# "The socio-economic impact of pension systems on the respective situations of women and men and the effects of recent trends in pension reforms"

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## Acronyms

| | |
|---|---|
| EEA/EFTA | European Economic Area/European Free Trade Association |
| ECJ | European court of Justice |
| DC | Defined contribution |
| NDC | Notional defined contribution |
| OMC | Open Method of coordination |
| PAYG | Pay as you go |

## Country abbreviations

| | | | |
|---|---|---|---|
| AT | Austria | LI | Liechtenstein |
| BE | Belgium | LT | Lithuania |
| BG | Bulgaria | LU | Luxembourg |
| CY | Cyprus | LV | Latvia |
| CZ | Czech Republic | FYROM | Former Yugoslav Republic of Macedonia |
| DE | Germany | MT | Malta |
| DK | Denmark | NL | Netherlands |
| EE | Estonia | NO | Norway |
| EL | Greece | PL | Poland |
| ES | Spain | PT | Portugal |
| FI | Finland | RO | Romania |
| FR | France | SE | Sweden |
| HR | Croatia | SI | Slovenia |
| HU | Hungary | SK | Slovakia |
| IE | Ireland | TR | Turkey |
| IS | Iceland | UK | United Kingdom |
| IT | Italy | | |

# EXECUTIVE SUMMARY

The purpose of the study is to enhance our understanding of the socio-economic impact of pension systems on the respective situation of women and men. The goal is to present a picture of what takes place within the 27 Member States, the three EEA/EFTA countries and the three candidate countries (Croatia, Former Yugoslav Republic of Macedonia and Turkey). The information considered in this report was provided mainly by the national experts of the EGGSI network of experts in gender equality, social inclusion, healthcare and long-term care[1], supplemented by a wide-ranging review of the literature and comparative data available.

The study analyses contributory and assistance (non contributory) old-age pensions, focusing on the situation of women and men (both EU and non-EU nationals), and taking into account the challenges resulting from demographic change in terms of adequacy and gender equality, as well as the gender impact of recent pension reforms. Focusing on gender inequalities, the study places pension adequacy at the centre of discussion.

## Gender differences in demographic and labour market trends affecting pension income

Increasing demographic pressures and socio-economic changes have forced since the 1990s European countries to reform their pension systems in order to improve their sustainability in the long run, with significant effects on their capacity to contain poverty risks in old age and reduce gender and inter-generational inequalities.

The main factors affecting pension systems can be summed up as follows: a. *the demographic challenge,* as, on the one hand, the first cohorts of baby boomers have started retiring, while on the other hand Europe's working-age population is shrinking due to declining fertility rates. Moreover, as life expectancy increases, future generations will have progressively more years to live through in retirement on average; b. *the changing structure of labour markets,* with the increasing share of part-time and flexible employment and inadequate pension rights portability, often resulting in *short and insufficient period of contributions,* affecting women in particular; c. *societal change* with increasing differences in household patterns, such as single or cohabiting households, and growing divorce or family separation rates, posing further challenges to pension systems based on family or derived rights.

These factors entail heavy consequences on the sustainability of pension systems, on the one hand, and on the adequacy of pension income on the other, affecting women in particular as the gender differences observed in life expectancy, in employment and in household patterns, imply

[1] EGGSI is the European Commission's network of 33 national experts (EU-27, EEA and the candidate countries of Croatia, FYROM and Turkey) in the fields of gender equality and social inclusion, health and long-term care issues. The network is coordinated by the Istituto Ricerca Sociale and Fondazione Giacomo Brodolini, and undertakes an annual programme of policy-oriented research and reports to DG Justice.

that women are likely to have lower pension entitlements than men in old age and that different categories and generations of women are affected in different ways.

- *Poverty concerns older women more than older men*

Income from pensions is the major source of income for women in old age, but the pensions women receive are lower than the men's. The main causes for the pension gender gap, according to the literature, are that women earn less than men on average, work more often in part-time jobs and atypical contracts. More frequently than men, moreover, they tend to work in the informal labour market, have interrupted working careers and retire earlier. All these conditions have an impact on their lifetime earnings, influencing the duration and level of contributions to their pension records and the type of pension schemes they have access to. As a consequence, income levels for elderly women across Europe are significantly lower than for the rest of the population: despite the long-term improvement in contribution-based pensions and the existing old-age allowances, in most countries ageing women continue to experience higher poverty risks than their male counterparts, especially when over the age of 75.

- *The increasing challenges posed by migration trends on pension systems*

Another demographic aspect to be taken into consideration is migration trends, as labour migration is the main source of population growth in the European Union. The challenges it poses in host countries are increasing, as migrant men and women present lower employment rates, greater proportion in insecure jobs and the informal economy, exposing migrant workers to more serious risks of social exclusion and poverty than the resident population, and this is reflected in pension entitlements.

The issue of social protection for migrant workers is particularly relevant both for men and for women, but for women the situation is even worse than that of men as undocumented but also legal migrant women are more exposed than men to working in the informal sector of the host country. The choice of many migrants to go back home after reaching pensionable age represents an additional challenge to the European countries pension systems, involving the issue of the pension portability rights – an issue which has not yet received adequate attention on the part of policymakers in European countries.

## Main trends in pension reforms

Since the nineties, increasing demographic pressures have forced reform trends in all the countries considered to improve the long run sustainability of pension systems. The 2008 financial and economic crisis and reduced growth prospects have brought additional pressures to bear on the European pension systems and have highlighted some of the risks embedded in the previous pension reforms, as benefits are more closely related to the evolution of the economic and financial situation.

To improve the financial sustainability of pensions systems, all the countries considered, to a greater or lesser extent, are converging towards: *multi-pillar pension systems*, where a shrinking Pay-as-you-go (PAYG)[2] public pillar is supplemented with statutory and/or occupational and individual pillars operating on a funded basis and privately managed; a *strengthening of the contributory principles*, implying a stricter link between contributions paid and benefits received; the *raising and equalisation of retirement age* between men and women and the reduction of early-retirement provisions; and *changes in benefit indexation and life expectancy adjustment mechanisms*. The negative effects of these reforms on average pension replacement rates have, in many countries, been offset by measures *extending the coverage of minimum pensions* and supporting pension *entitlements for low earners or individuals with interrupted careers*. Overall, these reform trends have weakened the principle of pension as a "continuing wage" based on the wage of the last working years and favoured a principle of pension as a "deferred income" based on contributions made during the whole career to the public scheme and to occupational and individual private schemes. As a consequence, low-wage and precarious workers, and individuals with interrupted employment careers (mainly women with caring roles) are often only eligible for minimum pensions, even when they have contributed to the system for many years.

## Gender effects of pension reforms

The main aspects of the pension systems in the 33 countries considered are usually deemed gender-neutral, since most rules are the same for men and women. The gender neutrality of the rules results, however, in pension systems that reproduce (or even reinforce) existing gender inequalities in the labour market and in the division of social roles within households, producing gender differences in pension income. These negative effects for women are often (at least partially) offset with care pension credits, minimum pensions and unisex tariffs, as well as derived pension rights in case of marriage or divorce and for survivors. In order to assess the gender impact of pension schemes it is thus necessary to consider all these different features and the way they combine together.

The EU legislation and policies against gender discrimination and on social security coordination have proved important policy instruments for the improvement of gender equality in Member States' pension systems. Besides the TFEU (Article 157), which prohibits discrimination in respect of pay between females and males, three Gender Equality Directives have had a significant impact on pension schemes: Directive 79/7/EEC[3], which implements the principle of equal treatment between men and women in social security relating in particular to

[2] Pay-as-you-go (PAYG ): where current workers' contributions are used to fund the pension payments of retired people.
[3] Council Directive 79/7/EEC of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security (OJ L 6, 10.01.1979)

*statutory pensions*; Directive 2006/54/EC[4] on employment and occupation, covering *occupational pension schemes*; and Directive 2004/113/EC[5] covering *individual pension* products. Furthermore, in recent years the European Court of Justice case law[6] on unisex tariffs and gender differences in retirement age have been particularly important in reducing gender differences in occupational and individual pension schemes, including pensions schemes for civil servants.

According to many European and national studies, the recent trends in pension reforms, and especially the tightening of linkage between benefits and lifetime contributions and the shift to diversified multi-pillar schemes, have slowed down the narrowing of gender gaps in pension benefits. On average in the EU27 the aggregate replacement ratio is lower for women than for men (49% vs. 53% in 2007) and gender differences in the at-risk-of-poverty rates in old age are even greater reaching in 2008 20.1% for women and 14.9% for men in the EU27 average, due to women's lower pension entitlements and expected longer lives relative to men.

Some specific features of pension reforms are more likely to affect gender differences in pension access and income:

- The closer *link between contribution and benefits* deriving from the move from defined benefits to defined contribution schemes and the introduction of actuarial insurance principles. Overall, in the long run these changes could stimulate greater participation by women in the regular labour market and reduce incentives to retire early, but they could also penalise women more than men given their caring roles and the persistence of gender discrimination in the labour market, if not accompanied by labour market and social policies supporting continuous employment even in older age and reconciliation between family and market work.
- *Equalisation and increase in retirement age*. Almost all the Member States have already equalised the statutory retirement age and after 2020 only three Member States (Bulgaria, Poland and Romania) will still have differences between men and women in this respect. The *equalisation of retirement ages* is however a controversial issue. Arguments against the increase in retirement age for women are based on the assertion that women take care of unpaid family work, both for children and increasingly for the elderly, and should be compensated for this by earlier access to the pension system. In favour are those who hold that

[4] Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast - OJ L 204 of 26.07.2006). It notably repeals Directive 86/378/EC (amended by Directive 96/97/EC) on occupational social security schemes (OJ L 225, 12.08.1986).

[5] Council Directive 2004/113/EC of 13 December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services (OJ L 373 of 21.12.2004).

[6] Judgment of the Court (Fourth Chamber) of 13 November 2008 - Commission of the European Communities v Italian Republic (Case C-46/07) (Failure of Member State to fulfill its obligations - Article 141 EC - Social Policy - Equal pay for male and female workers - Concept of 'pay' - Officials' retirement scheme) and Judgment of the Court (Third Chamber) of 26 March 2009 — Commission of the European Communities v Hellenic Republic (Case C-559/07) ( 1 ) (Failure of a Member State to fulfill obligations — Social policy — Article 141 EC — Equal pay for male and female workers — National civil and military pension regime — Different treatment with regard to retirement age and minimum required service — Justification — Absence). European Court of Justice Case C-236/09, Association Belge des Consommateurs Test-Achants ASBL ond Others v. Conseil des ministres, Judgment of 1 March 2011.

equalising men's and women's statutory retirement age reduces the financial incentives for families to have women stay at home, besides conveying a message of gender equality; furthermore, postponing retirement would contribute to the adequacy of women's pension entitlements in old age, improve the long-run sustainability of pension systems and stimulate increases in the labour supply of women. For these effects to occur it is, however, necessary for appropriate employment policies and care services to be provided, otherwise the higher retirement age will only result in later access to the pension system and lower pension payments for women than for men. To compensate women, at least in part, for the increase in their statutory retirement age, in some countries coverage of pension care credits has been extended. *Flexible retirement age and part-time pensions* have also been introduced in some countries and appear particularly relevant in reducing gender differences in income in old age.

- The move to *multi-pillar systems* could increase gender gaps in pension income, due to gender differences in access to occupational and individual schemes, the use of sex-differentiated tariffs and the (lack of) provisions for non-contributory periods and for survivors in non-statutory schemes. The recent European Court of Justice Test-Achats ruling[7], establishing that sex cannot be used for permanent differentiation in insurance premiums including pensions, will change the provision of private insurance schemes as from 21 December 2012. Vesting conditions are also relevant for atypical workers frequently changing jobs (a category in which women are over-represented), as they may have difficulties in meeting the minimum conditions within the same occupational fund and transferring their position from one occupational fund to another.
- *Public minimum pension schemes* not related to former employment are particularly relevant for the adequacy of pension systems in supporting old-age income, as they provide a safety net for low earners or those with no or limited employment histories, among whom women are overrepresented. In a gender perspective, the *residence-based minimum pensions* of the Nordic countries appear the more favourable to women, as they are not based on the individual employment history. With these schemes the risk of reducing incentives to work in the regular economy is however high, even if the countries with residence based minimum pensions do not show this disincentive effect applying. The level of minimum benefits is also a relevant feature, being crucial to prevent poverty in old age, as is the benefits indexation system.
- *Pension credits for care activities* constitute a recognition of unpaid work and reduce gender differences in pension income, as it is women that usually provide care services within households. They are granted as a compensation for income loss due to care periods or are credited as pensionable years. In recent years, as the emphasis on pension adequacy has increased, many countries have taken better account of care-credits, at least in statutory

[7] European Court of Justice Case C-236/09, Association Belge des Consommateurs Test-Achants ASBL ond Others v. Conseil des ministres, Judgment of 1 March 2011.

schemes. *Child care credits* exist in the statutory pension schemes of all the countries analysed, except Turkey. In occupational schemes child care credits are not very common, even if in some countries with privately managed mandatory funded schemes the state provides for payment of contributions to these schemes during child care. *Other forms of care credits* (for the elderly, the disabled or severely ill family members) are less widespread and have been introduced only very recently. The potential negative effects of care credits on women's labour market participation depend largely on the design of care credits: the negative effects are stronger when care credits are only available for women, and gender stereotypes in the division of care and market work are thus strengthened. ECJ rulings, such as the Griesmar ruling, and the 2010 EC Parental Leave Directive (2010/18/EU)[8], support a more gender-neutral approach to care leaves and credits. The possibility to combine care leave and credits with part-time employment is another way to reduce the potential negative effects on women's labour market participation and lifelong earnings.

The gender effects of pension reforms on *different generations* are considered in the report, as some measures can have an immediate impact on today's elderly women and men, while some will have an effect only on the younger generations, introducing *(dis)incentive effects into women's labour market participation decisions,* which is usually more sensible to changes in pension reforms than men's.

The current economic situation of *women who have already retired or are near retirement* age is significantly affected by the generosity of entitlements related to minimum pensions and derived pension rights. Indeed, in some countries these schemes are so generous that older women enjoy higher pension replacement rates than the men's.

As regards the *younger generations*, unless appropriate policies supporting the employment and earnings levels of women are put in place, recent reform trends may result in increasing gender inequalities in pension income. For the younger generations the design of means-tested minimum pensions and derived pension rights, as well as the pension credits for non contributory periods (such as care credits) has significant implications: when these benefits are based on the family's rather than their own income, employment interruptions are encouraged, while the individualisation of pension rights incentivises labour market participation.

## The vulnerability of specific groups least covered by pension schemes

Some groups of people are not adequately covered by the current social security system. The groups of future pensioners more commonly subject to lower levels of social protection are migrants and ethnic minorities, inactive women (such as housewives or women involved in care activities) and workers on atypical contracts (such as part time, temporary or self employed

[8] Council Directive 2010/18/EU of 8 March 2010 implementing the revised Framework Agreement on parental leave concluded by BUSINESSEUROPE, UEAPME, CEEP and ETUC and repealing Directive 96/34/EC http://www.koda.ee/public/vanampuhkuste_dir..pdf

workers, not to mention those working in the informal economy), or involved in particular sectors (such as agriculture). In some countries widows and lone women can also be counted among those in fragile positions within the pension system.

- *The fragile situation of migrant workers and ethnic minorities*

*Immigrants* are often more exposed to employment in insecure jobs or even in undeclared work, jobs of lower quality or jobs for which they are over-qualified. Migrant workers, both men and women, often have short professional biographies, sometimes in different countries, which influence their pensionable rights.

Migrant women in particular are more likely than immigrant males and native women to be employed in undeclared work in households as caregivers or maids, with insecure and low wages, no access to social benefits, long working hours and bad working conditions. In this framework migrant women are particularly at risk of not meeting the minimum qualifying requirements for old age benefits. These issues are generally treated in the current debate considering the male perspective as the main reference, even though female specificities are present with all the characteristics evidenced for native female workers.

- *The situation of atypical workers*

In several European countries workers involved in the informal sectors and more in general in atypical jobs normally have fewer rights in terms of pension provisions, which grant them a smaller pension income when they retire. Among the reasons for the gender wage and pension gap there is the over-representation of women in the less valued occupations and sectors, their difficulties in career advancement and the diffusion of part-time and temporary jobs. The impacting of all these factors, singly or conjointly, on women's incomes means a reduced level of contributions to pension schemes and consequently reduced pension income after retirement.

While women work more frequently than men on atypical contractual forms in particular as far as *part time* is concerned (31.4% against 7.8%)[9], *self-employment* is, on the contrary, much more frequently a male working pattern as it includes the liberal professions; in the cases of small or family businesses, women are more often partners of the officially self-employed (as assisting spouses or assimilated), with no specific support, even in case of maternity. The 2010 Directive 2010/41/EU of the European Parliament on application of the principle of equal treatment between men and women engaged in activities in a self-employed capacity[10] considerably improves the protection of female self-employed workers and assisting spouses or life partners of self-employed workers, also in the case of maternity: they are granted a

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[9] Data on temporary contracts and part time refers to % of total employed population aged 16-64 years old. Source: Eurostat data - LFS

[10] Directive 2010/41/EU of the European Parliament and of the Council of 7 July 2010 on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity and repealing Council Directive 86/613/EEC, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:180:0001:0006:EN:PDF

maternity allowance and a leave of at least 14 weeks. By improving the social protection available to women in the labour market, it is expected that it will increase the share of women becoming entrepreneurs, even though from the opposite viewpoint it may be seen as overregulation of micro-businesses. EU Member States now have to implement the Directive into their national laws by 5 August 2012, or, if the delay is justified, by 5 August 2014.

Among the self-employed many social security systems pay particular attention to the protection of *farmers*, the organisation of whose social security differs across Europe. In those countries with general or universal systems, farmers may be incorporated in a general system for self-employed people or in a more general system for all (working) people. In categorical systems, instead, specific "farmers" schemes are in place, as in Germany, France, Italy, Austria, Spain, Poland and Greece.

- *Inactive individuals and derived pension rights: the case of lone women and men and survivors*

Derived rights are particularly important for women and men without an employment history. Most of the countries considered offer protection for widows (and widowers, even though this is a residual category due to the much higher life expectancy of women and the predominance in several EU countries of the male breadwinner model) and, to a lesser extent, divorcees, through contributory or non-contributory benefits. Entitlements are usually calculated as a percentage of the insured worker's rights, but the high poverty rate of older women living alone suggests that survivors' pension schemes or pension benefits for divorcees are not entirely successful in providing old-age income security for this group.

The most important provision in this respect is the *survivor benefit*, which exists in almost all the countries considered in the study. Given that women's life expectancy is longer than men's (for EU27 w: 82.4, m: 76.4 years)[11] and that husbands are often older than their spouses, recipients of survivor pensions are mainly women, as it is possible to see in table 4.2 in chapter 4. Survivor pensions are, however, somewhat controversial, as they represent a redistribution in favour of one-career couples: single men and women and two-earner couples subsidize one-career families. In addition, they often fail to protect single or divorced elderly women and incentivise women to stay at home or work in the informal economy.

As an increasing number of women work and earn their own pension entitlements, derived pension rights may become less important for the future. However, adequate pensions will require full-time work over the whole career. In countries where women work mostly part-time and experience longer career interruptions due to caring for children or elderly relatives, pensions based on own contributions may prove quite low.

Whether poverty prevention for this group is best addressed by benefits from derived rights or by the general old-age safety net will depend on the degree of full-time female labour force

[11] Data refers to the life expectancy at birth in 2008. Source: Eurostat data on health.

participation and the evolution in the poverty of older women living alone relative that of the overall older population.

## Policy recommendations

Recent pension reforms have improved the sustainability of public pension schemes, but at the cost of reduced replacement rates, growing individual risks and increasing complexity in pension systems. The 2008 financial and economic crisis has highlighted and aggravated some of the risks associated with the previous pension reforms in terms of both sustainability and adequacy. For these reasons the current debate on pensions calls for a holistic approach, integrating pension reform with appropriate labour market and social policies and considering sustainability and adequacy as “two sides of the same coin”. Some perspectives that should be considered in this respect are:

- The balance of transfers between different generations and the changing nature of labour markets and of family structures should be considered with a view to improving the capacity to adapt to these changes without reducing pension coverage and fairness in pension entitlements between women and men and between generations.
- Rather than focusing only on average earners with full careers, when simulating the effects of pension reforms it is necessary to consider men and women with different wage levels and employment patterns.
- Pension coverage for atypical and part-time employment should be addressed, together with an easing of the portability of pension rights to facilitate job changes and labour mobility with provisions regulating the transferral of pension rights across different pension schemes and the periods of unemployment.
- The increasing role of occupational and individual voluntary pensions schemes calls for more stringent regulation of pension funds on risk sharing and some form of protection against insolvency, to prevent the risks associated with financial crises from being disproportionally borne by individuals.

As for *gender equality*, the analysis presented in the report pinpoints certain features of pension systems which appear to be supportive of gender equality and also able to combine sustainability with adequacy aims. The three most significant ones are:

- *Further strengthening the redistributive elements in the public pension schemes*, with attention to the poverty alleviation function of pensions through minimum residence based income guarantees, set at or above the national poverty thresholds and indexed on wage increases. In statutory pension schemes the adoption of *flexible retirement provisions and the possibility to combine pension and part-time work* would also help reduce gender inequalities, besides allowing for greater individual choice.

- As the role of occupational and individual supplementary pensions is bound to increase, it is necessary to *reduce gender inequalities in access to these schemes*; furthermore, minimum *provisions should be introduced offsetting gender inequalities* in pension benefits; finally, provisions regulating the *transferral of workers' positions from one occupational fund to another* should be improved.

- *Adequate credits for non contributory periods*, in particular *care credits*, fully replacing full-time employment-based contributions, should be promoted in all types of schemes and be extended to the self-employed, inactive and unemployed. To reduce gender inequalities pension care credits should not only target women but also men, they should be also available for the care of other dependents, besides children, and should allow employment during care periods, to top up pension entitlements based on employment.

Other important provisions to reduce gender inequalities are:

- *Revision of the regulation of derived rights* to adapt to changing family patterns and to reduce the disincentives for married women to participate in the labour market by adopting individual rather than family related pension entitlements.

- *Improvement of EU and national statistics on pensions*, streamlining *sex-disaggregated data and indicators*, and support for the monitoring and evaluation of the gender effects of pension systems.

Pensions policies alone cannot, however, reduce gender differences in pension income, as they largely reflect gender gaps in the labour market, with women tending to have lower wages than men and interrupted employment histories, and in the home, with men taking little part in household and care activities.

To reduce gender gaps in pension income it is thus necessary to: implement *active labour market policies, care services and reconciliation policies between work and private life* to support women's continuous labour participation and employment careers in the formal labour market; adopt anti-discrimination policies to eliminate gender pay-gaps and support employment in old age; encourage men to increase their role in the household with appropriate paternity and parental leave policies and awareness-raising measures.

Overall there is the need to *mainstream gender equality in pension policymaking*, taking into account the gender equality implications of pension reforms, with special attention paid to their impact on women and men with low incomes, incomplete or fragmented employment careers and family constraints. This would not only reduce gender inequalities in pension schemes, but would also improve the adequacy of pension systems for all

# RÉSUMÉ

La présente étude a pour objet de parfaire notre compréhension de l'impact socio-économique des systèmes de retraite sur la situation des femmes et des hommes. L'objectif est de fournir un cadre général de la situation dans les 27 États membres, les trois pays EEE/AELE et les trois pays candidats (Croatie, ex-République yougoslave de Macédoine, Turquie). Les données examinées ont été principalement fournies par le réseau d'experts EGGSI (qui étudie les questions d'égalité de genre, d'inclusion sociale, de soins de santé et de soins de longue durée)[12], avec en complément un large panorama de la littérature et des données comparatives existantes.

L'étude, qui porte sur les pensions de vieillesse contributives et non contributives (d'assistance sociale), analyse la situation des femmes et des hommes (ressortissants UE et hors UE) et considère les défis des changements démographiques sous l'angle de l'adéquation et de l'égalité de genre, ainsi que l'impact selon le genre des récentes réformes des retraites. En s'intéressant aux inégalités de genre, l'étude place l'adéquation des systèmes de retraite au centre des débats.

## Les différences hommes-femmes perceptibles dans les tendances démographiques et sur le marché du travail, et leurs effets sur les revenus de retraite

Depuis les années 1990, les pressions démographiques croissantes et les transformations socio-économiques ont amené les Etats européens à réformer leurs systèmes de retraite pour améliorer leur pérennité, avec un impact considérable sur leur capacité à limiter les risques de pauvreté à un âge avancé et à réduire les inégalités entre hommes et femmes et entre générations.

Les principaux éléments affectant les systèmes de retraite sont : a. *le défi démographique ;* la génération du baby-boom a commencé à partir s en retraite tandis que la population européenne en âge de travailler s'amenuise du fait de la baisse du taux de fertilité. De surcroît, avec l'augmentation de l'espérance de vie, les générations futures auront en moyenne de plus en plus de temps à la retraite ; b. *la transformation des marchés du travail*, avec une part croissante d'emplois flexibles et à temps partiel et un caractère inadapté de la portabilité des droits à la retraite, qui entraînent souvent des *périodes de cotisation courtes et insuffisantes*, dont sont en particulier victime les femmes ; c. *des changements sociétaux* avec des différences croissantes dans la structure des ménages, comme des ménages composés de célibataires ou de couples en concubinage, ou des taux croissants de divorce ou de séparation, avec les défis que cela suppose dans le cas de systèmes de retraite basés sur la famille ou sur les droits dérivés.

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[12] Le réseau EGGSI de la Commission européenne est constitué de 33 experts nationaux (l'UE-27, pays EEE, pays candidats Croatie, Macédoine et Turquie) travaillant sur les questions d'égalité de genre et d'inclusion sociale, de santé et de soins de longue durée. Le réseau, coordonné par l'Istituto Ricerca Sociale et la Fondazione Giacomo Brodolini, réalise un programme annuel de recherche sur les politiques actuelles et rédige des rapports pour le compte de la Direction Générale « Emploi, Affaires sociales et Égalité des chances ».

Ces facteurs sont lourds de conséquences sur la pérennité des systèmes de retraite et sur l'adéquation des revenus de retraite. Ces conséquences affectent en particulier les femmes, les différences de genre relevées en matière d'espérance de vie, d'emploi et de structure familiale impliquant que les femmes d'un âge avancé, en comparaison de leurs homologues masculins, risquent davantage de disposer de faibles droits à la retraite, et que des effets différents se font ressentir sur différentes catégories et générations de femmes.

- *La pauvreté touche plus les femmes âgées que les hommes âgés*

Les allocations de retraite sont la principale source de revenus des femmes d'un âge avancé, mais les prestations que perçoivent les femmes sont plus faibles que celles des hommes. Selon les travaux existants, ces différences s'expliquent par le fait que le salaire des femmes est en moyenne moins élevé que celui des hommes, qu'elles travaillent plus souvent à temps partiel et sous des formes contractuelles atypiques. De surcroît, elles sont plus fréquemment engagées sur le marché du travail informel, connaissent des interruptions d'activité et partent à la retraite plus tôt. Toutes ces conditions ont une incidence sur les rémunérations qu'elles perçoivent pendant leur vie active, et se répercutent sur la durée et le niveau des cotisations de retraite et sur le régime de retraite auquel elles ont accès. En Europe, par conséquent, les niveaux de revenu des femmes d'un âge avancé sont beaucoup plus faibles que pour le reste de la population : malgré l'amélioration à long terme des systèmes de retraite contributifs et l'existence d'allocations vieillesse, les femmes âgées sont toujours exposées dans de nombreux pays à un risque de pauvreté plus élevé que les hommes dans la même situation, notamment passé 75 ans.

- *Les défis grandissants des mouvements migratoires pour les systèmes de retraite*

Les mouvements migratoires sont un autre aspect à prendre en considération, les migrations de travailleurs étant la principale source de croissance démographique dans l'Union européenne. Les pays hôtes font face à des défis grandissants, les femmes et les hommes immigrés présentant des taux d'emploi plus faibles, une proportion plus élevée d'emplois précaires et une plus grande participation à l'économie informelle, qui exposent les travailleurs immigrés à des risques d'exclusion sociale et de pauvreté plus élevés que pour la population résidente. C'est un phénomène que reflètent d'ailleurs les droits à la retraite.

La question de la protection sociale des travailleurs immigrés se pose tant pour les hommes que pour les femmes. Les femmes en situation illégale sont cependant encore moins bien loties que les hommes, tandis que les femmes immigrées disposant d'un statut légal sont plus susceptibles que les hommes de travailler dans le secteur informel du pays hôte. Le choix de nombreux immigrés de rentrer chez eux une fois l'âge de la retraite atteint est un défi de plus pour les systèmes de retraite des pays européens. Ce défi tient à la portabilité des droits à la retraite, question à laquelle les responsables politiques des pays européens n'ont pas encore accordé une attention suffisante.

## Principales tendances des réformes des systèmes de retraite

Depuis les années 1990, l'évolution de la démographie européenne a entraîné des réformes dans tous les pays considérés, pour améliorer la pérennité des systèmes de retraite. La crise économique et financière de 2008 et les prévisions de croissance réduite ont fait peser une pression supplémentaire sur les systèmes de retraite européens. Elles ont aussi mis en évidence quelques-uns des risques liés aux précédentes réformes des retraites, avec des droits encore davantage liés à l'évolution de la situation économique et financière.
Pour améliorer la pérennité financière des systèmes de retraite, tous les pays examinés, dans une plus ou moins grande mesure, s'orientent vers : *des systèmes de retraite à piliers multiples*, avec des régimes publics par répartition[13] complétés par des systèmes individuels privés et/ou professionnels financés par capitalisation ; *un renforcement des principes contributifs*, donc du lien entre cotisations et prestations ; *un recul et une uniformisation de l'âge de départ en retraite* des hommes et des femmes et une réduction des dispositions de départ anticipé à la retraite ; *des modifications du mode d'indexation des prestations et des mécanismes d'ajustement de l'espérance de vie*. Dans de nombreux pays, les effets négatifs de ces réformes sur les taux de remplacement moyens des retraites ont été compensés par des mesures *qui étendent la protection de base offerte par les retraites et favorisent les droits à la retraite pour les personnes à faible revenu ou ayant connu des périodes d'interruption d'emploi.* Globalement, ces réformes ont affaibli le principe du revenu de retraite permanent basé sur le salaire des dernières années travaillées, favorisant plutôt un principe de revenu de retraite différé basé sur les cotisations versées tout au long de la vie active dans le cadre du régime public et des régimes individuels privés et professionnels. Par conséquent, les travailleurs précaires, les personnes à faibles revenus et celles dont la carrière a été marquée par des périodes d'interruption (surtout les femmes pourvoyeuses de soins) n'ont souvent accès qu'aux retraites de base, y-compris lorsque leurs cotisations couvrent de nombreuses années.

## L'impact des réformes des retraites selon le genre

Dans les 33 pays examinés, on considère souvent que les principaux aspects des systèmes de retraite ne sont pas liés au genre, la plupart des règlementations étant identiques pour les hommes et les femmes. Cette neutralité de la règlementation aboutit cependant à des systèmes de retraite reproduisant (voire renforçant) les inégalités de genre visibles sur le marché du travail et dans la répartition des rôles sociaux au sein des ménages, avec des revenus de retraite qui diffèrent selon le genre. Ces effets négatifs pour les femmes sont souvent (du moins en partie) compensés par des bonifications pour soins, un accès à la retraite de base et des tarifs unisexe, ainsi que par des droits dérivés à la retraite en cas de mariage ou de divorce et par des prestations de survivant. Pour évaluer l'impact des régimes de retraite selon le genre, il convient donc d'examiner tous ces aspects et la façon dont ils interagissent.

La législation et les politiques européennes contre la discrimination fondée sur le sexe et concernant la coordination des systèmes de sécurité sociale se sont révélé d'importants outils politiques pour améliorer l'égalité de genre dans les systèmes de retraite des États membres. En plus du TFUE (article 157) qui pose le principe de l'interdiction de toute discrimination en matière de rémunération entre les femmes et les hommes, trois directives portant sur l'égalité de genre ont eu d'importantes répercussions sur les régimes de retraite : la Directive 79/7/CEE[14], qui introduit le principe de l'égalité de traitement entre hommes et femmes en matière de sécurité sociale, en lien notamment avec les *régimes obligatoires* ; la Directive 2006/54/CE[15] en matière d'emploi et de travail, qui porte sur les *régimes professionnels de retraite* ; la Directive 2004/113/CE[16] sur les *systèmes de retraite individuels*. Par ailleurs, lors des dernières années, la jurisprudence de la Cour de justice de l'Union européenne[17] en matière de tarifs unisexe et de différences d'âge de départ en retraite des hommes et des femmes a permis de réduire les différences de genre dans les régimes individuels et professionnels de retraite, y compris dans les régimes de la fonction publique.

Selon de nombreuses études européennes et nationales, les récentes tendances des réformes des retraites, en particulier le renforcement du lien entre les prestations et les cotisations versées tout au long de la vie et le passage à des régimes diversifiés à piliers multiples, ont freiné l'atténuation des différences entre hommes et femmes en matière de prestations de retraite. En moyenne, dans l'UE-27, le taux de remplacement agrégé des femmes est plus faible que celui des hommes (49 % contre 53 % en 2007) et les différences de genre concernant le risque de pauvreté à un âge avancé sont plus élevées en 2008 avec un taux de 20,1 % pour les femmes et 14,9 % pour les hommes si l'on considère la moyenne de l'UE-27, du fait des plus faibles droits des femmes à la retraite et d'une espérance de vie supérieure à celle des hommes.

Certains aspects spécifiques des réformes des retraites peuvent avoir une incidence sur les différences de genre en matière d'accès à la retraite et de niveau des prestations :

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[13] Régime par répartition : les cotisations des travailleurs servent à financer les pensions des retraités.

[14] Directive 79/7/CEE du Conseil du 19 décembre 1978 relative à la mise en œuvre progressive du principe de l'égalité de traitement entre hommes et femmes en matière de sécurité sociale (JO L 6, 10/01/1979).

[15] Directive 2006/54/CE du Parlement européen et du Conseil du 5 juillet 2006 relative à la mise en œuvre du principe de l'égalité des chances et de l'égalité de traitement entre hommes et femmes en matière d'emploi et de travail (refonte - JO L 204 du 26/07/2006). Elle abroge tout particulièrement la Directive 86/378/CE (modifiée par la Directive 96/97/CE) concernant les régimes professionnels de sécurité sociale (JO L 225, 12/08/1986).

[16] Directive 2004/113/CE du Conseil du 13 décembre 2004 mettant en œuvre le principe de l'égalité de traitement entre hommes et femmes dans l'accès à des biens et services et la fourniture de biens et services (JO L 373 du 21/12/2004).

[17] Jugement de la Cour (quatrième chambre) du 13 novembre 2008 – Commission des Communautés européennes contre République italienne (Affaire C-46/07) (Manquement d'État – Article 141 CE – Politique sociale – Égalité de rémunération entre travailleurs masculins et féminins – Notion de « rémunération » – Régime de retraite des fonctionnaires) et Jugement de la Cour (troisième chambre) du 26 mars 2009 – Commission des Communautés européennes contre République hellénique (Affaire C-559/07) (1) (Manquement d'État – Politique sociale – Article 141 CE — Égalité de rémunération entre travailleurs masculins et féminins – Régime national des pensions civiles et militaires de retraite – Différence de traitement en matière d'âge de départ à la retraite et de service minimum requis – Justification – Absence). Affaire C-236/09 de la Cour de justice de l'Union européenne, Association Belge des Consommateurs Test-Achats ASBL et al. contre Conseil des ministres, Jugement du 1er mars 2011.

- Le renforcement du *lien entre cotisations et prestations* du fait du passage de régimes à prestations définies à des régimes à cotisations définies, et du fait de l'introduction de principes d'assurance actuariels. Globalement, ces changements pourraient à la longue favoriser la participation des femmes au marché du travail légal et réduire les dispositions de départ à la retraite anticipé. Néanmoins, si l'on considère le rôle de pourvoyeuses de soins des femmes et la persistance de discriminations fondées sur le sexe, ces changements sont susceptibles de pénaliser davantage les femmes que les hommes s'ils ne sont pas accompagnés de mesures en matière sociale et d'emploi favorisant la continuité de l'emploi même à un âge avancé et la conciliation entre travail et vie de famille.

- *L'uniformisation et le recul de l'âge de départ en retraite.* Presque tous les États membres ont déjà uniformisé les âges légaux de départ en retraite. Après 2020, ces différences entre hommes et femmes ne persisteront que dans trois États membres (Bulgarie, Pologne, Roumanie). *L'uniformisation de l'âge de départ en retraite* n'en reste pas moins un sujet sensible. Les arguments contre le recul de l'âge de départ en retraite des femmes consistent à dire que, puisque les femmes prennent en charge le travail familial non rémunéré (pour les enfants et, de plus en plus, pour les personnes âgées), elles devraient recevoir une compensation sous la forme d'un accès précoce à la retraite. Les arguments en faveur de son recul, qui véhiculent un discours d'égalité de genre, soutiennent que l'uniformisation de l'âge de départ en retraite des hommes et des femmes réduit les prestations financières incitant les femmes à rester à la maison. De plus, le recul de l'âge de départ en retraite permettrait de renforcer l'adéquation des droits à la retraite des femmes d'un âge avancé, d'améliorer la pérennité des systèmes de retraite et d'encourager l'entrée des femmes sur le marché du travail. Pour ce faire, des stratégies adaptées en matière d'emploi et des services de soins adéquats doivent être introduits. Dans le cas contraire, le recul de l'âge du départ en retraite aura pour seule conséquence de retarder l'accès au système de retraite et de diminuer le montant des prestations destinées aux femmes. Pour compenser, du moins en partie, le recul de l'âge légal de départ en retraite des femmes, certains pays ont choisi d'étendre la couverture des bonifications pour soins. *La flexibilité de l'âge de départ en retraite* et *la retraite à temps partiel,* introduites dans certains pays, se révèlent particulièrement adaptées pour réduire les différences de revenu entre les hommes et les femmes d'un âge avancé.

- Le passage à des *systèmes à piliers multiples* pourrait creuser les écarts de revenus de retraite des hommes et des femmes, du fait de différences de genre dans l'accès aux régimes professionnels et individuels, de tarifs différenciés selon le sexe et (du manque) de dispositions pour les périodes non contributives et pour les survivants dans les régimes non obligatoires. En établissant qu'un traitement différent selon le sexe ne peut être utilisé dans les primes d'assurance, y compris en matière de retraites, le récent arrêt « Test-Achats » de la Cour de justice de l'Union européenne[18] est appelé à changer le cadre des régimes d'assurance privée à partir du 21 décembre 2012. Les conditions d'acquisition des droits revêtent une grande importance pour les travailleurs atypiques qui changent fréquemment d'activité professionnelle (une catégorie dans laquelle les femmes sont sur-représentées), dans la mesure où il pourrait leur être difficile de remplir les critères minimum de la même caisse professionnelle et de transférer leurs droits d'une caisse professionnelle à une autre.

- *Les régimes publics de retraite de base* sans lien avec un emploi précédent favorisent l'adéquation des systèmes de retraite et, en contribuant à assurer un revenu aux personnes d'un âge avancé, constituent un filet de sécurité pour les personnes à faible revenu, aux antécédents professionnels limités ou inexistants, parmi lesquelles les femmes sont surreprésentées. Du point de vue de l'égalité femmes-hommes, les retraites de base fondées sur le critère de la résidence en vigueur dans les pays nordiques semblent les plus favorables aux femmes, puisque ce système de retraite ne repose pas sur les antécédents professionnels. Avec ces régimes, le risque d'un effet dissuasif vis-à-vis de l'emploi légal est cependant élevé, même si les pays disposant de retraites de base fondées sur le critère de la résidence ne le laissent pas apparaître. Autre aspect important, le niveau des prestations de base est fondamental pour lutter contre la pauvreté à un âge avancé, comme dans le système d'indexation des prestations.

- *Les bonifications pour soins* sont une reconnaissance du travail non rémunéré et réduisent les différences des revenus de retraite des hommes et des femmes, dans la mesure où les femmes assument habituellement les soins dans le ménage. Ces droits compensent la perte de revenu liée aux périodes de soins ou sont crédités en tant qu'annuités ouvrant droit à la retraite. Lors des dernières années, tandis que l'adéquation des retraites a pris une importance croissante, de nombreux pays ont mieux pris en considération les périodes d'interruption de carrière consacrées à la famille, du moins dans les régimes obligatoires. *Les bonifications pour enfants* sont reconnues dans les régimes obligatoires de retraite de tous les pays examinés, à l'exception de la Turquie. Les bonifications pour enfants ne sont pas très répandues dans les régimes professionnels, même si, dans certains pays disposant de régimes obligatoires par capitalisation gérés par le secteur privé, l'état assume le paiement des cotisations pendant les périodes de soins aux enfants. *D'autres formes de bonifications pour soins* (aux personnes âgées ou handicapées, ou à des proches gravement malades), introduites très récemment, sont moins répandues. Les effets négatifs potentiels des bonifications pour soins sur l'emploi des femmes dépendent dans une large mesure de la façon dont ces bonifications ont été conçues : les effets négatifs se font ressentir plus fortement lorsque seules les femmes ont accès à ces bonifications, les stéréotypes de genre dans la répartition des activités de soin et sur le marché du travail s'en trouvant alors renforcés. Les arrêts de la CJUE, comme l'arrêt Griesmar et la

[18] Affaire C-236/09 de la Cour de justice de l'Union européenne, Association Belge des Consommateurs Test-Achats ASBL et al. contre Conseil des ministres, Jugement du 1er mars 2011.

Directive de 2010 sur le congé parental (2010/18/UE)[19] introduisent une plus grande neutralité par rapport au genre en matière de congés et de bonifications pour soins. La possibilité d'associer congés pour soins et bonifications pour soins à un emploi à temps partiel est une autre façon d'atténuer les effets négatifs potentiels sur l'emploi des femmes et sur les revenus gagnés tout au long de la vie active.

Le rapport examine l'impact des réformes des retraites sur *différentes générations* d'hommes et de femmes. Certaines mesures peuvent avoir des répercussions immédiates sur les femmes et les hommes actuellement d'un âge avancé, quand d'autres mesures n'affecteront que les jeunes générations, introduisant des *effets dissuasifs sur le choix des femmes de participer au marché du travail*, elles qui sont habituellement plus sensibles aux réformes des retraites que ne le sont les hommes.

La situation économique actuelle des *femmes à la retraite ou proches de l'âge de départ en retraite* est largement affectée par la générosité des prestations de retraite de base et des droits dérivés à la retraite. Dans certains pays, ces régimes sont si généreux que le taux de remplacement des femmes âgées est plus élevé que celui des hommes.

Concernant les *jeunes générations*, à moins que ne soient mises en place des stratégies adaptées en matière d'emploi et de niveau de rémunération des femmes, les orientations des dernières réformes pourraient entraîner une augmentation des différences de revenus de retraite des hommes et des femmes. Pour les jeunes générations, les modes d'élaboration des droits dérivés à la retraite et des retraites de base en lien avec les conditions de ressources, ainsi que les droits à la retraite pour les périodes non contributives (les bonifications pour soins, par exemple), ont des implications importantes : lorsque ces prestations sont basées sur le revenu familial plutôt que sur le revenu individuel, les interruptions d'activité professionnelle sont encouragées, alors que l'individualisation des droits à la retraite favorise la participation au marché du travail.

### La vulnérabilité des groupes spécifiques les moins bien couverts par les régimes de retraite

Certains groupes de personnes ne sont pas couverts de manière adaptée par le système actuel de sécurité sociale. Les groupes de futurs retraités les plus souvent soumis à de faibles niveaux de protection sociale sont les immigrés et les minorités ethniques, les femmes inactives (les femmes au foyer ou celles impliquées dans des activités de soin, par exemple) et les travailleurs avec des contrats atypiques (travail à temps partiel ou temporaire, travail indépendant, pour ne pas citer le travail dans l'économie informelle) ou impliqués dans des secteurs particuliers

[19] Directive 2010/18/UE du Conseil du 8 mars 2010 portant application de l'accord-cadre révisé sur le congé parental conclu par BUSINESSEUROPE, l'UEAPME, le CEEP et la CES, et abrogeant la Directive 96/34/CE http://www.koda.ee/public/vanampuhkuste_dir..pdf

(comme l'agriculture). Dans certains pays, les veuves et les femmes seules peuvent aussi être comptabilisées parmi les personnes vulnérables dans le système de retraite.

- *La vulnérabilité des travailleurs immigrés et des minorités ethniques*

*Les immigrés* sont souvent plus exposés au travail précaire, voire au travail non déclaré, à des emplois de faible qualité ou pour lesquels ils sont surqualifiés. Chez les travailleurs immigrés, tant les hommes que les femmes ont souvent des cursus professionnels courts, avec parfois un parcours sur différents pays, qui ne sont pas sans conséquence sur leurs droits à la retraite.

Les femmes immigrées, en particulier, ont plus de risque que leurs homologues masculins et que les femmes autochtones d'avoir un emploi non déclaré de pourvoyeuses de soins ou d'aides ménagères dans d'autres foyers, avec des rémunérations faibles et précaires, un accès inexistant aux prestations sociales, de longues journées et de mauvaises conditions de travail. Dans un tel contexte, les femmes immigréessont particulièrement susceptibles de ne pas remplir les critères d'éligibilité minimum aux pensions de vieillesse. Ces questions sont généralement traitées dans le débat actuel. Celui-ci fait de la perspective masculine la référence en la matière, même si des spécificités féminines existent, avec toutes les caractéristiques mises en évidence pour les travailleuses autochtones.

- *La situation des travailleurs atypiques*

Dans plusieurs pays européens, les travailleurs impliqués dans les secteurs informels et, de manière plus générale, dans des emplois atypiques, ont normalement moins de droits à la retraite, ce qui leur vaut un revenu de retraite plus faible lorsqu'ils arrêtent de travailler. Ces différences de rémunération et de montant des retraites entre les hommes et les femmes s'expliquent par la sur-représentation des femmes dans des emplois et des secteurs moins valorisés, par les difficultés qu'elles rencontrent en termes d'avancement professionnel et par la diffusion des emplois à temps partiel et temporaires. L'incidence de ces facteurs sur le revenu des femmes, isolément ou associés les uns aux autres, entraîne des cotisations réduites aux régimes de retraite et, par conséquent, un revenu de retraite réduit.

Alors que les contrats de travail atypiques sont plus fréquents chez les femmes que chez les hommes, en particulier dans le travail à temps partiel (31,4 % contre 7,8 %)[20], le *travail indépendant*, dans lequel rentrent les professions libérales, est une solution plus souvent privilégiée par les hommes. Dans le cas de petites entreprises ou d'entreprises familiales, les femmes sont souvent les partenaires du travailleur indépendant officiellement inscrit (en tant que conjoint aidant ou assimilé) et ne bénéficient pas d'une protection spécifique, même en cas de maternité. La Directive 2010/41/UE du Parlement européen concernant l'application du principe d'égalité de traitement entre les hommes et les femmes exerçant une activité

[20] Les données relatives aux contrats de travail temporaire et à temps partiel se réfèrent à % de la population active totale âgée de 16 à 64 ans. Source : données Eurostat - LFS.

indépendante[21] améliore sensiblement la protection des travailleuses indépendantes et des conjointes aidantes ou des partenaires de vie des travailleurs indépendants, y compris en cas de maternité : une allocation de maternité leur est accordée, ainsi qu'un congé d'au moins 14 semaines. L'amélioration de la protection sociale des femmes sur le marché du travail devrait entraîner une augmentation de la proportion de femmes entrepreneur, même si, d'un point de vue inverse, cela pourrait être perçu comme une règlementation excessive des micro-entreprises. Les États membres doivent mettre cette directive en application dans leurs législations nationales avant le 5 août 2012 ou, en cas de report motivé, avant le 5 août 2014.

Nombre de systèmes de sécurité sociale prêtent une attention particulière à la protection des *agriculteurs*, autre catégorie de travailleurs indépendants dont les régimes de sécurité sociale diffèrent selon les pays. Dans les pays où des systèmes généraux ou universels sont en vigueur, les agriculteurs peuvent faire partie d'un régime général pour travailleurs indépendants ou d'un système, plus général encore, englobant toute la population active. Dans les systèmes par catégorie, en revanche, des régimes spéciaux existent pour les agriculteurs, comme en Allemagne, en France, en Italie, en Autriche, en Espagne, en Pologne et en Grèce.

- *Personnes inactives et droits dérivés à la retraite : le cas des femmes et des hommes seuls et des survivants*

Les droits dérivés revêtent une importance particulière pour les femmes et les hommes sans antécédents professionnels. La plupart des pays examinés offrent une protection aux veuves (et aux veufs, même s'il s'agit d'une catégorie résiduelle du fait de l'espérance de vie nettement supérieure des femmes et de la prédominance dans plusieurs pays de l'UE du modèle du soutien de famille masculin) et, dans une moindre mesure, aux femmes divorcées, à travers des prestations contributives ou non contributives. Les droits sont habituellement calculés en pourcentage des droits du travailleur assuré, mais le taux de pauvreté élevé des femmes âgées vivant seules suggère que les prestations de survivant ou les pensions de retraite pour personne divorcée n'apportent pas une sécurité de revenu absolue aux personnes d'un âge avancé.
À ce titre, la *prestation de survivant*, qui existe dans presque tous les pays faisant partie de l'étude, est la plus significative. Si l'on considère que les femmes ont une espérance de vie plus élevée que les hommes (82,4 ans pour les femmes contre 76,4 ans pour les hommes dans l'UE-27)[22] et que les hommes sont souvent plus âgés que leurs épouses, les femmes sont les principales bénéficiaires des prestations de survivant. Les prestations de survivant sont néanmoins assez controversées étant donné qu'elles constituent une redistribution en faveur de couples où l'un des conjoints exerce une activité professionnelle : les hommes et les femmes

[21] Directive 2010/41/UE du Parlement européen et du Conseil du 7 juillet 2010 concernant l'application du principe de l'égalité de traitement entre hommes et femmes exerçant une activité indépendante, et abrogeant la Directive 86/613/CEE du Conseil,
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:180:0001:0006:EN:PDF

[22] Données relatives à l'espérance de vie à la naissance pour 2008. Source : données Eurostat sur la santé.

célibataires et les couples à deux revenus financent donc les familles à un revenu. De surcroît, elles n'apportent souvent pas de protection aux femmes âgées célibataires ou divorcées et incitent les femmes à rester au foyer ou à travailler dans l'économie informelle.

Étant donné que de plus en plus de femmes travaillent et acquièrent leurs propres droits à la retraite, l'importance des droits dérivés est appelée à diminuer à l'avenir. Il sera néanmoins nécessaire d'avoir une activité à temps plein tout au long de la vie active pour bénéficier de retraites adaptées. Dans les pays où les femmes travaillent surtout à temps partiel et s'éloignent du travail pendant de longues périodes pour s'occuper de leurs enfants ou de parents âgés, les retraites basées sur leurs propres cotisations pourraient être d'un niveau assez faible.

Selon le niveau d'emploi à temps plein des femmes et l'évolution de la pauvreté des femmes âgées vivant seules en rapport de l'ensemble de la population âgée, la lutte contre la pauvreté au sein de ce groupe sera plus efficace avec des prestations issues de droits dérivés ou avec le filet de sécurité général pour les personnes d'un âge avancé.

### Recommandations politiques

Les récentes réformes des retraites ont amélioré la pérennité des régimes publics de retraite, mais le prix payé a consisté en une réduction des taux de remplacement, une augmentation des risques pour les personnes et une complexification des systèmes de retraite. La crise économique et financière de 2008 a mis en évidence et aggravé quelques-uns des risques associés aux précédentes réformes des retraites, en termes de pérennité et d'adéquation. Pour ces raisons, il ressort du débat actuel sur les retraites une nécessité d'introduire une approche holistique intégrant la réforme des retraites à des politiques adaptées en matière sociale et d'emploi et considérant la pérennité et l'adéquation comme les « deux revers d'une même médaille ». À ce titre, il conviendrait de considérer les perspectives suivantes :

- Le solde des transferts entre différentes générations et les transformations des marchés du travail et des structures familiales devraient être examinés en vue d'améliorer la capacité d'adaptation à ces changements, sans réduire ni la protection offerte par les retraites ni l'équité entre hommes et femmes et entre générations en matière de droits à la retraite.

- Plutôt que de se concentrer uniquement sur des revenus moyens et des carrières complètes, il est nécessaire, lors de la simulation des effets des réformes des retraites, de considérer les différents niveaux de rémunération et les différents schémas d'emploi des hommes et des femmes.

- La protection offerte par les retraites en cas d'emplois atypiques et à temps partiel devrait être abordée, de même que la portabilité des droits à la retraite, pour faciliter les changements d'emploi et la mobilité professionnelle, avec des dispositions régissant le transfert des droits dans différents régimes de retraite et dans les périodes de chômage.

- Le rôle grandissant des régimes individuels volontaires requiert une règlementation plus ferme des fonds de retraite en matière de partage des risques et des formes de protection contre l'insolvabilité, pour éviter que les individus ne supportent de manière disproportionnée les risques liés aux crises financières.

Concernant *l'égalité de genre*, l'analyse présentée dans le rapport fait ressortir certains aspects des systèmes de retraite qui semblent favoriser l'égalité de genre et permettre d'allier les objectifs de pérennité et d'adéquation. Trois de ces aspects sont particulièrement représentatifs :

- *Renforcement supplémentaire des éléments de redistribution dans les régimes publics de retraite*, avec un accent mis sur la fonction d'atténuation de la pauvreté des retraites à travers des garanties de revenu minimum basé sur le critère de la résidence, au niveau ou au-dessus des seuils de pauvreté nationaux et indexé sur l'augmentation des salaires. Dans les régimes de retraite légaux, l'adoption de *modalités de retraite flexibles* et *la possibilité d'associer retraite et travail à temps partiel* contribueraient également à réduire les inégalités de genre, en plus d'accroître la liberté de choix.

- Alors que le rôle des retraites individuelles complémentaires est appelé à augmenter, il apparaît nécessaire de *réduire les inégalités de genre dans l'accès à ces régimes*. De plus, des *prestations minimum devraient être introduites pour compenser les inégalités de genre* des prestations de retraite. Enfin, il conviendrait de revoir les modalités régissant le *transfert des droits des travailleurs d'une caisse professionnelle à une autre*.

- *Des droits adaptés pour les périodes non contributives*, en particulier *des bonifications pour soins*, en remplacement des cotisations basées sur l'emploi à temps plein, devraient être favorisés dans tous les types de régimes et être étendus aux travailleurs indépendants, aux personnes inactives et au chômage. Pour réduire les inégalités de genre, les bonifications pour soins devraient pouvoir bénéficier aux femmes mais aussi aux hommes. Elles devraient également être disponibles en cas de soins à d'autres personnes à charge, en plus des enfants, et devraient donner accès à l'emploi pendant les périodes de soins, en complément des droits à la retraite basés sur l'emploi.

Autres dispositions importantes en vue d'une réduction des inégalités de genre :

- *Révision de la règlementation des droits dérivés* pour les adapter aux transformations de la structure familiale et réduire les effets dissuasifs sur l'emploi des femmes, en adoptant des droits à la retraite individuels plutôt que familiaux.

- *Amélioration des statistiques européennes et nationales sur les retraites*, en rationalisant les *données et les indicateurs désagrégés par sexe*, et soutien du suivi et de l'évaluation de l'impact des systèmes de retraite selon le genre.

Les stratégies en matière de retraite ne peuvent à elles seules réduire les différences entre les revenus de retraite des hommes et des femmes, dans la mesure où elles reflètent largement les différences de genre du marché du travail, avec pour les femmes une tendance à de plus bas salaires et à des interruptions de l'activité professionnelle et, pour les hommes, une faible participation aux activités domestiques et de soin.

Pour réduire les différences entre les revenus de retraite des hommes et des femmes, il convient donc : de mettre en œuvre des *politiques actives sur le marché du travail, des stratégies en matière de soins et de conciliation entre travail et vie familiale*, pour favoriser la continuité de l'activité professionnelle et la carrière des femmes ; d'adopter des mesures anti-discriminatoires pour éliminer l'écart de salaire entre hommes et femmes et soutenir l'emploi à un âge avancé ; d'inciter les hommes à accroître leur participation dans le foyer par des stratégies adaptées en matière de paternité et de congé parental et par des mesures de sensibilisation.

Globalement, il apparaît nécessaire d'*intégrer l'égalité de genre dans l'élaboration des politiques de retraite* en prenant en considération les implications des réformes des retraites sur l'égalité de genre et en accordant une attention particulière à leur impact pour les femmes et les hommes avec de faibles revenus, des parcours professionnels incomplets ou entrecoupés et des contraintes familiales. Les inégalités de genre dans les régimes de retraite s'en trouveraient réduites, et l'adéquation des systèmes de retraite pour tous serait améliorée.

# ZUSAMMENFASSUNG

Diese Studie möchte das Verständnis der sozio-ökonomischen Auswirkungen von Rentensystemen auf die Situation von Frauen und Männern verbessern. Ziel ist es aufzuzeigen, was in den 27 Mitgliedstaaten, den drei EWR/EFTA-Ländern und den drei Kandidatenländern (Kroatien, der ehemaligen jugoslawischen Republik Mazedonien und der Türkei) geschieht. Die in diesem Bericht enthaltenen Informationen wurden hauptsächlich von den nationalen Experten des EGGSI Netzwerks zur Geschlechtergleichstellung, sozialen Integration, Gesundheit und Langzeitpflege[23] bereitgestellt, die ergänzt werden von einer umfangreichen Literaturdurchsicht und vorhandenen vergleichenden Daten.

Die Studie analysiert beitragspflichtige und unterstützende (beitragsfreie) Altersrenten in Hinblick auf die Situation von Frauen und Männern (sowohl EU- als auch Nicht-EU-Bürger), unter Berücksichtigung der Herausforderungen des demografischen Wandels in Bezug auf die Angemessenheit und Gleichstellung der Geschlechter sowie den geschlechtsspezifischen Auswirkungen der jüngsten Rentenreformen. Die Studie stellt dabei, unter besonderer Berücksichtigung der Geschlechterunterschiede, die Angemessenheit von Renten in den Mittelpunkt der Diskussion.

## Geschlechtsspezifische Unterschiede in demografischen und arbeitsmarktpolitischen Trends und deren Auswirkungen auf die Renteneinkommen

Seit den 1990er Jahren sahen sich die europäischen Länder aufgrund von Bevölkerungsdruck und zunehmenden sozio-ökonomischen Veränderungen gezwungen, ihre Rentensysteme zu reformieren, um die langfristige Tragfähigkeit zu verbessern; mit erheblichen Auswirkungen auf ihre Fähigkeit, das Risiko von Armut im Alter und die Geschlechter- und Generationsungleichheiten zu reduzieren.

Die wichtigsten Einflussfaktoren auf die Rentensysteme können wie folgt zusammengefasst werden: a. die demografische Herausforderung, da einerseits die ersten Gruppen der geburtenstarken Jahrgänge in den Ruhestand gehen, während andererseits die Bevölkerung Europas im erwerbsfähigen Alter aufgrund der sinkenden Geburtenraten abnimmt. Darüber hinaus werden die zukünftigen Generationen mit der steigenden Lebenserwartung durchschnittlich mehr Jahre im Ruhestand leben; b. die *veränderten Arbeitsmarktstrukturen*, mit zunehmender Teilzeit- und flexibler Beschäftigung und unzureichender Übertragbarkeit der Rentenansprüche, was häufig in zu kurzen und ungenügenden Beitragszeiten resultiert und

[23] EGGSI ist ein Netzwerk der Europäischen Kommission mit 33 nationalen Experten (EU und EEA Länder und den drei Kandidatenländern Kroatien, der ehemaligen jugoslawischen Republik Mazedonien und der Türkei) im Bereich der Geschlechtergleichstellung, sozialen Integration, Gesundheit und Langzeitpflege. Das Netzwerk wird von dem Istituto per la Ricerca Sociale und der Stiftung Giacomo Brodolini, koordiniert und führt jährlich ein Programm zur politisch-orientierten Forschung durch, die an die Generaldirektion Justiz geliefert wird.

insbesondere Frauen betrifft; c. der *gesellschaftliche Wandel*, mit zunehmenden Unterschieden in den Haushaltsmustern, wie Einzel- oder zusammenlebenden Haushalten, und zunehmenden Scheidungs- oder Familientrennungsraten, welche durch die familiären oder abgeleiteten Rechte weitere Herausforderungen an die Rentensysteme stellen.

Diese Faktoren haben auf der einen Seite schwerwiegende Auswirkungen auf die Nachhaltigkeit der Rentensysteme und auf der anderen Seite auf die Angemessenheit der Renteneinkommen. Dies betrifft insbesondere Frauen, da geschlechtsspezifische Unterschiede in der Lebenserwartung, in der Beschäftigung und in den Haushaltsmustern dazu führen, dass ältere Frauen häufiger niedrigere Rentenansprüche haben als Männer und Frauen verschiedener Gruppen und Generationen in unterschiedlicher Weise betroffen sind.

- *Armut betrifft ältere Frauen häufiger als ältere Männer*

Renteneinkommen sind die wichtigste Einnahmequelle für ältere Frauen, aber die Renten die sie erhalten sind niedriger als die der Männer. Die Hauptursachen für die Rentenlücke zwischen den Geschlechtern ist, nach Angaben der Literatur, dass Frauen im Durchschnitt weniger verdienen und häufiger in Teilzeitjobs und atypischen Beschäftigungsverhältnissen arbeiten als Männer. Sie arbeiten auch häufiger im informellen Arbeitsmarkt, haben unterbrochene berufliche Laufbahnen und gehen früher in den Ruhestand. All diese Bedingungen haben einen Einfluss auf ihre lebenslangen Einkommen, beeinflussen die Dauer und die Höhe ihrer Beiträge in die Rentenkonten und die Art der Rentenversicherung, zu der sie Zugang haben. Infolge dessen sind die Einkommensniveaus älterer Frauen überall in Europa deutlich niedriger als für den Rest der Bevölkerung: trotz der langfristigen Verbesserung der beitragsorientierten Rentenversicherungen und den bestehenden Alterszulagen sind in den meisten Ländern ältere Frauen weiterhin mehr von Armutsrisiken betroffen als Männer, vor allem wenn sie über 75 Jahre alt sind.

- *Die zunehmenden Herausforderungen für die Rentensysteme durch Migrationstrends*

Ein weiterer zu berücksichtigender demographischer Aspekt ist der Migrationstrend, da Arbeitsmigration in der Europäischen Union die Hauptursache von Bevölkerungswachstum darstellt. Die damit verbundenen Herausforderungen in den Aufnahmeländern wachsen, da Migranten und Migrantinnen niedrigere Erwerbsquoten und einen höheren Anteil an unsicheren Arbeitsplätzen und in der informellen Wirtschaft aufweisen, die Wanderarbeiter einem höheren Risiko sozialer Ausgrenzung und Armut aussetzt, im Vergleich zur ansässigen Bevölkerung, welches sich in den Rentenansprüchen widerspiegelt.

Die Frage der sozialen Absicherung von Wanderarbeitnehmern ist sowohl für Männer als auch für Frauen besonders relevant, aber für Frauen ist die Situation noch schlechter als für Männer, da nicht-dokumentierte als auch legale Migrantinnen mehr als Männer im informellen Sektor des Gastlandes tätig sind. Die Entscheidung vieler Migranten, nach Erreichen des Rentenalters in ihr Heimatland zurückzukehren, stellt für die Rentensysteme der europäischen Länder eine zusätzliche Herausforderung dar und beinhaltet die Frage der Übertragbarkeit von Rentenansprüchen - ein Thema, welches noch nicht genügend Aufmerksamkeit seitens der Politiker der europäischen Länder erhalten hat.

## Die wichtigsten Trends der Rentenreformen

Seit den neunziger Jahren sind in allen untersuchten Ländern durch den zunehmenden Bevölkerungsdruck Reformen notwendig geworden, um die langfristige Tragfähigkeit der Rentensysteme zu verbessern. Die Finanz- und Wirtschaftskrise von 2008 und die verringerten Wachstumsaussichten haben zusätzlichen Druck auf die europäischen Rentensysteme ausgeübt und einige der Risiken vorangegangener Rentenreformen verdeutlicht, da die Leistungen enger mit der Entwicklung der wirtschaftlichen und ökonomischen Situation verknüpft sind.

Zur Verbesserung der finanziellen Nachhaltigkeit der Rentensysteme nähern sich, mehr oder weniger stark, alle betrachteten Länder an in Richtung von: *Mehrsäulen-Rentensystemen*, bei der die abnehmende Umlagefinanzierung (Umlageverfahren/PAYG) [24] der öffentlichen Säule ergänzt wird von gesetzlichen und/oder betrieblichen sowie den individuellen Säulen, die auf Kapitaldeckungsverfahren basieren und privat geführt werden; einer *Verstärkung der beitragsbezogenen Prinzipien*, die eine strengere Verknüpfung zwischen eingezahlten Beiträgen und erhaltenen Leistungen vorsieht; die *Anhebung und Anpassung des Rentenalters* von Männern und Frauen und die Verringerung von Vorruhestandsregelungen; *Änderungen in der Rentenanpassungsformel und der Indexierung der Leistungen und Anpassungsmechanismen an die Lebenserwartung*. In vielen Ländern wurden die negativen Auswirkungen dieser Reformen auf die durchschnittliche Einkommensersatzquote durch Maßnahmen wie der *Ausweitung der Mindestrente* und der Unterstützung von *Rentenansprüchen für Geringverdiener oder Personen mit unterbrochenen Berufslaufbahnen* entgegengewirkt. Insgesamt haben die Reformtrends das Prinzip der Rente als ein „ständiges Einkommen“, das auf dem Einkommen der letzten Beschäftigungsjahre basiert, geschwächt und unterstützen das Prinzip der Rente als „hinausgeschobenes Einkommen“, welches auf den lebenslangen Beiträgen in die öffentlichen Systeme und in die Betriebs- sowie in die individuellen privaten Alterssicherungssysteme beruht. Infolge dessen sind Niedriglohn- und prekäre Arbeiter, Personen mit unterbrochenen beruflichen Laufbahnen (hauptsächlich Frauen mit Pflegeverpflichtungen) lediglich für Mindestrenten anspruchsberechtigt, auch wenn sie viele Jahre in die Systeme eingezahlt haben.

## Auswirkungen der Rentenreform auf die Geschlechter

Die wichtigsten Aspekte der Rentensysteme in den 33 betrachteten Ländern sind in der Regel geschlechterneutral, da die meisten Regulierungen für Männer und Frauen die selben sind. Die

[24] Umlagefinanzierung (Umlageverfahren): Die aktuellen Beiträge der Arbeitnehmer werden benutzt, um die Rentenzahlungen der Rentner zu finanzieren.

Geschlechterneutralität der Regulierungen führt jedoch dazu, dass in den Rentensystemen die bestehenden Geschlechterungleichheiten auf dem Arbeitsmarkt und in der Aufteilung von sozialen Rollen in Haushalten reproduziert (oder sogar verstärkt) werden, was zu geschlechtsspezifischen Unterschieden in den Renteneinkommen führt. Diese für Frauen negativen Effekte werden oft (oder zumindest teilweise) ausgeglichen durch Rentenpunkte, Mindestrenten und Unisex-Tarife, sowie durch die abgeleiteten Rentenansprüche im Falle einer Heirat oder Scheidung und für die Hinterbliebenen. Um die geschlechtsspezifischen Auswirkungen von Rentensystemen zu beurteilen ist es notwendig, all diese unterschiedlichen Merkmale zu betrachten und wie sie miteinander kombiniert sind.

Die EU-Gesetzgebung und politischen Maßnahmen gegen Diskriminierung aufgrund des Geschlechts und zur Koordinierung der Sozialsicherungssysteme sind wichtige Instrumente zur Verbesserung der Geschlechtergleichstellung in den Rentensystemen der Mitgliedstaaten. Neben dem AEV (Artikel 157), welches die Diskriminierungen in Bezug auf Entlohnung von Frauen und Männern verbietet, übten die drei Richtlinien zu den Gleichstellungsfragen erheblichen Einfluss auf die Rentensysteme aus: Richtlinie 79/7/EWG[25], die den Grundsatz der Gleichbehandlung von Männern und Frauen in den sozialen Sicherheitssystemen implementiert und insbesondere in Bezug auf *gesetzliche Renten*, die Richtlinie 2006/54/EG[26] zu Arbeit und Beschäftigung, welche die *betriebliche Altersversorgung* abdeckt, und die Richtlinie 2004/113/EG[27] , die *private Vorsorgeprodukte* umfasst. Darüber hinaus spielte in den letzten Jahren die Rechtsprechung des Europäischen Gerichtshofs (EuGH)[28] bezüglich Unisex-Tarifen und dem unterschiedlichen Rentenalter bei Männern und Frauen eine wichtige Rolle beim Abbau von geschlechtsspezifischen Unterschieden in betrieblichen und individuellen Altersvorsorgesystemen, einschließlich der für Zivilbeamte.

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[25] Richtlinie 79/7/EWG des Rates vom 19. Dezember 1978 zur schrittweisen Verwirklichung des Grundsatzes der Gleichbehandlung von Männern und Frauen im Bereich der sozialen Sicherheit (OJ L 6, 10.01.1979)

[26] Richtlinie 2006/54/EG des Europäischen Parlaments und des Rates vom 5. Juli 2006 zur Verwirklichung des Grundsatzes der Chancengleichheit und Gleichbehandlung von Männern und Frauen in Arbeits- und Beschäftigungsfragen (Neufassung) [Amtsblatt L 204 vom 26.7.2006)]. Diese hebt die Richtlinie 86/378/EWG (Änderung der Richtlinie 96/97/EC) zu den betrieblichen Systemen der sozialen Sicherheit (OJ L 225, 12.08.1986).

[27] Richtlinie 2004/113/EG des Rates vom 13. Dezember 2004 zur Verwirklichung des Grundsatzes der Gleichbehandlung von Frauen und Männern beim Zugang zu und bei der Versorgung mit Gütern und Dienstleistungen. (OJ L 373 of 21.12.2004).

[28] Urteil des Gerichtshofes (Vierte Kammer) vom 13 November 2008 - Kommission der Europäischen Gemeinschaften gegen Italienische Republik (Rechtssache C-46/07) (Vertragsverletzung eines Mitgliedstaates seine Verpflichtungen zu erfüllen - Artikel 141 EG - Sozialpolitik – Gleicher Lohn für männliche und weibliche Arbeitnehmer – Konzept "Gehalt" – Rentensystem für Beamte) und Urteil des Gerichtshofes (Dritte Kammer) vom 26. März 2009 - Kommission der Europäischen Gemeinschaft gegen Hellenische Republik (Rechtssache C-559/07) (1) (Vertragsverletzung eines Mitgliedstaats - Sozialpolitik - Artikel 141 EG – Gleicher Lohn für männliche und weibliche Arbeitnehmer - Nationale zivile und militärische Rentenordnung- Unterschiedliche Behandlung im Hinblick auf das Rentenalter und minimal erforderlicher Service - Rechtfertigung - Fehlen). Europäischer Gerichtshofs in der Rechtssache C-236/09,

Association Belge des Consommateurs Test-Achants ASBL und andere gegen Conseil des Ministres, Urteil des Gerichtshofes vom 1. März 2011.

Nach Meinung vieler europäischer und nationaler Studien haben die jüngsten Trends in den Rentenreformen, und besonders die engere Verknüpfung zwischen Renteneinkommen und lebenslang eingezahlten Beiträgen sowie der Übergang zu diversifizierten Mehr-Säulensystemen, zu einer Verlangsamung des Abbaus der geschlechtsspezifischen Unterschiede in den Rentenleistungen geführt. Im EU27 Durchschnitt ist die Einkommensersatzquote für Frauen niedriger als für Männer (49% gegenüber 53% in 2007) während die geschlechtsspezifischen Unterschiede des Armutsrisikos im Alter höher sind und 2008 im EU27-Durchschnitt bei 20,1% bei den Frauen und 14,9% bei den Männern erreichten, bedingt durch die niedrigeren Rentenansprüche und der angenommenen höheren Lebensdauer von Frauen gegenüber den der Männern.

Einige Besonderheiten der Rentenreformen beeinflussen eher die geschlechtsspezifischen Unterschiede im Rentenzugang und den Einkommen:

- Die *engere Verknüpfung zwischen Beitrag und Versorgungsleistungen*, die sich aus der Verschiebung von leistungsorientierten hin zu beitragsorientierten Systemen sowie der Einführung von versicherungsmathematischen Grundsätzen ergeben. Insgesamt könnten diese Veränderungen auf lange Sicht eine stärkere Beteiligung von Frauen im regulären Arbeitsmarkt fördern und die Anreize zur Frühverrentung verringern, aber sie könnte auch Frauen mehr als Männer aufgrund ihrer Betreuungsaufgaben und dem Fortbestehen geschlechtsspezifischer Diskriminierung auf dem Arbeitsmarkt benachteiligen, wenn sie nicht durch Arbeitsmarkt- und Sozialpolitiken begleitet werden, die auch im Alter eine kontinuierliche Beschäftigung sowie die Vereinbarkeit von Familie und Beruf unterstützen.
- *Angleichung- und Anhebung des Rentenalters*. Fast alle Mitgliedstaaten haben das gesetzliche Rentenalter bereits angeglichen, und nach dem Jahr 2020 werden diesbezüglich nur noch in drei Mitgliedstaaten (Bulgarien, Polen und Rumänien) Unterschiede zwischen Männern und Frauen bestehen. Die Angleichung des Renteneintrittsalters ist jedoch umstritten. Argumente gegen die Erhöhung des Rentenalters von Frauen basieren auf der Annahme, dass Frauen sich um die unbezahlte Familienarbeit kümmern, sowohl um Kinder als auch zunehmend um ältere Menschen, was durch eine frühere Renteneintrittsmöglichkeit ausgeglichen werden sollte. Dafür sind diejenigen, die meinen, eine Angleichung des gesetzlichen Rentenalters von Männer und Frauen reduziere den finanziellen Anreiz für Familien, Frauen zu Hause bleiben zu lassen, abgesehen von der Förderung der Botschaft zur Geschlechtergleichstellung. Außerdem würde ein späterer Renteneintritt zur Angemessenheit von Rentenansprüchen älterer Frauen beitragen, auf lange Sicht die Tragfähigkeit der Rentensysteme verbessern und zur Erhöhung der Erwerbsbeteiligung von Frauen führen. Damit diese Effekte jedoch eintreten, ist es aber notwendig, für eine angemessene Beschäftigungspolitik sowie für Pflegedienste zu sorgen, da sonst das angehobene Rentenalter lediglich zu einer späteren Renteneintrittsmöglichkeit sowie zu niedrigeren Rentenzahlungen für Frauen führt als für Männer. Um Frauen, zumindest teilweise, für die Erhöhung ihres

gesetzlichen Rentenalters zu kompensieren, wurde in einigen Ländern die Absicherung durch Pflegepunkte für die Rente erweitert. In einigen Ländern sind ebenfalls *flexible Renteneintrittsalter und Teilzeit-Renten* eingeführt worden, die bei der Verringerung der geschlechtsspezifischen Einkommensunterschiede im Alter besonders relevant erscheinen.

- Die Umstellung auf *Mehr-Säulen-Systeme* könnten die geschlechtsspezifischen Unterschiede beim Renteneinkommen erhöhen, bedingt durch die geschlechtsspezifischen Unterschiede beim Zugang zu betrieblichen und individuellen Rentensystemen, der Verwendung von geschlechtsdifferenzierten Tarifen sowie (fehlenden) Regulierungen für beitragsfreie Zeiten und für Hinterbliebene bei den nicht-gesetzlichen Systemen. Entsprechend des jüngsten Test-Achats Urteils[29] des Europäischen Gerichtshofs, nach der das Geschlecht nicht für eine dauerhafte Unterscheidung der Versicherungsprämien, einschließlich der Renten, verwendet werden darf, werden sich ab dem 21. Dezember 2012 die Bestimmungen in den privaten Versicherungen ändern. Auch ist die Leistungsübertragung für atypisch Beschäftigte mit häufig wechselnden Arbeitsplätzen relevant (eine Kategorie, in denen Frauen überrepräsentiert sind), da sie Schwierigkeiten bei der Erfüllung der Mindestanforderungen innerhalb einer betrieblichen Altersvorsorge und bei der Übertragbarkeit ihrer Rentenkonten von einer zur anderen fondgebundenen betrieblichen Altersversorgung haben können.

- *Die öffentlichen Mindestrenten-Systeme,* die nicht an die frühere Beschäftigung geknüpft sind, sind für die Angemessenheit der Rentensysteme zur Einkommenssicherung im Alter besonders wichtig, da sie ein Sicherheitsnetz für Geringverdiener oder für solche mit keinem oder eingeschränktem Erwerbsverlauf darstellen, bei der Frauen besonders häufig vertreten sind. Von einer geschlechtsdifferenzierten Perspektive aus gesehen ist die auf *Wohnsitz basierte Mindestrente* der nordischen Länder die für Frauen am vorteilhaftesten, da sie nicht auf der individuellen Beschäftigungslaufbahn basiert. Innerhalb dieser Systeme ist aber das Risiko hoch, die Anreize der regulären Arbeitsmarktbeteiligung für Frauen zu verringern, auch wenn dies in den nordischen Ländern nicht der Fall ist. Die Höhe des Mindesteinkommens ist ebenfalls ein wichtiger Faktor, der bedeutsam bei der Verringerung von Altersarmut ist; das Gleiche gilt für die Indexierungssysteme der Renteneinkommen.

Rentenpunkte für Betreuungstätigkeiten stellen eine Anerkennung der unbezahlten Arbeit dar und tragen zur Verringerung der Einkommensunterschiede zwischen den Geschlechtern bei, da vor allem Frauen die Betreuungstätigkeit im Haushalt übernehmen. Sie sind ein Ausgleich für Einkommenseinbußen aufgrund von Betreuungszeiten oder werden als Anerkennungszeiten der Versicherungsjahre anerkannt. In den letzten Jahren, mit zunehmender Berücksichtigung der Angemessenheit der Renten, haben viele Länder die Pflegepunkte stärker berücksichtigt, zumindest in den gesetzlichen Systemen. Pflegepunkte für die Kinderbetreuung gibt es in den

[29] Association Belge des Consommateurs Test-Achants ASBL und andere gegen Conseil des Ministres, Urteil des Gerichtshofes vom 1. März 2011.

gesetzlichen Altersversorgungssystemen aller untersuchten Länder, mit Ausnahme der Türkei. In den betrieblichen Renten sind diese jedoch nicht sehr verbreitet, auch wenn in einigen Ländern der Staat die Zahlung der Beträge für die obligatorisch, jedoch privat geführten kapitalgedeckten Systeme während der Betreuungszeiten von Kindern übernimmt.

• *Andere Formen von Betreuungsgutschriften* (für Ältere, behinderte Angehörige oder Schwerkranke) sind weniger verbreitet und wurden erst seit kurzem eingeführt. Die möglichen negativen Auswirkungen von Betreuungsgutschriften auf die Arbeitsmarktbeteiligung von Frauen hängen stark von der Gestaltung der Pflegepunkte ab: Die negativen Auswirkungen sind stärker, wenn Pflegepunkte nur für Frauen zur Verfügung stehen und somit Geschlechterstereotypen von Betreuungspflichten und Beteiligung am Arbeitsmarkt gestärkt werden. Urteile des EuGH, wie das Urteil „Griesmar", und die 2010 EG Richtlinie zum Elternurlaub (2010/18/EU) [30] unterstützen einen gender-neutralen Ansatz bei der Gewährung von Pflegezeiten und Pflegepunkten. Die Möglichkeit, Erziehungsurlaub und Pflegepunkte mit Teilzeitbeschäftigung zu kombinieren, sind eine weitere Möglichkeit, die potenziell negativen Effekte auf die Arbeitsmarktbeteiligung von Frauen und ihre lebenslangen Einkünfte zu verringern.

Der Bericht berücksichtigt die geschlechtsspezifischen Auswirkungen von Rentenreformen auf die *verschiedenen Generationen*, wobei einige Maßnahmen direkte Auswirkungen auf die heutige ältere weibliche und männliche Bevölkerung haben. Andere betreffen nur die jüngeren Generationen und führen zur Schaffung von *(Hemmnisse bzw.) Anreizen für die Entscheidung zur Arbeitsmarktbeteiligung von Frauen,* die in der Regel auf Rentenreformen empfindlicher reagieren als Männer.
Die aktuelle wirtschaftliche Situation von *Frauen, die bereits im Ruhestand oder bald im Rentenalter sind*, wird maßgeblich von der Großzügigkeit der Anspruchsberechtigung für Mindestrenten und abgeleiteten Rentenansprüchen beeinflusst. In einigen Ländern sind diese Systeme so großzügig, dass ältere Frauen höhere Lohnersatzquoten erhalten als Männer.

In Bezug auf die *jüngeren Generationen* führen die derzeitigen Trends in den Rentenreformen zu zunehmenden Geschlechterungleichheiten bei den Renteneinkommen, sollten nicht geeignete Maßnahmen zur Förderung des Beschäftigungs- und Einkommensniveaus von Frauen eingeführt werden. Für die jüngeren Generationen haben die Gestaltung der einkommensbezogenen Mindestrenten und die abgeleiteten Rentenansprüche, wie auch die Anerkennung von Rentenansprüchen während beitragsfreier Zeiten (z. B. in Form von Pflegegutschriften), erhebliche Auswirkungen: wenn diese Leistungen auf dem

[30] Richtlinie 2010/18/EU des Rates vom 8. März 2010 zur Durchführung der von BUSINESSEUROPE, UEAPME, CEEP und EGB geschlossenen überarbeiteten Rahmenvereinbarung über den Elternurlaub und zur Aufhebung der Richtlinie 96/34/EG
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32010L0018:DE:NOT

Familieneinkommen statt dem individuellen Einkommen basieren, werden Beschäftigungsunterbrechungen gefördert, während individuelle Rentenansprüche Anreize zur Erwerbsbeteiligung schaffen.

## Die Verletzlichkeit bestimmter Gruppen mit geringer Rentenabsicherung

Einige Bevölkerungsgruppen sind nicht ausreichend durch die derzeitigen sozialen Sicherungssysteme abgesichert. Zukünftige Rentnergruppen, die häufig niedrigere soziale Absicherung aufweisen, sind Migranten und Angehörige ethnischer Minderheiten, nicht erwerbstätige Frauen (wie Hausfrauen oder Frauen mit Pflegeverantwortung) und Arbeitnehmer in atypischen Beschäftigungsverhältnissen (z. B. Beschäftigte in Teilzeit, befristeter oder selbständiger Erwerbstätigkeit, abgesehen von denen, die in der informellen Wirtschaft arbeiten), oder denjenigen, die in bestimmten Sektoren tätig sind (wie in der Landwirtschaft). In einigen Ländern können auch Witwen und alleinerziehende Frauen zu denjenigen in unsicheren Positionen innerhalb der Rentensysteme gezählt werden.

- *Die unsichere Situation von Wanderarbeitnehmern und ethnischen Minderheiten*

*Einwanderer* sind häufiger in unsicheren Jobs oder in nicht-angemeldeten Tätigkeiten beschäftigt, in Arbeitsplätzen von geringer Qualität oder für die sie überqualifiziert sind. Wanderarbeiter, sowohl Männer als auch Frauen, haben oft kurze Berufsbiographien, manchmal auch in verschiedenen Ländern, was Auswirkungen auf ihre Rentenansprüche hat.

Insbesondere weibliche Migrantinnen sind, mehr als männliche Migranten und einheimische Frauen, häufiger in nicht-angemeldeten Beschäftigungen als Hausangestellte oder Pflegekräfte tätig, verbunden mit unsicheren und niedrigen Einkommen, mangelndem Zugang zur Sozialversicherung, langen Arbeitszeiten und schlechten Arbeitsbedingungen. Unter diesen Bedingungen sind Migrantinnen besonders gefährdet, die Mindestanforderungen zum Erreichen von Rentenansprüchen nicht zu erfüllen. Diese Themen werden in der aktuellen Debatte in der Regel unter einer männlichen Perspektive als dem wichtigsten Bezugsrahmen behandelt, wenngleich diese weiblichen Besonderheiten mit all ihren Eigenschaften für die einheimischen weiblichen Beschäftigten aufgezeigt sind.

- *Die Situation von atypisch Beschäftigten*

In mehreren europäischen Ländern haben Arbeiter, die im informellen Sektor und generell in atypischen Beschäftigungsverhältnissen tätig sind, in der Regel weniger Rechte bezüglich Pensionsrückstellungen, wodurch sie, wenn sie in Rente gehen, niedrigere Renteneinkommen erhalten. Zu den Gründen für die geschlechtsspezifischen Lohn- und Rentenlücken zählen die Überrepräsentation von Frauen in den weniger anerkannten Berufen und Branchen, ihren Schwierigkeiten beim beruflichen Aufstieg und der Verbreitung in Teilzeit- und Zeitarbeit. Die Auswirkungen all dieser Faktoren, sowohl einzeln als auch gesamt, in Bezug auf die Einkommen von Frauen, führt zu einem niedrigeren Beitragsniveau für die Altersversorgung und damit zu geringeren Renteneinkommen nach der Pensionierung.

Während Frauen häufiger als Männer unter atypischen Vertragsformen beschäftigt sind, insbesondere soweit dies *Teilzeitarbeit* betrifft (31,4% gegenüber 7,8%)[31], ist *selbständige Erwerbstätigkeit* im Gegensatz dazu viel häufiger ein männliches Arbeitsmuster, da es die freien Berufe umfasst; in Fall von Kleingewerbe oder Familienbetrieben sind Frauen häufiger Partner des offiziell Selbstständigen (als mitarbeitende Ehepartner), und haben, auch im Falle von Mutterschaft, keine spezifische Unterstützung. Die Richtlinie 2010/41/EU des Europäischen Parlaments von 2010 über die Anwendung des Grundsatzes der Gleichbehandlung von Männern und Frauen, die eine selbständige Tätigkeit ausüben[32] , hat erheblich den Schutz von weiblichen Selbständigen sowie von mitarbeitenden Ehe- bzw. Lebenspartnerinnen von Selbständigen, auch im Falle von Mutterschaft, verbessert: sie haben Anspruch auf Mutterschaftsgeld und Mutterschaftsurlaub von mindestens 14 Wochen. Durch die Verbesserung der Sozialabsicherung für Frauen am Arbeitsmarkt wird davon ausgegangen, dass sich der Anteil von selbstständig tätigen Frauen erhöhen wird, obwohl dies aus entgegengesetzter Perspektive als eine Überregulierung von Kleingewerbe gesehen werden kann. EU-Mitgliedstaaten sollen nun die Richtlinie bis zum 5. August 2012 in nationales Recht umzusetzen, oder, wenn die Verzögerung gerechtfertigt ist, bis zum 5. August 2014.

Viele soziale Sicherungssysteme legen bei den Selbständigen besondere Aufmerksamkeit auf den Schutz von Landwirten, wobei sich diese innerhalb Europas unterscheiden. In Ländern mit allgemeinen oder universellen Systemen können Landwirte unter die allgemeinen Regelungen für die Selbstständigen oder unter diejenigen aller (beschäftigten) Personen fallen. In strikteren Rentensystemen sind stattdessen spezielle Alterssicherungen für "Landwirte" vorhanden, wie in Deutschland, Frankreich, Italien, Österreich, Spanien, Polen und Griechenland.

- *Inaktive Personen und abgeleitete Leistungen: alleinerziehende Frauen und Männer und Hinterbliebene*

Abgeleitete Leistungen sind besonders wichtig für Frauen und Männer ohne einen eigenen Beschäftigungsverlauf. Die meisten berücksichtigten Länder bieten Schutz für Witwen (und Witwer, obwohl diese eine sehr viel kleinere Gruppe darstellt, bedingt durch die wesentlich höhere Lebenserwartung von Frauen und den in vielen EU-Ländern vorherrschenden männlichen Ernährermodellen) und in geringerem Maße für Geschiedene, durch beitragsabhängige oder beitragsunabhängige Versorgungsleistungen. Ansprüche sind in der Regel als Prozentsatz der Rentenansprüche des versicherten Arbeitnehmers berechnet, aber die hohe Armutsrate älterer, allein lebender Frauen weist darauf hin, dass die Altersversorgung für

[31] Daten über befristete Verträge und Teilzeitarbeit bezieht sich auf % der Gesamten erwerbstätigen Bevölkerung im Alter von 16-64 Jahren. Quelle: Eurostat-Daten - LFS

[32] Richtlinie 2010/41/EU des Europäischen Parlaments und des Rates vom 7. Juli 2010 zur Verwirklichung des Grundsatzes der Gleichbehandlung von Männern und Frauen, die eine selbständige Erwerbstätigkeit ausüben, und zur

Hinterbliebene oder die Renten von Geschiedenen für die Sicherung der Alterseinkommen nicht ausreichend ist.

Die wichtigste Bestimmung in dieser Hinsicht ist die *Hinterbliebenenrente*, die in fast allen in dieser Studie betrachteten Ländern existiert. Da die Lebenserwartung von Frauen höher ist als die von Männern (für EU27 w: 82,4 m: 76,4 Jahre)[33] und Ehemänner häufig älter als ihre Ehepartner sind, sind vor allem Frauen Empfänger von Hinterbliebenenrenten, wie es auch in Tabelle 4.2, Kapitel 4 zu sehen ist. Hinterbliebenenrenten sind jedoch teilweise umstritten, da sie eine Umverteilung zugunsten der Alleinverdiener-Paare darstellt: alleinstehende Männer und Frauen und Doppelverdiener subventionieren Familien mit nur einem Verdiener. Darüber hinaus schützen sie oft nicht die ledigen oder geschiedenen ältere Frauen und begünstigen Frauen, die zu Hause bleiben oder in der informellen Wirtschaft arbeiten.

Da zunehmend mehr Frauen arbeiten und ihre eigenen Rentenansprüche verdienen, könnten die abgeleiteten Rentenansprüche in Zukunft an Bedeutung verlieren. Allerdings ist für eine angemessene Rente eine Vollzeittätigkeit über die gesamte berufliche Laufbahn erforderlich. In Ländern, in denen Frauen meist in Teilzeit arbeiten und längere berufliche Ausfallzeiten wegen Betreuungspflichten von Kindern oder älteren Angehörigen haben, könnten die auf eigenen Beiträgen basierten Renten sich als zu niedrig erweisen.

Ob Armutsprävention für diese Gruppe am besten durch Leistungen aus abgeleiteten Rechten oder durch die allgemeinen Altersversicherungsnetze erreicht wird, hängt vom Grad der Vollzeit-Erwerbsbeteiligung von Frauen und der Entwicklung der Armut von älteren, allein lebenden Frauen gegenüber der gesamten älteren Bevölkerung ab.

## Politikempfehlungen

Die jüngsten Rentenreformen haben die Tragfähigkeit der öffentlichen Pensionssysteme verbessert, allerdings auf Kosten von verringerten Lohnersatzquoten, zunehmenden individuellen Risiken und der zunehmenden Komplexität der Rentensysteme. Die Finanz- und Wirtschaftskrise von 2008 hat einige der Risiken, die mit den vorangegangenen Rentenreformen zusammenhängen, deutlich gemacht und verschärft, sowohl in Bezug auf die Nachhaltigkeit als auch im Hinblick auf die Angemessenheit. Aus diesen Gründen erfordert die aktuelle Diskussion über die Renten einen ganzheitlichen Ansatz, mit Integration der Rentenreformen in eine entsprechende Arbeitsmarkt- und Sozialpolitik und unter Berücksichtigung der Nachhaltigkeit und Angemessenheit als "zwei Seiten einer Medaille". Einige Aspekte, die in dieser Hinsicht berücksichtigt werden sollten, sind:

Aufhebung der Richtlinie 86/613/EWG des Rates. http://eur-lex.europa.eu/JOHtml.do?uri=OJ%3AL%3A2010%3A180%3ASOM%3ADE%3AHTML

33 Die Daten beziehen sich auf die Lebenserwartung bei der Geburt im Jahr 2008. Quelle: Eurostat-Daten über Gesundheit

- Die Ausgewogenheit der Abgaben zwischen den verschiedenen Generationen und die sich verändernden Arbeitsmärkte und familiären Strukturen sollten, im Hinblick auf die Fähigkeit sich diesen Veränderungen anzupassen, berücksichtigt werden, ohne dabei den Vorsorgeschutz und die Gerechtigkeit von Rentenansprüchen von Frauen und Männern und zwischen den Generationen zu verringern.
- Statt sich bei der Simulation der Auswirkungen von Rentenreformen nur auf Durchschnittsverdiener mit Vollzeit-Karriere zu konzentrieren ist es notwendig, auch Männer und Frauen mit unterschiedlichen Lohnniveaus und Beschäftigungsmustern zu berücksichtigen.
- Die Rentenabsicherung bei atypischer- und Teilzeitbeschäftigung sollte, zusammen mit einer Vereinfachung der Übertragbarkeit von Rentenansprüchen, berücksichtigt werden, um den Jobwechsel und die Mobilität von Arbeitskräften zu erleichtern, wie durch Maßnahmen zur Übertragung von Rentenansprüchen zwischen verschiedenen Pensionssystemen und Perioden von Arbeitslosigkeit.
- Die zunehmende Bedeutung von betrieblichen und individuellen, freiwilligen Altersvorsorge-systemen erfordern strengere Regulierungen von Pensionsfonds in Bezug auf Risikoteilung und den Schutz vor Insolvenz, um die Risiken im Zusammenhang mit Finanzkrisen zu verringern und diese nicht überproportional auf Einzelpersonen zu verlagern.

Im Hinblick auf die *Geschlechtergleichstellung* weist die vorliegende Studie auf bestimmte Merkmale der Rentensysteme hin, welche die Geschlechtergleichstellung zu unterstützen scheinen und in der Lage sind, die Nachhaltigkeit mit der Angemessenheit zu kombinieren. Die drei wichtigsten sind:

• *Weitere Stärkung der Umverteilungsmechanismen der staatlichen Rentensysteme*, mit Berücksichtigung ihrer Funktion zur Armutslinderung, mit Einkommensgarantien durch an den Wohnsitz gebundene Mindestrenten, die auf oder über den national festgelegten Armutsgrenzen liegen und lohnindexiert sind. In den gesetzlichen Rentenversicherungen würde die *Einführung einer flexiblen Altersversorge und die Möglichkeit, die Rente mit Teilzeitarbeit zu kombinieren,* auch dazu beitragen, die Geschlechterungleichheiten zu verringern und die individuellen Wahlmöglichkeiten zu erhöhen.

• Da die Bedeutung der betrieblichen und individuellen Zusatzrenten zunehmen wird, ist es notwendig, *geschlechtsspezifische Ungleichheiten beim Zugang zu diesen Systemen zu verringern*. Außerdem sollten, *um Geschlechterunterschiede bei den Renteneinkommen zu beseitigen, Mindestbestimmungen eingeführt werden*; und schließlich sollte die Regelung für die *Übertragbarkeit von Anspruchsberechtigungen von Arbeitnehmern von einer zur anderen betrieblichen Altersversorgung* verbessert werden.

• *Angemessene Gutschriften für beitragsfreie Zeiten*, insbesondere *Betreuungsgutschriften*, die vollständig die Beiträge der Vollzeitbeschäftigung ersetzen, sollten in allen

Alterssicherungssystemen gefördert und auf die Selbständigen, Nichterwerbstätigen und Arbeitslosen erweitert werden. Zur Verringerung der Geschlechterungleichheiten sollten Betreuungsgutschriften nicht nur für Frauen, sondern auch für Männer gelten und auch für die Betreuung von pflegebedürftigen Personen und Kindern zur Verfügung gestellt werden. Auch sollte die Beschäftigung während der Betreuungszeiten erlaubt werden, um die auf Beschäftigung basierten Rentenansprüche zu erhöhen.

Weitere wichtige Maßnahmen zur Reduzierung von Geschlechterunterschieden sind:

- *Überarbeitung der Regelung von abgeleiteten Leistungen,* um diese an die sich verändernden Familienstrukturen anzupassen und die Hemmnisse für verheiratete Frauen zu reduzieren, sich am Arbeitsmarkt zu beteiligen; dies durch die Einführung von individuellen statt familienbasierten Rentenansprüchen.

- *Verbesserung von EU und nationalen Rentenstatistiken, Einführung von nach Geschlecht aufgeschlüsselten Daten und Indikatoren* sowie Unterstützung zur Überwachung und Bewertung der geschlechtsspezifischen Auswirkungen von Rentensystemen.

Rentenpolitik alleine kann jedoch nicht die geschlechtsspezifischen Unterschiede in den Renteneinkommen verringern, da sie weitgehend die geschlechtsspezifischen Unterschiede auf dem Arbeitsmarkt widerspiegeln, da Frauen tendenziell niedrigere Löhne als Männer erhalten, sie unterbrochene Erwerbsbiografien aufweisen, und Männer nur teilweise Haushalts- und Pflegetätigkeiten übernehmen.

Um geschlechtsspezifische Unterschiede bei den Renteneinkommen zu reduzieren ist es notwendig: *aktive arbeitsmarktpolitische Maßnahmen, Betreuungsdienste und Maßnahmen zur Vereinbarkeit zwischen Beruf und Privatleben* umzusetzen, um die kontinuierliche Erwerbsbeteiligung und Erwerbsverläufe von Frauen im formellen Arbeitsmarkt zu unterstützen, Antidiskriminierungspolitiken zur Beseitigung von Einkommensunterschieden zu verabschieden und die Beschäftigung im Alter zu fördern, und Männer durch entsprechende Vaterschafts- und Elternurlaubspolitiken sowie Sensibilisierungsmaßnahmen zu ermutigen, ihre Rolle im Haushalt zu erhöhen.

Insgesamt ist es notwendig, *Geschlechtergleichstellung in die Rentenpolitik* zu integrieren und die Auswirkungen von Rentenreformen auf die Geschlechtergleichstellung zu berücksichtigen, insbesondere die Auswirkungen auf Frauen und Männer mit niedrigen Einkommen, unvollständigen oder fragmentierten Erwerbsbiographien und familiären Verpflichtungen. Dies würde nicht nur die Geschlechterungleichheiten in der Altersversorge verringern, sondern auch die Angemessenheit der Rentensysteme verbessern.

# INTRODUCTION

"Inequalities between women and men violate fundamental rights. They also impose a heavy toll on the economy and result in underutilisation of talent. On the other hand, economic and business benefits can be gained from enhancing gender equality."[34]

Gender inequality is still a reality in almost all policy areas across Europe, and in the labour market it is expressed in terms of lower employment rates, higher unemployment rates and a gender pay gap that results in lower incomes for women both during their working life and after retirement. In fact, the median equivalised net income of the male and female population differs considerably: at EU27 level women earn yearly[35] 91% of the male income. Among the consequences of this unequal distribution of income is the worse level of poverty women face in their adult and aged life. In particular, elderly women continue to experience higher poverty risks than their male counterparts. In 2009 while men at risk of poverty aged <65 accounted for 15.5% of the population, the corresponding figure for women came to 16.4%, with a considerable increase in the gap among the elderly: while 16.9% of males aged >75 were at risk of poverty, the figure rose to 22.4% for women.

The 2008 financial and economic crisis has highlighted and aggravated these risks; moreover, in recent years pension reforms have focused largely on sustainability and much less on guaranteeing adequate living conditions and on potential impacts on gender and generational equality. According to many European and national studies[36], the recent trends in pension reforms, and especially the closer link between benefits and lifetime contributions and the shift to diversified multi-pillar schemes, have slowed down the narrowing of gender gaps in pensions; contribution-related pension schemes mirror not only income but also gender differences in employment patterns. Considering the wide gender pay gap and the higher incidence of part-time, temporary and irregular employment among women relative to men, it is evident that these schemes reduce gender equality in pension benefits.

The purpose of this study is to enhance our understanding of the socio-economic impact of pension systems on the respective situation of women and men, and the effects of recent trends in pension reforms on gender equality, considering their sustainability and adequacy. The goal is to present a clear picture of what takes place in these domains within the 27 Member States, the three EEA/EFTA countries and the three candidate countries (Croatia, Former Yugoslav Republic of Macedonia[37] and Turkey). The information in this report was provided mainly by the national experts of the EGGSI network of experts in gender equality, social inclusion,

[34] European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic And Social Committee and the Committee of The Regions - Strategy for equality between women and men 2010-2015 Brussels, 21.9.2010 COM(2010) 491 final

[35] In terms of median equivalised net income

[36] Horstmann, S. / Hüllsman, J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en

[37] In this Report it will also be used the abbreviated form: FYROM.

healthcare and long-term care,[38] supplemented on the basis of a wide-ranging review of the literature.

The study analyses the pension systems, reference being to contributory and assistance (non-contributory) old-age pensions, focusing on the situation of women and men (both EU and non-EU nationals), and taking into account the challenge of demographic change in terms of adequacy and gender equality, as well as the gender impact of recent pension reforms.

The report analyses in detail these aspects, assessing to what extent gender gaps in pension rights arise from the design of pension systems or from existing gender gaps in socio-economic conditions[39]. Attention is also paid to the effects of pension reforms on *different generations and different groups of women,* as the gender impact also depends on the duration of the transition periods and differs between the generations involved. Some measures can have an immediate impact on current elderly women and some will have effect only on younger generations. Pension schemes also have different impacts on *different groups of women* (and men).

The report is organised in five chapters: the first presents an overview of gender differences in demographic and labour market trends affecting pension income; the second chapter presents the main characteristics of current pensions systems and reforms in the 33 European countries in the framework of the EU regulations with the focus on their effects in relation to the adequacy and sustainability trade-off, while the third chapter provides an in-depth assessment of pension schemes and recent reforms in a gender perspective; the forth chapter addresses the situation of specific groups least covered by pension schemes or with specific working conditions, describing the actual situation, the main obstacles to accessing pension systems and the main provisions within the present or foreseen legal framework. The conclusions set out the main elements emerging from the study and recommendations to the policymakers.

The core of discussion on pension reforms has always been sustainability. This study addresses pension reforms taking adequacy and equality as main points for discussion, considering the main challenges intersecting the gender dimension that pension systems have to deal with.

[38] EGGSI is the European Commission's network of 33 national experts (EU-27, EEA and the candidate countries of Croatia, Former Yugoslav Republic of Macedonia and Turkey) in the fields of gender equality and social inclusion, health and long-term care issues. The network is coordinated by the Istituto Ricerca Sociale and Fondazione Giacomo Brodolini, and undertakes an annual programme of policy-oriented research and reports to the Employment, Social Affairs and Equal Opportunities DG.

[39] Cf. Corsi and D'Ippoliti (2010), for application of this approach to the assessment of the Italian pension reforms.

# 1. OVERVIEW OF GENDER DIFFERENCES IN DEMOGRAPHIC AND LABOUR MARKET TRENDS AFFECTING PENSION INCOME

The overall socio-economic situation evolving in the countries of Europe has repercussions in the transformation of their pension systems. According to the current debate and literature review summarised in the Green Paper,[40] the current picture can be traced out as follows:

- The *demographic challenge***:** on the one hand, the first cohorts of baby boomers have approached retirement, while on the other hand Europe's working-age population is set to start shrinking from 2012 onwards[41]. Moreover, as life expectancy increases future generations will have progressively more years to live through in retirement;
- The *length of activity status*: brief, insufficient periods of contributions are observed in many EU countries due to various different factors. The increased need for education determines a trend towards late start on full-time work; unemployment or atypical employment prevent part of the population from accumulating contributions for several years; early retirement and career interruptions, affecting in particular women, who still leave the labour market significantly earlier than the typical pensionable age of 65, imply markedly shorter periods of contributions;
- *Societal change* – such as single households, couples without children and different generations of a family living far apart from each other, poses further challenges to the need to modernise pension systems.

The aim of this chapter is to describe the level of income for women and in old age (>65) and the main reasons for the differences between men and women, taking into consideration demographic, economic and social factors and trends. Pensions represent the major source of income for women in old age, but the pensions women receive are lower than those of men. What are the main reasons for the pension gender gap? Literature identifies, in particular, the following three causes:

- "women are more likely to be low wage earners,
- women are more often in part-time employment and
- women are more likely to have interrupted employment records."[42]

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[40] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en
[41] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en
[42] Horstmann Sabine / Hüllsman Joachim (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en

Are these explanations always true? In which geographical areas do they present peculiar patterns or show particular relevance?

## 1.1 Income situation and pension incomes of elderly women and men

"Women tend to predominate among those with atypical contracts, they tend to earn less than men and tend to take career breaks for caring responsibilities more often than men. As a consequence, their pensions tend to be lower and the risk of poverty tends to be higher among older women, also because they live longer" [43]

The Green paper raises some important questions that are worth analysing in depth, supported by the most recent figures available. The main questions arising are the following:

- Are women poorer than men? Is it a common feature of all the 33 countries analysed regardless of their welfare systems?
- Are older women poorer than younger women?
- Has the level of poverty worsened for women over the last few years? Does this also apply to men?

To describe gender differences in the level of income and in poverty rates of the elderly in the 33 European Countries, the study compares trends between 2000 and 2009, focusing in particular on the changes occurring between 2005 and 2009.

As can be seen from the following tables, the median equivalised net income of the male and female population differs considerably: at EU27 level, while men earn yearly (in terms of median equivalised net income) 14,307 Euro, women earn 13,054 Euro, that is to say 91% of the male income. While in half the 33 countries considered female income is equal or superior to 90% of men's income, in the other half it is lower, in countries such as Estonia, Sweden, Lithuania and Romania, where it is less than 85%. A different picture emerges when restricting analysis to the income of retired men and women: table 1.1 shows that in four countries (IE, LU, MT, ES) women earn more than men, probably due to the possibility to integrate the widows' pension with the personal old-age or contributory pension. The present social protection system allows for real support for women's income: as the table shows, retired women show a rise in the ratio between men's and women's income in almost all the EU Countries.
Between 2005 and 2009 the median equivalised net income increased by 14% for both men and women, with considerable differences across countries: compared to an average increase in EU27 of 14% of the income of the male and female population over 65, in almost all the Eastern EU countries the same income increased by over 60% for both men and women.

Table 1.2 presents the ratio of women median equivalised income (of total female population and retired women) over men's in 2009. Table 1.3 presents the aggregate replacement ratio of

[43] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en

income from pensions of persons aged 65-74 and income from work of persons aged between 50-59, 2005 and 2009: it is an indicator of income maintenance after retirement. Based on individual income from pensions, it shows that on average in Europe the pension level is now reaching 0.54% of current earnings for men and 0.5% for women. “This can be due to low coverage and/or low income replacement from statutory pension schemes, but can also reflect maturing pension systems and incomplete careers or under-declaration of earnings in the past”.[44]

Table 1.4, albeit comparing figures corresponding to different years, shows clearly that the gender pay gap is significantly greater than the ratio between retired women's and men’s incomes, apart from Romania, Slovenia and Sweden. It is interesting to note that all these three countries belong to the group with the highest at-risk-of-poverty rates for elderly women above 75 years (Figure 1.2).

The main reason for this difference is due to the combined effect of derived pension rights and minimum pensions – for many women the only individual income received during their lifetime. While labour income for women and men differs significantly for the already cited reasons (women tend to earn less than men and tend to take career breaks for caring responsibilities more often than men), derived pension rights and minimum pensions, which are the pension income more frequently benefitted by women than by men, are not different between women and men.

[44] European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe.
http://ec.europa.eu/economy_finance/publications/occasional_paper/2010/pdf/ocp71_en.pdf

**Table 1.1 - Median equivalised net income of the male and female population, total, retired and inactive population over 65 years, 2005 and 2009**

| | Total male population | | Retired men | | Inactive male population - Other | |
|---|---|---|---|---|---|---|
| | 2005 | 2009 | 2005 | 2009 | 2005 | 2009 |
| EU 27 | 12.543 | 14.307 | 12.502 | 14.269 | 11.643 | 11.893 |
| Belgium | 12.991 | 15.649 | 12.946 | 15.624 | : | : |
| Bulgaria | : | 2.019 | : | 1.977 | : | : |
| Czech Republic | 3.805 | 6.192 | 3.780 | 6.157 | : | 5.819 |
| Denmark | 16.873 | 19.390 | 16.676 | 19.141 | : | : |
| Germany | 16.213 | 17.018 | 16.160 | 16.925 | : | : |
| Estonia | 2.472 | 4.769 | 2.398 | 4.558 | : | : |
| Ireland | 13.402 | 18.751 | 13.097 | 18.592 | 11.420 | 16.489 |
| Greece | 8.216 | 10.560 | 8.139 | 10.640 | : | : |
| Spain | 8.774 | 11.275 | 8.747 | 11.200 | 7.887 | 11.667 |
| France | 15.275 | 20.659 | 15.259 | 20.643 | : | : |
| Italy | 13.292 | 15.233 | 13.310 | 15.187 | 11.535 | 13.196 |
| Cyprus | 8.163 | 11.503 | 7.695 | 10.507 | : | : |
| Latvia | 1.860 | 3.736 | 1.803 | 3.342 | : | : |
| Lithuania | 1.952 | 4.169 | 1.911 | 3.985 | : | : |
| Luxembourg | 27.164 | 32.346 | 27.224 | 32.193 | : | : |
| Hungary | 3.681 | 5.079 | 3.616 | 5.103 | : | 4.480 |
| Malta | 6.999 | 8.167 | 6.876 | 8.108 | : | : |
| Netherlands | 15.528 | 18.163 | 15.463 | 17.888 | : | : |
| Austria | 18.769 | 19.707 | 18.766 | 19.555 | : | : |
| Poland | 2.966 | 5.184 | 2.968 | 5.205 | : | 3.268 |
| Portugal | 5.912 | 7.857 | 5.775 | 7.849 | : | : |
| Romania | : | 2.254 | : | 2.277 | : | : |
| Slovenia | 8.520 | 11.275 | 8.518 | 11.261 | : | : |
| Slovakia | 2.680 | 5.034 | 2.664 | 5.015 | : | : |
| Finland | 14.744 | 17.497 | 14.663 | 17.367 | : | : |
| Sweden | 16.234 | 18.555 | 16.073 | 18.072 | : | : |
| United Kingdom | 15.394 | 14.264 | 14.904 | 13.709 | 14.876 | 14.211 |
| Iceland | 20.071 | 22.199 | 18.619 | 19.813 | : | 20.926 |
| Norway | 22.471 | 31.281 | 22.009 | 30.462 | : | 31.352 |

| | Total female population | | Retired women | | Inactive female population - Other | |
|---|---|---|---|---|---|---|
| | 2005 | 2009 | 2005 | 2009 | 2005 | 2009 |
| EU 27 | 11.420 | 13.054 | 11.727 | 13.448 | 10.398 | 11.443 |
| Belgium | 12.392 | 14.625 | 12.656 | 14.978 | 11.402 | 13.281 |
| Bulgaria | : | 1.821 | : | 1.809 | : | : |
| Czech Republic | 3.516 | 5.821 | 3.493 | 5.798 | : | 6.004 |
| Denmark | 15.947 | 18.217 | 15.877 | 18.146 | 15.936 | : |
| Germany | 15.240 | 16.143 | 15.331 | 16.155 | 14.016 | 15.767 |
| Estonia | 2.197 | 4.026 | 2.109 | 3.869 | : | : |
| Ireland | 12.501 | 16.949 | 14.110 | 19.295 | 12.177 | 16.562 |
| Greece | 7.620 | 9.880 | 7.467 | 9.836 | 7.798 | 9.893 |
| Spain | 8.274 | 10.760 | 8.767 | 11.988 | 7.655 | 9.877 |
| France | 14.126 | 18.391 | 14.388 | 18.496 | 11.562 | 15.707 |
| Italy | 12.180 | 13.737 | 12.917 | 14.801 | 11.425 | 12.705 |
| Cyprus | 7.562 | 10.131 | 7.447 | 10.038 | 8.135 | 10.865 |
| Latvia | 1.684 | 3.233 | 1.641 | 3.095 | : | : |
| Lithuania | 1.597 | 3.506 | 1.571 | 3.475 | : | : |
| Luxembourg | 27.911 | 31.640 | 30.977 | 33.026 | 26.643 | 30.507 |
| Hungary | 3.338 | 4.585 | 3.331 | 4.607 | : | 4.027 |
| Malta | 6.402 | 8.015 | 7.204 | 8.841 | 6.178 | 7.875 |
| Netherlands | 15.065 | 17.334 | 15.086 | 17.211 | 13.022 | 19.200 |
| Austria | 16.368 | 17.527 | 16.707 | 17.713 | 15.103 | 15.220 |
| Poland | 2.562 | 4.442 | 2.573 | 4.457 | 2.284 | 4.310 |
| Portugal | 5.705 | 6.843 | 5.593 | 6.840 | 6.074 | 6.560 |
| Romania | : | 1.895 | : | 1.954 | : | 1.500 |
| Slovenia | 7.176 | 9.812 | 7.184 | 9.780 | 5.452 | : |
| Slovakia | 2.370 | 4.616 | 2.369 | 4.616 | : | : |
| Finland | 12.901 | 14.909 | 12.884 | 14.898 | : | : |
| Sweden | 13.706 | 15.608 | 13.620 | 15.409 | : | : |
| United Kingdom | 14.118 | 13.004 | 13.830 | 12.688 | 15.539 | 15.233 |
| Iceland | 18.331 | 19.546 | 17.650 | 18.638 | 24.141 | 21.281 |
| Norway | 18.931 | 27.079 | 18.703 | 26.442 | : | 25.218 |

:=Not available

Explanatory note: The total disposable income of a household, including all income from work (employee wages and self-employment earnings, private income from investment and property, transfers between households and all social transfers received in cash including old-age pensions.

Source: Eurostat data on Living condition and social protection (EU-SILC)

### Table 1.2 - Ratio of women median equivalised income (of total female population and retired women) over men's income 2009

| | Ratio of women's income to men's | Ratio of RETIRED women's income to men's |
|---|---|---|
| EU 27 | 91 | 94 |
| Belgium | 93 | 96 |
| Bulgaria | 90 | 91 |
| Czech Republic | 94 | 94 |
| Denmark | 94 | 95 |
| Germany | 95 | 95 |
| Estonia | 84 | 85 |
| Ireland | 90 | 104 |
| Greece | 94 | 92 |
| Spain | 95 | 107 |
| France | 89 | 90 |
| Italy | 90 | 97 |
| Cyprus | 88 | 96 |
| Latvia | 87 | 93 |
| Lithuania | 84 | 87 |
| Luxembourg | 98 | 103 |
| Hungary | 90 | 90 |
| Malta | 98 | 109 |
| Netherlands | 95 | 96 |
| Austria | 89 | 91 |
| Poland | 86 | 86 |
| Portugal | 87 | 87 |
| Romania | 84 | 86 |
| Slovenia | 87 | 87 |
| Slovakia | 92 | 92 |
| Finland | 85 | 86 |
| Sweden | 84 | 85 |
| United Kingdom | 91 | 93 |
| Iceland | 88 | 94 |
| Norway | 87 | |

Source: Eurostat data on Living condition and social protection (EU-SILC)

### Table 1.3 - Aggregate replacement ratio of income from pensions of persons aged 65-74 and income from work of persons aged between 50-59, 2005 and 2009

| | Men | | Women | |
|---|---|---|---|---|
| | 2005 | 2009 | 2005 | 2009 |
| EU 27 | 0.54 | 0.54 | 0.51 | 0.50 |
| Belgium | 0.45 | 0.47 | 0.47 | 0.46 |
| Bulgaria | 0.64 | 0.39 | 0.59 | 0.34 |
| Czech Republic | 0.49 | 0.50 | 0.58 | 0.56 |
| Denmark | 0.32 | 0.39 | 0.39 | 0.44 |
| Germany | 0.47 | 0.47 | 0.51 | 0.48 |
| Estonia | 0.40 | 0.42 | 0.54 | 0.58 |
| Ireland | 0.40 | 0.48 | 0.51 | 0.54 |
| Greece | 0.56 | 0.46 | 0.47 | 0.44 |
| Spain | 0.62 | 0.57 | 0.60 | 0.45 |
| France | 0.62 | 0.68 | 0.52 | 0.61 |
| Italy | 0.64 | 0.58 | 0.49 | 0.41 |
| Cyprus | 0.34 | 0.38 | 0.34 | 0.36 |
| Latvia | 0.52 | 0.31 | 0.70 | 0.38 |
| Lithuania | 0.50 | 0.47 | 0.44 | 0.50 |
| Luxembourg | 0.58 | 0.64 | 0.58 | 0.59 |
| Hungary | 0.60 | 0.67 | 0.64 | 0.60 |
| Malta | 0.51 | 0.46 | 0.43 | 0.49 |
| Netherlands | 0.48 | 0.52 | 0.52 | 0.47 |
| Austria | 0.69 | 0.66 | 0.67 | 0.60 |
| Poland | 0.66 | 0.63 | 0.57 | 0.55 |
| Portugal | 0.58 | 0.58 | 0.64 | 0.49 |
| Romania | : | 0.63 | : | 0.57 |
| Slovenia | 0.52 | 0.51 | 0.38 | 0.41 |
| Slovakia | 0.53 | 0.57 | 0.56 | 0.54 |
| Finland | 0.46 | 0.47 | 0.46 | 0.47 |
| Sweden | 0.62 | 0.63 | 0.56 | 0.57 |
| United Kingdom | 0.42 | 0.47 | 0.43 | 0.45 |
| Iceland | 0.45 | 0.42 | 0.55 | 0.52 |
| Norway | 0.52 | 0.56 | 0.45 | 0.46 |
| Croatia | : | 0.57 | : | 0.47 |

Explanatory note: The aggregate replacement ratio is the ratio of median personal (non-equivalised income from pensions of persons aged 65-74 years to median personal (non-equivalised) income from work of persons aged 50-59 years. Only persons who have spent the total reported time in the relevant activity status are considered. EU aggregates are Eurostat estimates obtained as a population-size-weighted average of national values.

**Table 1.4 - Comparison between the gender pay gap and the ratio of retired women's income in comparison to that of men**

| | Gender pay gap in unadjusted form most recent year | | Ratio of RETIRED women's income to men's (2009) |
|---|---|---|---|
| EU 27 | 83 | 2008 | 94 |
| Belgium | 91 | 2008 | 96 |
| Bulgaria | 85 | 2009 | 91 |
| Czech Republic | 74 | 2009 | 94 |
| Denmark | 83 | 2009 | 95 |
| Germany | 77 | 2009 | 95 |
| Estonia | 69 | 2007 | 85 |
| Ireland | 83 | 2007 | 104 |
| Greece | 78 | 2008 | 92 |
| Spain | 84 | 2009 | 107 |
| France | 82 | 2008 | 90 |
| Italy | 95 | 2009 | 97 |
| Cyprus | 79 | 2009 | 96 |
| Latvia | 85 | 2009 | 93 |
| Lithuania | 85 | 2009 | 87 |
| Luxembourg | 88 | 2009 | 103 |
| Hungary | 83 | 2009 | 90 |
| Malta | 93 | 2009 | 109 |
| Netherlands | 81 | 2009 | 96 |
| Austria | 75 | 2009 | 91 |
| Poland | 90 | 2008 | 86 |
| Portugal | 90 | 2009 | 87 |
| Romania | 92 | 2009 | 86 |
| Slovenia | 97 | 2009 | 87 |
| Slovakia | 78 | 2009 | 92 |
| Finland | 80 | 2009 | 86 |
| Sweden | 84 | 2009 | 85 |
| United Kingdom | 80 | 2009 | 93 |
| Iceland | : | : | 94 |
| Liechtenstein | : | : | : |
| Norway | 83 | 2009 | : |
| Turkey | 102 | 2006 | : |

Explanatory note: The unadjusted Gender Pay Gap (GPG) represents the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees. The population consists of all paid employees in enterprises with 10 employees or more in NACE (Statistical Classification of Economic Activities in the European Community). The available reference years are 2002, 2006 and 2007 for most countries.

Source: Eurostat - General and regional statistics - NACE Rev. 2 (Structure of Earnings Survey methodology) (Structure of Earnings Survey source - 2002 and 2006 onwards)

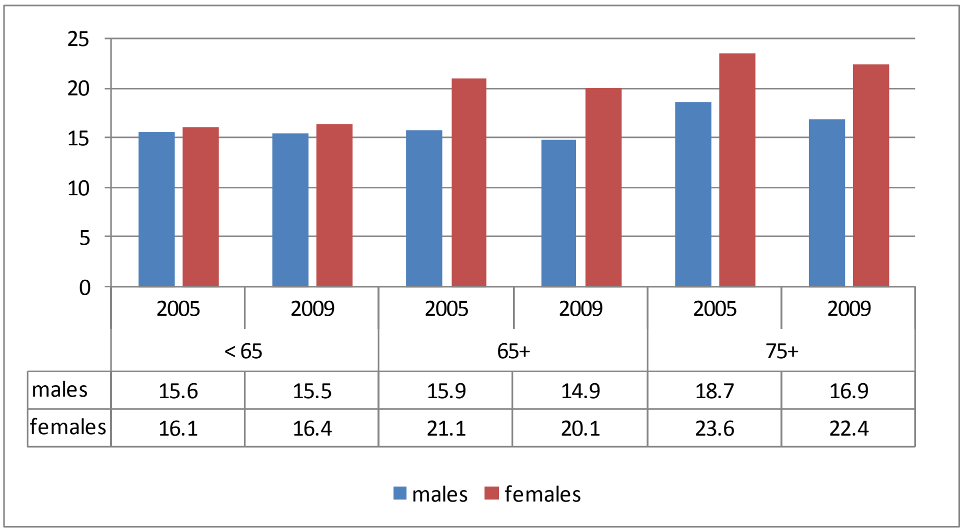
Despite the long-term improvement in contribution-based pensions and the existing old-age allowances, as can be seen in figure 1.1, ageing women continue to experience higher poverty risks than their male counterparts[45], especially when over the age of 75. Part of this gap can be accounted for with women's typical employment patterns, as we will see in the following sections:

- first, fewer females than males enter the labour market (Eurostat figures on employment rates for 2010 show that 70.1% of men between 15-64 in EU27 are employed while this happens only to 58,4% of women[46]);
- second, women are more likely to have interrupted working histories because they usually take care of dependants (according to Viitanen[47] the incidence of informal caring increases dramatically from age 40 onwards reaching 12% across the EU. At the same time, women's labour force participation rates decrease considerably).
- third, they are more likely to work part-time and in less well-paid jobs. All these conditions have an impact on their lifetime earnings, thereby influencing the length of and income contribution to their pension records, and indeed on the type of pension schemes they have contributed to[48].
- fourth, across Europe women predominate by far as beneficiaries of survivor pensions and non-contributory, means-tested pensions, whose level is generally significantly lower than old age/retirement pensions.

As a consequence, income levels for elderly women across Europe are significantly lower than for the rest of the population, as shown in Table 1.4, widening the gap between the richer and poorer pensioners. Among the poorer pensioners, single women pensioners are to be considered those most at risk of poverty. In fact, women receive very low old-age pensions for a longer period during their lives. As can be seen in Figure 1.1, at EU27 level the risk of poverty is much higher for women than for men at retirement age and worsens in older age (75+): while for men pension schemes, on average, allow retired men to live in better economic conditions than men in working age, the same cannot be said for women. While only 16.4% of women in working age were at risk of poverty in 2009, such was the case of 20.1% of women over 65 and 22.% of women over 75. The figure shows an improvement in the economic conditions of older women and men in the 4-year span considered.

45 Eurostat data on Living condition and social protection (EU-SILC)
46 Eurostat (2011), European Union Labour Force Survey – Annual results 2010, Statistics in focus 30/2011
47 Viitanen, Tarja K. (2005), Informal Elderly Care and Women's Labour Force Participation across Europe. ENEPRI Research Reports No. 13, 1 July 2005.
48 Vlachantoni, Athina (2009) Individualised pensions and women in Greece: caveats and opportunities, Centre for Research on Ageing, School of Social Science, University of Southampton, UK. p.4

**Figure 1.1 - At-risk-of-poverty rate of men and women (<65, 65+, 75+) in EU 27 (2005, 2009)**




| | 2005 | 2009 | 2005 | 2009 | 2005 | 2009 |
|---|---|---|---|---|---|---|
| | < 65 | | 65+ | | 75+ | |
| males | 15.6 | 15.5 | 15.9 | 14.9 | 18.7 | 16.9 |
| females | 16.1 | 16.4 | 21.1 | 20.1 | 23.6 | 22.4 |

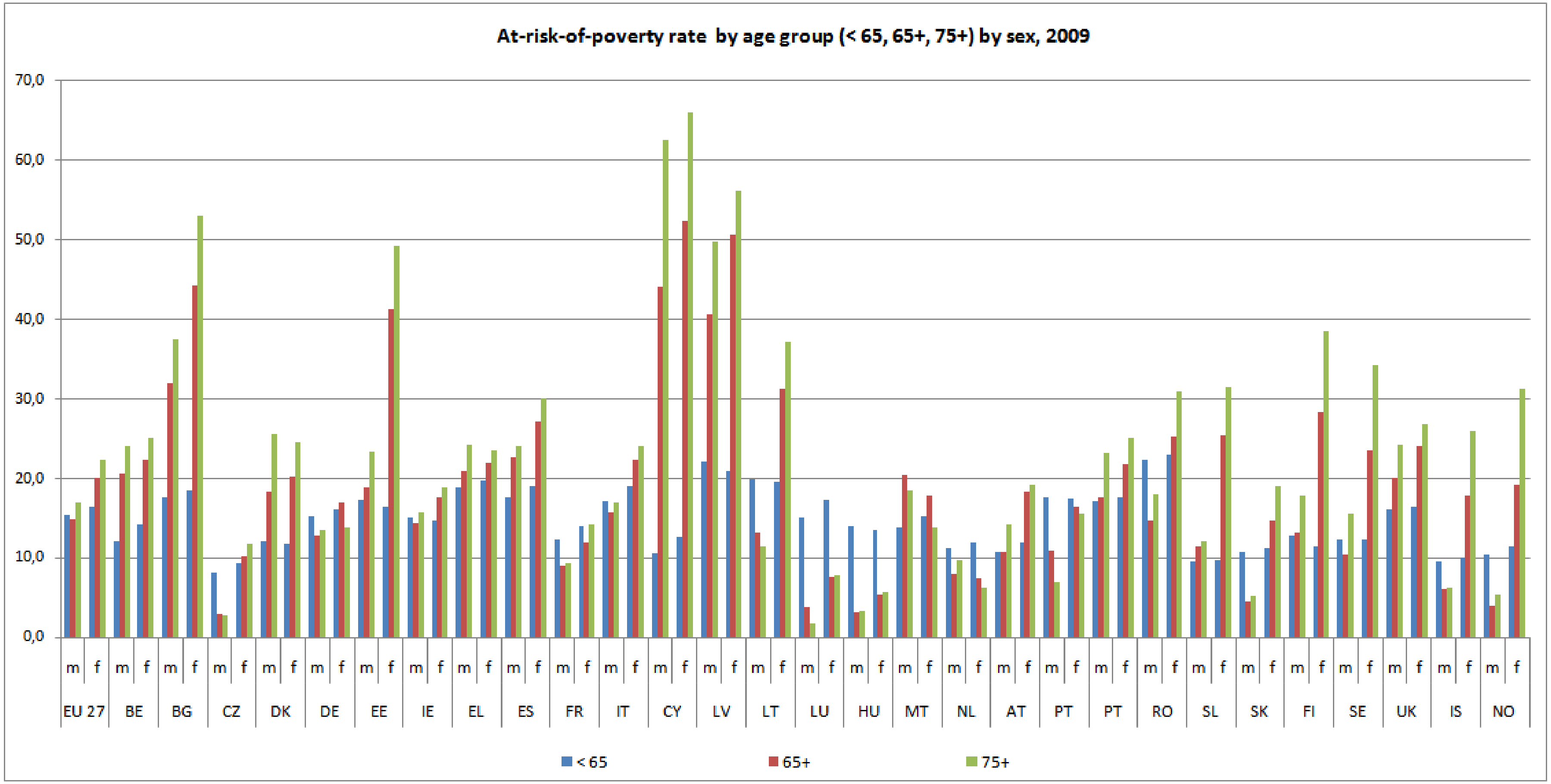
Data source: own elaboration based on Eurostat data on Living condition and social protection (EU-SILC)

Considerable differences can be appreciated in the 33 countries analysed: Figure 1.2 sets out the figures by country (considering EU 27 and EEA countries) while box 1.1 shows some particularly interesting cases.

The figure shows that, with regard to the at–risk-of-poverty rate of elderly women > 75:

- A few countries (HU, NL, LU, CZ, DE, MT, FR, PO, IE, SK, AT) present a risk of poverty below the EU average, with the first 3 considerably below it, ranging from 5.7 registered in Hungary to 19.2 registered in Austria;
- A small group of countries presents a risk of poverty level for women aged > 75: 5 countries exceeding the EU average by no more than 15%, ranging from 23.6 registered in Greece to 25.1 registered in Belgium and Portugal (EL, IT, DK, BE, PT)
- A much larger group of countries present higher rates, ranging from 26% registered in Iceland to 66% registered in Cyprus (IS, UK, ES, RO, NO, SI, SE, LT, FI, EE, BG, LV,CY).

**Figure 1.2 – At-risk-of-poverty rate by sex and age group (<65, 65+, 75+) in 29 European countries, 2009**




Data source: own elaboration based on Eurostat data on Living condition and social protection (EU-SILC)

### Box 1.1 - Peculiarities in income differences in some European Countries

**Austria** - The greatest income differences can be observed in the age group of 60-63 years old: net incomes of the men are almost double those of the women (+96.1%; gross income: +114.4%). In 2008 the average gross old-age pension was € 1,419 for men and €842 for women.[49] The average old-age pension of women from statutory pension insurance corresponds to 59% of the average pension paid out to men. The different calculation of pensions as well as differences in earnings (according to gender) between the public and the private sector also result in a markedly differing level of social security in old age: in 2008, the gross average old-age pension for public sector employees amounted to 2,240 € for men and 1,860 € for women, while within the statutory pension system the average monthly pension income was 1,300 € for men and 920 € for women.

**Belgium:** 92% of the men receive a retirement benefit (PR) as opposed to only 43% of the women. Female pensioners rely mainly on survivor pensions (PS), sometimes added to a retirement benefit (PR+PS). 21% of women rely on a survivor pension whereas 29% rely on a survivor pension plus retirement benefit. In addition, twice as many women (6%) receive the minimum income for old age (GRAPA) as men (3%).

**Finland** - At the end of 2010, the average monthly pension was 1,370 €, men received on average 1,561 € and women 1,217 € per month[50]: moreover the proportion of women is higher among those receiving the basic pension (59%)[51].

**France** - The gender pension gap is very wide in the mandatory pay-as-you-go pension. If women represent a slight majority (50.4%) of the retirees, their monthly contribution-based pensions are much lower than the men's: in 2008, women were receiving 825€ per month as against 1,426€ for their male counterparts. However, a slight reduction in the gender pension gap occurred between 2005 and 2008: women's pensions represented 55% of men's pensions in 2005 and in 2009 represented close to 58% of men's pensions in 2008. As a consequence, women represent a majority among the retirees who benefit from a contributory pension minimum.

**Germany** - The amount of payments differs between East and West Germany and between women and men. At the end of 2008, male pensioners in West Germany received 1,034 € on average, while women in West Germany received only 498 Euro on average and thereby only less than a half (48%) of men's pension payments. It is remarkable that this relation between the individual entitlements of women and men is nearly the same as 50 years ago – though the share of women with individual pension rights has increased since the 1960s. In East Germany, the men receive lower pensions than the men in West Germany – an average of 994 €. While the women in East Germany receive about 672 € and so – because of their often continuous employment in the GDR –more than West German women, but still only 68% of the pensions the men receive in East Germany. [52]

**Iceland** – The vast majority of people in retirement age receive old age pensions from Social Security, 83% of females and 72% of the male population (2009). Men account for roughly 40% of those who also receive old-age pension supplements, but nearly 60% are women. Pension supplements are provided to those below a certain level of the minimum income

**Norway** - Women receive significantly lower pensions than men. In 2010 women received on average NOK 160,491 (20,327 €), while men received, on average NOK 219,793 (27,838 €) in 2010[53]. Of those who received the minimal state pension, 86.4 percent were women in 2001 and 87.5 % were women in 2010.

**Poland** – The income of older women is by far inferior to that of men. According to the EU-SILC 2009[54] estimates, the median equivalised income of women aged 65 years and over was 14.3% lower than the median income of men, and this gap was greater by almost 1 percentage point than four years ago. The overall income gender gap of the elderly is much larger in Poland than in EU27.

**Slovakia** - In 2005 women received old-age pensions lower than the men's by 16.8%. By 2010 the gender gap had increased to 21.3%.

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[49] Federation of Austrian Social Insurance Institutions, http://www.sozialversicherung.at/portal/index.html?ctrl:cmd=render&ctrl:window=esvportal.channel_content.cmsWindow&p_menuid=931&p_tabid=5

[50] Finnish Centre for Pensions, http://www.etk.fi/Page.aspx?Section=40904&Item=65212

[51] Statistics of Finland (2010), Statistical Yearbook of Pensioners in Finland, Centre for Pensions & the Social Insurance Institution of Finland, Helsinki 2010. http://www.etk.fi/Binary.aspx?Section=42845&Item=64965

[52] Sachverständigenkommission (2011), Neue Wege – gleiche Chancen. Gleichstellung von Frauen und Männern im Lebensverlauf. Gutachten der Sachverständigenkommission an das Bundesministerium für Familie, Senioren, Frauen und Jugend für den ersten Gleichstellungsbericht. http://www.fraunhofer.de/Images/110204_Gleichstellungsbericht_final_tcm7-78851.pdf (3.3.2011)

[53] The Norwegian Labour and Welfare Directorate (2010), Statistics on old-age pensions 2010, http://www.nav.no/page?id=1073743247

[54] Notice that EU SILC provides income results with one year lag: EU SILC 2009 for 2008, etc.

**Spain** - Like the share of elderly people covered by pension schemes, the pension amount elderly men and women receive also shows considerable differences. The average retirement pension for men is €998.655 a month and 2% of the men who live on widowerhood pensions can count on no more than €430.8 a month. Thus, the income difference between retirement and widowerhood pensions amounts to €568. With regard to women, the average retirement pension amounts to €592.4 whereas the average widowhood pension is lower by less than €30. The income distribution shows that more than 23%[56] of the Spanish households whose reference person[57] is over 65 have an annual income lower than €9,000. Nearly 45% of the elderly have incomes below €14,000 per year. However, this share changes significantly if the sex variable is taken into account. Less than 13% of the men over 65 live on less than €9,000 a year while more than 36% of elderly women experience this situation. Similarly, 33% of elderly men live in a household with income lower than €14,000 a year while this situation is experienced by 58% of elderly women.

**United Kingdom** - The income levels for the elderly in the UK are significantly lower than the rest of the population and older women's incomes are lower than men's. Women pensioners are more likely than their male counterparts to receive less than the full basic state pension, currently £97.65 per week. In September 2008 34% of female pensioners received 60% or less than the full BSP compared with 2% of the men. As a consequence, single women pensioners are the largest group of pensioners in receipt of the non-contributory, means-tested Pension Credit.

Source: EGGSI Network national reports 2011

The design of the pension system and relative importance of the different pillars make a significant contribution to poverty alleviation. In fact "without a significant redistribution from men (or from the younger generations) to the older generations of women, their consumption capabilities are likely to fall in many cases below the poverty line, for a conspicuous number of years."[58]

## 1.2 Factors affecting gender differences in pension income

Gender inequalities in terms of pensions income and related levels of poverty risks depend mainly on two orders of causal factors: the consequences of the demographic change, including migration flows, affecting men and women differently, and the different patterns of participation of women in the labour market.

### *1.2.1 Gender differences in demographic change and migration trends*

#### *1.2.1.1 Demography*

Over the last few decades Europe has seen significant demographic change as a result of a continual decrease in birth rates[59], increase in life expectancy[60] and the great number of

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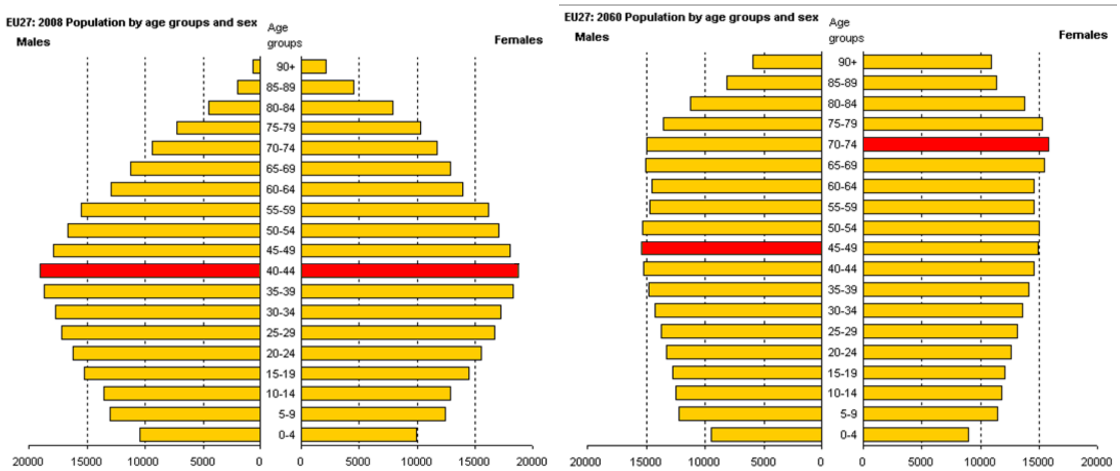
[55] Statistical Yearbook of the Ministry of Labour and Immigration (2009). All the data in this section come from this source. It is not identified each time for reading convenience.
[56] LCS, 2009. All the data in this section come from this source. It is not identified each time for reading convenience.
[57] According to the LCS methodology," the person responsible for the dwelling is the household member whose name is on the property deed (owned property) or the lease contract or sub-lease contract (rented dwelling). If the dwelling is used by the household free of charge, the person responsible for the dwelling will be the person to whom it was granted. If two people share the responsibility of the house, the eldest will be considered the first responsible person and the other will be considered the second one". This definition has a potential gender-bias, as men tend to be older than women when they live as a couple.
[58] Corsi Marcella / D'Ippoliti Carlo (2009), Poor old grandmas? A note on the gender dimension of pension reforms. Brussels economic review. Vol 52. No.1, Spring 2009.
[59] fertility rate for the EU has declined sharply in past decades: the average number of births per woman, has dropped from the "baby boom" peak above 2.5 births per woman in the second half of the 1960s to 1.54 births per woman in 2008 – Source: European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), European Economy 2|2009. Luxembourg.
[60] In the EU-27 life expectancy at birth increased over the last 50 years by about ten years. Source: Eurostat *Mortality and life expectancy statistics*

immigrants entering the continent[61]. All these changes have altered the age structure of the general population, but have also generated a wide range of new developments, as well as changes at both societal and familial levels. The low fertility rates and the population ageing - two interrelated characteristics - affect many aspects of economic and social life. Among them, the future of the European welfare state and the pension system are particularly influenced, raising social and economic challenges related to the financial support, provision and care for the elderly.

"In the coming decades, Europe's population will undergo dramatic demographic changes due to low fertility rates, continuous increases in life expectancy and the retirement of the baby-boom generation. Though the exact impact will be determined by several factors, ageing populations will pose major economic, budgetary and societal challenges."[62]

As can be seen from Figure 1.3, the demographic structure of population, already unbalanced in 2008, will be completely redrawn by 2060.

**Figure 1.3 - Demographic structure of population in 2008 and 2060 – EU 27**




Source: European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe – The red bar indicates the most numerous cohort, ,Figure 1 p. 15

The main element emerging from the figure is the ageing of the population. According to the projection, elderly people will represent an increasing share of the population; this is due to continuous gains in life expectancy assumed to continue over the projection period. At the same time, the number of children below 15 is expected to decline gradually from 2020 onwards. "The population of working-age would reach a maximum in 2010 and is expected to decline steadily thereafter. It would drop by 15 per cent in the EU over the projection period. Still, the working-age population is projected to increase in seven Member States (BE, IE, FR, CY, LU, SE, UK).

[61] Net inflows started rising from over 500,000 people in 1998 to more than 2 million in 2003 with a progressive stabilisation to 1,680,000 people in 2008 – Source: European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), European Economy 2|2009. Luxembourg.

[62] European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe.
http://ec.europa.eu/economy_finance/publications/occasional_paper/2010/pdf/ocp71_en.pdf

The elderly population (aged 65 and above) would increase very markedly throughout the projection period. Their number would almost double, rising from 85 million in 2008 to 151 million in 2060 in the EU. The number of very old people aged 80 years and above is projected to increase even more; from 22 million in 2008 to 61 million in 2060 in the EU, i.e. almost triple during the projection period.” [63]

In all European countries since 1960 life expectancy has increased in the most developed countries, especially for women[64]; since 1990 the gap between female and male life expectancy has been narrowing due to greater advances in life expectancy for men.“In the EU, life expectancy at birth for men would increase by 8.4 years over the projection period, from 76 in 2008 to 84.5 in 2060. For women, life expectancy at birth would increase by 6.9 years for women, from 82 in 2008 to 89 in 2060, implying a continuation of the convergence of life expectancy between men and women. The largest increases in life expectancy at birth, for both men and women, are projected to take place in the new Member States” [65].

**Table 1.5 - Assumptions - Life expectancy of men and women, 2010-2060**

| Country | Men | | Women | |
|---|---|---|---|---|
| Year | 2010 | 2060 | 2010 | 2060 |
| Belgium | 77.0 | 84.4 | 82.6 | 88.9 |
| Bulgaria | 70.2 | 81.6 | 77.1 | 86.5 |
| Czech Republic | 74.3 | 83.2 | 80.5 | 87.8 |
| Denmark | 76.8 | 84.3 | 81.4 | 88.4 |
| Germany | 77.6 | 84.9 | 82.9 | 89.1 |
| Estonia | 68.6 | 80.8 | 79.1 | 87.5 |
| Ireland | 77.9 | 85.2 | 82.2 | 89.2 |
| Greece | 77.8 | 84.8 | 82.8 | 88.7 |
| Spain | 77.7 | 84.9 | 84.1 | 89.6 |
| France | 77.8 | 85.1 | 84.6 | 90.1 |
| Italy | 78.9 | 85.5 | 84.5 | 90.0 |
| Cyprus | 78.5 | 85.2 | 82.0 | 88.7 |
| Latvia | 66.6 | 80.5 | 77.1 | 86.8 |
| Lithuania | 66.6 | 80.4 | 77.9 | 86.9 |
| Luxembourg | 76.7 | 84.5 | 81.5 | 88.5 |
| Hungary | 70.2 | 81.9 | 78.5 | 87.3 |
| Malta | 76.4 | 84.3 | 81.4 | 88.6 |
| Netherlands | 78.2 | 84.9 | 82.5 | 88.9 |
| Austria | 77.8 | 84.9 | 83.2 | 89.2 |
| Poland | 71.9 | 82.5 | 80.3 | 88.0 |
| Portugal | 76.2 | 84.1 | 82.7 | 88.8 |

[63] European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), European Economy 2|2009. Luxembourg. http://ec.europa.eu/economy_finance/publications/publication14992_en.pdf
[64] OECD, Health at a Glance 2009
[65] European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), European Economy 2|2009. Luxembourg. http://ec.europa.eu/economy_finance/publications/publication14992_en.pdf

| | | | | |
|---|---|---|---|---|
| Romania | 70.3 | 81.9 | 77.1 | 86.6 |
| Slovenia | 75.1 | 83.7 | 82.2 | 88.8 |
| Slovakia | 71.4 | 82.0 | 79.1 | 87.4 |
| Finland | 76.5 | 84.3 | 83.3 | 89.3 |
| Sweden | 79.2 | 85.4 | 83.4 | 89.3 |
| United Kingdom | 77.7 | 85.0 | 81.9 | 88.9 |
| Norway | 78.7 | 85.2 | 83.2 | 89.2 |

Source: Eurostat data on Population – EUROPOP 2008 - Convergence scenario, national level

The demographic change entails heavy consequences on the sustainability of pension systems, on the one hand, and on the adequacy of pension income on the other. The dynamics in terms of gender affect women in particular as the differences observed in life expectancy at birth imply consequences for the design of pensions systems: on the evidence offered by Corsi D'Ippoliti[66] and the considerations emerging in the national reports it can be argued that:

- in general the age structure of economically active persons will change more dramatically than their total number. The working population will age along with the total population. The population transition as such will have profound implications for *intergenerational resource flows*[67]: in any case, where an increase occurs in the number of economically active persons this will be primarily due to the rise in the number of women participating in the labour force and to net immigration;
- at any retirement age, *women are expected to benefit from a longer pension annuity*: where pension reforms pursue actuarial fairness, this will mean that the women will receive smaller monthly payments than the men, even though the same amount of capital has been set aside for the purpose;
- a significant consequence of women's longer life expectancy is *their overrepresentation among the survivor benefit recipients*, as is already the case in several EU countries;
- this widespread ageing process affecting women in particular will lead to progressive *worsening in their social situation*: considering that the poverty risk for elderly women increases substantially among very aged groups, the longer life expectancy for women also means that elderly women will spend more years in poverty or at any rate facing a poverty risk than men.

However, since they live longer, women are more liable than their male counterparts to experience widowhood and age alone. As such, they are more exposed to the risk of dependency (and solitude) and more liable to be eligible to the old-age minimum pension.

[66] Corsi, M. / D'Ippoliti, C. (2009), Poor old grandmas? A note on the gender dimension of pension reforms. Brussels economic review. Vol 52. No.1, Spring 2009.
[67] Riihelä, Marja /Vaittinen, Risto / Vanne, Reijo (2011), Changing Patterns of Intergenerational Resource Allocation in Finland. Finnish Centre for Pensions, Reports 2011:1. Helsinki 2011.
http://www.etk.fi/Binary.aspx?Section=42845&Item=65129

#### *1.2.1.2 Migration*

Another demographic aspect to be taken into consideration lies in migration trends from third countries: in fact, on the evidence of the projections provided by the Ageing Report of the European Commission[68] it will be seen that "between 2020 and 2060, the overall labour force is expected to decrease by as much as 13.6%, equivalent to around 33 million people in the EU. (…) Over the projection period, annual net inflows are assumed to add up to a cumulated net migration to the EU of 59 million people over the entire projection period, of which the bulk is concentrated in the euro area (46.2 million)… In relative terms, cumulated net migration flows would account for 12% of the 2008 population for the EU as a whole, and above 20% in a few Member States (Ireland[69], Italy, Portugal, Spain, Luxemburg and Cyprus). For most countries that currently experience a net outflow (Estonia, Lithuania, Latvia, Poland, Bulgaria and Romania), this is projected to taper off or reverse in the coming decades According to the projection, the population of the EU as a whole would be slightly larger in 2060, but much older than it is now."

According to Eurostat data, in 2010 nearly 32,5 million foreigners were living in the EU27[70], equivalent to 6.5% of the total European population, of which approximately 62% are third country nationals, i.e. from non-EU27 countries[71]. In addition, about 8 million illegal immigrants are estimated to be living in the EU[72]. The incidence of the foreign population varies greatly across European countries, as shown in Table 1.6 and also the distribution by sex presents differences across countries. In all countries considered (a part from Cyprus and the Netherlands) the proportion of foreigners among men is higher than the proportion of foreigners among women, a part from a few countries where the two groups are more or less equivalent, as in Denmark, Italy, Poland and UK. In Western European countries, migration inflows consist mainly of labour immigrants, asylum seekers and refugees, while in most of the Eastern European Member States, immigration is a limited and very recent phenomenon.

The term 'feminisation of migration' illustrates an important trend with regard to women's migration "namely the increase in women's autonomous migration over the past few decades. Women are, to a lesser degree today than previously, migrating as 'family dependents' with

[68] European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), European Economy 2|2009. Luxembourg. http://ec.europa.eu/economy_finance/publications/publication14992_en.pdf

[69] Since the crisis Irish migration estimates have been thrown into disarray by significant outward migration

[70] According to Eurostat definition, foreigners or non nationals are "*persons who are not citizens of the country in which they are usually resident;* while immigrants are "*those persons arriving or returning from abroad to take up residence in a country for a certain period, having previously been resident elsewhere*". (Eurostat 2010). Non-EU nationals or third-country nationals refer to persons who are usually resident in the EU-27 and who have citizenship of a country outside the EU-27.

[71] Eurostat News Release 105/2011 - 14 July 2011 http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-14072011-BP/EN/3-14072011-BP-EN.PDF

[72] http://ec.europa.eu/news/justice/090610_en.htm

their husbands or to join their husbands abroad. Instead women migrate independently (or with their families) as main income earners."[73]

**Table 1.6 - Foreign population in the EU27 countries (% of total population), by sex, 2010**

| | Total Foreign Population | | Immigrants from EU27-countries except declaring country | | Immigrants from Non EU27-countries nor declaring country | |
|---|---|---|---|---|---|---|
| | Males | Females | Males | Females | Males | Females |
| EU 27 | 6,8 | 6,2 | 2,5 | 2,4 | : | : |
| Belgium | 10,1 | 9,4 | 6,9 | 6,3 | 3,1 | 3,1 |
| Bulgaria | : | : | : | : | : | : |
| Czech Republic | 4,8 | 3,3 | 1,6 | 1,0 | 3,2 | 2,3 |
| Denmark | 5,9 | 6,0 | 2,2 | 1,9 | 3,7 | 4,1 |
| Germany | 9,1 | 8,4 | 3,3 | 2,9 | 5,7 | 5,5 |
| Estonia | 17,3 | 14,7 | 1,1 | 0,6 | 16,2 | 14,1 |
| Ireland | 8,8 | 8,4 | 7,2 | 6,7 | 1,7 | 1,7 |
| Greece | 9,3 | 7,6 | 1,2 | 1,7 | 8,1 | 5,9 |
| Spain | 13,0 | 11,6 | 5,4 | 4,7 | 7,6 | 6,9 |
| France | 6,2 | 5,5 | 2,1 | 1,9 | 4,0 | 3,6 |
| Italy | 7,0 | 7,0 | 1,8 | 2,3 | 5,2 | 4,7 |
| Cyprus | 14,8 | 16,9 | 10,2 | 10,6 | 4,6 | 6,3 |
| Latvia | 18,0 | 17,0 | 0,6 | 0,3 | 17,4 | 16,7 |
| Lithuania | 1,3 | 1,0 | 0,1 | 0,0 | 1,2 | 0,9 |
| Luxembourg | 43,7 | 42,2 | 37,7 | 36,5 | 6,0 | 5,8 |
| Hungary | 2,2 | 1,8 | 1,3 | 1,1 | 0,9 | 0,7 |
| Malta | 4,8 | 4,0 | 1,6 | 1,9 | 3,2 | 2,0 |
| Netherlands | 3,9 | 4,0 | 1,9 | 1,9 | 2,0 | 2,2 |
| Austria | 10,9 | 10,1 | 3,9 | 3,9 | 7,0 | 6,2 |
| Poland | 0,1 | 0,1 | 0,0 | 0,0 | 0,1 | 0,1 |
| Portugal | 4,6 | 4,0 | 1,0 | 0,8 | 3,6 | 3,2 |
| Romania | : | : | : | : | : | : |
| Slovenia | 5,9 | 2,1 | 0,3 | 0,2 | 5,7 | 1,9 |
| Slovakia | 1,5 | 0,8 | 1,0 | 0,4 | 0,5 | 0,4 |
| Finland | 3,1 | 2,7 | 1,2 | 0,9 | 1,9 | 1,8 |
| Sweden | 6,5 | 6,1 | 3,0 | 2,7 | 3,6 | 3,4 |
| United Kingdom | 7,0 | 7,0 | 3,0 | 3,2 | 4,0 | 3,9 |
| Iceland | 7,3 | 6,4 | 6,0 | 4,8 | 1,3 | 1,6 |
| Liechtenstein | : | : | : | : | : | : |

[73] Franck Anja K., Spehar Andrea (2010) *Women's labour migration in the context of globalisation*, WIDE Brussels Belgium

| | | | | | | |
|---|---|---|---|---|---|---|
| Norway | 0,0 | 0,0 | 0,0 | 0,0 | 2,8 | 3,2 |
| Croatia | : | : | : | : | : | : |
| Former Yugoslav Republic of Macedonia | : | : | : | : | : | : |
| Turkey | 0,2 | 0,2 | : | : | : | : |

Source: Eurostat data on Population [migr_pop1ctz]
Explanatory note: no data available for: BE, UK, LI, HR, Former Yugoslav Republic of Macedonia

Labour migration is the main source of population growth in the European Union. The challenges it poses in host countries are considerable in particular in terms of social and economic integration, but also in terms of effective protection by the welfare state (especially for those irregularly present in EU countries) impacting on the area of health, housing, education, social assistance, employment status, fair working conditions and access to the social protection system.

At the same time, immigration is often seen as a solution to the imminent crisis in social security systems due to the contributions paid by the young immigrant groups to the national social security systems, including pension funds[74]. As the UN report *World Economic and Social Survey 2004: International Migration* states "Studies also show that migrants tend to be net contributors to fiscal revenue: what migrants, on the whole, pay in taxes is greater than what they cost the State in welfare payments, education and additional infrastructure (...) Because migrants tend to be of working age, they also relieve the fiscal burden of future generations in low-fertility countries."[75] This aspect is particularly relevant as far as men are concerned, as migrant women workers are generally less protected, work with insecure contracts or informally and tend to have weaker labour rights as workers due in particular to their overwhelming participation in domestic work[76].

In spite of the growing demand for foreign labour in the domestic sector in fact, where the presence of illegal migrant female workers is predominant[77], only a few European countries (such as Italy and Spain)[78] have introduced specific forms of regularisation for purpose of domestic work. It is to note that in Italy, for example, “a large number of women migrants have legally the right to work than men migrants since domestic labour, where the majority of migrant women are employed, is considered an area of labour shortage”[79]. The work permits issued to these workers, however, tend to be temporary, do not allow family reunification.

[74] http://ipsnews.net/news.asp?idnews=35026
[75] United Nations (2004), World Economic and Social Survey 2004. Department of Economic and Social Affairs. http://www.un.org/esa/policy/wess/wess2004files/part2web/part2web.pdf
[76] Franck Anja K., Spehar Andrea (2010) *Women's labour migration in the context of globalisation*, WIDE Brussels Belgium
[77] Franck Anja K., Spehar Andrea (2010) *Women's labour migration in the context of globalisation*, WIDE Brussels Belgium
[78] Rubin, J et alt. (2008) *Migrant Women in the European labour force, Technical Report,* RAND EUROPE. Cambridge, UK
[79] Rubin, J et alt. (2008) *Migrant Women in the European labour force, Technical Report,* RAND EUROPE. Cambridge, UK

Immigration is also to be viewed the other way around: in fact, migrants represent a growing share of the older population in all European countries[80] and they are starting to enter pensionable age; this has been particularly so in the last few years since the migrants who arrived in the 1970s due to international working agreements are reaching retirement age: the choice of many migrants to go back home after reaching pensionable age represents an additional challenge to the EU pension systems, although it has yet to receive adequate attention on the part of the policymakers.

The portability of pension rights of third-country nationals - whether permanent or temporary migrants- returning to third countries, is therefore becoming increasingly important, also affecting their dependents, such as their spouses, in the case of survivor's pensions. These aspects will be addressed in chapter 4.

### *1.2.2 Gender differences in the labour market*

In all the European countries covered by this study, the participation of women in the labour market is much lower than that of men. The following table 1.7 presents the main comparative figures in a gender perspective.

**Table 1.7 - Activity, employment and unemployment rates of men and women aged 15-64, 2010**

| Country | MEN | | | WOMEN | | |
|---|---|---|---|---|---|---|
| | Activity rates (15-64 years) | Employment rates (15-64 years) | Unemployment rates (15-64 years) | Activity rates (15-64 years) | Employment rates (15-64 years) | Unemployment rates (15-64 years) |
| EU 27 | 77.7 | 70.1 | 9.7 | 64.5 | 58.2 | 9.7 |
| Belgium | 73.4 | 67.4 | 8.2 | 61.8 | 56.5 | 8.6 |
| Bulgaria | 70.8 | 63.0 | 11.0 | 62.3 | 56.4 | 9.5 |
| Czech Rep | 78.6 | 73.5 | 6.5 | 61.5 | 56.3 | 8.5 |
| Denmark | 82.7 | 75.8 | 8.4 | 76.1 | 71.1 | 6.6 |
| Germany | 82.3 | 76.0 | 7.6 | 70.8 | 66.1 | 6.6 |
| Estonia | 76.8 | 61.5 | 19.9 | 71.0 | 60.6 | 14.7 |
| Ireland | 77.1 | 63.9 | 17.1 | 62.0 | 56.0 | 9.6 |
| Greece | 78.9 | 70.9 | 10.1 | 57.6 | 48.1 | 16.4 |
| Spain | 80.7 | 64.7 | 19.8 | 65.9 | 52.3 | 20.6 |
| France | 75.0 | 68.3 | 9.0 | 66.3 | 59.9 | 9.7 |
| Italy | 73.3 | 67.7 | 7.7 | 51.1 | 46.1 | 9.7 |
| Cyprus | 81.7 | 76.6 | 6.2 | 67.4 | 63.0 | 6.5 |
| Latvia | 75.8 | 59.2 | 21.9 | 70.7 | 59.4 | 16.0 |
| Lithuania | 72.4 | 56.8 | 21.5 | 68.8 | 58.7 | 14.6 |
| Luxembourg | 76.0 | 73.1 | 3.8 | 60.3 | 57.2 | 5.1 |
| Hungary | 68.3 | 60.4 | 11.6 | 56.7 | 50.6 | 10.8 |
| Malta | 77.6 | 72.3 | 6.9 | 42.2 | 39.2 | 7.1 |
| Netherlands | 83.7 | 80.0 | 4.5 | 72.6 | 69.3 | 4.5 |

[80] Estimations from the Country Office for Data Processing and Statistics of North Rhine Westphalia brought the rise in numbers of elderly migrants in Europe from 7 million in 2008 to 15 million in 2015. Source: Paolo Ruspini (2009) Elderly Migrants In Europe: An Overview of Trends, Policies And Practices, European Committee on Migration of the Council of Europe.

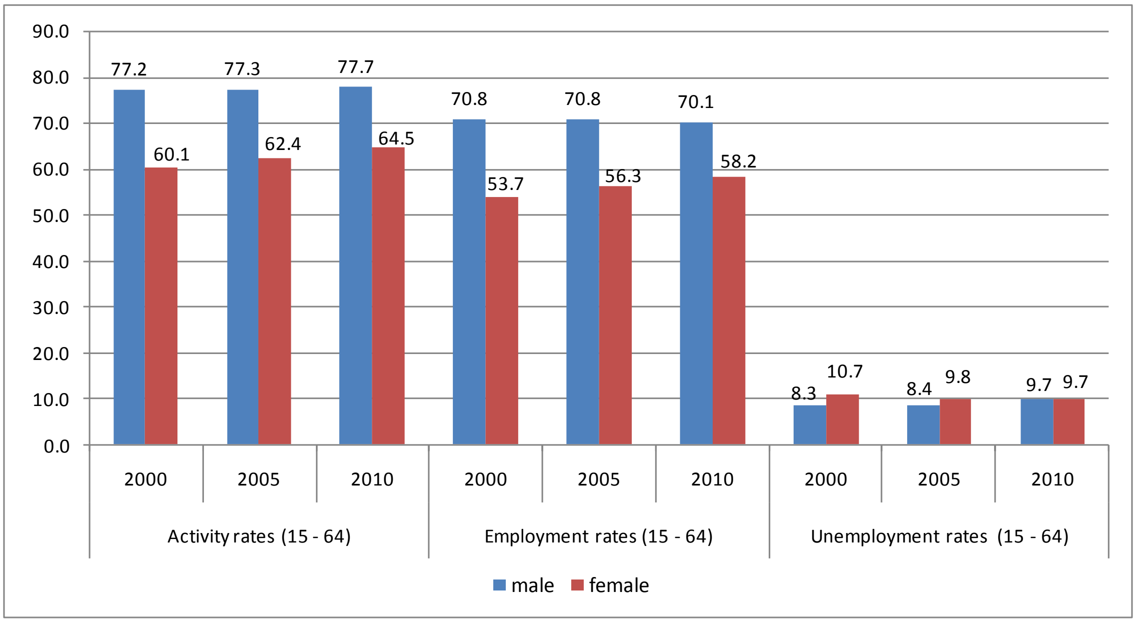
| | | | | | | |
|---|---|---|---|---|---|---|
| Austria | 80.9 | 77.1 | 4.6 | 69.3 | 66.4 | 4.3 |
| Poland | 72.4 | 65.6 | 9.4 | 59.0 | 53.0 | 10.1 |
| Portugal | 78.2 | 70.1 | 10.4 | 69.9 | 61.1 | 12.5 |
| Romania | 71.5 | 65.7 | 8.2 | 55.8 | 52.0 | 6.9 |
| Slovenia | 75.4 | 69.6 | 7.6 | 67.4 | 62.6 | 7.2 |
| Slovakia | 76.1 | 65.2 | 14.3 | 61.3 | 52.3 | 14.6 |
| Finland | 76.4 | 69.4 | 9.3 | 72.5 | 66.9 | 7.7 |
| Sweden | 82.3 | 75.1 | 8.7 | 76.7 | 70.3 | 8.4 |
| UK | 81.7 | 74.5 | 8.8 | 69.4 | 64.6 | 7.0 |
| Iceland | 87.6 | 80.1 | 8.5 | 81.8 | 76.2 | 6.8 |
| Norway | 80.6 | 77.3 | 4.2 | 75.5 | 73.3 | 3.0 |
| Croatia | 67.4 | 59.5 | 11.7 | 55.9 | 48.8 | 12.6 |
| Republic of Macedonia | 77.7 | 52.8 | 32.1 | 50.4 | 34.0 | 32.5 |
| Turkey | 74.5 | 66.7 | 10.6 | 29.6 | 26.2 | 11.7 |

Source: Eurostat data on labour market - Labour Force Survey

Explanatory note: Employment/activity rates represent employed/active persons as a percentage of same age total population. Unemployment rates represent unemployed persons as a percentage of the active population. Unemployed persons are persons who were without work during the reference week, were currently available for work and were either actively seeking work in the past four weeks or had already found a job to start within the following three months.

The figure shows an interesting phenomenon: whereas the activity and employment rates for men have remained substantially stable over the decade 2000-2010 while the unemployment rate has gradually increased, for women the trend is different: while activity and employment rates have grown, allowing for progressive reduction in the gap between the participation rate of women and men, the unemployment rate fell in the first five years, subsequently remaining stable at the same level as the men's rate.

**Figure 1.4 - Activity, employment and unemployment rates by sex – 2000, 2005 and 2010 in EU 27**




Source: Own elaboration based on Eurostat data on labour market - Labour Force Survey

Men and women migrant workers from third countries in general experience greater risks of social exclusion and poverty than the resident population in particular as far as employment is concerned: first of all, employment rates are less favourable for third country nationals than for natives, while on the contrary unemployment rates remain much higher for third country nationals than for EU citizens (in 2009, according to Eurostat, standing at 20.2% in contrast with the 11.4% for EU citizens[81]) although there are great variations across Member States. In addition, third country nationals are often more exposed to employment in precarious work or even undeclared work[82], jobs of lower quality or jobs for which they are over-qualified.

**Table 1.8 - Unemployment rate by nationality (%), 2010**

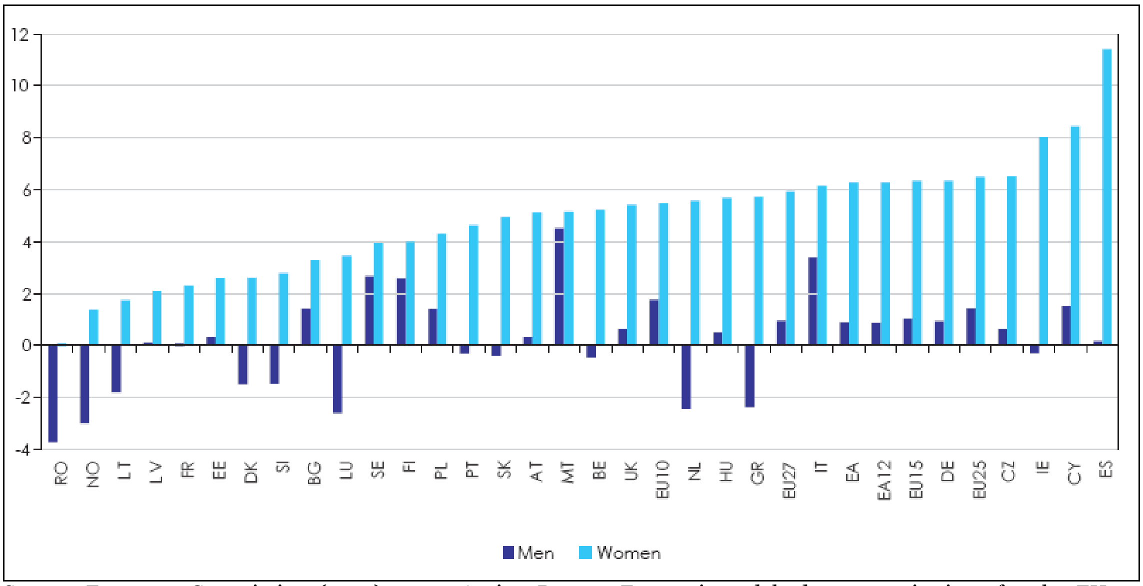
| | MEN | | | WOMEN | | |
|---|---|---|---|---|---|---|
| | Nationals residing in their native countries | Non nationals but citizens of other EU-27 countries | Third country nationals | Nationals residing in their native countries | Non nationals but citizens of other EU-27 countries | Third country nationals |
| **EU27** | **9.1** | **11.4** | **20.2** | **9.1** | **12.5** | **19.6** |
| Belgium | 7.3 | 10.6 | 28.2 | 7.7 | 11.4 | 34.5 |
| Bulgaria | 11.0 | : | : | 9.5 | : | : |
| Czech Republic | 6.5 | 3.4 | : | 8.6 | 7.7 | 6.9 |
| Denmark | 8.0 | : | 20.7 | 6.2 | : | 15.9 |
| Germany | 6.9 | 9.1 | 17.9 | 6.1 | 9.3 | 15.3 |
| Estonia | 17.1 | : | 31.6 | 12.1 | : | 28.5 |
| Ireland | 16.7 | 20.7 | 17.8 | 9.0 | 13.6 | 13.8 |
| Greece | 9.6 | 9.9 | 15.2 | 16.4 | 15.2 | 15.9 |
| Spain | 17.5 | 27.0 | 35.1 | 19.3 | 26.5 | 27.9 |
| France | 8.6 | 6.8 | 20.4 | 9.1 | 10.6 | 27.2 |
| Italy | 7.4 | 8.3 | 11.3 | 9.4 | 13.0 | 13.5 |
| Cyprus | 5.3 | 8.8 | 15.6 | 6.3 | 11.5 | 3.0 |
| Latvia | 20.0 | : | 30.7 | 15.2 | : | 20.8 |
| Lithuania | 21.5 | : | : | 14.6 | : | : |
| Luxembourg | 2.4 | 5.0 | : | 3.4 | 6.1 | : |
| Hungary | 11.7 | : | : | 10.8 | : | : |
| Malta | 6.8 | : | : | 7.2 | : | : |
| Netherlands | 4.2 | : | 13.7 | 4.3 | 6.2 | 12.9 |
| Austria | 4.1 | 5.0 | 11.0 | 3.7 | 7.4 | 9.6 |
| Poland | 9.4 | : | : | 10.1 | : | : |
| Portugal | 10.1 | : | 17.4 | 12.1 | : | 20.6 |
| Romania | 8.2 | : | : | 6.9 | : | : |
| Slovenia | 7.5 | : | 11.1 | 7.0 | : | 20.8 |
| Slovakia | 14.3 | : | : | 14.6 | : | : |
| Finland | 9.0 | : | 24.8 | 7.5 | : | 26.2 |
| Sweden | 8.2 | 8.9 | 25.4 | 7.7 | 10.4 | 32.4 |
| United Kingdom | 8.8 | 6.4 | 10.3 | 6.7 | 7.4 | 12.0 |
| Iceland | 7.8 | : | : | 6.6 | : | : |
| Norway | 3.8 | : | : | 2.7 | : | : |

Source: Eurostat Labour Force Survey

[81] With the exception of declaring countries
[82] According to Frouws/ Buiskool almost a quarter of the non-EU-born employees are on temporary contracts, as opposed to 14 % of the EU-born - Frouws B./ Buiskool B.J. (2010), Migrants to work - Innovative approaches towards successful integration of third country migrants into the labour market, European Commission, DG Employment, Social Affairs and Equal Opportunities

According to the estimates provided within the Commission Aging report[83] a negative growth is foreseen for the labour force in the EU over the next 40 years, due to negative demographic developments. In fact, the participation rates over the period 2020-2060 are projected to continue their increase, albeit at a lower pace than during 2007-2020, and the employment rates (of people aged 15 to 64) in the EU are projected to increase for men and women from 65.5% in 2007 to 69% in 2020, to reach nearly 70% in 2060: for women in particular the employment rate is projected to rise from 58.4% in 2007 to 63.4% in 2020 and to 65.1% in 2060. The consequences will be that in the first phase, the decline in working-age population (as the baby-boom generation enters retirement) will be cushioned by the increase in the employment rates of women and older workers, while after 2020 ageing will develop its effects and consequently, in the absence of a counter-balancing factor to ageing, the economic burden of the growing number of pensioners will be on a reduced proportion of population within the labour market.

**Figure 1.5 - Participation rates by gender, projected change over the period 2007-2060 (in percentage - age group 15 to 64)**




Source: European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), Graph 24, p. 53[84]

An additional element to be taken into consideration is that working patterns of men and women differ considerably: on the one hand, the average working life of women is shorter than that of men as we will see in chapter 3 (table 3.2 Statutory and average retirement age in 2009 in European countries) due to the still lower statutory retirement age and to career breaks for caring responsibilities, which women take much more often than men; on the other hand, their

[83] European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), European Economy 2|2009. Luxembourg. http://ec.europa.eu/economy_finance/publications/publication14992_en.pdf

[84] European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), European Economy 2|2009. Luxembourg. http://ec.europa.eu/economy_finance/publications/publication14992_en.pdf

career is much more often marked by atypical forms of contract and part-time, with the direct consequence that women tend to earn less than men: an average gender pay-gap of about 17.5% (at EU27 level - 2008)[85] between women and men is still present across Europe. All these aspects negatively affect the pension income of women in contribution-related pension schemes, but in most of the cases also in second and third-pillar schemes.
Table 1.9 shows the incidence of these atypical forms in the European labour market: as can be seen, in almost all the countries considered in the study women work part-time more often than men and tend to predominate among those with a temporary contract, producing a significant impact on the income they are receiving but in particular on their future pension income. By contrast, in all the countries considered men represent a far larger proportion of the self-employed than women: such, for example, is the case of professionals, or those working in their own business or professional practice, in most of the case constituting the bulk of future beneficiaries of second- and third-pillar pensions.

**Table 1.9 - Temporary employees, part-time employment and self-employment rate of men and women as percentages of the total number of employees (+ 25 years), 2009[86]**

| Country | Temporary employees as percentage of the total number of employees (+25 years) | | Part-time employment as percentage of the total employment (+25 years) | | Self-employed (% total employment) (+25 years) | |
|---|---|---|---|---|---|---|
| | men | women | men | women | men | women |
| EU 27 | 9.5 | 11.4 | 7.0 | 31.0 | 13.7 | 8.2 |
| Belgium | 4.5 | 7.6 | 8.1 | 42.0 | 11.5 | 7.1 |
| Bulgaria | 4.8 | 3.9 | 1.9 | 2.6 | 9.9 | 6.5 |
| Czech Rep | 6.2 | 9.2 | 2.6 | 9.0 | 16.0 | 8.8 |
| Denmark | 4.8 | 7.4 | 9.8 | 31.8 | 7.5 | 3.6 |
| Germany | 8.2 | 9.0 | 8.9 | 47.7 | 7.9 | 5.3 |
| Estonia | 2.4 | : | 6.4 | 12.9 | 5.7 | 3.4 |
| Ireland | 5.2 | 7.0 | 8.5 | 32.8 | 18.8 | 4.6 |
| Greece | 9.3 | 13.0 | 2.7 | 9.8 | 25.5 | 17.7 |
| Spain | 21.2 | 24.5 | 3.9 | 22.1 | 12.8 | 8.4 |
| France | 8.7 | 11.9 | 5.3 | 29.6 | 8.1 | 4.4 |
| Italy | 8.4 | 12.5 | 4.6 | 27.6 | 20.0 | 12.8 |
| Cyprus | 6.8 | 19.5 | 4.5 | 12.2 | 15.9 | 9.2 |
| Latvia | 5.4 | 2.3 | 7.0 | 9.4 | 7.6 | 5.7 |
| Lithuania | 2.6 | 1.4 | 6.8 | 9.1 | 10.3 | 6.5 |
| Luxembourg | 3.9 | 5.7 | 5.0 | 35.9 | 6.1 | 4.6 |
| Hungary | 8.1 | 7.0 | 3.8 | 7.4 | 8.3 | 5.6 |

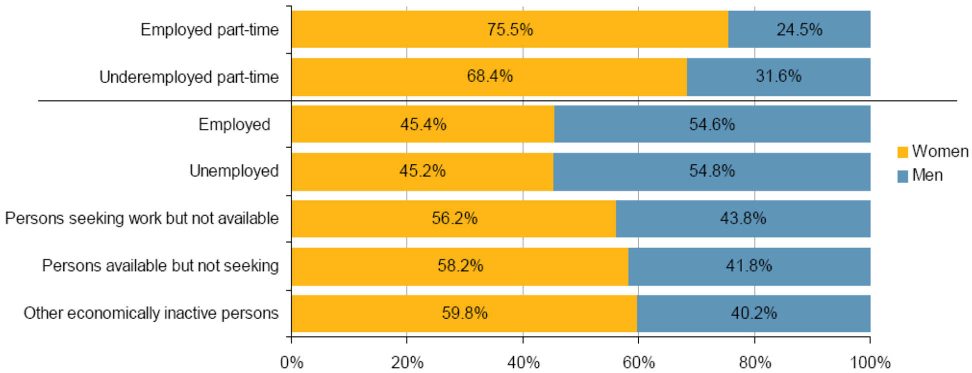
[85] Unadjusted Gender Pay Gap. Source: Eurostat - General and regional statistics - NACE Rev. 2 (Structure of Earnings Survey methodology)
[86] Explanatory note: Employees on temporary contracts are those who declare having a fixed-term employment contract or job which will terminate if certain objective criteria are met, such as completion of an assignment or return of the employee who was temporarily replaced. Part-time employment rates represent persons employed on a part-time basis as a percentage of the same age population. Self-employed persons are those who work in their own business, farm or professional practice. A self-employed person is considered to be working if she/he meets one of the following criteria: works for the purpose of earning profit, spends time on the operation of a business or is in the process of setting up his/her business.

Age +25 was set to include workers with a more stable working position new labour market entries.

| | | | | | | |
|---|---|---|---|---|---|---|
| Malta | 2.6 | 5.2 | 4.3 | 25.8 | 12.0 | 6.1 |
| Netherlands | 10.8 | 14.3 | 18.0 | 74.6 | 11.7 | 8.8 |
| Austria | 4.0 | 4.9 | 8.2 | 46.0 | 8.0 | 6.7 |
| Poland | 22.4 | 22.7 | 5.2 | 11.0 | 18.3 | 12.3 |
| Portugal | 17.7 | 20.1 | 7.4 | 16.4 | 18.9 | 18.2 |
| Romania | 0.8 | 0.8 | 8.5 | 10.4 | 25.9 | 13.1 |
| Slovenia | 10.1 | 12.6 | 6.3 | 10.1 | 11.0 | 4.3 |
| Slovakia | 3.7 | 3.6 | 2.5 | 4.6 | 16.1 | 7.7 |
| Finland | 7.6 | 15.0 | 7.1 | 15.1 | 12.1 | 7.3 |
| Sweden | 8.7 | 12.0 | 11.8 | 38.5 | 9.5 | 4.7 |
| United Kingdom | 4.2 | 5.1 | 9.2 | 42.0 | 15.0 | 7.5 |
| Iceland | 5.6 | 7.2 | 8.0 | 32.1 | 11.1 | 5.8 |
| Norway | 3.9 | 6.9 | 11.4 | 39.3 | 8.4 | 3.8 |
| Croatia | 8.6 | 9.7 | 7.0 | 11.8 | 16.0 | 14.3 |
| Former Yugoslav Republic of Macedonia | 15.2 | 11.6 | 4.2 | 6.9 | 18.9 | 4.8 |
| Turkey | 9.6 | 10.5 | 6.3 | 24.8 | 26.9 | 15.1 |

Source: Eurostat data on labour market - Labour Force Survey

Moreover Eurostat indicators show clearly the predominance of women in the group of underemployed[87] part-time workers. "More than two thirds of them are women (68.4 %) in the EU-27 in 2010, namely 5.8 million women as compared to 2.7 million men. This imbalance mirrors the gender gap in part-time employment (whether underemployed or not), as 75.5 % of all part-time workers in the EU-27 in 2010 were women. However it is worth noting that while




there are fewer men underemployed, in relative terms the share of part-time workers who are underemployed is higher among men (26.7 %, i.e. 2.7 million out of 10.1) than among women (18.7 %, i.e. 5.8 million out of 31.2)"[88]

**Figure 1.6 – Gender distribution in selected labour categories, age 15-74, EU-27, 2010**

Source: Eurostat (2011), *Population and social conditions*, Statistics on Focus n.56/2011, Figure 3, p.3. http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-11-056/EN/KS-SF-11-056-EN.PDF

Eurostat figures show also that foreigners[89] are relatively more represented than nationals in the groups of underemployed part-time workers, a group composed mainly by women as shown in

[87] Underemployed part-time workers are persons aged 15-74 working part-time which wish to work additional hours and are available to do so. Part-time work is recorded as self-reported by individuals.
[88] Eurostat, *Population and social conditions*, Statistics on Focus n.56/2011
[89] non-nationals of the country where they live

the previous figure. "Out of the 8.5 million underemployed part-time workers in the EU-27 in 2010, 1.2 million are not nationals of the country where they live… they form 14 % of the underemployed whereas they constitute only 7 % of the total population aged 15-74 in the EU-27."[90] As it is possible to see from the following table, underemployed part-time work is highest in Germany and the United Kingdom (5.4% of the labour force), followed by Latvia and Ireland (5.1 % each). It is lowest in the Czech Republic (0.6 %), Belgium and Bulgaria (0.8 % each).

**Table 1.10 - Underemployed part time workers by country, 2010**

| | Underemployed part-time workers | |
|---|---|---|
| | Persons thousands | % over labour force |
| **EU27** | **8,539** | **3.6** |
| Belgium | 37 | 0.8 |
| Bulgaria | 28 | 0.8 |
| Czech Republic | 29 | 0.6 |
| Denmark | 86 | 2.9 |
| Germany | 2,232 | 5.4 |
| Estonia | 12 | 1.8 |
| Ireland | 109 | 5.1 |
| Greece | 135 | 2.7 |
| Spain | 1,120 | 4.9 |
| France | 1,216 | 4.3 |
| Italy | 434 | 1.7 |
| Cyprus | 11 | 2.7 |
| Latvia | 59 | 5.1 |
| Lithuania | 38 | 2.3 |
| Luxembourg | 4 | 1.7 |
| Hungary | 58 | 1.4 |
| Malta | 4 | 2.5 |
| Netherlands | 112 | 1.3 |
| Austria | 123 | 2.9 |
| Poland | 309 | 1.8 |
| Portugal | 99 | 1.8 |
| Romania | 244 | 2.4 |
| Slovenia | 19 | 1.9 |
| Slovakia | 34 | 1.3 |
| Finland | 80 | 3.0 |
| Sweden | 222 | 4.5 |
| United Kingdom | 1,684 | 5.4 |
| Iceland | | |
| Norway | 77 | 3.0 |
| Croatia | 41 | 2.4 |
| FY Republic of Macedonia | 13 | 1.4 |
| Turkey | 451 | 1.8 |

Source: Eurostat (2011), *Population and social conditions*. Statistics on Focus n.56/2011

In conclusion it appears clear that the evolution of socio-economic and demographic trends in European countries have heavy repercussions on the sustainability of their pension systems and that, at the same time, the actual features of the labour markets affect the adequacy of pensions in particular as far as women are concerned. Their lower level of income at working age, due to gender pay gaps, employment and career interruptions and overrepresentation in part-time and

[90] Eurostat, *Population and social conditions*, Statistics on Focus n.56/2011

temporary employment impacts strongly on their retirement/occupational pension incomes. Their overall income in old age is however less affected thanks to the still existing equalisation tools and derived pension rights, such as survivors pensions and care credits, as described in the following chapters.

# 2. EXISTING PENSION SCHEMES AND CURRENT TRENDS IN PENSION REFORMS

Increasing demographic pressures have forced all the countries considered here to reform their pension systems in order to improve their sustainability in the long run, with significant effects on their capacity to contain poverty risks in old age and reduce gender and inter-generational inequalities. The 2008 financial and economic crisis and reduced growth prospects have brought additional pressure to bear on the European pension systems and highlighted some of the risks of the previous pension reforms.

Pension reforms are long and complex processes, difficult to implement as they involve long-term decisions on future and largely uncertain conditions, involving equity issues not only within generations, between women and men and between individuals with different socio-economic conditions, but also between generations. For these reasons pension reforms are usually implemented with long transition periods, mediating between the acquired rights of current pensioners and those of the future ones.

The European institutions have supported the reform process, with constant attention paid to the sustainability and equity issues, especially as far as gender equality is involved, in the framework of their coordination role in relation to social protection and social inclusion.

This chapter summarises the main characteristics of the current pensions systems and reform trends in the 33 European countries, within the framework of the EU regulation and coordination role and with focus on their effects in relation to the adequacy and sustainability trade-off, while a more in-depth assessment in a gender equality perspective is carried out in chapter 3.

All the three main pension pillars are considered in the analysis:

- the **statutory public scheme**, in which participation is compulsory **(Pillar 1),** usually including the earnings related pay-as-you-go (PAYG) scheme, according to which current workers' contributions are used to fund the pension payments of retired people, and, in many countries, also the minimum pension, basic pension or minimum income provision schemes for older people with low incomes and few or no pension rights.
- **Occupational schemes**, linked to employment or occupation **(Pillar 2)**, usually operating on a funded basis, i.e. pension funds accumulating contributions accrued over the years according to the criterion of capitalization.
- **Individual schemes** based upon the savings put aside by an individual for her/his old age **(Pillar 3)**.

## 2.1 The EU role and approach to pension systems and gender aspects

As pointed out in the Green Paper[91] "EU law in the field of social security provides for the co-ordination but not the harmonisation of social security schemes. This means that each Member State is free to determine the details of its own social security system, including which benefits are to be provided, the conditions of eligibility, how these benefits are calculated and what level of contributions should be paid. EU law provisions, in particular Regulations No 883/2004 and No 987/2009[92], establish common rules and principles which must be observed by all national authorities when applying national law".

At the basis of the EU approach to pension policies there are two overarching objectives: adequacy and sustainability. Enhancing the adequacy of retirement income is closely connected with the concept of encouraging greater gender equality as it implies intra-generational solidarity towards those affected by lack or reduced coverage due to unemployment, caring duties, insufficient minimum pension guarantees in consequence of short-term and atypical employment contracts. As pointed out in Chapter 1, this is mainly the case of women.

The following brief overview of the main instruments composing the European framework in support and coordination of pension reform is intended to highlight specific dimensions tackling gender-sensitive issues.

### *2.1.1 The European framework in support of pension reform*

EU provisions for the coordination of social security schemes have been in place for the past 50 years, being updated and extended many times. As from 1 May 2010 a new legislative package, referred to as "modernized coordination" is in force, involving:

- Regulation 883/2004, as amended by Regulation 988/2009
- Implementing Regulation 987/2009

While the basic coordination principles have not changed, modernized coordination improves the administrative processes in order to make citizen's rights more effective[93].

***The three-pronged Stockholm strategy for coping with ageing***

The starting point for the EU role in supporting pension reforms is clearly the Stockholm European Council of March 2001, where it was decided that the expected strains caused by demographic trends were to be regularly reviewed by the Council in order to evaluate the long-term sustainability for public finance. One of the three policy responses described was the reform of pensions. The need to address the implications of ageing populations at European level was confirmed by successive European Councils: with regard to social protection systems,

91 European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en
92 replacing the Regulations No 1408/713 and No 574/724 since 1 May 2010
93 European Commission, European legislations, see: http://ec.europa.eu/social/main.jsp?catId=867

comprehensive and adequate reforms, notably of pension systems, were to be considered to have a substantial positive impact on long-term sustainability and further progress in the EU Member States.

The Stockholm strategy is thus to be taken as the framework for coping with the challenge posed by ageing populations, but no specific attention was placed there on the impact of the expected reforms. An important step forward in this direction was taken with the subsequent process of the Open Method of Coordination for social protection and social inclusion.

***The Open Method of Coordination for social protection and social inclusion***

The goal of reviewing pension provisions with a view to ensuring the principle of equal treatment between women and men, taking into account obligations under EU law, has been part of the open method of coordination in the field of pensions since endorsement of the process by the Laeken European Council in 2001 when, within the framework of Open Method of Coordination (OMC), Member States agreed upon a set of objectives for their pension systems which have since guided reform efforts and their assessment at EU level. Through the OMC, the EU supports, monitors and assesses the impact and implementation of national reforms. In March 2006 the European Council adopted a new framework for the social protection and social inclusion process, introducing 3 overarching objectives of the Open Method of Coordination for Social Protection and Social Inclusion (OMC SPSI) with the aim to promote:

- social cohesion, equality between men and women and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies;
- effective and mutual interaction between the Lisbon objectives of greater economic growth, more and better jobs and greater social cohesion, and with the EU Sustainable Development Strategy;
- good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy.

In this framework Member States are committed to providing adequate and sustainable pensions by ensuring:

(1) adequate retirement incomes for all and access to pensions which allow people to maintain, to a reasonable degree, their living standard after retirement, in the spirit of solidarity and fairness between and within generations;

(2) the financial sustainability of public and private pension schemes, bearing in mind pressures on public finances and the ageing of populations, and in the context of the three-pronged strategy for tackling the budgetary implications of ageing, notably by: supporting longer working lives and active ageing; by balancing contributions and benefits in an appropriate and socially fair manner; and by promoting the affordability and the security of funded and private schemes;

(3) that pension systems are transparent, well adapted to the needs and aspirations of women and men and the requirements of modern societies, demographic ageing and structural change; that people receive the information they need to plan their retirement and that reforms are conducted on the basis of the broadest possible consensus."

Both in the overarching goals and within these three main objectives the reach assigned to gender equality in the reform of pension systems is wide: for the first time Member States have been asked to provide National Reports on Strategies for Social Protection and Social Inclusion, involving among other things:

- assessment of the statistical indicators regarding gender gaps and inequalities, explicitly referencing sex-disaggregated data;
- evidence of gender mainstreaming in the overall strategic approach;
- a description of measures taken and institutional mechanisms in place to promote equality between women and men with regard to social protection and social inclusion policies.

The Portuguese Presidency Conclusions on Indicators in respect of Women and Poverty[94], adopted in December 2007, encouraged Member States to analyse the gender impact of their social protection systems, in particular when undergoing reforms, in order to ensure that they are not discriminatory, and that they are well-adapted to the needs and aspirations of women and men. In particular, Member States should assess the gender impact of their ongoing or future pension reforms considering the gender gap in the incomes of older people, the role of care-credits to support adequacy of pension systems for women, eligibility for benefits after part-time work/atypical employment, and the adequacy of minimum guarantee pensions and survivor's benefits to ensure a reasonable standard of living.

### *The role of Gender Equality Directives*

Besides the TFEU (Article 157) which prohibits discrimination in respect of pay between females and males, three Gender Equality Directives have had a significant impact on pension schemes.

- Directive 79/7/EEC[95] has implemented the principle of equal treatment between men and women in social security relating in particular to *statutory pensions*. The Directive, however, contains a number of exceptions to the principle of equal treatment: "Member States are, for example, allowed to maintain different retirement ages for men and women. At the same time, even if there is no obligation flowing from EU gender equality law to equalise pensionable ages for men and women in the field of social security, gender

[94] http://register.consilium.europa.eu/pdf/en/07/st13/st13947.en07.pdf

[95] Council Directive 79/7/EEC of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security (OJ L 6, 10.01.1979)

equalisation is often a first step in reforms aimed at increasing the retirement age in general to preserve the adequacy and sustainability of pensions." [96]

- Directive 2006/54/EC[97] on employment and occupation covers _occupational pension schemes_. "In accordance with the case law of the European Court of Justice, this framework also applies to pension schemes for a particular category of worker such as that of public servants if the benefits are paid by reason of the employment relationship with the public employer. In this case, these benefits are considered as pay".[98] As shown below, the ECJ rulings have greatly affected pensions systems for public servants in many Member States.

- Directive 2004/113/EC[99] prohibits direct and indirect discrimination between women and men in the access to and supply of goods and services and therefore covers private/individual pension products. It contains however an exception, relevant for pension policies, enabling Member States to permit proportionate differences in individuals' premiums and benefits where the use of sex is a determining factor in the assessment of risk based on relevant and accurate actuarial and statistical data (Article 5 (2)).[100] This exception has been questioned by a recent (March 2011) ruling of the European Court of Justice (Test-Achats case) stating that insurers cannot discriminate on ground of sex in setting premiums or determining benefits.[101] The ECJ has granted a transitional period of relief for implementation, so that it will be unlawful to use gender-related factors for determining premiums and benefits under insurance policies from 21 December 2012.

### *The Portability of occupational pensions*

An area of work at EU level is support for labour mobility by, among other things, enhancing the portability of occupational pensions. This is an issue involving considerable gender impact given the widespread presence of female workers from third countries employed in European families as carers and maids. The EU has primarily regulated internal portability of pensions for employees, but some provisions have also been introduced for third country nationals. "EU Regulations on the coordination of social security systems have been protecting pension rights of mobile EU citizens and their family members for the past five decades. The new Regulations 883/2004 and 987/2009 expand this protection and ensure that for the accrual of pension rights, insurance periods acquired in another Member State will be taken into account. These

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[96] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en
[97] Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast - OJ L 204 of 26.07.2006). It notably repeals Directive 86/378/EC (amended by Directive 96/97/EC) on occupational social security schemes (OJ L 225, 12.08.1986).
[98] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en
[99] Council Directive 2004/113/EC of 13 December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services (OJ L 373 of 21.12.2004).
[100] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en
[101]European Court of Justice Case C-236/09, Association Belge des Consommateurs Test-Achants ASBL ond Others v. Conseil des ministres, Judgment of 1 March 2011.

Regulations are limited to statutory and occupational pension schemes where rights are based on legislation: recent national reforms as outlined above may thus require an extension of the coordination regulations and minimum standards to improve mobile workers' access to supplementary pension rights within and between Member States."[102] The two Regulations mentioned ensure that "the application of the different national legislations respects the basic principles of equality of treatment and non-discrimination and persons exercising their right to free movement within the EU are not adversely affected by the application of different national legislations."[103]

Neither the EEA countries nor Switzerland have as yet agreed to apply the new regulations. Consequently, the old regulations will continue to apply to these countries. Besides, the new Regulations do not apply to third country nationals unless a specific agreement is signed.

***The Green Paper: towards adequate, sustainable and safe European pension systems***

In July 2010 the European Commission published the Green Paper to serve as an instrument to promote an integrated approach across economic, social and financial market policies, recognising the links and synergies between pensions and the overall Europe 2020 strategy for smart, sustainable and inclusive growth. Among the priorities for modernising pension policies in the EU, the Green Paper addresses some specific issues related to the need to promote gender equality in future pension reforms. The document evidences that Member States have attempted to protect adequacy and respond to changes in labour markets and gender roles. It introduces specific considerations on the gender gap in pension systems, describing possible reasons followed by possible solutions. It considers that "women tend to predominate among those with atypical contracts, they tend to earn less than men and tend to take career breaks for caring responsibilities more often than men. As a consequence, their pensions tend to be lower and the risk of poverty tends to be higher among older women, also because they live longer. While periods of care are recognised in some Pay-as-you-go (PAYG) systems, this is less straightforward in funded pension schemes, with the question of how to finance such solidarity"[104]. The document also takes into consideration the issue of early retirement, highlighting the gender aspect of the phenomenon. In the section of proposals and priorities the document highlights the need to approach the present situation in particular by:

- addressing issues such as gender gaps in both pay and the labour market;
- taking measures to extend working lives also in a gender perspective, by introducing key measures enabling older workers, both women and men, to remain longer in the labour

[102] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en
[103] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en
[104] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en

market, such as access to labour markets, training and disability adjustments for all, irrespective of age, gender and ethnicity.

### *Europe 2020*

Europe 2020 and positive transitions: both are decisive for workers (women and men) to accrue pension rights. “Addressing gaps in pension adequacy, which can be a significant cause of poverty among the elderly, can also contribute to achieving the Europe 2020 poverty reduction target. Policies in many areas can help to reduce poverty in older ages and this will in turn contribute to enhancing adequacy, thus complementing pension reforms.”[105]

The Europe 2020 strategy has set two targets worth considering here: the first one is that European Union should reach 75% of employment rate by 2020 and the second is that the European Union should lift at least 20 million people out of poverty and social exclusion in the next decade. Of particular interest here is that the Commission has established a European Platform against Poverty and Social Exclusion, as one of EU2020 seven flagship initiatives for action to serve that goal. The Platform aims at creating a joint commitment among the Member States, EU Institutions and the key stakeholders to fight poverty and social exclusion. It illustrates how different policies will contribute to the goal of reducing poverty and increasing inclusion and identifies a number of associated actions to help achieve the poverty target.

Among the groups of population particularly exposed to the risk of poverty the elderly have been identified with the specific consideration that the gender divide is clearly visible and women are generally more at risk than men. “By 2030 the number of pensioners in the EU will have increased by more than 25 million, placing more pressure on the adequacy and long-term sustainability of our pension systems as well as on health and elderly care systems. In the longer term the risk of poverty for the elderly will also increase if job biographies become more fragmented.”[106]

Among the actions proposed to fight poverty and exclusion, social protection is identified in the following terms: “Despite the success of social protection to address the most immediate needs following the outbreak of the crisis, a significant proportion of low income people have poor access to social safety nets. (...) The adequacy and long-term sustainability of *pension systems* is crucial for preventing and tackling elderly poverty. However, the rapid ageing of Europe's population is having wide ranging impacts on all types of pension schemes and gives unprecedented urgency to the agenda for reforms, with difficult balances to be struck between equity, efficiency and sustainability. (...) Given the present trends in pension provision, vulnerable groups and people with short or discontinuous work careers are likely to become

[105] European Commission (2010), Accompanying document to the Green Paper, towards adequate, sustainable and safe European pension systems {COM(2010) 365 final}, SEC(2010) 830 final. Brussels http://ec.europa.eu/social/BlobServlet?docId=5552&langId=en

[106] European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion; SEC(2010) 1564 final; Brussels, 16.12.2010.

increasingly dependent on minimum pensions and minimum income provisions for older people."[107] As far as concrete actions are concerned, the Platform reports that the Commission will present in 2011 a White Paper on Pensions to address jointly the sustainability and adequacy of pensions in the post-crisis context, and that it will launch a European Innovation Partnership (EIP) on active and healthy ageing in 2011 and support initiatives for active ageing at all levels in the context of a European Year for Active Ageing in 2012.

As far as *gender equality* is concerned, in line with the new Strategy on equality between women and men for 2010-2015, the priority is to address the *gender income gap* to be seen in most age groups, leading to higher rates of poverty amongst the female population, both in work and out of work, with particular reference to pensions, as it states that elderly women are to be considered among those most at risk. Referring to concrete actions the Commission will step up efforts to promote the economic independence of women, which is the first of the five priorities of its Strategy on equality between women and men for 2010-2015.

### 2.1.2 The effects of EU recommendations and provisions into national pension schemes

EU regulations against gender discrimination and the EU Social Security regulations, together with the role of EU institutions in the coordination and support for pension reforms have proved important policy instruments for European countries. As stated in the Green Paper: "EU regulation covers social security coordination of public pensions, rules for occupational pension funds, portability and the protection of supplementary pension rights in the event of the insolvency of the employer, as well as rules for life assurance undertakings."[108] According to the Green Paper[109], besides public Pay-as-you-go (PAYG) pensions, EU social policy regulations cover Member States' statutory funded schemes/institutions, whether mandatory of not; in addition, in some Member States occupational pension schemes /institutions are covered by the IORP Directive (Directive 2003/41/EC)[110], the Life Directive (Directive 2002/83/EC and Directive 2009/138/EC)[111], and the UCITS IV Directive (Directive 2009/65/ECF)[112].

As for EU regulation on gender equality, its importance in affecting the pension systems of Member States is highlighted by the recent European Court of Justice (ECJ) rulings of

[107] European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion; SEC(2010) 1564 final; Brussels, 16.12.2010

[108] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en

[109] European Commission (2010), Accompanying document to the Green Paper, towards adequate, sustainable and safe European pension systems {COM(2010) 365 final}, SEC(2010) 830 final. Brussels http://ec.europa.eu/social/BlobServlet?docId=5552&langId=en

[110] Directive 2003/41/EC of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision.

[111] Directive 2002/83/EC of 5 November 2002 concerning life assurance and Directive 2009/138/ 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance

[112] Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)

November 2008 (Case C-46/07)[113] and March 2009 (Case C-559/07)[114] to introduce equal retirement ages for women and men in the Italian and Greek public sector.

The ECJ envisaged more favourable retirement regulations for women than for men in the Italian and Greek statutory retirement ages for public sector workers, contrary to the principle of equal pay for men and women for equal work, which is laid down in Article 157 of the TFEU. According to the ECJ, the more favourable retirement regulations for women are not justified as compensation for raising children, doing housework and caring for elderly relatives, because men may also find themselves in similar circumstances. Nor are they justified as positive action in favour of employed women, because they do not help women when they are still working. As the principle of equal treatment set out in article 157 of the TFEU applies only to occupational social insurance schemes, the extension of its scope by the ECJ to include the pension scheme for public servants broadened the occupational scheme concept. This ruling has led Italy and Greece to abolish gender differences in retirement ages for public employees and prompted debate among legal theorists and trade unions[115]. In the long run and for younger generations, the increase in the statutory retirement age will reduce gender differences in pension income, while supporting the sustainability of public pensions. In the short run, however, the rapidity of the change in retirement rules has negatively affected women close to the (previous) retirement age, who had to change their life plans in a very short timeframe. In Italy this decision also introduces differences in the statutory retirement age between women employed in the public (raised to 65 as of January 2012) and private sectors (still at 60), thus making room for an increase in the retirement age of female employees also in the private sector.

**Box 2.1 - Integration of the European Court of Justice rulings on public sector retirement ages in Greece and Italy**

In **Greece**, following the sentence of the European Court of Justice (ECJ) of 26 March 2009 in the Case C-559/07, deeming the provisions of the Civil and Military Pensions Code for lower retirement age for females contrary to the principle of equal pay for males and females for equal work (Article 157 of the TFEU), the Greek government legislated in 2010 in favour of common retirement ages for males and females alike and abolished most of the favourable insurance regulations for women.

In **Italy**, in February 2007, the European Commission warned Italy that it would have to set the same retirement age for men and women working in the public administration. On 13 November 2008, the European Court of Justice supported the Commission's standpoint. It ruled that the old pension regime – retirement at 65 years for men and 60 years for women – represented a form of discrimination and went

[113] Judgment of the Court (Fourth Chamber) of 13 November 2008 - Commission of the European Communities v Italian Republic (Case C-46/07) (Failure of Member State to fulfill its obligations - Article 141 EC - Social Policy - Equal pay for male and female workers - Concept of 'pay' - Officials' retirement scheme)

[114] Judgment of the Court (Third Chamber) of 26 March 2009 — Commission of the European Communities v Hellenic Republic (Case C-559/07) ( 1 ) (Failure of a Member State to fulfill obligations — Social policy — Article 141 EC — Equal pay for male and female workers — National civil and military pension regime — Different treatment with regard to retirement age and minimum required service — Justification — Absence)

[115] According to the trade unions and some legal experts (cf. Stergiou, A. (2009), Classing the public servants' pension scheme as occupational: Errors in ECJ case law, In: *Social Insurance Law Review*, Vol. MK, 2009, pp. 321–333), including the public servants' social insurance scheme in the category of occupational insurance scheme entails a presumption that it is governed by competition law, from which statutory social insurance schemes are excluded since they are based on the principle of social solidarity.
http://www.eurofound.europa.eu/eiro/2009/10/articles/gr0910029i.htm

against Article 141 of the TFEU[116] regarding the principle of equal pay for male and female workers. In order to apply the ruling of the court, the government, in cooperation with the social partners, introduced a gradual increase in retirement age for female public administration employees, reaching the age of 65 years in 2018 (Law No. 102/2009 art. 22-ter). The Commission, however, regarded this mechanism and later proposals (all public administration workers retiring at age 65 years by 2016) as inadequate. Consequently, in June 2010, it called upon the Italian government to fall into line with the court ruling by 2012. The introduction of the same retirement age of 65 years for men and women in the civil service will take place on 1 January 2012 with no intermediate steps, as stated in an amendment included in legislative Decree No. 78/2010 of 31 May. In order to avoid a wave of early retirements by public employees before the new limit comes into force, the decree allows women who become eligible to retire at 61 by 2011.

Source: Eironline, Same retirement age set for male and female civil servants http://www.eurofound.europa.eu/eiro/2010/07/articles/it1007039i.htm, Eironline, Public sector to bring in parallel retirement age for men and women. http://www.eurofound.europa.eu/eiro/2009/10/articles/gr0910029i.htm

Another ECJ ruling which is going to have a significant impact on occupational and individual pension funds is the Test-Achats case enacted on March 2011 establishing that sex cannot be used for permanent differentiation between insurance premiums, including pensions[117].

There is uncertainty as to the manner in which the ruling will be implemented from a temporal standpoint in domestic legislation in each relevant Member State.

The following principles are likely to apply[118]:

- All new contracts entered into force after the expiry of that period will be required to be priced and to provide benefits on a unisex basis and not apply differentiated terms on the basis of a person's gender;
- Gender-specific differences in respect of insurance premiums and benefits paid under policies which expire prior to 21 December 2012 will not be subject to challenge as a result of the ruling.
- As for insurance contracts entered into force prior to 21st December 2012 but to be paid after this date it is possible that, as a result of the ruling, the relevant domestic legislation may require the insurer to procure that the premiums and benefits are reviewed after 21 December 2012 on a gender-neutral basis.

In relation to the coordinating and supporting role of EU institutions for pension reforms, the Green Paper reports that: "Member States have recognised that acting together can be more effective and efficient and that the EU level can add value, not least since the challenges are similar across the EU and reform polices need to be consistent with existing frameworks such as the Stability and Growth Pact and Europe 2020."[119] Within this strategy specific coordinating measures have been introduced such as surveillance, monitoring and mutual learning: worth

[116] The Article 141 TFEU (ToL) was renumbered Article 157 of the TFEU in 2008
[117] European Court of Justice Case C-236/09, Association Belge des Consommateurs Test-Achants ASBL ond Others v. Conseil des ministres, Judgment of 1 March 2011.
[118] A&L Goodbody (2011), Can gender differentiated actuarial factors still be used when determining premiums and benefits under insurance contracts? The test-achats case.
http://www.debrauw.com/SiteCollectionDocuments/Legal%20Alerts/The%20Test%20Achats%20case.pdf
[119] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en

mentioning, among others, are best practice sharing, peer reviews, agreeing upon objectives and indicators, and gathering comparable statistics.

The Joint Report on the National Reports on Strategies for Social Protection and Social Inclusion[120] shows that all Member States have introduced into their pension systems specific regulations derived from the EU framework. Several MSs have tried to correct the insufficient pension accrual of women by promoting their greater participation in the labour market as well as applying specific mechanisms in their pension systems[121]. The latter approach includes equalization of retirement age for women and men, crediting family care periods, with regard both to children and the elderly, benefits in the case of divorce, as well as survivor pensions. Other mechanisms, such as minimum guarantee pension schemes, can also have a positive effect in ameliorating the situation of women.

## 2.2 Main characteristics of existing pension schemes

Up to the early 1990s the bulk of national pension systems was represented by public pensions, characterised by markedly redistributive features, guaranteeing pre-defined high pension benefits and high rates of returns, especially to low earners (including women).
Since then the rapid growth in the old age dependency ratio and in life expectancy have increased pressure for more sustainable pension systems. Given the importance of pensions in the income of the elderly and the need to address the changes in family structures (with the increase in divorce and one-person households) and in the labour market (with the growth of part-time and atypical employment as well as female participation and employment), pension systems had to find ways to combine sustainability needs with adequacy in protecting income in old age and with fairness between and within generations and between men and women. The reforms of the nineties shifted pensions systems from largely single-pillar public pensions to multi-pillar systems, where the public pillar is supplemented by occupational and private pension schemes, and the link between contributions and benefits is strengthened. Table 2.1 provides a taxonomy of existing pension schemes[122] following the one proposed by the Social Protection Committee[123], while Annex A-1 provides a more detailed overview by country.

[120] European Commission (2008), Joint Report on Social Protection and Social Inclusion 2008. Social inclusion, pensions, healthcare and long-term care European. http://ec.europa.eu/social/BlobServlet?docId=2386&langId=en
[121] European Commission (2006), Synthesis report on adequate and sustainable pensions [Com (2006) 62], SEC(2006)304, 27/02/2006. Technical Annex.
http://servizi.econ.unito.it/cerp/site/dataandlaws/datasdocuments/synthesis_report_on_
[122] The international typologies for pension systems differ according to institutions: the typologies of the World Bank, the OECD and the European Commission are not exactly the same. The traditional three pillar classification presented in table 2.1. is the one upon which Directives 79/7/EEC and Directive 2006/54/EC are based and is the one diffused in most European countries. The World Bank model, which is diffused among some Central and Eastern European Countries and candidate countries, includes in the second Pillar privately managed mandatory saving funds and in the third Pillar private pension savings and occupational pensions.
[123] Social Protection Committee (2008), Privately managed funded pension provision and their contribution to adequate and sustainable pensions. Occasional papers, No. 35. http://ec.europa.eu/social/BlobServlet?docId=743&langId=en

**Table 2.1 - A taxonomy of possible pension schemes**

| Type of scheme | Main components | Characteristics | Countries |
|---|---|---|---|
| **Pillar I Mandatory Statutory public schemes** | Minimum pensions | Automatic coverage under certain conditions.<br>Different types of minimum pensions:<br>⇒ Residency based<br>⇒ Flat rate minimum pension linked to social insurance contribution<br>⇒ Pension based means tested<br>⇒ Social assistance benefits<br>Funded by social contributions and taxes. | All countries |
| | Earnings related on a PAYG basis | Current workers'/ employers contributions are used to fund the pension payments of retired people.<br>Compulsory participation of employees. Pension benefits are guaranteed by the State and the scheme is managed by a public body.<br>Community Regulation 1408/71 co-ordinates these schemes. | All countries except DK, NL, IE, UK |
| | Earnings related funded tier | Earnings related, totally (or partly) funded (by social contributions). Funded tier of general statutory scheme. The funds are often privately managed. | Funded tier of general statutory schemes:<br>BG, EE, LT, LV, HU, PL, RO*, SK, SE,<br>HR, FYROM, IS<br><br>Partly funded: FI*<br><br>Separate scheme: AT*, DK*<br>IT (compulsory), PT (voluntary)* |
| **Pillar II Occupational schemes** | Membership is mandatory | Mandatory for employers or resulting from collective agreements.<br>Access to occupational schemes is linked to employment and usually they operate on a *funded basis*: employer and employees built up savings which are invested and will be used to finance future pension benefits.<br>They frequently provide cover for biometrics risks (death, invalidity and longevity). | Mandatory for employer (sectoral or cross-sectoral): BE, DK, CY, PT, NL, SE, DE |
| | Membership non mandatory | Resulting from collective agreements or unilateral decision by employers or employees. | All European countries, except EE, HU, LT<br>Only to a minor extent: EL, MT |
| **Pillar III Individual voluntary schemes** | Voluntary individual schemes | Individual contracts with pension funds that can be adhered collectively (through associations or Unions). Provided by Life insurance companies or pension saving institutions. No employment link is necessary. | All European countries<br><br>Adhered Collectively: CZ, ES, SK, UK |
| | Long term savings not specifically for pension purposes | Long term savings not specifically for pension purposes | All countries |

Source: Social Protection Committee (2008), Privately Managed Funded pension provisions and their contribution to adequate and sustainable pensions, and EGGSI Network national reports 2011.

Explanatory note: Earnings related funded tier in Romania from 2008, in Austria and Germany separate schemes: in Austria it is the severance pay scheme (BMVG), in Denmark ATP, SP and SAP, in Italy the TFR (compulsory), in Portugal the Regime Público de Capitalização, introduced 1st March 2008.

**Pillar 1** includes the **statutory public scheme**, in which participation is compulsory and is traditionally based on redistributive principles. The main component of the Public Pillar is usually the earnings related pay-as-you-go (PAYG) scheme, according to which current workers' contributions are used to fund the pension payments of retired people. Pension benefits are guaranteed by the State and the scheme is managed by a public body. At the European

Community level, Regulation 1408/71 co-ordinates these schemes. In many countries the Public Pillar also includes minimum pensions, basic pensions or minimum income provision schemes for older people with low incomes and few or no pension rights. Minimum pensions may be contributory earnings related, residency based or based on social assistance.

In recent years some countries have introduced a mandatory funded tier to supplement the PAYG scheme (in accordance with the so-called World Bank Model).

The schemes in **Pillar 2** are known as «**occupational schemes**». Occupational schemes are usually organised according to insurance principles and access is linked to employment or occupation. Usually they operate on a funded basis: employer and employees build up savings in pension funds which are invested and will be used to finance future pension benefits. When reaching retirement age the accumulated assets are paid to the individuals either as an annuity, or at once or in some other form. There can be *defined benefit* (DB) *schemes* (where a given level of benefits is defined) or *defined contribution* (DC) *schemes* (where only contributions are defined and benefits vary according to the returns of the funds invested) or hybrid schemes like *Notional Defined Contribution* (NDC) ones, involving notional accounts with the rate of return centrally determined and the same for all, thus less risky for the individual relative to DC schemes. In DC schemes the value of the pension depends not only on the contributions made, but also on developments in the financial markets. As a consequence, the value of pension income may decline in the case of adverse shocks affecting the value of the fund assets, as was the case with the financial crisis in 2008. These funds may be established by *collective agreements* at the sectoral level or at the company level and can be mandatory; or they can be established in *individual contracts* or *by the unilateral initiative of the employer*[124].

**Pillar 3** consists of **individual schemes** based upon the savings put aside by an individual for her/his old age. Individuals subscribe contracts with service providers such as life insurance companies or various other kinds of institution. In some cases employers or the State may contribute to the individual plan. With these schemes it is often difficult to distinguish between personal savings for retirement purposes and other precautionary savings for the nearer future.

Applying this classification to the pension systems currently operating in European countries is not an easy task because some pension schemes may belong to different pillars or because one pillar (typically the public one) is made of schemes that refer to very different principles (earnings related or universal-means tested, PAYG or funded). Especially in recent years the distinction between these three Pillars is becoming blurred as, in some countries, mandatory

[124] Occupational schemes can also be organised in many different ways:
a) Creation of -or participation in- *a pension fund separate from the employer*. The fund receives the contributions, invests them and pays out the benefits. Funds are said to be «open» (enterprises from various industrial sectors can join in) or «closed» (participation is limited to a single company, or a group of companies, or a specific industrial sector).
b) Subscription of a *group life insurance contract*: contributions are paid to a life insurance company which invests them and pays the benefits. The insurance company generally underwrites the payments of the benefits. Life insurance companies are already regulated at Community level.
c) Book reserve mechanisms (= *non autonomous pension funds*): the employer undertakes to pay benefits to his employees and makes provision for commitments on the liabilities side of his balance sheet. This provision (reserve) is segregated from other reserves but does not constitute a separate institutional unit from the employer.

funded schemes have been included in the statutory public pensions system, while occupational schemes may be included in the third Pillar, reflecting the World Bank Model adopted by many Central and Eastern European countries which have moved to the market system[125]. For example, in Croatia there have been two types of schemes within the 3rd Pillar since 2002. While the first one is completely individualised – namely, one can opt to invest one's money in so-called "open private voluntary funds"; the second has some features of the occupational schemes, the so-called "close private voluntary funds", established by specific companies, or branches of industry.

In detail, the ***public pensions system***:

- Is still a common and relevant feature of all the 33 countries considered, at the core of which are *statutory earnings related PAYG old-age pension* schemes, usually based on defined benefit (DB) formulae, even if in some countries a shift to Notional Defined Contribution (NDC) formulae is underway (IT, SE, LV, PL). All Member States have a PAYG pension system, which is the main source of income for current pensioners and, even if reduced, will continue to constitute the bulk of pension income in most EU countries for many years.
- In most countries the public pension system also provides a *minimum guaranteed flat rate or means tested pension* to those who do not qualify for the earnings-related system or have accrued only a small earnings-related pension. Minimum pensions are usually means-tested and provided either by a specific minimum pension scheme or through social assistance. In many Nordic and Anglo-Saxon countries (DK, EE, IS, NO, IS, IE and the UK) and in Luxembourg, Malta and the Netherland the public system provides a basic flat rate pension, which can be supplemented with the earnings-related one.
- In all countries, public pensions also include disability pensions and survivor pensions.
- A recent trend in public mandatory pension schemes is the shift of part of the public PAYG scheme into a *mandatory funded scheme* as a tier supplementary to the prevalent PAYG one. This has happened in Sweden, Denmark (in part), in some Eastern European countries (BG, EE, LV, LT, HU, PO, RO, SK) and in Croatia. Participation in the funded scheme is conditional on participation in the public pension scheme and it is mandatory for new entrants in the labour force (in Sweden for all employees), while it is voluntary for older workers[126]. Austria, Italy and Portugal have also recently introduced funded tiers in the statutory scheme. In Austria a supplementary scheme (BMV) replaces the previous severance pay system and is contribution-defined: when the employment contract is terminated the worker may choose between receiving the capital or investing it in special pension funds or other forms of supplementary pensions favoured by tax incentives. A

[125] Renga, Simonetta/ Molnar-Hidassy, Dora/ Tisheva, Genoveva (2010), Direct and Indirect Gender Discrimination in Old-Age Pensions in 33 European Countries, European Network of legal experts in the field of gender equality. European Commission, Directorate-General for Justice.
[126] Eurostat considers takes these schemes to be private, not public.

similar system is in place in Italy where, since 2004, the workers' severance pay has automatically been transferred to occupational defined contribution pension schemes established through collective agreements at the sector or local level, except when the workers refuse it. In Portugal a public funded scheme was introduced in 2008 based on individual accounts to which individuals pay supplementary contributions on a voluntary basis. The coverage of statutory funded schemes (in % of the workforce) varies greatly among the European countries. According to the 2008 Report of the Social Protection Committee[127], it ranges from 25% in Italy to nearly 90% in Denmark and 100% in Sweden (in 2006), with differences reflecting the timing of introduction and the different regulations on membership.

To support the financial sustainability of pensions in the light of demographic trends, many countries have encouraged the creation of ***occupational and individual pension funded schemes***, usually based on Defined Contribution (DC) formulae. The role played by these schemes has been growing, even if it is still somewhat marginal as compared to the public PAYG system and has only recently been developing in accordance with the equal treatment principles promoted by the EU legislation.[128] Due to their recent introduction, funded schemes provide only a low share of income for current pensioners, while they will become an increasingly appreciable share of the income of future pensioners.

The coverage of **occupational pension schemes** reflects their development over time: it is widest in the Netherlands and Sweden (90%), followed by Denmark (75%); most limited in Poland (2.2%), Portugal (4%), Luxemburg (5%), Spain and Finland (around 8%); between 10% and 20% in France, Austria and Italy and between 40% and 70% in the other countries.[129]

**Individual schemes** are particularly relevant in the Nordic and Anglo-Saxon countries and in the Netherlands, where, according to data from the Commission Services[130], in 2007 individual pension schemes covered more than half of the retired people in Denmark (56%) and the Netherlands (59%) and 20% in Sweden. In these three countries these schemes provide a sizeable topping up of the public pillar. In the other countries, private voluntary pension savings are contributing only marginally to the total pensioners' income and are expected to continue to do so in the future.

On the basis of the prevailing pension system, the 33 countries considered in this study may be grouped in the following way:

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[127] The Social Protection Committee (2008), Privately Managed Funded Pension provision and their contribution to adequate and sustainable pensions.

[128] Directive 86/378/EEC on the implementation of the principle of equal treatment for men and women in occupational social security schemes.
http://europa.eu/legislation_summaries/employment_and_social_policy/equality_between_men_and_women/c10908_en.htm

[129] The Social protection Committee (2008), Privately Managed Funded Pension provision and their contribution to adequate and sustainable pensions.

[130] Presented in the EC-DG for Economic and Financial Affairs (2009), The 2009 Ageing Report: economic and budgetary projections for the EU 27 Member States (2008-2010)- European Economy 2/2009

1. **Nordic countries (SE, FI, DK, NO, IS) and the Netherlands** have a generous tax-based public universal minimum pension pillar, usually residence based, which supports low earners and women lacking a continuous employment history. On top of these minimum pension benefits there are earnings-related benefits resulting from the mandatory public PAYG system and benefits resulting from occupational schemes. These countries are also characterised by an extensive use of funded schemes as a significant part of their pension schemes. Denmark and the Netherlands have always based part of their pension systems on private funded schemes, while Sweden has introduced statutory funded schemes in recent years. In these countries public expenditure on pensions is relatively low, due to the significant role of private funded schemes. Iceland differs from the other Nordic countries in that the second pillar includes mandatory occupational or private funded schemes, resulting from negotiations between the social partners in the labour market (unions and the employers).
2. **Anglo-Saxon countries (UK, IE)** also have a universal basic state pension (contributory flat rate) + funded occupational earnings-related private schemes. The public pension pillar is, however, much less generous than in the Nordic countries. Public pension expenditures in % of GDP and pension replacement rates are lower than the EU27 average.
3. **In Continental (AT, BE, DE, FR, LU), Southern European countries (IT, ES, EL, MT, CY) and in the Czech Republic** pensions are largely based on an earnings-related public PAYG system, in some cases with top-up pension supplement for those below the poverty line, usually means-tested or with strict eligibility criteria (AT, BE), or social assistance benefits outside the pension system (as in IT). Occupational private schemes have been introduced recently but are not as widespread as in the Nordic and Anglo-Saxon countries, although Germany, Italy and Austria are supporting the expansion of existing or newly created statutory funded and occupational pension schemes. In some of these countries (IT, FR, DE) there has long been a fragmentation of various occupational schemes, which is currently under revision. Overall, these countries have in common relatively high public spending on pensions as a share of both total public expenditures and GDP.
4. **Transition economies in Central and Eastern European countries (BG, EE, LT, LV, HU, PL, RO, SK, SL)** have moved toward a multi-pillar system and reshaped their statutory scheme towards a system largely based on a mandatory funded private pension scheme providing a funded tier as complement to the unfunded one (the so-called World Bank and IMF Model). In these countries statutory pensions used to be relatively generous, but since 2005 the elderly have seen a rapid decline in their conditions. Expenditure on pensions in these countries is low compared with the EU

average. Slovakia differs from the other countries in that the private schemes are not mandatory.

5. **Candidate countries (FYROM, HR, TR**), have in recent years moved from the single public PAYG pension system towards the three-pillar systems prevalent in other European countries. Replacement rates in these countries are lower than the EU average, as is pension expenditure. Pension reforms in these countries were initially conditioned by international organisations (such as the World Bank and the IMF), and only more recently by the EU recommendations and directives, as shown in the following box.

**Box 2.2 - Effects of World Bank and EU recommendations on pension reforms in candidate countries**

In **Croatia** EU recommendations / directives (such as Directive 79/7 and Directives 96/97 amending 86/378) are incorporated in Croatian laws and provisions and there are no different treatments in this respect. Migrant workers for whom the EU coordination of social security rules will apply (Regulation 883/04, Implementing 987/09, Regulation 1231/10) are to receive pensions from the second pillar in line with the amount of contributions collected in the second pillar account.

In **Turkey,** ongoing reform initiatives to respond to the demands of the EU recommendations have a significant impact on the welfare and role of women[131], including initiatives in the social security system toward gender equality, including equalisation of retirement ages at 65, planned for 2048, and gender-neutralization of welfare benefits, ending the former entitlement of dependent daughters of the insured persons to lifelong health insurance. Also the marriage allowances have been extended to male survivors. Another major affect of the EU accession process on the existing institutional framework has been the creation of a private pension scheme based on individual and employers contributions. Additionally, shaped by the recommendations of the EU and IMF, organisation of the social security system around the issue of equality resulted in bringing together all the separate institutions under one roof. This aimed at reducing the inequities inherent in the previous system and enhancing efficiency and sustainability. Nevertheless, despite the improvements in the legislation, social life is still marked by strong and extensive conservatism confining the scope for women, exemplified in Turkey's strikingly low scores in major gender equality rankings (e.g. Turkey ranks 101st out of 109 countries according to the UN Gender Empowerment Measure and ranks 129th out of 134 countries according to the World Economic Forum Gender Gap Index in 2009).

Source: EGGSI National reports 2011

## 2.3 Recent trends in pension reforms and the effect of the 2008 financial crisis

The current features of pension systems are the result of gradual reform waves initiated in the 1990s with the aim to improve their financial sustainability in the light of rapid population ageing.

The reform trends have been implemented in accordance with the objectives agreed upon within the OMC and the attempt to *balance pension adequacy and sustainability*. Indeed, the National

[131] Dedeoğlu, Saniye/Elveren A. Y. (2011), Gender and Society in Turkey: The Impact of Neo-Liberal Policies, Political Islam and EU Accession, London & New York.

Strategy reports on Pensions 2005/2006 and the National Strategy Reports for Social Inclusion and Protection show substantial progress in reforms since the late nineties.[132]

Table 2.2. summarises the main areas of pension reforms in the 33 countries considered.

**Table 2.2 - Overview of the main areas of pension reforms in European Countries**

| COUNTRY | Year of pension reform | Retirement age | Early retirement | Indexation | Unisex tariffs | Calculation formulae/ years of contribution | Bonus for later retire-ment | New schemes / incentives |
|---|---|---|---|---|---|---|---|---|
| **Austria** | 1997, 2000, 2004, 2005 | x | x | x | | x | x | x |
| **Belgium** | 1996, 2002, 2005 | x | x | | | x | x | x |
| **Bulgaria** | 2000, 2008 | | | | | x | | x |
| **Croatia** | 1999, 2002 2010 | x | x | x | | x | | x |
| **Cyprus** | 1964, 1980 2009 | | | x | | x | | |
| **Czech Republic** | 2003 | x | x | | | | x | |
| **Denmark** | 2006 | | | x | x | | x | |
| **Estonia** | 2001, 2010 | x | | | | | | x |
| **Finland** | 2005 | | x | x | | | x | x |
| **France** | 1987, 1993 2003, 2008 2010 | x | x | | | x | x | x |
| **Germany** | 1992 , 2001 2004, 2005 2007 | x | x | x | | x | | x |
| **Greece** | 1992, 2002, 2004, 2008 2010 | x | | | | x | | |
| **Hungary** | 1997, 2009 | x | x | x | x | | x | |
| **Iceland** | 1997, 2007 2008 | | | | x | | | x |
| **Ireland** | 2010 | x | | | | x | | x |
| **Italy** | 1992, 1995 1997, 2004 2010 | x | x | x | x | | | x |
| **Latvia** | 1996, 2008 | x | x | x | x | | | x |

[132] http://ec.europa.eu/social/main.jsp?langId=en&catId=752&newsId=958&furtherNews=yes

| COUNTRY | Year of pension reform | Retirement age | Early retirement | Indexation | Unisex tariffs | Calculation formulae/ years of contribution | Bonus for later retire-ment | New schemes / incentives |
|---|---|---|---|---|---|---|---|---|
| **Liechtenstein** | 1996, 2005 | x | | | | | | x |
| **Lithuania** | 2004 | x | x | | | | | x |
| **Luxembourg** | 2002 | | | | | x | x | |
| **Republic of Macedonia** | 2002, 2006 | x | | | | x | | x |
| **Malta** | 2007 | x | | | | x | | |
| **Netherlands** | | x | x | | | | x | x |
| **Norway** | 1992, 2011 | | | | x | | | |
| **Poland** | 2009 | | x | | | | | x |
| **Portugal** | 2007, 2006 | | | | x | | x | x |
| **Romania** | 2000, 2010/11 | x | x | x | | x | | x |
| **Slovakia** | 2004, 2009 | x | x | x | x | x | x | x |
| **Slovenia** | 2000 | x | | | | x | x | |
| **Spain** | 2002, 2007, 2011 | | x | | x | x | x | |
| **Sweden** | 1999 | x | x | | | x | x | x |
| **Turkey** | 1999, 2001, 2006 | x | | | | x | | |
| **United Kingdom** | 2007,2011 | x | | | | | | x |

Sources: EGGSI National reports 2011, European Commission (2006), Synthesis report on adequate and sustainable pensions [Com (2006) 62], SEC(2006)304, 27/02/2006. Technical Annex. Pension Policy in EU25 and its possible Impact On Elderly Poverty: http://www.euro.centre.org/data/1157548184_38007.pdf, European Commission (2010), Annexes to the Joint Report on Pensions.

To improve the **sustainability** of their pension systems most European countries have revised them, with more or less incisive changes, in order to curb rising public pension expenditure. As shown in table 2.2, the main trend has been to reinforce the contributory principles in pension schemes and the link between contributions paid and benefits received. This has been achieved with measures that have[133]:

- *Encouraged people to work more and longer* by: increasing statutory pensionable ages, especially for women (in 13 countries); abolishing or restricting the take up of early retirement options (in 16 countries) and other routes out of work prior to formal retirement (such as disability and incapacity schemes); improving flexible retirement options; supporting the labour market participation and employment of older people and women.
- *Reinforced the move towards a multi-pillar pension system* with a reduced role for public pensions, an increasing role played by funded and occupational schemes, and a progressive shift from defined benefits (DB) to defined-contribution (DC) as well as notional defined-

[133] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en

contribution schemes (NDC), designed to tighten the link between contributions paid and pension benefits so that longer working lives feed into higher pensions. Minimum insurance and contributions requirements have been increased; existing occupational schemes have been expanded (either mandatory with automatic enrolment, or voluntary with tax incentives) in addition or in substitution of public pensions; incentives have been provided to support private retirement savings either in the form of collective firm-based savings and individual savings.

- *Extended the calculation period for pensionable earnings* to the entire employment career, instead of considering only the "best years" or the "last years", typical in legislations that adopt the defined-benefit principle.
- *Introduced automatic adjustment or periodic review mechanisms in contribution rates*. Automatic adjustments have been adopted in Sweden, Finland, Poland, and Germany, while periodic reviews and adjustments have been implemented in Austria, Italy and France. Adjustment mechanisms reflect changes in one or more factors such as longevity (as in SE, FI, IT, PT), the dependency ratio (as in DE), reserve fund performance (SE) or general economic performance (FI, SE).
- *Adopted less favourable benefit indexation mechanisms*. In the majority of EU countries pension indexation systems are no longer based on wage developments, but on changes in the cost of living (or the increased weight of the inflation component in a mixed indexing formula) and/or economic growth or demographic trends (the so-called "sustainability factors"). These mechanisms decrease the pension replacement rate of pensions during the pensioners' life, thus penalising in particular women living longer in retirement than men.

Overall, these reforms have weakened the principle of pension as a "continuing wage" based on the reference wage (the wage of the last working years) and favoured a principle of pension as a "deferred income" based on contributions made during the whole career – which is indeed less favourable to the pensioners[134]. As a consequence, some groups, like low-wage and precarious workers or workers with interrupted careers (largely women), are often only eligible for minimum pensions or social assistance, even when they have contributed to the system for many years. It is in particular women (as discussed in greater detail in chapter 3) and labour market entrants that are more affected by pension reforms and will have to rely on personal accounts to complement their retirement income. Indeed, pension reforms have widened the generational gap in pension returns, affecting the younger generations, while maintaining the acquired rights of the current pensioners

The shift toward contribution-based occupational schemes might increase old age poverty: according to a recent OECD study low earners are going to be much more reliant on basic, means-tested or minimum pensions, because cutting benefits that are already low, while life

[134] Castel N. (2010), Salaire ou revenu différé? Vers un nouveau système de retraites, Revue française de sociologie, n°51

expectancy increases, entails the risk of a resurgence of old-age poverty, especially among those with interrupted careers (mainly women and atypical workers), due to their lower pension income. In this way “financial stability may be improved for parts of the pension system, but not for retirement-income provision as whole.”[135]

Another general effect of pension reforms to be underlined is the increased individual responsibility on saving decisions and pension rights: people have more choice, but are also exposed to increasing risks. This means that individuals have to be clearly informed of the options available and their associated risks and that financial literacy levels are to be improved in order to enable individuals to make informed choices on an increasingly complex issue.[136]

In order to address the risks associated with the above-mentioned reforms in relation to pension system **adequacy** and **fairness**, many countries have adopted measures to:

- *Broaden pension coverage*, supporting the building up of rights, easing access to pensions for vulnerable groups, and reducing treatment disparities among workers in different sectors and/or occupations.
- *Raise the benefit levels of minimum pension schemes*, increasing the financial support provided by minimum pensions for poor pensioners. In some countries the redistributive role of public schemes has been strengthened to protect low earners from the cuts in benefits deriving from pension reforms (FI, FR, SE, UK).
- *Improve the regulation of private funded pension schemes to support wider risk sharing*.
- *Address the gender dimension and the extension of flexible forms* of employment in pensions systems, by assuring coverage of part-time and atypical work; care work and unemployment periods.

### *The effects of the 2008 crisis*

The 2008 financial and economic crisis has highlighted and aggravated some of the risks associated with the previous pension reforms in terms of both sustainability and adequacy.
With new pensions systems benefits are more closely related to developments in the labour and financial markets and to economic growth. The adequacy of pension systems is jeopardised, especially for younger generations and women: when the labour market is unable to guarantee lifelong continuous employment; when the financial markets are unable to deliver the expected returns on investments in pension funds; and when public spending is constrained by increasing deficit and debt, lower growth prospects and fiscal consolidation. For these reasons, the current debate on pensions calls for a more holistic approach, integrating pension reform with labour

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135 OECD (2011), Pensions at a Glance 2011, Retirement-income systems in OECD and G20 countries. http://dx.doi.org/10.1787/pension_glance-2011-en

136 The issue of financial education is becoming increasingly important and recognised by the EU institutions. The Commission has taken initiatives to support the exchange of good practices, develop a European database, on-line tools for teachers and awareness-raising initiatives. European Commission (2010), Green Paper- Accompanying document

market and social policies, and considering sustainability and adequacy as "two sides of the same coin"[137].

Both public and private pension schemes have been affected by the crisis. According to the EC Green Paper (2010)[138], the crisis has:

- *Increased the fiscal constraints on public spending and reduced growth perspectives*, thus putting additional pressure on public pension spending and on the provision of tax incentives for participation in private schemes.
- *The return rates and solvency of funded schemes have been negatively affected* by falling interest rates and asset values[139]. Even when insurance mechanisms[140] and recovery plans were set up to compensate workers, these are usually less generous than the expected pensions. The crisis has thus highlighted the need to introduce more balanced risk sharing mechanisms between scheme members, employers or insurance providers.
- *The crisis has demonstrated the importance of design, regulation and investment strategies in private pension funds* which define how the risks are shared among providers, contributors and recipients.

The ways some countries have reacted to the challenges to pension reforms posed by the crisis vary greatly, as shown in Box 2.4. The case of Hungary is particularly revealing as the government decided to return fully to the public PAYG scheme.

**Box 2.3 - Effects of financial crisis on private pillars in selected countries**

**Austria** - Due to bad financial performance of the private pensions (*premium-aided pension savings scheme*) during the year 2008 the minimum quota of investment in the private stock market has been reduced (trough the Reform in Nov. 2009): for people below the age of 45 to 30%, to 25% for people aged between 45 and 55, and to 15% for people over 55. The aim was to reduce the risky investments within this scheme (especially for older people).[141]

**Belgium** - An ageing fund (*silver fund*) was created in 2001 in order to finance the increasing cost of pensions, but received no more funding after 2007 due to the financial crisis.[142]

**Croatia** - Although there was financial misbalance in 2008, private pension funds had positive returns in 2009.[143] The investment was very conservative, funds being invested mainly in Government bonds and the

[137] European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe.
http://ec.europa.eu/economy_finance/publications/occasional_paper/2010/pdf/ocp71_en.pdf

[138] European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels. http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en

[139] According to OECD estimates[139] private pension funds lost over 20% of their value during 2008. In addition several sponsors of occupational pension funds were compromised in their ability to honour their obligations. Even if pension funds were able to recoup some of their losses in 2009, many still remain far off their required solvency levels. OECD (2008). "OECD Private Pension Outlook 2008", OECD, Paris.

[140] The EU Directive 2008/**94/EC** on the protection of employees in the event of the insolvency of their employer ensures payment of employees' outstanding claims in the event of employer insolvency. It requires Member States to set up an institution to guarantee the payments.
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32008L0094:EN:NOT

[141] Fink, Marcel (2010): Pensions, Health and Long-term Care in Austria Annual National Report 2010 for ASISP, http://www.socialprotection.eu/files_db/883/asisp_ANR10_Austria.pdf

[142] By cap sciences humaines, http://www.capscienceshumaines-ucl.be/content/view/99/203/

[143] HANFA – Hrvatska agencija za nadzor financijskih usluga (Croatian Financial Services Supervisory Agency) (2010) Godišnje izvješće 2009 (Annual Report 2009), http://www.ripe.hanfa.hr/hr/publiciranje/izvjesca/

domestic financial market – a situation that has seen some change in the course of EU accession.[144]
**Iceland** - Private pension funds were badly hit during the financial crisis in 2008. The occupational pension funds generally cut pension rights and pension payments by about 10% in 2009. Most of the funds were also cut again by 10% in 2010. The Social Security System compensated for income losses in pensions.[145]
**Ireland** - The national pension board report (2010) warns that a significant number of funds are underfinanced relative to their obligations. There is a lack of confidence in the private pension. The high-risk investment decisions taken by the managers of those funds have decimated savings and investments. Also, the private pension companies lack transparency by international standards. The costs of Defined Contribution private pensions include the front loading of administrative charges, disproportionately higher administrative charges for smaller accounts and discriminatory annuity rates.[146]
**Hungary** - In response to the crisis a new bill regulating pensions was passed in December 2010[147]. The government decided to encourage or compel the members of the private pension funds to return fully to the state-governed social insurance system and made it more difficult to remain in private pension funds. Approximately 3 million members – or 30% of the total population – invested around 3,000 billion Ft in private pension funds up to January 2011, amounting to more than 10% of the yearly GDP.[148]

Source: EGGSI national reports 2011

The effects of the crisis are different for different cohorts of pensioners, especially in those countries where pension reforms have been more structural. Current pensioners have not been greatly affected by the crisis, as only few Member States (EL, PT) have cut public pension payments, but it will affect in particular future pensioners who have experienced long-term unemployment and/or reduced working hours. Also the negative effects of the crisis on the asset values of funded schemes are different for different cohorts, the negative impact being greater for those close to retirement than for those who still have some way to go and have time to recoup the value lost with the crisis.

More than before, the focus of pension reforms subsequent to the crisis is on finding the right balance between PAYG schemes and funded systems to fill the *adequacy gaps* in pension income, especially for the currently active population and the young generations, together with the need to improve the *sustainability for public finance of pension spending*, currently undergoing serious fiscal deterioration as a result of the crisis.

[144] Potočnjak, Ž., Vukorepa, I. (2008) Upravljanje rizikom prinosa u obveznim kapitalno financiranim mirovinskim sustavima (Risk Management of Returns in Mandatory Capital Financed Pension Systems), *Revija za socijalnu politiku (Journal of Social Policy)* 15(3):323-342.
[145] Ólafsson, Stefán (2010), *Pension, Health and Long-term Care*: Annual National Report Iceland 2010. www.ts.hi.is.
[146] Older and Bolder (2010), A secure pension for all: Baseline positions on the National Pensions Framework. Dublin http://www.olderandbolder.ie/sites/default/files/Baseline%20Statement.pdf
[147] 2010. évi CLIV. törvény a Nyugdíjreform és Adósságcsökkentő Alapról, és a szabad nyugdíjpénztár- http://www.complex.hu/external.php?url=3.
[148] Két hét múlva fizethetik a magánpénztárak a reálhozamokat https://hirkozpont.magyarorszag.hu/hirek/magannyugdij20110623.html?highlight=mag%C3%A1n (Official Newsportal of the Hungarian Government, 23 June 2011, www.stabilitas.hu

## 2.4 The performance of pension systems and the projected effects of pension reforms

In this section we present an assessment of the performance *of pension systems in relation to the sustainability and adequacy goals* both for current and for future pensioners on the basis of the European Commission Joint Report on Pensions[149] estimates.

### *2.4.1 Sustainability*

*Public pension expenditure*

In relation to the *sustainability* of pension systems, Figure 2.1. shows the incidence of public pension spending in relation to GDP in the EU27, EEA and candidate countries in 2000 and 2008.

The main drivers of public expenditures for pensions are the generosity and coverage of public pension schemes (resulting from their design), demographic factors related to the aging of the population and labour market conditions.

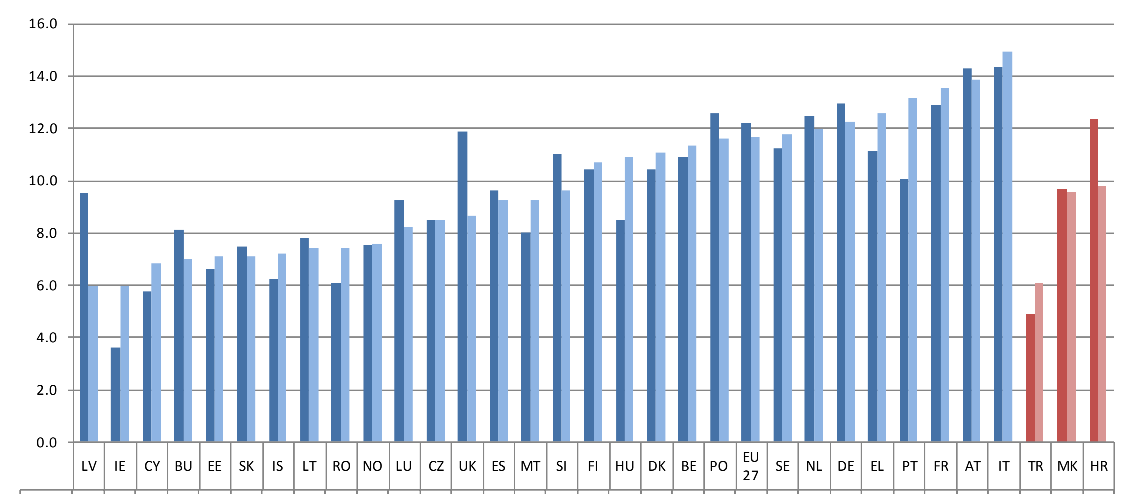
As shown in the figure, in 2008, public pension spending constituted more than a fifth of total government outlays in the EU27 and accounted for about 12% of GDP. Public pension expenditures as a % of GDP are lower in the EEA and in candidate countries, ranging from 6.1% in Turkey, to 9.8 % in Croatia.

There is considerable variation in public pension spending also across the EU27 Member States in 2008, ranging from 6% of GDP in Latvia and Ireland to 15% in Italy. Among the low spenders are the Eastern European and Baltic countries (LV, BG, EE, SK, LV, RO, CZ, below 10% of GDP) and the three candidate countries, while the high spenders (above 12%) are some Southern European countries (IT, PT, EL) and Continental countries (AT, DE, FR).[150]

In the 2000-2008 period public expenditure on pensions was reduced in 14 countries out of the 32 for which data are available. The reduction was greatest in Croatia, Latvia, Slovakia and the United Kingdom. On the other hand, public expenditure saw significant increase in Greece, Hungary, Italy, Portugal, Romania and Ireland.

[149] European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe.
http://ec.europa.eu/economy_finance/publications/occasional_paper/2010/pdf/ocp71_en.pdf
[150] The presence of tax revenues from public pensions means that the net public pension expenditure is lower. However, in most countries the proportion of these taxes is rather small, on average around 1 ½ p.p. of GDP in 2000 and 2007.

**Figure 2.1 - Public spending on pensions as a % of GDP- in 32 European countries in 2000 and 2008**



| | LV | IE | CY | BU | EE | SK | IS | LT | RO | NO | LU | CZ | UK | ES | MT | SI | FI | HU | DK | BE | PO | EU 27 | SE | NL | DE | EL | PT | FR | AT | IT | TR | MK | HR |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2000 | 9.5 | 3.6 | 5.8 | 8.1 | 6.6 | 7.5 | 6.2 | 7.8 | 6.1 | 7.6 | 9.3 | 8.5 | 11.9 | 9.6 | 8 | 11.1 | 10.5 | 8.5 | 10.5 | 10.9 | 12.6 | 12.2 | 11.3 | 12.5 | 13.0 | 11.1 | 10.1 | 12.9 | 14.3 | 14.4 | 4.9 | 9.7 | 12.4 |
| 2008 | 6 | 6 | 6.9 | 7 | 7.1 | 7.1 | 7.2 | 7.4 | 7.5 | 7.6 | 8.3 | 8.5 | 8.7 | 9.3 | 9.3 | 9.6 | 10.7 | 10.9 | 11.1 | 11.4 | 11.6 | 11.7 | 11.8 | 12.0 | 12.3 | 12.6 | 13.2 | 13.6 | 13.9 | 15 | 6.1 | 9.6 | 9.8 |

Explanatory note: The data include the social benefits relating to pensions (old age, disability and survivors' pensions as well as early retirement benefits). In addition the data are split between means-tested and non means-tested benefits. No data are available for LI. The 2000 data for Croatia refer to 2001, while the 2008 data for Turkey refer to 2007 (only old age and survivor pensions)

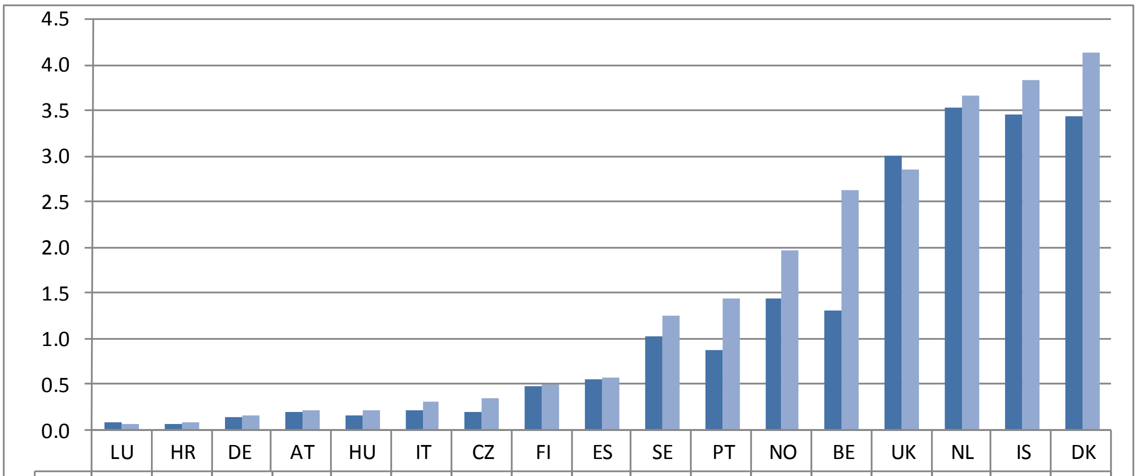
Source: Own elaboration based on Eurostat data on living conditions and social protection - ESSPROS, Data for Croatia, Republic of Macedonia and Turkey from EGGSI National country reports 2011.

*Private expenditure*

Figure 2.2 presents the available OECD data on private expenditures on occupational and private pension schemes as a % of GDP. It emerges that private expenditures in 2008 represent a relatively large share of GDP only in Denmark, Iceland, the Netherlands, the United Kingdom and Belgium, while in all the other countries considered they represent a very marginal share of GDP (less than 2%), due to their recent introduction. Their role has been increasing in recent years and it is expected to increase in the future, as more and more individuals involved in these schemes reach retirement age. According to the European Commission 2010 Ageing Report[151], in Denmark pension expenditures paid by occupational pension schemes are expected to rise to 8.9% of GDP by the year 2060. In the Netherlands they are expected to increase to 12% of GDP by 2060.

[151] European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), European Economy 2|2009. Luxembourg.

**Figure 2.2 - Private expenditure on pension (% of GDP) in 17 European countries, 2005 and 2008**




| | LU | HR | DE | AT | HU | IT | CZ | FI | ES | SE | PT | NO | BE | UK | NL | IS | DK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2005 | 0.1 | 0.0 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.5 | 0.5 | 1.0 | 0.9 | 1.4 | 1.3 | 3.0 | 3.5 | 3.4 | 3.4 |
| 2008 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.3 | 0.3 | 0.5 | 0.6 | 1.2 | 1.4 | 2.0 | 2.6 | 2.9 | 3.7 | 3.8 | 4.1 |

Explanatory note: Private expenditures on pensions include payments made to private pension plan members (or dependants) after retirement. All types of plans are included (occupational and personal, mandatory and voluntary, funded and book reserved), covering persons working in both the public and private sectors. Pension expenditures for private pension arrangements come from the OECD Global Pension Statistics (GPS) database. CZ: data of 2005 is from 2004, FI data of 2005 is of 2006 and NO data of 2008 is of 2007, Data for Turkey of 2008 refers to 2007 (only old age and survivors pension)
Source: Own elaboration based on data from the OECD Factbook 2010: Economic, Environmental and Social Statistics.

Overall, expenditures on pensions are expected to rise rapidly up to 2040, with retirement of the baby boomers and rapid increase in life expectancy at retirement age, and then to slow down later on. According to European Commission estimates EU27 pension expenditure will rise to 12% by 2040 and to 12.5 by 2060.[152]

### 2.4.2 *Adequacy*

The performance of pension systems in relation to their *adequacy* may be measured considering *poverty alleviation* (measured by the at-risk-of-poverty in old age indicator) and *income maintenance after retirement* (measured by the aggregate replacement ratio). [153]

As illustrated in chapter 1 (Fig.1.2 and Table 1.3), both indicators show performances above the EU27 average in certain Nordic (SE, NO) and Central European countries (AT, CZ, F, HU, LU, NO, PL, SE, SK), while BE, EL, ES, CY, MT, FI, UK, IE and most Eastern and Candidate countries (HR, SL, LT, RO, BG, EE, LV, TR) show relatively poorer performance in both indicators. The other countries present a differentiated situation, with Denmark, Germany,

[152] European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe.
http://ec.europa.eu/economy_finance/publications/occasional_paper/2010/pdf/ocp71_en.pdf
[153] Both indicators have some drawbacks and must be considered with caution: the poverty risk estimation might overrate poverty in old age as it does not consider other forms of wealth not related to monetary income, like house ownership and private savings. Aggregate replacement rates are measured as the income of people in the 65-74 age bracket over that of the 50-59, thus not considering the relative reduction in pension income with age resulting from the indexation systems.

Netherlands and Iceland showing lower than average at-risk-of-poverty rates in old age together with relatively low aggregate replacement rates (which do not take into account provision of free or subsidized social services and accumulated wealth) and Italy, Portugal, and Republic of Macedonia showing higher aggregate replacement rates together with higher than average at-risk-of-poverty rates, resulting from pension systems that are very generous to eligible individuals (usually dependent workers with a long and continuous employment career), but provide a limited safety net for those not eligible to the PAYG scheme.

### *2.4.3 The overall performance of pension systems and projected effects of pension's reforms*

The overall effectiveness of public expenditure on pensions may be assessed considering the countries' positions in relation to both the adequacy and the sustainability indicators. This analysis helps to understand the likely drivers of system stress and reform needs. For example, reforms in countries with high spending and high pension replacement rates (or low poverty risks in old age) should focus on curbing expenditure, while reforms in countries with low spending and high poverty rates (or low replacement rates) should concentrate on improving income replacement and alleviate poverty; on the other hand, countries presenting both high spending and high poverty rates (low replacement rates) have the more difficult task of achieving a balance between spending and poverty alleviation.[154]

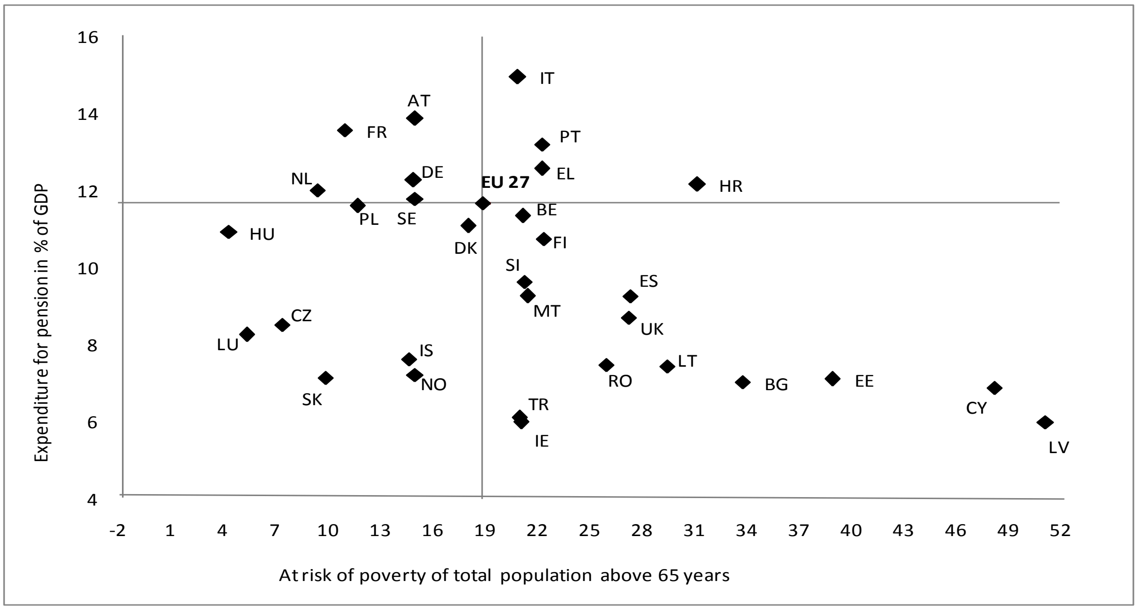
Figure 2.3 compares the at-risk-of-poverty rate for people aged 65 or more with public expenditure for pensions in % of GDP. As shown in the Figure, current pension systems perform very differently across the countries considered in this study for which data are available. The relative position of the countries considered might be due to various factors, such as the performance of the labour market, the redistributive character of the national pension system and/or to the current demographic situation.

In relation to *current pensioners*, only seven countries (CZ, DK, HU, LU, IS, NO, SK) are able to achieve at-risk-of-poverty rates for people aged 65 or more lower than the EU27 average, together with relatively low pension expenditures. This might be due to the combination of strong redistributive features of pensions systems, together with a relatively large role for private pensions (for instance in DK, IS, NO) and/or a relatively more favourable current demographic situation. Fourteen countries (BE, BG, CY, EE, ES, FI, IE, LT, LV, MT, RO, SI, TR, UK) present low spending on pensions but also high at-risk-of-poverty rates relative to the EU27 average, while Austria, France, Germany, the Netherlands are able to keep down the at-risk-of-poverty with higher pension spending than the EU average. Croatia, Italy, Portugal and Greece are the worst performers, with both relatively high spending and high at-risk-of-poverty rates. This might be due to the relative generosity of public pension schemes for eligible

[154] Grech, Aaron George (2010), Assessing the sustainability of pension reforms in Europe. Centre for Analysis of Social Exclusion, London School of Economics. http://sticerd.lse.ac.uk/dps/case/cp/CASEpaper140.pdf.

individuals combined with scant support for those below the poverty line, as well as an unfavourable demographic situation.

**Figure 2.3 - At-risk-of-poverty rate of total population above 65 years and public pension expenditures (in % of GDP) in 31 European countries, 2008**




Explanatory note: At-risk-of-poverty rate (cut-off point: 60% of median equivalised income after social transfers). Percentage of total population. In relation to aggregate replacement rates, the average rate in the EU27 was 50% in 2008. Data for Turkey: the at-risk of poverty rate refers to the year 2003 and data on pension expenditure to 2007. No data available for Former Yugoslav Republic of Macedonia and Liechtenstein. Data for Turkey on the at-risk-of-poverty refer to 2003.
Source: Own elaboration based on Eurostat data on Income and Living Conditions (EU-SILC) on at-risk-of-poverty rate and for Expenditure on Pension data on Living conditions and social expenditure (ESSPROS). For Data on pension expenditures of Turkey and Croatia from the EGGSI national reports 2011.

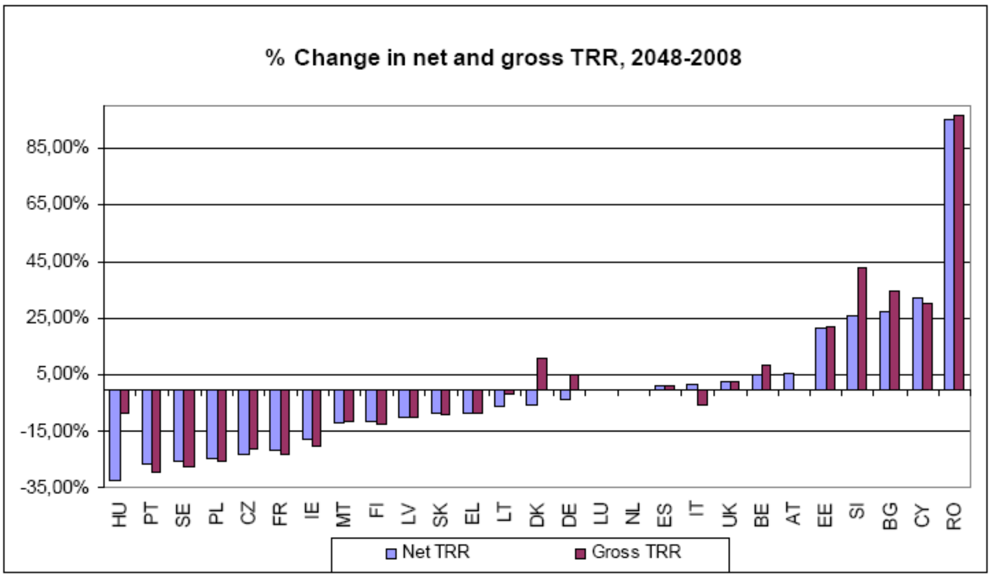
European Commission's Projections[155] for the period 2008-2048 of the effects of pension reforms in statutory schemes for future pensioners with average earnings retiring at 65 after 40 years of employment (fig. 2.4.), show a decrease in theoretical replacement rates[156] in 15 Member States. This decline is the result of reforms that have extended contribution periods, increased retirement age, introduced automatic adjustment mechanisms, etc. Only for 5 Member States are replacement rates expected to rise in the first year of retirement (EE, BG, CY, RO, SI), while in the other countries they are expected to be stable.

An even greater decline is expected 10 years after retirement in most Member States, due to the less favourable benefit indexation rules adopted in most countries. The expected decline is even greater for the benefit ratio (average pension on average income), which is projected to fall by 8.5 p.p. between 2007 and 2060, dropping from 52% in 2007 to 43.5% in 2060.

[155] European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe- Annexes
http://ec.europa.eu/economy_finance/publications/occasional_paper/2010/pdf/ocp71_en.pdf

[156] Theoretical replacement rates measure the level of pension income in the first year after retirement as a % of individual earnings at the moment of retirement for a hypothetical worker on average earnings retiring after 40 years of employment. They are simulated to assess the adequacy of pensions systems in different national pension systems.

**Figure 2.4 - Percentage change in theoretical replacement rate between 2048 and 2008, the "base-case" scenario**




Explanatory note: the Graph presents the percentage change in replacement rates of the prospective situation compared to the current one. Effects of current pension reforms are for a worker with average earnings retiring at 65 after 40 years.

Source: ISG Calculations on Theoretical replacement rates, cited in: European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe. Figure 5 pg.32

The reforms will also have a redistributive effect, improving their *adequacy* for low income groups, thanks to the strengthening of the redistributive mechanisms introduced in some countries in statutory schemes (ceilings on replacement rates, increases in minimum pensions, coverage of care, unemployment and training periods, etc.). According to the cited EC projections, in some Member States (BE, CZ, DK, EE, IE, LT, LU, NL, SE, UK) net replacement rates (i.e. net of taxes and including social transfers) would be higher for low earners than for average earners, and in all the EC projections indicate lower net replacement rates for high income earners relative the average earner. However, in those countries where the contribution-benefit links have been strengthened the decline in replacement rates for low earners would be higher than for average earners.

Pension reforms are also expected to incentivise an increase in the labour market participation of older workers and in the effective retirement age. Estimates given in the 2009 Ageing Report show that overall in the EU the participation rate of people aged between 55 and 64 will increase by 8 p.p. in 2020 and 13 p.p. in 2060 due to the impact of pension reforms.

As for the *sustainability* of pension reforms, projections of pension expenditures show an increase in public pension expenditure by 2.4 p.p. of GDP over the period 2007-2060. Public pension expenditures are expected to increase most (more than 10 p.p. of GDP) in Greece, Cyprus and Luxemburg and increase between 5 and 10 p.p. in Ireland, Spain, Malta, Romania and Slovenia, while for the majority of Member States the change is below 5 p.p. In Denmark, Estonia, Italy, Latvia, Poland, Hungary and Sweden the ratio either does not increase or drops below the level of 2007. Spending on disability and survivor pensions is expected to decrease in the majority of Member States (except PT, RO, SI, FI, DK, SE, UK).

The effects of the reforms enacted between 2001 and 2009 thus appear significant in reducing the projected increase in pension expenditures. The drop in public spending in future years (due to the recent reforms) should be offset by the increase in the role of private pension funds, which might however introduce greater inequalities in pension coverage.

# 3. ASSESSING PENSION SCHEMES AND RECENT REFORMS IN A GENDER PERSPECTIVE

The main aspects of the pension systems in the 33 countries, as described in chapter 2, are usually considered gender-neutral since most rules are the same for men and women. The gender neutrality of rules results, however, in pension systems that reproduce (or even reinforce) existing gender inequalities in the labour market and in the division of social roles within families, producing gender differences in pension income. These negative effects for women are often partly offset with care pension credits, minimum pensions, unisex tariffs, and derived pension rights, which may entail for some groups of women a higher rate of returns on their lifetime contributions than generally enjoyed by the men.

In order to assess the gender impact of pensions schemes it is thus necessary to consider all these different features and the way they fit together.

According to many European and national studies[157], the recent trends in pension reforms, and especially the closer link between benefits and lifetime contributions and the shift to diversified multi-pillar schemes, have slowed down the narrowing of gender gaps in pensions. As shown in chapter 1, on average in the EU27 the aggregate replacement ratio is lower for women than for men (49% vs. 53% in 2007)[158] and gender differences in the at-risk-of-poverty rates are even higher, due to women's lower pension entitlements.

In this chapter we offer an assessment of the current pension systems and recent pension reforms from the gender perspective, considering the three main aims of pension reforms[159]:

- *Adequacy*: with focus on gender differences in access to minimum pensions,
- *Sustainability*: with focus on gender differences in retirement age and unisex or gender separated life tables for projection of life-expectancy; access to occupational and individual pension plans.
- *Modernisation*, with the focus on how pension reforms take into account the changing nature of labour markets and family structures and treat care credits, part-time and atypical work, and derived pension rights.

[157] Horstmann, S. /Hüllsman, J.(2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft fuer Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en

[158] European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe. http://ec.europa.eu/economy_finance/publications/occasional_paper/2010/pdf/ocp71_en.pdf

[159] Corsi, M. / Samek Lodovici, M./Botti F./D'Ippoliti, C. (2011), Active ageing and gender equality, The employment and social inclusion of women and men of late working and early retirement age, Final Synthesis Report.

Some specific features of pension reforms most affecting gender differences in pension access and income, are considered[160]:

- The closer **link between contribution and benefits** deriving from changes in pension calculation formulas;
- The **increase in retirement age**;
- The shift to **multi-pillar systems** with an increasing role for private funded schemes and a shrinking role for public defined benefit schemes;
- The presence of **public minimum pension schemes** not related to former income.
- The presence of **pension credits for care activities**, unemployment or part-time work
- The presence of **derived pension rights**, such as survivors' pensions, and the regulation of pension rights in the case of divorce.

In the following sections each aspect is considered in greater detail, assessing to what extent gender gaps in pension rights arise from the design of pension systems or from existing gender gaps in socio-economic conditions[161]. Attention is also paid to the effects of pension reforms on *different generations and different groups of women,* as the gender impact depends also on the duration of the transition periods and differs between the generations involved. Some measures can have an immediate impact on today's elderly women and some will have effect only on younger generations.

To assess the gender effects of pensions systems and reforms between generations it is necessary to consider their *(dis)incentive effects on women's labour market participation decisions*. The increase in minimum pension levels, for example, is a positive measure for retired women (especially elderly lone women) for whom minimum pensions represent the only income, but may also be an incentive for women in active age to retire early.

## 3.1 The closer link between benefits and lifelong earnings risks amplifying gender inequalities

The link between pension benefits and past contributions has been reinforced with the shift from defined benefit to defined contribution schemes and the introduction of: longer contribution periods required to qualify for a full pension; formulas for calculation of benefits that refer to lifetime earnings in the place of the average salary of the last few years; actuarial corrections linking benefits to (residual) life expectancy.

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[160] Horstmann, S./Hüllsman, J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft fuer Versicherungswissenschaft und Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. Ståhlberg, A.-C/Cohen Birman, M./Kruse, A./Sunden, A. (2004), Retirement income security for men and women, Technical Commission on Old-age, Invalidity and Survivors' Insurance, Technical report 23. Beijing, 12-18 September 2004. http://www.issa.int/content/download/55882/1022762/version/6/file/TR-23-2.pdf

[161] Cf. Corsi, M/D'Ippoliti, C. (2010), for the application of this approach to the assessment of the Italian pension reforms.

In the long run these reforms incentivise greater labour market participation and reduce incentives to retire early and/or work in the black economy, but they may also have a negative impact on pension income, especially for women, if they are not accompanied by labour market and social policies supporting continuous employment even in old age, and the provision of care services.

*Actuarially fair insurance systems*, like those envisaged in contribution based systems, compare an individual's lifetime contributions with the individual's expected life-time benefits[162]. Since the life expectancy of women is higher than that of men, actuarially fair insurance means that women must have either higher contribution rates or lower pension benefits than men. Furthermore, greater female longevity exposes elderly women to a higher risk of poverty because of the expected longer period of living alone than in the case of men, and more prolonged erosion of the real value of their annuities.

The closer link between contributions and benefits makes the level of lifelong earnings and continuity of employment patterns crucial for access to and level of pension benefits. Bearing in mind the current wide gender pay gap described in the first chapter and the higher incidence of part-time, temporary and irregular employment among women relative to men, it is evident that these schemes reduce gender equality in pension benefits, unless specific measures are taken to support women in the labour market. As also described by Corsi/D'Ippoliti[163]: "Bismarck-type regimes, prevalent in Continental, Southern and Eastern European countries, are generally less favourable to women, due to the tight link with the formal labour market they imply. Similarly, the shift from a defined-benefit to a defined-contribution regime implies a stricter proportionality of pension benefits and previous earnings, which, given their smaller labour income, may induce a risk of poverty in old age for women."

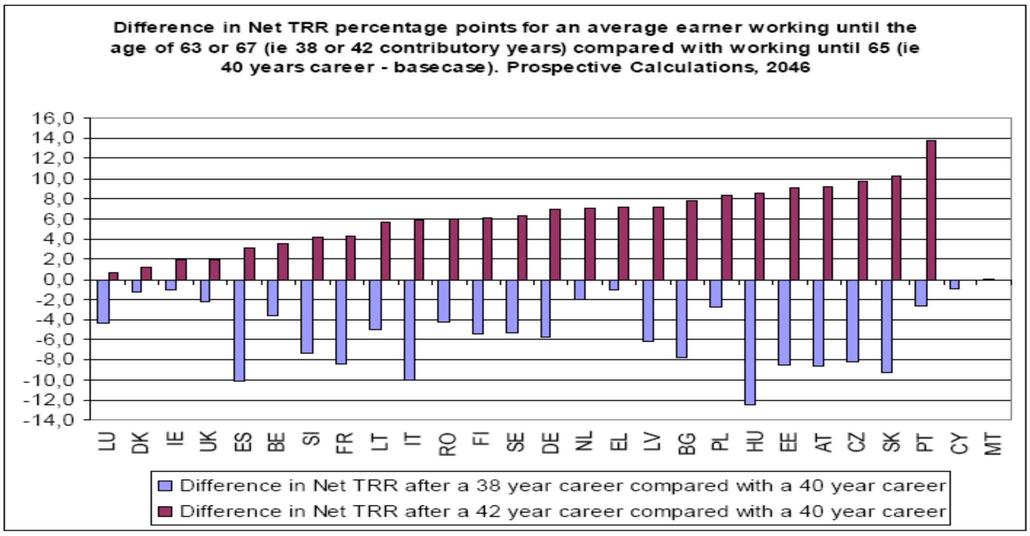
The effects of the length of the contribution years for pension benefits is shown in Figure 3-1, presenting the projected impact on future pension benefits of shorter and longer working lives in the EU27 MS. As can be seen from the figure, the situation is highly differentiated in accordance with the proportions of the minimum pension provisions not linked to

[162] The link between reported lifetime incomes and future pension benefits differs according to the type of scheme: *In defined benefit (DB)* schemes the link is weak and usually low earners have higher replacement rates than high earners; in *defined contribution (DC)* schemes the link between contributions and benefits is tighter. For this reason DC schemes are less favourable to women than DB ones, as the benefits are strictly related to the years of contribution, with shorter contribution periods resulting in lower pensions. This link is also strong in *notional defined contribution systems (NDC)*, introduced in some European countries (SE, PL, IT) to improve the financial sustainability of their pension systems. In NDC the capital accumulated is only notional (fictitious) and the rate of return is determined by the system and not by the individual investment strategy. According to this formula every individual has a virtual account into which (s)he pays contributions with a rate of return. On retirement, the accumulated notional capital in each account is converted into annual pension payments using a formula based on life expectancy at retirement, i.e. the number of months that statistically a person is expected to live is divided by the accumulated capital. The way this formula is calculated may have significant effects on gender differences in pension income. If the formula is based on sex differentiated tariffs, given the differences in life expectancy at the age of retirement between men and women, these schemes will determine higher contribution rates or lower pensions for women, because life expectancy is longer for women than for men.

[163] Corsi, M./D'Ippoliti, C. (2009), Poor old grandmas? A note on the gender dimension of pension reforms. Brussels economic review. Vol 52. No.1. And Corsi M./Samek Lodovici, M./ Botti, F./ D'Ippoliti, C. (2011), Active ageing and gender equality, The employment and social inclusion of women and men of late working and early retirement age, Final Synthesis Report. European Commission.

contributions. Little or no link between pension entitlements and pre-retirement earnings is present in Ireland and the United Kingdom (which provide, however, very low pension incomes), and in Denmark[164]. On the other hand, in Austria, the Baltic countries, Bulgaria, the Czech Republic, Hungary, Italy, Portugal and the Slovak Republic, the link between pension entitlements and pre-retirement earnings is very close.

**Figure 3.1 - Pension benefit impact of shorter and longer working lives, prospective calculations for 2046, in 27 European countries**




Source: Indicator subgroup of the Social Protection Committee. In: European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. COM(2010)365 final, Brussels. Figure 8, p. 33 http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en

The close link between employment/incomes and future pension benefits could incentivise women to participate in the regular labour market.[165] However, for this to come about employment opportunities for women should be supported with appropriate employment policies as well as care services.

Many studies have been carried out on the effects of the shift toward contribution-based pension schemes, focusing particularly on *reforms implemented in Central and Eastern Europe*.

As reported in the GVG study (2009)[166], Fultz et al. (2003) and Fultz (2006)[167] analyse the gender impact of pension reforms in the Czech Republic, Hungary, Poland, Romania and Slovenia. They conclude that the reforms entailed greater pension benefit losses for women than

[164] OECD (2011), Pensions at a Glance 2011, Retirement-income systems in OECD and G20 countries. http://dx.doi.org/10.1787/pension_glance-2011-en

[165] Horstmann, S./Hüllsman, J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en

[166] Horstmann, S./Hüllsman, J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en

167 Fultz, E./Ruck, M./Steinhilber, S (2003), The Gender Dimension of Social Security Reforms in Central and Eastern Europe. Case Studies of The Czech Republic, Hungary and Poland. ILO. Subregional Office for Central and Eastern Europe, Budapest. And Fultz, Elaine (2006), The Gender Dimensions of Social Security Reform, Volume 2. Case Studies of Romania and Slovenia. ILO, Subregional Office for Central and Eastern Europe, Budapest.

for men. Steinhilber (2004)[168] analyzes the gender impact of pension reforms in the access to benefits and the conditions determining benefit levels, with the focus on the Czech Republic, Hungary and Poland. She argues that current pension reforms have weakened women's pension protection because of persistent gender inequalities in labour market participation and unequal division of caring roles.

Simulations of the effects of pension reforms on women are contained in Stahlberg et al (2006)[169] for Sweden and in Balcerak-Paradowska et al. (2003)[170] for Poland. The results show that there will be a growing pension gender gap in these countries because of the closer contribution-benefit link in their pension schemes.

The GVG (2009) study also provides simulations of pension outcomes for women retiring in 2008 and in 2050 in five European countries: Estonia, Germany, Italy, Poland and the UK. The simulations show that gender pension gaps will increase in Poland and Estonia, and remain stable in Germany. Only in Italy and the United Kingdom is the gender gap in pensions expected to decrease, due to the assumption of narrower gender pay gaps and longer employment histories among younger women. The simulations confirm the importance of supporting longer employment careers and wages for women to reduce gender gaps in pension income. The position of women is also greatly improved with child care pension credits.

The formulae adopted for the calculation of pension benefits are not gender-neutral and could increase gender inequalities in the labour market. Significant gender effects are in fact associated with:

1. unisex vs. sex defined tariffs in life expectancy adjustment mechanisms;
2. weighting criteria for contributory years;
3. criteria for the indexation of benefits.

### *3.1.1 Unisex vs. sex differentiated tariffs in life expectancy adjustment mechanisms;*

Life expectancy automatic adjustment mechanisms have been introduced in Denmark, France and Italy for pension eligibility (to calculate pensionable age and/or the required contribution period), and for the calculation of replacement rates in mandatory Defined Contribution

[168] Steinhilber, S. (2004), The Gender Implications of Pension Reforms. General remarks and evidence from selected countries. Draft paper prepared for the UNRISD report "Gender equality: Striving for justice in an unequal world. http://www.unrisd.org/80256B3C005BCCF9/%28httpPublications%29/52DBB0B27C54635CC12570350048ED4E?OpenDocument

[169] Ståhlberg, A-C./Cohen Birman, M./Kruse, A./Sunden, A. (2006), Pension Reforms and Gender: Analyses of Developed and Developing Countries, in: Gender and Social Security Reform: The case of Sweden. International Social Security Series Volume 11.

[170] Balcerzak-Paradowska, B., et al. (2003), The Gender Dimensions of Social Security Reform in Poland, in: Fultz, Elaine, Martin Ruck und Silke Steinhilber (eds.) *The Gender Dimension of Social Security Reforms in Central and Eastern Europe. Case Studies of The Czech Republic, Hungary and Poland*, ILO, Subregional Office for Central and Eastern Europe, Budapest.

schemes (in BG, EE, LV, LT, HU, PO, RO) and in Notional Defined Contribution[171] schemes (in DE, FI, IT, LV, PO, PT, SE)[172].

A substantial redistributive mechanism between the sexes can be found in the configuration of tariffs used to calculate the incidence of life expectancy in benefit formulae.

To the extent that women's life expectancy in old age is longer than men's, in Defined Contribution schemes with sex differentiated tariffs, women will either receive lower benefits even if they paid the same contributions as men, or, in order to have the same benefits as men, they would have to pay contributions either higher or for longer periods. On the contrary, unisex tariffs are favourable to women, redistributing pension benefits from men to women. It must also be considered that a higher contribution rate for women may discourage employers from hiring women.

The trade-off between actuarial efficiency and equity is particularly evident in this case. Equity would require that women and men with comparable employment histories should receive an equal monthly (and not an equal accumulated lifetime) benefit[173] and gender-neutral annuity rates should be applied in order to guarantee equal reward for equal contribution[174]. However, according to some experts, *unisex tariffs* are not the most effective instrument to achieve social goals. James, Cox Edwards and Wong (2003)[175] argue that unisex tariffs are not efficient because they redistribute from men (both high and low income) to women (both high and low income) and create distortions in the insurance market. Some studies conducted in Sweden indeed show that the distributional effects of unisex tariffs are greater than those deriving from care pension credits[176], thus unisex tariff would better compensate for the disadvantaged situation of women in the labour market.

*Sex differentiated tariffs***,** presenting higher contribution rates or lower pensions for women, are more common in private actuarial schemes, while in almost all countries *unisex tariffs* are usually adopted in statutory schemes to reduce gender differences in pension income.

Even though the use of sex-segregated actuarial factors can produce different monthly pension payments for a woman and a man who have paid in the same amount of contributions, this practice is allowed under the Directive 2004/113 on equal treatment between men and women as "the adoption of positive action to prevent or compensate for disadvantaged linked to sex"[177],

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[171] If the NDC is based on a pay-as-you-go system, an individual receives a pension which is only theoretically calculated on his/her own contributions, but which is actually financed by current revenue.

[172] European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe.
http://ec.europa.eu/economy_finance/publications/occasional_paper/2010/pdf/ocp71_en.pdf

[173] Müller, K, (2006), CEE Pension reforms in comparative perspective: A discussion of reform paths and their gender implications. Presentation at the International Conference "Welfare States in Central and Eastern Europe: Social Policy and Gender in Transformation". Hattingen, 4-.6 October 2006

[174] Zaidi, A. (2007), Challenges in Guaranteeing Adequate Pension Incomes for Women. European Centre Policy Brief, March. http://www.euro.centre.org/data/1175071450_4527.pdf

[175] James, E./Cox Edwards, A. /Wong, R. (2003), The Impact of Social security Reform on women in three countries. NCPA Policy Report No. 264. http://www.ncpa.org/pdfs/st264.pdf

[176] EGGSI National report Sweden, 2011 – see reference list.

[177] The principle of equal treatment for men and women outside the labour market, http://europa.eu/legislation_summaries/employment_and_social_policy/equality_between_men_and_women/c10935_it.htm

due to the fact that as women live longer at the end they receive more monthly payments than men. As discussed in chapter 2.1.2 the March 2011 ruling by the ECJ[178] on the Test-Achats case has challenged this approach, stating that permanent sex differentiated premiums are discriminatory. This ruling has fuelled the debate on unisex vs. sex differentiated tariff in pension systems (and especially in occupational schemes).[179] The following box presents tariffs formulae adopted in some countries.

### Box 3.1 - Tariff systems adopted in some European countries

**Austria** - In the private pension schemes tariffs for private pension insurance/life insurance contributions differ between women and men. Women pay lower life assurance premiums than men but receive the same payouts. When they opt for a life-long pension they receive a smaller pension than men despite paying the same amount of contributions.

**Bulgaria** - At present, gender unisex tables are used in I and II pillar. The insured persons in the second (private) pillar will start receiving pensions only in 2020 and until the introduction of sex disaggregated tables will be debated. An introduction would mean that women would receive lower pensions in the II pillar because the accumulated amount would be distributed over a longer period.

**Croatia** - Individual savings in the compulsory individual scheme, in force since 2002, are calculated with unisex actuarial tables.

**Denmark** - In 1998, it was decided to adopt a unisex principle in the Supplementary Benefit pension scheme (ATP) which ensures the same coverage for women and men.

**Germany** – Besides the public pillar, since 2006 contracts within the "Riester schemes" (within the private individual voluntary schemes) have contained "Unisex-tariffs" guaranteeing that women do not face disadvantages because of their longer life-expectancy and therefore longer pension period.

**Hungary** - In Hungary use of sex differentiated tariffs is prohibited (valid also for mandatory private funds), which is fully in accordance with the 'Council Directive 86/378/EEC of 24 July 1986 on the implementation of the principle of equal treatment for men and women in occupational social security schemes'.[180] Also the Pension and Old-Age Round Table declared that 'the law obliges annuity benefit providers to use the so-called unisex mortality table, as distinction between genders is not permitted.'[181]

**Iceland** – Since 1969 the system has made use of gender-neutral or unisex life expectancy tables to calculate future pension promises. It does not take into account the difference in life expectancy between men and women.[182]

**Poland** – In the earnings related pension scheme (as from January 1999), unisex life expectancy tables are applied both by the Social Insurance Institution (ZUS) and by the private Open Pensions Funds (OFE), which are both compulsory for employees (and equivalent groups) born after January 1, 1969.

**Sweden** - Probably the most positive element for women in the earnings-related pension system is the fact that the annuity divisors in both the distribution and premium pension systems are calculated on the basis of unisex mortality tables for men and women.[183]

Source: EGGSI National reports, 2011

[178] Court of Justice of the European Union Press Release No 12/11, Luxembourg, 1 March 2011 Judgment in Case C-236/09 Association belge des Consommateurs Test-Achats ASBL and Conseil des ministres.

[179] For discussion of this issue see Mabbett, Deborah (2011), A Rights Revolution in Europe? Regulatory and judicial approaches to nondiscrimination in insurance", Birkbeck, University of London, http://www.bbk.ac.uk/politics/our-staff/academic/deborah-mabbett/RightsrevolutioninEp.pdf

[180] Council Directive 86/378/EEC of 24 July 1986 on the implementation of the principle of equal treatment for men and women in occupational social security schemes [Official Journal L 225, 12.08.1986) http://europa.eu/legislation_summaries/employment_and_social_policy/equality_between_men_and_women/c10908_en.htm

[181] Report of the Pension and Old-Age Round Table on its activities between March 2007 and November 2009, Budapest, December 2009, Manuscript, p. 107 www.econ.core.hu/file/download/nyika/jelentes_hu.pdf 16 March 2011

[182] Confederation of Employers (1997), The Priority issues of the Confederation of Employers in Pension Policy (Áherslur VSÍ í lífeyrismálum; Þórarinn V. Þórarinsson). Reykjavik.

[183] http://www.regeringen.se/sb/d/108/a/68150

### 3.1.2 Increase in contribution periods and changes in the weighting formula for contributory years

Current trends in earnings-related pensions have extended the minimum contributory years necessary to be eligible to pension entitlements and tightened the link between contributory years and pension benefits. In particular, in defined benefit schemes pension payments have been linked to lifetime earnings, rather than to the last or best years.

According to the EC Joint Report on Pensions these trends, besides increasing the sustainability of pension schemes, have reduced their regressive character "because the people with final or best years substantially above their lifetime average earnings tend to be those that earn the most". In addition these changes have reduced the advantages of employment in the hidden or black economy because workers are more interested in recording all their annual earnings as pensionable earnings.

However the close relationship between the contributions accumulated and pension benefits and the fact that pension benefits will increasingly depend upon the workers' entire career, will have different gender effects, depending on gender differences in the career and wage profiles and in employment patterns. Indeed, the increase in minimum contributory years could exclude from benefit claim people with interrupted employment careers and shorter insurance periods, among whom women are overrepresented, as they are more likely to hold part-time jobs and take career breaks due to family responsibilities.

As for the weighting formula, since men's wages typically exhibit higher dynamism in the late career and the gender gap is wider in old age, such reforms proportionally penalise men more than women, who on average have less steep careers. On the other hand, since women exhibit more irregular and interrupted career patterns, they may suffer greater reductions in benefits when lifelong earnings are considered.

In order to reduce the possible penalization of women (and men) with interrupted working careers, in some countries compensatory measures have been introduced, such as credits for non-contributory periods for care responsibilities (see Chapter 3.5) or unemployment, or measures to improve access for part-time and atypical workers (see Chapter 4.3), or, again, measures to upgrade insured income for low wage earners (as in BE). The following box presents the formulas adopted in some of the countries considered in a gender perspective.

**Box 3.2 – Changes in minimum contribution years and weighting formulae adopted in some European countries**

**Austria** -The change in the calculation period from the 15 "best" to all 45 years of economic activity (to reach the maximum amount of 80% of the assessment base) implemented in the current pension reform, is especially relevant to the pension entitlements of women. The different calculation of pensions together with the earnings differences between the public and the private sector and between women and men result in different statutory pension incomes – for the average monthly pension income, 1,300 Euro for men and 920 Euro for women.[184]

**Belgium** - The minimum numbers of contribution years for women were progressively raised from 2005 on. Pension rights are based on length of career and previous remuneration. By tightening the link between contributions and benefits and restricting redistribution, low income earners and persons with shorter contribution periods, such as women, can be negatively affected.

**Bulgaria** – Before the recent reform distinction was made according to sex in the contribution years to acquire the right to a pension, eliminated in 2011. The "points system" in the first pillar has been abolished, which means that age and length of insurance will no longer be combined as conditions for access to the pension system.

**Czech Republic** - The minimum insurance period and contribution requirements have been increased, which can have a negative impact on atypical workers (such as those on temporary and part-time contracts), affecting women in particular.

**Finland** - The age-related accrual rate of pensions, introduced in 2005, means that between the ages 18-52 the pension accrues at the rate of 1.5 per cent of earnings, while the rate increases when people continue longer in working life. This can benefit women, who often have a shorter working career due to e.g. child care leaves. By working longer, they are able to secure a higher pension.

**Germany** – As from 2012, people who have not contributed at least 45 years will receive lower pensions. Provisions have been implemented for low income groups, such as people on "mini-jobs", simplifying social contributions for the types of jobs mostly held by women so that they can accumulate pension rights.

**Italy** – In the new contributory pension the qualifying condition is based on a minimum benefit amount requisite (below which pensions are not paid). This affect in particular atypical workers with low wages, many of whom are women.

**United Kingdom** – Since April 2010 men and women have needed 30 years of national Insurance Contributions to qualify for the full Basic State Pension. Prior to that, men needed 44 years and women 39 years.

Source: EGGSI National reports 2011

### *3.1.3 The indexation mechanism*

As pointed out in the previous chapter, in order to improve the sustainability of pension systems the majority of countries (18) in the EU currently rely on automatic indexation rules for statutory schemes (including minimum income, old-age and survivors, early retirement and disability pensions) that do not fully reflect development in nominal wages (more favourable to pensioners) but have shifted to price indexation (AT, FR, IT, ES), or to a mix of wages and prices (BE, BG, CZ, EE, CZ, LV, LU, HU, MT, PL, SK, FI, SE) or to a mix of GDP growth and prices (PT). A few Member States have introduced a "sustainability factor" and/or other "reduction

[184] The regulation concerning the "best 15 years", which was introduced with the 1993 pension reform, had the advantage for women that part-time years on low incomes were not included in the pension assessment and thereby did not have a negative effect on the pension level. Estimations showed that the extension of the calculation period will ultimately (i.e. for younger people) lead to an average pension reduction of 25%. Calculations by the Ministry of Labour, Social Affairs and Consumer Protection show that in 2008 78% of new male and 68% of new female pensioners had to bear losses due to the pension reforms of the last decade. The average loss for men amounts to 3.3% and for women 1.6 %, although the lower pensions are over-proportionately affected: up to a pension income of 200 Euro men lose 2.3 and women 2.6%, men with a pension between 501 and 1,000 Euro lose 4.2% and women 3.2%. Source: EGGSI National Report Austria, 2011.

coefficients" (FI, DE, IT, PT, SI, SE) that change the proportion of the pension benefit depending on expected demographic changes, such as life expectancy on retirement.[185]

The indexation of benefits is a relevant feature in the gender perspective. A change in the indexation of benefits from wage to price inflation or to other sustainability indexes can negatively impact retired women more than men, because of their longer life expectancy, and can bring their standard of living below that of the working generations more than it does for men. At present the following indexation mechanisms are applied (Table 3.1).

**Table 3.1 – Indexation mechanism in some European countries**

| Indexation mechanism | Income related pension |
|---|---|
| Wage/Income | DK, SI, SE, NL, NO, RO, DE |
| Price/Inflation | AT, BE, ES, FR, IT, LV, UK, IS |
| Prices and GDP growth | PT |
| Prices and wages | BG, CZ, CY, EE, FI, HU, LI*, LU, MT, PL, PO, RO, SK, HR, MK |
| Discretionary | AT, EL, IE, LT |
| Progressive | EL, IT, PT |

Explanatory note: LI refers only to public earnings related pension. UK: changes in 2012, Belgium: prices + partial adjustment to living standards. Hungary: prices + partial adjustment to net earnings growth in case of high GDP growth.

Sources: European Commission (2010), Joint Report on Pensions; European Commission (2010), 2009 Ageing Report; and EGGSI National Reports 2011.

## 3.2 Reducing gender differences in retirement age

In nearly all the countries considered recent pension reforms have aimed at extending working lives by increasing statutory retirement age, equalising the retirement age of women to that of men, reducing access to early retirement or allowing for greater flexibility in the choice of retirement age by introducing windows within which retirement is possible.

These issues are very relevant in relation to gender equality, even if higher retirement age favours women or not is a controversial issue as discussed in the following paragraphs.

### *3.2.1 The controversial gender effects of increases in statutory retirement age*

Most of the countries considered here have increased and equalized the statutory retirement age for women and men. They have either set equal minimum retirement ages or approved reforms that will gradually lead to equality of retirement ages as the new systems are fully phased-in. The rulings of the European Court of Justice on Gender Equality in retirement age in

[185] European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), European Economy 2|2009. Luxembourg.
http://ec.europa.eu/economy_finance/publications/publication14992_en.pdf

occupational funds have accelerated this process, as in the case of Italy and Greece for public sector employees.[186]

In the future, regulation of statutory retirement age is likely to become less relevant as, with contribution-based schemes, individuals will be incentivised to retire later to increase pension benefits.

Table 3.2 presents the changes in statutory retirement age for men and women and the expected increases according to recent reforms. As shown in the table, in 2009 in 16 out of the 33 considered countries women still had lower statutory retirement ages than men, meaning that the statutory employment (and contributory) career is shorter for women than for men, even if the effective exit age from the labour market is usually lower than the statutory retirement age and differs little between men and women.[187]

In most countries there is a tendency to lift and equalise the statutory retirement age for both sexes very gradually, even if in recent years this process has accelerated.

Currently Iceland and Norway present the highest retirement age for men and women (67), while the lowest ages are in Turkey (55 for men and 50 for women). In the other countries, the minimum statutory retirement age is between 59 and 65 years for women and between 60 and 65 years for men. This statutory retirement age represents the minimum age to gain the right to old-age pension benefits and generally employers are inclined not to retain employees over this age.

Consequent to the current reforms, in 2020 gender differences in retirement age will still be appreciable only in Austria, Bulgaria, Croatia, Poland, Romania and Turkey, and very small in the Czech Republic and Lithuania. After 2020, only in three EU Member States (BG, PO and RO) will the retirement age of women remain lower than that of men, while in Turkey gender differences in retirement age are to be equalised only in 2048. In Finland, Liechtenstein and Sweden flexible retirement age provisions are being implemented.

[186] European Court of Justice (ECJ) of 26 March 2009 in Case C-559/07 (Greece) and November 2008 in case C-46/07 (Italy).

[187] The appreciable differences between statutory and effective retirement age induced the Danish government in 1999 to reduce the statutory retirement age from 67 to 65 and to *increase* the *average* current retirement age (around 61.5 years) at the same time as the official pension age was reduced. http://www.nber.org/books_in_progress/intlSS-p3/denmark2-19-03.pdf

**Table 3.2 - Statutory retirement age by sex in 33 European countries. 2002, 2009, 2020 and after 2020**

| | 2002 | | 2009 | | in 2020 | | after 2020 | |
|---|---|---|---|---|---|---|---|---|
| | m | w | m | w | m | w | m | w |
| Austria | 65 | 60 | 65 | 60 | 65 | 60 | 65 | 65 |
| Belgium | 60 | 60 | 65 | 65 | 65 | 65 | 65 | 65 |
| Bulgaria | : | : | 63 | 60 | 63 | 60 | 63 | 60 |
| Cyprus | : | : | 65 | 65 | 65 | 65 | 65 | 65 |
| Czech Republic | 61 | 58 | 62 | 60* | 63.8 | 63.4 | 65 | 65 |
| Denmark | 67 | 67 | 65 | 65 | 65 | 65 | 67 | 67 |
| Estonia | : | : | 63 | 61 | 63 | 63 | 65 | 65 |
| Finland | 65 | 65 | 63-68 | 63-68 | 63-68 | 63-68 | 63-68 | 63-68 |
| France | 60 | 60 | 60 | 60 | 61 | 61 | 61 | 61 |
| Germany | 64 | 61 | 65 | 65 | 65.9 | 65.9 | 67 | 67 |
| Greece | 57 | 57 | 65 | 60 | 65 | 65 | 65 | 65 |
| Hungary | 60 | 55 | 62 | 62 | 64 | 64 | 65 | 65 |
| Iceland | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 |
| Ireland | 65 | 65 | 65 | 65 | 66* | 66* | +68 | +68 |
| Italy | 57 | 57 | 65 | 60* | 65 | 60/65* | 65 | 65 |
| Latvia | : | : | 62 | 62 | 62 | 62 | 65 | 65 |
| Liechtenstein | : | : | 64 | 64 | 60-70 | 60-70 | 60-70 | 60-70 |
| Lithuania | : | : | 62.6 | 60.5 | 64 | 63 | 65 | 65 |
| Luxembourg | 60 | 60 | 65 | 65 | 65 | 65 | 65 | 65 |
| Malta | : | : | 61 | 60 | 63 | 63 | 65 | 65 |
| Netherlands | 65 | 65 | 65 | 65 | (66) | (66) | (67) | (67) |
| Norway | 67 | 67 | 67 | 67 | 67 | 67 | 62-67 | 62-67 |
| Poland | 65 | 60 | 65 | 60 | 65 | 60 | 65 | 60-62 |
| Portugal | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 |
| Romania | : | : | 63.8 | 58.8 | 65 | 60 | 65 | 60 |
| Slovakia | 60 | 53-57 | 62 | 60 | 62 | 62 | 62 | 62 |
| Slovenia | : | : | 63 | 61 | (65) | (65) | (65) | (65) |
| Spain | 65 | 65 | 65 | 65 | 67.5 | 67.5 | 67.5* | 67.5* |
| Sweden | 65 | 65 | 61-67 | 61-67 | 61-67 | 61-67 | 61-67 | 61-67 |
| United Kingdom | 65 | 60 | 65 | 60 | 65 | 65 | 68 | 68 |
| Croatia | : | : | 65 | 60 | 65 | 62.6 | 65 | 65 |
| Republic of Macedonia | 64 | 62 | 64 | 62 | 64 | 62 | 64 | 62 |
| Turkey | 44 | 40 | 55 | 50 | 60 | 58 | 65 | 65 |

: not available
Source: EGGSI National reports 2011

Whether higher retirement age favours women or not is a controversial issue.

Arguments *against* the increase in retirement age for women, forwarded by women's movements and feminist research,[188] are based on the assertion that women attend to unpaid family work, both for children and increasingly for the elderly, and should be compensated for this by earlier access to the pension system.

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[188] See for example Ginn, J. (2003), Gender, Pensions and the Life Course – How Pensions Need to Adapt to Changing Family Forms, Bristol.

*In favour o*f increasing retirement age for women are those who hold that equalising men's and women's retirement age conveys a cultural message of gender equality and reduces the financial incentives for families to have women stay at home.[189] To compensate, at least in part, the increasing statutory retirement age of women, in some countries pension care credits coverage has been extended.

Furthermore, it is argued that, as recent pension reforms tighten the link between contributions and benefits, a low retirement age will lead to low pension claims and put women at greater risk of poverty, given their short contributory years. Indeed in most countries where there is no legal equal pension age at the moment, women's pension entitlements are lower than those of men, while in others the negative effects of lower retirement age for women are offset by care credits and survivor pensions or by the fact that gender differences in effective retirement age are lower, due to early retirement being more widespread among men.[190] In any case, according to European Commissions estimates[191], the pension gross and net replacement rates for women will be lower than for men in all the countries with lower statutory retirement age for women. The estimated gender differences in replacement rates are greatest in Italy and Poland (approximately 20%), and smallest in Bulgaria and Lithuania (less than 10%), due to better protection vis-à-vis the shorter careers of women.

In this framework, postponing retirement would contribute to the adequacy of women's pension entitlements in old age, improve the long-run sustainability of pension systems and stimulate increases in labour the supply of women. Raising the retirement age could also be an incentive for women to stay longer in the formal labour market. However, for this to come about the appropriate employment policies and care services must be provided; otherwise, the higher retirement age will only result in later access to the pension system and lower pension payments for women than for men.

To this end, in the United Kingdom an interesting policy has been brought in to encourage older workers to remain in employment (see box below): employees have the right to request to work beyond default retirement age and employers have the duty to consider the possibility. Such a policy could particularly benefit women, who are poorer than men in retirement due to interrupted careers. Indeed the number of women who work beyond the state pension age

[189] See Corsi, M. and D'Ippoliti, C. (2009), Poor Old Grandmas? On Gender and Pension Reforms in Italy, Brussels Economic Review - Cahiers Economiques De Bruxelles, vol. 52, n. 1.

[190] Among countries with lower statutory ages for women, older women have lower pension replacement rates than men in Estonia (85%), Lithuania (87%), Poland and Romania (86%), Portugal and Slovenia (87%), Sweden (85)% and Finland (86), Greece (92%), France and Hungary (90%) and Austria (91%), while they are higher than men's in Ireland, Spain, Luxemburg and Malta. In Italy, the replacement rate is nearly the same as for men (97%), although women (still) have a lower retirement age.

[191] European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe.

increased by 58,000 in the year 2009 (up to September) and there are twice as many working women as men above the state pension age.[192]

**Box 3.3 - The UK Employment Equality (Age) Regulations**

On 1 October 2006, the Government introduced the Employment Equality (Age) Regulations and the national default retirement age of 65 (DRA), giving employers the right to retire their employees at age 65 or above. This procedure is currently under formal revision (since 29 July 2011) seeking views on its proposals to phase out the DRA. The consultation showed that attitudes towards working beyond the default retirement age were positive overall and the large majority of employers accepted all requests to stay in work (where such requests had been received). Furthermore it emerged that the majority of employees do not wish to work beyond the age of 65. However, the desire to continue working increases with age and also with the hypothetical offer of flexible working. Where employees had made requests to remain in work, these had been accepted in the very large majority of cases. The experiences of those not submitting requests because they anticipated refusals are unknown. The consultation ended with the proposal of a six month transitional period ending with full abolition of the default retirement age in October 2011.

Source: BIS, Review of the default retirement age : summary of research evidence, July 2010, http://www.bis.gov.uk/assets/biscore/employment-matters/docs/r/10-1080-retirement-age-summary-research.pdf and http://www.bis.gov.uk/policies/employment-matters/strategies/default-retirement

In Italy trade unions and women movements have obtained that the increase in statutory retirement age for women in the public sector be accompanied by a commitment to channel the associated budget savings to expand the provision of care services and/or other measures to support women's labour market participation and employment (see box below). However this commitment has not been maintained by the Italian Government, and the budget savings have been used to finance other measures[193]. It is therefore important to monitor whether employment options for women improve in parallel with the increased retirement age.

**Box 3.4 - The Italian case**

In 2008 the European Court of Justice condemned Italy for sex discrimination because it had yet to align with the EU's principle of equal treatment. As a result, the Italian government's new Budget Law for 2010 provided for gradual raising of the female public employees' retirement age from 60 to 65 years (like that of the men) as from the 1st of January 2012.

Even if only around 25,000 women are affected by this new reform, the levelling of retirement age between men and women in the public sector *fuelled the debate on the need to find a solution for the existing gender gaps in the Italian labour market*, especially those related to pension incomes, supporting continuous employment for women.

For these reasons the social partners and women's movements obtained that the savings for the public budget deriving from this reform (estimated in about €3.7 billion between 2010 and 2019) should be used on projects providing employment support to women and care services.

Source: Martuscelli, Chiara (2011), Dove sono finiti i nostri soldi? http://www.ingenere.it

[192] Corsi, M. / Samek Lodovici, M./ Botti, F./ D'Ippoliti, C. (2011), Active ageing and gender equality, The employment and social inclusion of women and men of late working and early retirement age, Final Synthesis Report of the EGGE Network. European Commission.

[193] In Genere - http://www.ingenere.it/

As pointed out in the 2010 EGGSI Report on Active Ageing[194], policies to increase the statutory retirement age can be broadly classified in two categories: one mandating postponement of retirement by raising minimum requirements or abolishing early retirement options, or by increasing the contributory years required to access full pension entitlements; the other by setting up appropriate financial incentives within pension schemes encouraging similar postponement.

In the former case, a widespread trend is to *extend the statutory retirement age* especially for women by gradually raising the female retirement age to equal that of men. Such is the case of all the countries considered, except for Bulgaria, Poland and Romania, so the higher burden of adjustment is placed on women, especially those of the younger generations. As shown in Box 3.5, the increase in statutory retirement age has been particularly high in Eastern European countries, which used to have very low retirement ages for women, as well as high employment rates in the socialist period. In order to reduce the penalisation of women and other care providers, in most of the countries considered pension credits for care periods have been introduced and/or extended (see Chapter 3.4). The following box shows the minimum legal retirement age in 2009, and changes starting from 2010 on.

### Box 3.5 - Reforms in pensionable age (2010) taking place in some European Countries

**Austria -** Women's statutory retirement age will be gradually adjusted to that of men over the period up to 2033.[195] This increase has been partly compensated for by increase of the assessment basis for periods spent on child care.
**Belgium -** The retirement age for employed and self-employed for women was progressively raised to reach 65 years as from 1st January 2009; for old-age pensions (PAYG), the career duration required is equivalent to 45 years for men and women.
**Czech Republic -** The retirement age is gradually increasing from 2010 on by 2 months (men) and 4 months (women) to reach 65 years for men and women. Retirement age of women can be lowered (to 62 or 64) depending on the numbers of children (for persons born after the year 1968).
**Denmark -** In 2006 the Danish welfare reform again raised the retirement age for statutory pensions, from 65 to 67 between 2024 and 2027. From 2025 the age limits for entering pensions will be indexed to the mean life expectancy of 60-year-olds, meaning that the average length of time spent in retirement and on a public pension will be around 19 years. If life expectancy does not change the pension age will remain at 67 for old age pensions and 62 for early retirement.
**Estonia -** The retirement age will be equalised by 2016 at 63 years of age and from 2017 by 3 months each year up to 65 years as from 2020.
**France -** Retirement age will increase to 61 years as from 2020.
**Germany -** Gradual increase in the minimum age for a standard pension to 67 years between 2012 and 2029, starting with those born in 1947; the minimum ages for other pensions are to increase accordingly.[196] As from 1 January 2000 old-age pension for women can be claimed - with reductions of 0.3% for each year before 65 - only by women born before 1952 who have reached age of 60, completed the 15-year qualifying period and paid compulsory contributions for more than ten years after the age of 40. The pension can be claimed early, as from age 60. It is no longer available for people born after 1951.[197]

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194 Corsi, M. / Samek Lodovici, M./ Botti, F./ D'Ippoliti, C. (2011), Active ageing and gender equality, The employment and social inclusion of women and men of late working and early retirement age, Final Synthesis Report of the EGGE Network. European Commission.

195 For early retirement the adjustment period is 2019–2028 and for statutory retirement the adjustment period is 2024–2033 (http://www.bmsk.gv.at/cms/site/dokument.html?channel=CH0183&doc=CMS1218549184746)

196 Bundesministerium für Arbeit und Soziales – website, http://www.bmas.de/portal/34740/rente.html

198 National Strategy Report on Social Protection and Social Inclusion, 2008-2010, Hungary

**Greece -** As from 2010 the retirement age has become the 65th year for both sexes. Following ECJ ruling (Case C-559/07) the provisions for lower retirement age for civil servants have been reformed. Hitherto, the official retirement age had been 65 for males and 60 for females, but retirement was also possible after 35 years of contributions, or based on a combination of age and contribution period. For people born after 1993 retirement age will be 65 for women and men.

**Hungary -** The official retirement age of women was progressively raised to come equal with that of men in 2009. It is now gradually being increased to reach 65 years in 2022 for those born in 1957 and after. During the socialist era the official retirement age was much lower for women than for men (m: 60/w: 55).[198]

**Italy -** The retirement age is gradually being raised to 65 for women working in the public sector starting in 2012, while in the private sector the statutory age for women is still 60 years. By 2018, the pensionable age for public employees will be the same for women and men. In addition, starting in 2015, retirement age will be revised according to the country's longer life expectancy. Persons not insured as of 1.1. 1991 (m: 65/w: 60 years) will only be allowed retirement before 65 if the resulting monthly pension payment is higher than 1.2 minimum social assistance payments. Retirement is always allowed with 40 years of contributions or 35 years coupled with minimum age requirement, which is currently being increased up to 61 (62 for self employed) in 2013. It is possible to retire earlier, if the full contribution period of 40 years has been completed.

**Ireland -** The minimum retirement age will rise to 66 in 2014, to 67 in 2021 and finally to 68 in 2028.

**Latvia -** As of 2016, the retirement age will be gradually raised by half years to reach 65 years by 2021. The retirement age will also be raised for those entitled to the old-age pension 5 years prior to the general retirement age (i.e. parents of five and more children, parents of disabled children, people who have suffered political repression, participants in the Chernobyl NPS nuclear clean-up). The retirement age for these persons will be gradually raised as of 2016 to reach 60 years by 2021.

**Lithuania -** As from 1995, the retirement age is being raised by four months per year for women and by two months per year for men up to 2026.

**Malta -** The effective retirement age for men will gradually increase to reach 65 for both women and men by 2026, (starting with people born 1952 to 1955 (62 years) from 1956 to 1958 (m/w: 63 years) from 1959 to 1961 (m/w: 64 years) to reach 65 years (w/m) for those born after 1st January 1962).

**The Netherlands -** The official retirement age will be 66 years in the year 2020 and 67 years in 2025 for the first pillar.

**Romania -** The statutory retirement age will be increased by 2014, to reach 60 years for women and 65 years for men.

**Slovakia -** The retirement age for women will increase to reach 62 years in 2014 and will no longer be influenced by the number of children. For women, the increase in retirement age from 57 years (or earlier, dependent on the number of children) to 62 years by 9 months per year is still in progress.

**Slovenia -** Gradual increase of the retirement age to 65 years for both men and women (until the year 2021 for men, and 2025 for women). Some exceptions are reserved for those with long careers or who raised children.[199]

**United Kingdom -** The state pension age for men and women will increase in stages to reach 68 by 2046. Between April 2010 and November 2018 women's retirement age will increase to 65. Between 2016 and 2020 retirement ages for men and women will increase to 66.[200]

Source: EGGSI National Reports

The three candidate countries are progressively complying with EU indications and have introduced a series of increases in the statutory retirement age for women to reach that of men. Only in Turkey will the statutory retirement age for women be maintained lower than that of men until 2048, when it will be equalised.

[198] National Strategy Report on Social Protection and Social Inclusion, 2008-2010, Hungary

[199] Ministry of Labour, Family and Social Affairs, Predstavitev sprememb predloga nove pokojninske zakonodaje po dosedanji obravnavi v Državnem zboru RS, Dezember 2010 http://www.mddsz.gov.si/si/splosno/cns/novica/article/1939/6519/37f5bfe53d/

[200] http://www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension/DG_4017919

### Box 3.6 - Retirement age in the three European candidate countries

**Croatia** –The retirement age for the old-age pension will gradually increase for women from the present 60 to 65 by 2030 (starting from 2011 with a yearly increase by 3 months) + 15 years of qualifying period, and for early retirement from 55 to 60 by 2030 (starting 2011 – each year the retirement age for early pension rises by 3 months) + 35 years of qualifying period.

**Republic of Macedonia -** The last few years have seen a series of increases in the age limit; it is now 62 for women and 64 for men. The pension benefits from the voluntary pension scheme can be obtained no earlier than 10 years before legal retirement age for the pay-as-you-go system (54 years of age for men, 52 years of age for women), except in cases of disability or death.

**Turkey -** For those who started work after the 1999 reform the non-contributory scheme retirement age is 58 for females and 60 for males. It will gradually increase as from 2036 to reach 65 in 2048 for both males and females. There are no flexible exit conditions. Only some specific occupations (such as mining) and people with disabilities can claim pensions before eligibility ages. Law no. 5754 eases retirement for women who have disabled children.

Source: EGGSI National Reports 2011 and Corsi et al. (2008), Assessment of national reports on strategies for social protection and social inclusion from a gender perspective.

Some countries have instead introduced a *flexible retirement age*, by which the individual can choose the age of retirement within a given window of opportunities. In defined contribution schemes the pension benefit is linked to the contributions paid, while in earning related schemes actuarial corrections have been introduced to define the pension entitlements associated to different retirement ages. Flexibility in retirement age can help reduce gender inequalities in pension incomes, as women may compensate later in their lives for the employment interruptions experienced beforehand. The following box presents the main provisions in place in these countries, on the basis of the EGGSI country reports.

### Box 3.7 - Flexible retirement age in some European countries

**Finland** - The effective retirement age became flexible, between 63 and 68 years, in 2007. Retirement on a reduced pension is possible at 62.

**France** - The statutory retirement age within the general scheme for employees is 60 years, while for the complementary schemes for employees and management staff it is 65 years of age with the possibility to obtain the pension at the age of 60.

**Liechtenstein** - Under the flexible retirement arrangements, men and women may choose to retire at any time between the ages of 60 and 70. Postponing retirement increases the actuarial value of the pension (between 5.22% for a deferment of 1 year and 40.71% for a deferment of 6 years).

**Sweden** - No definite retirement age exists; pensions can be drawn from the age of 61 at the earliest. In collective agreements there is a contractual retirement age of 65. Parts of the pension benefits may be drawn as a temporary pension, for example between 60 and 65.

Source: EGGSI National Reports 2011, MISSOC database[201] and Corsi et al (2008), Assessment of national reports on strategies for social protection and social inclusion from a gender perspective.

In other countries encouragement to increase the effective retirement age is provided by the *financial incentives* involved in the introduction of partial or full actuarial adjustments of the amount of pension income received by individuals proportionally with their contributory years and residual life expectancy. For example, in Bulgaria pension legislation has been amended in the last few years to introduce incentives to defer withdrawal from the labour market. Persons who reached pensionable age and are still working can rely on a bonus (3% for each year of deferment).

[201] MISSOC database - Mutual information system on social protection, http://ec.europa.eu/employment_social/missoc/db/public/compareTables.do?lang=en

As noted in the 2010 EGGSI report on Active Ageing[202], actuarial corrections have recently been introduced in Austria, France, Finland, Spain, Portugal, the Netherlands and Italy, while similar provisions are already in place in Germany, Belgium, Luxemburg, Hungary, the Baltic countries, Poland, Slovakia, Slovenia and Sweden.

### *3.2.2 The gradual abolition of early retirement provisions*

The second stream of reforms aiming at extending men's and women's working lives is the *gradual abolition of most options for early retirement* (i.e. before the official statutory retirement age).

The effective exit age from the labour market is, in fact, usually lower than statutory retirement age due mainly to the *early retirement provisions*, and does not differ greatly between men and women, as shown in Table 3.3.

**Table 3.3 - Statutory and average retirement age in 2009 in European countries**

| **Country** | **MEN** | | | **WOMEN** | | |
|---|---|---|---|---|---|---|
| | Statutory Retirement age | **Average exit age** | | Statutory Retirement age | **Average exit age** | |
| | 2009 | 2005 | 2009 | 2009 | 2005 | 2009 |
| EU 27 | | 61.6 | 61.8 | | 60.4 | 61.0 |
| Austria | 65 | 60.3 | : | 60 | 59.4 | : |
| Belgium | 65 | 61.6 | : | 65 | 59.6 | : |
| Bulgaria | 63 | 62.4 | : | 60 | 58.4 | : |
| Cyprus* | 65 | : | *62.8 | 65 | : | *62.8 |
| Czech Republic | 62 | 62.3 | 61.5 | 60.8 | 59.1 | 59.6 |
| Denmark | 65 | 61.2 | 63.2 | 65 | 60.7 | 61.4 |
| Estonia* | 63 | **61.7* | *62.6* | 61 | **61.7* | *62.6* |
| Finland | 63-68 | 61.8 | 62.3 | 63-68 | 61.7 | 61.1 |
| France | 60 | 58.7 | 60.3 | 60 | 59.3 | 59.8 |
| Germany | 65 | : | 62.6 | 65 | : | 61.9 |
| Greece | 65 | 62.5 | 61.3 | 60 | 61.0 | 61.6 |
| Hungary | 62 | 61.2 | 60.1 | 62 | 58.7 | 58.7 |
| Iceland* | 67 | 66.3 | 64.8 | 67 | 66.3 | 64.8 |
| Ireland | 65 | 63.6 | : | 65 | 64.6 | : |
| Italy | 65 | 60.7 | 60.8 | 60 | 58.8 | 59.4 |
| Latvia* | 62 | *62.1 | : | 62 | *62.1 | : |
| Liechtenstein | 64 | 63.1 | 63.0 | 64 | : | : |
| Lithuania* | 62.6 | *60 | : | 60 | *60 | : |
| Luxembourg* | 65 | *59.4 | : | 65 | *59.4 | : |
| Malta* | 61 | *58.8 | 60.3 | 60 | *58.8 | 60.3 |
| Netherlands | 65 | 61.6 | 63.9 | 65 | 61.4 | 63.1 |
| Norway | 67 | 63.1 | 63.0 | 67 | 63.1 | 63.3 |
| Poland | 65 | 62.0 | : | 60 | 57.4 | : |

[202] Corsi, M./Samek Lodovici, M./Botti, F./D'Ippoliti, C. (2011), Active ageing and gender equality, The employment and social inclusion of women and men of late working and early retirement age, Final Synthesis Report. European Commission

| | | | | | | |
|---|---|---|---|---|---|---|
| Portugal | 65 | 62.4 | : | 65 | 63.8 | : |
| Romania | 63.8 | 64.7 | : | 58.8 | 61.5 | : |
| Slovakia | 62 | 61.1 | 60.4 | 59 | 57.6 | 57.5 |
| Slovenia | 63 | *58.5 | : | 61 | *58.5 | : |
| Spain | 65 | 62.0 | 61.2 | 65 | 62.8 | 63.4 |
| Sweden | 61-67 | 64.3 | 64.7 | 61-67 | 63.0 | 64.0 |
| United Kingdom | 65 | 63.4 | 64.1 | 60 | 61.9 | 62.0 |
| Croatia* | 65 | *60.5 | *60.6 | 60 | *60.5 | *60.6 |
| Rep. of Macedonia | 64 | : | : | 62 | : | : |
| Turkey | 55 | : | : | 50 | : | : |

* = Legal retirement age only available for total population, therefore data for women and men are the same.
Explanatory note: The indicator gives the average age at which active persons definitively withdraw from the labour market. It is based on a probability model considering the relative changes of activity rates from one year to another at a specific age. The activity rate represents the labour force (employed and unemployed population) as a percentage of the total population for a given age. The indicator is based on the EU Labour Force Survey. The survey covers the entire population living in private households. The definitions used follow the guidelines of the International Labour Office.

In many countries this apparently gender neutral measure in practice involves a significant gender unbalance. Generally, male early retirement is associated with full completion of the obligatory working years or with generous early retirement incentives, while for women it is usually related to career interruptions motivated by family care needs, especially when legislation provides a minimum pension.

Options for early retirement can differ for women and men for a number of reasons:

- Early retirement access is linked in some countries to a certain number of contributory years. Due to shorter insurance careers, women's access to early retirement schemes may be limited;
- in some countries access to early retirement options is easier for men, because more men than women work for large companies offering negotiated early retirement options;
- exit from the labour market via illness and disability benefits can exhibit a gender bias, depending on the disability pension regulations and disability assessment schemes;
- on the other hand, women have easier access to specific early exit pathways. In particular, survivor pension schemes and the possibility to combine benefit receipt with earnings from work can encourage women to make an earlier exit from the labour market.

As described in the 2010 EGGSI Report on Active Ageing[203], the incidence of early retirement differs widely among the countries considered in the present study.

Country-specific institutions and regulations determine the diffusion and gender impact of early retirement schemes. For example, men are frequently over-represented among early pensioners,

[203] European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), European Economy 2|2009. Luxembourg.
http://ec.europa.eu/economy_finance/publications/publication14992_en.pdf

(e.g. BE, FR), as a consequence of early retirement being frequently related to long records of past contributions advantaging men and depending on sector-specific collective labour agreements (as in BE), or sector-specific favourable regulations (as in RO) favouring male-dominated occupations. Early retirement is allowed in some Member States, as for example in Bulgaria, for workers employed in physically demanding jobs or in jobs with difficult working conditions; in many countries it has long been an option in the public sector (where women are largely employed), but is no longer available; in others (as PT) it is allowed for older unemployed people.

There are also gender differences in attitudes to employment and reasons for early exit: financial considerations appear predominant in men's choices, while for women family care needs or age discrimination are more relevant. In some cases preferences for early retirement are especially widespread among low-income workers, for whom the financial convenience is greater (CZ, IT).[204]

For all these reasons women retiring early are more likely to be at risk of poverty than men since their benefits are lower than those of a full-life worker, and they are more likely to be dependent on the income of a 'breadwinner' partner.

**Box 3.8 - Examples of gender differences in early retirement provisions in some countries**

**Germany** – With the 1999 Reform which came into force on 1 January 2000 early retirement pension for women aged 60 to 65 can only be claimed by women born before 1952, who have completed the 15-year qualifying period and paid compulsory contributions for more than ten years as from the age of 40. For people born after 1951 it is no longer available.[205]

**Hungary** – By 2009 the early retirement age of women had increased to 59, which applies to those born in 1952 first.[206] It also meant that 17.7% more men and 25% more women exited the labour market with early retirement in 2008 than in the previous year.[207]

**Slovenia** - For early retirement of women (age 61) at least 20 contributory years are needed, while for men (age 63) a minimum of 20 contributory years are required. Those with long careers (men 40 years and women 38 years), can retire at age 58. A person who has raised a child is entitled to a lower retirement age. Women (only) have the possibility of a lower required retirement age if they started working before the age of 18.

Source: EGGSI National Reports 2011

### 3.2.3 *The Introduction of part time pensions*

Many countries (especially Nordic and Eastern European) have introduced the possibility to cumulate pension income and part-time work in the final stages of the working career (the so-called *part-time pensions*). These schemes create more favourable conditions for the

[204] Remr, J. (ed.) (2007), Podpora zaměstnávání starších osob. Souhrnná studie, VUPSV, Praha. http://www.mature-project.eu/materials/vz_remr.pdf

[205] Bundesministerium für Arbeit und Soziales – Website http://www.bmas.de/portal/16702/startseite.html

[206] ONYF (2010) Information on the major benefit regulations and organisational structure of the pension insurance system in Hungary, Central Administration of National Pension Insurance Hungary, Budapest, p. 6

[207] Nyugdíjasok, nyugdíjak, 2010, KSH, Budapest, 2010, p. 3

employment of persons of retirement age. They are particularly relevant for women: on the one hand they allow for reduction of the work load especially in those sectors with heavy working conditions (such as shift work in the care sector), while on the other hand they entail the possibility to increase the period of contributions and guarantee higher future pensions benefits. Examples of such measures are presented in the box below. Particularly interesting are the provisions available in countries characterised by flexible retirement age (LI, NO and SE), because they allow for greater flexibility in individual decisions, relative to other countries.

**Box 3.9 - Examples of national schemes allowing for accumulation of pension and labour income**

**Belgium** - Due to recent legislative changes, pensioners have been able to accumulate work and pension income since the maximum compensation allowed was increased. However, the ceiling is still quite low for those aged less than 65 getting a widow pension, which are mostly women.

**Czech Republic -** Since 2010 new measures have been introduced with the aim to increase the employment of older people. If a person continues to work after reaching the age of pension entitlement, for every 90 calendar days of employment his/her pension increases by 1.5%, considerably faster than during the years worked before retirement age. Alternatively, the person may opt to receive his or her pension temporarily to the extent of one half while carrying out gainful activities: in this case the retirement pension is increased every 180 calendar days of employment by 1.5%. Finally, pensioners may even decide to receive the full pension while carrying out gainful activities, with the consequence that their pension will only increase by 0.4% every 360 calendar days of gainful employment.

**Estonia -** As an incentive to work, since 1996 working pensioners have been entitled to full old-age pension while working. Working while in retirement increases the amount of the pension if the person is also paying social contributions. This applies only in the case of pensioners who are entitled to an old-age pension and not in the case of an early-retirement pension, the national pension (minimum guaranteed pension) or the survivor pension.

**Finland** - Today employees in the age group 60-67 can retire from full-time work on a part-time pension, and the pension offsets the reduction in wages fairly well. It provides substantial support to continue working instead of early retirement. The majority of part-time pensioners in the public sector are women, while the majority in the private sector are men.

**Liechtenstein -** Under the flexible retirement arrangements, men and women may choose to retire at any time between the ages of 60 and 70. The early pension is permanently reduced, i.e. even after the normal retirement age is reached — with a reduction of 16.5% for early retirement at 60. Conversely, postponing retirement increases the actuarial value of the pension (between 5.22% for deferment by 1 year and 40.71% for deferment by 6 years).

**Norway** - The pension system has recently been reformed (in 2011), but will be fully applicable only to persons born in 1965 and later.[208] When the reform comes into force, people will be able to draw flexibly on their retirement funds as from the age of 62 years, and it will be possible to combine retirement pension and income from employment without the pension being reduced. The employment pension will be accumulated on the basis of income, and every year of employment will count.

**Sweden** - Under the Employment Protection Act, an employee is entitled to go on working up to 67 years of age, and the possibility is now being examined to prolong entitlement to 69 years. Pension rights may be earned for an unlimited time, as the concept of "full pension" does not exist. There is no lower or upper age limit to earning pension credit. If the individual continues to work after beginning to draw the pension, new pension rights are earned irrespective of age.

**Slovenia -** 'Personal additional work', for retired people is possible only in some types of activities, such as occasional help in the households, home-craft, etc. The condition is that income from this type of work should not exceed the minimum income.

[208] Norwegian Labour Administration, Information on old-age pensions - http://www.nav.no/page?id=397

**Spain -** Since 2002 so-called flexible retirement allows workers over 60 to be employed in part-time jobs while receiving retirement pensions.[209] The retirement pension is reduced proportionally to the length of the daily working time. When the worker fully retires a new pension is calculated, including the contributions made during the part-time job. Within the same reform it was also made it possible for workers aged 60-64 to access partial retirement, if a replacement contract is made with a younger worker.

**United Kingdom -** Since April 2006 it has been possible to go on working with the same employer, also on a part-time basis, while starting to draw an occupational pension. However, at the same time the age from which an occupational or private pension can be drawn was raised from 50 to 55.

Source: EGGSI national reports, 2010 and Corsi M./Samek Lodovici, M./Botti, F./D'Ippoliti, C. (2011), Active ageing and gender equality, The employment and social inclusion of women and men of late working and early retirement age, Final Synthesis Report. European Commission.

## 3.3 The move towards multi-pillar schemes could increase gender gaps in pension income

In order to restore the (future) adequacy of benefits levels, curtailed by the reduction of the role of the public pensions schemes, private provision for retirement income has been encouraged in most European countries, in the form of both occupational and individual schemes. These schemes are already an established feature in some European countries (such as DK, NL, SE, UK,). In addition, as indicated in chapter 2, in many Nordic and Eastern European countries participation in privately managed funded tiers of statutory pensions schemes has become mandatory (in accordance with the so-called World Bank Model).

Diversification of retirement schemes is likely to increase pension income inequalities between those who are on occupational schemes and/or can afford individual retirement savings and those who do not qualify for these schemes and must only rely on either an old-age minimum or a contributory public pension minimum. Women in particular will be penalised by this trend, as they are less likely to be on occupational or private individual pension schemes. In addition, privately managed pension schemes are usually based on the insurance approach, strictly linking pension benefits to the contributions paid and life expectancy. Thus gender differences in employment patterns and life expectancy translate into differences in pension income. Pension credits for non-contributory periods (due to care, unemployment or training) are not usually considered in these schemes.

Finally, as pointed out in chapter 2, the crisis has highlighted the risks associated with these schemes when employment interruptions are widespread and capital markets are unable to guarantee the expected returns on financial assets. Furthermore, the trend in occupational pension schemes from defined benefits to defined contribution schemes shifts the risks (related mainly to longevity and returns on assets) from the provider to the individual or the insurance company[210].

[209] More information about flexible retirement can be found at the Spanish Social Security website: http://www.seg-social.es/Internet_1/Trabajadores/PrestacionesPension10935/Jubilacion/RegimenGeneral/Jubilacionflexible/index.htm#35811

[210] Social Protection Committee (2008), Privately managed funded pension provision and their contribution to adequate and sustainable pensions. Occasional papers, No. 35. http://ec.europa.eu/social/BlobServlet?docId=743&langId=en

According to Frericks and Maier (2007)[211], the downsizing of the role of public schemes over the last decade in most of the European countries, supposed to be at least partly replaced by pensions from occupational and individual schemes, will affect women to a larger extent than men. *A*ccumulation of pension entitlements is lower for women than for men, especially in individual and occupational pension schemes (the second and third pillars), which are more directly linked to employment and wealth accumulation and are usually based on actuarial fairness, thus penalizing women with sex-differentiated tariffs[212].

Furthermore, the authors argue that tax incentives are usually more beneficial for high-income earners, thus not favouring women, and should be replaced by subsidies in order to boost the voluntary participation of women in supplementary schemes. Comparing pension reforms in the Netherlands and Denmark and their gender impact, Frericks et.al (2006)[213] conclude that a shift from public PAYG to occupational pensions in those countries has had a negative impact on women's pensions.

### *3.3.1 Occupational schemes*

Occupational schemes are usually attested in large companies and in unionised public and industrial sectors and are characterised by closer links between paid contributions and benefits relative to public statutory schemes. There is only limited information available on the gender coverage of occupational schemes. However, according to the Survey of Health, Ageing and Retirement in Europe (SHARE) – relative to 12 European countries[214], there is a clear gender gap in most countries: men are more likely to receive a supplementary pension from occupational schemes than women. For example in the Netherlands and Germany almost twice as much male as female pensioners received company pension payments. On the contrary, there is no gender gap in accessing supplementary pension schemes in Sweden. The EGGSI country reports[215] also show that women are in most countries overrepresented in public schemes, especially in minimum pension schemes, while they are much less covered by occupational schemes than are men (Box 3.10). This is due to gender differences in the labour market, with men more likely to be employed in occupations and sectors providing 2nd pillar pension schemes and/or to be able to access individual schemes.

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211 Frericks, P. /Maier, R. (2007), The gender pension gap: effects of norms and reform Policies. In: Kohli, M./Arza, C. (2007), The political Economy of pensions, Politics, Policy Models and Outcomes in Europe. London.

212 The above cited European Court of Justice decision of March 2011 on the principle of equal treatment between men and women in access to and supply of goods and services will have a significant effect on the level of pension premiums throughout the EU, as insurers are prohibited from taking gender into account when calculating premiumshttp://www.dilloneustace.ie/download/1/ECJ%20Ruling%20on%20Unisex%20Insurance%20Premiums.pdf.

213 Frericks, Patrizia/Maier, R./de Graaf, W. (2006), Shifting the pension mix : consequences for Dutch and Danish women. Social Policy and Administration, Vol. 40.

214 The countries analysed are DK, SE, AT, FR, DE, BE, NL, ES, IT, EL, CZ, PO and Switzerland and Israel. SHARE - Survey of Health, Ageing and Retirement in Europe, Lisa Callegaro, Christina Benita Wilke, Public, Occupational and Individual Pension Coverage, chapter 6.
http://www.share-project.org/t3/share/fileadmin/pdf_documentation/FRB2/Chapter_6.pdf

215 The EGGSI country reports are the national reports provided by the 33 EGGSI Network experts, that are at the basis of the present comparative report.

### Box 3.10 -Gender differences in coverage of statutory, occupational and individual schemes in some European countries

**Belgium** - The occupational pension scheme is entirely optional, instituted by way of collective agreements within a sector or an enterprise or as a result of a unilateral decision of the employer. Such schemes are more common in male-dominated sectors (metal manufacturing, construction, automobile sectors, etc.). Statistics show a limited coverage of the working population (35%) and a gender gap: 45% of men and 18% of women are covered by occupational pension schemes. Discrimination in access against part-timers is forbidden, according to the principles of equal rights pro-rata temporis, and this should support women participation.

**Cyprus** - Women account for 64% of old age pensioners on minimum pensions.

**Estonia** - 63% of those receiving a state pension as of 1 January 2009 were women (63%).[216]

**Finland** - It has been estimated that almost 10% of all pensioners will receive the guarantee pension according to the Act on Guarantee Pensions in effect since 1 March 2011. Women account for two thirds of those eligible for the guarantee pension.

**Germany** – According to studies carried out on behalf of the Federal government, the diffusion rate in West Germany for individual pension entitlements within company schemes rose between 1986 and 2007 from 23% to 31% for male pensioners and only from 4% to 7% for female pensioners. Male pensioners received average company pension payments of 490 € in 2007, women only 214 Euro[217].

**Iceland** - Special Old Age pension supplements are only provided on the ground of individual assessment of needs and to those pensioners who have incomes below a certain level. Female recipients of special Old Age pension supplements amounted to 65% in 2005 and 71% in 2009.

**Poland** - The number of people insured in the Employee pension scheme administered by Social Insurance Institution (*Zakład Ubezpieczeń Społecznych*) amounted to 7.6 million men (or 52.6%) and close to 7.0 million women (47.4%) in 2009. As regards the second pillar of the new old-age pension scheme (OFE), the number of participants is 7.5 million men and 6.8 million women (2009). In the Individual Pension Accounts (IKE) there are more women (420.700 in 2009) than men (371.800).

**Slovakia** - The proportion of 60-year-old women in the social assistance benefit system is much higher than that of men of the same age. This trend has been continuing since 2006.[218]

**Spain** - In 2009, 62% of those receiving a supplement for minimum pensions were women.

**Sweden** - Women are substantially overrepresented amongst those who draw some form of basic security. Both guarantee pension and housing supplement are disbursed to four times as many women as men.[219]

Source: EGGSI National reports 2011

Women are less covered by these schemes than men especially in those countries where women's employment rates are low (as in Southern European countries) and where they are more likely to be employed in the informal economy or in sectors/firms where these types of pension schemes are less widespread and/or less generous. Women are also more likely to be employed in part-time and temporary low wage jobs which do not consent access to occupational schemes with high minimum employment/contribution period provisions (as in CY, ES, IT, LU, LI, NO, SK, TK).

Vesting conditions are also relevant for atypical workers (a category where women are over-represented) frequently changing job, as they may have difficulties in fulfilling the minimum conditions within the same occupational fund and transferring their position from one occupational fund to another (see Chapter 4.2). Other features which are less favourable to women, reducing participation in these schemes when it is voluntary, are the use of sex-differentiated tariffs (which is however going to be unlawful as from 21. December 2012

[216] http://estonia.eu/about-estonia/society/pension-system-in-estonia.html
[217] TNS Infratest Sozialforschung (2009), Alterssicherung in Deutschland 2007. Zusammenfassung wichtiger Untersuchungsergebnisse. München. p. 97
[218] Central Office of Labour, Social Affairs and Family of the Slovak Republic
[219] Prime Minister's Office (2005) The Swedish National Strategy Report on Adequate and Sustainable Pensions. Stockholm, Chapter 3.3.2. http://www.sweden.gov.se/sb/d/574/a/48098.

according to the ECJ ruling on the Test-Achats case) and the (lack of) provisions for non-contributory periods and survivors. The Report of the European Network of Legal Experts in the Field of Gender Equality[220] shows that only in a few countries (FR, NL and ES) are periods of unemployment taken into considerations, while survivors' pensions are available in occupation schemes for civil servants in Austria, Belgium, and in Cyprus, France, Greece, Italy, Liechtenstein, the Netherlands, and Portugal.

As for gender-specific actuarial factors, they are applied in DB occupational pensions in the public sector, within the limits set by Directive 2006/54/EC and the case law of the ECJ, in many countries (AT, BE, CY, CZ, ES, IE IT, LU, MT, PT, UK). They are not applied in Denmark, France, Greece and Sweden. In the Netherlands gender-related actuarial factors are applied by occupational funds and insurance companies for funding purposes, but contributions and benefits remain gender-neutral, while in Germany unisex tariffs have been mandatory since December 2005. In Italy the Vigilance Commission on Pensions (COVIP) and the Equal Opportunity National Committee control the legitimacy and non-discriminatory nature of the actuarial factors applied in occupational pension schemes.

Overall occupational schemes may increase gender income inequalities in old age and the concentration of old-age poverty in less developed territorial areas. To reduce these risks, in some countries, especially where participation is mandatory, special regulations have been introduced to support the adoption of unisex tables and childcare credits in occupational and personal pension schemes (such as DE, FR), to favour access by part-time and temporary workers with no or very low minimum qualifying conditions (as in BE, BG, MK, IE), and to facilitate transferral from one occupational fund to another (as in SE, PT, FR, NL PL and TK). Provided in the following box are some examples of good practices in this respect.

**Box 3.11 - Examples of good practices in occupational funded schemes in some countries**

**France** - There are various different, mandatory occupational old-age schemes in all the economic sectors. In these schemes, part-time workers are treated as in the statutory schemes and leave periods for unemployment are considered. Also there are no differences in pensionable years for women and men, and some advantages for care periods are provided. After the Griesmar case (see Box 3.14) these advantages became gender-neutral.

**Iceland** - Since, the occupational pension scheme is mandatory and job participation by women is very high in Iceland most people, both men and women, build up individual pension rights in the funded occupational schemes.

**Ireland** - The portability of pensions is facilitated in that workers are not required to stay in the same pension fund and may transfer funds accumulated with one insurer to another, even if there are information deficits and significant costs involved in doing this.

**Netherlands** – Employers leaving the occupational pension scheme are entitled to their accrued pension rights. The pension fund or insuring company is however – as far as the pension scheme allows for this – entitled to surrender the pension two years after leaving the scheme if the pension is low.

**Poland** – In the occupational pension scheme, employers can choose between a pension fund, an agreement for the employer to pay the employees' contributions into an Investment Fund, an agreement on group life insurance.

[220] Renga, S./ Molnar-Hidassy, D./ Tisheva, G. (2010), Direct and Indirect Gender Discrimination in Old-Age Pensions in 33 European Countries, European Network of legal experts in the field of gender equality. European Commission, Directorate-General for Justice

**Sweden** - Almost all employees are covered by one of the four occupational pension schemes, based on collective agreements. In these schemes, there are no lengthy qualification periods and they are gender-neutral regarding pensionable age and calculation of benefits. The pension capital is regarded as private property and can be moved from one fund to another without any restrictions.

**Turkey** - Workers can change schemes once a year and in the case of early withdrawal from the scheme, benefits can take the form of a lump sum, a programmed withdrawal or an annuity.

Source: EGGSI national reports, 2011; Corsi/Samek Lodovici/et al. (2011), Renga et al. (2010)

### *3.3.2 Individual voluntary schemes*

It is not possible to assess the coverage of individual voluntary pension schemes by sex, as there are no available data.

There are however various barriers to women's membership in individual voluntary schemes, reflecting the gender segregation in the labour market (gender pay gap, lower employment rates and the large proportion of part-time and temporary employment for women). According to Eurostat data gender differences appear to be however relevant when considering income from private pension funds (see Table 3-4).

**Table 3.4 - Percentage of income from individual private pension plans of total income of persons aged +65, 2006**

| Country | Women | Men |
|---|---|---|
| Austria | 0.13 % | 0.25 % |
| Belgium | 0.09 % | 0.32 % |
| Estonia | 0.00 % | 0.01 % |
| Ireland | 1.75 % | 3.15 % |
| Italy | 0.20 % | 0.22 % |
| Poland | 0.01 % | 0.03 % |
| Portugal | 0.01 % | 0.37 % |
| Sweden | 4.62 % | 5.36 % |
| United Kingdom | 0.16 % | 0.90 % |

Source: EU-SILC UBD 2006, cit. in: Horstmann, S./Hüllsman, J. (2009), The Socio-Economic Impact of Pension Systems on Women

These schemes are usually affordable only by high income workers, and even when they are provided by employers as fringe benefits, it is managers and workers in high positions that are usually entitled. Even in Member States that have introduced measures to incentivise membership of voluntary individual schemes through tax exemptions, they remain more beneficial for high income earners (who are less likely to be women). For this reason direct subsidies are considered a more effective means of support for women to access private pension schemes.[221]

Furthermore, these schemes have been up to now often based on sex-disaggregated tariffs, which penalise women, and early membership is necessary to accumulate sufficient income in

[221] Horstmann Sabine / Hüllsman Joachim (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en

old age. The recent ECJ Test-Achats ruling of March 2011[222] to eliminate gender discrimination in insurance products may change this, although it may only apply to new contracts as a transitory period is granted and national laws have to be adopted (see Chapter 2.1.2).[223]

Good practice examples for individual pension schemes are the German *Riester-Riente*, which operates with unisex tariffs and a child allowance is paid by the state, topping up individual savings, and the Hungarian Vénusz Life Insurance Programme which explicitly targets women.

**Box 3.12 - Good practice examples in individual voluntary schemes**

**Germany** - Some types of individual voluntary schemes are supported by the state within the "**Riester-Rente**" pension system, which aims particularly at low wage earners with children – in practice mostly women. The *Riester-Rente* pension schemes are part of the governmental plan to promote individual and company schemes which do not discriminate women and low wage earners. With this system since 2006 *unisex tariffs are adopted and a child allowance* is paid by the state, topping up individual savings. In addition it provides direct subsidies rather than tax incentives for enrolment in individual pension schemes, which is more favourable to women. Periods for child care are recognised in the personal pension scheme "Riester" and the allowance for children has been increased from 185 € to 300 € for children born after the year 2008. The level at which the number of full contributory years is set in public schemes does not explicitly take the gender dimension into consideration but as periods for child care are covered, the still dominant female responsibility for children is recognised. The existing pension scheme recognises the three years following on the birth of a child as a compulsory pension contribution period at the level of average employment. These contributions are paid by the state.

**Hungary** - The AVIVA Insurance Company implemented a project ('The 21st century is the century of women') [224] targeting working age women who intend to secure their future financial and economic well-being. The insurance company offers financial planning, a life-insurance package, and a voluntary pension provision for working age women. The Vénusz Life Insurance Programme of the AEGON Insurance Company also provides flexible saving opportunities for women under 57 years.

Source: EGGSI National reports 2011.

## 3.4 Gender differences in access to minimum pension schemes

Minimum pensions are particularly relevant when assessing the adequacy of pension systems in supporting old-age income, as they provide a safety net for low earners or those with no or limited employment histories. As evidenced in chapter 1 and in Box 3.11 women are usually overrepresented in these groups.

[222] Court of Justice of the European Union Press Release No 12/11, Luxembourg, 1 March 2011 Judgment in Case C-236/09 Association belge des Consommateurs Test-Achats ASBL and Conseil des ministres.

[223] Slauther and May, can gender differentiated actuarial factors still be used when determining premiums and benefits under insucrance contracts? The Test-Achats chase. http://www.slaughterandmay.com/media/1524002/the-test-achats-case.pdf

[224] http://www.aviva.hu/penzugyi_szolgaltatasok/nok_evszazada/
http://www.aviva.hu/opencms/export/sites/default/magunkrol/hirek/A_nyugdijhiany_Magyarorszagon.pdf

### Box 3.13 - Gender differences in coverage of minimum pension provisions in some European countries

**Austria** – Women represent 53% of all pension beneficiaries but receive only 40% of all direct pensions. Only when taking the pension benefits for survivors into account is the difference markedly reduced.[225]

**Belgium** - Women are overrepresented among recipients of the minimum income and work pension. A guaranteed minimum pension is provided for employees, self-employed and mixed career workers. At a level corresponding more or less to the at-risk-of-poverty rate, it goes to those who have worked part time for at least 30 years.

**Bulgaria** – Minimum income support for older people exists in the form of the "social pension for old age". As from 2006 the minimum earnings related and the minimum survivors' pension are determined as a percentage of the minimum pension for insurance and old-age with full contributory period. The minimum old-age pension is set annually in the state social insurance budget. While the minimum amount of "individual insurance and old-age pension" is set each year under the law governing the public social security budget, the amount of the "social pension for old age" is determined by the Council of Ministers.

**Croatia** - The share of minimum pension beneficiaries was 39.05% in 2007 and 24.54% in 2010. At the end of 2010, there were in total 163,269 minimum pension beneficiaries – 34% men, 66% women. It goes to workers whose wages come to less than 75% of an average wage.

**Cyprus** - Women account for 64% of old age pensioners on minimum pensions and 98% of the social pension recipients are women.

**Estonia** – The flat rate national pension, which serves simultaneously as a minimum pension guarantee, amounted to 128 € after indexation in April 2010. Recipients of the national pension on grounds of age constitute less than 1% of all pensioners receiving a pension on the grounds of age.

**Finland** -The Act on Guarantee Pensions came into effect on 1 March 2011. Pensioners receiving less than 687 € per month will receive the guarantee pension. It has been estimated that about 120,000 people – almost 10% of all pensioners - will receive the guarantee pension. As women´s pensions are on average lower than men´s, about two thirds of those eligible for the guarantee pension are women.[226]

**Greece** - All people over the age of 65 years without social insurance pensions are entitled to the Social Solidarity Benefit (EKAS), which is a non-contributory, means-tested benefit payable to low-income pensioners eligible under most schemes (apart from the farmers' pension programme). Eligibility for benefits requires that the total net income does not exceed 7,165 € (2006).

**France** - There are two old-age income support schemes: the minimum pension ASV (Allocation supplémentaire du minimum vieillesse) and the Solidarity Allowance for Ageing Persons ASPA (Allocation de solidarité pour les personnes âgées), gradually replacing the ASV. These income support schemes provide for income supplements for people aged 65+ (or 60+ if they are unable to work) whose contribution-based pensions are below the old-age minimum. The entitlements are means tested according to the household's income and structure. Since April 2011, the old-age minimum monthly income from ASPA has been 742 € for a single person and 1,181 € for a couple.

**Iceland** - Special OA pension supplements are only provided on the ground of individual assessment of needs and to those pensioners who have incomes below a certain level. Female recipients of special Old Age pension supplements accounted for 65% of all recipients in 2005 and 71% in 2009. The new minimum guarantee stipulated in regulation for the first time in September 2008 recognises a minimum guarantee necessary to maintain a certain standard of living with reference to pay in the labour market.

**Ireland** - There are considerable gender differences in the level of pension income for older women and men in Ireland. Men are more likely to have contribution-based pension incomes and women are more reliant on minimum pension/income provisions.

**Norway -** The share of women among those who receive minimal state pension is considerable: of those who received the minimal state pension 87.5 percent were women in 2010 (in 2001: 86.4%), although the proportion of women pensioners on the minimal state pension decreased from 54.1% in 2001 to 44% in 2010[227].

**Spain** - 70% of the non-contributory Social Security pensioners are women; the pension is means-tested taking into consideration the household income. If the income from contribution-related pensions proves low they receive a supplement. In 2009, 62% of minimum pension supplement recipients were women. It is not granted for early retirement (before the age of 63)

**Sweden** – The social pension and housing supplement is provided to low-income groups, who have the right to a full guarantee pension or a top-up. The social pension is disbursed to four times as many women

[225] Bundesministerium für Arbeit, soziales und Konsumentenschutz (2010), Sozialbericht 2010, Vienna.
[226] National Insurance Institution, http://www.kela.fi
[227] The Norwegian Labour and Welfare Directorate, Statistics on old-age pensions 2010. http://www.nav.no/page?id=1073743247

as men,[228] since women generally have lower income-related old-age pensions than men and are more represented in the older age groups. The guarantee pension is reduced if a widow's pension, a foreign pension or an annuity is paid at the same time. There is no coordination with income from capital, occupational pensions, private pension insurances or attendance allowance.
**The Netherlands** – The General Old Age state pension (AOW) is not income- or means-tested but entitles every person from the age 65 to a state pension. The amount depends on the number of residence years. Receiving other second- and third-tier pensions, earnings out of a job or any other income does not affect entitlement to the state pension. The social minimum is defined for the different types of households (living together, versus living alone versus a partner who is under 65, etc).
**United Kingdom -** Government reforms and proposed reforms address gender poverty in retirement and gender inequality in pension provisions by reducing to 30 the number of years it takes to build up a full Basic State Pension (BSP). Reforms treat caring and paid contributions equally, meaning that women and arers will find it easier to build up full entitlement to a BSP. Further proposals seek to improve the provision of private pensions for low earners, many of whom are women, through individual, transferable pension savings accounts. Finally, policies are in place to encourage people aged 50-59 and their dependent partners back to work.

Source: EGGSI National reports 2011

Assessment of the gender effects of minimum pensions must take into consideration not only income support in old age, but also their effects on labour supply and lifetime savings. An increase in minimum pension levels, for example, is a positive measure for women and men already retired or near retirement age (especially elderly single women), for whom this benefit represents the only income, but could also be an incentive for individuals in active age to retire early or to reduce lifetime savings[229], an effect which is likely to apply more to women than to men due to the greater elasticity of women's labour supply to earnings.

These effects differ according to the design of minimum pensions. In fact, minimum pensions may be provided in different forms: *residency based (*universal and depending on the residency within a given country); *contributory based* (depending on participation to the public pension system and subject to specific entitlement criteria)*; social assistance benefits* (do not require any participation in a pension system and are means-tested).

Residency based minimum pensions are granted in Nordic countries (DK, EE, FI, NO, IS, SE)[230] and in the Netherlands. In these countries access to minimum pensions is based on years of residence in the country and is usually part of the statutory pension scheme. Their main feature is their universality, as they do not require any contributory payments and benefits are not means-tested, but only tested against the income from other pensions.

Contributory minimum pensions are common to the majority of the countries considered here. They can only be claimed by people who are covered by the public pension scheme and meet

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[228] Prime Minister's Office (2005) The Swedish National Strategy Report on Adequate and Sustainable Pensions. Stockholm, Chapter 3.3.2. http://www.sweden.gov.se/sb/d/574/a/48098.
[229] Horstmann S./Hüllsman, J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en and Ståhlberg, Ann-Charlotte/Cohen Birman, Marcela/Kruse, Agneta/Sunden, Annika (2004), Retirement income security for men and women, Technical Commission on Old-age, Invalidity and Survivors' Insurance, Technical report 23. Beijing, 12-18 September 2004. http://www.issa.int/content/download/55882/1022762/version/6/file/TR-23-2.pdf and Monticone, C./Ruzik, A./Skiba, J. (2008), Women's Pension rights and Survivors's Benefits – A comparative analysis of EU Member States and Candidate countries. ENEPRi Research Report No. 53/April 2008.
[230] For instance, in Iceland the public Social Security scheme is based on pension rights aquired through at least three calender years of residence in the country between 16-67 of age and thus provides a universal old age pension to all equally. In Denmark, Finland and Sweden, to obtain the full guarantee pension the requirement is 40 years' residence between 25 and 64 years. People with less than 40 years residency will receive a reduced pension.

certain criteria, usually based on a minimum number of contributory years. Even if eligibility depends on minimum contributions, in some countries the amount of minimum pensions may not be connected with the contributory years, and be either *means-tested*, as in Austria and Belgium, where a means tested supplement is granted to those with low pensions or *flat-rate*, as in Hungary and Poland, where the pension amount does not depend on the number of contributory years, or in Italy where the minimum contribution period is rather short. In most of these countries, however, the *full amount of the minimum pension* (either on a means tested or flat rate basis) *is granted only provided that the required contributory period is fully reached* (as in PT) and the benefit is proportionally reduced for shorter insurance periods. Also in Ireland and the United Kingdom a flat-rate pension is provided if a minimum period of pension scheme membership is reached.

Social assistance benefits, usually means-tested, are the only provision available to guarantee a minimum income in old age in Germany, Romania and Lithuania. In Austria and Poland social assistance allowances are available for the general population, while in Belgium, Ireland, Italy, Malta, Portugal, Sweden and the United Kingdom there are social assistance benefits for the elderly in addition to other minimum income provisions. These benefits are means-tested and the eligibility criterion is age.

From the point of view of gender, it is the *residence based minimum pensions* of Nordic countries that are the more favourable to women, as they are not based on the individual employment history. However, with these schemes the risk of reducing incentives to work in the regular economy is high, even if the data on countries with residence-based minimum pensions do not show this disincentive effect applying, as they present the highest activity rates for women. Indeed, Siegenthaler (1996)[231], based on a country-by country analysis of the US and five European countries, argues that a minimum benefit provided to all would be the most effective – even if costly – instrument to combat poverty in old age for women (and men).

In the case of *contributory minimum pensions*, the eligibility criteria are relevant, especially in relation to the length of the contributory period necessary to be entitled to the minimum contributory pension. Long contributory period requirements may penalize women more than men, as they are more likely to have interrupted employment careers due to family responsibilities or have part time jobs. To improve the position of women it is important for special *care credits periods* (as in the UK and IE) and *part-time work* (as in BE) to be included in the qualifying periods.[232]

*Means-tested benefits* to top up low pensions (as in AT, BE, DK, IE, SE) may represent an effective way to increase access to pension income for individuals with a short employment history. An important aspect in this case from the gender perspective is the *individualisation of*

[231] Siegenthaler, Jurg K (1996), Poverty among Single Elderly Women under Different Systems of Old-Age Security: A Comparative Review. Social Security Bulletin 59: 31-44.

[232] Horstmann S./Hüllsman J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. P. 80. http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en

*pension rights*. Women benefit more from the focus on individual rather than family income. Means-tested benefits based on the family rather than on their own income can represent a disincentive to work and generate a poverty trap. On the contrary, individual benefits may encourage young women to achieve personal occupational goals and earnings and foster female labour market participation. Furthermore, when *means testing is based only on pension income,* the income situation of older women may be improved, but voluntary personal savings and support from other extended family members are discouraged.

The *level of minimum benefits* is crucial to prevent poverty in old age: according to the above cited GVG[233] study, only in Belgium and Portugal is the benefit level set at about 100% of the national poverty thresholds for contributory minimum pensions; in the other EU15 MS they are usually below this threshold. The *indexation system* is also important, as in many countries the minimum benefits are not indexed to prices or indexation is discretionary, and this worsens the relative income position of pensioners on minimum benefits (mostly women) with time.
According to the 2008 EGGSI assessment of National Reports on Strategies for Social Protection and Social Inclusion from a Gender perspective[234], minimum pensions generally allow for acceptable living standard in old age (in BE, CZ, DK, FR, LT, LU, PL, SE, SK), but in many cases (DE, EL, ES, HU, MT, NL, PT, SI, FI, UK, BG) the risk of poverty for those living on the minimum pension is still very high, despite the improvements made in the last few years.

## 3.5 Care credits are important to support women's pension entitlements

Care credits are registered contributions based on periods spent out of employment taking care of children and other dependents (disabled or older persons). They are considered an important compensating mechanism to close at least in part the gaps in the pension rights of those taking care of children or other dependent family members. For this reason they are held to have a major role to play in reducing gender inequalities in pension income.

In recent years, as the emphasis on pensions' adequacy has increased, many countries have taken better account of *care-credits* at least in statutory schemes, while they are often not recognized in occupational or individual pension schemes.

*Child care credits* exist in the statutory pension schemes of all the countries analysed, except Turkey. Furthermore, in some countries with mandatory funded schemes (SE, DK, DE, EE, HU) the state provides for the payment of contributions during child care to these schemes. *Other forms of care credits* (for the elderly, the disabled or for severely ill family members) are less widespread and have been introduced only very recently. Usually they refer to a general

[233] Horstmann S./Hüllsman J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. P. 80 http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en
[234] Corsi, M./ Guelfi, A./ Samek Ludovici, M. / Sansonetti, S- (2008), Assessment of National Reports on Strategies for Social Protection and Social Inclusion from a Gender Perspective, EGGSI Synthesis Report, November 2008.

reference value or are considered contributory periods for minimum income guarantees (IE, UK); alternatively, it is possible to pay contributions on a voluntary basis for a certain period (IT). Eligibility conditions are fairly restrictive, as the need must be officially recognized and full-time care is usually required.

Child care credits differ considerably from country to country with regard to: eligibility, the periods considered for calculating pension rights, the credit level and the possibility of parallel employment.

As shown in greater detail in Annex (Table A.2), care periods may count as qualifying years (for instance in BG, CY, CZ, ES, EE, EL, IE), both as qualifying years and for the calculation of benefits (as in LI, LU), or are considered to determine pension eligibility conditions (i.e. BE, NO, SE, FI). The number of children in some countries is considered in the calculation of contributory years and reduces retirement age (CZ, IT, SI, SK).

In some countries (like SI), on account of a caring role the pensionable age can be lowered (even 2 years lower for women), and this entails differences in pension entitlements between men and women. In a few EU27 Member States (like EE, LU, MT, SI) pension rights for up to 3 years of absence are very well protected and result in very little or no drop in replacement rates in comparison to women with no children, while in others (as DE) child care years result in a drop in replacement rates[235] which increases with longer absence from the labour market, especially for high earners (at 2.0 times the average earnings).[236]

In most EU27 Member States, child-care credits are considered only if childcare leave is taken, and entitlements depend on the child's age (e.g. until the child is 1 year old in DK, 4 years old in SE, or until 6 years old in SI, 10 years in DE, 12 in CY and IE, and 16 in LI).

As for the periods considered for calculation of pension rights and eligibility criteria, distinction can be made between credits based on: *maternity leave* (credits for a short period of employment interruption when giving birth to a child, ranging from 3 months in Portugal to 9 months in the United Kingdom, and frequently only granted to a mother), *paternity leave* (credits going from some days up to some weeks), and *other childcare credits* (including *parental leave* and provided for longer periods, ranging from 12 months, as in Italy and Belgium, to 4 years, as in Austria, and depending on the number of children, but not necessarily conditional on interruption of employment)[237]. The length of care credits is usually extended in the case of care for disabled children.

The child credit level may be linked either to the individual previous wage (as in BE, IT, FI, HU), or to a standard value (such as average earnings) (AT, IE, DE, RO, SK). In addition, the credit

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[235] European Commission (2010), Joint Report on Pensions - Progress and key challenges in the delivery of adequate and sustainable pensions in Europe.
http://ec.europa.eu/economy_finance/publications/occasional_paper/2010/pdf/ocp71_en.pdf

[236] D'Addio, A. C. / Whitehouse, E. (2009), Pension entitlements of women with children: the role of credits within pension systems in OECD and EU countries. November.
http://www.forsakringskassan.se/irj/go/km/docs/fk_publishing/Dokument/Konferensmaterial/Pensionskonferens_NCD_20091202/Dokument_2/11_A_Anna_Daddio.pdf

[237] According to Council of Europe Family Policy database, April 2009 – www.coe.int/familiypolicy/database

may take into consideration the full wage or a fraction of it. For example, in Poland only 40% of the minimum wage is considered and in Estonia only 20% of the average wage, while in Finland approx. 80% of the previous individual wage is taken into account, and in Hungary 70%.[238]

The Swedish system is particularly interesting as it offers parents of children under 4 years of age different options for supplementary pension entitlements among which to choose the most advantageous for the individual, and in addition childcare credits are automatically given to the parent with the lower income.

In some countries the *acquisition of care credits does not allow for parallel employment* and this may penalize women, increasing the duration of work interruptions and impacting negatively on labour market re-entry (by reducing employment probabilities and wages). In some countries, however (e.g. AT, BE, DE, FI), child care credits do not depend on being out of employment. While in Finland the care credit is reduced for mothers working during the care periods. Good practices are to be seen in Belgium, where part-time work is encouraged by prolonging the parental leave and the associated pension credit, and Germany, which provides a top-up to pension rights acquired with part-time work.

From the point of view of gender, care credits constitute recognition of unpaid work and reduce gender differences in pension income. They are granted as compensation for income loss due to care periods or are credited as pensionable years. However, they could also act as disincentives to work with a risk of long-term negative effects, reducing the chances of re-entering the labour market after prolonged employment interruption (the so-called *inactivity trap*).[239] These potential negative effects depend largely on the design of care credits. For example, the negative gender effects on labour market participation are stronger when care credits are only available for women, and gender stereotypes in the division of care and market work are thus reinforced.[240] To avoid this risk, the 1996 EC Parental Leave Directive (96/34/EC)[241] provides that a minimum leave of three months as from the birth of a child will be given to both mothers and fathers and in some countries (like SE and NO) part of the parental leave should be taken by the father.

ECJ rulings, such as the Griesmar ruling presented in the box below, also support a more gender neutral approach to care credits.

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[238] Horstmann S. / Hüllsman, J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft fuer Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en

[239] Word Bank (2004), Gender-differentiated impacts of pension reform, PremNotes Gender, No. 85. http://www1.worldbank.org/prem/PREMNotes/premnote85.pdf

[240] According to Frericks / Maier (2007), increased labour market participation of women will not be sufficient to counteract women's lower pensions because structural shortcomings and gender distinctions will remain as long as caring functions are performed by women and are not recognized adequately in the pension scheme.

[241] Council Directive 96/34/EC of 3 June 1996 on the framework agreement on parental leave concluded by UNICE, CEEP and the ETUC, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:068:0013:0020:EN:PDF

### Box 3.14 - ECJ ruling on gender neutrality in the provisions on care credits: The Griesmar case

In its 'Griesmar' case judgment (C-366/99) of 29 November 2001, the European Court of Justice[242] ruled that the French retirement scheme for civil servants as laid down in the Civil and Military Retirements Code constituted an occupational pension system and fell within the scope of Article 141(1) of the EC Treaty[243]. The Court of Justice further held that the principle of equal pay was infringed by Article L.12 (b) of that code, in force at the time of the judgment, which limited service credit in calculation of pension to female civil servants with children, thereby excluding male civil servants bringing up children.
Subsequent to this judgment, the Civil and Military Retirements Code was substantially amended. The amended Article L.12 (b) is now worded in gender-neutral terms and is made conditional upon a career break (as set out in Article R.13). An official wishing to benefit from the service credits for childcare must have interrupted his/her activity for at least two continuous months per child. The amended Article L.12 (b) took effect retroactively on 28 May 2003. The amended legislation does not apply to officials who had already retired before its entry into force.

Source: European Parliament, Answer given by Mr Špidla on behalf of the Commission
http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2006-3078&language=EN

However, these periods are usually much shorter than those taken by the women and take-up rates vary across the countries and by sector, while more mothers than fathers making use of the leave entitlements. In the last years incentives have been introduced to increase the fathers' take-up rate in some countries. In Sweden, for instance, a high number of days are reserved for fathers and income compensation is 80% up to 60 days.[244] A high income compensation (80 to 100%) is also credited in some countries (AT, BE, BG, LT, HU, NL, PT, SI, UK). However, paternity leave periods are shorter (up to 5 days in PL, NL, MT, RO, EL, HU) so the impact of income loss is lower compared to mothers who take up longer periods. Only in a few countries paternal leave periods are unpaid (CY, HR),

Overall, from the gender point of view the main limitations of care credits are that:

i) most countries only recognise pension credits for periods of childcare and not of care in general (for example not for eldercare) (CY, HR, DK).[245]

ii) In some countries care credits are recognised only for employees eligible for maternity, paternity or parental leave, and not for the unemployed or inactive (except for instance in BG, CY, EE) or for the self-employed.

iii) In some countries the acquisition of care credits does not allow for parallel employment (IE, IT, LT, MT, PT, RO) or very marginal (IE).

iv) Only in some countries during parental leave (part-time or reduced) employment is allowed (AT, BE, DE, DK, EE, EL, FI, HU, HR, LU, SE, SI), but often the benefit paid is reduced accordingly (as in DK, FI).

In order to support the building up of pension entitlements for persons caring for children or other dependents and to reduce gender inequalities it would be necessary to address these limitations to the current provisions, and:

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[242] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:61999J0366:EN:PDF
[243] The Article 141 TFEU (ToL) was renumbered Article 157 TFEU in 2008.
[244] Eurofoundation (2007), Parental leave in European Countries. Established Survey on working time 2004-2005.
[245] Corsi, M. et al. (2010), Gender Mainstreaming Active Inclusion Policies, Final report prepared by the EGGSI network. European Commission. http://ec.europa.eu/social/BlobServlet?docId=6335&langId=en

- allow parallel employment to build up pensionable rights;
- fully count care periods for pension entitlements in the statutory pension schemes and also for women unemployed, inactive or self-employed;
- support the implementation of care credits also in occupational and individual saving pension schemes, especially for mandatory funded schemes.

## 3.6 Derived pension rights may favour married women, but reinforce gender roles and penalise single women and double-earner couples

Derived pensions rights include survivor benefits[246], spousal benefits and divorcees' benefits[247], which represent the largest share of the income of elderly women living alone[248] and are particularly important for women lacking an employment history. All the countries considered here offer protection for widows, and some (BE, DE, EL, SI, SE, UK) also to divorcees, through contributory or non-contributory benefits. In most countries these pension rights are gender-neutral, but as women live longer than men they usually benefit older women more than men.

Two interrelated issues are to be considered in relation to derived pension rights. The first is whether poverty prevention for older women living alone is best addressed with benefits from derived rights or with general old-age safety nets. According to some authors, flat-rate benefits or topping-up benefits through a minimum pension guarantee are more effective measures to prevent women (and men) from falling into poverty in old age; in addition, they do not disincentivise women's labour market participation and do not discriminate against unmarried individuals. Indeed, and this is the second issue, derived pension benefits represent a redistribution in favour of one-career couples: single men and women and two-earner couples subsidize one-career families. In addition, they often fail to protect single or divorced elderly women and incentivise women to stay at home or to work in the informal economy.

An example of this is offered by Belgium**,** where a significant number of women have partial rights to pensions and, as a consequence, do not opt for individual pension rights but rely on their husbands' rights (*pension au taux ménage* – extra 25% of pension) if this means a more advantageous pension for the couple. This aspect of the Belgian pension scheme is highly controversial as it is indirectly discriminatory against couples with two earners. Comparing the case of a couple were both members are working with that of a couple with a single earner and the same total monthly earnings, the total pension entitlements for the household are much lower for the two-earner couples than for the one-earner household.[249]

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[246] Benefits paid to the surviving spouse, in some cases to the common-law partner and dependent children.
[247] Benefits acquired though marriage, and under certain conditions also granted after divorce.
[248] Choi, J. (2006), The role of derived rights for old-age income security of women, OECD, Social Employment and migration working papers, no. 43, December 2006. http://www.oecd.org/els/workingpapers
[249] In the first case it is assumed that the man earns 1,600 €/month and the woman 1,400 €/month, with a total of 3,000 €/month. In the second case the one-earner earns 3,000 €/month. The one-earner couple will get a higher pension than the two-earner one: 2,250 € (an addition of 15% for household rate) relative to 1,800 € in total for the two-earner couple. EGGSI Belgium country report.

The redistribution to one-earner couples could be avoided with voluntary DC schemes: if one-earner couples chose a joint-life pension or a pre-retirement transfer of pension rights between spouses, the pay out to the husband would be reduced in order to leave a reserve to fund the survivor's benefit. In these cases single men and two-earner couples would receive a higher annuity than married men in one-earner couples.

*Spousal benefits* exists only in a few countries (BE, UK, IE) and apply to dependent spouses (more often women rather than men). Specific measures in the *case of divorce* are, on the other hand, adopted in some EU Member Countries (BE, DK, DE, EL, SI, SE, UK). These provisions are important to support the less economically independent partner (usually the woman) in a framework of changing family structures, and should be extended to cohabiting couples. The risk is, however, to increase the poverty risk of both ex-partners when there is only one earner or there are two low-income earners.[250] More detailed discussion of the relevance of derived pension rights for single women and widows is presented in chapter 4.3.

## 3.7 Performance of the pension systems in a gender perspective

In order to assess the differences in performance shown by the national pension systems from the point of view of gender, Figure 3.1 presents the situation of the countries for which data are available in relation to indicators of sustainability (public spending on pensions as a % of GDP) and of gender gaps in poverty alleviation (gender gaps in at-risk-of-poverty rates in old age)[251]. The reference year is 2008, the latest for which data on pension expenditure are available.

Figure 3.2 shows that:

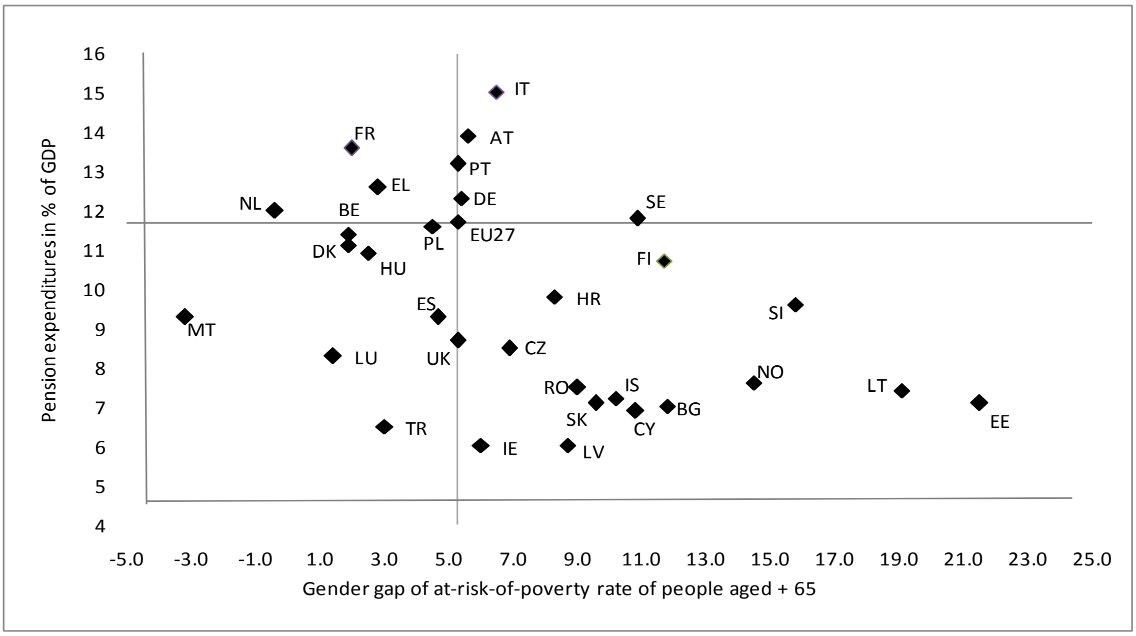
- As already seen in chapter 1, in all the EU27 and EEA countries except Malta and the Netherlands, women face a higher risk of poverty in old age. The widest gender gaps are in Estonia (with a poverty risk for women 21.5 percentage points higher than that of men) and Lithuania (with a difference of 19.1 points).
- When considering jointly gender gaps in at-risk-of-poverty rates and public pension expenditures, the best performers relatively to the EU27 average (lower expenditures and narrower gender gaps) are: Belgium, Germany, Spain, Hungary, Luxembourg, Malta, Poland, Turkey and the United Kingdom. Narrow gender gaps, but relative high expenditures are presented by France, Greece and the Netherlands. Italy and Austria present instead both higher expenditures and wider gender gaps relative to the EU27 average.
- Considering the data separately for women and men, it emerges that the countries able to combine lower than EU average pension expenditures and risk of poverty among women are

[250] Corsi, M./ Guelfi, A./Samek Ludovici, M./Sansonetti, S. (2008), Assessment of National Reports on Strategies for Social Protection and Social Inclusion from a Gender Perspective, EGGSI Synthesis Report.

[251] This indicator has some drawbacks and must be considered with caution, as it does not consider other forms of wealth not related to monetary income, like home ownership and private savings. As these forms of wealth are more likely to be enjoyed by men than by women, the gender gap in poverty rates is probably underestimated.

mainly Nordic (except SE) and (some) Eastern and Continental European countries (CZ, DK, HU, LU, IS, NL, NO, LT, SE, SK). On the other hand, some Southern European countries - Italy, Portugal and Greece- present both higher spending and higher risk of poverty for aged women. Good performance in relation to pension adequacy is also shown by Germany, France and Austria, but public expenditure is slightly higher than the EU average. The other countries present lower than average pension expenditure, but higher risk of poverty rates for women in old age.

**Figure 3.2 – Gender gap of at-risk-of-poverty rate of people aged 65+ and pension expenditures (in % of GDP) in European countries*, 2008**




Explanatory note: Total expenditures on pension cover both means-tested and non-means tested old age pensions, anticipated old-age pension, partial pension, disability pension, early retirement and survivor pension. The at-risk-of-poverty rate (cut-off point: 60% of median equivalised income after social transfers) considers elderly people of 65 years or more (percentage of total population). The at-risk-of-poverty rate for Turkey refers to the year 2003 and data on pension expenditure (including public and mandatory private) to 2007 (source: OECD database). Data for expenditure of Croatia drawn from the EGGSI National report (data from Croatian Institute for Pension Insurance). No data available for Former Yugoslav Republic of Macedonia and Liechtenstein. Gender gaps are calculated subtracting the replacement rate of men from that of women. * Data available for EU27 and Norway and Iceland.

Source: Own elaboration based on Eurostat data on Income and Living Conditions (EU-SILC) on at-risk-of-poverty rate and for Expenditure on Pension data on Living conditions and social expenditure (ESSPROS).

To conclude, from the point of view of gender, pension system performance varies greatly across European countries and depends on how the different elements are combined together. The analysis presented in this chapter has indicated some features of pension systems which appear important to reduce current gender gaps in pension income and able to combine the aims of sustainability and adequacy. They are:

- The presence of strong redistributive elements in the public pension schemes, with attention to the poverty alleviation function of pensions, through universal residence-based or flat rate minimum pensions indexed to wages and pension credits for unemployment and training periods;

- The presence of adequate pension credits for care periods (fully replacing employment based contributions) not only targeting women, available also for care of other dependents, besides children, allowing employment during care periods and being available also in private funded pension schemes;
- the recognition of atypical and part-time employment and of unemployment and training periods;
- the facilitation of access to mandatory occupational and voluntary personal funded schemes for all and the introduction of provisions offsetting gender inequalities in privately managed schemes (for example provisions on survivor benefits and care periods);
- the adoption of unisex life tariffs in both public and private funded pension schemes, so that women are ensured equal pension annuities for equal contributions, even if they live longer than men;
- the adoption of wage indexation mechanism for pension benefits;
- the adoption of flexible retirement provisions consenting to combine pension and part-time work and allowing for greater individual choice;
- the adoption of individual rather than family related pension entitlements, to reduce work disincentives and gender stereotypes, while allowing for accrued pension rights to be divided in the event of break up (divorce or separation) and survivor benefits for cohabiting partners for women close to retirement age.

Pension policies alone cannot, however, reduce gender differences in pension income, as they largely reflect gender differences in the labour market, with women tending to have lower wages than men and interrupted employment histories. Policies to reduce gender gaps in the labour market are thus also necessary to guarantee gender equality in future pensions benefits.

# 4. PENSION SCHEMES FOR SPECIFIC GROUPS: THE PRESENT SITUATION, REFORMS UNDERWAY AND POSSIBLE ASSOCIATED RISKS

This section addresses the situation of specific groups of women and men least covered by pension schemes or with specific working conditions, describing the present situation, the main obstacles to access pension systems and the main provisions within the actual or foreseen legal framework. Discussion of the reforms underway or recently adopted and examples of good practices complete the frame of analysis.

Various different groups of people in each of the countries considered in the study appear as particularly at risk, not being adequately covered by the social security system. The groups of future pensioners more commonly subject to lower levels of social protection are migrants and ethnic minorities, inactive women (such as housewives or women involved in care activities) and men and women workers on atypical contracts (such as part time or self employed, not to mention those working in the black economy) or involved in particular sectors (such as agriculture). In some countries widows and lone women can be counted among those having fragile positions in the pension system. The following box describes situations of particular vulnerability in some European countries.

**Box 4.1 -Groups of people excluded from or less covered by the main pension schemes in some countries**

**Cyprus** – Since 1995 the Social Pension has guaranteed an old-age pension to everyone over the age of 65 with no pension income from any other source due to non-participation in the labour market, but it is not available to migrants from third countries: specifically, eligibility requirements state that beneficiaries must have lived in Cyprus or other European Union countries for 20 years after the age of 40 years, or for 35 years after the age of 18 years

**Czech Republic** - Specific groups with some obstacles to accessing the pension system are migrants, survivors and carers. The situation of atypical workers or migrant workers is not tackled or discussed, which probably has to do with the low level of support and provision of lack of provisions for flexible and atypical working conditions in the Czech Republic.

**France** - There are no pension schemes for specific groups such as migrant workers from third countries, atypical workers (except for the independent and self-employed whose situation is relatively close to that of wage workers) and their status regarding pensions is not well documented. Of the vulnerable groups, immigrants are particularly exposed to low pensions.

**Poland** - There are no special old-age pension schemes for the vulnerable groups in Poland – the poor, ethnic minorities, atypical workers, inactive populations, etc. However, for some of these categories pension-related support is provided in terms of state financing of the pension contribution for parental leave for employees, even though not all cases of inactivity or atypical employment are properly treated. For instance, pension support – either in the form of care credits or compulsory coverage – is not provided for spouses (unless they care for a seriously ill/disabled person – but this cannot be a spouse) or for cohabitants. There are pension coverage problems for people working on short-term contracts if they are not treated as employees, unemployed or as unemployed with unemployment benefit.

**Spain -** Apart from the general regime, there are other regimes which are defined depending on specific working conditions as is the case of agrarian employees, self-employed people and employees of private households whose retirement pensions are particularly low despite being contributory pensions. On average, they account for about 60%[252] of the general regime retirement pension. These schemes are related to vulnerable groups such as rural women, immigrant women, inactive women re-entering the labour market and low-skilled women, all over-represented in these special regimes.

**Sweden** - If an employee is an atypical worker or not does not matter directly: however, in occupational pensions part-time workers below 40 per cent of full-time are not always covered.

**Turkey** - there are categories of women working either in or outside the house who are not covered by the pension system: those temporarily employed in agriculture, those who earn less than the minimum wage (i.e. exempt from income tax), unpaid family workers and informal workers. The total number of this excluded group who are dependent is around 17-18 million[253]. Law no. 2925 provides an option for this group in that if they pay their premium, they can be voluntarily insured (for old-age, survivor and invalidity insurance). However, considering the traditionally low earnings in these occupational categories and the high premium rate set for optional/voluntary insurance, this option will not prove as effective as the policy makers expected[254]. Also, it is worth noting that the voluntarily insured cannot receive benefits from the employment injuries insurance, occupational disease insurance and maternity insurance. The right to health insurance is lost once voluntary insurance is adopted; thus these people will have to pay health insurance premiums in addition to the regular premium of voluntarily insurance.

Source: EGGSI National Reports 2011

## 4.1 Gender differences in the fragile situation of ethnic minorities and migrant workers from third countries

Eliminating barriers to labour mobility is part of the EU's plans to raise growth and employment. Protection for the social security rights of migrants from third countries is a pivotal requisite for their mobility within EU and between EU and third countries, as it raises questions on the portability of pension rights by mobile workers returning to their countries of origin after retirement. While at EU level various sets of Regulations have been established, the situation is much more complex as far as third-countries are concerned[255].

As shown in Table 1.8 men and women migrant workers from third countries in general experience greater risks of social exclusion and poverty than the resident as employment rates are less favourable for third country nationals than for natives, with much higher unemployment rates (in 2010, according to Eurostat, standing at 20.2% in contrast with the 11.4% for EU citizens non residing in their native countries[256]). In addition, third country nationals are often more exposed to employment in precarious work or even undeclared work[257],

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[252] Ministerio de Trabajo e Inmigración (2009), Anuario de estadísticas del 2009. www.mtin.es/estadisticas/ANUARIO2009/welcome.htm

[253] According to a calculation based on the 2004 Household Budget Survey, while only 7.4 per cent of men have social security as dependents, the ratio is 84% for women. Among those women, 81.4% depend on their husband, 15.4% are dependent via their father and 3.2% through their children. In: Elveren, Adem Yavuz (2008), Assessing Gender Inequality in the Turkish Pension System, International Social Security Review, Vol. 61, No.2, pp. 39-58.

[254] Keig (Women's Labor and Employment Initiative Platform) (2008), Sosyal Sigortalar ve Genel Sağlık Sigortası Yasa Tasarısı Kadınlara Nasıl Bir "Sosyal Güvenlik" Vaat Ediyor, Kadın Emeği ve İstihdamı Girişimi, http://www.keig.org/Yayinlar.aspx

[255] On 1 January 2011, Regulation 1231/10 extended the modernised EU social security coordination rules to nationals of non-EU countries (third-country nationals) legally resident in the EU and in a cross-border situation. The other legal source that regulates portability of social security benefits to third countries is to be seen in bilateral social security agreements that usually include provisions on non-discrimination EU citizens/migrants and specific rules on the transferability of social security entitlements between the signatory states. None of these regulations address gender equality issues.

[256] With the exception of declaring countries

[257] According to Frouws/ Buiskool almost a quarter of the non-EU-born employees are on temporary contracts, as opposed to 14 % of the EU-born - Frouws B./ Buiskool B.J. (2010), Migrants to work - Innovative approaches towards

jobs of lower quality or jobs for which they are over-qualified. Of particular frailty is the position of migrant women when reaching retirement age due both to socio-economic factors and the design of pension systems that in many cases do not allow for, or set severe limitations to, the portability of pension's rights for third country nationals.

### *4.1.1 Gender differences in migrants' access to pension rights*

Among various other factors, EGGSI experts have evidenced that the most serious obstacle for migrants to access pension rights is associated with their difficult access to the regular labour market: to acquire pension rights the level and duration of contributions to the social protection system count, and it is common for migrant women and men to work for several years in the black economy, or without documentation or with a fragmented career, or for several different employers. Migrant workers often have short professional biographies in the regular labour market, sometimes even in different countries, which influence their pensionable rights due to the consequent reduced and fragmented contributions paid to the social protection.

For women the situation is even worse as undocumented but also legal migrant women are more exposed than men to relegation to the informal sector of the host country: as described (from a qualitative perspective) by Rubin et al. (2008)[258], they are more likely than immigrant men and native women to be employed in undeclared work in households as caregivers or maids, with insecure and low wages, no access to social benefits, long working hours and bad working conditions. As shown in the French case described in Box 4.2, migrant women risk having very limited access to social protection systems and, as a consequence, difficulty in meeting the minimum qualifying requirements for old-age benefits, therefore failing to profit from portable rights to long-term benefits. As pointed out in the Belgian expert report[259], migrants *"have more often chaotic and undeclared work and fragmented careers within different countries.*[260] *Their inclusion on the labour market is difficult, especially for women: Turkish and Moroccan women present a striking situation as only 11% of them in working age (15-64 years old) have jobs.*" [261]

**Box 4.2 – Gender differences in pension systems in respect of migrants: the case of France**

Among vulnerable groups, immigrants are particularly exposed to low pensions.[262] Firstly, the French pension schemes reproduce existing labour market inequalities and immigrant workers, whether men or women, are overrepresented among the low-wage, sporadic and precarious workers, and indeed among the

successful integration of third country migrants into the labour market, European Commission, DG Employment, Social Affairs and Equal Opportunities

[258] Rubin, J et alt. (2008) *Migrant Women in the European labour force, Technical Report,* RAND EUROPE. Cambridge, UK

[259] Wuiame, Nathalie (2011), *The socio-economic impact of pension systems on the respective situations of women and men and the effects of recent trends in pension reforms*, National Report Belgium, EGGSI group of experts in gender equality, social inclusion, healthcare and long-term care.

[260] Manço, Altay/Baily, Bibiane (2009),, Valorisation identitaire et professionnelle des travailleurs migrants âgés en Belgique francophone : une recherche exploratoire, IRFAM.

[261] Wuiame, Nathalie (2011), *The socio-economic impact of pension systems on the respective situations of women and men and the effects of recent trends in pension reforms*, National Report Belgium, EGGSI group of experts in gender equality, social inclusion, healthcare and long-term care.

[262] Concialdi P. (2010), Retraites, en finir avec le catastrophisme, Lignes de repères, Paris.

undocumented workers. Secondly, migrant workers are exposed to discrimination, and sometimes to institutionalised discrimination. For instance, war veterans or civil servants from ex-colonies (e.g. Algeria) still receive "crystallized" (i.e. frozen) pensions representing from 30% to 3% (depending on their country) of the pension level attributed to their French counterparts. Other discriminations, denounced by the French Integration council (Haut conseil à l'intégration) concern retirees who go back to their country of origin after their (precarious) career in France and are deprived of their rights to a minimum allowance because they are not considered permanent residents, as if they should be exiled for their whole life to be eligible to pension entitlements. Gender inequalities are even greater among migrant retirees than they are among all retirees: the inactivity rate among migrant women is particularly high and active migrant women very often work in the personal service to individuals sector, where they are likely to work sporadically, with long interruptions, unemployment and sometimes illegal work preventing them from qualifying for full-rate pensions (or for any pension entitlements). Generations of migrant women who will come to retirement age in the next few years are in even more precarious situations because they belong to immigration flows accounted for more largely by oriental and African women (more precarious in the labour market).

Source: EGGSI National reports 2011

Moreover, the lack of host country language skills means more difficult access to information on access to pension rights and conditions to keep pensions rights[263], as already evidenced in the EGGSI report on *Ethnic minority and Roma women in Europe* describing women's additional difficulties in social integration due to fewer contacts with the external world, in particular for some ethnic communities.[264]

The increasing labour mobility with third countries[265] highlights the issue of social protection for migrant workers, with a specific emphasis on women: migrants still represent a small share of actual pensioners, but this share will increase in the next few years. The Council of Europe began to address this matter in 2003, issuing the Recommendation 1619 (2003) on the Rights of elderly migrants[266] urging Member States to conduct research into the situation of elderly migrants and develop coherent and comprehensive policies to address their situation.

### *4.1.2 The transferability of pension rights*

In the next few years the portability of pension rights will become an important issue in countries with large migration flows like Germany, the Netherlands, Belgium, and France, where migrants who arrived during the late 1960s and 1970s will reach pensionable age, and, in the more distant future, for Spain and Italy due to their more recent migration flows.

In old migrant receiving countries this issue will have a particular impact for men rather than for women, as in these countries the "*labour force participation rates of third country migrants are substantially lower than for native-born women*"[267] while in 'new' migrant receiving

[263] On this issue see: Question de Zoé Genot à la ministre de la Politique de migration et d'asile sur "la radiation d'étrangers en droit de séjour après 3 mois" (n° 5078), Chambre des Représentants – Commission de l'Intérieur Réunion du 6 mai 2008 – Extrait du compte rendu intégral (CRIV 52 – COM 0203).
[264] Corsi, M/Crepaldi,C./Samek Lodovici, M./Boccagni, P./Vasilescu, C. (2009), Ethnic minority and Roma women in Europe: A case for gender equality? European Commission, DG Employment - Luxembourg, 2009 http://ec.europa.eu/social/main.jsp?catId=748&langId=en&pubId=492&type=2&furtherPubs=yes
[265] European Commission (2011) Communication from the Commission to the European Parliament and the Council, Annual Report on Immigration and Asylum (2010) Brussels, 24.5.2011 COM(2011) 291 final
[266] https://wcd.coe.int/wcd/ViewDoc.jsp?Ref=CM/AS(2004)Rec1619&Language=lanEnglish&Ver=final
[267] Franck Anja K., Spehar Andrea (2010) *Women's labour migration in the context of globalisation*, WIDE Brussels Belgium

countries it will affect more consistently women, as labour force participation rates of third-country migrant women are higher than those of native-born women. [268] This is an issue which has significant impact on countries' social expenditure and the picture is problematic even in those countries with more inclusive social inclusion and social protection systems.

The portability of pension rights can – to a certain extent - influence the migration and employment decision at individual level and therefore the mobility, not only of elderly migrants but also, in the case of younger generations, on the actual migration flows and their labour mobility. The lack of portability of social security benefits in fact can even hinder return migration. On the evidence of Holzmann, Koettl and Chernetsky,[269] it is conceivable that after paying contributions to the host country for several years, many migrants may decide not to return to their countries of origin if this means the potential loss of these contributions, should the national laws or bilateral agreements lack provisions to allow the migrant worker to keep her social security entitlements acquired. Another option for a migrant worker, whose migration plan foresees retuning to the native country at the end of working life, but who will not be able to keep his pension rights, is to avoid paying social security contributions during his stay in the host country. The lack of a formal and respected agreement on the portability of pension rights between countries risks representing a clear incentive for migrant workers to participate in the informal sector of the host country instead of the formal sector. The two options impact differently on men and women due to different reasons:

- the different level of stabilisation in the labour market by sex: migration of the 1960s and 1970s was heavily male-dominated, with regular jobs concentrated on farms and factories, while a much higher proportion of today's migrant workers are concentrated in personal services (like house cleaning and personal care to the elderly) more likely to be held by women[270].
- the different form of migration: a large number of female migrants are found in the category of family union/reunification while this doesn't happen for men. Indeed only a few member states allow for reunification permits for domestic work, where women predominate.

This said it can be assumed that for the future men may privilege to remain in the host country with their reunified families, while women working in the black economy and so lacking of social protection coverage, may tend to come back to countries of origin.

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[268] Franck Anja K., Spehar Andrea (2010) *Women's labour migration in the context of globalisation*, WIDE Brussels Belgium

[269] Holzmann, R./Koettl, J./Chernetsky, T. (2005), Portability Regimes of Pension and Health Care Benefits for International Migrants: An Analysis of Issues and Good Practices.

[270] Newland Kathleen (2007) C*an Migrants, Countries of Origin and Countries of Destination All Win from Circular Migration?* Migration Policy Institute, King Baudouin Foundation http://www.migrationpolicy.org/research/MPI-GlobalForum_circularmigration_CivilSocietyDay.pdf

Within this framework, according to EGGSI experts, in some countries a discriminatory attitude against migrant workers is evident. Some of the countries considered did not sign agreements with third countries presenting the highest level of immigration. This is, for example, mentioned by the experts of Cyprus, the Czech Republic and Slovakia.

Interesting examples of **good practices** are however to be seen across Europe:

- Crediting of years of living in the country to refugees (NO) or migrants (SE);
- crediting of supplementary amounts to immigrants to receive a means-tested minimum state pension (NO, SE);
- payment of retirement benefits also after the migrant worker has left the country (LI);
- payment of a partial old age pension to migrant workers that leave the country before reaching retirement age (LI).

These provisions are gender neutral but, as already described, they may impact differently on women and men in reason of gender segregation in the labour market, but also of caring responsibilities determining interruptions of carriers more frequent for women than for men.

## 4.2 Gender effects of the portability of pensions rights within the EU

As far as the mobility of workers within the EU is concerned, a complex multilateral system of legal provisions on the portability of pension rights has been established.

The criterion is that periods of insurance of both countries are added together to determine entitlements: pensioners working in different EU countries acquire pension rights in each country, and will be paid out of each national pension fund according to the national rules applicable. At the same time the working period in another EU-country will be considered when counting the "waiting period" of each country. The pension will be calculated according to the insurance record in each member state. The amount received from each one of the member states where the worker has worked depends on the length of his/her coverage in each state. "*These principles ensure that nobody will be disadvantaged by having worked in several member states: no contributions will be lost, acquired rights will be protected, and every member state will pay a pension corresponding to the insurance periods completed there. Every state pays neither more nor less than the pension which has been 'earned', in particular through the contributions of the worker*."[271]

This is not the case, however, for some pension supplements or means-tested social pensions, which are more common among women than men. Due to the fact that member states' social security systems are not harmonised and pensionable age varies from one state to another, the

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[271] European Commission (2010), The EU provisions on social security, Directorate-General for Employment, Social Affairs and Equal Opportunities.

worker could be entitled to the old-age pension in one country at 65, and have to wait until 67 in another. As means-tested benefits represent the access to pension income for individuals with a short employment history, this aspect of the regulation penalises much more women than men being more frequently than men beneficiaries in this condition. As it is possible to see in Box 3.13 women are overrepresented among the beneficiaries of means-tested benefits in several European Countries.

No specific gender issues other than those dealt with in the general context of gender segregation in the labour market, with the related consequences on the accumulation of pension's right,s have emerged in this respect, except for the already mentioned lack of harmonisation in the transferability of means-tested social pensions. On the contrary the rules which apply to pensions for surviving spouses or orphans are the same as those applying to invalidity and old-age pensions. "*Survivors' pensions have to be paid without any reduction, modification or suspension regardless of where the surviving spouse resides in the EU, Iceland, Liechtenstein, Norway or Switzerland.*"[272]

## 4.3 Atypical workers and gender equality

The relevance of part time and temporary work, especially among women as shown in Chapter 1, calls for the modernisation of pension policies. Traditionally, pension systems have favoured continuous full-time employment histories and the recent move toward defined contribution schemes will reinforce this feature. However, the labour markets are becoming increasingly flexible and no longer guarantee lifelong continuous employment patterns; furthermore, public pensions are becoming less generous than before due to increasing pressures to reduce public spending.

To ensure that pension systems are compatible with the requirements of labour market, flexibility and security is thus one of the tasks of the on-going pension reforms, so as to avoid increased risks of poverty in old age and thus ensure the long term sustainability of pension reforms.

Female workers are generally overrepresented in the service sectors where the instability of working conditions is more accentuated, and are more likely to be employed in part-time or with temporary jobs. In fact, as presented in Chapter 1, in the EU 27 women temporary employed are 11.4% of the total, while men are 9.5, and women working part-time represent 31% while men are only 7% (See Table 1.9).

In some countries coverage of part time workers or other forms of employment formerly not covered (for example low paid jobs in Germany and occasional jobs in Italy) has recently been extended. Periods spent in unemployment and/or training are also being increasingly

[272] European Commission (2010), The EU provisions on social security, January 2010

recognised as the greater flexibility of labour markets has reduced the share of lifelong stable jobs and training on the job.

In several European countries workers involved in the informal sectors and more in general in atypical jobs normally have fewer rights in terms of pension provisions, which grant them a smaller pension income when they retire. As already mentioned among the reasons for the gender wage and pension gap there is a tendency to over-representation of women in the less valued occupations and sectors[273], their difficulties in career advancement and the frequent recourse to part-time work. The impacting of all these factors, singly or conjointly, on women's incomes means a reduced level of contributions to pension schemes and consequently reduced pension income after retirement.

The inclusion of part-time and atypical workers in the pension system varies greatly across the countries analysed: while in a few member states they are still not eligible for a public or occupational pension, in others they are treated pro-quota as full-time workers or are the object of specific ad hoc regulations. Periods of *part-time/atypical work* are eligible for benefits in mandatory earnings related schemes (in BE, CZ, DK, DE, EL, ES, FR, LT, LU, HU, MT, NL, PL, SI, SK, FI, SE). In some countries (e.g. FI, FR and SI) part-timers can pay an over-contribution to align with full-time, though with some restrictions by sector and profession. In Germany and Belgium there is public discussion on how self-employed people can be better included in the pension system as they often fail to make sufficient provision for pensions. Considering the overrepresentation of women among part timers and temporary workers and of men among the self -employed, these forms of regulations, even if formally gender neutral, affect differently men and women and this should always been considered when revising them.

Considering workers with **part-time or fixed-term contracts**, the EGGSI national reports present different situations:

- there are countries where contributions and pension incomes are proportional to the hours worked (the low level of income as a consequence of interruption of working career and of reduced working hours remaining as a problem to be tackled) – this is for example the case of Belgium and Estonia: in these countries, atypical contract forms (with their different impact on men and women) do not represent per se an obstacle in accessing pension's rights.
- in other countries, on the contrary, atypical contract forms allow for different and normally worse treatment in terms of pension rights. For example, in the case of Austria, Malta and Slovenia part-time workers (where women are over-represented) are subject to special provisions often less favourable than those applying to full time workers. For example in Malta workers holding two part time jobs have contributions paid only on one of the jobs. In some of these countries, as in Austria, this unfavourable

treatment is compensated by the possibility for pensioners with low benefits to be eligible for the means-tested “guaranteed minimum income scheme”. There is however a debate on whether this risks to undermine the incentive for women to work full time.

As for **self-employed** workers, in most cases they have specific schemes and provisions with better or worse arrangements depending on the type of job and contractual form. Self-employed are more frequently men (13.7%) than women (8.2%)[274]. As pointed out in chapter 1, while women far more frequently work on atypical contractual forms such as temporary contracts or part time, self-employment is much more frequently a male working pattern, as it includes the liberal professions; in cases of small or family businesses women are more often partners of the official self-employed (Council of Europe[275] statistics show that most assisting spouses are women, although the proportion appears to be decreasing: the figures were 98.9% in 1985 and 95.5% in 1996), with no specific support.

In 2010 a European Parliament Directive on application of the principle of equal Treatment between men and women engaged in an activity in a self-employed capacity was introduced – Directive 2010/41/EU[276] of 7 July 2010 repealing Council Directive 86/613/EEC. The Directive applies “to self-employed workers and to their spouses or, when and in so far as recognised by national law, their life partners, where they, under the conditions laid down by national law, habitually participate in the activities of the business.”[277] The Directive also addresses family businesses: “In order to improve the situation for these spouses and, when and in so far as recognised by national law, the life partners of self-employed workers, their work should be recognised”. In view of their participation in the activities of the family business, the spouses (or persons of assimilated status) of self-employed workers who have access to a system for social protection should also be entitled to benefit from social protection.

This Directive considerably improves the protection of female self-employed workers and assisting spouses or life partners of self-employed workers, also in the case of maternity: they are granted a maternity allowance and leave of at least 14 weeks. By improving the social protection available to women in the labour market, it is expected that it will increase the percentage of women becoming entrepreneurs, although from another viewpoint vision it may be seen as overregulation of micro businesses. At the EU level, this is the first time a maternity allowance has been granted to self-employed workers.[278] EU member states have to incorporate the Directive in their national laws within two years, by 5 August 2012, or, if justified, may have an additional period of two years.

[273] Perrons D. (2009), Women and Gender Equity in Employment, IES, London
[274] Eurostat data - 2009
[275] Council of Europe (2002), Status of the assisting spouse in family businesses, Memorandum, Committee on Equal Opportunities for Women and Men. http://128.121.10.98/coe/pdfopener?smd=1&md=1&did=491286
[276] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:180:0001:0006:EN:PDF
[277] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:180:0001:0006:EN:PDF
[278] http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1029

Among the self-employed many social security systems make a special point of protection for farmers. This is a specific male dominated sector of the labour market (men represent 62.8% of the workforce[279]) so that pension provisions further described have a specific gender impact in this case affecting men: women are much more frequently involved in farming as assisting spouses, with specific provisions. As described in the 2007 study drawn up for the Council of Europe by Paul Schoukens,[280] social security for farmers is organised differently across Europe, being either incorporated or part of separate category schemes for farmers alone according to the overall social protection system of each country. In those countries with general or universal systems farmers may be incorporated in a general system for self-employed people or in a more general system for all (working) people. Some other countries organise their social security around given professional groups (mostly self-employed professions). This is the category system approach; in this kind of approach farmers often constitute a specific group. Such systems can be found in Germany, France, Italy, Austria, Spain Poland and Greece. The consequence is that while for men (who are the main beneficiaries, being agriculture a male dominated sector) there is a specific form of social protection, women, usually involved as assisting spouses, have to rely only to the already mentioned Directive 2010/41/EU[281]

In countries where the situation of atypical workers and the self-employed had been particularly penalising, reforms are progressively being introduced, as can be seen in the following box: it is clear that the gender impact differs according to the specific involvement of men and women in the different sectors and contractual forms. In particular reforms focus on:

1. The inclusion of atypical contract forms in social security regulations, due to the fact that these employment forms are becoming increasingly widespread in several European countries, in particular among younger workers, women and in recent years also men;

2. The introduction of specific provisions for part time workers to ensure that the full contributory entitlement is paid by both employee and employers;

3. The introduction of specific provisions to cover for periods of unemployment and of precarious position in the labour market, a situation affecting more frequently young people and women;

4. The access of farmers to social security, considering that in some cases they are not included into compulsory pension schemes, or that they tend to pay only minimal contributions. The specific role of women is also to be considered, as they usually are involved in family farms without being paid or having social contributions paid.

**Box 4.3 - Gender impact of pension regimes for atypical workers**

[279] Eurostat data – LFS, 2010
[280] Schoukens, Paul (2007), Securing social protection for farmers Farmers' social protection in Serbia, Albania and Macedonia set off against European best practices, Council of Europe
[281] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:180:0001:0006:EN:PDF

**Belgium** - Only recently assisting spouses of the self-employed person have been fully included in the social security coverage for the self-employed with mechanisms to ensure that the household will not be burdened with additional social security charges: in the past they were excluded from social security coverage (only derived rights), and subsequently only covered for some limited risks.

**Finland** - For people in atypical employment such as having several fixed-term contracts and possible unemployment periods between these contracts, the 2005 pension reform has meant both negative and positive consequences. On the one hand, as the pension is now calculated on the basis of the whole work history instead of the last ten years prior to retirement, the pensions of people who have had a precarious position in the labour market at some point in their career will be lower. Often, fixed-term employment is typical for younger employees while later in the career a more stable position is reached with higher income. In such a case, the pension would be higher were it calculated on the basis of the higher income level later in the career. The positive side of the reform is that the pension is accrued also on the basis of earning-related unemployment benefit.[282] The insecurity of future pensions for people in atypical employment - young people and more often women than men - may result in the need to pay for additional, private pension insurance.

**Germany -** There are special provisions for self-employed craftsmen and retailers within the scope of the general system, and there are independent social security systems for farmers (including assistance for family members), self-employed artists and publicists and special schemes for members of the professions who have the right to form associations.[283]

**Ireland** - The Irish Farmers Association (IFA) and the Citizens Information Board raise the issue of the insurability of farm spouses and exclusion of working family members (referred to as 'relatives assisting') from social insurance coverage. 2009 changes have eased access for this group but anomalies remain.[284]

**Liechtenstein -** The predominant form of atypical work in Liechtenstein is part-time. Before 2005 part-timers were excluded from the second pillar. But in 2005 (reform of occupational pensions) the entry threshold (= annual income) for the occupational pensions (2nd pillar) was reduced. Since then almost all part-timers have been included in the occupational pensions. The entry threshold was € 15,571 (CHF 20,520) in 2010. Still excluded are persons working very few hours weekly or in a short period of employment, who can insure themselves against the risks in question on a voluntary basis. The disadvantage is, however, that they have to pay all the premium costs themselves and the employer does not participate. To sum up: the full-time employee is privileged compared to persons with no or little occupational activity because a full-time job leads to higher premiums and better coverage.

**Malta -** The current pension system does not support atypical employment. A person employed part-time in more than one job only pays one national contribution on the job which provides the highest income. This has two impacts: the employer for the least paying job does not pay in to the person's national insurance contribution; perhaps more significantly - a person who chooses an atypical career path will never receive a full pension upon retirement. The 2010 Pensions Working Group[285] argues that the current provisions in the law are anachronistic as they do not reflect emerging employment patterns, and recommends the government should, with effect from 2011, reform this irregularity in order to ensure that the full contributory entitlement is paid by both employee and employer in situations where a person works a 40 hour week with a number of different employers. The Group argues that atypical employment is gaining popularity and reforms in this respect would be especially beneficial to women "since it is usually females who opt for part-time work due to their commitment to child bearing and rearing, there is a significant gender specific imbalance of accrued rights at the time of retirement."[286]

**Slovakia** - A tangible risk faces the self-employed. Currently 85% of them contribute at only the minimum level. Consequently their standard old-age pension would be 160 Euro monthly and together with social assistance benefits it would amount to 180 Euro. The recommended extra insurance is not cost-effective for the saver because it amounts to 100 Euro per month, which only provides an extra 4 Euro per month when the pension is finally paid .[287] From the gender perspective it is crucial, because during the crisis the number of self-employed women increased by 21.2%, men by 10.7% (2008 – 2009)[288]. Particularly during periods of job scarcity women are forced into more socially insecure employment with crucial impact on their future old-age pension security.

**Slovenia -** Debate in recent years has extended to the problem of farmers, who are often not included into compulsory pension schemes. The women usually help out on family farms without being paid or having social contributions paid. For them and their social security in old age the introduction of a state pension

[282] Finnish Centre for Pensions (2006), http://www.etk.fi/Binary.aspx?Section=41240&Item=25720
[283] MISSOC (2010) Mutual information system on social protection, http://www.missoc.org/MISSOC2010/INFORMATIONBASE/informationBase.jsp
[284] http://www.citizensinformationboard.ie/publications/relate/relate_2010_5.pdf
[285] Pensions Working Group, Strategic Review on the Adequacy, Sustainability and Social Solidarity of the Pensions System, Final Report 2010.
[286] National Report on Strategies for Social Protection and Social Inclusion 2008 – 2010 Malta, p.48:3.5.3.
[287] http://www.ta3.com/sk/reportaze/173260_pre-zivnostnikov-dochodok-160-eur
[288] Statistical Office of the Slovak Republic, LFS

was vital. As from 1990 the farmers are either included in the compulsory pensions scheme (first pillar) or, if their income from farming is too small, can be included voluntarily in this scheme. However farmers' pensions are lower than the average pension. This has to do with the fact that Slovene farms are small and have small incomes; thus farmers pay only minimal contributions. Before 1990 the Farmer's old age insurance act (UL RS, 1979) was in place. The number of recipients of pensions based on this act is falling year by year (in 2008 only 2,588 recipients). However the pensions received amount to very little.

**Spain** - For the youngest generation atypical involvement in the labour market affects women less than in the past. In fact, the "typical worker" defined by the green paper is no longer the most common worker in the Spanish labour market, where the unemployment rate for the young is about 40%. Beyond the general regime, there are other regimes which are defined depending on specific working conditions, as is the case of agrarian employees, the self-employed and employees of private households whose retirement pensions are particularly low despite being contributory pensions. On average, they amount to about 60%[289] of the general regime retirement pension. The current reform proposal will include the agrarian regime into the general regime and analyse the regime of employees of private households.

**Turkey**: Law no. 2926 provided compulsory insurance to the small farmers in agriculture. Because of its compulsory characteristics, this is relatively more effective than Law no. 2925, which provides an option for this group in that if they pay their premium, they can be voluntarily insured (for old-age, survivor and invalidity insurance). The policymakers should note that aiming to homogenise norms and standards for industry, services and agriculture makes it more difficult for farmers to have access to social security, which in turn aggravates already existing gender inequalities, since it is women that constitute the majority of these groups.[290] If small farmers, temporary and migrant agricultural workers and small urban shopkeepers/artisans declare earnings that fall below the minimum wage, they may remain outside the system. Consequently, there is a large group remaining without coverage under this provision and probably deterred by the heavy contribution obligations (33.5-39 % of gross minimum wage). With Law no. 5754, domestic workers who are waged and continuously employed are covered by the pension system. On the basis of a recent modification home-based workers can be insured if they pay 140 TL in contributions -- which corresponds to 16 days of work per month in 2009 - to the SSI. The social insurance system does not take into account the welfare effects of women's unpaid labour and household production in society. However, it is a fact that a very large part of agricultural work is performed by unpaid women workers. These workers are counted in the labour force but not covered by the social security system.[291] It is of importance, particularly in the case of divorce, that women should be insured based on their housework via contributions by their spouses and the state.[292] That is, the state providing social security should protect women in the case of divorce.

Source: EGGSI Network national reports 2011

As far as part time work and more in general atypical work are concerned, some good practices are evidenced in the following box.

### Box 4.4 - Good practices in pension provisions for atypical workers

**Belgium** - In view of the particular situation of women with atypical (seasonal, breaks or part-time) jobs mechanism of "guaranteed amount per career year" have been introduced, guaranteeing a "minimum pension amount". Provided that the combined working time of the considered years adds up to a minimum of 104 full workdays, the guaranteed all-sector remuneration is substituted for the actual remuneration of that year if the former is higher than the latter.

**Germany** - Inclusion of marginal time employment into the social security scheme[293]: employees pay no social contributions but employers pay a maximum of 30.77% as a lump-sum to the Mini-Job centre of which 15% covers pension insurance. People working in Mini-Jobs have the option to increase their contributions to the pension scheme by 4.9% from 15% to 19.9% without the support of the employer. This can be considered a good practice since it is a step towards individual entitlements for social benefits. As the level of contributions is very low this means that the benefits will be very low too. The Equal

[289] Ministerio de Trabajo e Inmigración (2009), Anuario de estadísticas del 2009. www.mtin.es/estadisticas/ANUARIO2009/welcome.htm

[290] Şahin, Mustafa (2011), The Social Security Reform and Women in Turkey. In: Saniye Dedeoğlu and Adem Yavuz Elveren (2011), Gender and Society in Turkey: The Impact of Neo-Liberal Policies, Political Islam and EU Accession, London & New York

[291] KEİG (Women's Labor and Employment Initiative Platform) (2008), Sosyal Sigortalar ve Genel Sağlık Sigortası Yasa Tasarısı Kadınlara Nasıl Bir "Sosyal Güvenlik" Vaat Ediyor?, Kadın Emeği ve İstihdamı Girişimi, http://www.keig.org/Yayinlar.aspx

[292] Bakırcı, Münevver Kübra (2008), Sosyal Sigortalar ve Genel Sağlık Sigortası Kanunu Değişikliği Hakkında Değerlendirme ve Değişiklik Önerileri

[293] http://www.deutsche-rentenversicherung.de/SharedDocs/de/Navigation/Rente/Berufsgruppen/Minijobber_node.html

Opportunities Report[294] points out that periods for care work (elderly care, child care) have been extended and up-rated. Although these reforms benefit women more than men, a look at the level of individual pension shows that gender differences do still exist. This is mainly caused by the pension formula based largely on the number of years in employment (time factor) and the income level (income factor). Because of the time factor, periods in which women do not work (e.g. because of child care), periods of unemployment or periods of marginal time employment (e.g. "Mini-Jobs") influence the entitlement for pensions negatively. In addition, part-time work, the lower level of women's income and fewer opportunities for a professional career negatively influence the amount of pension payments – because of the income factor.

**Sweden -** According to Stahlberg simulations[295] in Sweden even if women on average get lower pension benefits than men, they have a higher replacement rate and a higher rate of return on lifetime contributions. This is thanks to unisex life tables, minimum pension guarantee and the child credit system. "Part-time women's annual pension is 62-67 per cent of full career men's. However, they have a replacement rate of 4-25 per cent higher than men's and a rate of return which is 19-32 per cent higher than men's."

Source: EGGSI Network national reports 2011

## 4.4 Inactive individuals and derived pension rights: the case of lone women and men and survivors

### *4.4.1 Derived pensions*

As anticipated in chapter 3, derived pension rights include survivor benefits, spousal[296] benefits and divorcees' benefits, which form the largest share of the income of elderly women and men living alone, even though much more for women than for men, as the larger proportion of beneficiaries are women: table 4.4 shows that in almost all EU countries women represent the larger proportion of beneficiaries of survivor pensions, due also to their longer life expectancy. As a consequence the level of payment of these derived rights is closely correlated with the condition of poverty of older women living alone[297].

Derived rights are particularly important for women without an employment history. Most of the countries considered here offer protection for widows and divorcees through contributory or non-contributory benefits. Entitlements are calculated as a percentage of the insured worker's rights apart from Lithuania, Romania and Netherlands where the amount is a flat rate benefit. Preliminary calculations presented in Choi (2006)[298] show that in the OECD countries examined, non-working widows and working widows receive an average pension level of 36% and 50%, respectively, compared to an average level for couples of nearly 60% of average earnings. The high poverty rate of older women living alone suggests that survivors' pension schemes or pension benefits for divorcees are not entirely successful in providing old-age income security for women and men

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[294] http://www.bmfsfj.de/BMFSFJ/gleichstellung,did=126762.html

[295] Ståhlberg, A.C/ Birman, C./Kruse, A./Sunden, A, (2006), Pension Reforms and Gender: Analyses of Developed and Developing Countries, in: Gender and Social Security Reform: The case of Sweden. International Social Security. Vol 11

[296] referred to both spouses

[297] Choi, J.(2006), The role of derived rights for old-age income security of women, OECD Social, Employment and Migration Working Papers No. 43. http://www.oecd.org/els/workingpapers

[298] Choi, J. (2006), The role of derived rights for old-age income security of women, OECD SOCIAL, EMPLOYMENT AND MIGRATION WORKING PAPERS No. 43.

As an increasing number of women work and earn their own pension entitlements, derived pension rights may become less important. This is particularly true for men, as women workers still represent a much lower proportion of men workers, as it is possible to see in Table 1.7. However, adequate pensions will require full-time work over the whole career. In countries where women work mostly part-time and experience longer career interruptions due to caring for children or elderly relatives, pensions based on own contributions may prove quite low.
In some countries, including the **Nordic ones,** poverty prevention among older women and men living alone is based on universal minimum pensions, rather than derived pension rights, as in these countries pension entitlements are based on individual rights rather than derived rights and joint entitlements. As such these countries usually have no provisions for survivors, spousal benefits and divorcees' benefits, but these individuals have access to guarantee minimum pensions if they fall below the poverty line. As reported in EGGSI's 2008 *Assessment of National Reports on Strategies for Social Protection and Social Inclusion from a Gender Perspective,*[299] both in Denmark and in Sweden widow's pensions have been abolished, and a survivor pension for both women and men for a short period of time has been introduced. In Sweden minimum guarantee pensions are increased for single persons, while in Denmark the minimum pension is considered sufficient to ensure an adequate standard of living.

Whether poverty prevention for this group is best addressed with benefits from derived rights or the general old-age safety net will depend on the degree of full-time female labour force participation and the evolution of poverty of older women living alone relative that of the overall older population."[300] In Member States where care activities remain a specific task assigned to women due to cultural reasons and ingrained social norms, such as in Mediterranean countries, and where women's involvement in the labour market remains low with a wide gender pay gap, retaining the present setting of derived rights is the only opportunity to maintain women's standard of living. The issue should be addressed first in terms of equal opportunities, in order to overcome present biases and gaps, and only subsequently from the perspective of pension reform sustainability.

### *4.4.2 Survivors pensions*

"In societies dominated by a male breadwinner model the recipients of pensions were primarily men. Women were mostly dependent family members and had to rely on derived pension rights. These traditions were reflected in pension systems and regulations related to the marital status of women were and still are of prime importance for women in many countries."[301] An example described in the EGGSI National Report is the case of Greece: the Greek pension system was

[299] Corsi, M./Guelfi, A./Samek Lodovici, M./Sansonetti S. (2008), Assessment of National Reports on Strategies for Social Protection and Social Inclusion from a Gender Perspective, EGGSI Synthesis Report , November 2008.
[300] Choi, J.(2006), The role of derived rights for old-age income security of women, OECD Social, Employment and Migration Working Papers No. 43. http://www.oecd.org/els/workingpapers
[301] Horstmann, S./Hüllsman J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en

established on the idea that a female's right to pension benefits is mainly related to her dependent status as a family member (wife, daughter, worker the family business etc.) and not to her autonomous status as a working citizen. In this framework the majority of the female pensioners receive survivor pensions.

The most important provision in this respect is the survivor benefit, which exists in almost all the European Countries dealt with, the only exception being Latvia. Given that women's life expectancy is higher than men's and that husbands are often older than their spouses, recipients of survivor pensions are mainly women.

Survivor pensions provide a large number of elderly women with an income that is higher than they would get from their own pension and thus enables them to maintain their standard of living after the husband has died[302]. Survivor pensions, however, represent a redistribution in favour of one-career couples: single men and women and two-earner couples subsidize one-career families. In addition, they often fail to protect single or divorced elderly women and incentivise women to stay at home or work in the informal economy. "Due to their derivative nature, survivor pensions exert a negative impact on gender roles, confirming a woman's dependence on her male breadwinner, even after the latter's death."[303]

**Table 4.1 - Female beneficiaries of survivors pensions, 2006**

| | % women over total old age beneficiaries | % women over total survivors beneficiaries |
|---|---|---|
| Austria | 52.5 | 87.9 |
| Belgium | 39.8 | 98 |
| Bulgaria | 63.2 | 80.2 |
| Czech republic | 64 | 84.1 |
| Cyprus | 33.7 | 97.2 |
| Germany | 55.9 | 85.6 |
| Denmark | 56.7 | 100 |
| Estonia | 68.1 | 53.4 |
| Greece | 46.6 | 94.1 |
| Spain | 50.3 | 73.6 |
| Finland | 59.2 | 83.7 |
| France | 49.6 | 91.8 |
| Hungary | 60 | 77.9 |
| Ireland | 42.6 | 87.9 |
| Italy | 54.6 | 87.1 |
| Lithuania | 67 | 79.8 |
| Luxembourg | 29.1 | 92.9 |
| Latvia | 67.5 | 70 |
| Malta | 30.8 | 99.3 |

[302] Horstmann S./ Hüllsman, J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft fuer Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en. According to some studies reported in Choi (2006), an increase in survivor pension benefits funded by a reduction in the benefits for couples would result in a sizeable reduction in the poverty rate of widows and only in a small increase in the poverty rates for couples.

[303] Corsi, M./Guelfi, A./Samek Lodovici, M./Sansonetti S. (2008), Assessment of National Reports on Strategies for Social Protection and Social Inclusion from a Gender Perspective, EGGSI Synthesis Report , November 2008

| | | |
|---|---|---|
| The Netherlands | 56.5 | 84.6 |
| Norway | 57.7 | 77.7 |
| Portugal | 51 | 80.2 |
| Poland | 58.5 | 80.9 |
| Romania | 54.3 | 90.5 |
| Sweden | 55.8 | 95.4 |
| Slovenia | 56.7 | 78.1 |
| Slovakia | 65.8 | 91.7 |

Female beneficiaries of survivors pensions without double counting in old-age and in survivors' functions over the total beneficiaries of the same pensions category
Source: Eurostat data - ESSPROS, (No data for Iceland and the United Kingdom)
http://circa.europa.eu/irc/dsis/esspros/info/data/esspros_public_data/pb/pb_data/pb_b2.htm

The amount of survivor pensions in earnings related schemes is usually calculated as a % of the deceased's pension, sometimes with a ceiling. *Eligibility conditions* usually refer to the number of contributory years of the deceased, age of surviving partner, length of marriage, children, disability benefits and claimants own (pension) income (see also Annex A-3). In many countries the right to a survivor pension ceases with remarriage or cohabitation with a new partner.

In recent years most countries have been trying to reduce survivor pensions and link benefits more closely to eligibility criteria of age and the survivors' income.

In case the widow has a work history and her own pension income, the approach differs across countries:

- In some countries the survivor may choose the larger of the two pension entitlements;
- In others (such as FR, UK) the survivor may combine both pension incomes;
- In yet others (AT, BE, DE, NO), the survivor may draw from both benefits but with a ceiling on overall income.

In several countries, according to Missoc 2010, cohabiting partners (DE, DK, ES, FI, HU, HR, LI, LU, NL, NO, PT, SE, SI, UK) and divorced ones (AT, BE, DE, DK, EE, EL, ES, FI, FR, MK, HR, HU, IE, IT, LI, LU, NL, NO, PL, PT, SK, SI) are eligible for survivor benefits, as long as they are not remarried or cohabiting with other people, have children below a certain age and had been living together with the deceased for a certain time; in the case of divorced persons, the benefit may be paid only if the survivor is a state of need. Two opposite cases are worth considering in terms of adaptation capacity of norms to follow the evolution of customs and social behaviours:

- The Czech expert points out that the benefit is not provided to surviving partners who were not married to their partners, despite the fact that unmarried cohabitation is becoming an increasingly partnership common model in the Czech Republic. Also same-sex couples, even though in registered partnership, which is the only 'official partnership' option for this group of citizens, are discriminated against as they are excluded from access to the benefit.
- By contrast, the Irish expert specifies that a recent cohabitation and civil partnership bill recognises same sex partnerships and survivor pensions rights.

It is difficult to assess the adequacy of *survivor benefits* because they depend on the level of the pension of the former spouse.[304] Although in FR the aim of the survivor pension is to maintain the previous standard of living, in many cases (EL, ES, HU, MT, PT, SI, BG), according to the EGGSI experts, survivor pensions are insufficient to guarantee an adequate standard of living.[305] A specific case worth mentioning is reported by the Czech expert: the benefit is provided only to persons whose partners were eligible for disability or old-age pensions but it is not applied if death was caused by work-related injury or occupational disease. This condition is discriminatory in the case of foreigners, if they lose a partner who had not been insured for the time required. In many families there is only one partner working, especially in the case of economic migration, whereas the other partner (usually wife) stays at home, in many cases with absolutely no support from the social system. In this case the widowed person is left without the only family income.

Redistribution to one-earner couples could be avoided with voluntary DC schemes, if one-earner couples chose a joint-life pension or a pre-retirement transfer of pension rights between spouses; the pay out to the husband would be reduced in order to leave a reserve to fund the survivor's benefit. In these cases single men and two-earner couples would receive a higher annuity than married men in one-earner couples. However, in these cases there is a high risk of low or null pension income for survivors. Interesting are the cases *of Croatia and Liechtenstein:* in *Croatia* the pension right is individualised: the survivors' pension is determined in relation to the number of family members but is paid individually. In *Liechtenstein* the Old Age and Survivors' Insurance was revised in 1996, replacing the system of pensions for married couples with individual pensions and introducing the concept of pension-sharing, the basis of which is extension of pension insurance coverage to those who are not engaged in gainful employment but are responsible for housekeeping. In accordance with the new provisions, the "standard real income" for the duration of the marriage, calculated according to specific formulas, is divided equally between the spouses. This reform was followed by a reform of company pension schemes: the distribution of pension entitlements in the event of a divorce is regulated by the amendments to the acts on company pension schemes and the pension fund for government employees, which took effect on 1 January 2001. For example, if a woman stops working in order to take care of her family, she is, in the event of divorce, entitled to half the pension expectancy earned by her husband based on his work for the years they were married. This area

[304] Despite the recent improvements, in ES in 2008 only 25% of the survivor pension recipients have a pension above the minimum wage; in SI the average survivor pension is less than 400 euro (data refer to August 2008), which is lower than the minimum wage, and is approximately 45% of the average wage. In DE, it comprises only 55% of the pension of the deceased and the age for entitlement to survivor benefits will be raised in the year 2012.

[305] Germany: The statutory pension scheme guarantees maintenance for the survivor by transferring the alimony which the deceased spouse has paid. The amount of a widow's pension ("kleine Witwen-/Witwerrente") is 25% of the pension of the deceased policy holder for two years. Not only spouses but also partners of a registered partnership are entitled to the widow's pension. There are specific measures in the case of divorce: with the so-called compensation for maintenance (Versorgungsausgleich) pension claims made by both partners during their marriage are equally divided between them. For women, who often tend to have more limited pension claims than men (because of child care or/and lower income), this frequently has a positive effect.

can be assessed as well-advanced. Nevertheless, both these amendments mainly benefit non-working women.

Referring to the specific case of *lone women*, according to a comparative study by Samek Lodovici et al. on lone women[306], while the survivor pension penalises the pension benefits of insured singles (women and men) and represents a disincentive to work for the younger female generation, it has however an important function for widows and orphans.

All European reforms aim at reducing replacement rates, while at the same time developing multi-pillar schemes. These aims may represent a substantial penalisation for lone women, particularly for lone mothers, who are (or will surely be) forced to contribute more to occupational and personal schemes than they can afford because of their lower family incomes.

**Table 4.2 - Pension reforms and their specific impact on women and lone women**

| Measure | Specific impact on lone women |
|---|---|
| Indexation of benefits | Positive effect for elderly lone women |
| Increase in minimum pension | Positive effect for elderly lone women |
| Survivors' pensions | Positive effect for householders and widows.<br>Negative impact for single women. |
| Extension of multi-pillar pension schemes | Negative impact on lone women and lone mothers who have to increase savings. |
| Flexibility of exit | Positive impact on individual and familiar needs |
| Child care periods | Positive impact for lone mothers |

Source: Samek Lodovici M. et al. (2008), Women Living Alone: evaluation of their specific difficulties, European Parliament

### *4.4.3 Divorcees' benefits*

As reported in the EGGSI 2008 Report *Assessment of National Reports on Strategies for Social Protection and Social Inclusion from a Gender Perspective*,[307] specific measures in the case of divorce are adopted in many Member States (BE, DE, EL, SI, SE, UK): in Germany, for example, after divorce the partners' pension entitlements are equally divided on the basis of pension predicted at the time of the divorce; in Slovenia, in the case of divorce, survivor pension entitlement is provided for if the couple have been accorded alimony by law and had been receiving it at the time of death of the insured person. The risk of this provision is to increase the poverty risk of both ex-partners when there is only one earner or two low income earners.

**Table 4.3 - Divorce benefits provision in selected OECD countries**

| Countries | Basic or targeted | Earning-related |
|---|---|---|
| Austria | Targeted: 631 € a month | Earning-related. No information |
| Belgium | Targeted: 7.163 € | Earning-related: Divorcee receives 37.5% of a former spouse's average earnings over the duration of marriage, less own pension rights accrued during the same period |
| Finland | Pension entitlements are not shared between spouses in divorce cases | |
| France | If income is under certain level and the person is not remarried, that person can receive 54% of | |

[306] Samek Lodovici M. and Semenza R. (ed.), Women Living Alone: evaluation of their specific difficulties (editor), Policy Department C, European Parliament, 2008

[307] Corsi, M./Guelfi, A./Samek Lodovici, M./Sansonetti S. (2008), Assessment of National Reports on Strategies for Social Protection and Social Inclusion from a Gender Perspective, EGGSI Synthesis Report , November 2008.

| | | |
|---|---|---|
| | the deceased's pension, proportionately divided among all eligible former spouses | |
| Germany | | At the time of divorce all pension rights (including occupational and civil servants' pension rights) acquired by both partners during the married period are valued and split equally between both partners. Exceptions only if there is legally binding agreement of both partners on a different repartition |
| Sweden | Earned pension rights are not divided in connection with divorce (however, splitting is possible for part of the social security premium pension) | |
| United Kingdom | Basic: Higher-earning spouse's record is substituted for either all the tax years up to the end of the marriage, or all the tax years during the marriage, whichever is more favourable | Earnings-related (State Second Pension, SERPS): most pensions a couple is entitled to can be shared between partners (effective 1 December 2000). This "pension sharing" between spouses can be negotiated by agreement or court order (this applies to both statutory earnings-related and private pensions) |

Source: own elaboration based on Thompson, Lawrence, and Adam Carasso (2002)[308]

In some countries the 'active' partner sums up an additional provision should he/she support with his/her pension income the dependent spouse: this is, for example, the case of Belgium, Greece, Spain, France, Ireland, Cyprus, Malta, the Netherlands, Norway, Austria, Sweden, and the United Kingdom, as can be seen in the following table 4.4.

**Table 4.4 - Supplements for dependent spouses**

| Country | Supplements granted |
|---|---|
| Belgium | In the case of a dependent spouse, the household rate (75%) shall be applied |
| Greece | Spouse supplement only for Persons insured before 1/1/1993 |
| Spain | No pension supplements, but higher amount for the Minimum Pension if there is a dependent spouse or if the beneficiary constitutes a single-person household. |
| France | Spouse: General scheme for employees: Spouse aged over 65 years (60 years if incapacitated) but means of spouse tested. |
| Ireland | State Pension (Transition) and State Pension (Contributory) provide a supplement to Spouse aged under 66 incremented for spouse aged 66 or over |
| Cyprus | Spouse: the basic part of the pension is increased to reflect number of dependants. Male beneficiary: his spouse is a dependant if she lives with or has been maintained by him and receives no pension from the Social Insurance Fund. Female beneficiary: her spouse is a dependant if he is unable to support himself, is wholly maintained by her, and receives no pension from the Social Insurance Fund. |
| Malta | Married rate for spouse |
| The Netherlands | Pension supplement according to income of the spouse should the spouse be under 65 years. |
| Norway | Means-tested supplement of up to 50% of the Basic Amount for the spouse. Reduced by 50% of income in excess of 3.3366 times the Basic Amount. A cohabitant, with whom the pensioner has children or formerly has been married to, is treated as a spouse. |
| Austria | No supplement for Spouse but increase in the basic rate for a compensation supplement for spouses living in the same household |
| United Kingdom | A supplement to Basic State Pension for Spouse |

Source: MISSOC (2010) Mutual information system on social protection, http://www.missoc.org/MISSOC2010/INFORMATIONBASE/informationBase.jsp

In Belgium, as reported by the expert, the household rate that covers "housewives" has come in for a great deal of criticism (e.g. from the Council of Equal Opportunities between women and men, an advisory body with the federal government) as the extra 15% household supplement is entirely financed by collective solidarity and the "non-working" member of the couple (the wife in the majority of cases) is maintained in a passive condition of expectancy. This passive situation coupled with the recent divorce reform can also have very negative effects for women who face divorce at an already advanced age (see opinion of "vie feminine"[309] in that respect). Regarding the twofold question of 1) getting more people into the labour market and 2) reducing costs of pension, it is surprising that this issue this only discussed by opinion groups[310] which are in favour of a step–by-step approach, introducing an individual right to pension, conditioned by payment of contributions for every person. A contrasting case is described by the Romanian expert[311]: since access to the public pension scheme depends on a minimum standard earning and contribution, housewives are not covered by any pension benefit either directly or indirectly and no private scheme addresses their particular needs.

With reference to housewives, a different arrangement is presented by the Cypriot expert**:** a Social Pension was introduced in 1995 to guarantee an old-age pension to everyone over the age of 65 with no pension income from any other source due to non-participation in the labour market. Thus this non-contributory pension covers all inactive individuals and so ensures universality in pension provision. In 2009 there were 14,818 on the social pension, the vast majority of whom are women. The Social Pension rate is equivalent to 81% of the full basic social insurance pension and is slightly lower than the minimum pension, as from January 2010 amounting to 315.36 Euros. This provision is not available to migrants from either the EU27 or third countries. The same provision has been described by the Slovenian expert: for those inactive the most important instrument is the state pension. Here the pensionable age is set at 65 years, with no differences between men and women. If women leave the labour market due to care responsibilities (having 4 or more children, or those caring for disabled family member as family assistant), they also have the right to have social contributions paid.

In the Czech Republic a specific pension for care-givers has been presented: it consists in disability retirement paid to the insured person who had cared over a period of at least 15 years for a relative or another person or a dependent person on the basis if his/her income: this provision for carers can be considered a good practice even though there was no discussion of the gender impacts of the previous or future situation and the introduction of this regulation was not discussed from the gender perspective. Given the fact that women make up most of the caring family members in the Czech Republic, where about 80% of overall elderly care is

[308] Thompson, L./Carasso A, (2002), Social Security and the Treatment of Families. How Does the United States Compare with Other Developed Countries. In: M. Favreault, F. Sammartino, C. Eugene Steuerle (2002), Social Security and the Family, Housewives and inactive women, Washington.
[309] Vie féminine, "Réforme du divorce: envisager les effets pervers pour les femmes", http://www.viefeminine.be/spip.php?article303
[310] Such as Comité de liaison des femmes, Nederlandstalige Vrouwenraad, Institut pour l'égalité des femmes et des hommes, "Individualisation des droits en sécurité sociale", Actes de la journée d'étude 15 décembre 2008, Revue belge de sécurité sociale, 2009.
[311] Popescu, Livia (2011), *The socio-economic impact of pension systems on the respective situations of women and men and the effects of recent trends in pension reforms*, National Report Romania, EGGSI group of experts in gender

covered by family members[312] (we can expect a similar situation to obtain in the home care of the disabled), we can estimate that this measure will have positive impact on the pension income of women and on gender equality. Also in Estonia the state pays pension insurance on behalf of some economically non-active persons, and among the carers of disabled persons, these contributions entailing the same pension rights as employment. Most of these people have caring responsibilities, and therefore it is mainly women who are affected.

In Sweden, for inactive students who will later be employed provision is made thus: for the time they spend in higher education, pension credit is granted corresponding to 138 per cent of disbursed study grants. Other provisions are considered for other categories of the inactive: women and men who are not in the labour force and have children will be granted pension credit for childcare years in the pension system up until the youngest child is four years old. For men and women who are doing domestic work and have no children and therefore do not receive an adequate pension from the national pension system, the state provides basic security which is disbursed in the form of a guarantee pension or maintenance support for the elderly, sometimes with the addition of a housing supplement. A common feature of the different forms of basic security is that they may be disbursed from the age of 65 at the earliest.

equality, social inclusion, healthcare and long-term care. External report commissioned by and presented to the European Commission Directorate-General Justice

[312] Křížková, A. (2010), Elderly care in the Czech Republic. Provisions and providers. External report commissioned by and presented to the EU Directorate-General Employment and Social Affairs, Unit G1 'Equality between women and men', 31 p.

# 5. CONCLUSIONS

The study has analysed pension systems and recent reforms in a gender perspective, addressing adequacy and equality as focal points for the discussion and considering the main challenges intersecting the gender dimension which pension systems have to cope with.

***Gender differences in demographic and labour market trends affecting pension income***

Increasing demographic pressures and socio-economic changes have forced European countries to reform their pension systems in order to improve their sustainability in the long run, with significant effects on their capacity to contain poverty risks in old age and reduce gender and inter-generational inequalities.

Women are particularly affected by the impact on pension systems of demographic pressures and changes in the labour market and family structures. The gender differences observed in life expectancy, in employment and in household patterns, imply that women are likely to have lower pension entitlements than men in old age and that different categories and generations of women are affected in different ways. Despite the long-term improvement in contribution-based pensions and the existing old-age allowances, ageing women continue to experience higher poverty risks than their male counterparts, especially when over the age of 75.

Another demographic aspect to be taken into consideration is migration trends. Migrants represent a growing share of the older population in all European countries and are starting to enter pensionable age. The choice of many migrants to go back home after reaching pensionable age represents an additional challenge to the European countries' pension systems and the portability of pension rights, although it has yet to receive adequate attention on the part of the policymakers.

***Main trends in pension reforms***

To improve the financial sustainability of pensions systems, all the countries considered, to a greater or lesser extent, are converging towards: *multi-pillar pension systems*, where a shrinking PAYG public pillar is supplemented with statutory and/or occupational and individual pillars operating on a funded basis and privately managed; a *strengthening of the contributory principles*, implying a stricter link between contributions paid and benefits received; the *raising and equalisation of retirement age* between men and women and the reduction of early-retirement provisions; and *changes in benefit indexation and life expectancy adjustment mechanisms*. The negative effects of these reforms on average pension replacement rates have, in many countries, been offset by measures *extending the coverage of minimum pensions* and supporting pension *entitlements for low earners or individuals with interrupted careers*. Overall, these reform trends have favoured a principle of pension as a "deferred income" based on contributions made during the whole career to the public scheme and to occupational and individual private schemes. As a consequence, low-wage and precarious workers, and individuals with interrupted employment careers (mainly women with caring roles) are often only eligible for minimum pensions, even when they have contributed to the system for many years.

The 2008 financial and economic crisis has highlighted and aggravated some of the risks associated with the previous pension reforms, since with the new pensions systems benefits are more closely related to developments in the labour and financial markets and to economic growth. The crisis has shown that the adequacy of pension systems is jeopardised, especially for younger generations and women, when the labour market is unable to guarantee lifelong continuous employment (and contributions), when the financial markets are unable to deliver the expected returns on investments in pension funds, and when public spending is constrained by increasing deficit and debt, lower growth prospects and fiscal consolidation.

### *Gender effects of pension reforms*

The main aspects of the pension systems in the 33 countries considered are usually deemed gender-neutral, since most rules are the same for men and women. The gender neutrality of the rules results, however, in pension systems that reproduce (or even reinforce) existing gender inequalities in the labour market and in the division of social roles within households, producing gender differences in pension income. These negative effects for women are often (at least partially) offset with care pension credits, minimum pensions and unisex tariffs, as well as derived pension rights in case of marriage or divorce and for survivors. In order to assess the gender impact of pension schemes it is thus necessary to consider all these different features and the way they combine together.

EU regulations against gender discrimination and the EU social security regulations, together with the role of EU institutions in the coordination and support for pension reforms and for gender equality, have proved important policy instruments for European countries. In recent years European Court of Justice (ECJ) rulings on unisex tariffs and gender differences in retirement age have been particularly important in reducing gender differences in occupational and individual schemes, including pension schemes for civil servants.

According to many European and national studies, the recent trends in pension reforms, and especially the tightening of linkage of benefits to lifetime contributions and the shift to diversified multi-pillar schemes, have slowed down the narrowing of gender gaps in pensions. On average in the EU27 the aggregate replacement ratio is lower for women than for men (49% vs. 53% in 2007) and gender differences in the at–risk-of-poverty rates are even higher due to women's lower pension entitlements and expected longer lives relative to men.

The assessment of the current pension systems and recent pension reforms from a gender perspective provided in this report considers the three main aims of pension reforms: *adequacy*, *sustainability* and *modernisation*. Furthermore, the effects of pension reforms on *different* *generations and different groups of women* are considered, as the gender impact depends also on the duration of the transition periods and differs between the generations involved.

Overall, the different effects that pension reforms and implementation methods may have in a gender perspective are presented in the table below.

**Table 5.1 - Pension reforms and their specific impact on women and men**

| Measure | Gender impact |
|---|---|
| Raising of retirement age<br>Flexible retirement age | Positive impact on incomes for both men and women, but require active ageing policies in the labour market and the provision of care services. Flexible retirement age is better for gender equality because it allows women to retire later, increasing their pension income |
| Restraint of early retirement | Positive impact on work incentives |
| Shift from best years toward career average as a calculation base for earnings related benefits | Effects depend on gender differences in careers and wage profiles and in employment patterns.<br>Reduces gender differences in pensions related to the more dynamic careers of men, but penalises women with irregular and interrupted career patterns<br>Enhances intra-generational fairness. |
| Indexation of benefits | Positive impact on pension incomes of older women (and men) with wage indexation, negative impact (especially for oldest women) with price indexation and other sustainability indexes |
| Increase of minimum pension | Positive impact on-old age income, especially for women who are over-represented in these schemes due to their lower labour market participation, shorter employment histories and lower pay then men; residence-based minimum pensions are more favourable to gender equality than contributory-based minimum pensions as the full basic pension is paid irrespective of the previous employment status and family conditions; however possible negative impact on work incentives, especially when means-tested and/or non-contributory |
| Earnings related pension | Positive impact on work incentives; negative impact on pension income levels for low earners |
| Actuarial principle | Increased influence of labour market gender-gaps on pensions. Increased gender-gap in pension income if conversion rates are not unisex. Positive impact on work incentives. |
| Survivors' pensions and derived rights | Negative impact on work incentives. Positive impact on older women's pension incomes. Redistribute from single households (men and women) to one earners' married couples.<br>Individualisation of rights encourages labour market participation. |
| Extension of multi-pillar pension schemes | Increase in gender differences in pension income as non statutory pension schemes are more closely related to gender differences in the labour market (gender segregation and gender pay gaps) and gender differences in access to non statutory schemes. Positive impact on work incentives.<br>Need for greater regulation of DC occupational and individual schemes to ensure that the financial crisis is not borne solely by individuals.<br>Need to increase financial literacy as pensions systems become more complex and uncertain in the returns. |
| Care credits | Positive impact on incomes and on work incentives; should be increased, extended to men and to the care of dependents other than children. |

Source: Own elaboration based on EGGSI national reports and others sources.

These effects differ among generations and among groups of women. Some measures can have an immediate impact on current elderly women and some will have an effect only on younger generations, also affecting their labour market participation decisions. The current economic situation of *women who have already retired or are near retirement* age is significantly affected by the generosity of entitlements related to minimum pensions and derived pension rights, which in some countries are so generous that older women show higher pension replacement rates than men.

As regards the *younger generations*, unless appropriate policies supporting the employment and earnings levels of women are put in place, pension reform trends may result in increasing gender inequalities in pension income, penalising in particular lone women who are (or will be) forced to contribute more to occupational and personal schemes than they can afford because of their lower family incomes. On the other hand, care pension credits are particularly important for women with dependents (especially lone mothers), and the increase in statutory retirement age may support the labour market participation of young women. For the younger generations the design of means-tested minimum pensions and derived pension rights is also relevant: when these benefits are based on the family rather than on their own income, employment interruptions are encouraged, while the individualisation of pension rights encourages labour market participation.

***The vulnerability of specific groups least covered by pension schemes***

Various groups of people in the countries considered in the study appear particularly at risk, not being adequately covered by the current social security system. The groups of future pensioners more probably subject to lower levels of social protection are migrants and ethnic minorities, inactive women (such as housewives or women involved in care activities) and workers on atypical contracts (e.g. part-time or self-employed, not to mention those working in the informal economy) or involved in particular sectors (such as agriculture). In some countries widows and lone women can be counted among those in fragile positions within the pension system.

- *The fragile situation of migrant workers from third countries and ethnic minorities*. Migrant workers often have short professional biographies, sometimes even in different countries, which influence their pensionable rights. For women the situation is even worse as undocumented but also legal migrant women are more likely than immigrant males and native women to be employed in undeclared work in households as caregivers or maids, with poor, insecure wages, no access to social benefits, long working hours and bad working conditions. In this framework migrant women with very limited access to social protection systems have difficulty in meeting the minimum qualifying requirements for old age benefits and therefore do not profit from portable rights to long-term benefits. In addition, their lack of language skills means more difficult access to information on access to pension rights and conditions to retain them. Given the atypical lifecycle of migrant workers, they require special provisions, in particular in relation to the portability of social security benefits. The lack of portability of social security benefits, in fact, can hinder return migration or incentive to work in undeclared jobs. Bilateral agreements between the EU and third countries provide for limited coordination in the social security field.
- *The situation of atypical workers*. In several European countries workers involved in the informal sectors and more in general in atypical jobs normally have fewer rights in terms of pension provisions, which grant them a smaller pension income when they retire. Among the reasons for the gender-, wage- and pension-gaps there is the over-representation of women

in the less valued occupations and sectors, their difficulties in career advancement and the diffusion of part-time and temporary work. The impacting of all these factors, singly or conjointly, on women's incomes means a reduced level of contributions to pension schemes and consequently reduced pension income after retirement.

- *Inactivity and derived pension rights: the case of lone women and survivors.* Most of the countries considered offer protection for widows and divorcees through contributory or non-contributory benefits. Given that women's life expectancy is longer than men's and that husbands are often older than their spouses, recipients of survivor pensions are mainly women. Entitlements are usually calculated as a percentage of the insured worker's rights, but the high poverty rate of older women living alone suggests that survivors' pension schemes or pension benefits for divorcees are not entirely successful in providing old-age income security for this group. As an increasing number of women work and earn their own pension entitlements, derived pension rights may become less important for the future. However, adequate pensions will require full-time work over the whole career. In countries where women work mostly part-time and experience longer career interruptions due to caring for children or elderly relatives, pensions based on own contributions may prove quite low. Whether poverty prevention for this group is best addressed by benefits from derived rights or by the general old-age safety net will depend on the degree of full-time female labour force participation and the evolution of poverty among older women living alone relative that of the overall older population. Survivor pensions are indeed somewhat controversial, as they represent a redistribution in favour of one-career couples: single men and women and two-earner couples subsidize one-career families. In addition, they often fail to protect single or divorced elderly women and incentivise women to stay at home or work in the informal economy.

### *Policy recommendations*

Recent pension reforms have improved the sustainability of public pension schemes, but at the cost of reduced replacement rates, growing individual risks and increasing complexity in pension systems. The 2008 financial and economic crisis has highlighted and aggravated some of the risks associated with the previous pension reforms in terms of both sustainability and adequacy. For these reasons the current debate on pensions calls for a holistic approach, integrating pension reform with appropriate labour market and social policies and considering *sustainability and adequacy as two sides of the same coin*.

While financial sustainability is necessary for the maintenance of pension systems, focusing on it alone does not take into account the fact that the ultimate aim of pensions is to support income in old age. Failure to consider this goal could compromise the sustainability effects of pensions reforms in the long run, generating political pressure to increase social assistance for the elderly. In achieving these two goals, the balance of transfers between different generations and the changing nature of labour markets and of family structures should be considered with a view to improving the capacity to adapt to these changes without reducing pension coverage and fairness in pension entitlements between women and men and between generations. Overall, the effects of reforms on the capacity of pension systems to alleviate poverty should be taken into account, while clearly indicating how reforms affect future costs and the relative entitlements for women and men and for different generations. Moreover, in a gender perspective, when simulating the effects of pension reforms it is necessary to consider men and women with different wage levels and employment patterns.

To this end, the *extension of minimum pension provisions and greater coverage of atypical and part-time employment* should be supported both at the EU and national level, for example through the mechanism of the guarantee pension amount per career year, together with revision of the provisions regulating the transferral of pension rights across different pension schemes, and of provisions regarding pension credits for the periods of unemployment. The *portability of pension rights*, in all schemes, should also be supported to facilitate job change and labour mobility and not to penalise migrants.

The increasing role of funded defined contribution occupational and personal pensions schemes also calls for *more stringent regulation of these funds on risk sharing* and some form of protection against insolvency, to prevent the risks associated with financial crises from being disproportionally borne by individuals. Furthermore, the growing individual responsibility on saving decisions entailing different risks means that *individuals have to be clearly informed of the options available and the associated risks and have to be supported in improving their financial literacy level* in order to be able to make informed decisions on an increasingly complex issue.

As for *gender equality*, the analysis presented in the report pinpoints certain features of pension systems which appear to be supportive of gender equality and also able to combine sustainability with adequacy aims. The three most significant are:

- *Further strengthening the redistributive elements in the public pension schemes*, with attention to the poverty alleviation function of pensions through minimum income guarantees, set at or above the national poverty thresholds and indexed on wage increases. As evidenced in the report, universal residence-based and/or non contributory flat rate minimum pensions are more favourable to gender equality than contributory-based minimum pensions, because the full basic pension is paid irrespective of the previous employment status and family conditions. To avoid poverty in old age, specific mandatory splitting of pension rights between men and women after divorce should also be included in public and private pension schemes. In statutory pension schemes the adoption of *flexible retirement provisions and the possibility to combine pension and part-time work* would also help reduce gender inequalities, besides allowing for greater individual choice. Sweden is an example in this respect: no definite retirement age exists and pensions can be drawn from the age of 61. An employee is entitled to go on working up to 67 years of age, and the possibility is now being examined to prolong entitlement to 69 years. Pension rights may be earned for an unlimited time, as the concept of “full pension” does not exist. There is no lower or upper age limit to earning pension credit. If the individual continues to work after beginning to draw the pension, new pension rights are earned irrespective of age. Also in Norway the 2011 reform of the pension system provides that people will be able to draw flexibly on their retirement funds from the age of 62, and it will be possible to combine retirement pension and income from employment without the pension being reduced. The employment pension will be accumulated on the basis of income, and every year of employment will count.

- As the role of *occupational and individual supplementary pensions* is bound to increase, it is necessary to reduce gender inequalities in access to these schemes by *supporting access for all,* for example through direct subsidies as in the German Riester–Rente scheme. Furthermore, minimum *provisions should be introduced offsetting gender inequalities* in pension benefits, for example supporting the introduction of unisex life tariffs (as required by the recent ECJ Test-Achats ruling of March 2011), care credits and survivors/divorce benefits. Finally, provisions regulating the *transferral of workers' positions from one occupational fund to another* should be improved as well as the introduction of rules affording a more even balance in risk sharing. These provisions could be introduced either by legislation or collective agreements or financial incentives according to the specific institutional setting of EU countries, as shown in the cases of Sweden and France presented in the report. In Sweden almost all employees are covered by one of the four occupational pension schemes, based on collective agreements. In these schemes, there are no lengthy qualification periods and they are gender-neutral regarding pensionable age and calculation of benefits. The pension capital is regarded as private property and can be moved from one fund to another without any restrictions. In France, mandatory occupational old-age schemes treat part-time workers as in the statutory schemes and unemployment periods are also considered. Also there are no differences in pensionable years for women and men, and some advantages for care periods are provided. In Germany the mentioned *Riester-Rente*” pension system, is aimed at low wage earners with children (mostly women) to promote individual and company schemes which do not discriminate women and low wage earners. With this system since 2006 unisex tariffs are adopted and a child allowance is paid by the state, topping up individual savings. In addition the scheme provides direct subsidies rather than tax incentives for enrolment in individual pension schemes, which is more favourable to women.
- *Adequate credits for non contributory periods*, in particular *care credits*, fully replacing full-time employment-based contributions, should be promoted in all types of schemes (both statutory and occupational) and be extended to the self-employed, inactive and unemployed. To reduce gender inequalities, pension care credits should not only target women but also men, they should be available also for the care of other dependents, besides children, and

should allow employment during care periods, to top up pension entitlements based on employment. In Nordic countries for example both parents are entitled to parental leave and fathers have to take paternity leave in order not to lose them. As already anticipated the recognition for child care periods is supported also in occupational and individual schemes, as in the cited German "Riester Rente "scheme. The existing pension scheme recognises the three years following on the birth of a child as a pension contribution period, with contributions paid by the state. Some countries, like Hungary and Sweden, offer different care credit options in relation to the length of the contribution period and the level of compensation, among which the parent may choose according to her/his preferences and household conditions.

Other important provisions to reduce gender inequalities are:

- *Revision of the regulation of derived rights* to adapt to changing family patterns and to reduce the disincentives for married women to participate in the labour market by adopting individual rather than family related pension entitlements.
- *Improvement of EU and national statistics on pensions*, streamlining *sex-disaggregated data and indicators* to enhance their comparability (as also required by the OMC for Social Protection and Social Inclusion), and support for the monitoring and evaluation of the gender effects of pension systems.

The Commission could have an important role in supporting adequacy and sustainability, as well as workers mobility and risk sharing, through the provision of information, advisory activities and the setting of guidelines and minimum standards in a gender perspective.

Pensions policies alone cannot, however, reduce gender differences in pension income, as they largely reflect gender gaps in the labour market, with women tending to have lower wages than men and interrupted employment histories, and in the home, with men taking little part in household and care activities.

To reduce gender gaps in pension income it is thus necessary to improve women access to the labour market and equal pay through: *active labour market policies, care services and reconciliation policies between work and private life* to support women's continuous labour participation and employment careers in the formal labour market; *anti-discrimination and employment policies* to eliminate gender pay and career gaps and support employment in old age; policies to encourage men to increase their role in the household with appropriate *paternity and parental leave policies* and *awareness-raising measures*.

Overall there is the need to *mainstream gender equality in pension policymaking*, taking into account the gender equality implications of pension reforms, with special attention paid to their impact on women and men with low incomes, incomplete or fragmented employment careers and family constraints. This would not only reduce gender inequalities in pension schemes, but would also improve the adequacy of pension systems for all.

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**LINKS / DATABASES**

Cerp – Centre for research on pensions and welfare system
http://servizi.econ.unito.it/cerp/site/research

EULises – EU links and Information on social security
http://ec.europa.eu/employment_social/social_security_schemes/eulisses/jetspeed/portal/media-type/html/language/en/user/anon/page/homepage.psml

DG Employment, Social Affairs and & Inclusion, website on Pensions
http://ec.europa.eu/social/main.jsp?catId=752&langId=en

Pensions-related documents of the European Commission
http://ec.europa.eu/social/main.jsp?catId=752&langId=en&moreDocuments=yes

DG ECFIN- on Pensions
http://ec.europa.eu/economy_finance/structural_reforms/ageing/pensions/index_en.htm

DG ECFIN - on Ageing
http://ec.europa.eu/economy_finance/articles/structural_reforms/article14761_en.htm

National strategy reports: adequate and sustainable pension systems
http://ec.europa.eu/social/keyDocuments.jsp?pager.offset=30&langId=en&mode=advancedSubmit&policyArea=0&subCategory=0&year=0&country=0&type=3&advSearchKey=nsr%20spsi

European Federation for Retirement Provision - www.eupensiondebate.eu

Eurofound – http://www.eurofound.europa.eu/areas/qualityoflife/eurlife/index.php

Eurofound / EIRO - Pay and working time developments by country
http://www.eurofound.europa.eu/eiro/country/austria.htm

MISSOC Mutual Information System on Social Protection database
http://ec.europa.eu/employment_social/missoc/db/public/compareTables.do

MISSCEO - Mutual Information System on Social Protection of the Council of Europe (for Turkey, Former Yugoslav Republic of Macedonia, Croatia)
http://www.coe.int/t/dg3/socialpolicies/socialsecurity/MISSCEO/missceo_en.asp

NETSPAR - Network on Studies on Pensions, Ageing and Retirement
http://www.netspar.nl/publications.htm

OECD – Pensions at a glance – country reports
http://www.oecd.org/document/49/0,3746,en_2649_34757_42992113_1_1_1_1,00.html

OECD – Global pension
statisticshttp://www.oecd.org/document/46/0,3746,en_2649_34853_36091822_1_1_1_1,00.html

OECD – Pension market in focus
http://www.oecd.org/document/35/0,3746,en_2649_34853_36082019_1_1_1_1,00.html

# ANNEXES

## Table A.1 - Overview of the main public and private pension schemes in European countries

| COUNTRY | Public pensions | | | | | Mandatory privately managed funded tier | Occupational pension schemes (Pillar II) |
|---|---|---|---|---|---|---|---|
| | Minimum pension / social allowance | Old-age pensions | Early retirement pensions | Disability pensions | Survivors' pensions | | |
| **Austria** | MT – SA | ER | ER | ER | ER | severance pay schemes | voluntary |
| **Belgium** | MT – SA | ER | ER | ER (wage earner); FR (self-employed) | ER | does not exist | voluntary / mandatory: pub. |
| **Bulgaria** | MT – SA | ER/FR | ER (before end 2010 pensions) | ER/FR | ER/FR | mandatory: young people (1960) and professionals | voluntary |
| **Croatia** | yes | ER | ER | ER | ER | - | mandatory |
| **Cyprus** | SA | ER | ER | ER | ER | does not exist | voluntary / mandatory: pub. |
| **Czech Republic** | FR | ER | ER | ER | ER | does not exist | does not exist |
| **Denmark** | FR & MT | FR & MT | voluntary | FR | FR | does not exist | voluntary |
| **Estonia** | FR | FR (before 1999); ER (after) | does not exist | FR (before 1999); ER (after) | FR (before 1999); ER (after) | mandatory for young generations (born 1983 or after), voluntary (available since 1998) | does not exist |
| **Finland** | MT | ER | ER | ER | ER | partly funded | voluntary |
| **France** | MT | ER | ER | ER-HC | ER | - | voluntary |
| **Germany** | MT – SA | ER | ER | ER | ER | does not exist | voluntary |
| **Greece** | MT | ER | ER | ER | ER | does not exist | exists only to a minor extent |
| **Hungary** | MT – SA | ER | ER | ER | ER | mandatory | does not exist |
| **Iceland** | MT | ER | | yes | ER | - | mandatory |
| **Ireland** | MT – FR & SA | FR | MT – FR & SA | SA: MT – FR; Contributory; FR | SA: MT – FR; Contributory; FR | does not exist | voluntary / mandatory: pub. |
| **Italy** | MT & SA | ER | ER | ER | ER | - | voluntary |
| **Latvia** | SA | ER | ER | ER | ER | m – young (1971); v- old | does not exist |
| **Liechtenstein** | yes | yes | ER | yes | ER | - | mandatory |

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|---|---|---|---|---|---|---|---|
| **Lithuania** | SA | ER | ER | ER | FR or ER | voluntary | does not exist |
| **Luxembourg** | FR – SA | ER | ER | ER | ER | does not exist | voluntary |
| **Rep. Of Macedonia** | yes | ER | - | yes | yes | mandatory | voluntary |
| **Malta** | MT – FR | ER | - | FR | ER | does not exist | exists only to a minor extent |
| **Netherlands** | SA | FR | - | ER | FR | does not exist | voluntary / mandatory: pub. |
| **Norway** | FR | ER | - | ER | ER | does not exist | mandatory |
| **Poland** | MT | ER | ER | ER | ER | - | voluntary |
| **Portugal** | MT – SA | ER | ER | ER | ER | - | voluntary / mandatory: prof |
| **Romania** | SA | ER | ER | ER | ER | Mandatory | voluntary |
| **Slovakia** | MT | ER | ER | ER | ER | - | voluntary / mandatory: pub. |
| **Slovenia** | MT – SA | ER | ER | ER | ER | mandatory: certain professions | voluntary / mandatory: pub. |
| **Spain** | MT – SA | ER – priv; FRw – pub. | ER – priv; FRw – pub. | ER – priv; FRw – pub. | ER – priv; FRw – pub. | - | voluntary / mandatory: pub.. |
| **Sweden** | MT | ER | ER | ER | ER | mandatory | voluntary |
| **Turkey** | MT | ER | yes | yes | yes | - | m-prof. |
| **United Kingdom** | FR & MT – SA | ER | does not exist | ER HC | - | does not exist | voluntary |

Abbreviation: (-) no information. (MT) means-tested, (SA) social allowance/assistance,(FR) flat rate, (ER) earnings-related, (M) mandatory, (V) voluntary, (prof) only for selected professions (pub) public sector employees, (priv) private sector (HC) Partly covered by health care expenditure
Explanatory note: *Minimum pension* refers to minimum pension schemes for all residents. *Old age pension* is the earnings related Social Security Pension. *Occupational pension* are the private pension schemes, while the mandatory private pension scheme consider individual (private) pension schemes in the private sector, without taking individual and voluntary private pensions into account.
Source: European Commission (2010), 2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060), European Economy 2|2009. Luxembourg.

## Table A.2 - Regulation of care credits in the 33 countries

| COUNTRY | Child care credits | Care credits for other dependents |
|---|---|---|
| **Austria** | Credits for maternity leave are given at the rate of 100% for 16 weeks (8+8, i.e. 8 weeks before and 8 weeks after giving birth). This period is considered in the assessment base of the pension. This benefit is paid by the health insurance company and is calculated by former earnings (three months). Only employees are entitled to this allowance. No parallel employment is possible during this period.<br><br>Child care credits up to the child age of 4; granted to the mother assuming an income of 821 € per month (in 2008, rising 2% until 2028). If the mother waives her entitlement it is given to the father. Employment is possible up to the maximum amount of pension credits. Parents can share their contributions during child care periods with the caring parent. Up to the year 2015, child care reduces the period of best years on which the pension calculation is based by a maximum of 3 years per child.<br><br>The 2005 reform introduced a gradual rise in the assessment base for times spent bringing up children to 1,529 Euro a month in 2010. This amount corresponds roughly to the average income of women from gainful work and is being valorised annually. It is paid by the government. In addition, times spent bringing up children (credited as pensionable years), amount to up to four years per child (formerly two years) and up to five years in case of multiple births. The special feature of these "child-raising periods" is that in every case they are calculated cumulatively, independently of any simultaneous insurable employment. Employment and child raising are thereby treated as it were as two parallel occupations, and dropping out of employment is thereby not "rewarded". | Up to 100% of contributions paid for 3 years. |
| **Belgium** | Child care credit for paid leave from employment (credit temps): provided for a maximum of 12 months (up to 36 months if collectively agreed) covering 100% of the previous wages; if 12 months taken for first child no months are credited for the second child. The leave can be taken part-time or as a reduction of a full-time employment by 1/5.<br><br>This credit is granted to all the employees that benefit of the *tijdskrediet* which is a right for the employees that have worked for at least one-year for the same employer during the 15 months preceding the application. | Granted up to 60 month at 100% of previous earnings (if person is +50) |
| **Bulgaria** | Child care for children up to 3 years: Periods of care are considered as insurance periods even if the claimant has made no social security contributions. These periods are not taken into account to determine the individual average contributory income.<br><br>The minimum amount of the contributory old-age pension in the first pillar is determined annually in the Law on the Budget of the State Public Insurance. | Care of a dependent person with reduced working capacity (at least 90%) and in need of permanent assistance are recognised (as for child care). Insurance contributions are paid to fund "Pensions" based on minimum salary. |
| **Croatia** | Maternity and Paternity leave are is included in the calculation of the membership period for calculation of the pension amount. For employed parents the period is counted as full-time work even if parent use it as right to work part-time throughout the period of leave. The amount of the allowance influences the pension income. Allowances depend on previous salary (70-100% of average salary is paid, depending on the insurance period).<br><br>Parental leave: Period is not considered in the calculation period. Parental allowance has a top ceiling of 80% of the national budgetary base. | For child with increased needs the care period is counted in the membership period (considered as full-time working period). |
| **Cyprus** | Maternity leave periods are credited or taken into account for pension rights and amount purposes. Public employees who have given birth are entitled to an additional three months maternity leave – additional to the statutory 18 weeks maternity leave. This time is counted as pensionable service under the government employees' pension scheme.<br><br>Care credits for children aged up to 12 years: In the General Social Insurance Scheme (GSIS) of the public pension scheme (not earnings related) an insured woman is entitled to care credits for every child (or adopted child), for the purpose of entitlement to a pension or increase of the amount of pension, for a period up to 156 weeks (3 years).<br><br>In the GSIS scheme: child credits of up to 156 weeks per child are granted to women entitled to a pension after 31/12/1992, who failed to make contributions | Up to 10 years for disabled child.<br><br>There is no provision for credit for the care of other dependents. |

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| | because they were raising children aged up to 12 years. These credits are granted only to cover insufficient insurance record and not to top up pension entitlements. Women can make voluntary contributions to the GSIS scheme. | |
| **Czech Republic** | Care for a child under the age of 4 years: the periods of caring are fully included (as non-contributory periods). These care periods are excluded from the averaging periods for calculating the assessment base.<br><br>Up to three years early retirement is possible depending on the number of children (1 year for 1-2 children, 2 years for 3 children, 3 years for 4 or more children).<br><br>Only one parent can apply even though parents can switch in their caring role and parental leave until the child is three years old. | Persons caring for a close relative who is incapacitated receive credits in their insurance periods (as for child care). |
| **Denmark** | In the Social pension (*folkepension*) no credits are given as it is based on duration of residence.<br><br>In the Supplementary Employment Pension Scheme (arbejdsmarkedets tillægspension ATP) credits are given only for employed, based on leave provisions (90% of previous earnings) for 32 weeks. No contributions during child care will be paid if person leaves employment. For reduced hours only a reduced contribution will be paid. It is not usual to leave the labour market for care purposes, flexible leave options are possible.<br><br>During Parental leave (up to 1 year) beneficiary will pay 1/3 of the contribution, with 2/3 being paid by the government/municipality. Those out of the labour market caring for children beyond maternity period typically switch to another scheme which also carries an ATP contribution.<br><br>There are no child care credits from occupational pension schemes. | No credits |
| **Estonia** | Child care up to the age of 3: *Inactive person*: social tax is paid on the basis of minimum income and not on the previous salary or the amount of the parental leave. *Active persons:* The state pays the employer contribution for recipients of childcare allowance (33% on a salary of EEK 700, 2009). Those individuals who receive parental benefits (mother or father) need to pay the contributions to the DC scheme.<br><br>Pension supplement: For children born in the years 1991-2012, one parent is paid a pension supplement that is equivalent to two additional years worked. Employment is permitted.<br><br>Credits for large families (3 or more children under 19 years, until youngest reaches 8 years): care credits are granted (contributions are paid by the state on a monthly fixed rate). Employment is permitted.<br><br>3 or more children: One of the parents (or step parents) may take the earlier retirement: 3 children 1 year earlier, 4 children may retire 3 years earlier, and 5 or more children 5 years before the retirement age if she/he has worked for 15 years in total.<br><br>Parental Benefit (*vanemahüviti)* (up to an average of 15 month): Since 2004, 1% of the parental benefit is paid by the state into their mandatory funded pension scheme for every child born after 1st of January 2013. This corresponds to 1/6th of the former contribution from the parent's former work. Additional contributions are not made during the period of maternity benefit (approx. 4.5 month), which are paid on the basis of the Health insurance Act.<br><br>If in 2015 there will be enough money in the state budget, one parent of children born before 1 January 2013 will be paid an additional pension supplement equal to one more year of contribution. | Care credits are given to disabled child until child is 16 years (18 in case of severe disability).<br><br>Parallel employment is not permitted.<br><br>No credits are granted in the second pillar |
| **Finland** | After 2005 reform more periods for care and income during these periods are taken into account.<br><br>Parental leave (childbirth related): Credits for maternity are paid for 105 days (length of leave period), paternity up to 18 days and parental leave 158 days (+ 60 days for following child). Pension is accrued from 117% of the earnings (between 70% and 90% of previous taxable salary, subject to a minimum of 523 €).Part-time employment allowed with reduction of credit level.<br><br>Child Home Care Allowance (after parental leave period) until child is 3 years old and for unpaid periods: Flat-rate benefit is paid into the mandatory occupational pension scheme. and pension is accrued as if the parent were earning about a quarter of previous income, which lowers the pension level. Contributions are paid by the state. It can be taken by one of the parent. | Yes – for sever ill children |

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| **France** | Validation of the Parental leave in the public scheme (additional contribution period equal to the parental leave, one year or more per child (3 years maximum) – parents must choose between the increase in insurance duration (*Majoration de durée d'assurance*, MDA) and the validation of the parental leave.<br><br>The Old-age insurance for caring parents (*Assurance vieillesse des parents au foyer*, AVPF) compensates parents' careers interruptions or activity reductions periods by validating it on the basis of a full-time employment paid at the minimum wage (earnings are under the €17,600 threshold for the first child (30% more for subsequent children). The AVPF is means-tested according to the household's income and structure, contributions are paid by the National family fund (*Caisse nationale d'allocations familiales*, CNAF);<br><br>Other family entitlements for parents (mother or father) are pension bonuses (*bonifications*) (10% increase in final pension) for bringing up three or more children or to pensioners with a dependant spouse (aged 65+ without personal resources) or child.<br><br>In the Complementary mandatory scheme (ARRCO), pension rights are increased by 5% for each dependent child. Pension rights accrued after 1.1.1999 are increased by 8% if the person had 3 or more children. | Parents caring for disabled child receive an increase in their insurance coverage length of 1 trimester per raising period with a length of 30 month with a max. of 8 trimesters<br><br>In case of interrupted activity certain conditions have to be meat to benefit from old-age insurance (eligibility of benefits, below certain income, age, etc.). |
| **Germany** | Maternity leave: are taken fully into account for pension rights. Credits are given for duration of 14 weeks (6+8) at 100% of the income.<br><br>Parental leave: until child is 3 years of age: time is calculated ad 83% of the average income.<br><br>Caring for children older 3 years: Child care credits are granted in the first 36 calendar months after the month of birth. The contributions are made mostly to the mothers and are based on average earnings and regardless of any employment undertaken during the 36 months period (i.e. the credits can be added up with credits gained from employment). The father may benefit if he is the main carer and the mother agrees. Up to the maximum amount of pension credits employment is allowed. If the mother has accrued at least 25 years of contributions, credits are granted as long as one of at least two children is below the age of 10 (33% of the contributions based on average earnings).<br><br>Caring for children up to the age of 10: Caring years count toward the number of years needed to qualify for a pension. If people work and contribute when their children are under 10 or if at least two children under 10 are parented, they receive a bonus of up to 0.33 pension points per year. However, this cannot result in a total accrual exceeding one pension point per year.<br><br>In West Germany, the number of children influences the level of pensions of women: more children mean fewer individual pension entitlements. Women with four or more children receive only 68% of the pension payments, women without children receive. This difference is not as high in East Germany, where women with four or more children receive at least 93% of the pensions of childless women.<br><br>Female pensioners receive only an average share of 56 € monthly pension for this childcare. For children born before 1992, only 1 year of childcare is included into pensions, for children born after 1992 at least 3 years are included – at the level of the average income of all insured (this means 3 payment points). In East Germany the monthly pension increases for each child by at least 72.39 €, in West Germany by 81.60 €. During child care women can voluntary contribute to the occupational pension scheme. | For dependents, 26-80% of the contribution from an average wage.<br><br>Care for elderly people is included in the pension entitlement to a lower level: if individuals care for an older relative for three years, the increase of pensions is between 18.82 € and a maximum of 57.91 € in East Germany and 21.22 € up to a maximum of 65.28 € in West Germany. |
| **Greece** | Maternity: 17 weeks are taken into account for pension rights and amount purposes in the main pension (IKA ETAM ) and the supplementary pension (ETEAM) in the same way as for working time. Additional leave time (up to 6 times) is not counted.<br><br>Parental leave: is taken into account like ML if parent pays his contribution and the employers' contribution. It can be taken by the mother or father.<br><br>Care periods taken into account: 1 year for the first child, 1.5 years for each subsequent child to 2 years for three children, up to a maximum of four and a half years (for children born after 2000). If the mother does not use the right, the father can use it.<br><br>This period only counts towards the qualifying conditions for retirement, not for the pension benefits. According to this regulation a mother can retire up to 4 years earlier than women without children. | Care for disabled children or spouses are entitled to reduced service requirements and can retire after 7.500 days of insurance. Pension amount cannot be lower than the lowest pension paid by the scheme. |

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| **Hungary** | Caring for children up to the age of 3 years per child: Contribution after the benefits is paid by insured and government. Periods are not calculated as creditable period if this is more advantageous for the inured.<br><br>Care credits for children until youngest of at least 3 children turns 8: A maximum 8 years can be collected as child care credit. This scheme is in the same way introduced in the mandatory private funds: in mandatory privately managed schemes at the same replacement rate as in the pay-as-you-go scheme, i.e. during employment interruption due to periods of care a contribution to the private scheme is paid by the state". Credit level 70% of previous earnings. | Care for disabled children taken into account.<br><br>Credits for elderly care included |
| **Iceland** | In the public pension scheme, which is a residency-tested basic pension, care credits are not taken into account as the schemes automatically protect women who leave paid work to care for children.<br><br>The occupational pension funds themselves make no provisions for women who must leave work to care for children. | The social assistance scheme contains benefits for parents (men or women) who must take care of children with long-term illnesses or disabilities. Such benefits are also provided in cases where people must take care of close relatives (*e.g.* adult son or daughter taking care of aged parent). |
| **Ireland** | During paid Maternity leave pay-related social insurance (PRSI) contributions are deducted.<br><br>Child care credits (*homemakers scheme)* for children under 12: Periods are excluded from the average periods for calculating pension benefits (period for getting full pension). Care credits refer to the average wage or minimum wage. Qualifying conditions are restrictive applying only to full-time care. These are considered if a minimum of 20 years of contributions have been paid. The provision is financed from general taxation. Marginal employment is allowed (up to 38€ a week). | Care credits as for disabled children under 12 years (if full time care is needed) and for disabled person. |
| **Italy** | Maternity/Paternity leave: Child care credits are provided for a period of up to 6 month, until the child turns 3 years.<br><br>In cases of sickness of a child or care for children below the age of 8 years, low income earners are credited with figurative contributions based on twice the minimum pension, while for other workers voluntary contributions are allowed.<br><br>The pension is increased for mothers by giving them a more generous transformation coefficient. For mothers of one or two children this is the transformation coefficient of their actual retirement age plus one year. For three or more children this is the actual retirement age plus two years.<br><br>Mothers have also the choice to retire one year early or have a higher pension. | Yes – max. 2 years |
| **Latvia** | Maternity leave (4 month) and Paternity leave (10 days): periods of leave are fully credited to the full amount of the statutory insurance salary (which is the real salary) by the state from the statutory social insurance budget.<br><br>Child care leave (until child reaches 18 month) as long as child-care allowances are paid the person is insured by the stated from statutory social insurance budget to an amount equal to LVL 50 (71 €) monthly, which is much lower than the minimum salary (LVL 180 or 256 €).<br><br>Credits are fully considered for the pension rights, but not on the full amount. | Care credit is provided until the child reaches the age of 1.5 years. In the case of a disabled child, there is a credit for the whole period during which one of the parents or a legal guardian takes care of the child (max. 18 years). |
| **Liechtenstein** | Maternity/Paternity: are taken into consideration as insured periods according to the actual employment contract.<br><br>Care of children under 16: Over the course of their contribution period, persons with children receive child care credits (an imputed income is credited: about 32,000 € is credited for child-raising). The amount is split into two equal halves for married couples for the number of calendar years of their marriage, provided the couple had been insured during these years. Advantages for parents who dedicated time for the education of their children are equally divided between them. They profit from so called 'Erziehungsgutschriften', a fictitious income is added at the calculation of the pension for the period dedicated to family work.<br><br>Benefits for non working sposes caring for children: an additional salary is granted, if a fee for non-working persons have been paid have been paid (since | For the non-professional care of persons in need, additional care credits are granted. The credit is calculated analogously to the child-raising. |

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| | 1997). This right is graned to persons having cared for children up to the age of 16. | |
| **Lithuania** | Maternity/Paternity leave: Periods are taken into consideration for the right to as well as for the amount of a pension. Maternity (4 month), paternity (up to 1 month) and child care leave (up to the age of 3 years) are considered as insurance periods. Benefits received during Maternity, paternity and child care leave (up to 2 years) are regarded as insured income, though no contributions have been paid.<br>Care of adoptive child up to 3 years of age is equivalent to a contributory period, paid by the state, based on the minimum monthly salary. | Care disabled persons at home is considered in the contributory period. |
| **Luxembourg** | During parental leave, the State is in charge of the insurance contribution.<br>"Baby years" 2 years for 1 child and 4 years for 2 children: Pensionable earnings are based on pay immediately before the baby years are claimed. The period counts as qualifying conditions and enters in the flat rate component of the pension formula.<br>Employees who could not claim baby-years due to insufficient contribution period have the right to a special monthly allowance in retirement of 89 € per child.<br>Periods caring for children under age 6: As non-contributory periods, they are counted towards the qualifying conditions for an early retirement pension and the minimum pension. | No credits |
| **FY Republic of Macedonia** | No information available | No information available |
| **Malta** | Maternity leave: Credits are granted for a period of 14 weeks, of which 2 are before birth.<br>Child care credits last 2 years, and are treated as contributory period with contributions based on the individual's contribution average calculated at retirement. Care credits for children can be received by the mother or the father. During the period, no employment is permitted. However, no credits are awarded for economic inactivity due to child-raising. | yes |
| **Netherlands** | Pension is residence based, so caring credits in the old-age pension scheme periods out of paid work are automatically covered.<br>Parental leave is unpaid and consists of 26 times the weekly number of contract hours. Therefore, most people who work less because of parental leave, will build up less pension rights. Many people do not make use of their right to parental leave.<br>Short term care leave: entitles people to use up to 10 days of short term care leave for taking care of children, parents, or the partner. Short term care leave is being paid 70% of the normal wage.<br>Long term care leave entitles people to take up to 6 weeks of unpaid leave for taking care of a child or partner with a life threatening illness.<br>Although some sorts of leave (like parental leave and long term leave) are unpaid by law, a lot of collective labour agreements include so called extra-legal agreements. This makes that some people do get paid (a percentage) while making use of their entitlement to certain sorts of leave. Also, some people continue building up (part of the) pension rights that they would build-up if they were working.<br>All employees have the option to participate in a so called life course saving scheme. Employees who choose to use this construction can save up to 12 % of their gross salary per year to save money to finance periods of unpaid leave.<br>In the occupational schemes, there are no credits for childcare periods during which people are out of paid work but the accrual of pension rights continues over remaining working years. Many schemes allow voluntary contributions to cover the aforementioned periods of absence. | No credits |
| **Norway** | Pension is residence based, so caring credits are automatically included in the NIS basic pension scheme.<br>The 2011 pension reform provides care credits somewhat higher than before, up to 6 years per child.<br>Care credits for children up to 6 years of age(before the reform 2011 it was up to 7 years) are credited with 4.5 pension points in the supplementary pension scheme corresponding to pension entitlements based on an income from work (approx. 32.677 €) (introduced 1992 and relevant from 2020 on).<br>The parent who receives child allowance can decide whether to transfer the rights to the other parent. Periods of interruption of employment due to child care are | Care credits are provided for the care of a handicapped dependent, a sick or elderly person, if occupying a minimum of 22 hours a week at least 6 month during a year |

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| | included in the calculations regarding the supplementary pensions. | |
| **Poland** | Maternity leave (18 weeks for first child, 20 weeks for the second child and 28 weeks for multiple births): Contributions during maternity leave are based on maternity benefit (based on previous earnings) paid by the government, parental leave (assessment basis is the minimum wage). In 2009, the amount of care credits has been increased.<br>Periods considered will be increased in 2012 (20 w, obligatory) and 39 w for multiple births (31 w obligatory). Also parents get credits, while much shorter: 1 w in 2010, and from 2011 onwards 2 w (until the child is 1 year old).<br>Child care credits are granted for 3 years (until child turns 4 years). Contributions, paid by the state, are granted on the basis of the minimum wage and previous earnings (but max. 60% of average earnings) from 2012 onwards | Care credits for a disabled family member (assessment base is the level of nursing benefit), |
| **Portugal** | Maternity leave (120-150 days) are based on maternity leave benefits, which are based on previous earnings (120 days: 100% or 150 days 80% of earnings).<br>Periods caring for children under age 12: (maximum 3 years) working part-time: Periods can be treated as if working full-time | For Disabled child |
| **Romania** | Child care credits are provided only to women entitled to paid maternity and parental leave. During the leave for child rearing up to 2 years the reference monthly income is 25% of the national average salary. These periods are covered and the contributory base is the social insurance benefits granted during that period.<br>Career-breaks for maternity and young child rearing are credited in the earning-related public scheme if the woman has been insured or a taxed income-earner for a period of 6 to 12 months prior to the leave. | no info |
| **Slovakia** | Maternity benefit (Materské) and for child care up to the age of 3: Non-working parents: they are classified within the category of persons who are insured under the compulsory pension scheme and contributions are paid by the state. Periods of Maternity and parental leave are taken into account for purposes of pension insurance as periods actually worked.<br>Credits for non-contributory periods for a child cover 18% of 60% of the previous earnings, The first half of each calendar year is based on average earnings two years before entering care period, the second half based on average earning of the previous years.<br>Although the recipients (mostly women) of the Attendance Service Benefit or Personal Assistance Benefit are now pension-insured by the state, this has only been the case since 2005. Women caring for dependents before this time were not insured and this period will not be included in pension calculations | Disabled child up to the age of 6 if the health status is poor of 18 years for ah child with sever disability.<br>Caring for an adult dependent cover 18% of assessment base (44.2% of national average wage). The state pays contributions. |
| **Slovenia** | Maternity leave (105 days) Parental leave (up to 260 days): Contributions to compulsory pension are paid form the basis of the leave benefit (for employed workers the last 12 month of income taken as a bases, if not employed 55% of the minimum income). Part-time (if child is younger than 3 years or six if one of the parents nurses and cares for two children) is considered as full time. Voluntary payments are possible until the child is 7 years old.<br>A parent (more likely the mother) who has raised a child is entitled to a lower retirement age. For one child the deduction is 8 months, for two it is 20 months, for the third child 36 months. For each additional child it is 20 months. Also, a part-time working parent has the right to payment of social contributions if caring for a child (up to full time employment). This option has been introduced gradually since 2000 and these child-rearing deductions will be subject to a lower age limit, which is set at 56 for women and at 58 for men. | Care for persons up to the age of 18 with serious physical impairment or moderately, seriously or severely mentally handicapped: part-time work credited as full-time work. |
| **Spain** | Maternity leave: Women who give birth to a child and are not actively working have 112 days contribution credits for pension purposes. The first year of interruption of employment is credited (care of children or relatives), both years are counted towards eligibility for pension benefit.<br>Child care (2 years): In addition, two years out of the labour market looking after children are considered as period of contribution. The contribution period credited will be taken into account in order to complete the minimum contribution period required to qualify for retirement, maternity and paternity, and survivors' benefits.<br>In the case of regular large families (with three or four children), the recognised period increases to 30 months and up to 36 when the family is a special large family. These care credits are recognised both for men and women. | Dependents: 1 year<br>Up to 1 year for other relatives' is considered. |
| **Sweden** | Child care credits based on 75% of national average earning. Pension right is given | No credits |

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| | to the parent with the lowest income.<br><br>Periods caring for children under age 5: Contributions based on wages which are most favourable are paid by the government. This is, however, up to the earnings ceiling in the pension system.<br><br>Periods of parental benefits (16 months): Parental benefits paid to people on parental leave from work are also considered pensionable income. Under the ITP occupational plan, there is a recommendation that the employer contributes to an employee's pension during periods of up to 11 months for parental leave<br><br>A supplementary pension entitlement is allocated to parents of children below 4 years of age, financed from general tax revenue. It can be chosen among the most beneficial of three alternatives: (a) a compensatory sum up to the pensionable income of the year prior to the birth of the child, (b) a compensatory sum up to 75 per cent of the average pensionable income for all insured persons aged 16–64, or (c) an addition to the pensionable income consisting of one income base amount. | |
| **Turkey** | There is no credit for periods spent out of paid work caring for children, except for disabled children. Women can chose to pay voluntary contributions, but the employer will not have the duty to contribute. | 90 extra pensionable days for each year of service of a female worker who has a disabled child in need of constant care. The total working periods of female workers who have a disabled child are virtually increased by 0.25 for pension calculation purposes and these periods are also deducted from the age limit so that they can retire earlier. |
| **United Kingdom** | Maternity leave (9 month): National Insurance contributions are paid on the basis of maternity pay. For the first 6 weeks 90% of Gross average weekly earnings, after this period it is the lower of 90%. Contributions also in the earnings related pension, paid by the employer and employee.<br><br>Pension reform in Pensions Act (2007) introduced a system of weekly credits for those who take time out of the labour market to care for children up to age 12 and for those who spend at least 20 hours per week caring for severely disabled people.<br><br>Care for a child under the age of 12: Since April 2010, under the Basic State Pension (BSP), parents are eligible for National Insurance credits to build up State Pension entitlements (periods are counted to reduce the qualifying years for full pension) on a weekly basis both the basic and statutory pension. There are no limits on the number of credits | Benefits in the State pension for caring for a sick or disabled person for more than 20 hours a week and claiming Carer's Credit. |

Main sources: EGGSI Network National reports (2011); D'Addio/Whitehouse (2009); European Commission (2010), Direct and indirect Gender Discrimination in old-age pension in 33 European countries; Horstmann/Hüllsman (2009); Monticone/Ruzik/Skiba (2008); MISSOC database, 2010.

### Table A.3 - Main elements concerning survivors' pensions

| | Basic principles | Field of application | Entitled persons |
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| **Austria** | Compulsory social insurance scheme financed by contributions for employees with benefits depending on the pension of the deceased. | Compulsory insurance for: all employees in paid employment, trainees, family-members working in the enterprise of a self-employed, persons who do not have a formal employment contract but essentially work as an employee (e.g. no own organisational structure, performing their services themselves). Voluntary insurance possible for non-compulsorily insured residents over the age of 15 years. | Surviving spouse or divorced spouse, children. |
| **Belgium** | Compulsory social insurance scheme mainly financed by contributions, covering the active population (employees and self-employed, spouses of civil employees) with pensions related to the earnings of the deceased and depending on the contributions and on the duration of affiliation. | Compulsory insurance for the active population (employees and self-employed). | Surviving spouse, divorced spouse; |
| **Bulgaria** | Social insurance contributory scheme providing earnings-related benefits to economically active persons. | | Surviving spouse; Children; Parents. Divorced and non-married partners are not entitled to this benefit. |
| **Cyprus** | Compulsory social insurance scheme financed by contributions covering the active population (employees and self-employed) providing earnings-related pensions and other benefits depending on contributions and the duration of affiliation. | Compulsory insurance for employees and self-employed persons.<br>Voluntary insurance possible after a period of employment and for persons working abroad in the service of Cypriot employers. | Widow and widower (only if the widower is incapable of work and was mainly maintained by the deceased), dependent children. |
| **Czech Republic** | Compulsory social insurance scheme financed by contributions covering the active population (employees and self-employed) and assimilated groups and providing pensions to survivors consisting of a flat-rate amount and a part depending on the deceased person's pension. | Compulsory participation for the active population (employees and self-employed) and assimilated groups (students, unemployed persons, persons caring for children/helpless persons, people on military service, etc.) | Surviving spouse, children. |

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| **Denmark** | Compulsory social insurance scheme (Supplementary pension) financed by contributions covering employees providing benefits to survivors depending partly on the pension and partly on the time of membership and contributions paid since 1st January 2002 by the deceased. | Compulsory membership for employees from the age of 16 working 9 hours or more per week and for beneficiaries of daily allowances in case of sickness, birth, adoption, or unemployment or who participate in activation or training/education measures or who are in a period of work placement in accordance with the law on active labour policy. Compulsory membership also for persons who receive disability pension or other transfer income. Employees who take up a self-employed activity may remain in the scheme on a voluntary basis if they have paid contributions over a period of 3 years. Voluntary contributions are also possible for persons who have taken an early retirement. A new scheme has come into force and concerns contributions paid after 1 January 2002. Beneficiaries under the old and new scheme at the same time will receive the higher amount. | Surviving spouses, cohabitants and under certain conditions also divorced partners; children. |
| **Estonia** | Universal social insurance scheme financed by contributions providing pensions to the survivors depending on the deceased's old-age pension and the number of family members entitled. In addition: National Pension - State-financed universal scheme guaranteeing a minimum pension for persons who are not entitled to an qld-age pension | All residents. | Surviving spouse, divorced spouse (under certain conditions), all children raised by the deceased, incl. stepchildren and foster children. Other relatives. |
| **Finland** | Dual system: (1) insurance system (statutory earnings-related pension) financed by contributions covering all economically active persons providing earnings-related pensions depending on contributions and the duration of affiliation and (2) tax-financed and contribution based universal coverage system guaranteeing a minimum pension. The pension schemes are integrated. | National pension: all residents. Statutory earnings-related pension: all employees and self-employed persons aged 18 to 68. Separate acts for private and public sector employees, self-employed and for farmers and scholarship recipients. The most important act is the Employees Pensions Act. | Surviving spouse (also party to a registered partnership). Divorced spouse if he/she was entitled to alimony before death (concerns only Statutory earnings-related pension). Children. |
| **France** | Compulsory social insurance schemes financed by contributions with pensions depending on the rights of the deceased. | All active population. In certain cases, voluntary insurance. | General scheme for employees: Widow(er) and/or divorced widow(er) aged 55 or more; invalid widow(er) under the age of 55; no orphan's pension, but maintenance allowance. Complementary schemes for employees and management staff: widow(er) and/or divorced widow(er); orphan. |

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| **Germany** | Compulsory social insurance scheme for employees and certain groups of self-employed financed by contributions and taxes with benefits depending on the pension of the deceased. | Compulsory for all employees and certain groups of the self-employed. Voluntary insurance possible for all persons over the age of 16 years resident in Germany and for all Germans abroad. | Surviving spouse or partner of a registered civil union, divorced spouse, orphan children. |
| **Greece** | Compulsory social insurance scheme for employees financed by contributions with benefits depending on the pension of the deceased. | All employees. | Persons insured before 1/1/1993: Widows, divorced spouses, children, parents and grandchildren. Persons insured since 1/1/1993: Widows and widowers, divorced spouses, children. |
| **Hungary** | Compulsory social insurance scheme financed by contributions covering the active population (employees and self-employed) with benefits to survivors depending on the pension to which the deceased was or would have been entitled at the time of death. | Active population (employees and self-employed) and assimilated groups. | Surviving spouse; divorced spouse subject to special conditions; co-habitant; children |
| **Iceland** | Dual system: National pension scheme financed by taxes covering all residents with flat-rate benefits for surviving children. Supplementary pension scheme financed by contributions covering all economically active persons with benefits to survivors calculated as a percentage of the pension rights of the deceased. | National pension: all residents. Supplementary pension : all insured employees, employers and self-employed persons between 16 and 70 years of age. | National pension: children under 18. No benefits for spouses of the deceased insured person. Supplementary pension: spouses, partners in registered co-habitation, and children under 18 and in certain cases care-takers. |
| **Ireland** | Compulsory social insurance scheme financed by contributions for the active population (employees and self-employed) with flat-rate benefits. | With some exceptions, all employees and apprentices aged 16 years and over and the self-employed. | Spouse, divorced spouse, orphans. |
| **Italy** | Compulsory social insurance scheme for employees financed by contributions with benefits to survivors depending on the deceased s pension rights. Special schemes for the self-employed. | All employees in the private sector. Special scheme for farmers, tenants, self-employed craftsmen and merchants/retailers. | Surviving spouse; divorced spouse; children; parents, brothers or sisters; dependent grandchildren. |
| **Latvia** | Not available. | Not available. | Not available. |
| **Liechtenstein** | 1st pillar: Compulsory universal social insurance scheme (covering basic needs) financed by contributions (partly tax financed) covering all persons with residence or economic activity (employees and self-employed) in Liechtenstein providing pensions depending mainly on the duration of insurance and on | 1st pillar: all employed persons (employees and self-employed persons) and all unemployed residents. 2nd pillar: Employees and unemployed persons, under specific conditions. The employee must be responsible for a spouse or children or provide maintenance for a spouse who lives separately. Voluntary insurance for employees who are not liable for contributions and for self-employed. | 1st pillar: surviving spouse; divorced spouse; children; 2nd pillar: surviving spouse; divorced spouse if provided for by the pension institution regulations; common law partner, if provided for by the pension institution regulations; children. |

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| | contributions. 2nd pillar: compulsory social insurance scheme financed by contributions covering employees | | |
| **Lithuania** | Compulsory social insurance scheme financed by contributions covering the active population (employees and self-employed) and providing benefits to survivors depending on the deceased 's pension rights. | Compulsory for all employees and for self-employed persons. | Surviving spouse who is assessed as disabled or of old-age pension age, children incl. foster children if they are not already in receipt of survivor pension in respect of real parent. |
| **Luxembourg** | Compulsory social insurance scheme financed by contributions with a participation of the State budget for the active population (employees and self-employed) with benefits depending on the pension (flat-rate and earnings-related) of the deceased person. | Compulsory insurance for the active population (employees and self-employed). Possibility of voluntary insurance and retroactive purchase of periods. | Spouse or partner; divorced spouse if not remarried; children; persons treated as widows/widowers: parents and direct relatives, collateral relatives up to second degree and children adopted as minors. |
| **Malta** | Compulsory social insurance scheme financed by contributions covering the active population (employees and self-employed) and providing earnings-related survivors pensions depending on contributions and the duration of affiliation. | Active population (employees and self-employed). No voluntary insurance possible. | Surviving spouse, separated spouse (if being maintained, or legally obliged for maintenance, by deceased spouse), children, any person who cares for an orphan child if at least one of the parents was an insured person at the time of his/her death. |
| **Norway** | Universal and compulsory scheme. The scheme consists of three key elements: basic pension based on periods of residence. Earnings-related supplementary pension. Special supplement to those entitled to no supplementary pension or a supplementary pension below the amount of the special supplement. "Pay-as-you-go" system. Financed by tax and contributions. | All residents. | Surviving spouse. Divorced spouse under certain conditions. Cohabitant: A person who lived with the deceased without being married, provided they had been married before or had children together. Surviving registered partner. Children. |

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| **Poland** | Compulsory social insurance scheme financed by contributions covering the active population (employees and self-employed) and providing benefits to survivors depending on the deceased 's pension and the number of beneficiaries. Special schemes for policemen, soldiers, prosecutors, judges. | Active population (employees, self-employed, farmers), recipients of Unemployment Allowance. recipients of Child Raising Supplement. | Surviving spouse; divorced spouse; children and other children depending on the insured person; other relatives. There are no benefits in cases of cohabitation or registered partnership. |
| **Portugal** | Compulsory social insurance scheme financed by contributions for the active population (employees and self-employed) with benefits depending on the pension rights of the deceased. | Compulsory insurance for all employees and self-employed.<br>Voluntary insurance for certain groups. | Surviving spouse, divorced former spouse, surviving partner, children, parents dependant on the deceased. |
| **Romania** | General social insurance scheme, compulsory, partially-contributory, pay-as-you-go, defined benefit, providing mainly earnings-related benefits (public system of pensions' scheme). | Statutory coverage based on the personal statute for Romanian citizens, foreign citizens, stateless persons, with domicile or residence in Romania who are: employees, persons assimilated to employees, civil servants, unemployed, self-employed, except for farmers. Voluntary regime is available for persons under mandatory coverage who intend to increase their insured income as well as for persons beyond mandatory coverage e.g. farmers, etc. | Surviving spouse. Children. No other entitled persons. |
| **Slovakia** | Compulsory social insurance scheme financed by contributions covering employees and certain groups of the self-employed providing benefits to survivors depending on the deceased 's pension. Special scheme for policemen, soldiers and customs officers. | Compulsory insurance for employees and certain groups of the self-employed. Voluntary insurance possible. | Widow's or Widower's Pension: surviving spouse, unmarried partner, divorced spouse if he/she was entitled to alimony before death.<br>Survivor's Pension: children, grandchildren and other children without parents, other relatives dependent upon the decreased. |
| **Slovenia** | Compulsory social insurance scheme financed by contributions covering the active population (employed and self-employed) providing benefits to survivors depending on the deceased's pension. | Compulsory insurance for: active population (employees, self-employed, farmers), recipients of Unemployment Benefit and unemployed performing public work, one of the parents in case he/she is entitled to parental allowance or takes care of a disabled child under 3 years, family assistant entitled to partial payment for the lost income, those engaged in voluntary military service. Possibility of voluntary membership for some categories (persons on unpaid leave, unemployed persons, students, etc.). | Widow's or Widower's Pension: surviving spouse, unmarried partner, divorced spouse if he/she was entitled to alimony before death.<br>Survivor's Pension: children, grandchildren and other children without parents, other relatives. |

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| **Spain** | Compulsory social insurance scheme for employees and assimilated groups financed by contributions with death grant, temporary benefit for widows or widowers, survivors' pensions for widows or widowers, orphans or relatives depending on the pension or contributions of the deceased. | Employees and assimilated groups. Special scheme for the self-employed. Voluntary insurance possible. | Surviving spouse and partners. In the cases of legal separation, divorce and annulment, if the deceased was liable to provide maintenance or compensation, with some temporary exceptions. Under certain conditions, unmarried partners. Children. |
| **Sweden** | Compulsory universal public pension scheme providing tax-financed guarantee pensions for all residents and income-related adjustment pensions for the active population financed by contributions. | All residents. | Surviving spouse (registered partners are considered as spouses according to the Swedish Marriage Code) |
| **The Netherlands** | Dual system: General system for all inhabitants financed by contributions on earned incomes providing flat-rate pensions which are income-related. Compulsory supplementary pension schemes for most of the employees based on agreements between social partners. | All residents. All persons who work in the Netherlands and consequently pay tax on wages are also insured. | Surviving spouse or partner under certain conditions. Divorced spouse under certain conditions. Children who have lost both parents. Persons taking care of a child under the age of 18 that has lost one of its parents. |
| **United Kingdom** | Compulsory social insurance scheme for the active population (employees and self-employed) financed by contributions providing lump sum Bereavement Payment, flat-rate Bereavement Allowance, and flat-rate Widowed Parent's Allowance. | All employed and self-employed men and women liable to pay contributions and voluntary contributors. | Surviving spouse including those in registered civil partnership, Children for whom Child Benefit is payable. |
| **Croatia** | Periodic pension insurance benefits related to the pension that the deceased insured person received or would have at the time of his/her death. Divided into a first pillar pay-as-you-go system and a second funded pillar. Distinction is made between employment injuries and non-work-related injuries. | Recipient of a pension, or insured person | Widow, widower, divorced spouse, and cohabitant (extramarital partnership of persons of different sex). |
| **Former Yugoslav Republic of Macedonia** | Providing social security to family members in case of the death of the insured person/pensioner within the family, benefit is known as a “Family Pension”. The same benefit is paid to those who die due to work-related illness or injury as those who die owing to non-work-related circumstances. | Employees, self employed persons farmers, and pensioners | Widow, widower divorced spouse; children, grand- and stepchildren. Parents. |

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| **Turkey** | Civil Servants: social insurance based system providing benefits that are indirectly earnings-related and financed by contributions from the employer state body, employees and state. Workers: social insurance based system providing earnings related benefits financed by contributions from employers and employees and state. | Civil Servants and Workers | Civil Servants:- widows;- widowers;- children; parents. Workers: widows;- widowers;- children; parents |

Source: MISSOC - Mutual information system on social protection,
http://www.missoc.org/MISSOC2010/INFORMATIONBASE/informationBase.jsp