

Tackling the gender pensions gap

We've seen an increased focus on the gender pension gap.

In 2023, the Department for Work and Pensions published [official statistics](#) revealing that the gap in private pensions stands at 35%. Recent months have also seen more coverage in the mainstream press. Additionally, pension providers, organisations and industry bodies are coming together to raise awareness, assess and consider ways to help reduce the gap.

One such group is the Pension Equity Group (PEG) launched in May 2023, made up of over 50 leading pension organisations and individuals. Together, they're working to tackle pension inequalities in the UK, starting with the gender pensions gap. Hymans Robertson's own Kathryn Fleming is part of this very important industry initiative.

Recently the PEG published a guide titled *Mind the Gap: Reducing the Gender Pension Gap*, aimed at helping employers address the gender pensions gap. The guide sets out practical actions you can take to understand your own gender pensions gap, go beyond statutory minimums, raise awareness with your employees and make meaningful benefit and policy changes.

The actions are divided into three categories - bronze, silver, and gold.

- **The bronze category** serves as a starting point for employers new to addressing the gender pensions gap.
- **The silver category** is aimed at employers who have already made some progress and are looking to be 'ahead of the curve'.
- **The gold category** is for those employers aspiring to be 'best-in-class' and 'set the standard' for the industry.

We've summarised the PEG guide into a checklist to help assess where you sit today in terms of actions taken and policies in place to address the gender pensions gap. At the end of the checklist, we also include some further thoughts you might want to ask of your pension and benefits offering to assess how well it supports your broader DEI ambitions.

Steps you can take to address the gender pensions gap in your own organisation

These are grouped into four areas:

- 1 **Understanding your own gender pensions gap.**
- 2 **Going beyond statutory minimums.**
- 3 **Raising awareness with your employees.**
- 4 **Making meaningful benefit and policy changes.**



1 Understanding your own gender pensions gap

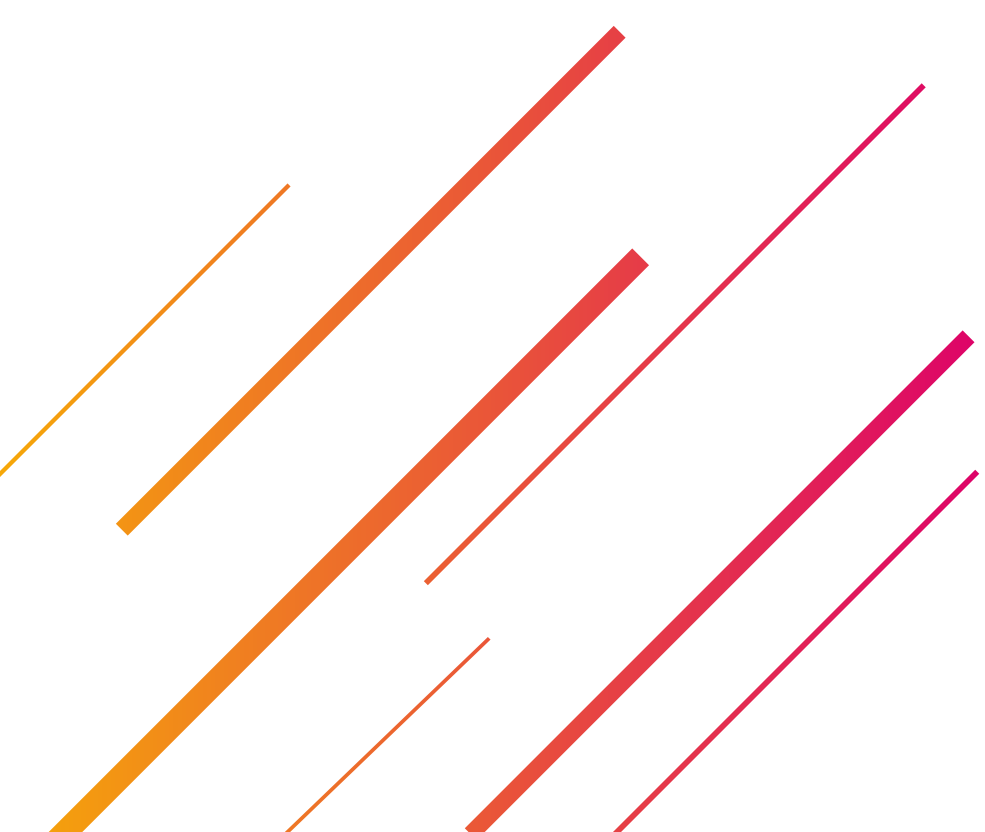


Data (for companies with more than 250 employees)

Bronze	Silver	Gold
<ul style="list-style-type: none"> ❑ Analyse your published gender pay gap. <div data-bbox="177 456 534 698" style="border: 1px solid #ccc; padding: 5px; margin-top: 10px;"> <p>! Companies with more than 250 employees are required by law to publish their gender pay gap.</p> </div>	<p>Capture and analyse:</p> <ul style="list-style-type: none"> ❑ part-time working, split by gender and pay. ❑ periods of caring absence (parental leave, elder care etc.) by gender. ❑ take-up of pensions by gender. ❑ contribution rates and additional contributions by gender. 	<ul style="list-style-type: none"> ❑ Create an action plan to tackle the identified gaps. Review this annually, along with the impact of actions in the plan.

Data (for companies with fewer than 250 employees)

Bronze	Silver	Gold
<ul style="list-style-type: none"> ❑ Calculate and analyse your gender pay gap as per employers with more than 250 employees. 	<p>Capture and analyse:</p> <ul style="list-style-type: none"> ❑ part-time working, split by gender and pay. ❑ periods of caring absence (parental leave, elder care etc.) by gender. ❑ take-up of pensions by gender. ❑ contribution rates and additional contributions by gender. 	<ul style="list-style-type: none"> ❑ Create an action plan to tackle the identified gaps. Review this annually, along with the impact of actions in the plan.



2 Go beyond statutory minimums



Pension contributions and life events

Bronze	Silver	Gold
<ul style="list-style-type: none"> Pay employer pension contributions during maternity and paternity leave – calculate it on salary at start of leave, not on actual earnings during leave. Pay employer pension contributions during carers' leave. 	<ul style="list-style-type: none"> Pay employer pension contributions during maternity and paternity leave - calculate it on salary at start of leave, not on actual earnings and pay it even if pay stops. Pay employer and employee pension contributions during carers' leave. Extend paternity and family leave beyond the legal minimum. 	<ul style="list-style-type: none"> Pay the equivalent of fulltime employer pension contributions for part-time employees, reflecting that part-time working is usually required for caring responsibilities. Where an employee chooses to opt out due to affordability, allow them to opt-down to a 0% level instead and continue to pay a level of employer contributions for an agreed period of time. Extend paternity and family leave to 6 months.

Pension contribution structure

Bronze	Silver	Gold
<ul style="list-style-type: none"> Do not apply the earnings threshold of £10,000 for making pension contributions. Remove any age-related restrictions (e.g. age 22 auto-enrolment eligibility). 	<ul style="list-style-type: none"> Calculate and pay pension contributions from the first pound of employees' earnings rather than above the lower earnings limit of £6,396. Pay above the auto-enrolment minimum requirements and/ or pay more than 5% employer contributions, without requiring an employee to pay more than the statutory 3% contributions. 	<ul style="list-style-type: none"> Pay 6% or more employer contributions, and ensure a minimum total contribution of 12% is available.

This would likely also enable your company to be in a good place to consider applying to be accredited as a [Living Pension](#) employer.



Changing a contribution structure could have an impact on people's other benefits, their tax position and any salary sacrifice arrangements, so consider taking legal advice before making any changes.

3 Raising awareness with employees



Communication plan

Bronze

- ❑ Create an internal communications plan to raise awareness of the gap and your actions.
- ❑ Communicate the value of employees' pension contributions and the impact on take home pay of opting out, including the loss of employer contributions
- ❑ Run campaigns to raise awareness of pensions and financial wellbeing, and use the [PLSA Retirement Living Standards](#) to illustrate the benefits of saving for retirement.
- ❑ Provide or [signpost to tools](#) that support employees in calculating the impact of pension contribution holidays.
- ❑ Increase member education around milestone events including impact on state pension and accessing government [support](#) for [childcare](#).
- ❑ Deliver special education sessions around key influencing topics such as the impact of menopause on women and their working patterns including some information about reasonable [adjustments and flexibility](#).

Silver

- ❑ Provide [guidance](#) to employees going through divorce about including pensions in the matrimonial assets and different options for pension sharing.
- ❑ Talk to your employees about household financial planning
- ❑ Run female-focused financial wellbeing workshops which include a section on the impact of carers' leave and part-time work on pension.
- ❑ Raise awareness of family being able to contribute to pension savings following periods of leave.
- ❑ Create a culture where all feel safe to utilise flexible working and leave policies, enabling a more equal work/life balance. This could include role modelling across senior leaders or practical case studies on the benefits.

Gold

- ❑ Understand the cultural differences towards savings across your workforce and tailor communications to support this.
- ❑ Create an external communications plan to support the actions you are committing to take, tell your story publicly.
- ❑ Provide a statement to employees thinking about taking a pension pause, setting out the impact on projected pension outcomes – helping them to make more informed decisions.

4 Making meaningful benefit and policy changes



Workplace policies

Bronze

- ❑ Put in place pension, menopause, maternity, paternity, family leave and caring policies. Make sure that they're inclusive and accessible.
- ❑ Provide flexible working policies and promote them internally.
- ❑ Make sure any private health insurance includes menopause cover.

Silver

- ❑ Annually review your pension, menopause, maternity, paternity, family leave and caring policies to make sure they adhere to best practice. Promote to existing employees and through the recruitment process.
- ❑ Provide workplace menopause support.

Gold

- ❑ Promote your flexible working policies externally as part of recruiting.
- ❑ Set an example at a senior level, with role-models making use of your flexible working policies.

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Policies become truly valuable when everyone in the business really feels able to use them.

Additional DEI considerations for DC Plan effectiveness

Contribution structure

Consider if all employees have access to the same structure.

If this is not the case, review the reasons for the differences (e.g. fears about managing automatic enrolment costs) and whether these are still valid. If structure differences are due to corporate activity such as mergers and acquisitions, has harmonisation been considered and barriers addressed. Check how often employees make changes throughout the year and consider where flexibility can be increased.

Death and incapacity benefits

Do you offer death-in-service benefits, such as a lump sum payment based on a multiple of an employee's pay, or a percentage of income for death benefits? Do all employees receive the same level of coverage, and if not, what is the reason for the difference? Is this reason still valid? Are there any restrictions on who is covered, such as age criteria or being a member of the pension plan? If there are restrictions, check if they are consistent with DEI policies and corporate values.

Salary sacrifice

Consider whether your organisation operates salary sacrifice schemes. If this is not currently in place, it may be worth exploring the potential savings for both the company and its employees. Salary sacrifice arrangements offer significant financial benefits, and ensuring your employees are aware of these advantages can improve overall satisfaction.

Evaluate how your salary sacrifice scheme is managed. If it operates on an opt-out basis, it's important to review which groups of employees are automatically excluded from the scheme. Regular reviews should be conducted to ensure the correct groups are being opted out and that the criteria used remain relevant. This applies particularly to salary sacrifice for pension contributions and bonuses.

Additionally, assess whether the savings from employer National Insurance Contributions (NIC) are shared with employees. If a percentage is shared, ensure this has been recently reviewed to maintain fairness and competitiveness. If savings are not shared, consider whether this approach is a legacy from defined benefit (DB) pension schemes, where sharing was less feasible, and if it might be worth reassessing this policy.

Conduct regular audits of your salary sacrifice policies and processes to ensure they comply with legal requirements and best practices. Pay particular attention to areas where employers frequently encounter issues, such as managing salary sacrifice during family leave, especially for maternity.

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