MINUTES
Financial Wellbeing

Women and Work APPG Meeting, Tuesday 12 January 2021
3-4pm via Zoom

Chairs: Laura Farris MP and Jess Phillips MP Co-Chairs of the Women and Work APPG

Parliamentarians in attendance:

- Guy Opperman MP
- Trudy Harrison MP
- Kirsten Oswald MP

Minutes

Co-Chair of the Women and Work APPG, Jess Phillips MP convened the meeting, welcoming the guest speakers and audience. She explained that this was the final meeting of the APPG's 2020 programme on 'Women's Wellbeing at Work' and would focus on financial wellbeing.

Co-Chair of the Women and Work APPG, Laura Farris MP provided further context on financial wellbeing. She argued that the gender pensions gap does not receive enough attention. She explained that it is currently at 40.3%, which is more than twice the gender pay gap, at 17.3%. Laura argued that society and the Government must work to address this and praised Aviva's Mid-Life MOT initiative. She added that this is an issue that affects both productivity and retention at work.

Laura then introduced **Jane Portas, Co-Founder of Insuring Women's Futures**. Jane explained that she applies risk management techniques to people to understand how gender differences impact money. She said that there are twelve key financial risks facing women, which include issues like domestic abuse, the apprenticeship gap, health and the pay gap. She argued that these risks throughout life relate to the pay gap and compound with life events to produce the gender pensions gap.

Jane stated that early in women's careers, differences in confidence about money affects the pay gap. She explained that stereotyping leads to a 21% pay gap for female apprentices. Despite the fact that, on average, women perform better academically, Jane said that as women are less likely to study subjects that lead to higher paid jobs, they tend to be paid less after graduating, which impacts their pensions. Jane stated that most women aged 25 will have 20% less in their pension pot than men when they are 65 based on automatic enrolment contributions. She added that 75% of people who are ineligible for automatic enrolment are women, which also has a detrimental effect.

Jane noted other issues that contribute to the gender pensions gap, such as fewer people getting married, domestic abuse and financial coercion, and women typically doing more caring. She explained that at retirement age, the average woman has earnt 59% of what the average man has earnt and noted that the impact of Covid on these factors means this gap is likely to have grown.

Jane concluded by stating that there are 'six moments that matter' in women's lives for fairer financial futures and argued that employers should focus on these moments when devising their workplace policies for improving financial wellbeing. These include motherhood and becoming a carer, planning for later life, and entering retirement.

Jess thanked Jane and said that it is important to focus on solutions. **Laura** added that data on the gender pensions gap shows how the granular detail of pay and women's work do not receive enough attention. She suggested that shared parental leave may make a big difference as it gains traction. **Jess** asked if Jane knew of any detail on the impact of men having children at a young age on their own pensions. **Jane** stated that getting data is an issue but there is evidence of a fatherhood premium and men who have children being better off.

Jess then introduced **Stephanie Fitzgerald, Head of Young People Programme at The Money Charity.** Stephanie stated that The Money Charity believes that being financially capable gives people control of their own life, finances, and debts, reduces stress, keeps them on top of their goals, and enables them to live a happier life. She explained that men and women face the same financial issues, but women face additional barriers on top of these that make a difference, meaning financial capability strategies should include specific actions tailored to women's needs. Stephanie argued that financial education is vital and should be available as early as possible and throughout life. She said that women need to be empowered to take actions to compensate for any time out of work, such as topping up their national insurance contributions, increasing their pension saving rates, pursuing higher paid work, and negotiating better pay deals.

Stephanie argued that financial education should be more commonplace across schools, colleges, universities, workplaces, and any other setting. She said the financial aspirations of women and girls need to be raised and finances should be dealt with in relation to real life events, such as having children, getting divorced, working part time, or separating from a partner. She said that younger women should be given the opportunity to plan ahead for maternity and men should be made aware of this issue so that they can help to mitigate it.

Stephanie encouraged talking about money, saying that this is key to helping people manage their money well and deal with financial stress, but is still a taboo. She argued in favour of education that equips people for such conversations and increases people's skills and confidence to raise the topic of money, particularly with their partners. She said that employers should be encouraged to provide financial education to all their employees, whether via workshops, webinars, one-to-one coaches, or videos. She said this can have a significant impact and argued that when a new employee starts and is enrolled on the company pension, they should be informed about the pension gap and how they can put themselves in the best position early on. Stephanie added that employers should also discuss the impact of going on maternity leave with their employees and ensure that access to information on employee benefits like shared parental leave is sufficient to allow people to plan and not have to ask about shared leave. She explained that financial education helps combat absenteeism, reduces stress, improves financial capabilities, and has been found to have a bigger impact on wellbeing than a £1,000 pay rise. 38% of UK employees report that they worry about money, which affects their productivity.

Stephanie explained how The Money Charity helps to educate people and support them to make the most of their money. She reiterated the importance of financial education and starting it as early as possible at school.

Minister for Pensions and Financial Inclusion, Guy Opperman MP stated that financial education is now a part of the secondary school curriculum. He explained tat it was added as part of the Department for Education's reforms between 2010 and 2015.

Jess thanked Stephanie and asked how common it was for companies to cover the cost of pensions during maternity leave. **Jane** stated that it is mixed, larger organisations will often pay pension contributions during maternity leave. **Laura** agreed with Stephanie's arguments about the importance of young people starting to think about their financial future early on. She then introduced the Minister, **Guy Opperman MP.**

Minister for Pensions and Financial Inclusion, Guy Opperman MP stated that automatic enrolment is his major priority. He said the policy has transformed pensions and the savings approach in this country, particularly for women. He acknowledged that there is work to be done but when data from 2012 is compared to 2018 it shows a real improvement. He explained that in 2012, only 24% of young people were saving for a pension. Now 84% are, and the numbers of men and women saving for pensions are now equal. He said that this is thanks to cross-party, cross-government work, as four successive governments have identified automatic enrolment as the best way to increase savings and address pension inequality.

The Minister discussed other work the Government is undertaking to reform pensions. He stated that the Environmental, Social and Governance Reforms, which were brought in in 2018, are *"transformational".* He explained that these are putting climate change *"at the heart"* of pensions, and the focus on social and governance reforms are key for supporting women in the workplace. He said that the policy looks at the number of women on boards, pay, governance, and company standards in how individual companies are treated. He stated that this is a policy that has only been recently implemented but he expects it will have a significant impact and will be a huge driver or corporate change for women in the workplace.

The Minister argued that a mid-life MOT should be introduced around age 45-50. He stated that the Department for Work and Pensions is currently working with the private sector to pilot this initiative, which assesses wealth, work and wellbeing at mid-life. He argued that bringing together existing initiatives on financial assessment and support for employers could be transformational and praised Aviva's work in this area.

The Minister also argued that people do not know enough about their pensions and said that a dashboard where people can enter the names of all their employers and find their pensions would help. He stated that the Pension Schemes Bill allows this dashboard to be established, which will help people to access and amalgamate their past pensions. He said that until the dashboard is up and running, the Pensions Tracing Service can be used.

Jess thanked Guy and said that both the dashboard and progress on automatic enrolment were very positive. People now feel more invested in their pensions, which she said would be *"game changing"*. **Laura** argued that automatic enrolment should be *"given the fanfare it deserves"*. She also spoke in favour of a mid-life MOT, saying people should be assessing their finances while they still have time to do something about them.

Laura then introduced **Charles Cotton, Research and Policy Adviser, Performance and Reward at the Chartered Institute of Personnel and Development (CIPD).** Charles stated that Covid-19 and lockdowns have negatively impacted employee financial wellbeing. He referred to a CIPD survey, which asked employees how they felt about their financial security. 38% of women who responded said that their financial security had declined, compared to 31% of men who said the same. Charles suggested that this might be linked to changing caring responsibilities, as 44% of those who reported a change in their caring responsibilities said this led to a change in their financial security.

Charles said it was not surprising that financial wellbeing had been falling during the pandemic. He said this is an issue for employers because money worries can result in fatigue and concentration issues at work, and time spent dealing with these issues takes up work time. He added that 25% of those surveyed said that money worries had impacted their ability to do their job. He noted other social issues that have been exacerbated by the pandemic, like rising food bank use, domestic abuse, and fraud, and said that these also have an impact for employers in terms of productivity, customer service, creativity and innovation.

Charles explained that the CIPD has looked at what employers are doing to respond to these issues. They have found that a quarter had been exploring how their employees had been impacted financially and another 20% were planning to do this by March 2021. One in ten had introduced a formal financial wellbeing policy or were in the process of doing so, while just under 50% did not have a policy for their employees' financial wellbeing. The reasons cited for this included it not being a priority for senior management, not having the time, money or expertise, being unsure what employees would want, or not knowing how it would help with wellbeing.

Charles said that the CIPD has researched the characteristics that employees say are important for their financial wellbeing. Common issues raised are saving for the future, paying off debt, earning a sufficient wage and being rewarded fairly for efforts. Charles acknowledged that paying people a liveable wage has cost implications but argued that if it improves productivity it can pay for itself. He explained that organisations that have become living wage employers find that this improves their brand, employee engagement, turnover, and helps when bidding for work. On pay fairness, Charles argued that organisations should try to create a definition of what they mean by fair pay and added that investment in HR is key as it provides the ability to gather and investigate meaningful data on issues in the workplace.

Laura thanked Charles, agreeing that awareness of financial wellbeing is important. **Jess** added that knowing what *"fair"* looks like is vital, as is a benchmark on this.

Q&A

Laura then opened the discussion to questions from the audience. The discussion focused on how financial education is being implemented in schools and how the Government is ensuring it is being accessed equally. Guy Opperman MP explained that financial education was introduced in secondary schools as part of the Gove reforms. He stated that there is a big push on promoting savings accounts to young people and learning about bank accounts. Stephanie stated that 38% of young people do not remember receiving financial education and argued that when it is covered, the lessons are often brief. She explained that one problem is that it sits in citizenship, where it does not fit in easily, and in maths, where teachers are focused on helping pupils to pass exams. Laura asked if its best place was in school and suggested that further or higher education might be a more appropiate opportunity. Stephanie agreed and added that a young person's first job is a good opportunity too. Jane agreed that the moment when children transition from education into the workplace is a critical one.

Jess thanked participants and drew the meeting to a close.