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The future of Gender Pension Gaps

Main findings from the MIGAPE project

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Mikkel Barslund^a, Karel Van den Bosch^b, Gijs Dekkers^b, Vera Hoorens^c, Nicolas Baumann^d, Philippe Liégeois^e, Tanja Kirn^d, Nataša Kump^f, Amílcar Moreira^g, Nada Stropnik^f, Vincent Vergnat^{d, h}

a CEPS; b Federal Planning Bureau; c KU Leuven;

d University of Liechtenstein; e LISER; f IER; g University of Lisbon; h University of Luxembourg

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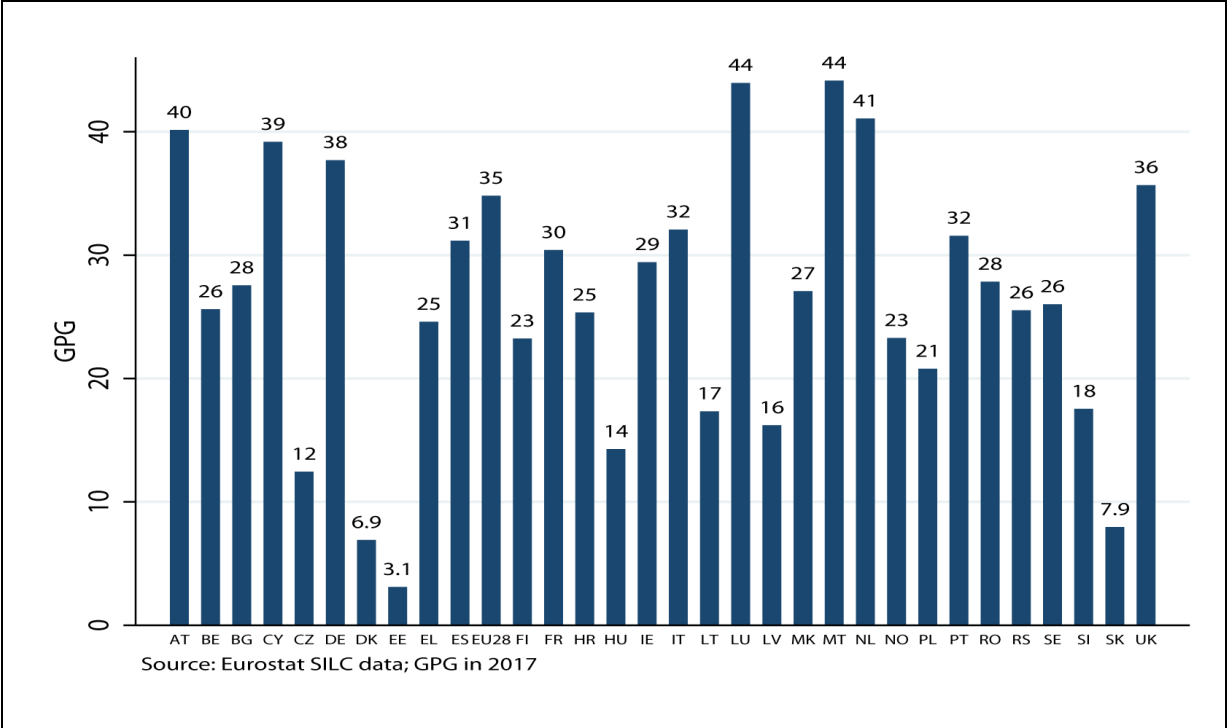
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Introduction: The Gender Pension Gap – an indicator of past gender differences

In the EU, men receive a pension that is on average 30 pct. higher than that of women. In some member states this *Gender Pension Gap* is even substantially higher (Figure 1). The public pension received at retirement is a complex function of one’s labour market career, earnings, marital status, care activities, and other individual characteristics. And this pension system function is different for each EU member state. In many ways the GPG observed today can be interpreted as an indicator of past gender inequalities – measured over several decades – when it comes to education and labour market outcomes (Box 1).¹

Figure 1. The Gender Pension Gap in EU countries, 2017.



Definition: Gender Pension Gap
 Eurostat defines the Gender Pension Gap as the difference between the average pension received by men and women in percent of the average pension received by men. The average is defined for the population receiving a pension and aged 65 and over.

It is important to point out that the GPG relates to the individual pension income. It is about individual control over income and autonomy. It is not directly about differences in the standard of living. A large part of the GPG is due to married older women receiving smaller pensions than their husbands. While within-

couple inequalities exist, the limited empirical evidence available does not indicate that these are widespread or very substantial². Hence, a GPG of 15% does not necessarily imply that the standard

¹ We use gender inequality and gender differences interchangeably and in non-normative sense.
² See Guio, Anne-Cathérine and Karel Van den Bosch, 2020, “Deprivation of Women and Men Living in a Couple: Sharing or Unequal Division?”, *Review of Income and Wealth*, 66(4), pp. 958-984.

of living of retired women is 15% lower than that of male pensioners; many women with low pensions will enjoy an adequate standard of living thanks to sharing the pension of their husband.

This introduction will continue by discussing some policies affecting the Gender Pension Gap. The first chapter will discuss projections of the future gender pension gap, and how these are affected by existing and projected labour market inequalities between men and women. In the second chapter we look at the effects of career interruptions due to care responsibilities and the degree to which pension systems mitigate these effects. This is motivated by the fact that current gender differences in labour market participation rates are due to women taking up care tasks for children and older relatives more than men. The third chapter of this report deals with socio-psychological aspects of the expected pension benefit on labour market decisions, and the way these expectations are framed. It explores the role of comparative optimism and examines the effect of message framing on people's judgments of options in career dilemmas.

In this report we focus on the main findings. For more results, technical details and references to relevant literature we refer to the national reports, which can be found on the MIGAPE website, www.migape.eu.

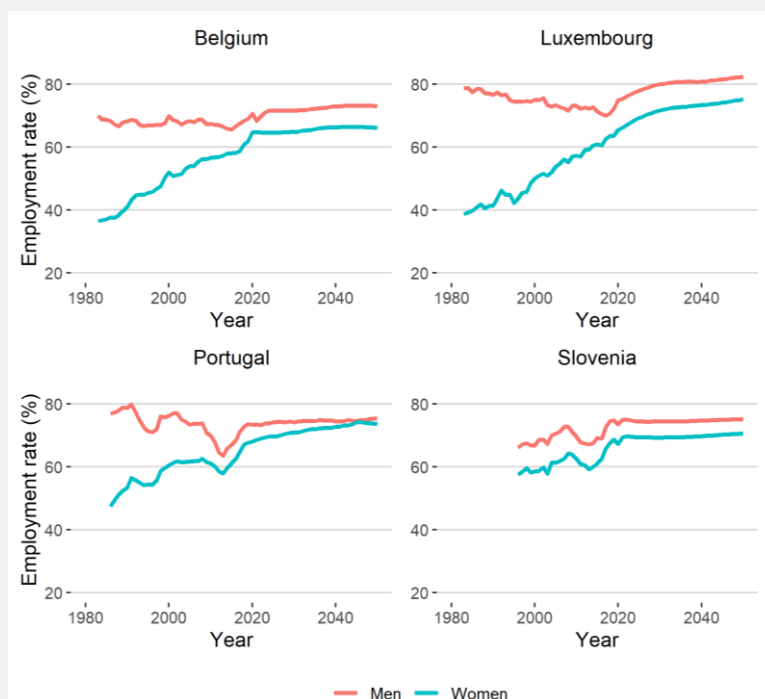
Box 1. The Gender Pension Gap as an indicator of past gender differences

Pension entitlements at retirement are a (complex) function of

- labour market participation rate (activity rate),
- unemployment rate,
- sector of employment (public, private, self-employed),
- earnings per hour,
- hours worked,
- care activities (if they are recognized through care credits)

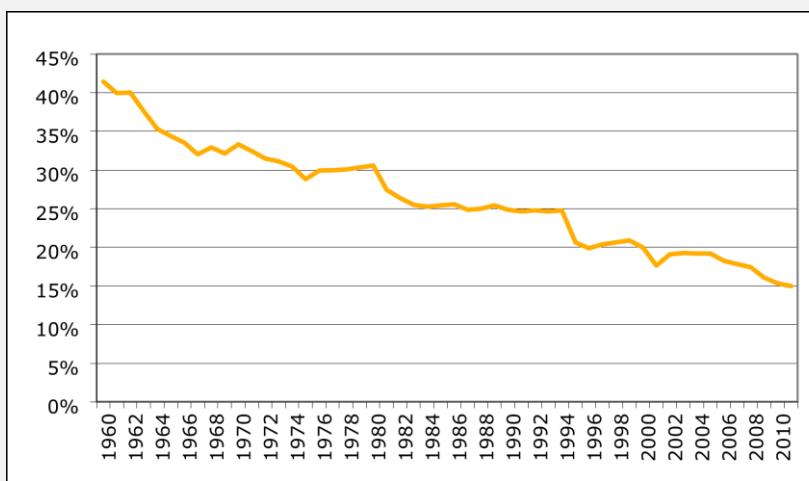
throughout the labour market career. The GPG is therefore driven by the history of differences between men and women along these labour market outcomes from 1960 until to today. While there are still significant gender differences in labour market outcomes, they are much smaller today than 60 years ago (Figure 2a and 2b).

Figure 2a. Gender differences in employment rates, 1980-2050



Source: Labour Force Surveys and AWG projections

Figure 2b. Gender pay gap based on the gross hourly wages of full-time and part-time employees in industry (Belgium, 1960-2011)



Source: IEWM, The Gender Pay Gap in Belgium Report 2014

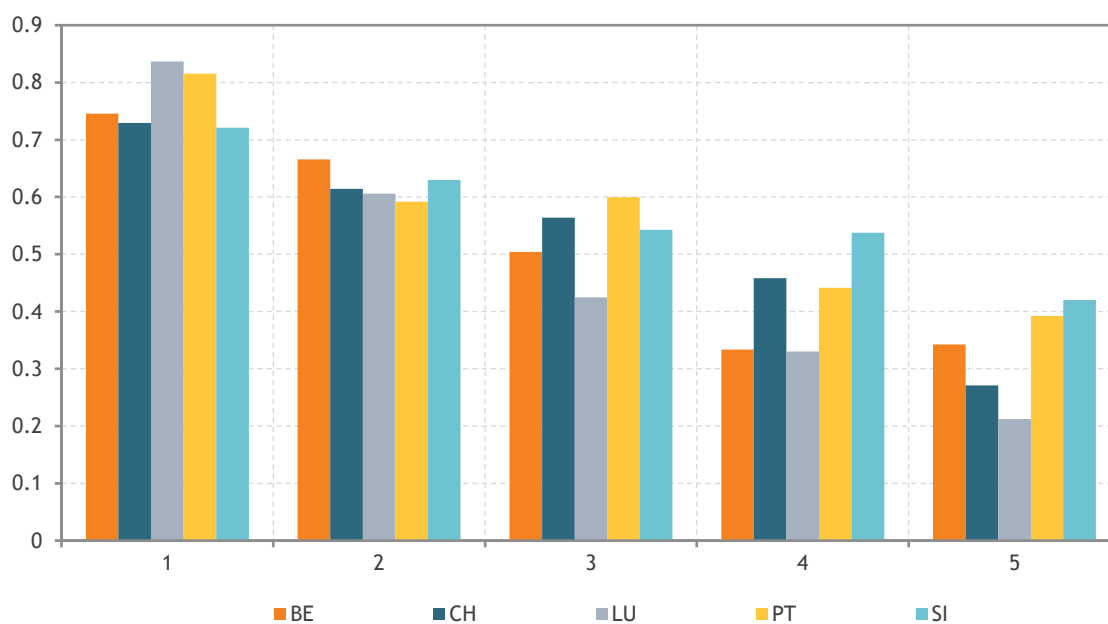
Policies affecting the current Gender Pension Gap

The GPG as conventionally defined is a result of pension policy rules, and wage and labour market structures in place going back at least 50 years. Hence, most policy changes to current pension accrual rules take a long time to influence the measured GPG. One example of this is pension credits during childcare. Childcare usually occurs at the age of between 25 and 45 years. Any impact on pension will only be felt 20-30 years later.³ This also implies that there are only few policy options that affect the current GPG, namely policies that directly change the current level of pensions.

Increasing minimum pensions

A substantial part of the GPG derives from the fact that women are much more likely than men to receive a comparably lower pension due to shorter careers and lower pay than men. Women make up a large majority of those in the lowest quintile of the pension distribution (Figure 3), and are much less represented in the top two quintiles of the pension distribution. This gradient is most pronounced in Luxembourg, followed by Switzerland and Belgium, and much less steep in Slovenia.

Figure 3. Share of women in each quintile of the pension income distribution. 2018



Source: EU-SILC 2018

Note: Pensions include pensions from private pension plans, old-age pensions in the 1st and 2nd pillar, survival pensions, and disability benefits. Only persons aged above 65 years, and receiving some pension.

Increasing the pensions at the low end of the pension distribution would therefore predominantly increase the pensions of women and decrease the average gap in pensions between men and women.⁴

³ Policies could be implemented retroactively, increasing the pension of current pensioners engaged in childcare earlier in their lives, provided some official record of this exists.

⁴ It also follows from Figure 3 that reducing the maximum pension might reduce the GPG as it would affect more men than women.

In most countries there is a means-tested benefit or supplement inside or outside the pension system to increase the incomes of those with the lowest incomes. Since the means test generally refers to household or couple income, these measures do not reach most married women with low pensions, and hence do not necessarily have a strong impact on the Gender Pension Gap. A more radical intervention would be the introduction of a basic unconditional pension on the individual level.

Impact of survivor pensions

Survivor pensions have currently a big reducing impact on the GPG in all countries except in Slovenia. It almost halves the GPG in comparison with a hypothetical situation without survivor's pensions, and in Portugal the impact will increase in importance over the coming two decades. Women are far more likely to receive a survivor pension than men, partly due to the average longer life expectancy of women and the fact that, on average, women in married couples are some years younger than their husbands. In Belgium, the impact declines over time as more widows will have an old-age pension of their own, and the ceiling on the sum of the old-age and survivor pension implies that they get no or only a small survivor pension. In Luxembourg, survivor pensions can up to a point be combined with an own old-age pension. The small impact of survivors' pensions in Slovenia reflects the higher employment rates among women in Slovenia in the past; they have often a substantial old-age pension of their own. This works in combination with the anti-cumulation rules implying that many widows receive a relatively low survivors' supplement to their own pension.

Chapter 1: The future of the Gender Pension Gap

The structure of European societies when it comes to the role of gender has changed fundamentally over the past 50 years, in particular regarding educational attainment, labour market participation and earnings. In the same period pension legislation has changed. The GPG is therefore constantly changing as new cohorts are retiring. Hence the GPG today does not reflect the gender structure on the labour market today, and the GPG at a future point in time will only partly reflect structures related to gender on the labour market today because these structures are continuously changing.

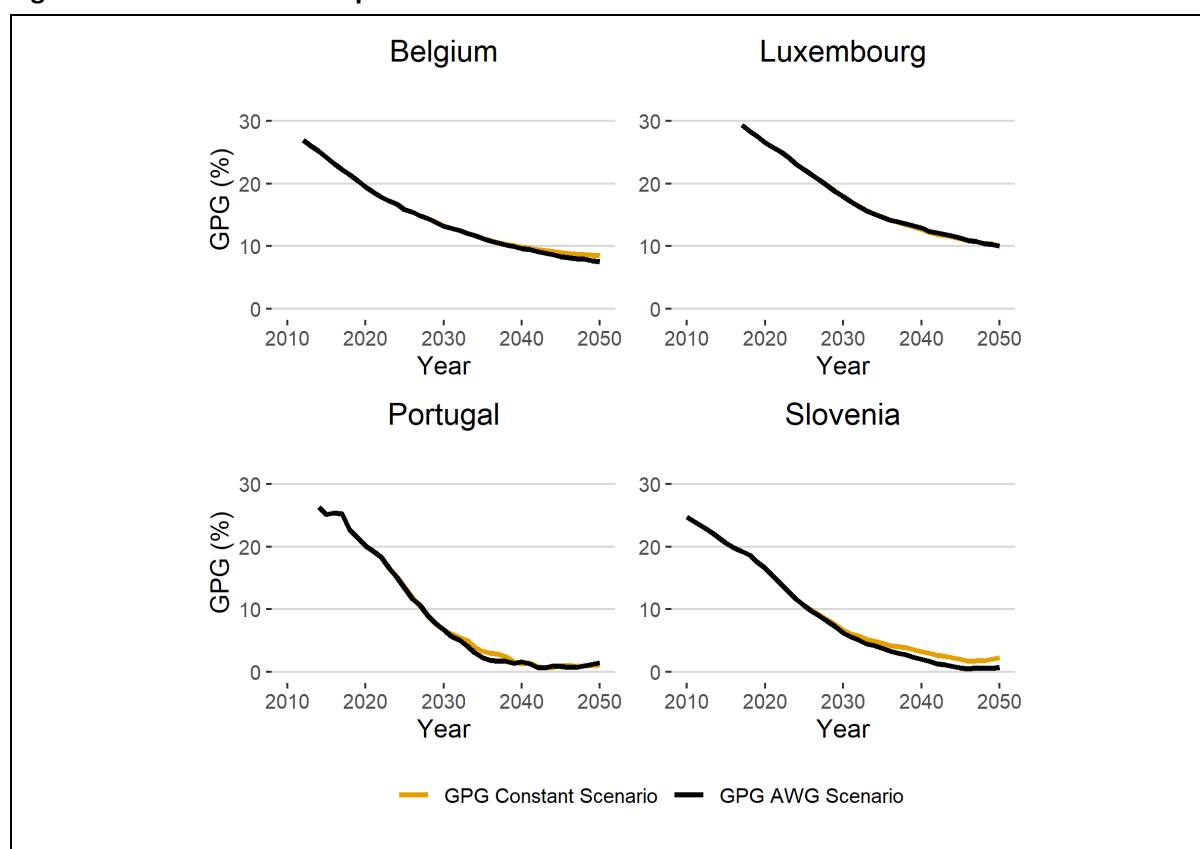
We have disentangled these dynamics via model simulations of four scenarios differing in their assumptions of future labour market developments. The first scenario shows the future GPG under the assumptions from the 2021 Ageing Report produced by the Working Group on Ageing Populations and Sustainability (AWG scenario)⁵. We compare this with an alternative scenario where the labour market structures are kept constant at their values observed today (Constant scenario).

Under both scenarios the GPG will decrease sharply over the coming 20 years (Figure 4). In Belgium, Slovenia and Portugal this decrease will slow down after 2040. At that time the historical increase in women's labour force participation is almost completely reflected in pension outcomes and the GPG remains roughly constant after this point in the Constant scenario (for Slovenia this process is less pronounced due to higher employment rates for women already before the 1990s). In Belgium and

⁵ This is a working group of the Economic Policy Committee of the European Council. It produces reports on age-related budgetary projections every three years. https://europa.eu/epc/working-groups-epc/working-group-ageing-populations-and-sustainability_en.

Slovenia, the AWG scenario incorporates continuing convergence in employment rates for men and women among older people at active age which causes the GPG to decrease further after 2040. However, the difference between the two scenarios in terms of the GPG is less than 2 percentage points. In the case of Luxembourg, the downward trajectory of the GPG continues after 2040. One reason for this is that the convergence in employment rates started later in Luxembourg and is lagging behind that in Belgium and Portugal by 5-10 years. Hence, the slowdown in the GPG decrease happens later for Luxembourg. In Switzerland, the Gender Pension Gap among pensioners aged 65-74 would decrease moderately from 29 to 22 percent between 2018 and 2070. The gap in the 1st pillar (which is absent today) would increase somewhat. However, this increase would be more than countered by an important decrease of the GPG in the 2nd pension pillar.⁶

Figure 4. Gender Pension Gap under the AWG and Constant scenarios



Source: National reports

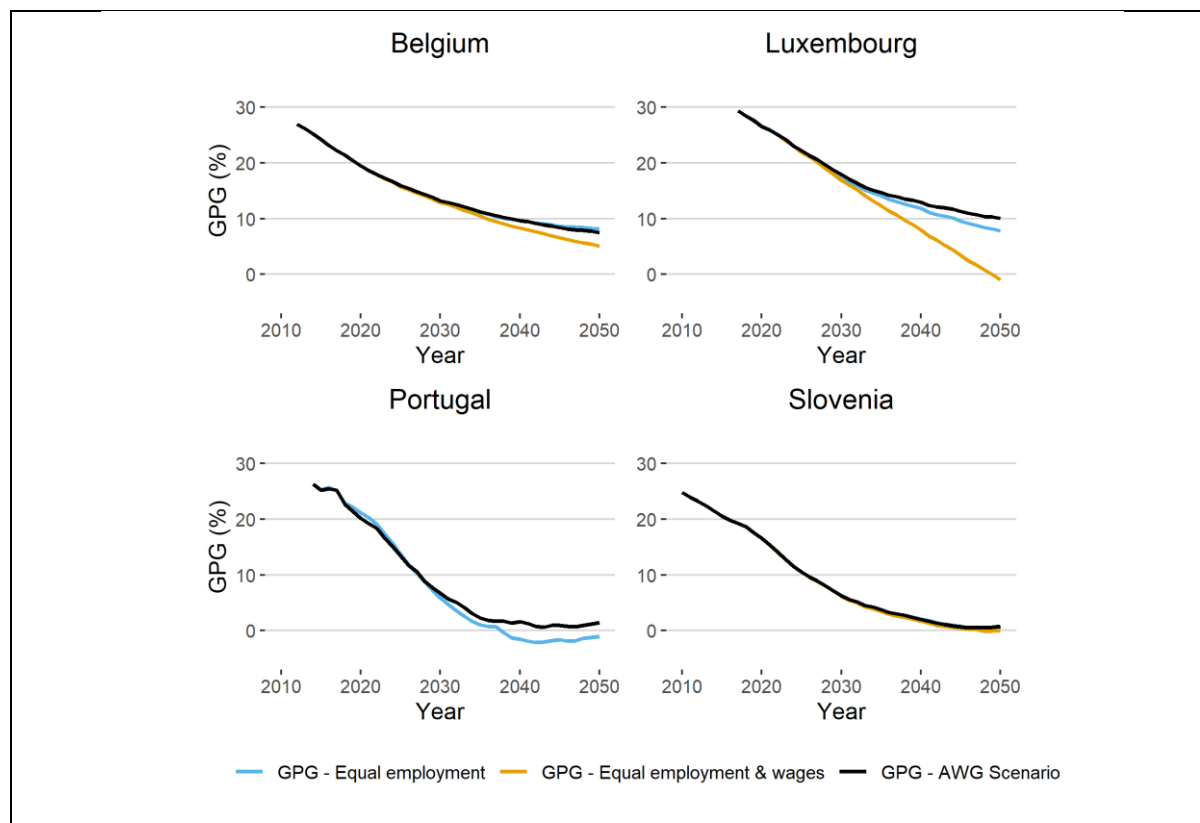
Notes: The GPG AWG Scenario projects the GPG under the assumption of the Ageing Working Group's 2021 Ageing Report. GPG Constant Scenario project the GPG with gender and age specific employment rates held constant at the level of 2020.

The key implications are that the labour market structure in place today will produce in many countries a much lower future GPG than what we currently observe, and that projected changes in the Ageing Working Group scenario will have little additional impact on the GPG.

⁶ The projections for Switzerland were not part of the original project description for the MIGAPE project, but were developed as an addition late in the project. The projection results are limited to the years 2062 and 2070, comparing these with observations for 2018, and the age group 65-74 (as simulations could only be carried out for individuals who enter the labour market after the starting year - 2018). Despite these limitations on the comparability with the other MIGAPE countries, these projections are very interesting for MIGAPE, as they cover not only statutory pensions but also second pillar pensions.

The last two scenarios build on the AWG scenario but illustrate the development in the GPG under the separate assumptions that labour market participation rates are equalised across men and women (Equal employment) and where, additionally, there are no gender differences in *part time employment* and hourly wages (Equal wage). Figure 5 shows a comparison with the AWG scenario.

Figure 5. The Gender Pension Gap with equal employment rates and equal wages



Source: National reports

Note: The GPG AWG Scenario projects the GPG under the assumption of the Ageing Working Group's 2021 Ageing Report. The GPG Equal Employment scenario equalises employment rates across men and women, and the GPG Equal employment also equalises part-time working rates and hourly wages rates. See sources for details.

The combined impact of both these scenarios in 2050 is negligible in Slovenia, small in Belgium and somewhat larger in Portugal and Luxembourg. One reason for these dampened effects is that the equalisations of employment and wages (from 2020) will have only partly affected the population of retirees in 2050. This is particularly pronounced in the case of Slovenia, where the equal labour market status scenario has no effect. This is because the employment rates for the age groups above 35 years are approximately the same for women and men in the AWG scenario, and while the employment rates are projected to be lower for younger women than men in the AWG scenario, equalising them will only show up in the pension outcomes after 2050. Moreover, the gender pay gap in Slovenia is only around 8% in 2019, and wage equalisation affects the pension assessment base, which is calculated as the average net wage from the 24 best consecutive years, only very slowly. In Switzerland (not shown in the Figure 5), the gender gap in 2nd pillar pensions would be very much reduced (although not eliminated) in this scenario by 2070. The GPG in the first pillar would decline also, with the result that the overall GPG in Switzerland would be nearly eliminated.

The effect of higher employment rates of women from equalisation of employment rates is moderated by two effects in Belgium. Equalisation implies a lower rate of women working as civil servants and a higher rate of being self-employed. Both changes tend to reduce the pension of women. Equalization of wages and employment has a larger effect in 2050 and will lead to a closing of the Gender Pension Gap in the long run when fully affecting all retirees. In Belgium and Luxembourg part-time working rates are also set equal between women and men in the equal-wage scenario, and this also makes an important contribution to the closing of the Gender Pension Gap.

Chapter 2: Caring activities and the Gender Pension Gap

An important factor that generates significant gender differences in labour market participation rates is care responsibilities. We considered more specifically caring for children and caring for older relatives.

How much do care activities impact pension entitlements?

To investigate this question, we compare the pension outcome of a number of model or typical careers. The model careers differ with respect to earnings profiles and caring activities. In particular, we defined earnings over the labour market career equal to the average earnings by age of women with low, medium and high educational attainment, respectively. Both childcare and caring for an older relative are considered. For both caring activities, we defined a caring period of 6 years, which could be either part time or full time. Caring takes place at age 30 (childcare) and age 54 (elderly care). Finally, we make two assumptions on how caring activities may affect earnings per hour: a) no effect and b) losing out on wage growth for the period when caring fulltime; this loss is never made good during the rest of the career. Assumption b), though arguably arbitrary, is plausible and does lead to large effects on life-time earnings, and has therefore substantial effects on pension entitlements. Results from recent studies on the women's *child wage penalty* provide some support for the effect on life-time incomes that are generated by the assumptions we make on the earnings loss⁷.

Pension outcomes for these nine model careers – three earnings trajectories and three care options – for both childcare and elderly care are compared to the pension of someone working full time without caring interruptions. In Belgium, the earnings trajectories are roughly equivalent to earnings in the 25th percentile (low educational attainment), the 40th percentile (medium), and the 80th percentile (high) of the overall earnings distribution of women.

Figure 6 illustrates the relative loss in pension for the childcare and elderly care model careers separately. The Belgian pension system compensates very well for these 6 year caring activities. If the consequences for potential future earnings are not taken into account, the loss is less than 5 percent for all education groups/earnings trajectories. If it is assumed that a career interruption leads to a later wage penalty, the high earnings career has a pension loss of 10 percent for childcare. After the childcare period there are many years with lower wages, and wage increases for people with high educational

⁷ See e.g. Cools, Sara, Simen Markussen & Marte Strøm., 2017. Children and Careers: How Family Size Affects Parents' Labor Market Outcomes in the Long Run. *Demography*, 54(5), 1773-1793. More references in that study.

attainment are large around the age of 30, which are foregone when caring. This effect is much smaller for caring for an elderly relative.

In Luxembourg, by contrast to Belgium, parental leave and “baby years” jointly cover a much smaller period. Pension losses when caring for an elderly relative are smaller than for childcare, because in Luxembourg the long-term care insurance may cover for a long period the pension contributions of a non-retired person who has reduced his professional activity to provide assistance to a dependent person. In Portugal parental leave can be taken for a maximum of 6 months, and there is no compensation for elderly care. The pension losses associated with childcare are quite limited, because the Portuguese old age pension is calculated on the 40 career years with the highest wages, which tends to exclude the wages early in the career anyway. The effect of care for older relatives is much larger, as wages around age 54 are mostly among the highest ones in the career.

In Slovenia, there is maternity leave and parental leave for a limited period, but no compensation for elderly care. In that country, the large effects of complete interruptions (larger in fact than the proportional reduction in the total number of years worked during the career), come mainly about because the interruption implies that these women do not profit from the higher accrual rate of 3% for a year of work after age 60 years and the completion of 40 years of pension contribution period (in comparison to the regular accrual rate of 1.36%).

In Liechtenstein, the mechanisms of the first pillar pension scheme, in particular the interplay between the care credits (equal to earning an average income during 16 years) and the ‘revaluation factor’ (which multiplies earned income by the factor 2.1), ensure that reducing work because of child care does not produce any reduction in the first pillar pension, while the impact on the funded, defined-contribution second-pillar pension is proportional to the lost earnings.

Figure 6a. Childcare: Reduction in pension entitlements for three different scenarios and life-time income levels.

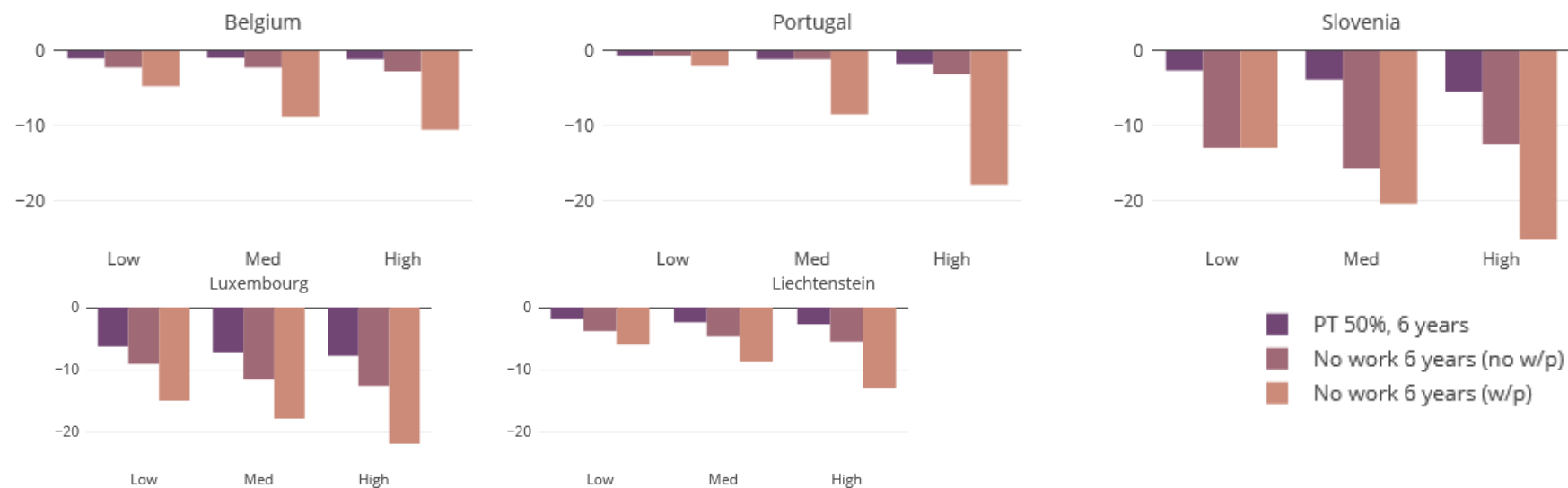
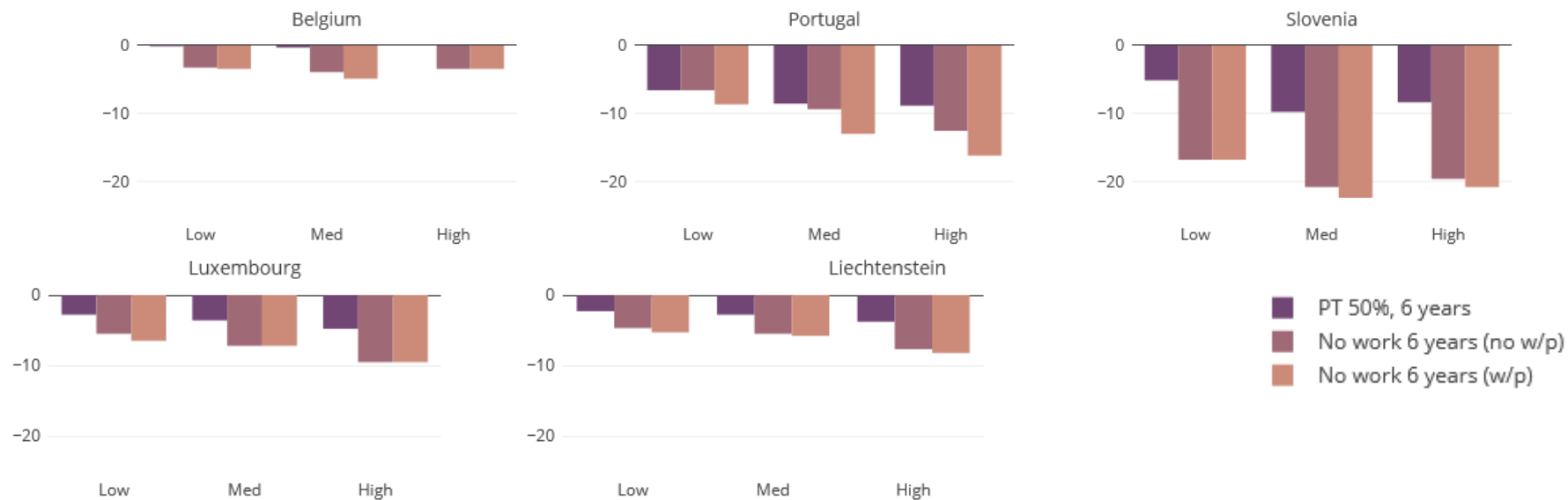


Figure 6b. Elderly care: Reduction in pension entitlements for three different scenarios and life-time income levels.



Source: National reports

Note: Each bar shows the reduction in pensions from childcare (Figure 5a) and elderly care (Figure 5b) from 50% working parttime (PT 50%), full time caring (No work 6 years – no w/p) , and full time caring with a wage penalty (No work 6 years – w/p) for 6 years.

If the two caring scenarios are combined such that model careers include 6 years of childcare *and* 6 years of caring for an elderly relative, the impact on pensions increase substantially (Tables 1a and 1b).

Table 1a. Pension outcomes in case of part-time childcare from age 30 to 35 and part-time elderly care from age 54 to 59 (% of full time work outcomes)

	Low education	Medium education	High education
LI	95.74	94.86	93.42
SI	88.99	85.32	88.56
BE	95.34	90.52	90.72

Source: Own projections based on standard simulations as described in the main text.

Note: The table shows pension outcomes by average earnings for three educational attainment groups for a person working and caring part-time for 6 years from age 30 and caring for a child and working part-time for 6 years from the age of 54 and caring for an elderly relative in percent of the pension outcomes in case of fulltime work (and no caring). It is assumed that pension credits for elderly care are utilised as per current legislation.

Table 1b. Pension outcomes in case of fulltime childcare from age 30 to 35 and fulltime elderly care from age 54 to 59 (% of full time work outcomes)

	Low education		Medium education		High education	
	W/o earnings penalty	With earnings penalty	W/o earnings penalty	With earnings penalty	W/o earnings penalty	With earnings penalty
LI	91.47	89.16	89.72	86.32	86.83	80.38
SI	74.49	74.49	70.34	65.13	70.55	57.16
BE	88.99	87.57	80.67	74.67	80.23	73.90

Source: Own projections based on standard simulations as described in the main text.

Note: See Table 1a, with full-time caring and no working instead of working and caring part-time..

Obviously, the effects of a double interruption or reduction are larger than those of a single one. Overall, the impact is smallest in Liechtenstein, where the rules of the first pillar pension scheme, in particular the interplay between the care credit and the ‘revaluation factor’, ensure that reducing work does produce no or only a small reduction in the first pillar pension, while the impact on the funded, defined-contribution second-pillar pensions is proportional to the lost earnings (and therefore strongest for those with a higher education level). Very large effects are found for Slovenia, where the loss in pension after a double full interruption reaches 43% for the case with higher education. The main reasons for this are the wage penalty, and the loss of the career years with an extra accrual rate. For Belgium, it is found that the effect of two six-year interruptions for care reasons is much larger than the sum of the effects of single interruptions. This is due to the life-time limit to 51 months on the duration of the so-called ‘Time Credit’, which is the main compensation scheme for interruptions of work due to care responsibilities.

These results have two implications for the GPG. First, the earnings response to longer absence from work due to caring activities is important for the pension outcome, and there are studies pointing to a significant child penalty for women’s earnings. Second, when the caring period exceeds 6 years (in fulltime equivalent) the impact on pension becomes sizeable.

Chapter 3: Gender differences and the psychology of labour market decisions

The third chapter of this report explores two issues. The first is how women's expected pension benefit is related to their expectations about their life circumstances after retirement and the relation with their labour market decisions. Among the psychological factors that may affect women's employment decisions are future expectations, in particular those concerning their financial situation, health, and their relationship status. The second issue we address is how the framing of communication about the impact of labour market decisions on future pension outcomes affects a person's evaluations of these decisions.

To explore the first issue, we collected survey data among 1419 men and women between ages 25 and 60 in Belgium. Our main interest was in *comparative optimism* – the belief that one's future will be better than the future of other similar people. Comparative optimism may be important for how information related to future pension benefits is processed. Information provided by governments on how career steps affect future pension benefits typically describes pension implications of career steps for people in general. But even when people agree that the financial future of individuals with certain career choices may look gloomy (and thus find it wise to make other decisions), they may not act on that insight because they believe that they themselves will escape that destiny.

We asked respondents to judge the likelihood of 16 life events. Half of these event were relevant for the ability to maximise one's income in old age (including the possibility of unemployment or disability, and pension reforms that would reduce the retirement benefit). The other questions were relevant for the capacity to rely on the partner for financial security after retirement (including the death or divorce of the partner). We found strong evidence of comparative optimism among men and women at active ages. Participants felt that they were more likely than the average individual of their age, gender, and educational level to experience most of the life circumstances that would benefit their financial situation after retirement, and less likely than average to experience events that would threaten that financial situation (both those affecting the individual's own pension, and the ability to be supported by one's partner). Men showed even stronger comparative optimism than women. This finding counters the hypothesis that some of the differences between men and women in labour market behaviour (e.g. that women more often work part-time) could be explained by the supposed greater comparative optimism of women about their financial situation in old age.

Besides this main finding, the survey yielded several additional relevant findings. In contrast to the comparative optimism shown by respondents for 12 of the 16 life-events, participants were comparatively pessimistic about four other events, that is, the extent to which pension reforms would negatively affect their personal pension, their personal earning capacity after retirement, and the sufficiency of their or their partner's pension. This finding stands in marked contrast with the robustness and generality of comparative optimism for other events in this and other studies. The finding of comparative pessimism concerning specific events that were most directly related to one's pension is therefore in need of further exploration, as this comparative pessimism might undermine policy efforts to create public support for pension reforms.

Some findings in this study may appear contradictory at first glance, but less so after scrutiny. First of all, the fact that women more often worked part time or did not do paid work at all (which *cet. par.* should result in a lower future pension) seems at odds with our finding that women do not find their future pension less important than men. In fact, women reported thinking about their pension more while considering employment transitions than men did. However, the apparent contradiction may be explained by our finding that women report less freedom of choice concerning their careers.

Women reported less active information seeking and scored poorer on a pension knowledge quiz compared to men. The gender difference in pension knowledge could not be explained by a standard measure of financial literacy as these two measures were only weakly correlated. The fact that women both reported thinking more about pension, and at the same time displayed less pension knowledge seems contradictory and was an unexpected outcome of the carefully designed questionnaire. One hypothesis, developed as part of the project, is based on social psychology theory on threats and information seeking; if a subject is seen as threatening or unpleasant, you may delay seeking information about the subject. Given the patterns and gender differences in comparative optimism and pessimism, the threat theory may explain why men reported more active information seeking than women did.

Pension knowledge was surprisingly limited among both men and women, but especially so among women and particularly young women. This suggests that policy makers may wish to generally reconsider their pension communication strategies. This brings us to the second main issue we studied: the effect of message framing on people's judgments of options in career dilemmas. Message framing involves the extent to which the message focuses on what individuals will gain by doing X (gain frame) or in terms of what they may lose by not doing X, or doing Y (loss frame). It is known to be an important determinant of the persuasiveness of messages. We therefore had participants respond to dilemmas described in vignettes about work decisions: taking or not taking a job; working full-time or part-time. In each dilemma, one option was secure from the point of view of maximising one's future pension, and another option was insecure. We examined how and to what extent emphasizing the consequences for one's pension of either the secure option (gain frame) or the insecure option (loss frame) would make people favour the secure option.

Where we did find framing effects, they involved greater gravitation towards the secure option after having read about the dilemma in a loss frame than after having read about it in a gain frame. Hence, if a message's goal is to nudge or empower women towards accruing adequate pension rights, then there is reason to recommend the use of a loss frame in messages about the pension implications of, say, taking up full-time versus part-time work.

Interestingly, the framing study also revealed that women were more willing than men to take their family's interest into account when expressing their personal preference. It is quite possible that women more than men incorporate the interests of their family even when expressing what they personally want.

Moreover, men felt that decisions that were optimal for men in general were not necessarily optimal for them, whereas women did not show such an other-self difference. To reach a female audience when communicating about the impact of labour market decisions on pension outcomes, it therefore may be enough to explain the general implications of various career steps for women in general. To reach a

male audience, however, that may not be sufficient. It might be necessary to convince men that what applies to other men, might also apply to them.

Overall, we found in both the survey and the vignette study that many people seem to attach a rather low importance to their future pension. This suggests that information campaigns about the effects of career steps on future pensions may meet with little response from both women and men. To improve effectiveness, such information campaigns should take gender differentials into account in how people react to such information. If it is considered important that people are aware of how the pension system works and what the consequences of their labour market decisions on their future pensions might be, both for the public discussion and for their own future standard of living, these insights from social psychology should be considered.

Conclusion

The GPG we observe today reflects historical differences between men and women in the labour market going back 50 years or more. Our projections indicate that today's smaller gender differences in the labour market will nearly completely eliminate the future GPG in Portugal and Slovenia, and reduce it to 10 percent or less in Belgium and Luxembourg by 2050. In Switzerland, the Gender Pension Gap in 1st pillar pensions was quite low in 2018 and will increase somewhat by 2070, while there will be a more important decline in the gap for 2nd pillar pensions. The further convergences in labour force participation rates foreseen in the Ageing Report 2021 have only a small impact.

Because in the Bismarckian pension systems of the countries under study, the pension is related to the former career, it is difficult to change the current GPG without a complete overhaul of these systems. As women are overrepresented among the recipients of the lowest pensions, improving minimum pension provisions might narrow the GPG to some extent.

To reduce the GPG further over time, it is necessary to reduce the difference in pay between men and women. Part of this earnings gap may be due to women taking on more caring activities, in particular childcare. Many countries have schemes that compensate to some extent for periods of caring. However, there are studies indicating that the labour market penalizes childcare strongly when it comes to earnings and this disadvantage can affect pension outcomes significantly, thereby contributing to preserving the GPG. The results have shown that the effects of interruptions due to childcare in the countries under study vary substantially. This is partly due to differences in the schemes intended to compensate for earnings losses due to such interruptions, but sometimes also to other aspects of the pension systems, e.g. those encouraging people to retire later.

Another way to reduce the GPG might be rooted in psychology. First of all, increasing financial knowledge on pensions and the size of the GPG among women might not only press upon them the importance of the issue, but might also increase their self-assessed level of control over their labour market decisions. One of these differences that might explain this is that women more than men seem willing to take their family's interest into account when expressing their personal preferences about labour market decisions that will affect their future pension.

The GPG is in a simple form a lagging indicator of past gender inequalities. It may therefore not be optimal to target policies at the GPG as such, but rather focus policy on current labour market inequalities which will over the longer term show up in a lower GPG. It is likely that this will involve a less gendered division of care responsibilities and household tasks. Finally, the GPG might be reduced by enhancing the awareness of women of the pension implications of their career steps.