



# Women's Finances in Retirement

## How lifetime mortgages can help women retire more confidently

by Georgina Oxton, LV= Equity Release Divisional Manager

Stepping into retirement feeling confident about living comfortably is an important financial goal for many. But unfortunately, our research shows only a third of women feel confident about their retirement savings, compared with over half of men.

This means that more women feel concerned about having to cut back on luxuries or worry about the cost of living alone in later years. The Retirement Living Standards recommend individual retirees need at least £31,300 per year to fund a moderate lifestyle, but the average pension savings pot for women is only around £69,000 – which would cover only the first two years of retirement. In contrast the £205,000 average pension savings pot for men will go much further.

One of the leading contributors to this pensions gap is the gender pay gap – which as of April 2023 sat at 7.7%. Not only does this make it difficult for women to feel confident about their finances, it also has a significant lasting impact over a lifetime.

**According to Now Pension's 2024 Gender Pay Report, this lifetime of inequality means on average, women have to work an extra 19 years to retire with the same pension savings as men – which we can all agree is unrealistic!**

The gender pay gap doesn't stem from pay inequality alone, women are also more likely to face the parenthood penalty - which could see the impact of raising children and having to step back or change their working schedule resulting in women missing out on as much as £183,000 in pension savings.

When the impact of the pensions gap is combined with the higher average life expectancy for women, it is clear that women need to think differently about their retirement financing options – and lifetime mortgages could play an increasingly flexible role in later life to help women live confidently in retirement.

While a larger proportion of men's wealth in retirement comes from a private pension, we know that women hold over 50% of their wealth in shared household assets, including property. This provides an opportunity, as property wealth can be built into a holistic retirement finance plan through the release of equity, which is secured against the value of the property, as a long-term solution to achieve later life financial goals.

As we all know, circumstances can (and often do) change throughout later life, which is why LV= Lifetime Mortgages are designed with flexibility in mind. Our Lifetime Mortgage Plus and Lifestyle ranges offer fixed early repayment charges (ERCs) as standard, as well as a unique drawdown ERC structure (which calculates the Drawdown ERC term from the initial date of loan completion).

To help customers manage the roll up of interest, we also offer a penalty-free option of making an unlimited number of (£50 minimum) repayments, up to 11% per year. In addition, the ERC-free allowance is based on the amount initially borrowed rather than the outstanding balance.

For customers who might want to move to a smaller property in future, downsize protection is included from five years onwards. Alongside this, inheritance protection is available on our Lifestyle range for those who want to ensure their financial legacy for loved ones is secure.

These features can be helpful for any customers looking at their financial options in later life, but particularly for women who may face additional challenges, including being more likely to end up living alone at an older age. The flexibility we've built into our Lifetime Mortgage ranges allows them to make the very most of the present while remaining confident in their financial plans and security in the future.

Visit our [website](#) to find out more about LV= Lifetime Mortgages.

### Sources:

Pension and Lifetime Savings Association – [Picture Your Future Retirement Living Standards](#)

Now: Pensions, 7 February 2024 – [The 2024 gender pensions gap report](#)

Office for National Statistics – [Gender pay gap in the UK: 2023](#)

Professional Paraplanner – [Child-rearing £183k impact on women's pensions](#)

Women's budget group – [Gender wealth gap soars to 42% by age 64 with staggering 177% disparity in shares and severe long-term economic impact on women, warns Women's Budget Group](#)

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