



FIVE FINANCIAL CONSIDERATIONS FOR FEMALE LAWYERS

WESLEYAN

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INTRODUCTION

The gender pay gap has been the subject of much discussion recently. At the start of 2018, several of the BBCs leading male presenters agreed to a reduction in salary following revelations of unequal pay. This followed concerning statistics released by many of the UKs leading employers regarding their own gender pay gaps:

"Ladbrokes, EasyJet and Virgin Money are among the major companies to reveal gender pay gaps of more than 15% in favour of men for mean hourly pay"

But what does the gender pay gap look like within the UK legal profession, and is this the only issue that female lawyers face when it comes to good financial health?

In this eGuide we explore five essential financial planning considerations for female lawyers:

- 1** THE EXTENT OF THE GENDER PAY GAP IN THE LEGAL PROFESSION
- 2** WHY FEWER FEMALE LAWYERS HOLD SENIOR POSITIONS
- 3** THE HIDDEN COSTS OF A CAREER BREAK
- 4** THE IMPORTANCE OF MAKING TIME FOR FINANCIAL PLANNING
- 5** FINDING TRUSTWORTHY FINANCIAL ADVICE

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THE EXTENT OF THE GENDER PAY GAP IN THE LEGAL PROFESSION

According to the Office of National Statistics, in 2017 full-time female legal professionals in the UK earned 17% less than their male colleagues. For part-time female legal professionals, the pay gap stood at 8%.

Government is working to understand the full extent of the gap and from 5 April 2018, private sector organisations in England, Wales, and Scotland are required to publish their statistics on gender and pay (31 March 2018 for public sector bodies). But this will only apply to those with 250¹ or more employees. There are six key metrics that will need to be included:

1. Mean gender pay gap
2. Median gender pay gap
3. Mean bonus gender pay gap
4. Median bonus gender pay gap
5. Proportion of males and females receiving a bonus payment
6. Proportion of males and females in each quartile band (ACAS, January 2017)

Above and beyond the amount of disposable income available to women each month, the implication of the pay gap on longer term finances can be significant. For example, a woman who is paid less will have less income to pay for valuable protection cover to help meet her monthly outgoings if she is unable to work due to illness. Yet research suggests this is of great importance to women:

“The research showed that substantially more women mention family when talking about finance, including children, parents and spouses/partners, and it is top of mind for them.”

(Kantar, 2017)



However, almost half of the UK's working women don't have protection in place, despite 51% being the family breadwinner – and only 10% of women have a protection policy provided as a benefit by their employer (thisismoney.co.uk, April 2017).

This is particularly concerning for female lawyers because according to Health and Safety Executive statistics on work-related stress, depression or anxiety (covering 2014/2015 to 2016/17):

- ▶ the legal profession is the third most stressful in the UK
- ▶ women were found to have experienced more stress than men.

There are other significant ways that women's longer term finances are being impacted by the pay gap too, for example:

- ▶ a woman's pension contributions, and those made by her employer, will be affected as these are likely to be a percentage of her monthly salary. Over time, this could substantially reduce the amount of income she receives in retirement
- ▶ salary will also be taken into account when mortgage lenders are assessing what borrowers can afford. Unequal pay will therefore affect the amount a woman is able to invest in property over her lifetime.

¹ “A wider definition of who counts as an employee is used here (from the Equality Act 2010). This means that workers are included, as well as some self-employed people. Agency workers are included, but counted by the agency providing them.”
(ACAS, 2018)

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WHY FEWER FEMALE LAWYERS HOLD SENIOR POSITIONS

Promotion to senior positions, and increased salary go hand in hand. So it's concerning that although there are more female lawyers in the UK the proportion of female partners is below 20% within the top 50 firms:

"Firms continue to recruit a greater proportion of female trainees than male but this proportion falls steeply at partner level where the female proportion is 18% in Top 10 firms and 19% in Top 11-25 firms."
(Time for change: PwC Law Firms' Survey, 2017)

"Although women generally outnumber men in law schools, and have done so for a decade or more, men still outnumber women in senior positions."
(International Bar Association, December 2017)

So what are the reasons behind this concerning trend?

PwC research revealed that returning to work after taking a career break is a significant factor (Women Returners, 2016). They estimated that 2 million women in the UK were economically inactive due to caring commitments. When a woman attempts to re-enter the workforce, having a gap in her career history is viewed negatively by potential recruiters who assume her skills will have deteriorated over this period.

Many women who take time out also want to return into a position offering flexible or part-time working. Within highly-skilled positions, the opportunities for such flexibility still appear to be few and far between. 19% of women in law cite flexible working as a most valued workplace benefit. (Douglas Scott, 2017 Salary and Benefits Benchmark)

As a result of limited opportunities for flexible working, many female returners settle for positions at a lower grade than they previously held:

"Meet Anisha, a lawyer working in London"

"I had a successful career as a solicitor at a City law firm before taking time out to care for my elderly mother. Getting a part-time job in the sector after my three-year career break in the sector has been really challenging. I've had to settle for an in-house role for which I am overqualified!"
(Women Returners, PwC, 2016)



65% of female legal professionals surveyed said that they had Partner, Manager, or Business Leader aspirations (compared to 78% of male legal professionals). Amongst the reasons cited for avoiding Partnership or leadership roles were:

- ▶ work-life balance
- ▶ additional stress/responsibilities
- ▶ lack of flexible working opportunities.

(Douglas Scott, 2017 Salary and Benefits Benchmark)

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THE HIDDEN COSTS OF A CAREER BREAK

“There are 427,000 women in the UK with professional/managerial backgrounds who have taken long caring-related career breaks and who intend to return to the workforce (PwC, 2016). Within the UK Women Returners Professional Network of over 2,500 women looking to return to work, law is the second largest sector after banking.”

(The Law Society Gazette, July 2017)

Taking a career break doesn't just affect a woman's immediate finances. If she's not working, she's not paying into a workplace pension – which will reduce the amount she receives in retirement. Her entitlement to the flat-rate State Pension may also be affected as only those with 35 years qualifying National Insurance Contributions (NICs) will be entitled to the full amount (£8,546.20 in the 2018/19 tax year). Women need to know whether they qualify so they can make accurate calculations about their retirement income. If appropriate, they may be able to apply for credits or make voluntary contributions to fill any gaps in their NICs record.



“A report by consultancy Mercer estimates that women in the UK can receive almost 40% less [pension] than men, said to be one of the worst ratios in Europe.”

(Kantar, 2017)

Mortgages are another area of a woman's longer term finances that can be affected by reduced income due to a career break or reduced working hours. Potential lenders are duty bound to consider, amongst other factors, not only an applicant's income but also her ability to meet monthly repayments. If she's earning less this could affect the amount she's able to borrow.



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THE IMPORTANCE OF MAKING TIME FOR FINANCIAL PLANNING

Juggling a professional career and a busy home life means that women feel they have less time to plan for their financial future effectively:

“...almost a quarter agree that they don’t have time to plan for the future...”

...40% of women are worried about running out of money in retirement, while on average the retirement savings for men is three times greater than that of women.”

(Kantar, 2017)

This is of particular significance for full-time lawyers, who work an average of 42 hours per week.

(Douglas Scott, 2017 Salary and Benefits Benchmarker)

“Legal professionals in the South and Eastern regions work an average of 41 hours a week. In-House lawyers, Corporate and Commercial Solicitors and Private Client Solicitors specialising in Family or Wills and Probate matters, are in the office the longest averaging an extra 7 hours on top of the standard working week”

(Douglas Scott, 2017 Salary and Benefits Benchmarker)



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FINDING TRUSTWORTHY FINANCIAL ADVICE

The importance of finding and building a relationship with a trusted financial advisor shouldn’t be underestimated. Lack of rapport with male financial advisors is preventing some women from fully exploring their investment options²:

“This has huge repercussions...a striking two-thirds of women would not consider moving their money out of cash and less than one in ten are actively thinking of doing so.”

(Kantar, 2017)



Keeping savings in cash is often considered low risk - but low risk doesn’t mean ‘no risk’. The risk lies in inflation, which in August 2018 stood at 2.4% (Office of National Statistics). £10,000 in a bank account with 0% interest (assuming a long-term inflation rate of 1%), would be worth:

- ▶ £9,900 in 1 years time
- ▶ £9,509.90 in 5 years time
- ▶ £9,043.82 in 10 years time.

So if a woman isn’t exploring putting her money into savings or investments where the interest rate outstrips inflation, her fund could potentially reduce in real terms – further intensifying the impact of the gender pay gap on her overall financial health.

Remember, the value of investments and any income can go down as well as up and you may get back less than you invest.

² Whilst the number of female advisors across the industry has declined in the past two years from 17.9% to 13.9% (professionaladviser.com, 2018) the numbers at Wesleyan have increased from 22% (at the start of 2017) to 25% (at the start of 2018).

HOW WESLEYAN CAN HELP TO MAXIMISE WOMEN'S FINANCIAL HEALTH

We put the individual at the heart of our advice

At Wesleyan, our Financial Consultants are specially trained to understand lawyers' pay, benefits, and career paths. We believe this is essential in being able to provide suitable advice and ongoing support. It's one of the reasons why we're endorsed by The Law Society of England and Wales.

We work with our clients to understand their unique circumstances, map out their individual goals, and put plans in place to help make them achievable. But don't just take our word for it – here's what some of our female customers have said about the support we've provided them with:

"Jason is brilliant. Having had substantial changes in my life over the last few years and being in a new position, I needed a financial consultant who understood my needs thoroughly. I need not have worried. Jason has helped me tremendously and I cannot recommend him highly enough."

(T. Thorp, Legal Advisor, 2017)

Prioritising protection for loved ones

We understand that providing for children, parents, and partners is front of mind when women are considering their finances. Wesleyan Financial Consultants will help clients to assess any workplace benefits* they have in place (such as critical illness cover or life assurance), and identify any potential gaps in provision of cover.

Minimising the financial impact of a career break

For those that have taken, or who are considering, a career break, it may be beneficial to sit down and discuss the potential implications on longer term finances such as pensions and mortgages.

For example, we may be able to help identify gaps in National Insurance Contributions that may affect a woman's entitlement to the full, flat-rate State Pension, and advise on how she may be able to close them, if appropriate.

Should a re-mortgage be needed during a career break, we can liaise directly with potential lenders to help them understand what our clients can really afford to borrow. We have access to thousands of mortgage deals and will act as the single point of contact throughout the application process. This could prevent women who come to the end of their current fixed deal from reverting to their lenders standard variable rate (which tends to be more expensive).

Reducing the impact of inflation

It's sensible to keep some savings in cash for a rainy day, and we can help our clients to:

- ▶ understand how much they might need to keep in cash
- ▶ assess the risk of inflation on additional cash savings
- ▶ explore alternative options for investments that suit their personal appetite for risk.

Making time to plan for the future

We understand that time is precious, which is why we meet our clients at a time and location that's convenient for them.

We can even help with that all important 'me-time' - anybody meeting a Financial Consultant for a no-obligation financial review will be able to enjoy a **free overnight stay, for two people, in a selected hotel in the UK or Ireland****.

Arrange an appointment quoting 1000732



financialreview@wesleyan.co.uk



0800 294 9052

(Lines are open 8am-8pm, Monday-Thursday - 8am-5pm Friday).

*Please note that we cannot provide advice to employers in respect of auto-enrolment or qualifying workplace pensions.

**This offer is open to those who have not had a review with a Wesleyan Financial Consultant in the past 12 months and [terms and conditions apply](#).

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We are all about you.

Since we were founded over 175 years ago, we have cherished our mutual status. It's an integral part of who we are and with no shareholders, our focus is on members and customers. We work to benefit those who invest in our business. Not only today, but also in the future.

It's why 'we are all about you'.

A guide to the many ways in which the Wesleyan Group of companies can help you to plan, prioritise and secure your financial future.

For you



Savings & Investments



Mortgages



Retirement Planning



Insurance



Life & Income Protection

For your business



Finance & Funding



Personal Protection



Equipment Insurance



Premises Insurance

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