

Chapter 4: Single mothers



Single mothers have the highest rate of employment yet tend to earn the least

Single parents are often faced with the impossible decision of either working or caring for their children, a choice that, for many, comes with huge long-term financial consequences. The combination of higher levels of part-time work, lower levels of pay and greater demands on their income as the sole earner in their household means they're likely to find it difficult to save adequately for retirement.

Of 1.8 million single parent households across the UK, 90% are headed by women. Because of the prevalence of single mother households, our report will focus on this group as the sample of men was too small to be statistically significant.

Single mothers face huge barriers to saving, resulting in private pension savings less than a quarter of the UK average. They reach retirement age with private pension wealth of £18,300, almost one-third less (32%) of the average woman's pension savings (£57,500) and only 9% of the average man's (£203,200). This is 23% less than the UK average of £80,690.

Part-time work limits their earning potential

Despite having employment rates of 76% (higher than the population average of 75%), many single mothers struggle to work full-time hours so may not contribute to a workplace pension.

While 22% of the total working population are part-time employees, that rate is almost double for single mothers (43%). That's nearly three times the number of single fathers who work similar hours (15%).

In addition, single mothers in part-time work earn on average just £6,922 annually, compared to the women's UK average of £9,976 for women working part-time. At these income levels, women in these groups are unlikely to be auto-enrolled into a workplace pension.

Auto-enrolment is short-changing single mothers

More women would qualify for automatic enrolment if second jobs were included in the assessment. Auto-enrolment eligibility is assessed on a 'per job' basis, and anyone with several part-time jobs is assessed on their earnings for each job.

As a result, of the 13.4 million employed women in the UK, 3 million (23%) don't meet the qualifying criteria for auto-enrolment, compared to 12% of men. This number rises to 31% of single mothers. Many single women are therefore essentially locked out of auto-enrolment and miss out on vital employer contributions.

If auto-enrolment contributions started from the first £1 of earnings, this would increase the number of employed single mothers who are eligible by 9.3% – bringing an additional 300,000 single mothers into workplace pensions.

Home ownership remains low

Only 26% of single mothers own their homes, compared to the UK baseline (65%). This means they're less likely to be able to save for a deposit and their lower than average household income makes it more difficult to secure a mortgage. This has significant consequences for their future financial health.

31%

of single mothers do not qualify for automatic enrolment



Case study:

Kelly Glazer, 41 from London, lives with her four-year-old daughter. In the nine months she was pregnant, she had to stop her pension contribution to make ends meet.



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Having a child is like having a second mortgage. Where others may be able to do overtime to help top up wages, that's not an option we all have as we have to consider childcare. As a society I don't think we're very well educated about pensions and what they can do for our futures. So raising awareness is absolutely crucial.

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Expert opinion:

Joe Richardson, Research and Policy Officer at Gingerbread, the charity for single parent families, says:

Gingerbread
Single parents, equal families

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Single parents face near-insurmountable barriers in securing work that pays the bills and allows for a decent standard of living. This new research shows that for many of them chronic low income will persist well into retirement. Single parents are unable to 'shift parent' like couples can, meaning they require external childcare support for every hour of work they do. High childcare costs mean many will only be able to work part-time and/or in insecure roles – two key determinants of low pay. Low pay, matched with the costs of raising children, makes poverty and debt the norm, while savings and pension pots become a pipedream.

Covid-19 has truly thrown oil onto the fire. Childcare options have been gutted during the pandemic – perhaps the biggest gap in the government's response. With next to no childcare available, single parents are being forced to choose between going into work and leaving young children without supervision or staying at home and losing their job – a sure-fire route into unemployment. It is for this reason that, on average, single parents are around 50% more likely to be out of work than other family types throughout the pandemic. Urgent support is needed for the UK's 1.8 million single parent families facing this dilemma. Without this, these families will face a generation of mass unemployment, poverty and debt.

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Policy proposals to close the gap



1. Removal of the £10,000 trigger would get 300,000 single mothers into auto-enrolment.



2. Pension contributions from the first £1 would increase pension wealth by 52%.