ONE IN THREE FEMALE ENTREPRENEURS SAVING NOTHING FOR RETIREMENT

The number of female entrepreneurs in the UK has hit an all-time high at 1.7 million, yet more than a third (35%) are saving nothing for their retirement. That’s almost 600,000 women who will have no savings to fall back on in later life.

The latest Scottish Widows Women and Retirement Report reveals that even those who are putting away something for their future are not saving enough for a comfortable retirement. Less than half of self-employed women (46%) save the minimum recommended level, compared to 56% of women who are employed by a company or organisation.

These findings illustrate the success of auto-enrolment in raising pension participation rates among female employees. However, the survey also highlights that a large cohort of self-employed women – who do not have an equivalent scheme to encourage saving for retirement – are at risk of being left behind.

**Self-employed super savers**

The 46% of self-employed women who are saving at least the minimum adequate level, are among the best savers in the country. Their average savings rate of 16% of income is higher than that of self-employed men (14%). It’s even higher than the average for both employed men and women (12% and 10%).

Since 2007-2008, the average savings rate for self-employed women who do save has grown 5.2%, significantly exceeding the rate amongst women working for an employer (3.6%).

**Factors driving polarisation**

Business earnings of female entrepreneurs see wide variation, which may explain the polarisation in savings. Four out of five self-employed women (80%) who save inadequately earn below £20,000 a year.

Age and career stages also contribute to the challenges faced by female entrepreneurs: women currently in their thirties are playing catch-up when it comes to saving, having missed out on auto-enrolment at the beginning of their career. Women in their thirties who have moved from being an employee in their twenties, to being self-employed today, will have missed out on auto-enrolment at both stages.

**Jackie Leiper, Pensions Director, Scottish Widows, said:** “A growing number of women are taking charge of their careers by launching their own businesses or working as freelancers – 700,000 have set up on their own since 2005, and 1.7 million women are now self-employed.

“This raises real concerns when we consider that women are historically under-prepared for retirement and that self-employed women do not benefit from the safety net of auto-enrolment, which has helped boost female employees’ savings since its introduction.
Press Release

“The good news is that when self-employed women do save adequately, they actually put more of their income aside than anyone else – but the proportion of female entrepreneurs saving at all has not grown in the past decade. It’s clear that reform is needed to drive a step-change in retirement preparations for the self-employed, in the same way that auto-enrolment has for employees in the workplace.”

Anna Lane, Founder and CEO of The Wisdom Council, a majority female-owned and run business operating in financial services, added: “Ambition is a major theme that shines through from the women I work with and this is reflected in the increasing number of female entrepreneurs. There is a disconnect however with their aspirations and how it will be realised financially, with few having even considered anything other than personal savings to start their own business.

“30% of businesses fail in the first two years and so this risk paired with the risk of not putting money aside for the future is a double-edged sword often faced by female entrepreneurs. In fact, many women I talk to see their business as their retirement fund.

“We need to see more flexibility and innovation in long-term savings propositions that acknowledge the different earning patterns of the self-employed. We must recognise that this group is often more focused on annual tax returns as a point when income is known for the year and be open to reviewing other tax incentives to encourage saving.”

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Notes to editors

About the research

- The Scottish Widows Women and Retirement Report monitors pension savings behaviour annually using the Scottish Widows Pensions Index and the Scottish Widows Average Savings Ratio.
- The research was carried out online by YouGov across a total of 5,036 nationally representative adults in April 2019. 5,148 adults were surveyed in April 2018.
- The modelling in this report was conducted by Frontier Economics and is based on survey responses that probe the current income, savings and retirement income expectations of respondents. The modelling takes surveyed individuals between the ages of 20-29 and projects forward their future incomes and investment returns with an expected retirement age of 68. 140 men and 160 women are included in the sample.
- Housing statistics are based on the findings from the Women’s Budget Group, “A home of her own, housing and women”, July 2019 and are based on ONS data for average housing and incomes.

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About Scottish Widows

Created in 1815, as the Scottish Widows Fund and Life Insurance Society, the business’s purpose was to prevent the widows, sisters and other female relatives of fund-holders plunging into poverty on the loss of the male breadwinner during the Napoleonic wars — an ambitious undertaking. Now, more than 200 years later, the insurance provider continues to do so, helping millions of Britons plan for their financial futures and protect their families.
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