



The Rt Hon Guy Opperman MP
Minister for Pensions and Financial Inclusion
Caxton House,
Tothill Street,
London,
SW1H 9NA

Friday, 11 February 2022

Dear Minister,

Gender pension inequality

My trade union, Prospect, has been campaigning on the issue of gender inequality in pensions for many years. We recently published updated research on the size of the gender pension gap; the percentage difference in pension income for female pensioners compared to male pensioners. We are particularly concerned that the gender pension gap starts to impact women when there is little they can do about it. I have attached a copy of Prospect's latest report for your information.

Our research shows that the gender pension gap was 37.9% in 2019-20, over twice the level of the gender pay gap (15.5%). Similarly, the Mercer CFA Institute Global Pension Index 2021 calculated the UK gender pension gap at 40.5%. This is the fourth highest gender pension gap of the 34 OECD countries reviewed.

Unfortunately, the government does not produce its own measure of gender inequality in pension income or otherwise benchmark progress towards gender equality in pensions. Indeed, some of the government's pension policies indirectly discriminate against women.

We welcomed the commitment in the 2017 Automatic Enrolment Review to build upon the success of auto enrolment with changes to the framework. We are supportive of the reduction of the qualifying age from 22 to 18 and for qualifying earnings to be calculated from the first pound earned. Five years on from the review we now need a clear timetable for the implementation of these two measures that we believe are important to help address the gender pension gap.

Another measure which the government has committed to addressing is the 'net pay anomaly', which is an example of how the pensions and taxation framework discriminates against women. We were pleased by the budget announcement that a solution will be introduced in 2025/26, backdated to 2024/25. However, we are concerned that this will

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require action from individual members to receive this top-up, and that many will lose out from a lack of awareness, or from a lack of confidence or capacity to navigate the application process.

Whilst we recognise and welcome the government's stated intention to implement reforms that we believe are necessary to tackle the gender pension gap, there is more that needs to be done. The planned reforms alone are not sufficient to tackle the inequalities in our pensions system that are resulting in inferior outcomes for women.

We are therefore calling on the government to build upon the success of auto-enrolment by:

- Abolishing the £10,000 earnings trigger.
- Reducing the postponement period for auto-enrolment from 3 months to 1 month.
- Phasing in increases to total and employer contributions on a matching basis between employees and employers.

For reforms to auto-enrolment in the mid-2020s, now is the time to consult on implementation to allow time for the pension industry and employers to prepare for these changes. This accords with Onward's recently published report on 'Levelling up pensions', which recommends the introduction of reforms over a period of several years.

I would welcome an opportunity to meet with you to discuss our report and recommendations.

Yours sincerely,



Sue Ferns
Senior Deputy General Secretary

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