
Big gender discrepancy in UK savings

By Editor Test *Wed, Feb 9, 2011*

British women have a median balance of just £9,100 (\$14,620) in their defined contribution “pension pots,” while men have a median balance of £52,800 (\$84,820).

Women in the UK lag far behind men in average pension savings, according to *The Telegraph*.

British women have a median balance of just £9,100 (\$14,620) in their defined contribution “pension pots,” while men have a median balance of £52,800 (\$84,820). The discrepancy stems largely from career breaks for child-rearing. Until the early 1990s, employers could ban part-time workers from joining their DC plans, which penalized women in particular.

A pension pot of £9,100 would generate an annual income of just £564 (\$906), or less than £11 (\$17.70) a week as an annuity, according to Hargreaves Lansdown, the independent financial adviser.

The figures were supplied by the Office for National Statistics in response to a parliamentary question by Rachel Reeves, the shadow pensions minister.

The lack of pensions savings of most women will cause particular problems in the next few years, as women have to wait longer before they receive the state pension, according to critics of government policy.

The State Retirement Age (SRA) for women is being raised from 60 to 65, and then—along with men—being raised to 66 by 2020 under recent plans unveiled by the coalition Government. The age hike comes far sooner than under previous proposals by the Labor government.

An estimated 500,000 women born between September 1953 and March 1955 will have to work at least a year longer than they would have under the previous plans.

© 2011 RIJ Publishing LLC. All rights reserved.