

Cross-Party Group on Women in Enterprise: Pension Poverty for Women

Wednesday 24th May 2023

**Held at Scottish Parliament Building, The Clerk Maxwell Room
T1.60-CR4, Edinburgh, EH99 1SP**

Minute

Present:

Carolyn Currie, WES; Bronwen Thomas, WES; Sophie Rooney, WES; Jo Chidley, Beauty Kitchen; Claudia Duffy, Innovare IP; Monica Langa, Fletcher Jones; Shelagh Young, David Hume Institute; Nikki Slowey, Flexibility Works; Susan Mancini, 1718 Ltd; Alastair Ross, ABI; Shona Blakeley, Women's Fund Scotland; Jill Henderson, Scottish Widows; Lesley Landels, Love Scottish; Alison Nicolson, Scottish Widows; Catherine McWilliam, IoD; Julie Hall, Ailsa Stinson, MBWC; Delia Smith Bucur, Delfin Group; Kirsten Lord, PhysioMedics Limited; Karen Hedge, Scottish Care; Ross Gardner, Lloyds Banking; Dia Banerji Nathalie Agnew, Muckle Media; Brenda Santimano, HFL Holistic Financial Leadership; Julie Mouldale, Perceptive Communicators; Laura Middlemass, Plexus; Susan Love, ACCA Global; Brenda Jane Doel,

MSPs:

Michelle Thomson MSP, Claire Baker MSP

Invited guests:

Non-MSP group members:

Apologies:

Ann Johnson, Jane Grant, Julie Ashworth, Lucy Sumsion, Christina Scott, Isabell McNicoll

Proceedings:

Welcome and introductions by Michelle Thomson. Introduces herself and Claire Baker as newly elected convenor and vice convenor.

Highlights findings from WES 2019 survey: 60% of respondents said they were not making payment into a pension and 40% of those had made no pension provisions at all, showing the importance of why these discussions on the pension gender gap need to be happening now.

Michelle introduces speakers. Jill Henderson and Alison Nicolson from Scottish Widows and Brenda Santimano from HFL Holistic Financial Leadership.

Michelle passes to Scottish Widows to present:

- Structural inequalities in pay mean that women are still lagging behind men in their retirement preparations:
 - 72% part time workers are women
 - 33% is the average amount women tend to earn less of during their working lives
 - £10,200 is the average annual difference in median wage between men and women in all jobs
 - The average man aged 64-74 had over £250,000 of pension assets, compared to less than £150,000 for women
- Impact of cost of living on savings and spending
 - 42% of women are very concerned about making ends meet
 - 38% of women would cut back on essentials, cut savings, take on debt or sell assets
 - 50% of women are concerned with running out of money in retirement
- Retirement and the cost of living
 - 16% of women have said they are cutting back on retirement savings
 - £3,000 reduction in total pension pot value at retirement for women aged 40 today
 - £62,000 reduction in retirement savings by the time they retire
- Ethnic Minorities are more likely to cut their retirement savings in response to the cost of living crisis – story of Anu, a black south African woman – concept of retirement is bizarre to her, any free cash she has she sends to her parents – we need to make sure when talking about pension provision, all cultures are included
 - White British 10% female vs 11% male
 - All ethnic minorities 13% female vs 19% male
 - Indian 16% female vs 20% male
 - Black 12% vs 18%
- Impact on single mothers

- 55% concerned about rising cost of living crisis
- 28% have cut back on essentials
- 72% are worried about running out of money in retirement
- Conclusion
 - The cost of living crisis is having a disproportionately worse effect on women than society at large
 - These pressures risk worsening the existing gender gaps in financial situation and retirement preparations
 - there are noticeable differences in the approach to preparing for retirement

Michelle thanks Alison and Jill and hands over to Brenda for her presentation:

- Brenda Santimano Chief Executive Officer at Holistic Financial Leadership and also pensions specialist. HFL - national Independent financial planners
- Over 27 years as a financial planner, I have seen the vast gap in pension provision for women and the huge financial implications to them and the state.
- When many women come to us for advice their main concerns are protecting their income, or the life of the spouse who maybe the main income earner, investments for their children. They don't often seek advice about their pension.
- The older generation of women who stayed at home to raise the family, while men were in paid employment, are disadvantaged due to their state pensions affected by the lack of NI contributions, and the inability to contribute without earnings.
- The generation of women who went back to work, some worked part-time etc have been penalised for the choices they had to make - reflected in their significantly reduced pension income they receive in retirement.
- Section 190 Finance Act 2004 gave the 'Basic contribution limit' figure of £3,600 gross that those without qualifying earnings could contribute annually to a UK pension and receive tax relief at source making the amount they pay in before the tax relief £2,880. This gave women the ability to be able to contribute something each year. This figure has not increased since 2004 but the cost of goods and services in the same period rose by over 100 %. That amount based on RPI means the basic contribution figure we should be able to contribute is £7,229 in 2023.
- Very considerable gap in the difference in valuations of pension funds that women have accrued in comparison to men of the same age and even the same jobs. Gender and remuneration inequality in the workplace has created many of these issues.
- Office of national statistics show that women live longer than men. Many women rely on their husbands' pensions and those who have final salary schemes will only receive on the death of their husband 50% of this income in most cases. On death of the spouse they also will lose the state pension of their husband that they would be relying on the income for life. They have to turn back to the state to fund for care provision in later life – this puts women in a very vulnerable position.

- Divorce - Nearly all of the 7,883 divorces granted in Scotland in 2019-20 were heard in sheriff courts, and 60% used the simplified procedure.
- Women usually are drawn to secure a home and income for the children but pension sharing benefits and provision for their retirement are seldom thought about when settling the finances. Women often don't understand divorce and implications of losing pension funds enough especially through a simplified route.
- We need to educate women in the earlier years of their working lives, to contribute to pensions by giving an additional tax break before age 30 for example, to motivate contributions early on - if they do take time out to have a family, this gives them a head start, rather than the constant catch up. This will be the same for men with extended paternity benefits when taking time out to bring up a family.
- Many women who are self-employed/small business owners have no pension provision.
- Only 20% of self-employed people that have pension provision in the UK - there needs to be a government incentive to encourage financially the contributions to pensions. When auto enrolment became mandatory, there should have been a scheme considered for those freelance or self-employed.
- Proposals:
 - Pensions and the importance of planning for retirement, should be a part of the national curriculum and could be covered by financial services professionals to teach those in education the key areas
 - Consider greater tax advantages for younger people to contribute into pensions by increasing the tax relief on the contributions they make
 - Consistently fair remuneration in salaries and pension contributions in the workplace for women
 - Women to have a greater annual pension contribution allowance when they return to work
 - Women who have time out to raise a family – be given an additional annual pension allowance to make up the years of missed contributions – example they take 3 years off or work part-time, they have 6 years to maximise the contributions to catch up on their missing years. Up to maximum of 10 years
 - The £3,600 annual limit basic pension contribution allowance, should be increased to £7,229 with immediate effect and RPI going forward.
 - Women should be able to carry forward 4 years of any unused Annual basic pension contribution allowance, without need for earnings and this should also apply to all carers
 - Make auto-enrolment a mandatory point for free-lance and self-employed individuals – with the tax advantages on contributions from gross profit same as those of a limited company
 - Extend the time that state pension entitlement is paid to the spouse when their husband dies up to the age of 80 yrs old

Michelle thanks Brenda and opens up to the room for Q&A's/comments and observations:

- Carolyn Currie – as a banker to trade she found out about her appalling pension provision when her employers sent her personal benefit statement. Recent research at from the 2023 Women's Enterprise Scotland survey shows many women after starting their own business haven't made a pension contribution
- Brenda Santimano – not enough awareness of the effect of part-time work on salaries
- Shelagh young – the understanding scotland survey showing people are stopping pension contributions to combat cost of living , has Scottish widows seen this trend?
- Scottish Widows - Yes especially in younger age groups however they don't see it in actual workplace schemes however they have seen savings reduced.
- Shona Blakely – women need realistic and easy stats to encourage them to put into their pension
- Alistair Ross – 71% of divorce couples don't talk about the share of pension
- Scottish Widows - are looking at LGBTQ+ couples eg two women in the same household will be disadvantaged
- Brenda Santimano – employers need to take more responsibility
- Susan Love – many self employed also have a lack of savings provision and if you have to make ends meet, pension provisions are last thing on your mind. The number of self employed people have dramatically increased in last 10 years – there are now more self employed people than NHS workers

Final comments from Michelle – importance of addressing this issue now and publicizing the urgency of this matter.

Michelle thanks attendees and closes the meeting at 7.00pm.