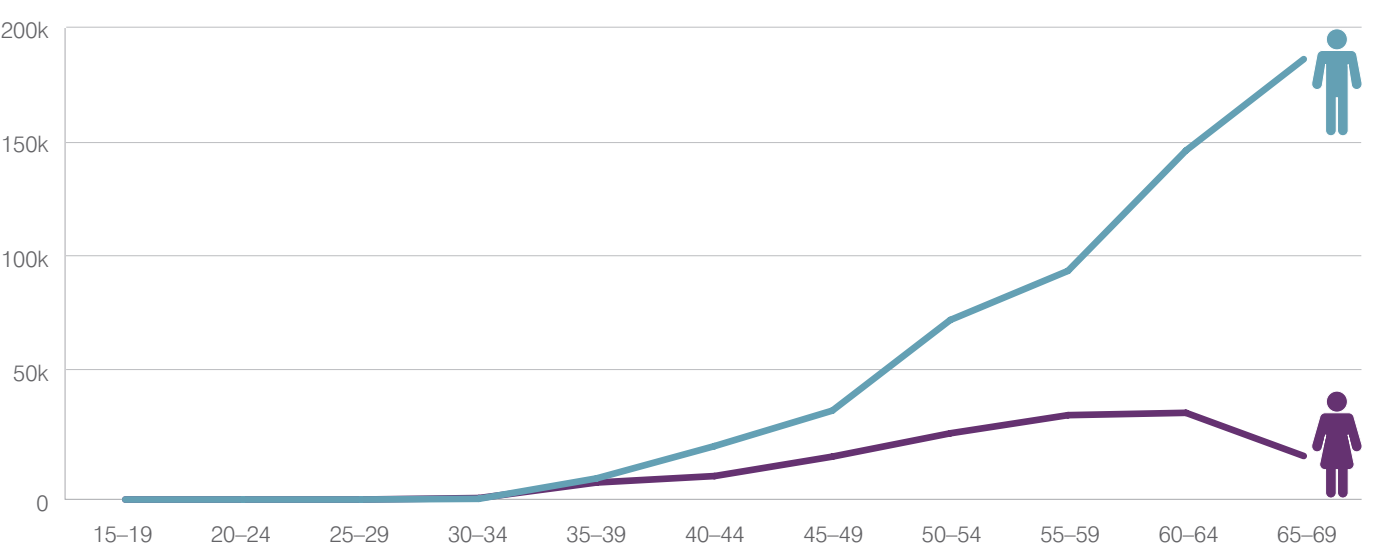
The groups that are disproportionately less likely to have a private pension are those in lower social classes, with no qualifications and those with low household incomes. Most women in the bottom 40% of households by household income have no pension wealth at all. Men on the median income have a pension pot ten times larger than a woman on median income.

6.31 Median pension wealth (£)



Source: ONS Wealth and Assets Survey, 2012–14

6.32 Median pension wealth (£)



Source: ONS Wealth and Assets Survey, 2012–14

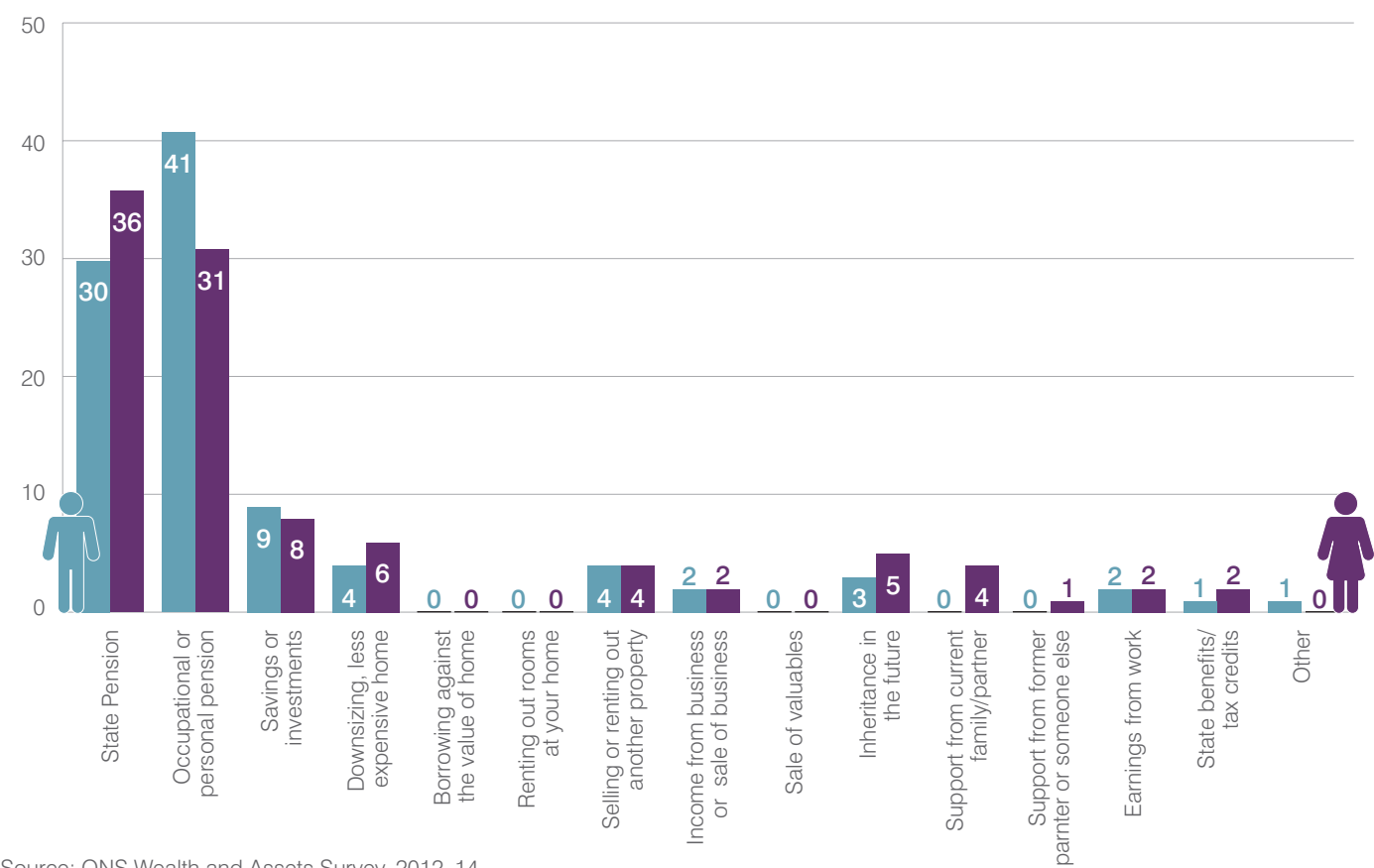


Women are more likely to be financially dependent in old age

Many pensions decisions are made as a household, and women in long-term relationships including marriage may expect to share their partners' pension wealth. But these patterns of pension wealth both leave women vulnerable in the event of relationship breakdown and mean that women are more likely than men to rely on others or the state for their income in old age, in particular where men's pensions transpire to be single rather than joint life. Whereas 41% of men expect an occupational or personal pension to provide their main source of income

in retirement, only 31% of women say the same; they are more likely to see the State Pension, downsizing, inheritance and support from their current partner as the main source of their retirement income (see Chart 6.33).

6.33 Main source of pension income by gender (%)



Source: ONS Wealth and Assets Survey, 2012–14

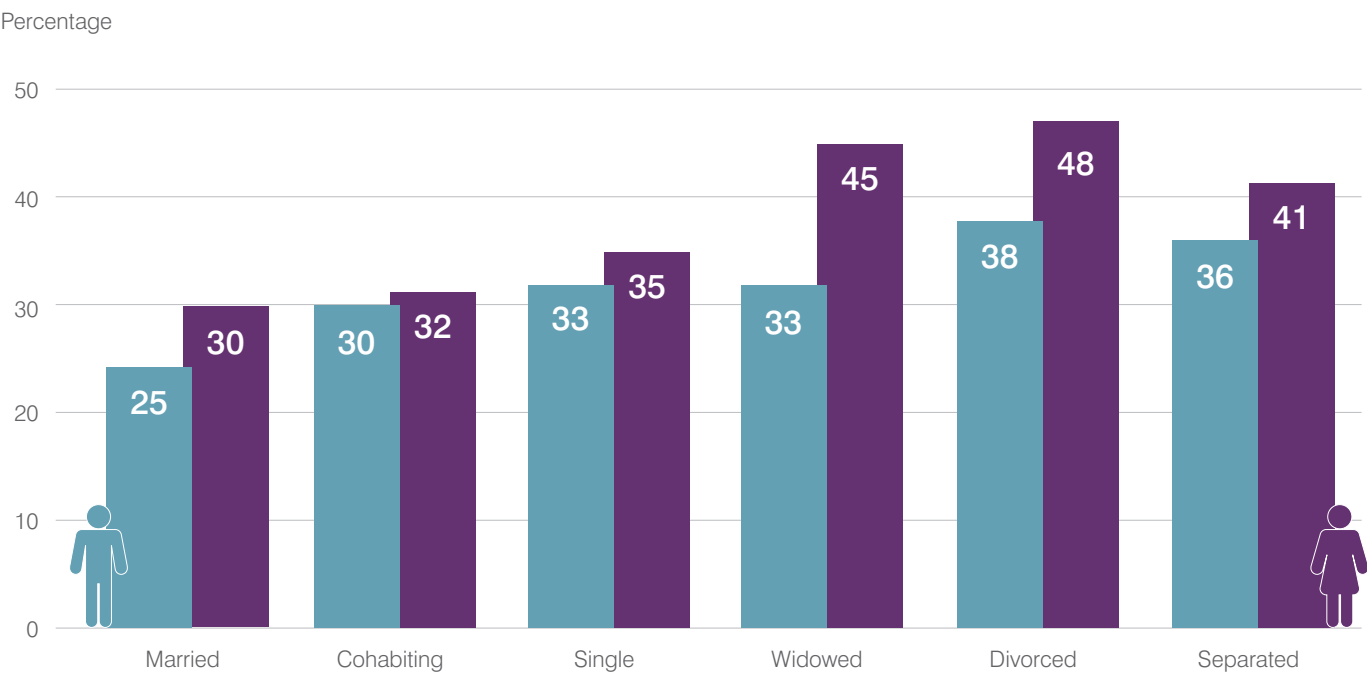
Divorced or separated men and women are more likely than married men and women to rely on a State Pension, but the difference is particularly pronounced for women, with 48% of divorced women relying on the State in retirement compared with 38% of divorced men (see Chart 6.34).

While state pensions have been relatively insulated from government spending cuts, women are still less likely than men to get the full State Pension as the amount received is dependent on years in work.

*'Even by 2054 women will be one and a half times more likely than men to receive less than the full amount of the single tier pension due to insufficient qualifying years (60,000 women vs 40,000 men)'. (Fawcett 2016).*

Only 27% of higher rate tax payers, who benefit from pensions tax relief, are women (Fawcett 2016).

6.34 Proportion who expect largest source of income in retirement to be state pension (%)



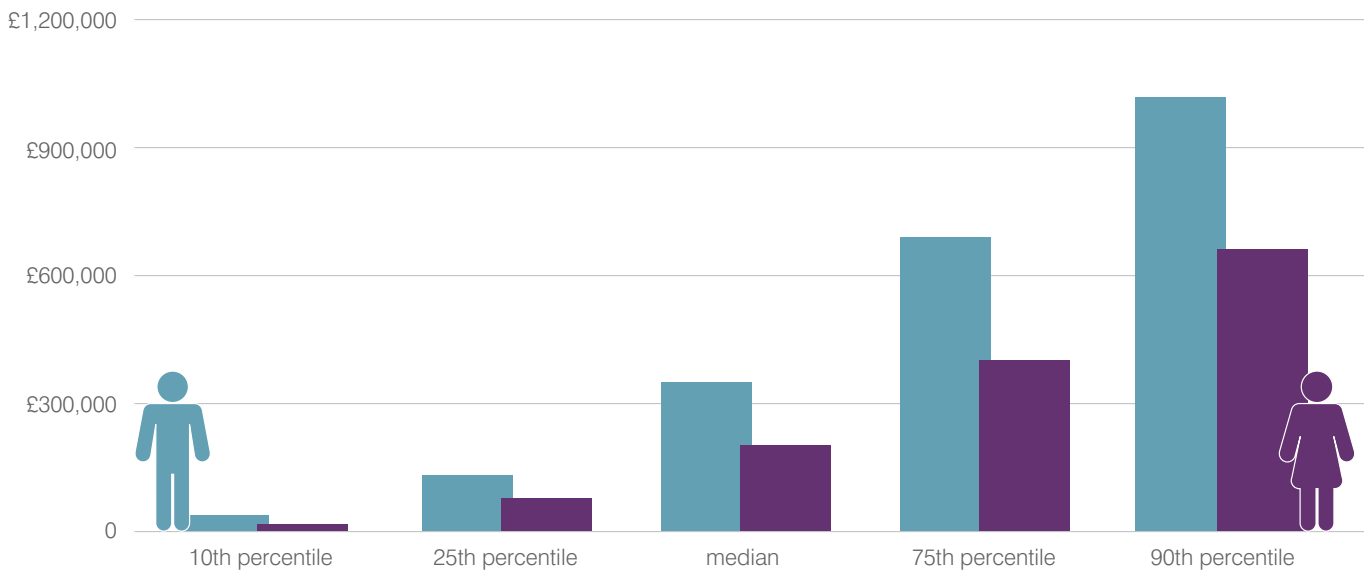
Source: ONS Wealth and Assets Survey, 2012–14

Women recognise that they are not saving enough for retirement

Women are more likely than men to say that they are not saving enough for their retirement. The gap is particularly large as women near retirement. Women are less likely to be saving into a pension, those who are saving have far smaller pensions, and most recognise they are not saving enough. Of women in their late 50s who expect to rely primarily on a private pension, 10% have £18,000 or less in pensions wealth (Wealth and Assets Survey

2012–2014, see Chart 6.35). This suggests that they are significantly over estimating the amount of income they will derive from their relatively modest savings, and that they may be less financially resilient than they believe they are.

6.35 Median pension wealth of 55–59 year olds expecting their main source of income in retirement to be a private pension (£)

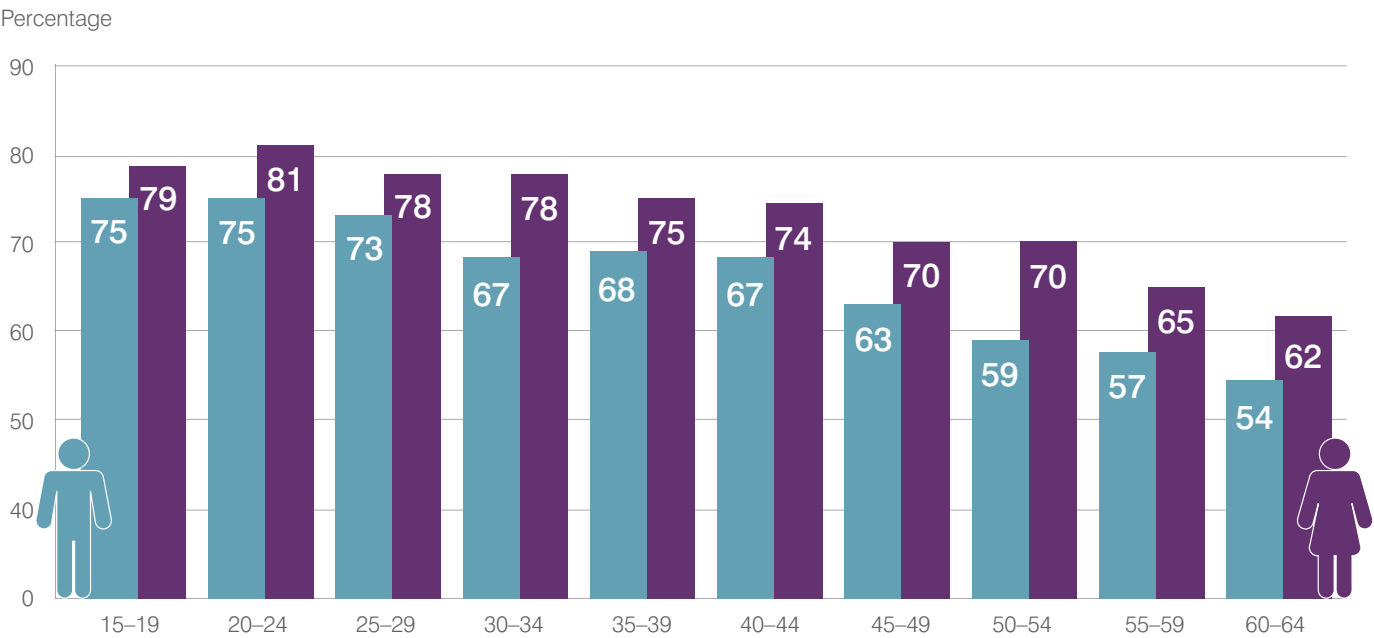


Source: ONS Wealth and Assets Survey, 2012–14

The proportion of women who say that they do not think that they are saving enough for retirement is greatest for those in the lower social classes, with no qualifications and lower household income. Women are much more likely to say that they do not understand enough to make decisions about saving for retirement than men (41% of women compared with 27% of men, 52% of women in their late 20s say they do not understand enough to make decisions about retirement

saving, compared with 38% of men) (Wealth and Assets Survey 2012–2014). However, income is an important factor in determining individuals' levels of understanding, and may explain much of this gap given women's lower earnings.

6.36 % Agreeing that they are not saving enough for retirement, by age



Source: ONS Wealth and Assets Survey, 2012–14

# 7 Attitudes and approach to risk

## Women's risk psychology

In this section we examine women's psychology of risk. We look at the differences between men and women in terms of making decisions on risk, and how these may affect their behaviours in managing risk and resilience.

### Key findings:

The percentage of women who agree that it is necessary to take risks in order to get a good return is significantly lower than men.

Women are marginally more risk averse than men – but evidence is mixed and the impact of other factors such as education and income level seem to be more significant.

Women are slightly more 'present-biased' but this is largely explained by income and motherhood.

Women are more likely to report that they lack knowledge relating to financial decisions and to want information and advice.

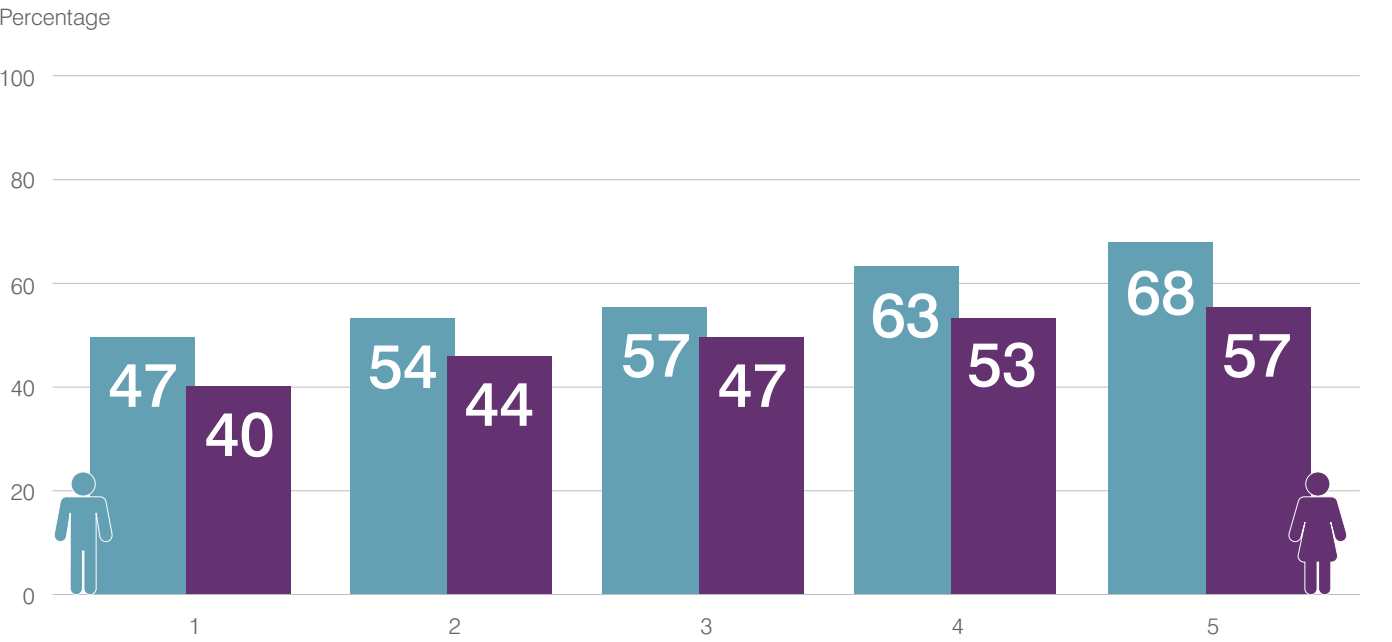
Women are marginally more risk averse than men – but evidence is mixed and other factors seem to be more significant

Risk aversion is the extent to which someone prefers certain rewards or losses compared with uncertain yet larger rewards or losses. Academic literature has tended to confirm the stereotype that men are more willing to take risks than women, both in real-life decisions and in experiments (Crozon and Gneezy 2009)<sup>12</sup>. This is supported by survey questions measuring risk aversion, which show much higher levels of risk aversion for women than men across society, and that women are less likely to agree that it's necessary to take risks in order to get a good return (Wealth and Assets Survey 2012–2014, see Chart 7.1).

However, some academic literature challenges this claim. For example, one study found that if women feel that through their choices they may confirm a stereotype of being unknowledgeable or risk averse, they act more cautiously (Carr and Steele, 2010). Another found that when decisions about risk are displayed within a financial context in experiments, there is no difference between men and women's risk aversion (Schubert et al, 1999). While the stereotype of women is that they are more cautious when faced with the unknown, Borghans et al (2009) have found that in fact women are more likely than men to take chances when the probabilities of an event are unknown (uncertainty). Most recently, one study has shown that standard research techniques mask

substantial similarities between how men and women behave in response to risk (Nelson, 2012). Levels of risk aversion are in reality influenced by many factors. Education is particularly important, and income is also a strong predictor of risk aversion (Liersch 2013; Hibbert et al 2008). Many women, with low levels of income and saving, are less able to afford to take risks than men, which is likely to explain much of the difference in risk aversion between men and women.

7.1 Percentage who agree its necessary 'to take risks in order to get a good return', by household income percentile (%)



Source: ONS Wealth and Assets Survey, 2012–14

<sup>12</sup> The authors assess a wide range of economic literature on risk aversion and find that the evidence for greater risk aversion in women is stronger than the evidence against this finding.

Women are slightly more ‘present-biased’, but this is largely explained by income and motherhood

An individual’s time preference typically measures whether they prefer an immediate reward or a larger, but deferred reward. Measures of time preference in the Wealth and Assets Survey (2012–2014) show that women are slightly more biased towards spending in the present than men.

However, the gap between men and women emerges in women’s late 20s and early 30s, when more women are having children and tend to have lower savings levels. It also increases at higher numbers of children, and is strongly correlated with income. This suggests that women’s ‘present bias’ may be due to having less money and prioritising what are seen as essentials, such as the cost of providing for children.

Women are more likely to want information and advice

Women are more likely to report that they lack knowledge relating to financial decisions. 41% of women in the UK say they do not understand enough to make decisions about retirement saving, compared with 27% of men (Wealth and Assets Survey 2012–2014). This is strongly correlated with income for both men and women.

When men and women report similar levels of confidence in their own knowledge, differences in attitudes to risk also narrow (Liersch 2013). For example, fixed-income mutual fund managers manage funds similarly in terms of performance and risk; perceived differences in risk aversion between genders may in fact be related to investment knowledge and wealth constraints (Atkinson et al, 2003, p. 1-18).

Given their different income and perceived knowledge, women are more likely to want information and advice to support them in decisions about pensions (Collard and Breuer 2009). More education regarding financial products and risks may support better outcomes for women, by improving their knowledge and understanding as well as helping them to feel more confident in decision making.

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# 9 Acknowledgements

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**Insuring Women's Futures workstreams:**

**1 Women at Risk – Women's risks in life:**

Understanding the personal and professional risks women face across society and their experience of using insurance to help manage these to enable improvements in the way the profession supports women.

**2 Women as Risk – Risk solutions for women:**

Identifying new and improved valuable insurance solutions for women's risks (i.e. product) including their needs and preferences as personal and professional buyers of insurance (i.e. service).

**3 Women in Risk – Careers in risk for women:**

Improving the profile of women in the sector, in particular increasing the number of women at senior levels and in business roles, building the pipeline of younger career women in the profession, and making the sector more attractive to new female talent.

[www.insuringwomensfutures.co.uk](http://www.insuringwomensfutures.co.uk)

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**Insuring Women's Futures Committee**

The Insuring Women's Futures initiative is led by a Committee representing the insurance profession, responsible for directing the programme's activity in support of promoting and enhancing the insurance sector's role in relation to women and risk:

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| <b>Sara Ager</b>           | Legal counsel                  |
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| <b>Daniel Pedley</b>       | Strategic adviser              |
| <b>Lesley Penney</b>       | Programme secretary            |

# Appendix

## Relevant gender legislation

The implication of EU discrimination law on gender-based pricing and products.

As a result of the Test Achats case, insurance companies must give greater focus (and seek) to ensure compliance with the principle that insurance policies, where possible, should be unisex. This does not, however, prohibit insurance companies from creating gender specific/targeted policies provided there is no difference in premiums/benefits offered to both sexes (whether through that product or a comparable product from the same provider). Insurance companies should, however, exercise caution when using occupations as a contributing factor to premiums, given that some occupations can be predominantly one gender over another. Care must therefore be had to prevent issues of indirect discrimination from occurring.



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