

Work and childcare - lessons in flexibility

With many of us still working from home, those of us with children are having to find ongoing solutions for childcare.

While the added duties of looking after younger children on top of work responsibilities may be stressful, our experiences now may reveal new choices in childcare that may also have positive financial implications as things return to 'normal'.



Sharing the care

As we find ourselves working from home, many fathers who work full-time have had the opportunity to be more involved in the day-to-day care of their children. This is particularly true for those whose partners also work and families find the balance between work and home responsibilities.

Traditionally, when it comes to childcare, Fidelity's research¹ shows that it is generally women who adjust their working life after starting a family. Women are more likely to take a career break to start a family and shared parental leave remains under-used.

Our recent circumstances may have brought a fresh perspective for many families and parents might be taking another look at how they work and share childcare responsibilities. Many may want to find a different way and be considering using flexible working options to share the care.

Reconsidering the financial cost

For many, the monthly cost of childcare is bigger than their grocery bill and transport costs and second only to their housing costs. For some families the cost of childcare even eclipses the monthly mortgage payment.

¹ Fidelity International surveyed 2,000 UK adults, with an equal gender split, on their views around money and their finances. All respondents had over £1k worth of investible assets. Research was carried out by Opinium Research in February 2020.

While reviewing current working and childcare arrangements, parents may look at options to reduce those hefty bills. One way might be to adopt a more shared approach and rely less on providers like childminders, nannies and nurseries.

For some, there may be no choice - recent events mean that some private nurseries are under threat, which could mean fewer and fewer childcare places available. Less availability tends to mean higher prices too.

Minding the (pensions) gap

There are long-term costs of childcare too. Often, it's Mum giving up her career or choosing to reduce her working hours. This impacts earnings and affects how much is being saved each month in workplace pension contributions.

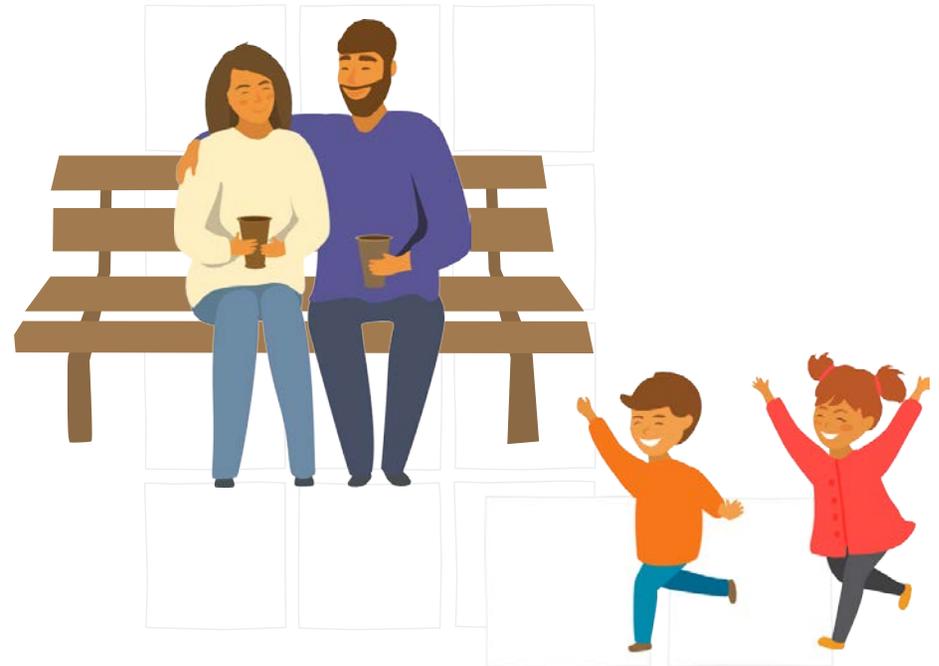
In this situation, the long-term costs carry into retirement. Figures from the Pensions Policy Institute (PPI) show there are 50% more women than men heading towards retirement without any private pension savings. Those women who do have private pension savings in retirement, only have one third that of what men have saved. To put this into numbers: by retirement, women would have accrued approximately £51,000 in pension savings, in comparison men would have saved around £157,000², creating a pensions gap.

Adapting for the future

The recent business closures and working from home have demonstrated to parents that it may be possible to adopt a more flexible approach. For some families, this greater flexibility in the way we work may raise the possibility for childcare to be shared.

When that happens, men can be more involved in the care of their children - an opportunity that may have been missed without flexibility in working patterns. And women can start to build their earning potential and increase their pension contributions to close the gap, something that may have been missed due to taking the role of primary care giver.

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² PPI Report: Understanding the Gender Pension Gap, July 2019.