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Gender Pension Gap

According to the relative report of the European Commission, the gender pension gap is defined as “the percentage by which women’s average pension is lower than men’s; it measures by how much women are lagging behind men”.¹

The gender pay gap can be understood as “the sum of gender inequalities over a lifetime, including differences in the life-course (motherhood penalty), segregated labor market and gendered social norms and stereotypes more generally”². As shown in Table 1, the pension system, the labor market and the family status of women are the factors that affect the gender pay gap.³ The unequal division of care work for dependent family members, which burdens mostly women, leads to career breaks and to fewer years of insurance. While, in combination with the inequalities faced by women in the labor market and are crystallized in lower wages and less representation in positions of responsibility, women’s pensions end up being lower than those of men.

The impact of the pension system has both positive and negative dimensions. In the positive dimensions are included the provision of pension credits for care-related career breaks redistribution of pensions in favor of low-income employees. In the negative dimensions are included the low retirement age which was provisioned for women in the past and the lack of pension indexations, which lead in purchasing power loss.

¹ Bettio, F., P. Tinios & G. Betti (2013), *The Gender Gap in Pensions in the EU*, Luxembourg: Publications Office of the European Union.

² Burkevica, I., A.L. Humber, N. Oetke, M. Paats (2015), *Gender gap in pensions in the EU Research note to the Latvian Presidency*, Vilnius: European Institute for Gender Equality (EIGE). Available here: <https://eige.europa.eu/publications/gender-gap-pensions-eu-research-note-latvian-presidency>

³ Theodoroulakis, M., A. Kapella & D. Konstantinidou (2020), *Synthesis Report: Policy proposals for tackling the gender gap in pensions in Greece*, Athens: EKKE, Work package 4, Deliverable 4.1 of the Project PEGASUS: Addressing the Gender Pension Gap in Greece. Synopsis in English available here (Work Package 5, Deliverable 5.8): <http://sintaxi.isotita.gr/wp-content/uploads/2020/09/Synopsis-Policy-proposals.pdf>. Synthesis Report in Greek available here: <http://sintaxi.isotita.gr/wp-content/uploads/2020/09/Προτάσεις-πολιτικής-για-την-αντιμετώπιση-του-ΕΣΧ-στην-Ελλάδα.pdf>

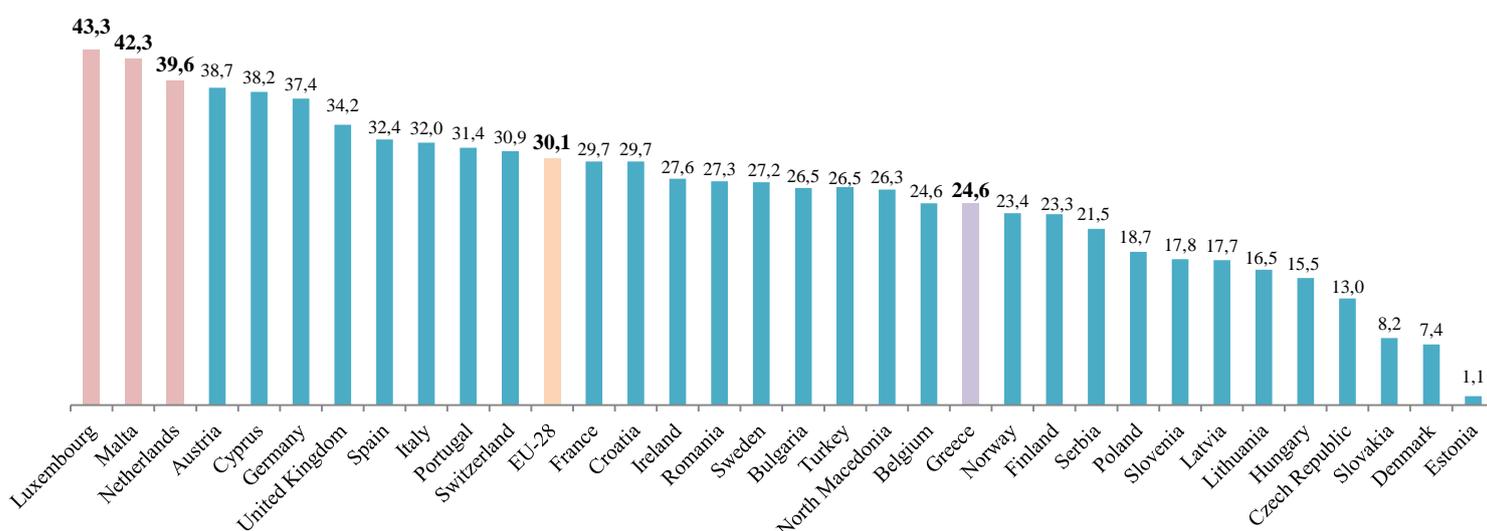
Table 1: Factors determining the gender gap in pensions⁴

Employment history	Design of the pension system
<u>Years in employment</u> (women work a lower average number of years due to career breaks, mainly related to care work provided to children or other dependent family members)	<u>Career break compensation</u> (granting pension rights e.g. for the period of child care)
<u>Work intensity</u> (women work part-time more often than men)	<u>Pension redistribution</u> (redistribution of pensions in favor of low-income employees)
<u>Remuneration</u> (women's wages are below the average)	<u>Pension indexation</u> (adjustments to changes in the cost of living)
	<u>Retirement age difference</u>

Pensions are the single most important component of older people's income and the only compensation for the risk of poverty. Women are more affected than men since they have a longer life expectancy and fewer savings.⁵

Figure 1 shows the gender pension gap in the EU as recorded in 2018. The gender pension gap reflects the percentage by which women's average pension is lower than men's.

Figure 1: Gender pension gap (65 years or over), EU-28 (2018)⁶



⁴ Dessimirova, D. & M. Audera Bustamante (2019), *The gender gap in pensions in the EU*, Strasbourg: IPOL, Policy Department for Economic, Scientific and Quality of Life Policies. Available here: [http://www.europarl.europa.eu/RegData/etudes/BRIE/2019/631033/IPOL_BRI\(2019\)631033_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2019/631033/IPOL_BRI(2019)631033_EN.pdf)

⁵ Ibid.

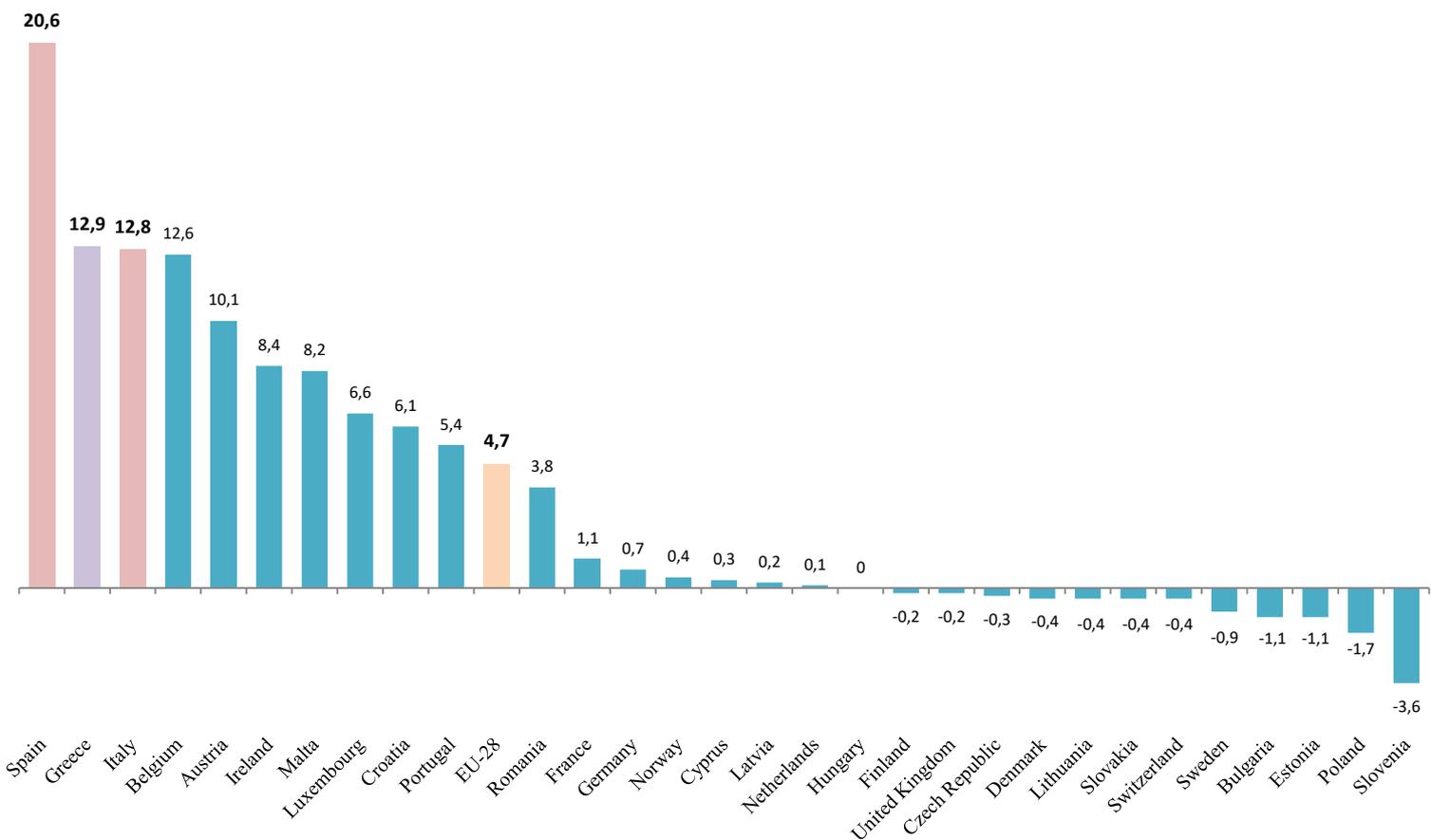
⁶ Source Eurostat database: EU-SILC survey (ilc_pnp13).

The gender pension gap in Greece in 2018, according to Eurostat data, is recorded at 24,6%, which means that the average pension received by women is 24,6% lower than that of men. This percentage is 5,5 percentage points lower than the European average (30,1%). The closure of the gender pension gap that is observed is explained if we take into account the pension cuts that took place between 2010 and 2013, which most affected the population groups that received higher pensions (men).

The range of the gender pension gap in Europe is large, with Luxembourg (44,6%), Malta (44,5%) and the Netherlands (41,9%) having the highest rates of the gender pension gap. While the lowest percentage is recorded in Estonia (0,4%), where pensions between women and men seem to have been equalized, with Denmark (7,2%) and Slovakia (9,3%) being the immediate next countries with the lowest gender pension gap rates.

Graph 2 shows the gender gap in social insurance coverage, the percentage of women who do not have access to a pension in the EU, as recorded in 2018.

Figure 2: Gender coverage rate in pension (65 years or over) in percentage points, EU-28 (2018)⁷



⁷ Source Eurostat database: EU-SILC survey (ilc_pnp14).

The range of the gap between women and men who receive a pension in Europe recorded in this indicator is significant. Greece records the second largest difference, with 12,9% more women not having access to the pension system than men. In the first place is Spain, with 20,6% difference in pension coverage between women and men and in the third place is Italy with 12,8%. In contrast, 12 countries record differences in pension coverage in favour of women. Slovenia has the highest rate among those countries, with 3,6% more women aged 65 and over receiving a pension compared to the corresponding age group of men, while Poland (-1,7%), Estonia (-1,1%) and Bulgaria (-1,1%) follow.

Figure 3: Distribution of pensioners' income by gender and amount range, Greece (09/2020)⁸



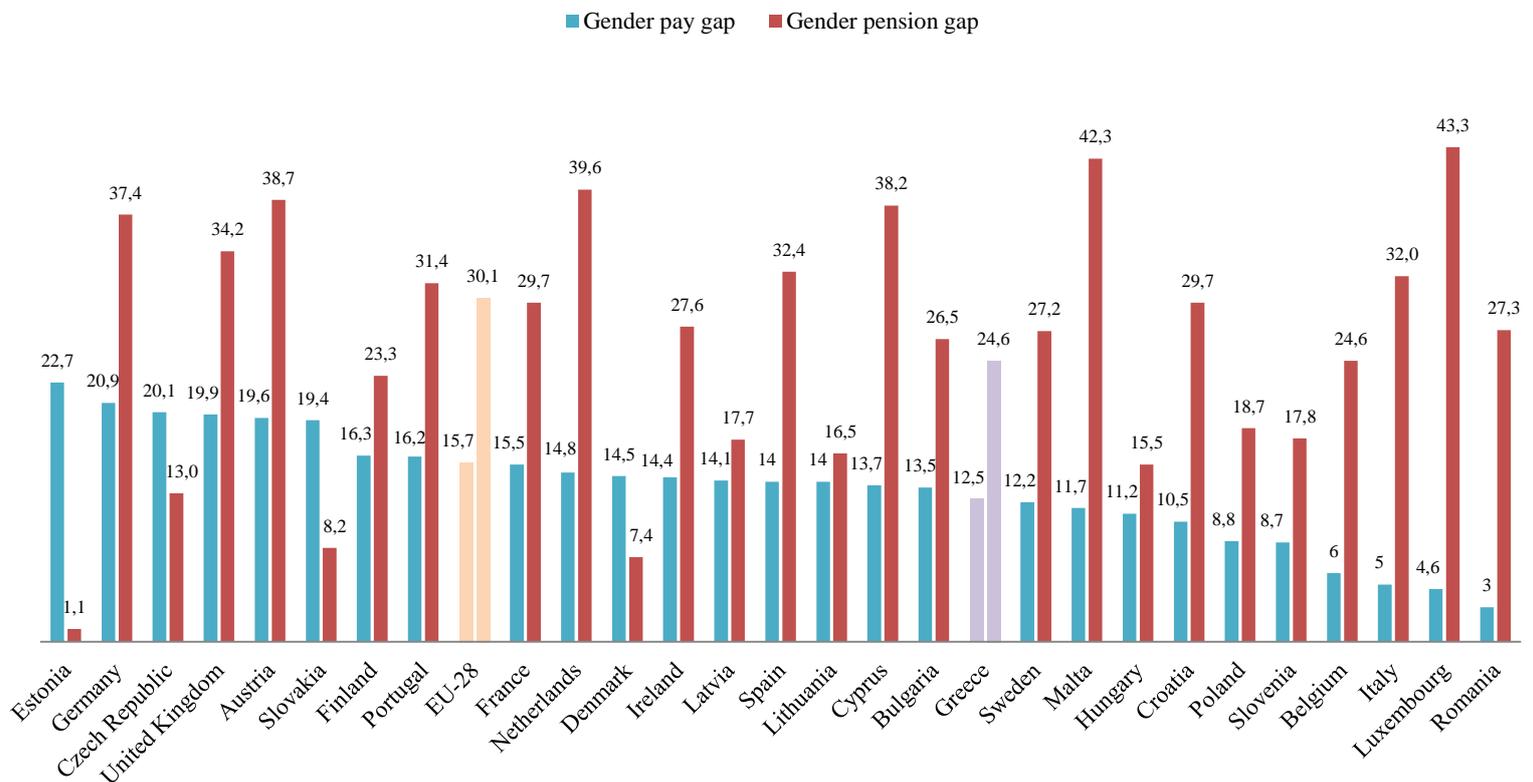
Graph 3 lists the number of pensioners disaggregated by sex and by amount range of the receiving pensions. We observe that men receive higher pensions on average than women. Women pensioners are over-represented in pensions ranging from 100 to 700 euros, while they are under-represented in every other pension scale. The largest difference is recorded in pensions ranging from 1000,01 to 1500 euros, where men pensioners amount to 334.076 and women to 183.671. A similar picture is depicted in pensions ranging from 1500,01 to 2000 euros, where men pensioners amount to 170.301 and women to 56.848. In total, men pensioners amount to 1.008.018 and women to 879.357.

The comparative presentation of gender pay gap with the gender pension gap, shown in Figure 4, emphasizes the importance and impact of the lower wages that women receive on their future pensions. The available data on the gender pay gap in Greece are from 2014, while

⁸ This figure includes old-age pensions, according to data released by IDIKA's Unified System of Control and Payment of pensions (HELIOS) for September 2020.

for the rest of the countries shown in the Figure are from 2018, as well as for the total data regarding the pension gap between women and men.

Figure 4: Comparative presentation of gender pay and pension gap in EU-28 (2018)⁹



Source: Eurostat (data on gender pay gap for Greece, 2014)

The lower gender pay gap observed in Greece (12,5%, data for 2014) compared to the European average (15,7%, 2018) is explained by the impact of the economic crisis on wages and the labor market. One assumption regarding the closure of the pay gap between women and men during the economic crisis in Greece is that more men earning higher than average men lost their jobs and/or more low-paid women lost their jobs, leading to the increase of the average female wage.¹⁰

The above comparative figure enables the study of the effect of wages in reducing or increasing the gender pension gap. We notice that the gap between the income of women and men is increasing when we focus on ages over 65. This is explained by the fact that women are employed for fewer years on average than men (due to the care work they provide on dependent family members), for fewer hours per year (part-time) and are paid less (gender pay

⁹ Source Eurostat database: EU-SILC survey (ilc_pnp13 & TESEM180).

¹⁰ Karamesini, M. (2015), "Structural crisis and adjustment in Greece: social regression and the challenge to gender equality", in Karamesini, M., & Rubery J. (Eds.), *Women and Austerity: the economic crisis and the future for gender equality*, Athens: Nisos, p. 261 (in Greek). Book is also available in English: <https://doi.org/10.4324/9780203066294>.

gap). The highest gender pay gap recorded is 22,7% (Estonia), while the highest gender pension gap reaches 43,3% (Luxembourg). Nonetheless, we observe that four countries have managed to reverse this trend. The gender pension gap in Estonia is 21,6 percentage points lower than the corresponding pay gap, in Slovakia the gap was reduced by 11,2 points and in Denmark and the Czech Republic by 7,1 points.

However, a better picture of the living conditions is given if the gender pay gap indicator is examined in relation to the risk of poverty rate faced by women and men over 65 years of age. For example, Denmark consist a good practice since it faces a gender pay gap of 14,5% and manages to reduce the risk of poverty for women pensioners over 65 years old (9,6%) by providing pensions with a smaller gap between women and men (gender pension gap 7,4%). On the contrary, while at first glance Estonia seems to have managed to balance the inequality between women and men pensioners over the age of 65, it consist a bad practice. Estonia records a gender pay gap of 22,7% and a gender pension gap 1,1%, but if we take into account the risk of poverty faced by pensioners (59,5% for women and 42,1% for men), it is understood that women's and men's pensions are reduced and equated at the same low level.

■ Addressing the Gender Pay Gap in Greece:

The "PEGASUS: Addressing the Gender Pension in Greece" Project was implemented with the collaboration of the *General Secretariat for Family Policy and Gender Equality (coordinator)*, the *Research Centre for Gender Equality (KETHI)* and the *National Center for Social Research (EKKE)* and is funded by the *European Union's "Rights, Equality and Citizenship" Program (2014-2020)*.

The main objective of the **PEGASUS** project is to reinforce existing knowledge on all dimensions of the gender pension gap in Greece in order to contribute to the development of policies and other initiatives that will effectively address gender gaps in pensions.

More specifically, the Project's specific objectives are as follows:

- * **Studying and investigating** the gender pension gap in Greece and identifying all factors associated with it
- * **Identifying good practices** on gender-related pension gap, as well as policies and institutional arrangements implemented by EU Member States to tackle gender pension gap
- * **Assessing de facto and de jure implementation of EU guiding principles** for gender equality in pensions in Greece
- * **Developing a framework of policy proposals** to address gender pension gap in Greece
- * **Establishing a cooperation framework between stakeholders** and committing stakeholders to develop proposals to reduce pension gap between men and women
- * **Raising awareness on gender pension gap**, as well as informing women on the impact of their choices on their pensions

Policy proposals

The National Center for Social Research (EKKE) conducted an in-depth research on the successful implementation of pension policies in France, Denmark, Belgium and Sweden in order to propose relevant measures for the tackling of gender pension gap in Greece. Since this phenomenon is linked with many and different policy areas, the proposals are focused on reforms of the country's pension system as well as on interventions in the labor market and the family status in order to eliminate gender inequalities and stereotypes. The aim of these proposed measures is to reduce poverty and social exclusion for women pensioners.

Table 2: Policy proposals for the tackling of gender pension gap by EKKE¹¹

Pension system
<p>1) Extension of the possibility of taking into account ‘notional years of insurance’ (credits for non-contributory periods)</p> <ul style="list-style-type: none"> * increase of the number of years that can be taken into account as ‘notional years of insurance’ (7 years today) * reduction of the prerequisite years of contributions for the possibility to take into account ‘notional years of insurance’ (12 years today) * provide the possibility to take into account all ‘notional years of insurance’ for the calculation of the amount of the pension benefit. * extend the possibility of taking into account ‘notional years of insurance’ without purchase (for career breaks relating to the provision of care to dependent persons of the family (children and disabled persons with more than 67% level of disability and to non-subsidised unemployment) * take into account as a period of regular insurance based on the amount of the last salary all periods of sickness, pregnancy and childbirth
<p>2) Introduction of predetermined minimum annual pensionable earnings along with a minimum contributory pension benefit</p> <ul style="list-style-type: none"> * calculated on the basis of the minimum wage of the unskilled worker * possibility to increase the amount of the minimum contributory pension benefit depending on the dependent children and/or family members with disabilities
<p>3) Introduction of a guaranteed minimum pension income</p> <ul style="list-style-type: none"> * link the amount of the national pension with the at-risk-of-poverty threshold * ensure that the amount of the total pension benefit is not lower than the poverty threshold
Labor market
<p>1) Establish appropriate mechanisms that will promote and monitor the implementation of the principle of equal pay for equal work (Tackling the gender pay gap)</p>
<p>2) Introduction of ‘paternity leave’</p> <ul style="list-style-type: none"> * Equating the provisions for maternity leave and parental leave in general between private and public sector
Family status– Equal sharing of family responsibilities between men and women
<p>1) High quality and free access to services of: α) childcare and β) long-term care services for the elderly and disabled persons</p>
<p>2) Information and awareness-raising activities with the aim of contributing to the change of patterns, attitudes and perceptions of men and women about the stereotypes and social norms for the division of roles in both family and professional life</p>
<p>3) Personal approach to information and legal aid in labor and social insurance</p>

¹¹ Theodoroulakis, M., A. Kapella & D. Konstantinidou (2020), *Synthesis Report: Policy proposals for tackling the gender gap in pensions in Greece*, Athens: EKKE, Work package 4, Deliverable 4.1 of the Project PEGASUS: Addressing the Gender Pension Gap in Greece. Synopsis in English available here (Work Package 5, Deliverable 5.8), p. 39-45: <http://sintaxi.isotita.gr/wp-content/uploads/2020/09/Synopsis-Policy-proposals.pdf> . Synthesis Report in Greek available here (p. 96-102): <http://sintaxi.isotita.gr/wp-content/uploads/2020/09/Προτάσεις-πολιτικής-για-την-αντιμετώπιση-του-ΕΣΧ-στην-Ελλάδα.pdf>

Sources:

Webpage of the *Pegasus – Addressing the Gender Pension Gap in Greece* project:

<http://sintaxi.isotita.gr/>

National Center for Social Research (EKKE):

- Synthesis Report: Policy proposals for tackling the gender gap in pensions in Greece):

<http://sintaxi.isotita.gr/wp-content/uploads/2020/09/Προτάσεις-πολιτικής-για-την-αντιμετώπιση-του-ΕΣΧ-στην-Ελλάδα.pdf> (in Greek).

- Synopsis in English available here:

<http://sintaxi.isotita.gr/wp-content/uploads/2020/09/Synopsis-Policy-proposals.pdf> .

Research Centre for Gender Equality (KETHI):

- Good Practices Guide:

<http://sintaxi.isotita.gr/wp-content/uploads/2020/05/Οδηγός-Καλών-Πρακτικών.pdf> (in Greek).

- Qualitative research:

<http://sintaxi.isotita.gr/wp-content/uploads/2020/05/Ποιοτική-Έρευνα-focus-groups-για-τη-διερεύνηση-των-αναγκών-των-Γυναικών.pdf> (in Greek).

■ On-line Pension Calculator

General Secretariat for Family Policy and Gender Equality under the PEGASUS Project and in collaboration with its partners designed the On-line Pension Calculator in order to help women and men calculate their future pension roughly. By completing three fields, the users can try different career and family life scenarios and assess the impact of their choices on their pension benefits so that they can make informed decisions today and make the right choices that will lead them tomorrow in higher pensions.

The On-line Pension Calculator is available on the webpage: <http://sintaxi.isotita.gr/> where all information regarding the project's deliverables are posted.

Targeting and eliminating gender inequalities in the labor market consists a strategic priority of the General Secretariat for Family Policy and Gender Equality.

The sources used are: Eurostat, EIGE, European Commission, European Parliament, IDIKA's HELIOS system, "PEGASUS: Addressing the Gender Pension in Greece" Project (GSFPGE).

paratiritirio.isotita.gr is a special website of the General Secretariat for Family Policy and Gender Equality designed to include, analyze, process and diffuse statistical data and indicators for gender equality policies.

Its goal is mapping gender differentiations in 12 basic policy areas and the monitoring of any relevant trends and advances in Greece. Moreover, it includes 84 gender indicators based either on the Beijing Platform for Action or on specific national priorities and is followed by metadata.

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