

The Gender Pensions Gap

**Report for Gender Pension Gap Day
August 2025**

Summary

- Retired women in the UK have to get by on £7,600 a year less than men on average, and those now approaching retirement have only half the pension wealth of men
- This is the result of women missing out on workplace pension contributions because they are more likely to take time out of paid work or be working part-time because of caring commitments, and getting lower levels of contribution because of the gender pay gap
- Tackling this gender pension gap will need coordinated policy, and the Pension Commission – which was launched in July to make recommendations on long-term pension policy – is an opportunity to make genuine progress
- Significantly reducing the gap will require changes in three main areas:
 - Addressing the gender pay and employment gaps that are the root cause of gender pension disparities, including by improving childcare and social care, reforming the parental leave system to enable more equitable sharing of caring responsibilities, and strengthening rights to work flexibly. Tackling low pay, insecure work and unequal pay in sectors that predominantly employ women and have historically been undervalued must also be addressed, for example in the care sector where three quarters of care workers are women.¹
 - Reforming the occupational pension system to make it work better for people on low pay so that inequalities in working life are not replicated or magnified in retirement.
 - Ensuring the pension system as a whole recognises the value of unpaid caring, and does not penalise those who take time out of paid work because of caring responsibilities.

The gender pensions gap

Women in the UK suffer from significantly lower incomes in retirement than men. For today's pensioners, the gap is £7,600 a year, with women forced to get by on an income 36.5% lower than men on average.²

The TUC highlights this disparity every year by marking Gender Pensions Gap Day – the point in the year at which women would stop receiving any form of pension if it was paid out at the same rate as men. This year we reach that day on 21st August, meaning the gender pension gap is equivalent to going the last 19 weeks of the year without any money coming in.

¹ [Women are “bearing the brunt” of exploitative zero-hours contracts | TUC](#)

² Prospect, *7th Annual Gender Pension Gap Report*, July 2025 - <https://mx.prospect.org.uk/resource/7th-annual-gender-pension-gap-report-july-2025.html>

The gap has fallen slightly as the impact of some of the more glaring historical inequalities – such as women being forced to leave their workplace pension scheme when they got married - has lessened for younger retirees. But the pace of progress is extremely slow, and the gender pension gap is almost three times as wide as the gender pay gap for women in work.

What is the gender pension gap?

The headline gender pension gap figure of 36.5% comes from research carried annually by the trade union Prospect over the last seven years. It uses the latest data available (from 2022-23) to compare gross total pension incomes of men and women in receipt of the state pension. This gives a measure of the difference in income for today's pensioners and captures income from state, workplace and private pensions.

But there are other definitions of the gap, using different methodologies. Since 2023, the government has published its own estimate of the gender pension gap.³ This measures the percentage difference in wealth built up in workplace or personal pensions at around the point most people retire. This provides a slightly more forward-looking view, giving an idea of the expected income from sources other than the state of those retiring over the next few years. By this measure, the gap stands at 48%, with the average man in his late 50s having a pension pot almost twice the size of a woman at the same age. This works out as a difference of £5,000 a year in expected income. And when the impact of those with no pension wealth at all is included, the gap widens to 62%.

So the precise level of the gender pension gap varies depending on which age group is looked at, what exactly is being measured, and the method used. But on any measure the difference is vast.

What causes the gender pension gap?

There are three main drivers of the gender pensions gap for current and future pensioners:

- **Different lifetime working patterns.** Women are more likely than men to take time out of the labour market or work part-time for spells of their career, most often because of unpaid caring responsibilities. This is often referred to as the motherhood penalty.
- **The gender pay gap.** The continuing difference in average hourly pay between men and women means that women on average have lower pension contributions in cash terms, despite paying a larger portion of their pay into a pension scheme. This is exacerbated by a workplace pension system that excludes some of the lowest earners altogether.
- **Differing levels of state pension entitlement.** Among current pensioners, men receive higher amounts of state pension. Although this gap has reduced significantly for those

³ Department for Work and Pension, *Gender Pensions Gap in Private Pensions: 2020 to 2022*, July 2025
<https://www.gov.uk/government/statistics/gender-pensions-gap-in-private-pensions-2020-to-2022/gender-pensions-gap-in-private-pensions-2020-to-2022>

reaching state pension age now, women born in the 1940s get around 25% less in state pension than their male counterparts.⁴

Different lifetime working patterns

The most significant factor is the different working patterns of men and women across their careers, which on some measures accounts for almost half of the gender pension gap.⁵ Women are much more likely than men to take time out of paid work to look after children or other relatives, or to work part-time as they juggle caring responsibilities.

Commonly known as the 'motherhood penalty' or 'caregiver penalty', this hampers women's ability to build up a workplace pension in several ways. Time spent out of paid work generally means time not paying into – or getting employer contributions into – an occupational pension scheme. This is the main driver of the fact that just 59% of women are contributing to a workplace pension compared to 69% of men.⁶

In the latest data, just over 1.5 million women aged between 16 and 65 were economically inactive – meaning they were not in or seeking paid work – because of caring responsibilities, compared to just under 290,000 men. This means women are five times more likely to be out of paid work because they're caring for a child, partner or other family member.⁷

Disabled women and black and minority ethnic women are particularly likely to be facing lower retirement incomes as a result of the caregiver penalty. Some 5.9% of non-disabled women are economically inactive due to caring, compared to 9.0% of disabled women. The percentage of white women out of paid work because of caring responsibilities is 6.0%, rising to 9.8% for disabled women.⁸

As the chart below shows, the impact of the unequal distribution of unpaid caring is clear at every age group, but peaks in the early 30s. Almost one in ten women aged 30-34 is not in paid work because of caring responsibilities, with women over 18 times more likely than men in this age band to be economically inactive for this reason.

⁴ Institute for Fiscal Studies, *The gender gap in pension saving, March 2023* - <https://ifs.org.uk/publications/gender-gap-pension-saving>

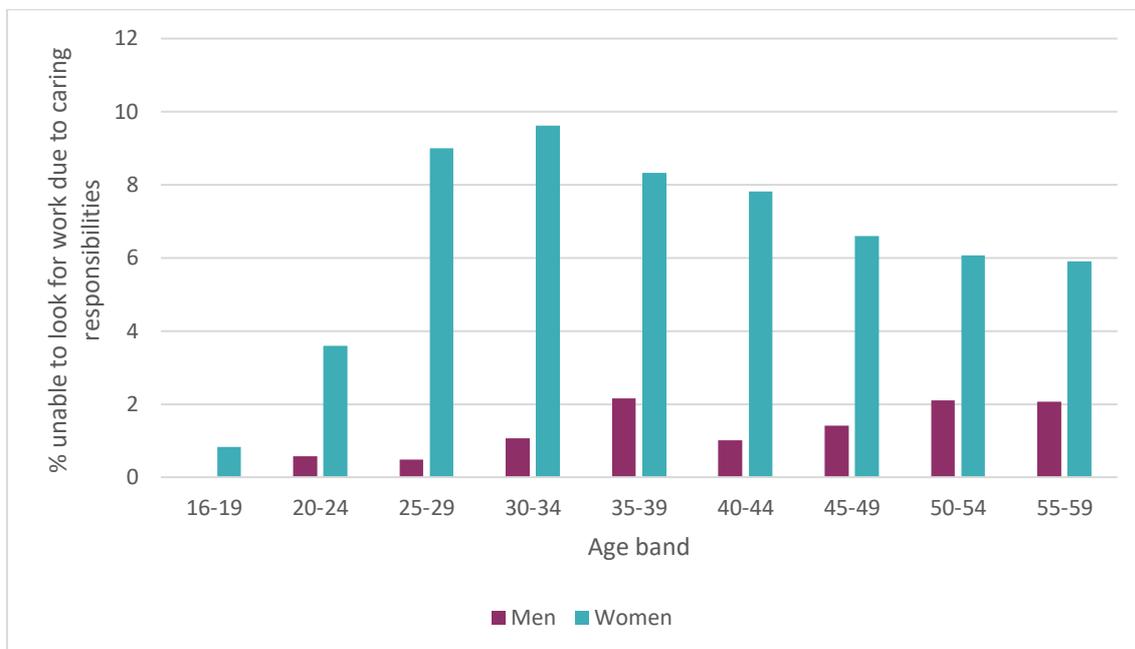
⁵ Pensions Policy Institute, *Understanding the gender pensions gap*, Jul 2019 <https://www.pensionspolicyinstitute.org.uk/research-library/research-reports/2019/2019-07-11-understanding-the-gender-pensions-gap/>

⁶ Institute for Fiscal Studies, *The gender gap in pension saving, March 2023*

⁷ See appendices for data

⁸ Ibid

Percentage of women and men economically inactive due to caring responsibilities



Source: TUC analysis of the ONS Labour Force Survey, Q1 2025

This matters, because for those in paid work, the early 30s will potentially be the 'peak years' for pension contributions. Incomes and therefore contributions are higher than earlier in working life, and those contributions will remain invested for 30 years or more. Being invested for longer means returns will be compounded, so that a pound of pension contribution made earlier in a career will have a bigger impact on your pension pot at retirement than a pound contributed close to retirement date. This means that missed contributions at this stage in working life are difficult to catch up on by making extra contributions later in life.

The gender pay gap

The fact that women on average earn less than men in work means that, even if this pension participation gap was closed, they would still build up their pot more slowly than male colleagues. Women's average hourly pay is currently 13.1% lower than men's, rising to 18.9% for workers in their 50s.⁹

This results in lower pensions being built up in both defined contribution schemes, where employee and employer contributions into the pension pot are based on a percentage of pay, and defined benefit schemes, where the amount of pension received is calculated based on average or final salaries.

⁹ TUC, *Gender pay gap means women work first 48 days of the year unpaid*, February 2025
<https://www.tuc.org.uk/news/tuc-gender-pay-gap-means-women-work-first-48-days-year-unpaid>

According to the IFS, this pay gap is the main reason that women received annual pension contributions (combined employer and employee), of £2,600 on average compared with £3,400 for men. This is in spite of the fact that women on average have total pension contributions of 15% of pay, compared to 13% for men.

And the fact that women are also more likely to work part-time means they are more likely than men to earn less than £10,000 a year (or £192 a week). This is the threshold at which their employer is legally required to put them into a pension scheme under a policy known as auto-enrolment, introduced in 2012.

TUC analysis of Office for National Statistics data shows that women aged 22-65 (the age at which employers must auto-enrol eligible workers) are three times more likely than men to fall below this threshold. More than a million of these women – or 7.4% - earn less than this, and are in danger of being unable to build up a workplace pension as a result.¹⁰

The impact of this earnings threshold accounts for almost all of difference in the percentage of men and women working in the private sector who aren't building up any workplace pension at all.¹¹ Participation rates in workplace pension schemes are level for men and women who are eligible for auto-enrolment.¹² The problem is that through a combination of lower pay and higher levels of part-time working women workers are less likely to benefit from this ground-breaking legislation.

The state pension

State pension inequalities are a significant factor in the gender pension gap for current pensioners. Women born in the early 1940s receive around 25% less in state pension income than men on average, as earlier state pension systems contained an element of earnings related pension for many, and had eligibility requirements that left many women receiving less than the full amount.

For those born in the early 1950s, that gap is below 5%, however, and average state pension incomes for men and women are projected to be the same for those retiring from 2041.

The state pension, and other state benefits, is a very significant source of income in retirement, particularly for those on low incomes. These benefits make up 78% of the income of the poorest fifth of pensioner couples and 86% of income for the poorest fifth of single pensioners.

This means that, in spite of the progress made on equalising state pension incomes, it will remain a key tool for tackling the gender pension gap in future, particularly for those already in retirement.

¹⁰ See appendices for data

¹¹ Institute for Fiscal Studies, *The gender gap in pension saving, March 2023*

¹² Department for Work and Pension, *Gender Pensions Gap in Private Pensions: 2020 to 2022*

Are we moving in the right direction?

The good news is that, on most metrics, things are heading in the right direction. The bad news is that progress is slow.

Prospect's annual estimate of the gap is on a downward trend, driven by a reduction in the gender pay gap, historic increases in employment rates for women, and state pension changes. Between 2011-12 and 2022-23 it fell from 44.9% to 36.5%.

Beneath this headline figure there are other positive trends.

Between 2006-08 and 2020-22 the percentage of women reaching normal retirement age without any private pension wealth at all fell from 37% to 22%. This brings them almost level with men on this measure, with 18% of men left without any private pension wealth at retirement.

There is evidence that the gap in pension contribution rates between men and women is shrinking, but the pace is slow, at 1% over a four-year period.¹³ It is also inconsistent – with the gap actually widening for those in their 30s and early 40s, as people delay starting families, but shrinking for older age groups.

And, as noted above, the state pension gap has narrowed markedly, although we don't expect to reach parity for another decade and a half.

How to close the gender pension gap

The scale of the gender pension gap, and slow rate of progress to date, means that it will persist for decades to come without a range of policies designed to tackle it.

The government has recognised this, and has signalled that addressing the gender pension gap will be a key part of the revived Pension Commission launched in July.¹⁴ This is very welcome news.

The commission is modelled on the original Pension Commission, which was responsible in the early 2000s for developing the auto-enrolment policy and flat-rate state pension that have played a part in reducing the gender pension gap.

Over the next 18 months the Pensions Commission will develop proposals for the long-term future of the pension system, with input from unions and employers and other stakeholders. Their remit includes developing policy to "improve retirement outcomes, especially for those on the lowest incomes and at the greatest risk of poverty or undersaving".

Ministers drew attention to the gender pension gap when launching the commission, and it will provide an opportunity to develop measures to significantly narrow the gap.

¹³ Aviva, *Mid-life women face growing pension gap*, June 2025

<https://www.aviva.com/newsroom/news-releases/2025/06/mid-life-women-face-growing-pension-gap/>

¹⁴ Department for Work and Pensions, *Government revives landmark Pensions Commission*, July 2025

<https://www.gov.uk/government/news/government-revives-landmark-pensions-commission-to-confront-retirement-crisis-that-risks-tomorrows-pensioners-being-poorer-than-todays>

This will require changes in three main areas:

- Addressing the gender pay and employment gaps that are the root cause of gender pension disparities, by improving childcare and social care, reforming the parental leave system and tackling systemic low pay in sectors of the economy where women make up most of the workforce.
- Reforming the occupational pension system to make it work better for people on low pay so that inequalities in working life are not replicated or magnified in retirement.
- Ensuring the pension system as a whole recognises the value of unpaid caring, and does not penalise those who take time out of paid work because of caring responsibilities.

These proposals are addressed in more detail below.

Addressing gender pay and employment gaps

- The government's review of the parental leave system is a significant opportunity to address core drivers of the gender pay and employment gaps by driving a cultural shift towards more equitable sharing of childcare from the start. While we acknowledge that wholesale reform will take time, the TUC is clear that reform of the parental leave system must be ambitious and must include:
 - The right of all workers to access parental leave entitlements and spend time with their new-born children, regardless of employment status.
 - An overhaul of the Shared Parental Leave system, including introducing an individual day one right for both parents to leave and pay on a use it or lose it basis (ie it should not require the mother to give up maternity leave).
 - Financial support for those accessing leave must be increased to at least the equivalent of the real living wage.¹⁵
- Universal, flexible, high-quality childcare should be available to all families from the point at which paid maternity or parental leave ends.
- The social care crisis, which is placing a huge strain on women with caring responsibilities for family members, must also be addressed. The Employment Rights Bill is introducing a Fair Pay Agreement in Adult Social Care, which will provide a vital opportunity to tackle widespread insecure work and poverty pay in the sector which are driving high staff turnover rates.
- The Employment Rights Bill will require organisations with 250+ employees to publish gender pay gap action plans and the government is also introducing disability and ethnicity pay gap reporting. It should be mandatory for organisations to publish ethnicity and disability pay gap action plans as well. In addition, reporting requirements should be extended to organisations with 50+ employees. All workers must have the legal right to work flexibly from their first day in a job and there should be a legal

¹⁵ [What is the real Living Wage? | Living Wage Foundation](#)

requirement for jobs to be advertised with all the possible flexible options available clearly stated.

Improving the occupational pension system

- The lower earnings limit that lets employers make no pension contributions on the first £6,240 of a worker's income should be removed.
- The £10,000 earnings threshold that excludes many low paid workers being automatically enrolled into a workplace pension scheme should be phased out.
- Where workers cannot afford to maintain their contributions to a pension, employers should be encouraged to continue contributing.
- Government should set out a timetable for increasing statutory minimum employer contribution levels from 3 per cent.
- Pensions and equality issues should be included within the scope of collective bargaining to help identify and address barriers faced by women and other groups of workers across the economy. The government should reform the requirements on statutory collective bargaining to include pensions and equality issues (along with other issues) within the scope of negotiations.¹⁶

Recognising the value of unpaid caring

- Government should introduce a Carers Credit so that people out of paid work because they are looking after children or caring for a relative build up additional state pension, on top of the flat-rate state pension.¹⁷
- This would reduce the impact of missed years of contributions to a workplace pension and help compensate for the resulting difference in levels of private pension wealth.

¹⁶ The TUC believes that the scope of collective bargaining should be broadened to include pay and pensions, working time and holidays, equality issues (including maternity and paternity rights), health and safety, grievance and disciplinary processes, training and development, work organisation, including the introduction of new technologies, and the nature and level of staffing. For further information, see [A stronger voice for workers | TUC](#)

¹⁷ The TUC's proposal for a Carer's Credit is based on the pre-2016 system in which people looking after children under 12 and registered for child benefit built up State Second Pension credit in addition to a credit towards the basic state pension. For more information see <https://www.tuc.org.uk/blogs/its-gender-pension-gap-day-and-we-need-talk-about-carers-credit>

Appendices

Methodology

This analysis was carried out using Labour Force Survey data from Q1 2025. For the people who were economically inactive due to caring responsibilities, we looked at the reasons given by respondents who were not looking for work in the next four weeks. For workers earning less than the auto-enrolment threshold, we looked at employees aged 22-65 who were earning less than £192 a week, compared to all employees in that age group.

Data

Numbers of men and women economically inactive due to caring responsibilities

	Number economically inactive due to caring	Total population	Percentage of population economically inactive due to caring
Men	286,459	21,597,366	1.3%
Women	1,501,635	22,342,902	6.7%
Total	1,788,094	43,940,268	4.1%

Numbers of men and women economically inactive due to caring responsibilities by age band

Age band	Percentage of male population economically inactive due to caring	Percentage of female population economically inactive due to caring	Number of times more than men that women are likely to be inactive due to caring duties
16-19yrs	0.0	0.8	N/a
20-24yrs	0.6	3.6	6.3
25-29yrs	0.5	9.0	18.7
30-34yrs	1.1	9.6	9.1
35-39yrs	2.2	8.3	3.8
40-44yrs	1.0	7.8	7.7
45-49yrs	1.4	6.6	4.7
50-54yrs	2.1	6.1	2.9
55-59yrs	2.1	5.9	2.9
60-65yrs	1.9	7.0	3.6

Numbers of men and women economically inactive due to caring responsibilities by ethnicity

Ethnicity of respondent	Percentage of male population economically inactive due to caring	Percentage of female population economically inactive due to caring	Number of times more than men that women are likely to be inactive due to caring duties
White	1.4	6.0	4.1
BME	0.8	9.8	11.7

Numbers of men and women economically inactive due to caring responsibilities by disability status

	Percentage of male population economically inactive due to caring	Percentage of female population economically inactive due to caring	Number of times more than men that women are likely to be inactive due to caring duties
Equality Act Disabled	2.3	9.0	3.9
Not Equality Act Disabled	1.1	5.9	5.6

Numbers of men and women below the auto-enrolment (AE) earnings threshold

	Number earning less than the £192 a week AE threshold	Total number of employees	Percentage of employees earning less than the AE threshold
Male	321,776	13,250,498	2.4%
Female	1,015,859	13,644,893	7.4%