JM FINN

Investment | Wealth

Planning for the future

A guide to pensions for women

Contents

Important Notice

Please note the value of securities and the income from them may go down as well as up and you may not receive back all the money you invest. Past performance is not a reliable indicator of future results. Any views expressed are those of the author. You should contact the person at JM Finn with whom you usually deal with to discuss the suitability of any securities mentioned.

The information contained within the report is of a general nature and is not a substitute for specific advice with regard to your own circumstances. You are recommended to obtain specific advice from a qualified professional before you take any action or refrain from action.

Tax treatment depends on the individual circumstances of each client and may be subject to change.

Introduction

Pension planning is crucial for everyone, but women in the UK face unique challenges when it comes to retirement savings. As highlighted in our Wealth in Women's Hands report, women typically retire with significantly less in their pension pot than men, with various factors impacting the amount women have to retire on. Understanding these challenges and taking proactive steps to plan early can often make the difference between a comfortable retirement and financial hardship in later years.

Whether your retirement is many years away or feels like it's drawing near at a breakneck speed, this guide outlines key points for women to be aware of about retirement planning – and gives you practical tips to help secure your financial future.

What's the point of a pension?

A pension is simply a retirement savings plan, to help ensure financial security after you stop working by replacing a portion of your working income for when you're no longer earning a salary.

Pensions can often be amassed through contributions from your employer, or from you – and there are a range of different types with different structures, terms and benefits, so taking advice on how to maximise your pot is key to a comfortable retirement.

Tax-efficient

Importantly, defined contribution pensions such as Personal Pensions and SIPPs are a tax-efficient way to save: they are not taxed at source when paying in, and the funds are free to grow in a tax-free environment.

The private and state pension gender gap

There is a significant gender disparity in pension savings in the UK: this gap stems from several factors that compound over a woman's working life.

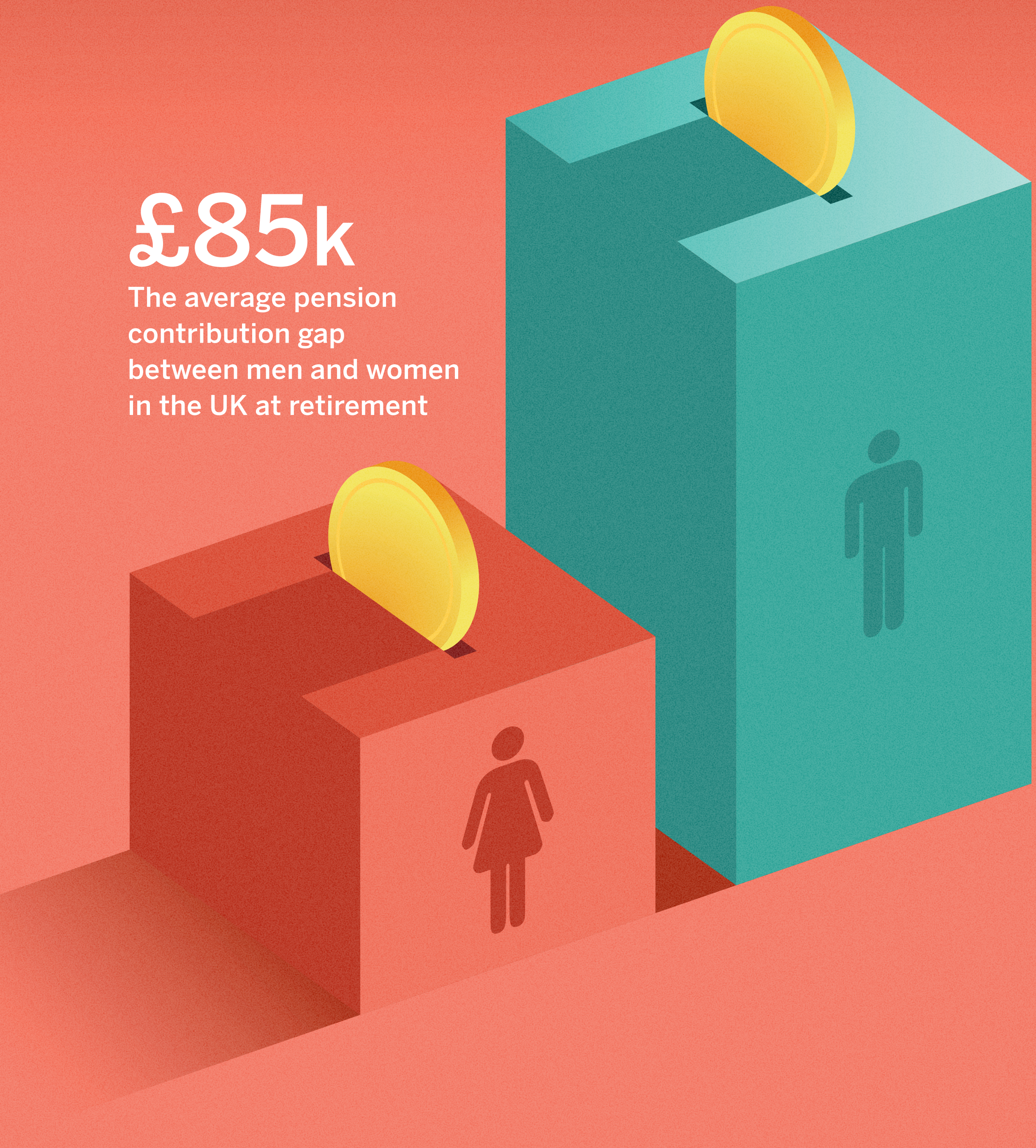
This includes the gender pay gap and the fact that women are likelier to take career breaks, particularly after having children. Thereafter, many opt to work part time or drop out of the workforce entirely – further reducing pension contributions.

Even among the employed population, there is a discrepancy in pension contributions: on an annual basis, women contribute an average of £2,600 to pensions compared to £3,400 for men[1]. By the time retirement age is reached, this translates to a £85,000 gender difference[2] in pension size.

The gender pay gap, which was just under 7% in 2024, is moving in the right direction from 8% the previous year[3].

£85k

The average pension contribution gap between men and women in the UK at retirement



Types of pensions

There are several main types of pensions offered by employers:

To boost your pension savings, you could consider setting up a Self-Invested Personal Pension (SIPP)

Defined benefit pensions are where employers give specific monthly payments based on a number of factors including salary and tenure of service.

Defined contribution pensions are where you and/or your employer contribute money that gets pooled and invested.

The former type are vanishingly rare these days, with defined contribution pensions far more the norm.

You can also do a kind of DIY pension, known as a **SIPP**. The money grows over time through investments, and when you retire, you can withdraw funds or receive regular payments.

What is a SIPP?

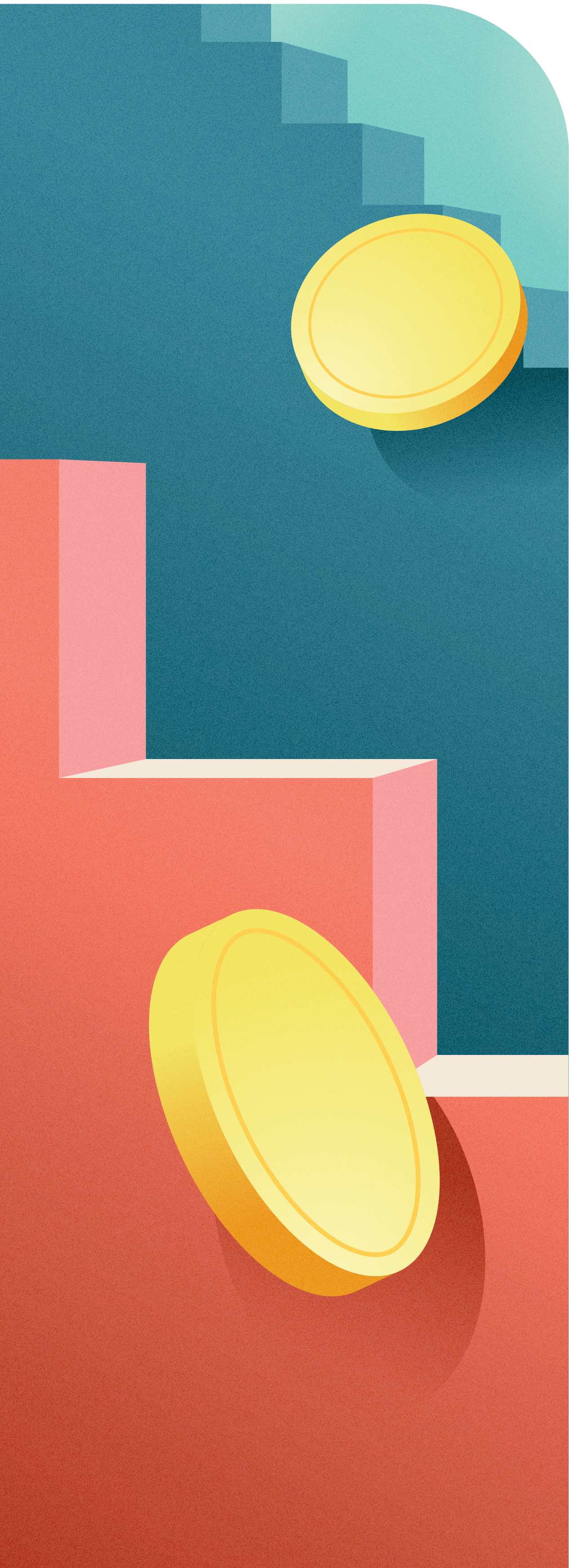
Self-invested personal pensions (SIPPs) are individual pension plans that you arrange directly with a pension provider instead of through an employer.

SIPPs offer flexibility – you can contribute a regular sum or make one-off lump sum payments. They can be especially useful for women who may be on a career break, self-employed or working part time, as they do not depend on being employed to pay into them and are not linked to salary. You can opt to pay in as much or as little as you can afford – taking breaks or making one-off payments as it suits you.

There is also great flexibility with regard to how the funds are invested. You can choose from a wide range of investments, including individual stocks, bonds, and commercial property. While this flexibility can lead to better returns, it also requires more knowledge and active management. A wealth manager such as JM Finn can take care of managing a SIPP on your behalf.

Women returning to work after a career break might consider making larger pension contributions to catch up on lost savings time. The annual allowance for pension contributions in 2025/26 is currently the lesser of (i) UK relevant earnings in the fiscal year, or (ii) £60,000 (gross), though this can be reduced for high earners who earn more than £200,000.

You can also 'carry forward' unused allowances from the previous three tax years (if your annual income exceeds the amount you want to pay into your pension): in the current tax year you could contribute up to £220,000 if you had contributed nothing to a pension in the current or three prior tax years.



The pros and cons of pension types

State Pension

A regular payment from the government based on your National Insurance contributions.

Pros

- Guaranteed income in retirement
- Adjusted for inflation
- Provides a basic level of income
- Not dependent on investment performance

Cons

- Limited amount
- Eligibility based on contributions
- Unlikely to be sufficient for all retirement needs
- Eligibility age to receive likely to be continually raised, or could be scrapped completely

Defined Benefit Pension

A workplace pension based on your salary and how long you've worked for your employer, among other factors.

Pros

— Guaranteed income in retirement

— Not dependent on investment performance

— Often includes inflation protection

Cons

— Less common in the private sector

— Limited flexibility

Defined Contribution Pension

A pension pot based on how much is paid in by you and your employer.

Pros

— Flexible investment choices

— Potential for higher returns

— Portable between jobs

— Grows in a tax-free environment

Cons

— Investment risk

— Value can fluctuate

— Contributions may be insufficient if working part time

— Dependent on being employed

SIPP

A type of personal pension where you choose your own investments.

Pros

— Greater investment flexibility

— Potential for higher returns

— Not dependent on employment situation

— Contributions grow free of income or capital gains tax

Cons

— Investment risk

— Value can fluctuate

— Management fees

What can women do to even the playing field?

There are some steps that can be taken to try to redress the gender pension imbalance. Here are 10 practical measures to consider:

> The current full state pension is £230.25 per week (2025/26), but many women receive far less than this amount due to gaps in their National Insurance record

1. Check if your state pension is on track

Career breaks can impact the amount of state pension received: this is because in order to qualify for the full state pension, 35 complete years of National Insurance contributions are needed. The current full state pension for 2025/26 is £230.25 per week, but many women receive far less than this amount due to gaps in their National Insurance record, for career breaks or early retirement.

The first step is to obtain a state pension forecast via the Government Gateway (**https://www.gov.uk/check-national-insurance-record**); the forecast will detail how many complete years of National Insurance contributions have been achieved and will provide an estimated figure for retirement.

It is worth noting that the forecast assumes that you work up to state pension age and therefore it is important to consider your desired retirement age and whether you'll have enough years to qualify for the full state pension. It's essential to continue to check your state pension forecast regularly to keep an eye on your current entitlement and highlight any gaps in your record, which can potentially be backfilled.

2. If needed, fill gaps in National Insurance

If you have gaps in your National Insurance record, you could also consider making state pension 'top ups' or voluntary contributions to fill the gaps – and potentially receive a higher state pension. You can currently backfill up to the last six years. It's also worth monitoring legislation governing the number of years you can backfill gaps, as the government has previously extended the time frame up to 10 years.

The system also provides some protection through National Insurance credits for child benefit or caring responsibilities, including:

Child benefit: If you have children under 16 (or up to 20 if in full-time education), child benefit provides automatic National Insurance credits for the person claiming it, typically the mother. These credits count toward your state pension qualification, even if you're not working. If you're a higher earner subject to the child benefit tax charge, you might choose not to claim child benefit payments, but you can still register for it to protect your National Insurance record.

Carer's Allowance/ Carer's Credit: Caring responsibilities beyond childcare can also qualify you for credits. Those receiving Carer's Allowance or Carer's Credit could be entitled to receive National Insurance credits, which protects your state pension entitlement during these periods.

3. Use available tax reliefs and benefits

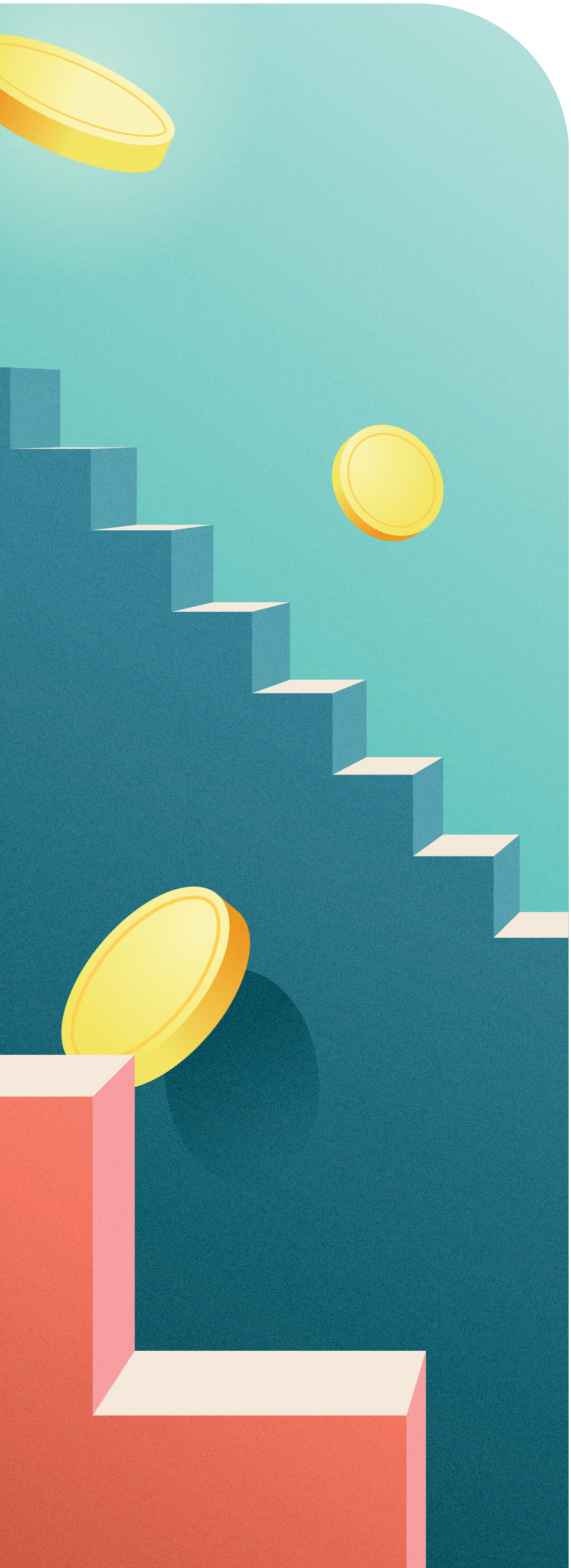
Being aware of, and making full use of the tax reliefs that are available to you on pension contributions is important for building your retirement savings efficiently. The government usually provides tax relief on personal contributions at your marginal rate of income tax, effectively reducing the cost of saving for retirement.

Basic rate taxpayers receive 20% tax relief at source from the pension providers on making a personal contribution, while higher rate taxpayers can claim 40% relief. If you're a higher rate taxpayer, you'll need to claim the additional 20% relief through self-assessment or via your tax return as this can't be claimed at source from the provider.

The annual allowance can vary for a number of factors and therefore it is important to note that if you exceed the annual allowance, you may face tax charges, so it's important to monitor your contributions.

Don't overlook the benefits of salary sacrifice schemes if your employer offers them. These schemes can reduce your National Insurance contributions and potentially your income tax, making your pension contributions more cost-effective.

If you're not working, you can use your 'non-earners pension allowance' and pay up to £2,880 a year into a pension; you'll still get tax relief at the basic rate at source, leading to a gross contribution of £3,600 annually.



4. Maximise your benefits in workplace pensions

If you’re employed, workplace pensions are a crucial component of retirement planning. Since 2012, automatic enrolment has meant that most employees are automatically enrolled into their employer's pension scheme, receiving both employee and employer contributions.

The minimum contribution rates are currently 8% of qualifying earnings, with employees contributing at least 5% and employers contributing at least 3%. However, these minimum rates may not be sufficient for a comfortable retirement, particularly for women who face additional challenges in building pension wealth.

Salary sacrifice schemes can be particularly beneficial, especially for those in lower tax brackets. These schemes allow you to give up part of your salary in exchange for increased employer pension contributions, reducing your National Insurance contributions and potentially your income tax.

Many women work part-time or have multiple jobs, which can complicate pension planning. Each employer must offer auto-enrolment to eligible employees earning over £10,000 per annum, so if you have multiple part-time jobs, you might be enrolled in several pension schemes. It’s important to keep track of the workplace pensions you have, including the providers,

Over
1.5m
UK women are self-employed[4]

account numbers and amounts in each. Ensure that you regularly monitor their performance and remember to notify all providers if you move home. If you cannot recall who your provider was for a period of employment, the government-run Pension Tracing Service may be able to help.

When changing jobs, you'll face decisions about what to do with your existing workplace pension. You might be able to transfer it to your new employer's scheme, leave it where it is, or transfer it to a personal pension. Each option has advantages and disadvantages, and the best choice depends on your individual circumstances.

5. Consider a self-invested personal pension (SIPP)

To boost your pension savings, you could consider setting up a Self-Invested Personal Pension (SIPP). These are available to anyone who is a UK resident. They can be particularly valuable for self-employed women who do not have a workplace pension provided by an employer – however even if you are employed and have a defined contribution pension set up by your employers, there is nothing to stop you setting up a SIPP to further boost your pension savings. Not contributing to a pension, such as a SIPP, means you miss out on available tax breaks.

> “Many women work part-time or have multiple jobs, which can complicate pension planning.

6. Know your rights in relation to divorce and pensions

In the event of a divorce, it's important to be aware that pensions are considered matrimonial assets and will typically be included in any divorce settlement. Pensions are often the most valuable asset in a marriage after the family home, so you should ensure that you understand your rights and options before agreeing to any settlement.

> Career breaks and part-time work are common among women, particularly those with caring responsibilities.

There are three main options for dealing with pensions in divorce: pension sharing, pension earmarking, and offsetting.

1. **Pension sharing** involves transferring a percentage of one spouse's pension to the other, creating separate pension rights. This could often be the most advantageous option, as it provides complete independence and control over the pension benefits.
2. **Pension earmarking** states that a portion of pension benefits be paid to the ex-spouse when the pension holder retires. However, this option leaves you dependent on your ex-partner's retirement decisions and provides less security.
3. **Offsetting** involves trading pension rights against other assets, such as keeping the family home in exchange for giving up pension claims. While this might seem attractive, it's important to consider the long-term value of pension benefits compared to other assets.

It's essential to obtain proper financial advice during divorce proceedings, particularly regarding pension valuations. Different types of pensions can be valued differently, and the timing of the valuation can significantly impact the settlement.

7. Plan for career breaks and part-time work

Career breaks and part-time work can impact your pension savings, but fortunately proper planning can often help to minimise the long-term effects.

If you're planning to take a career break, try to continue making pension contributions if possible. Some employers offer enhanced maternity benefits that include continued pension contributions. Even if your employer doesn't offer this, you might consider making personal contributions through a personal pension to maintain your pension savings momentum by utilising your annual non-earners pension allowance of £3,600 (gross).

36%

of employed women work part time[5]

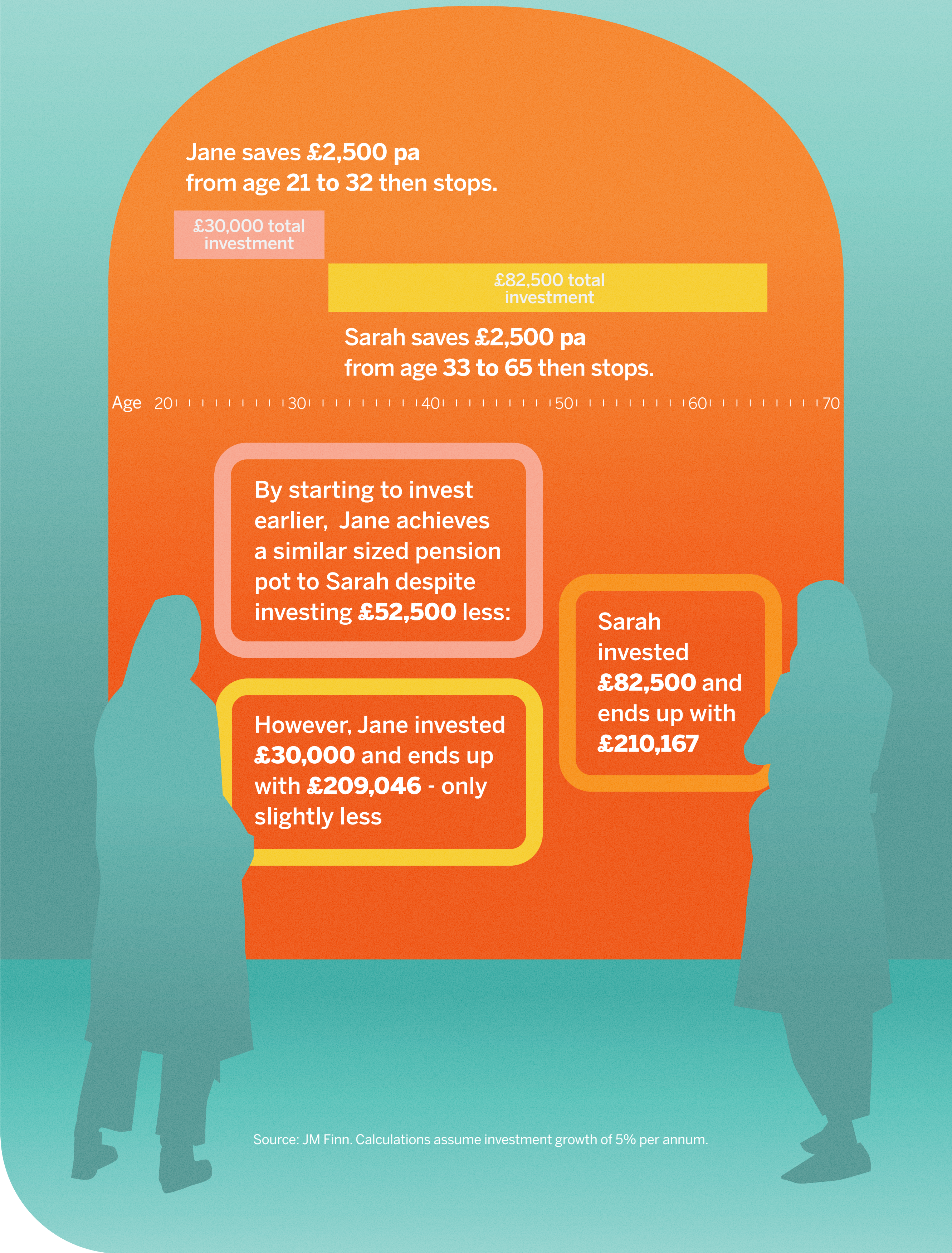
If you're considering reducing your hours from full time to part-time, it's important to understand how this will affect your pension contributions. Part-time workers are entitled to the same pension benefits as full-time workers on a pro-rata basis, but reduced earnings mean reduced contributions. If possible, continuing to pay into a personal pension or SIPP could help to offset this. You could also plan to increase your pension contributions when you return to work and take advantage of the 'carry-forward' rule.

8. Understand compounding – and why it matters

Investing earlier can make all the difference when it comes to saving for retirement. This is because of 'compounding' which is essentially a type of snowball effect whereby your investment continues to accrue returns over time both on the original capital and also on the interest, all (usually) growing bigger and bigger over time.

As this illustration shows, investing at a younger age can mean that you need to invest less to achieve a similar sized pension pot. If you didn't start saving at 21 like Jane, all is not lost: what this example means in practice is simply that if you can afford it, you should start contributing what you can afford to right now, rather than planning to save more heavily as your retirement age draws near, as there will be more time to benefit from compounding.

> Investing at a younger age can mean that you need to invest less to achieve a similar sized pension pot.



Source: JM Finn. Calculations assume investment growth of 5% per annum.

9. Regularly engage with your pension investments

As highlighted in our Wealth in Women's Hands report, women can often have different attitudes to investing than men, tending to be more cautious and long-term focused. While these characteristics can be advantageous for pension planning, it's important to ensure your investment strategy is appropriate for your risk tolerance and time horizon. Younger women with many years until retirement can generally afford to take more investment risk, potentially leading to higher returns over the long term. As you approach retirement, gradually shifting to more conservative investments can be more appropriate to help protect your pension pot from market volatility.

At JM Finn we partner with a specialist risk assessment provider, Oxford Risk, to offer a full risk assessment before becoming a client. Taking this into account along with your financial situation and other circumstances such as age and income ensures that we match an appropriate investment strategy to your risk appetite.

£60k

Annual allowance for pension contributions

Regular reviews of your pension investments are important, but you should also avoid making frequent changes based on short-term market movements. Pension investing is a long-term strategy, and as the saying goes, 'it's not about timing the market, but time in the market'.

> "Younger women with many years until retirement can generally afford to take more investment risk, potentially leading to higher returns over the long term.

10. Make use of a wealth planner

It's easy to feel overwhelmed with information when it comes to managing pensions and retirement planning. JM Finn's Wealth Planning team can take the stress out of the process by conducting a full review of your pension situation, retirement goals, the assets that will be available to you when you retire and the lifestyle you hope for. Once they have a full understanding, they can develop a comprehensive retirement strategy tailored to your specific needs and desired retirement age. They will use state-of-the-art cashflow modelling tools to test out different scenarios for your retirement and help you to work out if you're on track with your saving.

Depending on your preference, they can advise either on a one-off basis or conduct regular reviews of your pension arrangements, investment performance, and retirement goals to help you stay on track for a financially secure retirement.

It's easy to feel overwhelmed with information when it comes to managing pensions and retirement planning.

Lastly, it's important to note that the earlier you start addressing these issues, the more time you have to build your retirement savings and overcome the challenges that women commonly face in pension and retirement planning. Your future self will thank you for acting today to secure your financial independence in retirement.

Why work with JM Finn for retirement planning?

Our Wealth Planning team has won the prestigious 2025 PAM Total Wealth Planning award for the outstanding quality of its service. They can work seamlessly on your behalf with investment managers and with any other existing providers you may have in place, such as solicitors or accountants.

If you have any questions about the information in this document or would like to speak to a JM Finn Wealth Planner, please email **marketing@jmfinn.com**

Award-winning services

Our reputation is built on trust and the ability to deliver on clients' expectations.

In addition to our positive client feedback, the high quality of our service is also recognised through a number of industry awards - just a snapshot of which are listed here. For a full list of our awards, please visit **www.jmfinn.com/awards**

Good Money Guide Awards

- Best Wealth Manager 2024
- Best Wealth Manager 2023
- Best Wealth Manager 2022

Private Asset Managers

- Total Wealth Planning High net Worth 2025
- Client Service Quality 2022

City of London Wealth Management Awards

- Best Charity Investment Service 2025
- The FIS Award for Best Discretionary Wealth Management 2024
- The FIS Award for Best Discretionary Wealth Management 2023
- Best Charity Investment Service 2024

What do our female clients say about JM Finn?

At JM Finn we are proud that our personal service resonates with our female clients.

We're very proud to say that 3 in 5 of our clients have personally recommended us to others.

A snapshot of our most recent client survey results is below:

TRUST AND CONFIDENCE

96%

of JM Finn's female clients are satisfied with the firm.

TRUST AND CONFIDENCE

98%

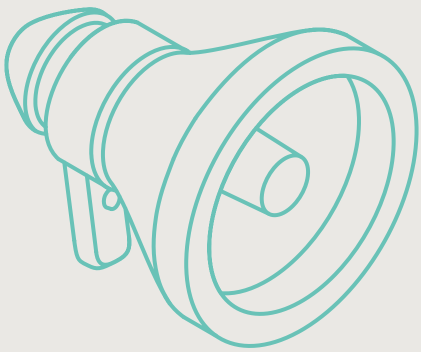
of female clients are satisfied with their JM Finn Investment Manager.

SERVICE SATISFACTION

JM Finn's female client NPS* in 2023 was

68

far higher than the wealth management industry average of 28.



* Our Net Promoter Score (NPS) is a measure of our clients' willingness to recommend us.

An independent survey of 1,671 clients within discretionary, advisory, execution only and Coleman Street Investments services was carried out by Savanta on behalf of JM Finn in 2023. Satisfaction rates in all questions are defined as the percentage of respondents who selected 7-10, where 10 is the highest level of satisfaction and 0 is the lowest.

Sources

The private and state pension gender gap

[1] https://ifs.org.uk/publications/gender-gap-pension-saving#:~:text=Across%20everyone%20aged%2022%E2%80%9359,3%2C400%20per%20year)%20for%20men
[2] https://moneyweek.com/personal-finance/pensions/average-pension-pot-by-age#:~:text=For%20example%2C%20the%20average%20man,has%20widened%20to%20%C2%A385%2C000.
[3] https://www.gov.uk/government/publications/voa-gender-pay-gap-report-and-data-2024/voa-gender-pay-report-2024#:~:text=Gender%20pay%20gap%20data%20%2D%20base%20pay&text=The%20mean%20hourly%20rate%20for,decrease%20from%208.2%25%20in%202023

What can women do to even the playing field?

[4] https://researchbriefings.files.parliament.uk/documents/SN06838/SN06838.pdf
[5] https://commonslibrary.parliament.uk/research-briefings/sn06838/

Get in touch

If you have any questions about how we can help build the future you want to see, please call

020 7600 1660

Our office locations:

London

Bury St Edmunds

Bristol

Cheltenham

York

Winchester

Email: info@jmfinn.com

Website: www.jmfinn.com

Important Notes

Investment involves risk. The investments discussed in this document may not be suitable for all investors. The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. This document is for information purposes only and has no regard for the specific investment objectives, financial situation or needs of any specific investor.

JM Finn is a trading name of J.M. Finn & Co. Ltd which is registered in England with number 05772581. Authorised and regulated by the Financial Conduct Authority.

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested.

Follow us on:

Registered Office:
25 Copthall Avenue
London. EC2R 7AH

020 7600 1660
info@jmfinn.com
www.jmfinn.com

GA-WRR-01-1025