

# Gender equality and the 100-year life

How policymakers can ensure gender equality in the era of extreme longevity

Kathryn Petrie

## FIRST PUBLISHED BY

The Social Market Foundation, October 2019  
11 Tufton Street, London SW1P 3QB  
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ISBN: 978-1-910683-77-4

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## ACKNOWLEDGMENTS

The publication of this report has been made possible by the generous support of AIG Life. The views in the report do not necessarily reflect those of AIG Life. The Social Market Foundation retains full editorial independence with respect to its research.

The SMF would like to thank all those who attended the roundtable and helped contribute to the policy recommendations. Particular thanks go to Jane Portas for her support throughout the project. Janes is a co-founder of Insuring Women's Futures, a programme established and led by the Chartered Insurance Institute in collaboration with a wide variety of leading insurance professionals, businesses, policy and third sector organisations and experts on issues relating to women's risks.

## ABOUT THE AUTHOR

Kathryn is Chief Economist at the SMF. Since joining the SMF she has worked on several policy areas including education, social care and financial services. Prior to joining the SMF Kathryn worked at the National Employment Savings Trust (NEST) as a Strategy Analyst. She has a BSc in Economics from Brunel University and an MSc in Economics from the University of East Anglia.

## FOREWORD

That so many of us will live a longer life is reason to celebrate. Yet it is also going to disrupt societies and challenge governments in unprecedented ways.

Awareness of the prospect of the “100 Year Life” is growing in the UK. However, there is still too little recognition in policy debate of the way that longer lifespans will impact all aspects of public policy – healthcare, education, skills, finance and inclusion – placing new strains on government and making new demands of employers. Like climate change, but less visibly to many people, changing demographics will have a long-term transformative effect on this country.

In this report, the Social Market Foundation has investigated the impact that longer lifespans could have on women’s lives in particular, and finds: “Decisions made early in life have a significant impact on the life course and eventual outcomes of individuals. This is particularly true of educational decisions – the level of education, the type of qualification and subject of choice can all influence lifetime earnings.”

It is not only the decisions we make while still in education that make a difference to individual outcomes in the long term. In the workplace, for example, the choices women make about when to work flexibly or part-time have consequences for their financial and general wellbeing which only become evident over time.

The SMF report underscores that, if individuals, female and male, are to adapt successfully to the new realities of a longer life, they need to be armed with information at the right time to support their choices. That means information and education from schools and employers, so that people understand the decisions they make now will impact later life and future wellbeing.

AIG Life, as a major UK life insurer, is dedicated to helping individuals, families and businesses prepare for the health risks people face in life and we’re there to help when they need us most. So how quickly individuals, families, employers and policy-makers understand and adapt to the longevity revolution matters to us a great deal. As a leading insurance organisation active in more than 80 countries, we feel that AIG can bring unique insight and international perspective to the longevity debate, together with a willingness to help in the search for constructive approaches.

That is why we are delighted to be working with the highly-respected Social Market Foundation on this excellent series of research-based events. By bringing leading UK authorities together to discuss the issues, the SMF is making a valuable contribution to discussion on one of the most fundamental trends of our time, one that will shape this country’s future. Our hope is that these discussions and the published expert reports to follow will not only inform but also widen the debate.

Philip Willcock, Chief Executive Officer, AIG Life

## EXECUTIVE SUMMARY

By a range of metrics, gender equality in the UK has improved. But there is a risk that increased longevity and the 100-year life could act as a barrier to greater equality or even result in increased inequality between men and women. This is the second report of the series focusing on how the 100-year life may affect Britain's society, economy and public services. This report focuses on gender equality and how policymakers can make the 100-year life work for women.

### The six moments that matter

Research conducted by Insuring Women's Futures on risk patterns highlighted the six "moments that matter" in the lives of British women. These are being used as the basis for this research.

#### **Moment 1: Growing up, studying and requalifying and Moment 2: Entering and re-entering the workplace**

Women perform particularly well during education, however there are clear gender divides in the courses studied. In 2017/18, less than one fifth of students studying computer science or engineering and technology were women. Similar disparities are seen in apprenticeship starts. Decisions made early in life have a significant impact on the life course and eventual outcomes of individuals. The gender wage gap is relatively small or non-existent when people enter the labour market and slowly widens up to the mid-30s. Entering the labour market after formal study is only part of the story – women are likely to enter, exit and re-enter the labour market at various points in their lives. As lifespans rise, people will retire later meaning the length of time in work will increase – and as it does, wage gaps between men and women may grow. This will lead to an increased need for training and reskilling due to labour market entry and exit.

#### **Moment 3: Relationships: making and breaking up and Moment 4: Motherhood and becoming a carer**

It is commonly known that the divorce rate is on the decline and has been for a several years – however this is only true for those under the age of 45. Our analysis of the Wealth and Assets Survey shows that a married couple over 50 have almost three times the pension wealth of the average divorced woman over 50; the distribution of pension assets skews heavily towards men. There is a stark difference in overall net financial wealth too.

Evidence suggests women are delaying having children. As the 100-year life becomes reality and technology continues to develop, women having their first child well into their 30s could become the norm. This could have a positive impact on their lifetime earnings and therefore gender equality. As society stands there is a reliance on family to provide care, a responsibility which overwhelmingly falls on women. Leaving the labour market to provide care can have serious consequences on the current and future income of women. We can hypothesise that longer lives will lead to an increase in the number of unpaid family carers in the UK and the amount of time spent caring for loved ones.

## **Moment 5: Later life, planning and entering retirement and Moment 6: Ill-health, infirmity and dying**

The financial disadvantages set out above often result in lower incomes throughout women's lives, lower pension savings and subsequently lower incomes in retirement. Differences in working patterns account for the largest part of the gender pension gap—this is due to periods out of work to care for children or family members. We have already explained how the 100-year life may increase the occurrence of women leaving and re-entering the labour market, this may in turn further increase the pension gap. In this context, what matters is not only the size of the pension pot but the decision an individual makes upon reaching retirement. Given the longevity of women it is essential that they make a well-informed decision on how best to convert their pension into an income.

People ageing without children are often neglected in the discussions about the future of social care and society. Given the numbers without children, those born in the 1950s onwards may find themselves needing support in old age and be unable to rely on family to offer this care. If the trend of childlessness continues in an era of extreme longevity, this could put further pressure on the formal social care system and could mean that women (who tend to live longer) end up falling through the gaps.

### **Public attitudes**

The roles undertaken by men and women are dependent on a range of factors – including their opinions and attitudes to different issues and topics. This report draws on polling conducted by Opinium for AIG Life.

Whilst women are more likely to enjoy their work, they are less likely to believe that they have achieved their full potential in their career. This is particularly true for women over 50. If women believe that they are not paid fairly for their work or that they are unlikely to be able to achieve their potential, this could influence the decision on which partner should be taking time out of the labour market to provide care to children or elderly relatives.

Flexible working is seen as one of the levers for increased gender equality in the workplace and society. It is nominally available to all, but men and women have different views on its real availability. The polling showed that one third of men (33%) believed that their request for flexible working to care for a partner or relative would be turned down, compared to just over a quarter of women (27%).

Another striking finding from the research is the difference between the proportion of men stating they share caring duties equally and to the proportion of women who say the same. Among men aged 35 to 54, over a third (37%) state that they share caring duties equally with their partner. Among women of the same age, only one in five (20%) say the same. Only 32% of men believed they would be called on to care for their parents in old age, compared to 37% of women. Men were also more likely to believe that their partner should help with care for parents (15% vs 11%). The gender differences are perhaps clearest when people are asked about siblings: over one third (34%) of people with sisters believed that their sister should contribute to the care of their parents, but only 27% of people said a brother should help.

## Policy recommendations

As things stand there are major barriers to gender equality within our society and until policy changes the gaps will persist – or even widen – as longevity rises. We put forward five policy recommendations to help alleviate some of the gender disparities in society.

- **Establish an evidence base on teacher demographics.** *The Government should commit to review the demographics of secondary school teachers in the UK. Following this review, the Government should look at ways to promote greater diversity in teaching and within specific subjects: more female teachers in male-dominated subjects could encourage female uptake of maths and sciences.*
- **The right to request flexible working;** *The government should amend the Flexible Working Regulation (2014) to allow workers to request flexible working from the first day of employment. To allow those who work flexibly to move on and upwards in their careers, the government should call on all firms to state whether the job can be done on a part time or flexible basis within the job specification.*
- **Pension requirements;** *The government should require all firms to publish their pension policy when advertising job vacancies. With the aim of encouraging workers to pay more attention to their long-term pension accumulation.*
- **Pension contribution changes;** *The Government should commit to paying into the pensions of individuals who leave the labour market to have children or care for family members.*
- **Retirement income data;** *The Financial Conduct Authority should continue to publish data on the decisions being made by individuals accessing their pension pot. This data should be split by gender to highlight any differences in the decisions being made.*



## PART 1: INTRODUCTION

A child born today has a one in three chance of living to 100.<sup>1</sup>

There is a considerable drive for gender equality in our society. The Government Equalities Office launched a roadmap in July 2019 highlighting the issue of gender inequality in the UK and showcasing the steps the government will take to attempt to reduce this inequality.

By a range of metrics gender equality in the UK has improved. There has been a large increase in the participation of women in the workforce over the last 40 years, the employment rate gap has reduced from 20% in 1998 to 9% in 2018.<sup>2</sup> The pay gap is declining – the pay gap fell from 10.5% in 2011 to 9.1% in 2017.<sup>3</sup> The number of women on boards has surpassed the government’s target – 29% of FTSE100 directorships were occupied by women in 2018 and there are now zero all-male boards in the FTSE100, down from 21 in 2011.<sup>4</sup>

However, there is still considerable work to be done to ensure gender equality in society. There is a risk that increased longevity and the reality of the 100-year life could act as a barrier to greater equality or even result in increased inequality between the genders.

This is the second in a series of reports focusing on how the 100-year life may affect Britain’s society, economy and public services. This report focuses on gender equality and making the 100-year life work for women.

This report rests on three elements:

- SMF research on conducted on the lives of women today and in the future. This work draws on the “six moments that matter” as established by Insuring Women’s Future.
- Polling conducted by Opinium on public attitudes to a range of issues which affect gender equality, such a career potential and caring responsibilities. A nationally representative poll of 3,001 adults was conducted from 23<sup>rd</sup> to 28<sup>th</sup> May 2019.
- A seminar hosted by the SMF and AIG which brought together senior figures from politics, academia and business to discuss practical policy responses. The seminar was held under the Chatham House rule in the summer of 2019.

The paper follows that form and is split into 3 main parts:

- Part 2 focuses on the “six moments that matter” and how these may be influenced by the 100-year life;
- Part 3 discusses the polling conducted as part of this research;
- Part 4 suggests areas where policy change is needed to reduce gender inequality.

## PART 2: THE SIX MOMENTS THAT MATTER

Research conducted by Insuring Women’s Futures on risk patterns highlighted the six moments that matter in the lives of British women. These are being used as the basis for our research into gender equality and the 100-year life.

**Moment 1: Growing up, studying and requalifying**  
**Moment 2: Entering and re-entering the workplace**

The 100-year life will likely result in a significant amount of time being spent in work and therefore getting the right qualifications and training at specific points in an individual’s life is vital.

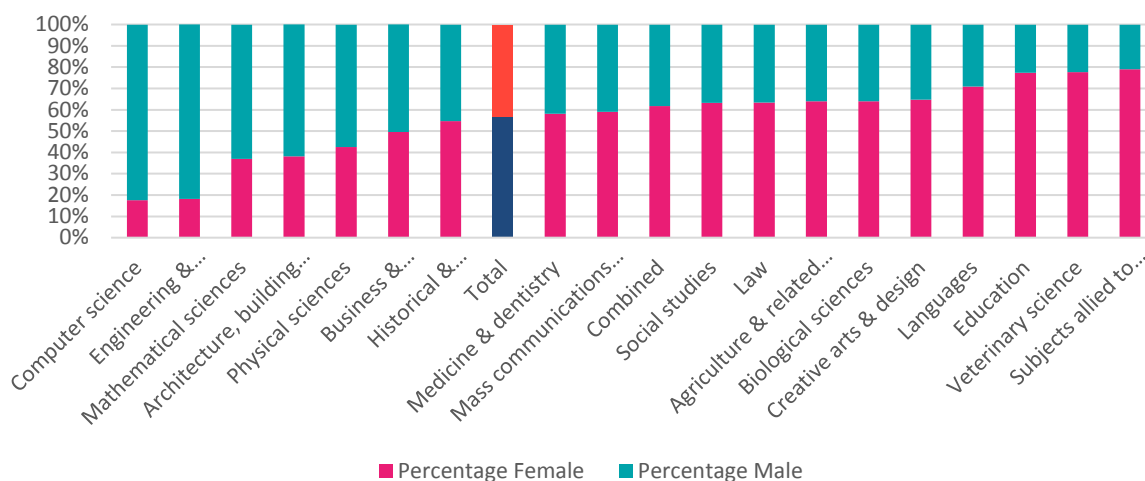
### Aspirational divides

Decisions made early in life have a significant impact on the life course and eventual outcomes of individuals. This is particularly true of educational decisions – the level of education, the type of qualification and subject of choice can all influence lifetime earnings.

Women arguably outperform men during education, and this is captured by the number of women going on to university - the majority (57%) of those studying in higher education are women. However, there are clear divides in the subjects studied which can contribute to lower aggregate female earnings later in life.

In 2017/18, less than one-fifth of students studying computer science or engineering and technology were women, as is shown in Figure 1. This is in comparison to subjects such as education and subjects allied to medicine, where more than three-quarters of students were women. There is a tendency for women to select more “creative” subjects. And of course, people should be free to study subjects based on their interests - so long as women are aware that they may be self-selecting into courses with lower expected earnings.

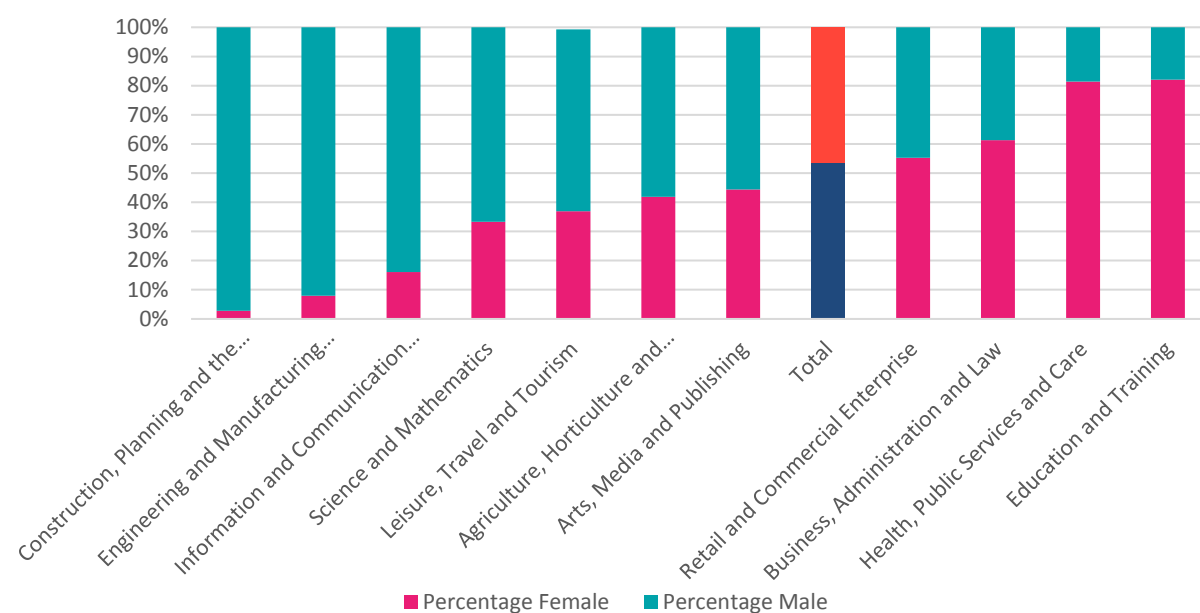
**Figure 1: Higher Education student enrolments by subject and gender, 2017/18**



Source: SMF analysis of HESA data (2019)

Not all young people go to Higher Education. Successive governments have committed to “parity of esteem” between vocational and academic education and as part of this mission want to create more apprenticeships. The gender differences observed in apprenticeship starts are starker than those seen in Higher Education– 80% of those doing an apprenticeship in education and training are women, compared to 3% of those studying construction, planning and the built environment. In both the academic and vocational streams, there is a risk that in the era of extreme longevity, differences in course selection will lead to larger levels of income inequality over the lifetimes of men and women.

**Figure 2: Apprenticeship starts by subject and gender, 2016/17**



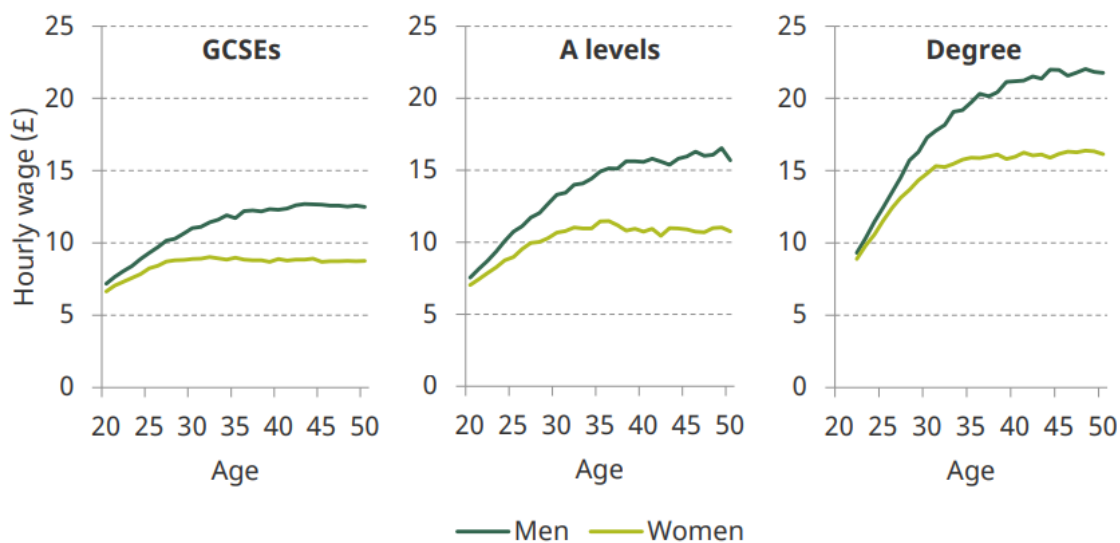
Source: SMF analysis of DFE data (2019)

Among the reasons men and women choose dissimilar courses are their differing aspirations and attitudes. Research conducted by the Careers and Enterprise Company showed that when young people were asked to provide advice to fictional friends named Jack and Chloe, who both liked maths and were on course to achieve an A\* in GCSE maths, young men were far less likely to suggest Chloe go to university compared to Jack (58% vs. 73%). When focusing on the types of careers Jack and Chloe should find more information on, both genders suggested accountancy or investment analyst as the top two options, however, both men and women suggested the third option for Jack should be engineering whilst young men suggested Chloe investigate cashier /sales assistant roles and young women suggested teaching.<sup>5</sup>

### Gender pay gaps

It is common knowledge that throughout their lives the average earnings of men and women are different – the gender wage gap (as shown in Figure 3) is relatively small or non-existent upon labour market entry and slowly widens up to the mid-30s. The gap becomes increasingly large around the late 20s as men’s wages continue to rise whereas women experience a flatline in earnings.<sup>6</sup>

**Figure 3: Mean hourly wage across the life cycle by gender and education**

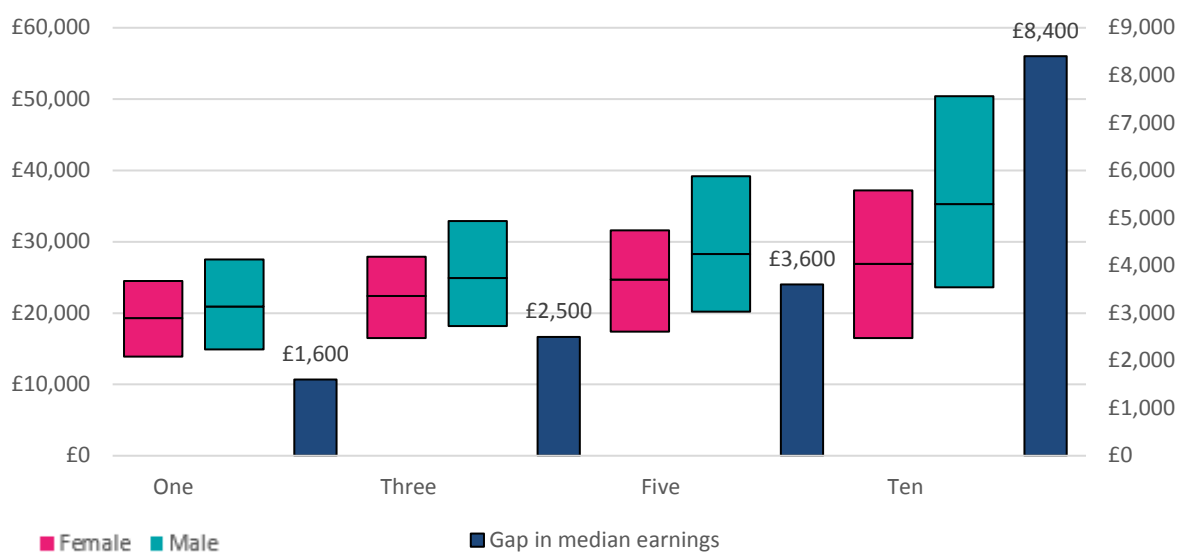


Note: Wages are shown in 2016 constant-wage terms. Individuals in the bottom two and top one percentiles of the gender- and year-specific hourly wage distributions are excluded.

Source: IFS analysis of LFS 1993Q1-2017Q2 (2018)

Differences in wages during the early phase of an individual's career, even when controlling for education level, mean that the differences presented earlier in subject choice are likely to be influencing the starting wages of young people. Five years after graduation, men's median wages are £3,600 higher than female graduates (see Figure 4), ten year after graduation this figure rises to £8,400.<sup>7</sup> As people retire later the length of time in work will increase and wage disparities may continue to increase. This has the potential to deepen the divide between the financial position of men and women during, and after, their working lives.

**Figure 4: Earnings quartiles of graduates by sex one, three, five and ten years after graduation, gap in median earnings (men-women) presented on the secondary axis, tax year 2016/17**



Source: DfE (2019)

## The importance of training

Entering the labour market after formal study is only part of the story. For a variety of reasons women are likely to enter, exit and re-enter the labour market at different points in their life. The 100-year life is likely to increase the number of years spent in work and therefore increases the period in which these movements in and out of the labour market may occur. Training is a vital part of ensuring regular improvements in the skills of the workforce, whilst more women than men participate in training the overall participation rate amongst adults in England appears to be falling.<sup>8</sup> A reduction in the amount of training taking place within the economy is not consistent with rising life expectancies and retirement ages. The relationship between the 100-year life, work, education and skills will be explored in the third report from this series.

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### *Moment 3: Relationships: making and breaking up* *Moment 4: Motherhood and becoming a carer*

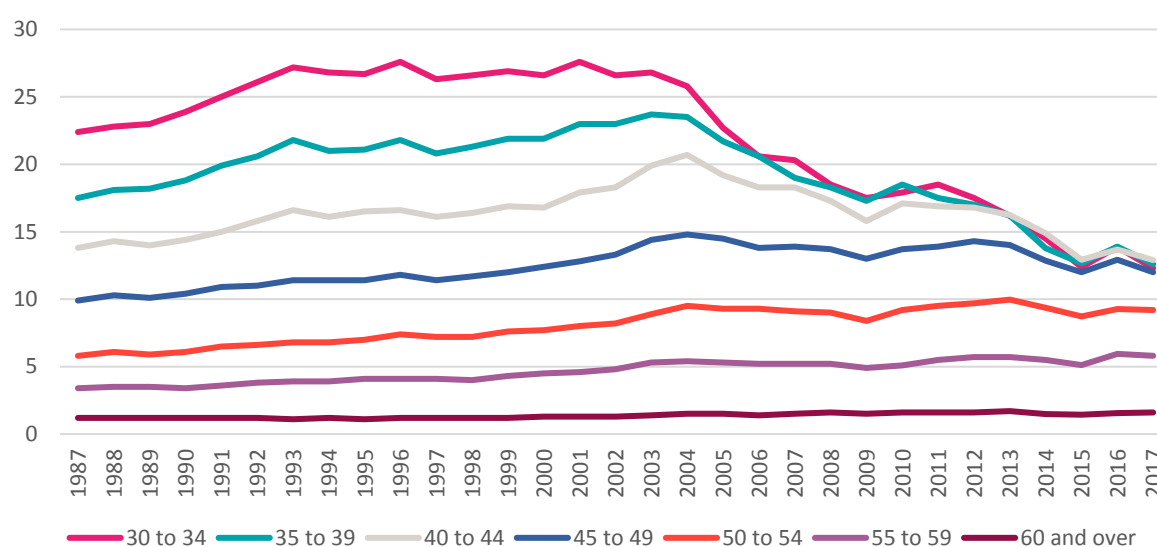
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There are a range of specific life events which can impact the financial, physical and emotional well-being of women. Moment 3 and 4 are wide ranging, covering events from the start of a relationship to becoming an unpaid carer. This section of the report focuses on these events with specific attention paid to their impact on the financial standing of women.

## Life after divorce

It is commonly known that the divorce rate is on the decline and has been for a several years – however this is only true for those under the age of 45. Figure 5 shows that whilst the divorce rates for those aged 30 to 44 started to decline in 2005, the same is not true for the divorce rates of those over 45.

**Figure 5: Divorce rate (opposite sex couples) by age of woman at divorce, 1987 to 2017**



Source: ONS (2019)

It could be that longer lives and changing attitudes to divorce have meant that people in the older age groups are less willing to spend the remaining years of their life in unwanted marriages – this could be particularly true for those aged 60+.

Getting divorced can have serious ramifications for a couple's life and finances. Our analysis of the Wealth and Assets Survey shows that a married couple over 50 have almost three times the pension wealth of the average divorced woman over 50.<sup>9</sup> It is plausible to assume that wealth was transferred in another way, however there is also a stark difference in the two groups net financial wealth, with couples having a considerably higher amount of wealth.

For a divorced woman over 50 who is approaching retirement having only a third of the retirement wealth of a divorced couple is far from ideal – particularly in light of the fact that women have longer life expectancies than men. A divorced woman over 50 may need to make significant contributions into their pension in a small number of years to ensure an adequate retirement income.

### **Motherhood**

Women are delaying having children. In 1938 the mean age of a first-time mother in England and Wales was 25.9 years of age; in 2017 this had increased to 28.8.<sup>10</sup> There is very little available evidence on the age at which taking time out of the labour market to have a child is “ideal” in terms of lifetime earnings and the ability to re-join the labour market in a similar position. There is some evidence to suggest that having a child in your early 30s is economically optimal due to the bargaining power you have gained from your experience and position within the company.<sup>11</sup>

Becoming a mother can have a significant impact on a woman's wages. By the time a woman's first child is 20, mothers earn approximately 30% less per hour than similarly educated fathers. The IFS has estimated that a quarter of this gap is attributed to the higher propensity of mothers to have been in part-time work whilst raising children, which subsequently leads to a lack of pay progression. A further tenth of the gap is explained by the higher propensity of women to take time out of the labour market.<sup>12</sup>

As the 100-year life becomes reality and technology continues to develop we could see women having their first child well into their 30s. This could have a positive impact on their lifetime earnings and therefore gender equality. We will discuss the growing number of people ageing without children later in this paper.

### **Becoming a carer**

Current levels of formal care provision mean that there is a reliance on family to provide care – previous SMF work calculated that there were 7.4 million unpaid family carers in the UK.<sup>13</sup> The majority of family carers are women, with 16% of women in the UK providing family care compared to 12% of men. Women are not just more likely to be providing care, they provide more hours and frequently help with very intense care needs.<sup>14</sup> Providing care to elderly relatives is often combined with raising children, a combination which can have serious effects on the financial position and mental wellbeing of women. Due to the intensity of care provided women are more likely than men to leave the labour market when becoming family carers.

Leaving the labour market to provide care can have serious consequences on the current and future income of women. Not only do women face the immediate financial shock of finding themselves out of work but during this time they are unlikely to be saving for their retirement. Care has an uncertain duration and this period out of employment could persist for a long time. As the 100-year life becomes the norm, we can hypothesise that the number of unpaid family carers in the UK will increase, as could the time they spend caring for their loved ones. There are several reasons why more women than men take time away from work for care, but one could be that couples take the decision of who will care according to which partner earns the least in employment. If longer lives exacerbate the wage gap between men and women, that could increase the likelihood of women leaving the labour market to provide care.

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***Moment 5: Later life, planning and entering retirement***

***Moment 6: Ill-health, infirmity and dying***

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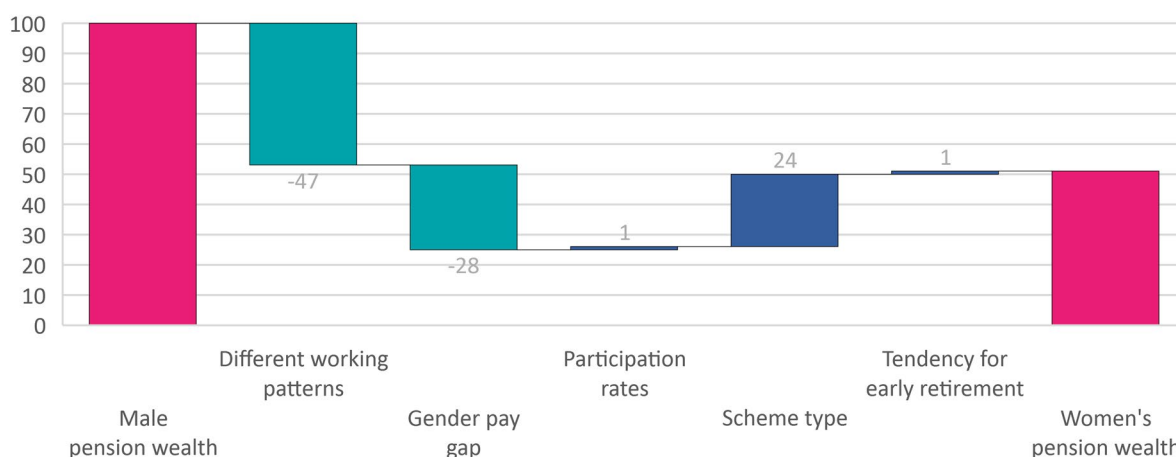
Many of the “moments” described in the sections above focus on the financial position of women. These financial disadvantages often compound into lower incomes throughout women’s lives, lower pension savings and subsequently lower incomes in retirement.

### **The gender pension gap**

Since the creation of automatic enrolment there has been a stark increase in the number of individuals saving into a workplace pension. In 2018 three-quarters (76%) of UK employees were members of a workplace pension scheme, representing a 29-percentage point increase since Automatic Enrolment was introduced in 2012.<sup>15</sup> Research shows that women working full-time are as likely to be saving into a pension as men, and women who work part-time are more likely to be saving into a workplace pension than men.<sup>16</sup> Whilst this is positive, women tend to have lower contribution rates.<sup>17</sup>

Research by the Pension Policy Institute shows that by the time a woman is in her late 50s her pension wealth is 51% of that of a man, as demonstrated by Figure 6. There are a range of factors which contribute to this gap, they include, but are not limited to, working patterns, salary and participation rates.<sup>18</sup>

**Figure 6: Breakdown of an individual’s pension wealth with the magnitude of each factor contributing to the difference**



Source: PPI (2019) WAS Wave 5 and PPI modelling

Differences in working patterns account for the largest part of this gap – this is due to periods out of work to care for children or family members. We have already explained how the 100-year life may increase the occurrence of women leaving and re-entering the labour market and this may in turn further increase the pension gap. It is imperative that women have pension pots that will enable them to live in an adequate standard throughout their retirement.

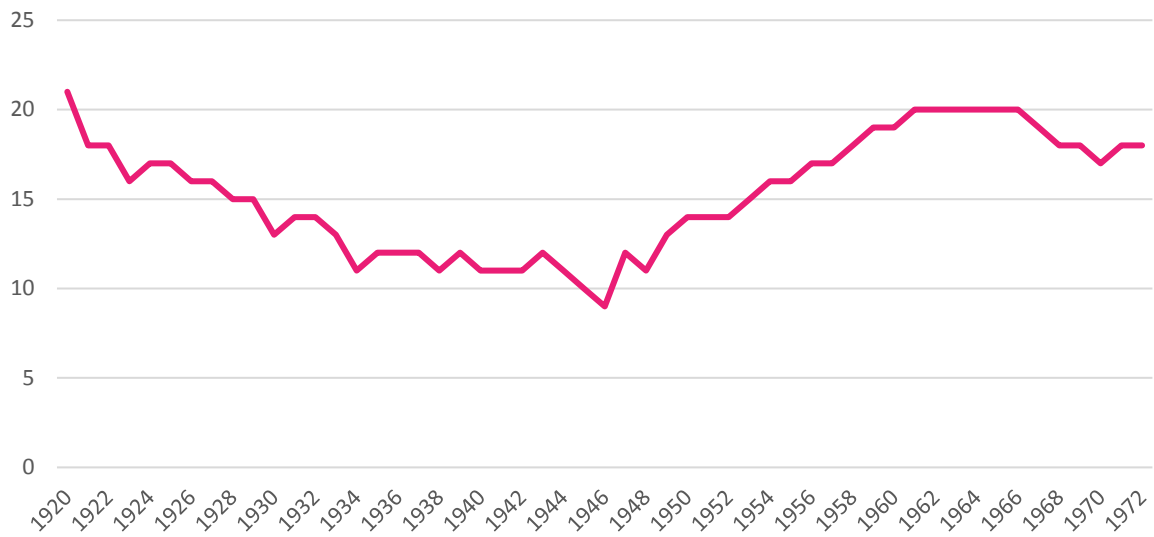
### Converting a pension into an income

It is not only the size of the pension pot that is important here. The decision an individual makes upon reaching retirement matters too. Since the introduction of “pension freedoms” in April 2015 there has been a large reduction in the number of people purchasing annuities. In the period between October 2017 and March 2018, just 12% of pots accessed for the first time were annuitised.<sup>19</sup> A significant number of retirement income decisions are being made without any form of advice: only 28% of annuities purchased in this period were advised purchases.<sup>20</sup> There is a significant gap missing in the data on retirement income decisions and that is gender-based. The evidence on the differences in retirement decisions by men and women is almost non-existent. Given the longevity of women it is essential that they make a well-informed decision on how best to convert their pension into an income. It is extremely troubling that almost no official data exists on the highly consequential financial decisions that women make when retiring.

### Ageing without children

As discussed, women are having children later in life, but a significant number are remaining childless. Between 1920 and 1946 there was a reduction in the number of women remaining childless - one in five (21%) of those born in 1920 remained childless by their 45<sup>th</sup> birthday. This reduced to one in ten (9%) for those born in 1946. Post-1946 the proportion of women remaining childless increased - the most recent data shows that for those born in 1972 one in five (18%) remain childless by their 45<sup>th</sup> birthday. This is a marginal reduction compared to those born in the 1960s.



**Figure 7: Percentage of women remaining childless at age 45 by year of birth**

Source: ONS (2018)

Ageing without children is often an ignored part of the discussion on the future of social care. Given the numbers without children, those born in the 1950s onwards may find themselves needing support in old age and be unable to rely on family to offer this care. The current social care system relies on family to meet the needs of those who the formal care system does not adequately support. If the trend of childlessness continues in an era of extreme longevity, this could put further pressure on the formal social care system and could mean that women (who tend to live longer) end up falling through the cracks.

## PART 3: PUBLIC ATTITUDES

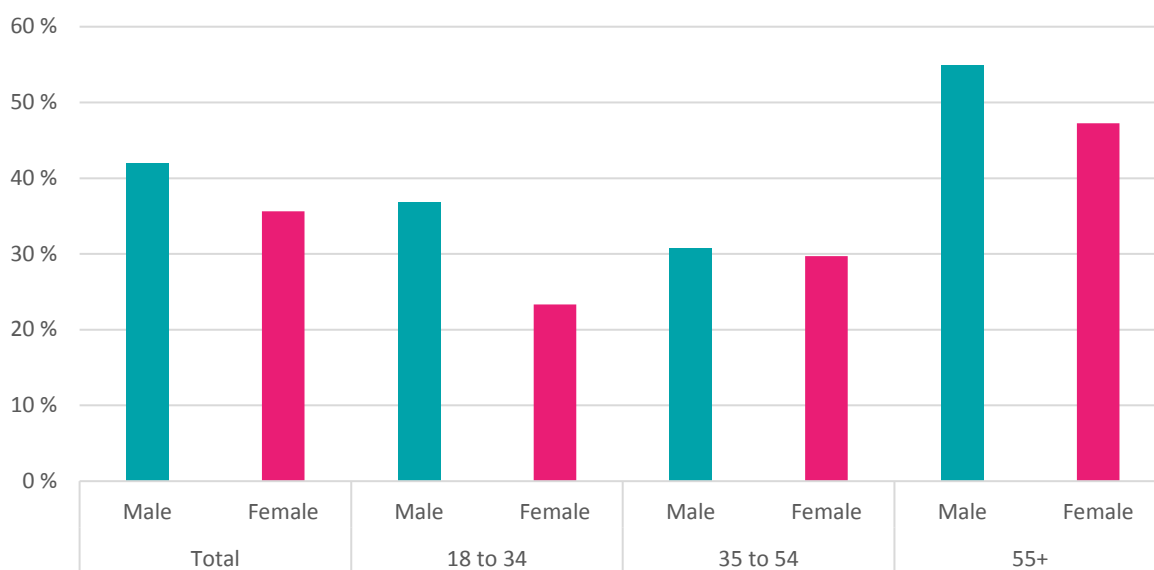
The roles undertaken by men and women are dependent on a range of factors – including their opinions / attitudes to different issues and topics. Within this section of the report we explore the attitudes and expectations of the different genders to many of the issues associated with gender equality.

### Gender in the workplace

The polling conducted finds that 55% of the population enjoy their current job – women are more likely than men to enjoy their current job (58% compared to 52%). This remains true across all age groups. Whilst women are more likely to enjoy their current role, they are also more likely to state that they do not believe they are paid fairly (37% compared to 39%). Again, this is true across all age groups, except for those over the age of 55.

Women are less likely to believe that they have achieved their full potential in their career. This is particularly true for women over 50. Four in ten (42%) of men believe they have achieved their full potential within their career so far, compared to 36% of women, as is shown in Figure 8.

**Figure 8: Proportion of respondents stating they have achieved their full potential in their career so far by age and gender, those currently employed or retired**



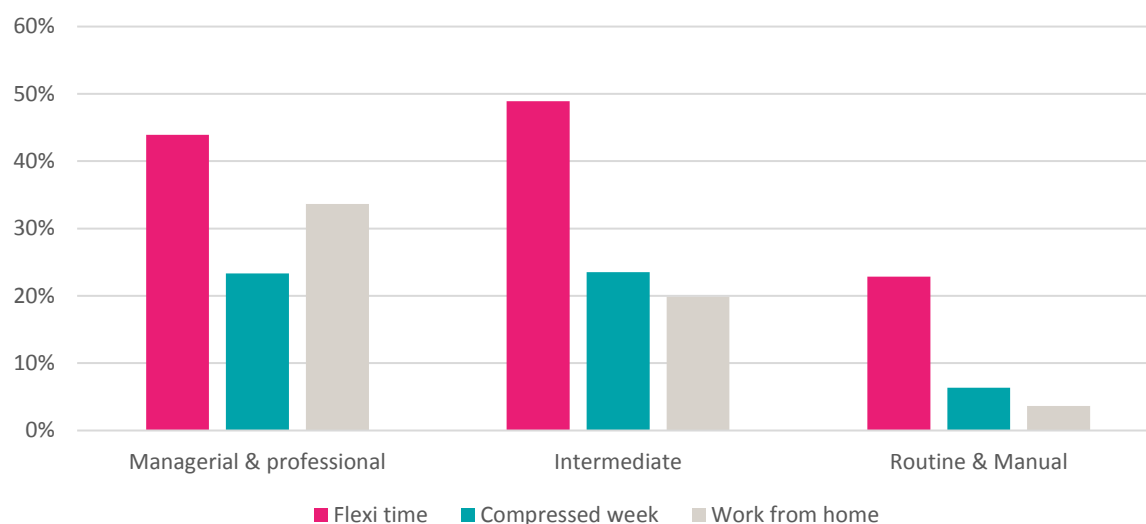
Source: SMF analysis of Opinium polling

The gap between the two genders is widest during the ages of 18 to 34, which could represent the opinions of women who have taken time out of work to raise children. There is an eight-percentage point gap between men and women aged 55+, this group is either very near the end of their career or are in retirement – they are unlikely to be able to make any significant improvements to their career position.

If women believe that they are not paid fairly for their work or that they are unlikely to be able to achieve their potential, this could further contribute to decisions on who should be taking time out of the labour market to provide care to children or elderly relatives.

Flexible working is seen as one of the levers for increased gender equality in the workplace and society. The survey conducted showed that one third of men (33%) believed that their request for flexible working to care for a partner or relative would be turned down, compared to just over a quarter of women (27%). Our analysis of Understanding Society data shows that flexible working is available across the different socio-economic groups. However, there are stark differences in the level of take-up of these benefits by socio-economic status.

**Figure 9: Proportion of men using one of the flexible working arrangements given flexible working is available within the company by NSSEC**



Source: SMF analysis of Understanding Society 2015

Figure 9 shows that the take-up of flexible working practices, such as flexi-time or working from home are much more common amongst men in managerial and professional occupations than those who work in routine occupations. More than a third (35%) of men surveyed for this research believed that their request for flexible working in order to become a carer would be treated differently if they were a woman – this increases to four in ten (42%) of men aged 18 to 34.

## Gender and caring responsibilities

The need to care for someone can occur at various points in people’s lives – from becoming a parent to caring for elderly relatives. The Government’s gender equality roadmap states:

*“We won’t close gender gaps in paid work unless we start to tackle gaps in who does unpaid work”*

It is still common practice in our society for women to take on the bulk of this responsibility, which has a range of consequences, including reduced income during their working lives and subsequently retirement.

## Parenthood

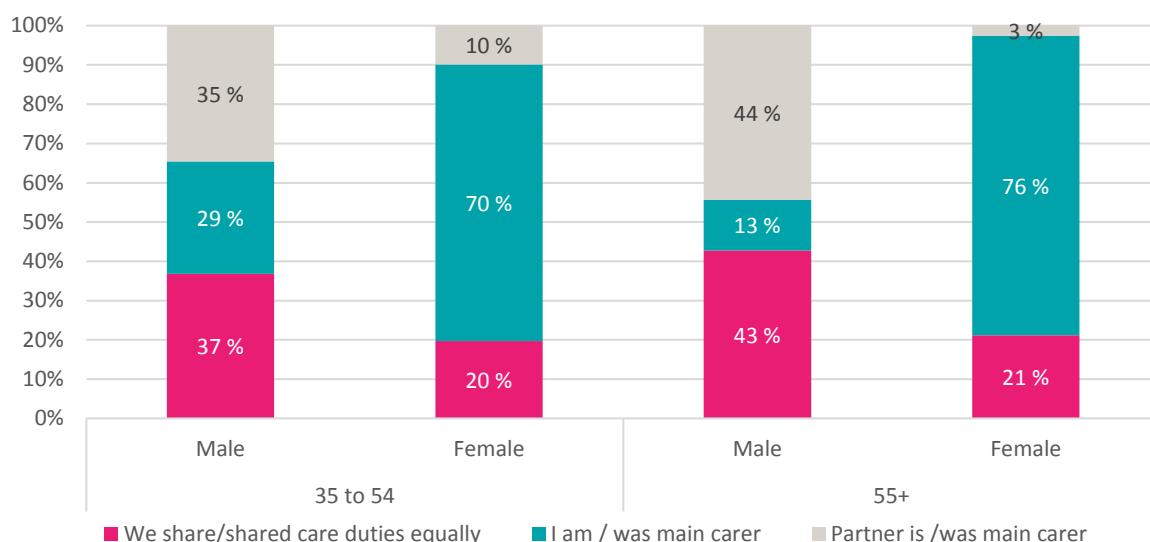
There have been several initiatives to attempt to balance the responsibilities associated with parenthood and reduce the need for parents to take significant time out of the labour

market – such as the introduction of up to 30 hours of free childcare per week for working parents and shared parental leave.

By historic standards, caring duties are shared more equally today. In the polling, people were asked whether they or their partner were / are the main carer for their children or whether the duty was shared equally. It is clear from the results that women are more likely to be (or have been) the main carer for their children – women aged 35 to 54 are less likely to be the main carer for their children compared to women aged 55+. There has also been a growth in the proportion of men stating that they are the main carer for their children.

One striking finding from the research is the difference between the proportion of men stating they share caring duties equally compared to the number of women stating this. For men aged 35 to 54, over a third (37%) state that they share caring duties equally with their partner compared to one in five of women (20%) in the same age group. These differences may reflect the people who have been surveyed but are more likely to represent a difference in opinions between men and women on what “equal parenting” entails and over the relative burdens of care they bear. The most plausible explanation for this finding is that men significantly overstate their own contribution to care, and/or understate that of women.

**Figure 10: Responses to "Who between you and your partner is/was the main carer for your child/children" by age and gender, individuals in couples and with children**

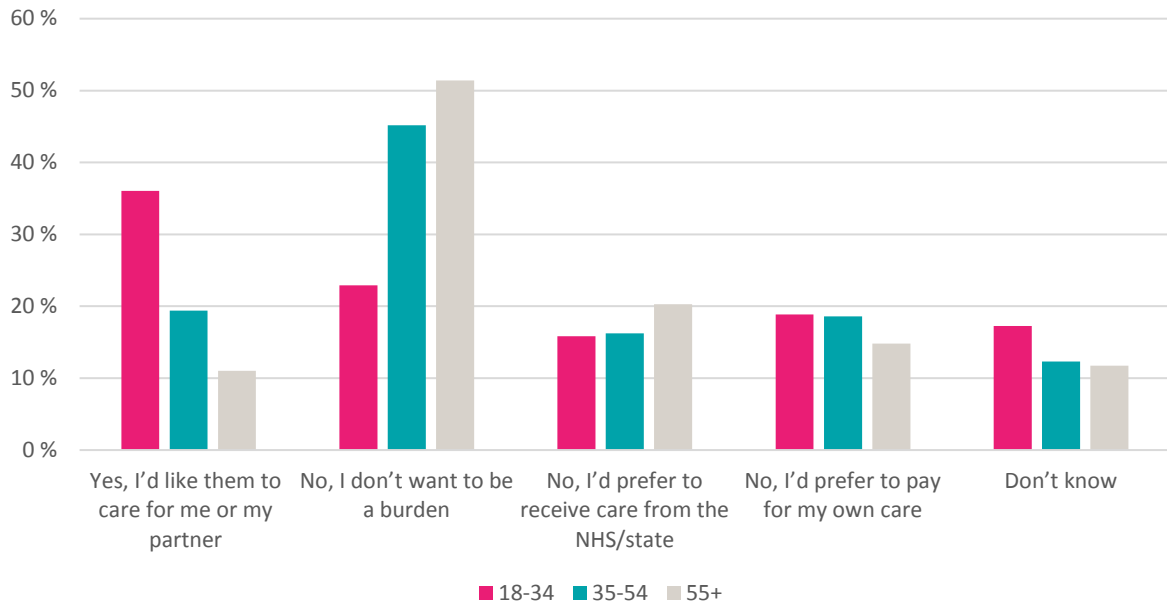


Source: SMF analysis of Opinium polling

We have already discussed how the role of caring for elderly parents often falls upon adult children, a trend which is likely to increase as society ages. However, the polling finds that a large majority of people do *not* want their children to care for them in older age. Fewer than one in five (19%) of individuals want their children to care for them or their partner. This figure reduces with age, as is shown in Figure 11. Younger individuals may be basing their opinion on the fact that their life expectancy is higher than previous generations and they accept they will need support from family. For those over 55 the reality of older age is likely to be clearer. Older individuals are concerned about being a

burden and a social care system which increasingly pushes them to to rely on their family for care may be at odds with their wishes.

**Figure 11: Responses to "Would you want or expect your children to be carers for you or your partner in old age?" by age, those with children**

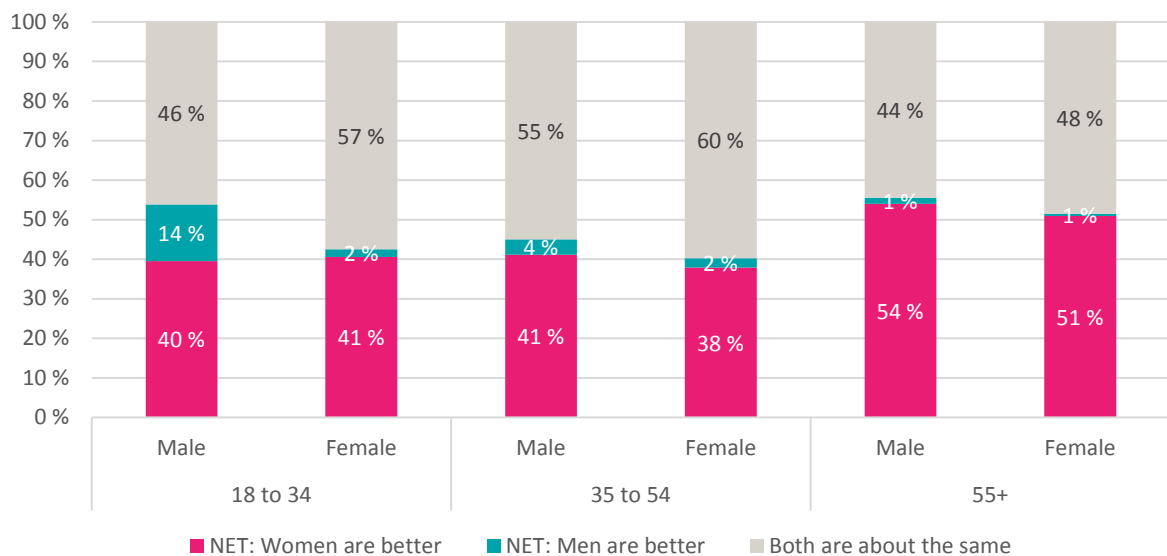


Source: SMF analysis of Opinium polling

### Becoming a carer

Many people will find themselves caring for a relative at some point in their life. At present the majority of those providing care to their relatives are woman.<sup>21</sup> When asked whether people believed that men or women were better at providing care to relatives there is a clear difference between the ages, which speaks positively to how society may develop.

**Figure 12: Responses to "Thinking generally about caring for elderly relatives, do you think men or women are better at doing this, or is there no real difference?" by age and gender**

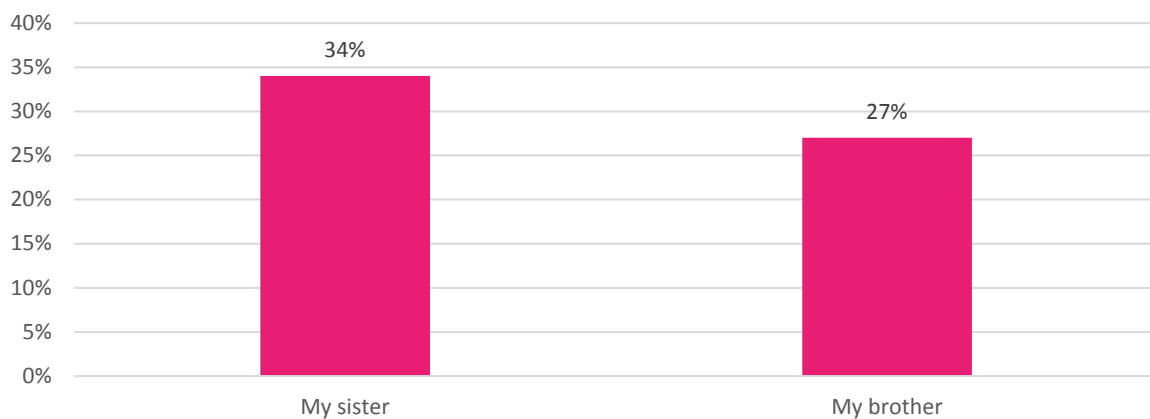


Source: SMF analysis of Opinium polling

Figure 12 shows that for men aged 18 to 34, some 14% believe that men are better at providing care. This is considerably higher than the figure for men aged 35 to 54 (4%) and 55+ (1%). Across all the age groups, women are more likely than men to believe that both genders are equal in their ability to provide care, although the opinion is less common amongst the older age group. Whilst people may express a belief that men and women are equal in their ability to care – the reality is that the role still falls predominately on women.

When asked who people expected to assist with the care of their parents in old age, only 32% of men believed they would do this, compared to 37% of women. Men were also more likely to believe that their partner should help with this (15% vs 11%). The gender differences are clear when people are asked about siblings: over one third (34%) of people with sisters believed that their sister should contribute to the care of their parents. This is compared to 27% of people thinking their brother should help.

**Figure 13: Responses to "Thinking about your parents, do you expect any of the following people to assist with their care in old age?" Given they have brothers / sisters**



Source: SMF analysis of Opinium polling

Of course, there are reasons why these differences may occur, such as distance between adult children and their parents, or each sibling’s circumstances. However, this finding strongly underlines the social expectation placed on men and women to fulfil certain roles. While most people state they believe men and women are equally capable of providing care, when asked who should help, there are clearly gendered preferences.

When asked who the responsibility of being the principal carer should fall on, men aged over 55 were twice as likely as women to report that the government should be the principal carer for their elderly relatives (32% compared to 16%). Women aged 55+ are more likely to state that the responsibility should fall on the adult in the household who can most easily and economically become a carer (46% compared to 36%).

When needing to provide care for a relative, it is not surprising that this would fall onto the individual whose income is lowest or whose job is most flexible; the financial cost is lower. However, this is the start of a vicious cycle: time out of paid work reduces long-term earnings relative to those who do not take time out to care; a widening wage gap reduces the economic incentive to share caring duties and thus for women to return to work or increase their hours of work.

As lifespans increase there is a risk that the occurrence and duration of unpaid care will also increase and deepen the economic divides between men and women.

## PART 4: POLICY RECOMMENDATIONS

The previous chapters of this paper have explored the moments that impact a woman's life - covering both the positives and negatives. As things stand there are major barriers to gender equality within our society and until policy changes the gaps will continue – or even widen due to increased longevity.

### Education and aspirations

This research has highlighted clear differences in the types of subjects being studied between men and women. Whilst girls outperform boys throughout education, they are more likely to opt to study subjects associated with lower earnings. This is true across both apprenticeships and higher education. As a result of this, women are earning less than men right from the beginning of their career and the gap widens over time. Longer working lives could mean that gap becomes even larger as men and women finally approach retirement.

Relying on friends and family to provide advice to young people can reaffirm gender stereotypes in society. The government needs to consider the biases that occur when relying on informal networks to provide advice. We welcome the government's commitment to improve the quality of careers advice in schools, which includes tackling gender stereotypes.

The ability of young people to imagine themselves in a specific career can be associated with their role models in life. Evidence in America has found that the proportion of female maths and science teachers at a school had a positive impact on the likelihood that female students will graduate with a STEM degree.<sup>22</sup> Whilst the teaching profession is predominately female, women are underrepresented in certain subjects such as physics and mathematics.<sup>23</sup> There is very little available evidence on the demographics, such as gender or ethnicity, of teachers in the UK by subject. More should be done to establish an evidence base on the demographics of subject teachers in the UK, once the Government has established this evidence base it should investigate ways to encourage women and men to teach a variety of subjects.

#### Recommendation 1: Establish an evidence base on teacher demographics

The Government should commit to review the demographics of secondary school teachers in the UK. Following this review, the Government should look at ways to promote greater diversity in teaching and within specific subjects, especially **Science, Technology, Engineering or Maths (STEM)**.

Given the small number of women who opt to study subjects related to STEM it is important that these women are encouraged to work in these fields post the completion of their subjects.

### Caring responsibilities

If the gender pay gap is to be addressed more needs to be done to create greater balance within households –including parenting responsibilities.

No judgement should be made about a woman who chooses to stay home and raise children or return to work; this report takes no position on whether they should or not do so. The role of policy is not to tell a parent how they should respond to the challenges of raising children but to ensure they have a broad range of options and full information about the consequences of each choice. One significant fact is that for women who take time out of work, returning to a similar position and salary can be a struggle.

Many workers on low pay are women. Of the estimated 4.7 million low-paid employees in the UK, 2.6 million (60%) are women.<sup>24</sup> There is a risk that as society ages and women continue to do the bulk of the caring for elderly relatives, more and more women will be working part time or taking advantage of flexible working practices. Whilst this could reduce wages, there is also a risk that women may be apprehensive about moving into a different or better job for fear that they are unable to keep these benefits in their new employment.

To help counter this, the government should require employers to state on all job applications whether the role can be done flexibly or on a part-time basis and to allow workers to ask for flexible working from day one in employment rather than the current six months.

#### **Recommendation 2: The right to request flexible working**

The government should amend the Flexible Working Regulation (2014) to allow workers to request flexible working from the first day of employment. To allow those who work flexibly to move on and upwards in their careers the government should call on all firms to state whether the job can be done on a part time or flexible basis within the job specification.

### **Approaching retirement**

The gender pension gap is significant. Given that one of the likely implications of the 100-year life is increased caring responsibilities during a woman's working life, there is a risk that this gap may widen - especially if women continue to earn and subsequently save less than men throughout their lives. This is particularly concerning when seen in the context of increased longevity and therefore a growing number of years in retirement. Policy needs to adjust if society is to seriously tackle the gender pensions gap and prevent longer lifespans widening that gap. While men and women are moving closer to equality in education and at the point of entry to the labour market, a society in which men and women retire with significantly different levels of income and wealth cannot be described as fair or equal.

There are large differences in the amount's firms put into their workers pensions, with many offering statutory minimums and some going significantly above this. For workers, and particularly women, the difference in the employer's contribution can make a large difference to their final pension pot.

We recommend that the government should require firms to state their pension policy on job specifications and advertisements. This openness would also remove the ability of firms to offer a lower rate than standard based on the staff member offered the job. One benefit of this system could be increased pressure on firms to compete not only on salary and some wider benefits but on the level of their pension contribution. There is scope to



use initiatives such as gender pay gap reporting, to motivate an audit into the contributions gap between men and women – this would allow the government and firms to understand the differences in the rates being offered to men and women.

### Recommendation 3: Pension requirements

All firms should publish their pension policy when advertising job vacancies.

Taking time out of the labour market to raise children or care for relatives is one of the key causes of the pension gap. Addressing the lack of pension accumulation during this period is essential if we are to close – or even narrow – the gap in pension savings between men and women. The government should consider ways to reduce this harm, including by contributing directly to the pension pots of individuals who take time out of the labour market to have children or to care for family members.

It is beyond the scope of this report to describe in detail the policy framework needed to deliver such direct contributions, but we note that the average mother on maternity leave spends 37 hours each week on “unpaid” childcare. In 2016, the ONS estimated that such a woman’s weekly unpaid work had an economic value of £762.75, well above average regular weekly wage.<sup>25</sup> Applying the 3% minimum contribution rates from automatic enrolment pensions schemes to such a value would mean a new Government contribution of £22.88 per week, or £1,189.89 per year, to the pension of a woman on maternity leave. However, we stress that this is simply an illustrative example of how a contribution system might work if, as we recommend, policymakers accept the principle of our recommendation of state contributions to the pensions of people who leave the labour market to provide care, and undertake the further work required to design and implement such a regime.

### Recommendation 4: Pension contribution changes

The Government should commit to paying pension contributions to individuals who leave the labour market to have children or care for family members. The precise amount of this contribution should be based upon further research into the pension gap and working patterns.

## Retirement outcomes

Due to automatic enrolment and the movement away from defined benefit pension schemes there will be an increasing number of people approaching retirement with a pension pot that needs to be converted into a retirement income. This is in combination with pension freedoms which allows people the option to do with their pension whatever they see fit. Given that women are more likely to live longer it is important that they convert their pension pot into an income which will enable them to live comfortably for the duration of their retirement. We have heard anecdotally from industry sources that women are more likely to pass part of their pension down to their children to help with their financial situation. Unfortunately, there is very little evidence available on how the decisions being made differ by gender. Given the significance of these decisions, the limited evidence base available to policymakers here is troubling.

We recommend that the FCA should collect and publish data on the retirement income decisions by gender. This would allow for further investigation into the decisions made by women and ensure adequate attention is paid to this group.

**Recommendation 5: Retirement income data**

The FCA should continue to publish data on the decisions being made by individuals accessing their pension pot. This data should be split by gender to highlight any differences in the decisions being made.

## ENDNOTES

<sup>1</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/articles/whatareyourchancesoflivingto100/2016-01-14>

<sup>2</sup> SMF calculations from <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/lf24/lms>

<sup>3</sup> ONS, *Understanding the gender pay gap in the UK* (2018)

<sup>4</sup> House of Commons Library, *Women and the Economy* (2019)

<sup>5</sup> Careers and Enterprise Company & World Skills UK, *Closing the gender gap* (2018)

<sup>6</sup> Institute for Fiscal Studies, *Wage progression and the gender wage gap: the casual impact of hours of work* (2018)

<sup>7</sup> Department for Education, *Graduate Outcomes (LEO); Employment and earnings outcomes of higher education graduates by subject studies and graduate characteristics in 2016/17* (2019)

<sup>8</sup> Social Mobility Commission, *The adult skills gap: is falling investment in UK adults stalling social mobility?* (2019)

<sup>9</sup> SMF analysis of Wealth and Assets Survey (2014/16)

<sup>10</sup> ONS, *Birth characteristics in England and Wales: 2017* (2019)

<sup>11</sup> <https://www.ft.com/content/6955fe0c-0745-11e8-9e12-af73e8db3c71>

<sup>12</sup> <https://www.ifs.org.uk/publications/10364>

<sup>13</sup> SMF, *Caring for Carers* (2018)

<sup>14</sup> Ibid.

<sup>15</sup> ONS, *Employee workplace pensions in the UK: 2018 provisional and 2017 revised results* (2019)

<sup>16</sup> ONS, *Annual Survey of Hours and Earnings: summary of pension results* (2019)

<sup>17</sup> ONS, *Employee contribution bands by age group and pension type: Table P5* (2019)

<sup>18</sup> Pension Policy Institute, *Understanding the gender pensions gap* (2019)

<sup>19</sup> Financial Conduct Authority, *Data bulletin: latest trends in the retirement income market* (2018)

<sup>20</sup> Ibid.

<sup>21</sup> SMF, *Caring for Carers* (2018)

<sup>22</sup> Bottia et al., *Growing the Roots of STEM Majors: Female Math and Science High School Faculty and the Participation of Students in STEM* (2013)

<sup>23</sup> [https://royalsociety.org/~media/Royal\\_Society\\_Content/Education/policy/state-of-nation/SNR1\\_full\\_report.pdf](https://royalsociety.org/~media/Royal_Society_Content/Education/policy/state-of-nation/SNR1_full_report.pdf)

<sup>24</sup> Resolution Foundation, *Low pay Britain 2019* (2019)

<sup>25</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/womenshouldertheresponsibilityofunpaidwork/2016-11-10>