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Insuring
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Futures

#momentsthatmatter

A short guide to women's risks in life and how to improve financial independence and resilience to risk

Securing the financial future of the next generation

The Moments that Matter in the lives of young British women today





This leaflet outlines the risks that women face through the life course in Britain today, what the future holds for their financial future and what can be done to make improvements. It is an excerpt from a full research and analysis report which can be downloaded from insuringwomensfutures.co.uk. Find out how your financial security, your daughter's, mother's or friends' lives could be at risk from the **12 Perils and Pitfalls** outlined in this report, and the **6 Moments that Matter** where change can happen. Whether you are a woman, an insurance or financial planning professional, an employer, a policymaker, or simply have an interest in equality, inclusion, our society and economy, you can play a valuable role in helping secure the financial future for us all.

Our research takes a unique and holistic view of women's lives in 21st century Britain, and uses government and similar data to assess risks faced by women today and how they are trending for tomorrow. For the purposes of the report we have considered "risk" not only as an unforeseen event but also the impact of decisions and choices, and of the circumstances we sometimes find ourselves in. Our analysis begins with girls' risks when growing up and then assesses risk while studying and working life, through relationships and having families, as well as women's health risks and ageing. We review these risks against women's independent financial arrangements and assess the impact of the risks identified on women's financial resilience.

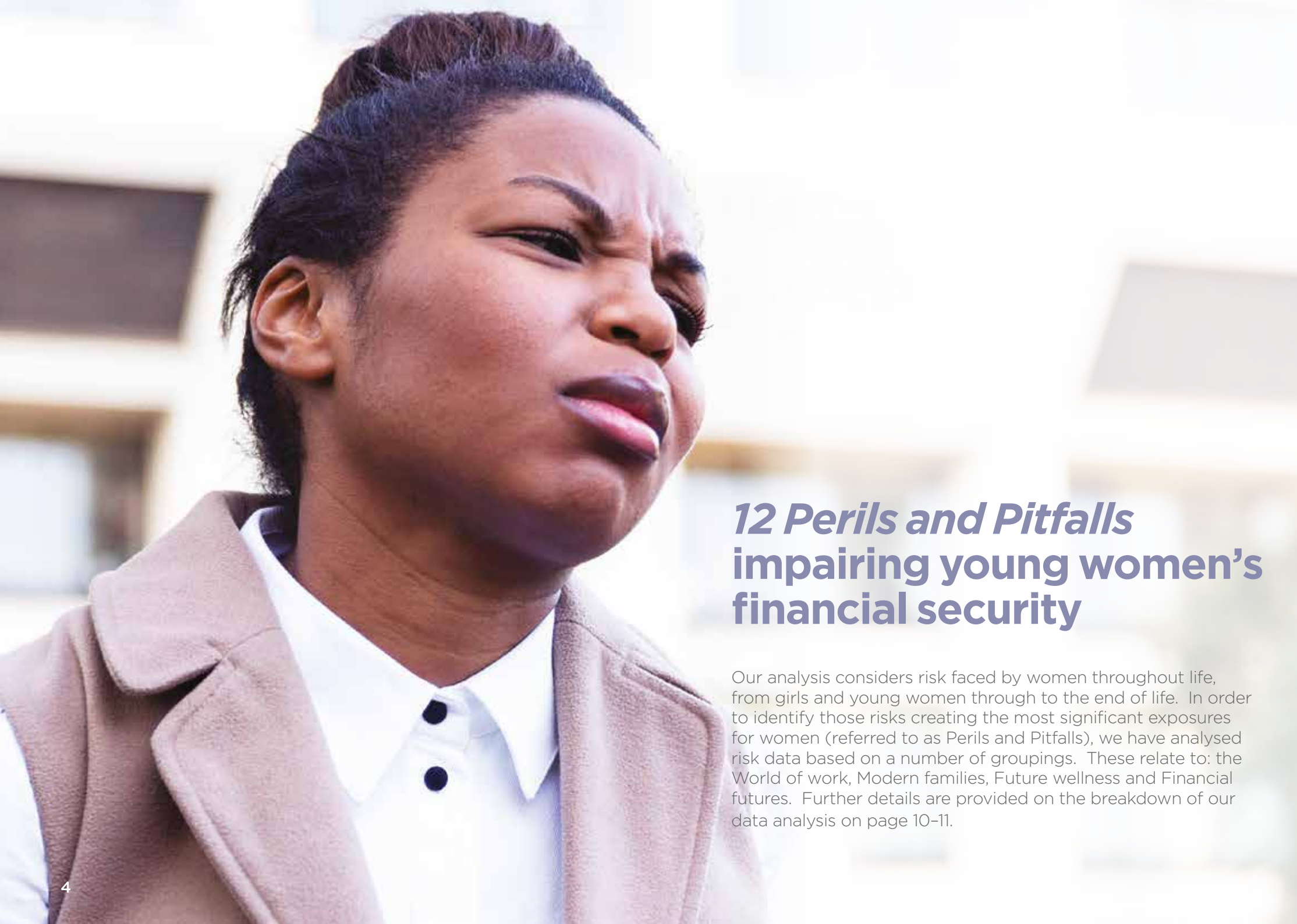
Our study highlights the individual and cumulative effect of risks faced by girls and young women, through, and to the end of, life and indicates the profound effect on women's (and ultimately the economy's) financial resilience if interventions are not made. Through engaging in women's risks in life, we can all be better empowered to make informed decisions and avoid, or deal with, circumstances that may expose us. Our report highlights a broad range of potential interventions that we could make as a society, in collaboration with policymakers and insurance and financial planning professionals.

Insuring Women's Futures is seeking to engage with individuals and groups with common interests in improving women's financial risks and resilience to join our campaign to make real change happen.

Join the social debate [#momentsthatmatter](https://twitter.com/momentsthatmatter)

How to get the best from this report

There is a lot of data in this summary and our full report, covering everything from the number of mothers in a cohabiting relationship to the amount the average widow has saved in a pension pot. To make it easier to navigate, we have grouped the key risks under *12 Perils and Pitfalls* and mapped them against the typical periods in a woman's life where they are most likely to happen. We call these the *6 Moments that Matter*. Further details are set out on the following pages.



12 Perils and Pitfalls impairing young women's financial security

Our analysis considers risk faced by women throughout life, from girls and young women through to the end of life. In order to identify those risks creating the most significant exposures for women (referred to as Perils and Pitfalls), we have analysed risk data based on a number of groupings. These relate to: the World of work, Modern families, Future wellness and Financial futures. Further details are provided on the breakdown of our data analysis on page 10-11.



Female financial capability imperative

There is a need to improve women's relationship with money and risk, addressing gender financial stereotyping. Only 37% of women aged 18-24 years feel very confident managing their money, compared with 48% of men. 52% of women in their late 20s say they do not understand enough to make decisions about retirement savings, compared with 38% of men.



Gender pay gap

The median gross pay for men in full-time work in 2016 was 9.4% higher than women's. However more women work part time than men, and the gender gap including both full-time and part-time was 18.1%. Women make up the majority of administrative and secretarial employees which are at higher risk of being made redundant through automation. Some sectors that are predominantly made up of female workers have less risk of automation, such as caring, leisure and other service roles. However, these roles are among the lowest paid in the UK economy, and are likely to remain so over coming decades.



Flexible working sacrifice

Women continue to bear the brunt of domestic tasks, despite changing attitudes to women and work, with 43% of people believing mothers should work part time. 61% of returning mothers opt to work part time, although this has a huge impact on women's earnings and career progression (part time women earn 30% less per hour than full time) impacting savings and pensions provision.



Women's wellness threat

Women are more health conscious today, however they are increasingly exposed to health risk through diet and obesity, as well as suffering rising levels of mental ill-health throughout their lives. The proportion of 16-24 year olds with normal BMI has fallen from 67% to 55% between 1995 and 2015. More than 1 in 4 women aged 16-24 reported mental health conditions - a rise of 21% from 2007, and 53% women in their 30s and 40s have suffered mental health conditions. Women are less financially resilient through the life course with relatively little savings cushion (1/3rd of women in their 30s say their money would not last a month if they lost their main source of income), meaning they are more vulnerable to themselves, their partners or family members becoming ill and unable to earn. The imbalance in pension provision between couples leaves women exposed if they are not involved in retirement planning.



Girls' apprenticeship gap

Young male apprentices are paid 21% per hour more than females largely due to the industry sector they join. As the government encourages more men and women to build their careers through apprenticeships (aiming for 3 million by 2020), it is vital to women's financial independence that women and girls are aware of the relative earnings potential for their chosen career, and implications for the future.



Cohabitation pitfall

While marriage is the most common form of union, more young people are cohabiting (nearly 1/4 of 30-34 year olds) and couples are marrying later (women at 34, men at 37). 35% of people mistakenly believe cohabiting couples have the same rights as married couples in the event of break ups. Women with children are most vulnerable and this risk is increasing given the doubling in the number of cohabiting families over the last two decades.



Divorce and separation setback

Divorce and separation can have a significant short and long term impact on women's health and well being, earnings potential and savings. 1 in 3 married people divorce by their 15th anniversary, and 71% divorcing couples do not discuss their pension during divorce proceedings, leaving women missing out on £5bn every year. 65% of divorced women have experienced mental health issues, 45% are in debt and the median pension wealth of divorced women is only £9,000, (separated women £0), compared with £30,000 for divorced men (£12,000 separated men). 86% of lone parent families are headed by women, making it harder for women to re-enter work and achieve career success (as evidenced by a rise in the gender pay gap in the 40s).



Women's pension deficit

With the average maternal age rising, women are increasingly caring for children as they become older with further implications for their retirement provision. An increasing number are also caring for adults in their 40s as well as children (1 in 7), and especially their late 50s and 60s, impacting capacity to earn, and provide for their own later life provision. The median pension wealth for married men and women is £53,000 and £10,000 respectively, and at age 65-69 men's average peak pension wealth is five times that of women's (£36,000 for women). The imbalance in pension provision between couples leaves women exposed if they are not involved in retirement planning.



Young women's graduation burden

More women are entering higher education and achieving success, however choice of degree subject and related career decisions, together with part-time working and disproportionate caring responsibilities later in life, contribute to it taking significantly longer for women to pay off their student loans than men. With the cost of studying rising (from £16,200 for a student in 2011 to £32,200 in 2017), it will take some women over 30 years to repay the cost of their degrees (for example, finance professions - age 51 for men, 38 for women). Only 17% of women are opting for high tech courses (which often leads to higher paid jobs).



Motherhood and caring penalty

Women's long-term earning potential and financial security is jeopardised as a result of their taking the majority of caring responsibilities both for children and elderly relatives (1/3rd women in late 50s care for an adult). Notwithstanding the gap between mothers and non mothers working is expected to close by 2022, women still do twice as much housework and childcare as men (36 hours per week). By stopping work and putting careers on hold women are financially dependent on partners, with potential financial risk exposure should their relationships break up and if women are not involved in financial decisions.



Domestic abuse danger

12.6% of 16-19 year old girls experience domestic abuse each year, and 1 in 5 adults has experienced financial coercion in a current or past relationship, (60% are women). Women are particularly vulnerable when relationships break down - 1/5th of divorced and separated women suffer domestic abuse.



Longevity trap

Women live longer than men (average life expectancy 83.1 years, 79.5 for men), but also experience more years in ill-health (19 years for women, 16 years for men). Women are increasingly likely to need home help towards the ends of their lives, and in addition, old age care. The average cost for women entering a care home between ages 65 and 74 is £132,000 (£87,000 for men). Currently, just under half of residential care is self-funded, mainly through realising housing assets, and the need to self-fund is set to increase over time alongside rising care costs. Care provision will become more difficult for young women who will likely have less assets and as home ownership and state provision declines.



1. Growing up, studying and re-qualifying

The decisions made about what, how, where and when to study, and how to pay for qualifications can determine employability, career, pay and ultimately long term financial prospects.

Risks for young women's lives

- Women's higher and further education and vocational choices have negative consequences for future income.
- Accumulating debt and lacking financial confidence.
- Vulnerability to mental health conditions.
- Physical health risk issues relating to mental health, diet and obesity.
- Increased risk of abuse.

Potential interventions

Enhancing awareness of the risks and rewards of educational and vocational choices, and developing financial capability early in life, will enable girls and women to take more informed decisions, and support improved future economic independence.



4. Motherhood and becoming a carer

Decisions around the time of motherhood – particularly who takes responsibility for caring and earning roles can undermine women's financial status. The same is true when caring for adults – a responsibility still typically borne by women.

Risks for young women's lives

- Mothers are opting for part-time work that reduces their lifetime earning potential and increases financial risk.
- The growing cost of childcare is putting financial pressure on household finances, including paying rent.
- Women are having children later resulting in caring during the years that they would normally be saving for later life.
- Stress and pressure of working whilst continuing to shoulder the bulk of childcare and housework.
- Financial cost and time required for sandwich caring.
- Maternal health risks such as post-natal depression.
- Impact of having children on career.

Potential interventions

Supporting women through motherhood and caring, ensuring awareness of the potential long term consequences of work choices, and financial management decisions at home, will allow women to take informed decisions that impact their short and long term financial independence and resilience.



2. Entering and re-entering the workplace

Starting or returning to work is a key Moment, with role, employment and employer decisions impacting pay and job security. Starting work (again) is also a critical time for women to establish financial independence and savings patterns.

Risks for young women's lives

- Career choice or access to better paid jobs not resulting in a pay dividend.
- Automation and changes in technology impact job security.
- Lower paid women vulnerable to abuse.
- Health risks – stress at work, mental health.
- Financial independence and planning for the future.

Potential interventions

Assisting women with financial planning when they enter work, and ensuring access to suitable savings and protection solutions supports financial independence and equips women to develop patterns of saving and financial resilience that will be invaluable later in life.



5. Later life, planning and entering retirement

People are generally having children later, living longer, and spending more time as retirees. Pension and retirement planning through life and in the run up to and at retirement is key, especially given the increasing trend in needing to self fund end of life care.

Risks for young women's lives

- Stress of juggling caring for older relatives and working.
- Difficulties of managing menopause, work and life in 50s.
- Increasing musculoskeletal problems in later life.
- Depression and mental health rising for older women.
- Insufficient pension income for later life.
- Financial dependence on husband's pension wealth to subsidise women's smaller pension pots.
- Growing cost of care increases demand for informal care provided to partner.
- Inability to pay for own care.

Potential interventions

Ensuring adequate information and advice about retirement planning, and for decisions in the period up to and upon retirement are vital. This is true both individually for women and also for those in dependent relationships where their partner's choices can impact their old age well being.



3. Relationships: making and breaking up

Being married, single or cohabiting can have lifelong impacts on women's financial status and wellbeing. In particular, divorce and separation can be financially crippling for women.

Risks for young women's lives

- Growing number of cohabiting couples lack the rights and protections of married families if they break up.
- Married women are accumulating significantly less pension wealth than their husbands.
- Many women divorcing are not considering pension rights.
- Financial risks and independence.
- Divorced and separated women are less likely to own their own property than married women, leaving fewer assets to use in later life.
- Increasing mental health issues upon divorce and separation.
- Domestic abuse and financial coercion risk rises for divorced and separated women.

Potential interventions

Encouraging financial independence and equality at home, and raising awareness of the implications of differences in relationship status will support women to be more resilient, and in particular if their relationships break up.



6. Ill-health, infirmity and dying

Ill-health doesn't only happen in old-age, and it doesn't only affect individuals. Women need to plan for financial independence in the event of their own ill-health, as well as that of family or partners.

Risks for young women's lives

- Lack resilience if main income source is lost e.g. death of partner, critical illness.
- Insufficient pension income for home help when elderly.
- Inability to cover the growing cost of care particularly to treat conditions like dementia.
- Insufficient asset wealth (including lower home ownership) to cover cost of resident care for women who are outliving their partners.
- Longer periods of ill-health in later life.
- Public services unable to meet demand for daily living activities help and increasing need to self-fund care.

Potential interventions

Raising awareness amongst women of their own and their partner's health risks and of potential ways of managing these will help women's resilience to dealing with the unexpected and in providing for their risks in later life.

6 Moments that Matter in the lives of young British women

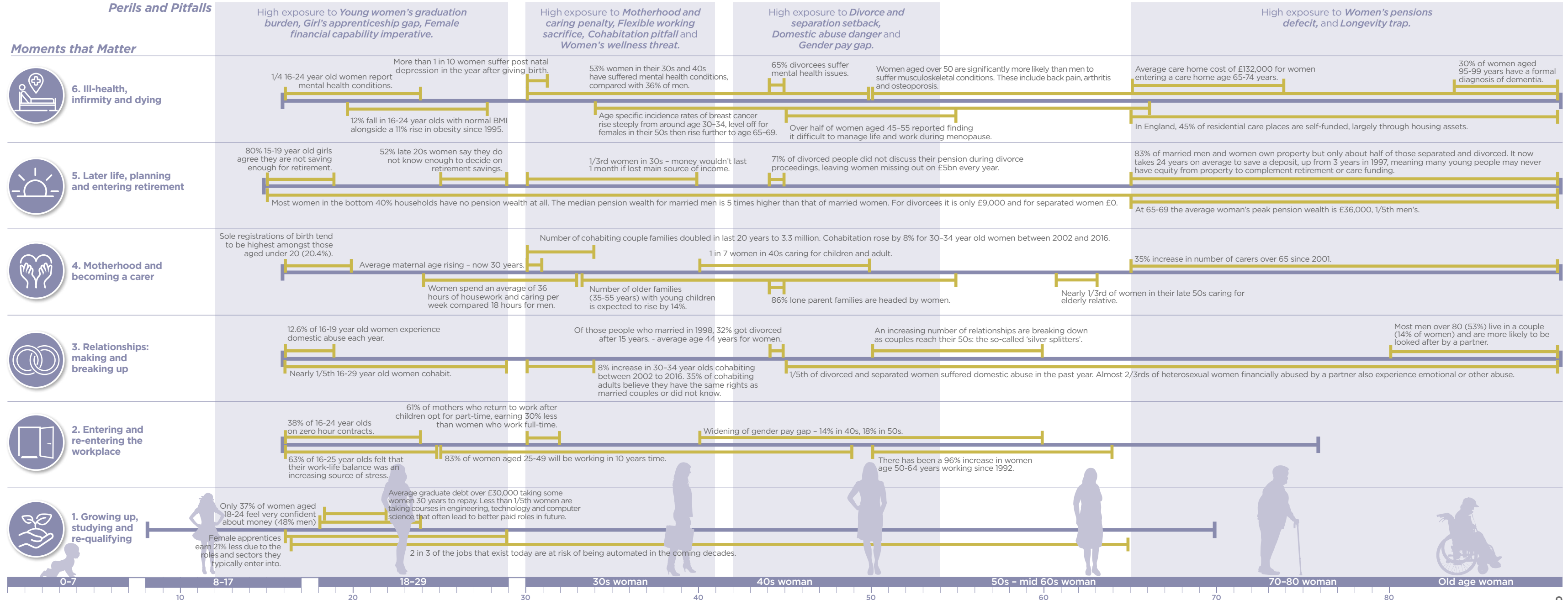
Here we summarise the 6 *Moments that Matter* in women's lives where our analysis identifies interventions can be made to improve women's financial resilience. The *Moments* are relevant to women according to their individual life journey, and may therefore occur at different life stages - for example women enter and end relationships across a broad age range. This is illustrated on pages 8-9.

Our summary sets out for each *Moment* a brief description together with key risks faced and a high level overview of potential interventions.

Women's risks in life, 12 Perils and Pitfalls and 6 Moments that Matter through the life course

Critical risks in women's lives

Here we consider the overlay of some of the key risks relating to **6 Moments that Matter**. The diagram illustrates key periods during the life course when women are particularly exposed to the accumulation of a number of risks, causing **Moments** of heightened vulnerability. We highlight times in women's lives where they face the greatest exposure to **12 Perils and Pitfalls**.



Footnote: The purple horizontal bars in the diagram represent the time period across women's life stages where the **Moments that Matter** are relevant. For the purpose of the illustration we assume all **Moments** except for **Growing up, studying and re-qualifying** commence age 16. We have indicated the duration of the risks using yellow bars according to the incidence data. Where data is not defined for a particular age range we have shown it at the point of incidence. For example, the data on abuse post divorce is referenced in the diagram at the average age of divorce rather than illustrating it as being from that point onward.

Sources for all data can be found in the References section of the full report, which can be downloaded from insuringwomensfutures.co.uk

Life journeys and risks facing young British women

We are all exposed to different risks in life. Some result from conscious decisions we make, others from unconscious decisions or random chance, and some arise due to personal circumstances.

Here are three examples of the potential life journeys of three very different women, showing the 'pivot' points (numerics) at which interventions could be made at the **Moments that Matter** to improve each woman's financial outcomes.

Each statistic is numbered to show which of the **6 Moments that Matter** is most relevant to this period in life.

Our analysis follows the categorisation colour-coded as below:

- World of work**
 - Qualifications
 - Employment
 - Career and pay
 - Working arrangements and job security

- Modern families**
 - Relationships
 - Family
 - Roles and caring
 - Abuse

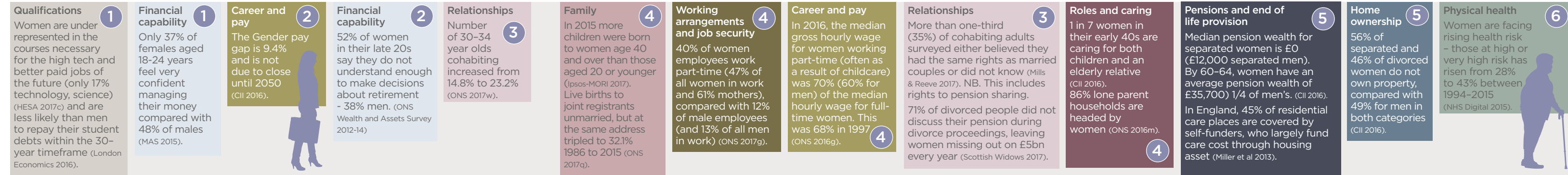
- Future wellness**
 - Healthy living
 - Physical health
 - Mental health
 - Ageing

- Financial futures**
 - Financial capability
 - Debt and savings
 - Home ownership
 - Pension and end of life provision

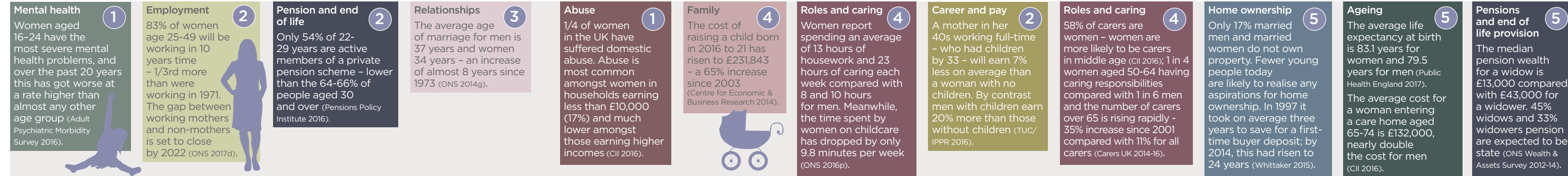
Footnote: It should be noted that the examples here are for illustrative purposes. A broad set of real life journeys will be considered by the Insuring Women's Futures' **Market Task Force** to enable taking forward proposed interventions. The life journeys highlight intervention points by reference to **Moments that Matter**. In some cases more than one **Moment** is relevant, for the purposes of the illustration only one **Moment** has been assigned.

All sources can be found in the references section of the full report, which can be downloaded at insuringwomensfutures.co.uk

Our first young woman leaves university with a 2:1 degree and £32,300 average student debt and struggles to find high-paid work with career progression opportunities. In her 30s she moves into a home owned by her life partner and their first born arrives as she turns 40. Financial pressures and childcare costs lead her to work part-time while her partner is the main breadwinner. They separate in their mid 40s and she continues to work part-time to enable her to manage her child and wider family care commitments. She realises she needs to start building a pension. In her mid 60s she retires and is heavily reliant on the state pension and social care for health issues during later life.



Our second young woman suffers anxiety-related mental health issues that destabilise her education. She begins full-time work aged 18, going on to marry in her early 30s and having a child at 34. Her husband becomes the main earner but she maintains a full-time job with caring and housework following a single year's break. Her husband dies suddenly at 50 and she continues to work until she is in her late 60s, raising her child and caring for wider family, to supplement her small widow's pension. In her early-mid 70s she requires residential care and sells her home to pay the costs.



Leaving school at 18 our third young woman goes on to complete an apprenticeship while living with her parents throughout her 20s, when she becomes a single mum at 24. She combines a series of contract jobs while also caring for her child, securing full-time employment when her child goes to school. In later life she continues to work, and recovers from a critical illness. Having built up a small pension she is heavily reliant on the state for both her pension and assistance with daily living in old age as she suffers from dementia.



What can be done

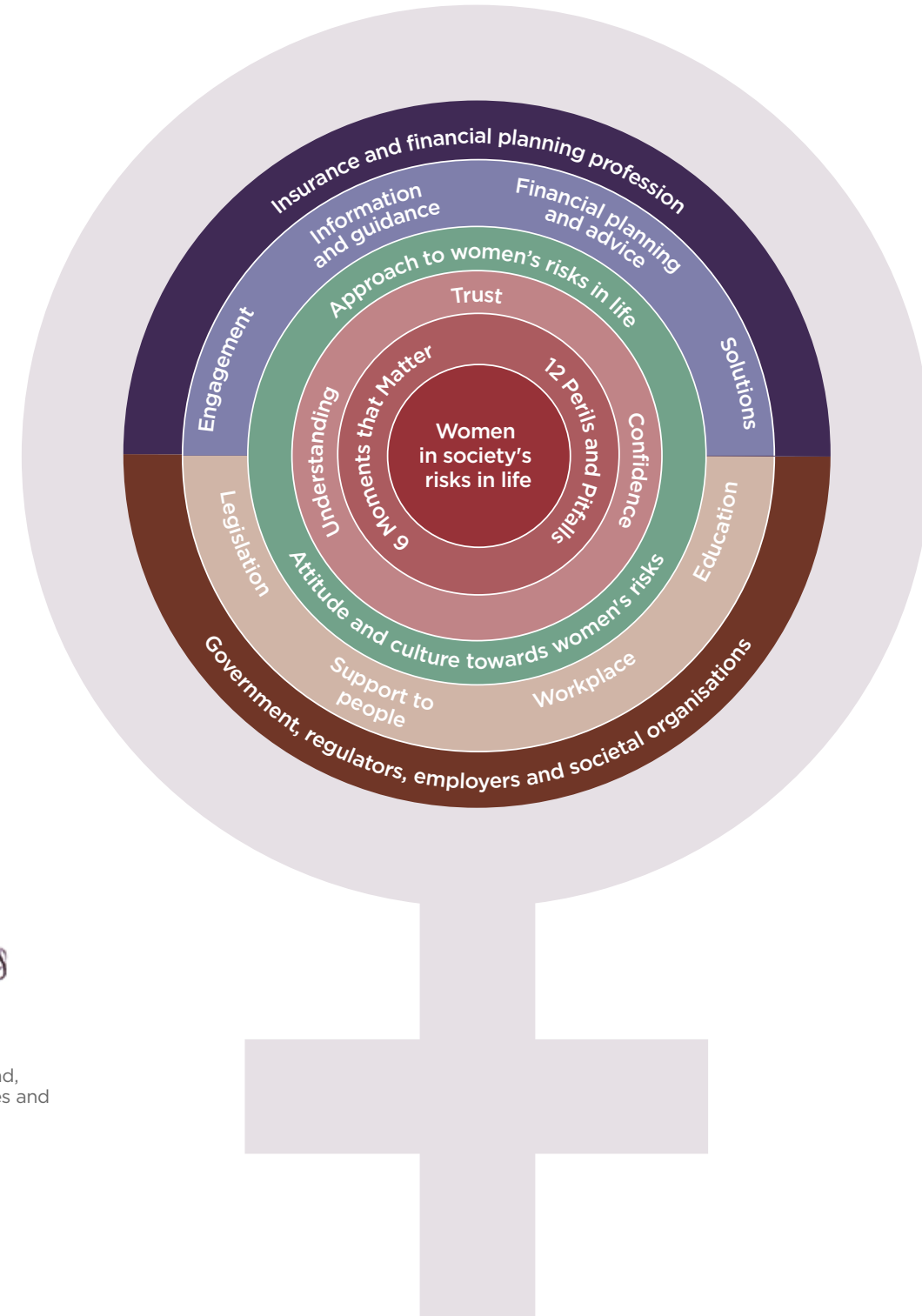
Insuring Women's Futures is a call to action for the insurance and financial planning profession, government, regulators and society to unite to address the overwhelming shortfall in British women's financial resilience.

Our research shows that one hundred years following their right to vote, women are profoundly exposed. Modern Britain has not kept up in empowering women's progress in line with their risks in life evolving, while their support systems have receded. A fundamental change in culture, attitude and approach is required through working collaboratively to secure women's, society's and our economy's financial future.

We invite insurance and financial planning professionals, policymakers, employers, wider society and women to join us to help improve women's risks and financial resilience.

The following pages set out details of potential interventions to improve women's risks in life in the *Moments that Matter* using the *Framework of interventions* depicted in the adjacent diagram.

If you have ideas about what could be done to make real change happen, or if you yourself are part of an organisation that could reduce risk for women, please get in touch at insuringwomensfutures.co.uk/contact-us



Dame Inga Beale
President Chartered Insurance Institute and Patron, Insuring Women's Futures

Sian Fisher
Chief Executive Officer Chartered Insurance Institute and Chair, Insuring Women's Futures

Jane Portas
Women's Risks in Life lead, Insuring Women's Futures and Author of this report



How the profession can help secure the future of the next generation

Here we bring together an overall summary of young women's risks in life for each **Moment that Matters**, and provide an outline of the key potential interventions at each stage. We set out these interventions using a **framework of interventions** relating to activity on the part of the insurance and financial planning profession alongside collaboration with policymakers. In developing potential interventions the intention is for policy suggestions to enable broad and innovative approaches for the insurance and financial planning profession to develop solutions targeted at women, employers as well as jointly with government to address women's risks across society.



Endorsements

“This new report comprehensively builds on the FCA’s Financial Lives Report by examining in detail the risks and trends impacting younger women in the UK today at those key moments and events in their future lives. Our industry and profession has a pivotal role to play in aiding and supporting this cohort of women, the group most impacted by the Government’s working age welfare reforms, to improve their financial resilience, health and prosperity – it’s essential we now act on its findings.”

Johnny Timpson
Member, Building Resilient Households Group

“BIBA welcomes the Chartered Insurance Institute’s Women’s Risks in Life research and the important focus it provides. While all the findings are not completely surprising, the research will allow the insurance profession to concentrate its efforts on those areas where there is the greatest need for protection to help women become more risk resilient. My appointment as a panel adviser to the Insuring Women’s Futures Committee will ensure that the expertise of BIBA’s membership is actively involved in supporting and shaping any insurance solutions that emerge in response to women and the risks they face in life.”

Steve White
Chief Executive Officer,
British Insurance Brokers’ Association

“This timely report highlights the need for the financial services sector to wake up to changing demographics and working patterns. It emphasises that there are moments in young women’s lives where there is an openness to, and an appetite for, better designed financial products. But this call to action for the industry can only be effective if it is in partnership with policymakers and regulators.”

Mark Hoban
Chairman,
The International Regulatory Strategy Group,
former Treasury Minister and
Minister of State for Work and Pensions

“Devastating and galvanising in equal measure, this report tells us that women need to fully understand the systemic inequality that surrounds their life’s chances in terms of finance, education, work advancement and domestic burdens and the ability therefore to realise their potential. Each generation continues to fall behind because of ingrained attitudes and expectations. This and the FCA’s Financial Lives Report offers evidence that needs grappling with urgently to ensure that we break the cycle.”

Jude Kelly CBE
Artistic Director, Southbank Centre
and Founder of WOW – Women of the World.

“This report makes an excellent contribution to the debate on the equality of women across all aspects of society through the quality of the research and by highlighting examples of risks and situations where equality does not, in reality, exist. It is hoped that transparency is the start of co-ordinated action by all involved to bring about change.”

Richard Collier-Keywood
Chairman, School for Social Entrepreneurs and Senior Advisor,
DCMS Inclusive Economy Unit

“As the industry demonstrates its commitment to becoming more inclusive, we welcome this comprehensive focus on the risks women face at various life-stages. The report provides a good contribution to thinking on the role all parts of the industry can play to better serve all customers.”

Louise Hanson
Director of Advocacy,
Association of British Insurers

“In my year of office a key focus is the Business of Trust. I am delighted to endorse this report which highlights the urgent need to address women’s protection gap, to create a fairer, more balanced and stable society and economy. The financial services sector needs to develop its approach to serving the whole of society to ensure it remains relevant and sustainable. I wholeheartedly support the insurance and financial planning profession’s initiative to unite with government and regulators to find solutions to society’s risks, and simultaneously improve trust in business.”

**Rt Honourable Lord Mayor of London
Charles Bowman**

For more information, to download the full version of this report and see how you could get involved, visit: insuringwomensfutures.co.uk

If you have ideas about what could be done to make real change happen, or if you yourself are part of an organisation that could reduce risk for women, please get in touch at insuringwomensfutures.co.uk/contact-us

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moneyadviceservice.org.uk

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COH_J0112023 02/18