

Standard Life celebrates National Women's Pensions Day

With Connect Women in Pensions...100 free hours of pension advice to be won... +

Survey reveals...The average woman wants to retire on €40,000 p.a. but has saved just a €2,000# p.a .income

4 March, 2014

Standard Life celebrates its second National Women's Pensions Day with Connect Women In Pensions - to coincide with International Women's Day on March 8.

To mark the event, 20 leading female financial advisers have offered 100 hours of pension advice for free, to the first 100 women who contact them at email address: connectwomeninpensions@gmail.com.

Standard Life and Connect Women In Pensions (CWIP) distributed a survey* to over 200 of their female contacts, friends and family to check on their pension ownership status, to raise awareness about women's need to save for a comfortable retirement, to see how much annual income meant 'comfortable' for women and to find out how they could help women achieve this goal.

Survey highlights:

- The average** woman's pension pot is almost €45,000 or an equivalent retirement income of just €2,000 p.a.

How much annual retirement income does the average woman think she needs to live on comfortably?

- The average female respondent says €40,000** per annum, yet has only saved #€2,000 p.a. towards it.
 - Over a quarter, 27% said €30-40,000 p.a.
 - A quarter, 25% said over €50,000 p.a.
 - A quarter, 25% said €40-50,000 p.a.
 - 14% of women said they need €25-30,000 p.a.,
 - 5% of women say they need €20-25,000 p.a.

How much does the average woman need to save to bridge the retirement income gap?

The annual retirement income gap for the average women is €38,000 (€40k minus €2k) or €26,000 (€40k minus €2k minus €12k), if we assume she will be entitled to the state pension of €12,000 per year. To produce an additional retirement income of €26,000, you need a pension pot of about €500,000***. If you are 20 that means saving €240 per month, if you're 30 that means saving €432 per month, if you're 40 it means saving €840 per month and so on. (Assuming a 6% p.a. investment return and a 0.6% p.a. annual management charge). "The longer you leave it to start saving for your pension, the more catch-up saving you need to do," said Aileen Power, head of corporate communications, Standard Life.

- *79% of respondents have a pension, 20% don't.
"This is an interesting number as it runs counter to the national trend, where the large majority of women don't own a pension," said Power. "However, it's unsurprising as there seems to be an almost direct correlation between women owning a pension and working full-time. For example, 79% of women in this

survey are working full time and 79% own a pension," she said.

- The average** female respondent saves €240 per month.
 - 14% save less than €50 p.m.
 - 13% save €151 to €250 p.m.
 - 12% of women save €101 to €150 p.m.
 - 11% save €600 p.m. or more. See notes for further details ~~

Is there anything female pension experts could do to help women plan for retirement?

53% Tell me what I need to do and how much I need to save

14% Produce communications on pensions tailored for women

13% Run pensions workshops for women

12% Explain why I should buy a pension

"It's good that most working women at least own some form of pension. However, it's clear they're not saving nearly enough," said Power. "If working women want to aim for half their final salary as a pension, they need to save at least 30% ## of their annual salary per year. "If they want less, they should try to calculate how much they need to live on in retirement and work back to see how much they need to save monthly," she said.

Ends

PTO for notes.

Notes for editors:

* The survey results are based on an online survey of women aged between 20 and 65 conducted between 20 to 24 February, 2014 by Standard Life and Connect Women In Pensions (CWIP). The respondents are female friends, family and contacts of Standard Life and Connect Women In Pensions. Women in financial services and pensions were asked not to complete the survey to render it as representative of female pension ownership as possible.

**The median (mid-point of each range) has been used to calculate the average. E.g. 'How much annual income do you think you need to live on comfortably in retirement €30,001 to €40,000 = €35,000.50 etc. In addition, for respondents who chose 'over €50,000 p.a.' to retire on, the top band was capped at €60,000 p.a. The 'how big is your pension pot question' with 'over €500,000' as an option was capped at €750,000 to calculate the average. The how much do you save per month €600 or over was capped at €750 p.m.

~ Connect Women In Pensions (CWIP) is a network of over 200 women working in the pensions industry but is open to all women who support its vision. This includes providing a platform for discussion, sharing ideas, mutual support, influencing business practices and initiatives for women investing in their professional growth.

~~ 6% save €251 to €300, 5% save €351 to €450, 5% save €451 to €599

Age distribution of survey, relationship and work status

20 to 25 years - 4%, 26 to 35 years – 42%, 36 to 45 years – 36%, 46-55 years – 18%, 56 to 65 years – 2%
79% respondents are working full time, 6% work part time. The remainder are retired/students or caring for family.
44% married and 31% single. Remainder are widowed, divorced, in a committed relationship or civil partnership.

A €2,000 p.a. retirement income is based on an average retirement pot of €44,725 using a (flat – no CPI link) annuity rate of approximately 5% for a 65 year old female. (€44,725 times 5% = €2,236 p.a.)

*** An income of €26,000 per year is based on an annuity rate of 5% for a 65 year old female (€26,000 divided by 5% equals a €520,000 pension pot.)

Assuming a female is 25 years old starting work and retires at 65. Investment performance is assumed at 6% per annum, annual management charge of 0.6% and annual wage inflation of 1.5%.

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