

Prudential reveals women can expect £42bn pensions shortfall in 2009



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According to new figures from the Prudential Class of 2009 retirement survey, UK women who plan to retire in 2009 can each expect to receive £6,642 a year less in their annual pensions than men, equivalent to a total income shortfall of more than £42 billion.

The 2.76 million women planning to retire in 2009 can expect to receive an average [annual pension](#) of just £13,671, while the 3.95 million men who plan to retire in 2009 will get £6,642 more, expecting an average pension of £20,313.

"It's still a shock to see so many women retiring at such a disadvantage to their male colleagues, despite all we know about the causes of pension discrepancies between men and women," said Karin Brown, [Annuities](#) Business Director at Prudential.

"The gender gap has become so firmly established because women have historically earned less than men, and still earn around 17% less. When women have children, their pension contributions reduce significantly or stop altogether, and their state pensions often take a hit as well.

"The underlying problem that many people have insufficient pensions is never going to go away unless men and women start their [pension plan](#) much earlier in life, ideally in their twenties or thirties," Karin added. "Starting a pension at an early age will lessen the impact in later life of many women's decision to take a career break to have children. It will also mean people can feel confident that they are going to have enough money to live off when they do come to retire, and this is vitally important for women who expect to receive smaller pensions than men."

One major cause of pensions gender gap is that many women take a career break to have children, but it is possible to protect future pensions and maintain a pension during this time. Women could also consider trying to keep up any company [pensions](#) or private pension contributions even if they are on maternity leave or an extended career.

Other
Neglecting

causes
pension

include:
savings

- As many as 61% of retiring people doubt their pension and other savings will provide a sufficient income to enable them to enjoy a comfortable life in retirement.

Not saving enough
- A rule of thumb is for people to try and save half of their age as a percentage of their salary into a pension scheme, for example 12.5% at age 25 and so on.

Not taking advantage of company schemes
- Many employers offer pension schemes and agree to match any contributions made by employees. People should enquire about the pensions scheme offered by their employers.

Not shopping around
- People in retirement have a wide choice of annuities available to them and it is recommended that they shop around for the product which is most suitable for their needs.

ENDS

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Survey conducted online by Research Plus among 1,000 UK adults aged 45+ between 10-18 November 2008. Figures based on Office of National Statistics 2007 which show 24,990,500 adults aged 45+ in the UK. For further information please contact the Prudential media department.

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