

PRESS RELEASE

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Female Graduates Losing As Much As £80,000 in Pension Wealth Due to Broken Student Loan System

A woman who graduates today and earns an average salary will lose more than £80,000 in potential retirement wealth because of the student loan repayment system, according to a new white paper from MoneyShe, *Breaking the Graduate Trap*.

Women account for 57% of university students in England, yet the student loan system was designed without any gender impact assessment. The paper finds that the 9% income-contingent repayment is not gender-neutral in practice: women earn less, work part-time more often, and take career breaks for caring - meaning they repay for longer, accumulate more interest, and sacrifice pension contributions during the years when compound growth matters most. The paper calls the system “a pipeline that compounds pensioner poverty for women 30 years from now.”

“The student loans scandal is appalling, but what has been overlooked is the very specific impact on women and how it contributes to the gender pension gap,” said Gina Miller. *“This isn’t just a financial penalty. Money shapes life choices from starting a business to having children; these repayments are quietly constraining women’s options for decades.”*

The research highlights the opportunity cost of repayments during prime saving years. The 9 per cent deduction operates alongside income tax and National Insurance during women’s 20s, 30s, and 40s, decades when early pension contributions have the greatest compounding impact. Modelling suggests that a woman investing £150 per month from age 25 could accumulate around £183,000 by retirement but delaying that investment by ten years due to loan repayments reduces the total to roughly £100,000.

Women already retire with approximately 40 per cent less private pension wealth than men, and student loan repayments are a structural contributor to that disparity. In practice, for a middle-earning teacher on £32,000, monthly repayments of £35 can leave the loan balance growing from £46,000 at graduation to £52,000, while pension contributions remain minimal beyond auto-enrolment. Over time, the opportunity cost of this diverted income compounds, resulting in thousands of pounds of lost wealth by retirement.

“The pension gap doesn’t start at retirement, it starts at graduation,” Miller added. *“A 25-year-old woman paying 9 per cent of her income to a loan she may never repay is a 25-year-old woman who*

could otherwise be investing in a pension, building an ISA, or accumulating wealth to give her future choices and security. We are effectively robbing young women twice: first through the loan, then through the pension gap it creates.”

The paper illustrates the human cost through case studies. A 28-year-old primary school teacher earning £32,000 pays £35 per month in student loan repayments, yet her balance has grown from £46,000 to £52,000 since graduation. She has made no pension contributions beyond auto-enrolment. Had those deductions gone into a pension instead, she could have accumulated an additional £80,000 by retirement.

The issue is further magnified by the current cost-of-living environment. A graduate earning £45,000 faces income tax, National Insurance, and a 9 per cent student loan deduction. For returners to the workforce, particularly mothers managing childcare costs, marginal effective deduction rates can exceed 50 per cent. The cumulative effect is not merely higher repayment totals but constrained capital formation during the years when asset accumulation would otherwise be most productive.

The paper calls on the government to reverse the Plan 2 threshold freeze, cap lifetime repayments at 1.2 times the original debt, recalibrate interest rates to CPI rather than the discredited RPI measure, reduce the Plan 5 repayment period from 40 to 30 years, and require a gender impact assessment of any future changes to repayment terms. It also proposes replacing the pension triple lock with sustainable earnings-linked uprating - releasing savings of up to £6.2 billion per year that could fund the transition to lower or abolished tuition fees.

With the Plan 2 repayment threshold due to freeze again in April 2027, and International Women’s Day once again drawing attention to the gender pay and pension gaps, the paper argues that reform is both urgent and overdue. The student loan system, designed without any gender impact assessment, has become one of the most significant, and least visible drivers of women’s financial inequality in Britain.

The full paper is available www.moneyshe.com/research-policy-papers/

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NOTES TO EDITORS

About MoneyShe

MoneyShe is an investment platform dedicated to empowering women to take control of their financial futures. Founded by Gina Miller, MoneyShe offers discretionary investment portfolios alongside practical financial literacy resources. MoneyShe was created to address the stark gender investment and pension gaps.

Why MoneyShe is publishing this paper

MoneyShe exists to close the gender investment and pension gap. This paper demonstrates that the student loan system is a root cause of that gap - not merely a symptom.

By extracting 9% of women's income during their most financially critical years, the system undermines every effort to encourage women to save, invest, and build independence and security through long-term wealth.

Reform of student loans is therefore inseparable from MoneyShe's core mission: genuine financial independence for women.

The White Paper

'Breaking the Graduate Trap: A Fairer Deal Between Students, Workers and Pensioners' is published by MoneyShe on 11 March 2026.

Key statistics cited:

- £53,000: Average debt for 2024 English graduates (Student Loans Company, 2025)
- £74,000: Total repayments expected from the highest-earning half of Plan 2 graduates
- £267bn: Outstanding student loan debt in England (House of Commons Library, 2026)
- £20,100: Extra lifetime repayments for 2022 vs 2023 starters (IFS, 2026)
- 51%: Combined marginal tax rate for graduates earning above £50,270
- 32%: Proportion of Plan 2 borrowers expected to repay in full
- 40%: Women's pension gap vs men (Women's Budget Group, 2024)
- 57%: Women as proportion of university students
- £15.5bn/year: Additional cost of triple lock vs earnings indexation by 2029/30 (OBR)
- 5 million: Estimated historical overpayments (MoneySavingExpert FOI data)

From graduation to retirement - the system fails women at every stage:

- Women retire with roughly 40% less pension wealth than men¹. The student loan system makes this worse
- A woman earning £32,000 as a teacher pays £35/month in student loan repayments, yet her balance has grown from £46,000 to £52,000 since graduation. She has made no pension contributions beyond auto-enrolment.

If those student loan deductions had gone into a pension instead, she could have accumulated an additional £80,000+ by retirement. By the time her loan is written off at age 51, that compound growth opportunity is permanently lost - and she joins the next generation of women retiring into poverty

- Women are more likely to take career breaks for caring. During those breaks, repayments pause, but interest does not. Balances grow while earnings stop. **A system actively penalising motherhood**

- A woman returning to work after maternity leave on £45,000 faces a combined marginal rate of 51%: income tax, National Insurance, student loan, plus childcare costs. Working overtime or seeking promotion adds just 49p per extra £1 earned
 - 57% of university students are women, yet the system was designed without any gender impact assessment
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