



Co-funded by the Rights, Equality and Citizenship Programme of the European Union (2014-2020)

Overview and main conclusions of the MIGAPE project

“MInd the GAp in PEnsions” (MiGaPe; Grant 820798)

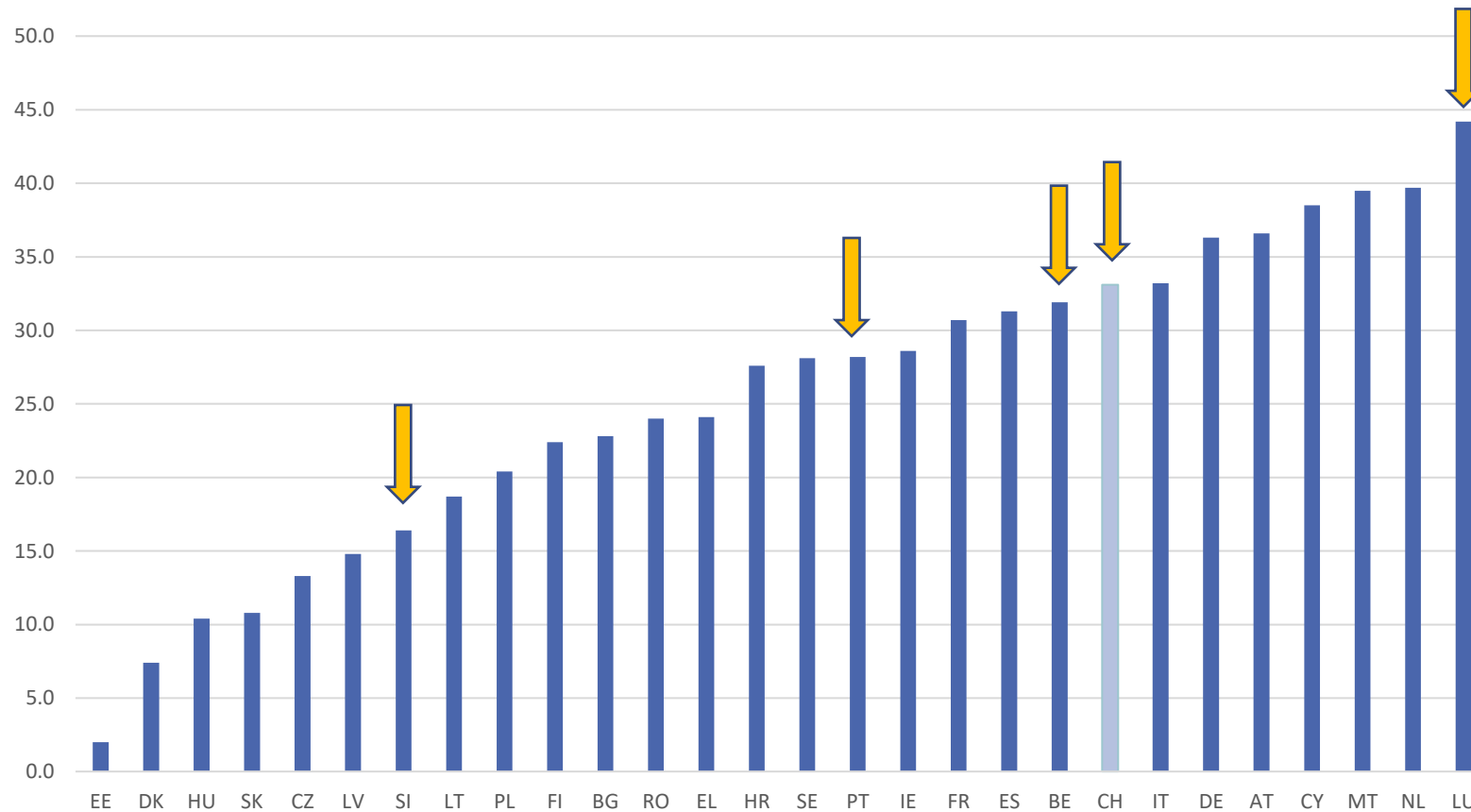
Gijs Dekkers and Karel Van den Bosch

Instituut voor de gelijkheid van Vrouwen en Mannen - Institut pour l'égalité des femmes et des Hommes
March 2nd, 2021.





MInd the GAp in PEnsions



Source: Eurostat, 2020, ilc_pnp13



Objectives of the MIGAPE project

- I. Use microsimulations to show the impact of various factors on future GPGs for the population as a whole
Part 1 of this presentation
- II. Use typical-case simulations to provide information on the consequences of labour market decisions in the various stages of life on the future pension benefit of women.
Part 2 of this presentation
- III. Assess psychological factors that may affect (women's) employment decisions; do they take into account the consequences for their pension?
Not our expertise; a few highlights



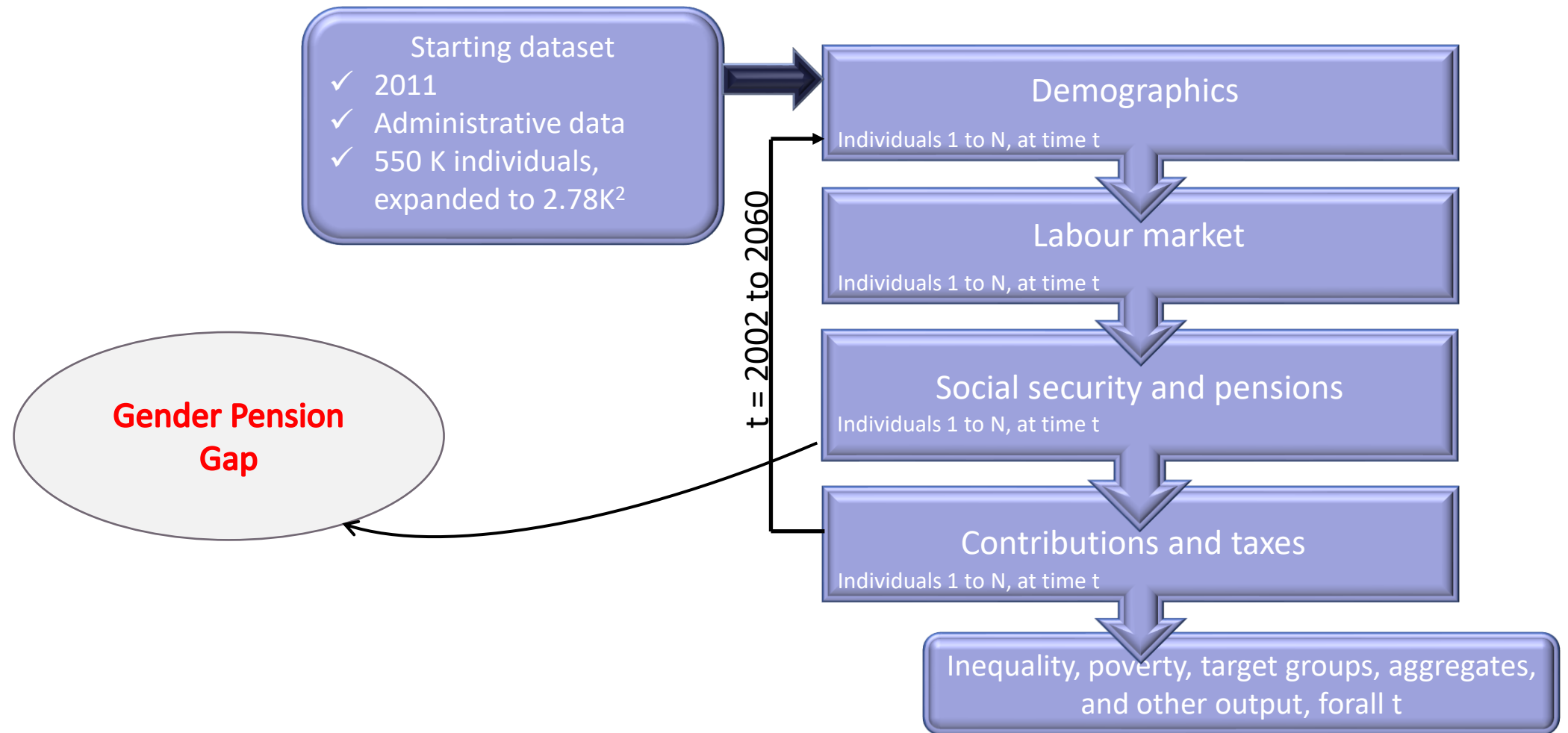
MIGAPE: who are participating in this project?

- Federal Planning Bureau; Belgium (scientific coordinator)
 - *Gijs Dekkers, Karel Van den Bosch, Raphaël Desmet*
- CEPS; Belgium (project coordinator)
 - *Mikkel Barslund*
- ICS/University of Lisbon; Portugal
 - *Amilcar Moreira*
- IER, Slovenia
 - *Nataša Kump, Nada Stropnik, Boris Majcen*
- University of Liechtenstein; Liechtenstein
 - *Tanja Kirn, Kara Thierbach*
- LISER, Luxembourg
 - *Philippe Liégeois, Vincent Vergnat*
- Center for Social and Cultural Psychology,
KU Leuven; Belgium
 - *Vera Hoorens, Wouter De Tavernier*



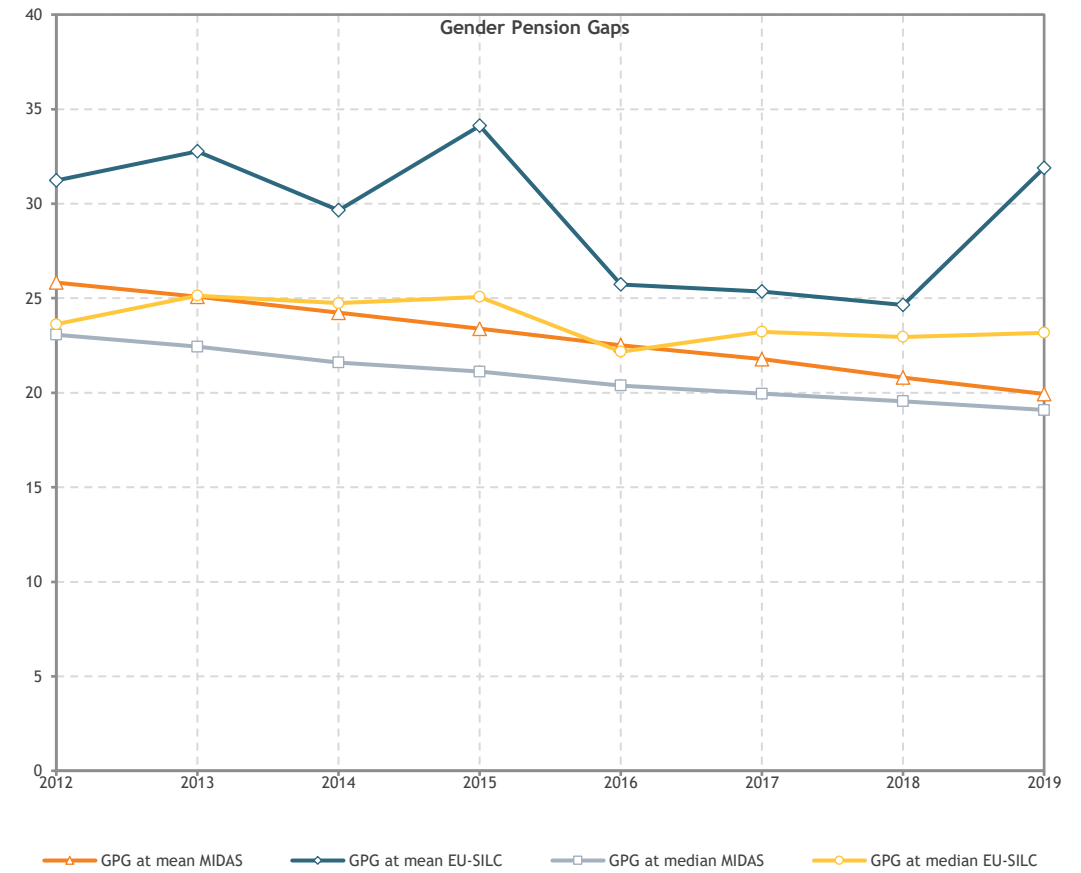
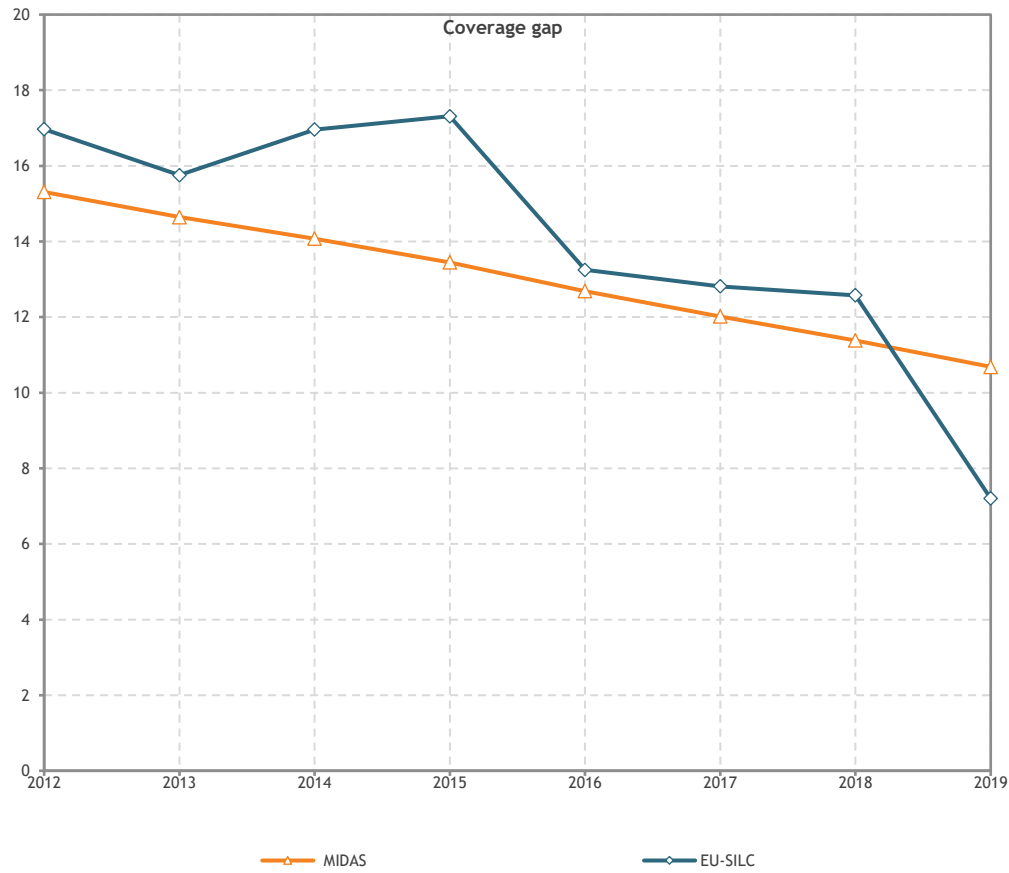


MIDAS Belgium





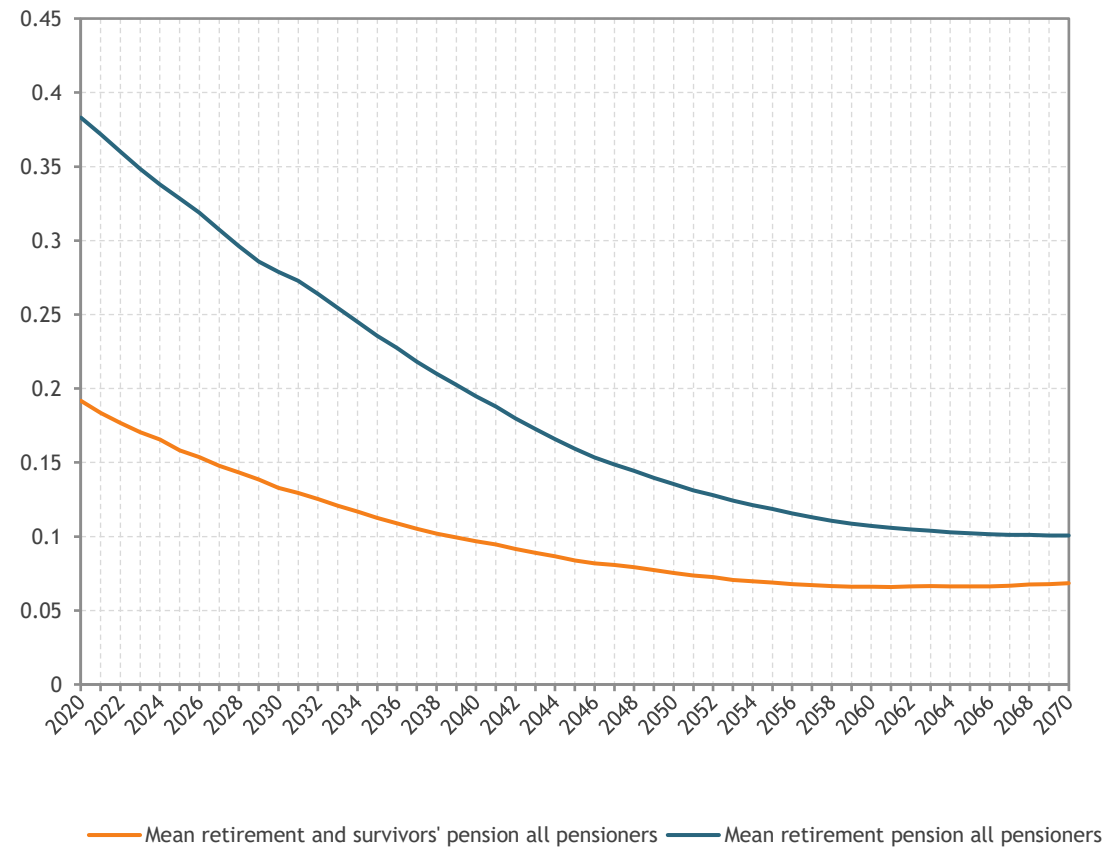
A comparison between the GPG in EU-SILC and MIDAS





Projection of the GPG in Belgium: Base scenario

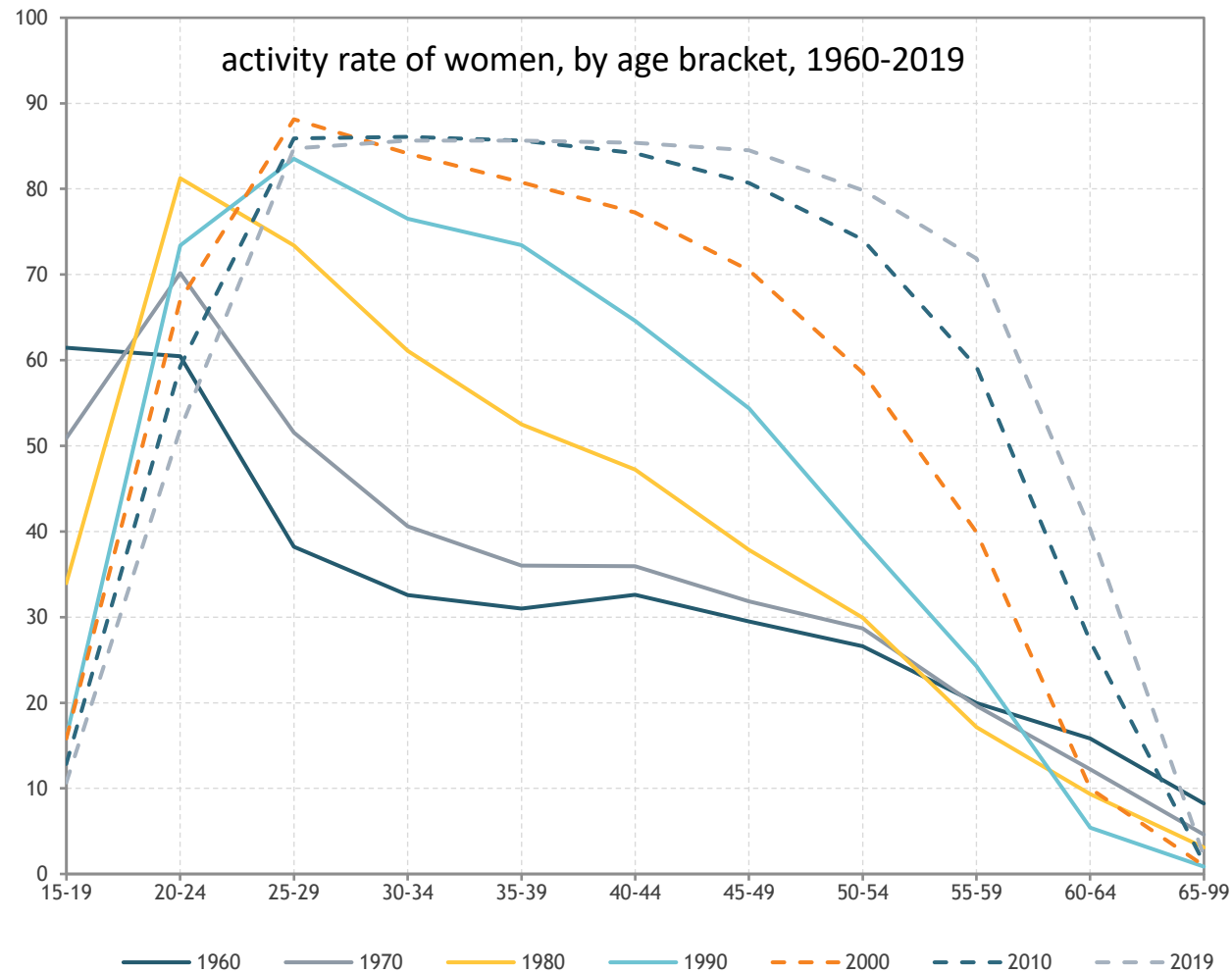
- Base scenario: using EU's Ageing Working Group projections
- Orange line: all first-pillar pensions, including GMI
- Blue line: excluding survivor pensions





Why does the GPG decrease in Belgium?

Women continue to work longer

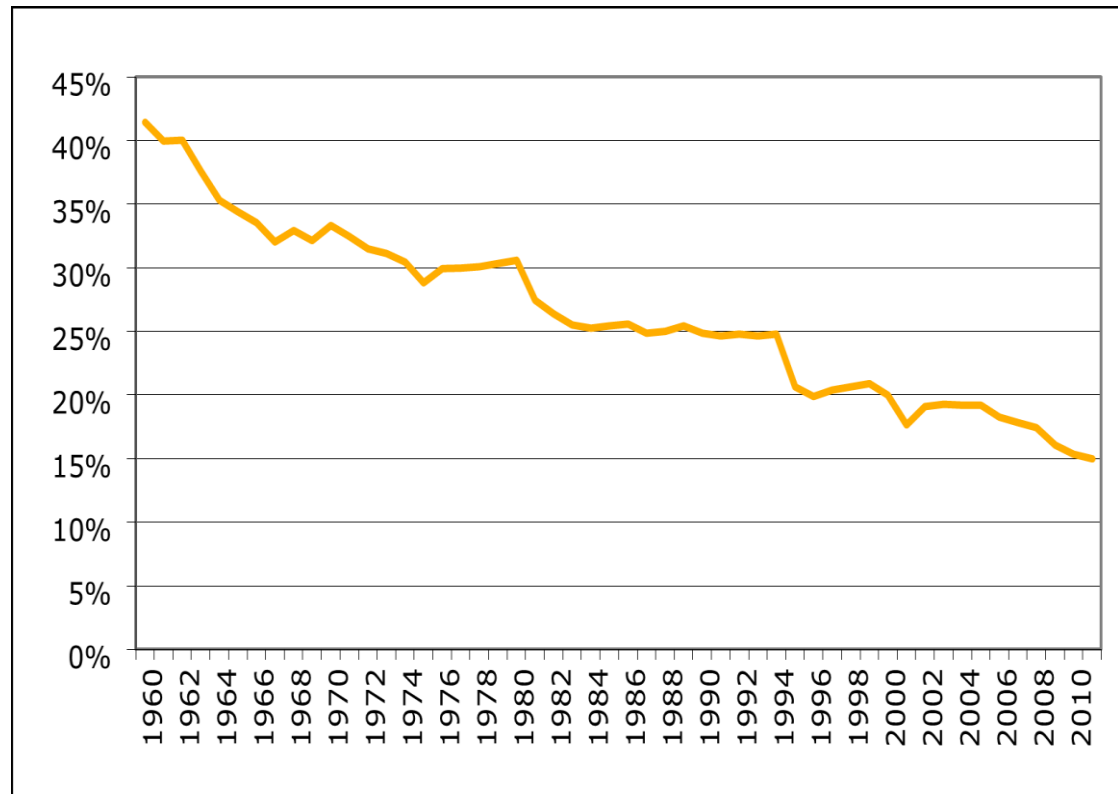




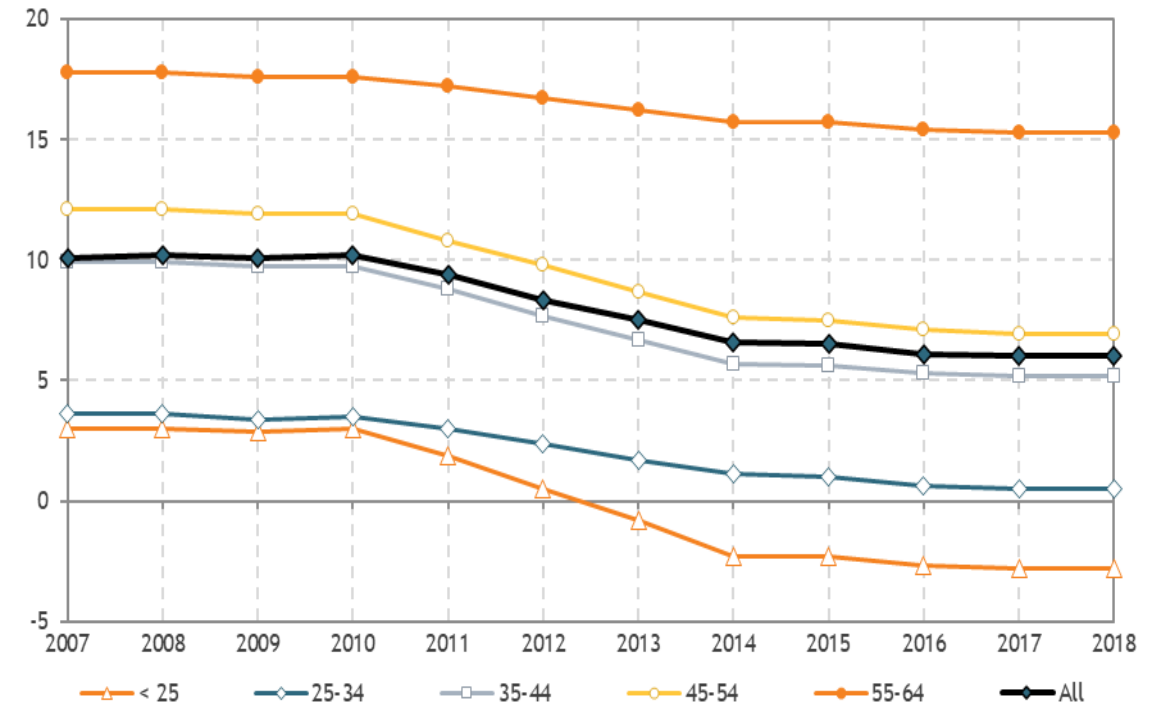
Why does the GPG decrease in Belgium?

Decreasing gender pay gap

- Gender pay gap based on the gross hourly wages of full-time and part-time employees in industry, 1960-2011



- Gender Pay Gap, by age group, Belgium 2007-2018

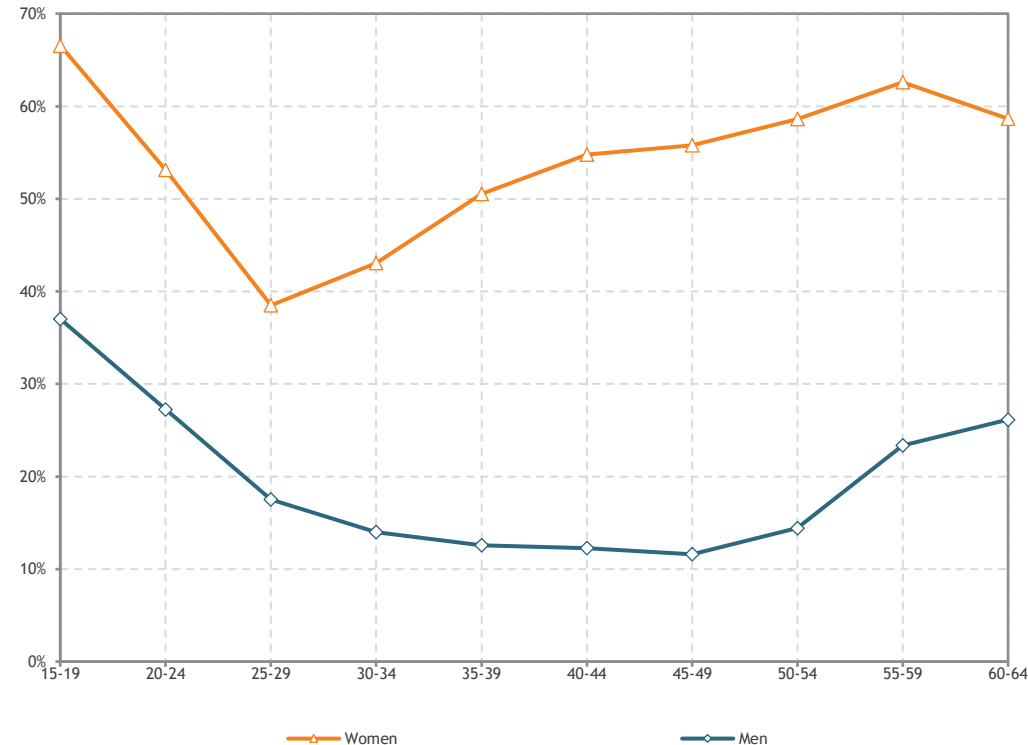




Why does the GPG decrease in Belgium?

On the other hand, continuing Part-time work gap

- **Part-time work among wage earners by gender and age category**

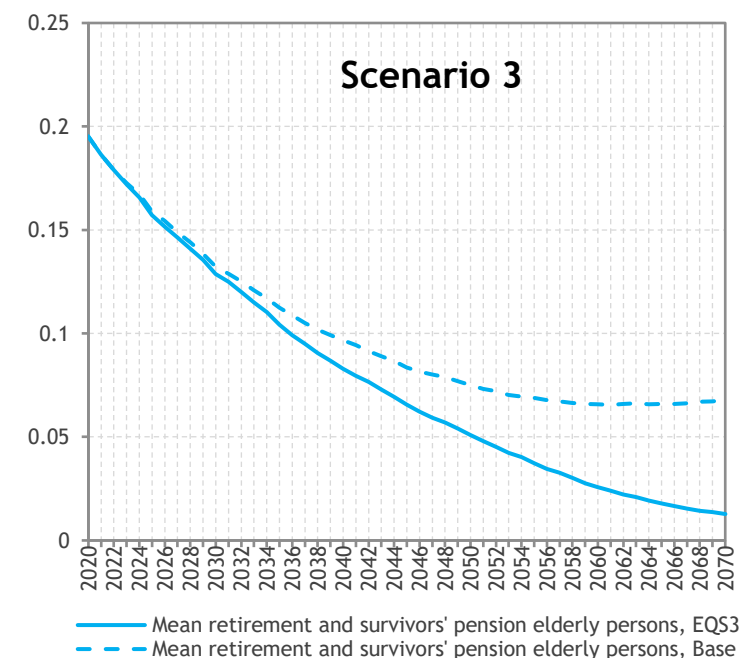
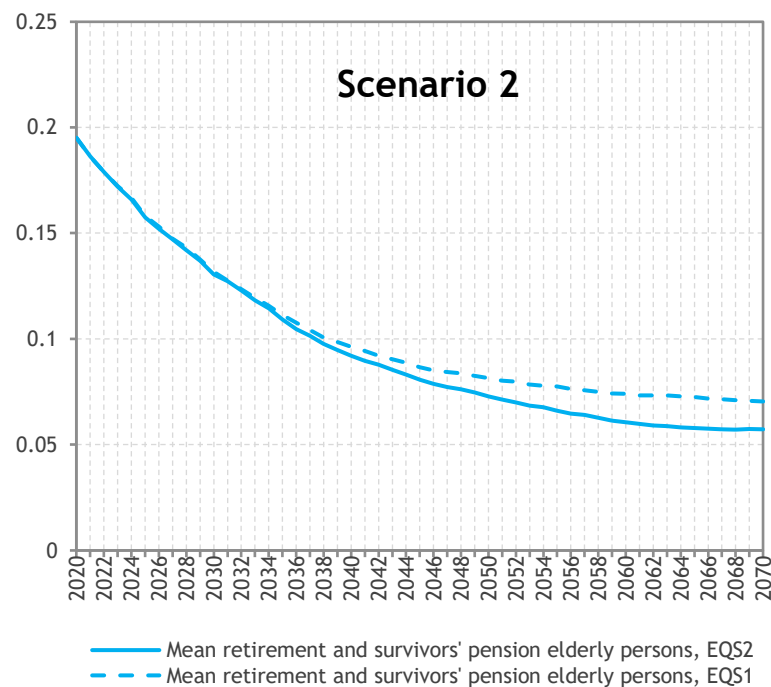
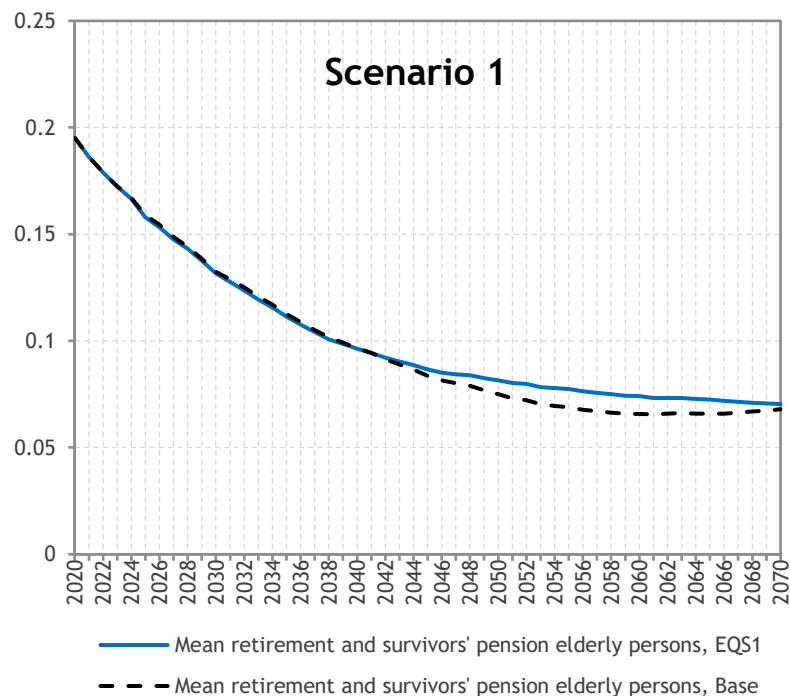


What if there was complete gender equality from now on?



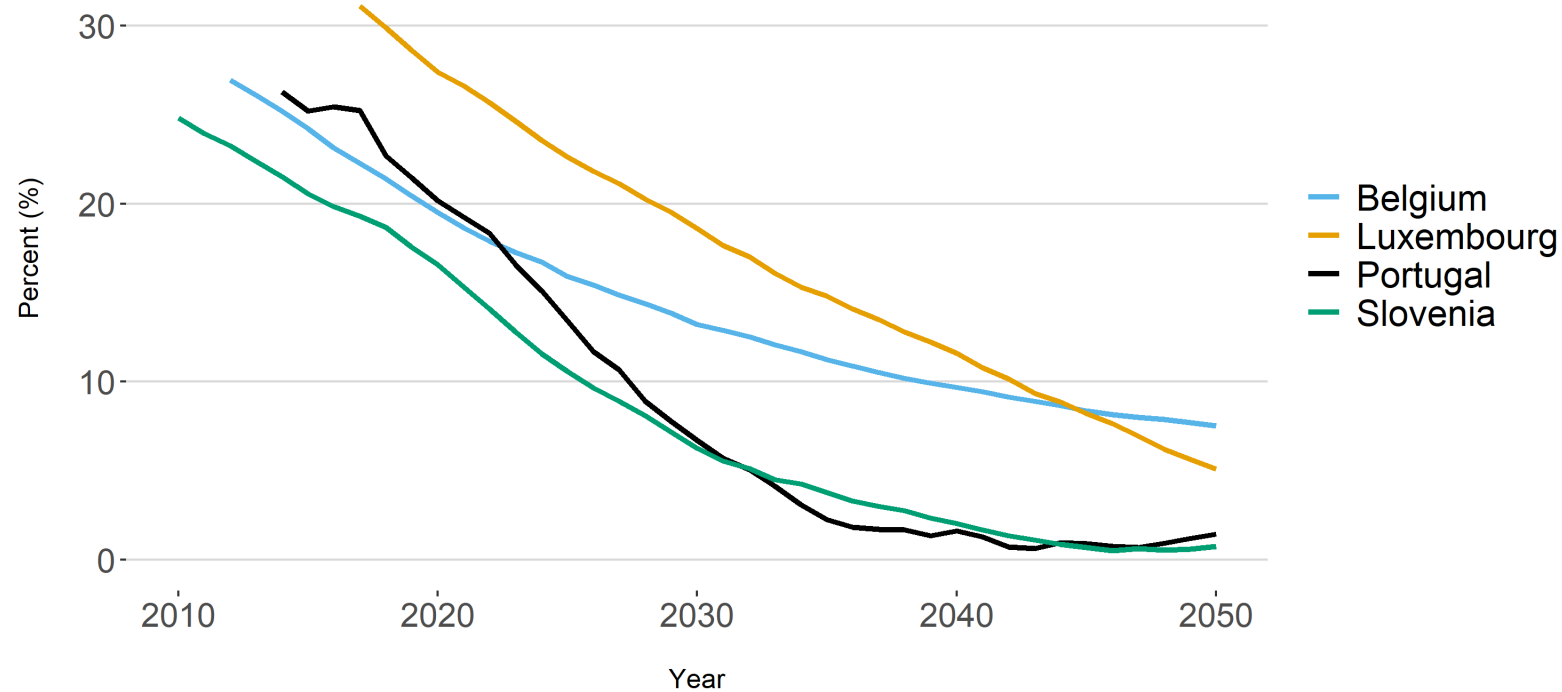
- Three cumulative scenarios:

1. Labour market participation, unemployment and employment rates equalised
2. 1. + Part time rates and hours per year equalised
3. 1. + 2. + Earnings per hour equalised

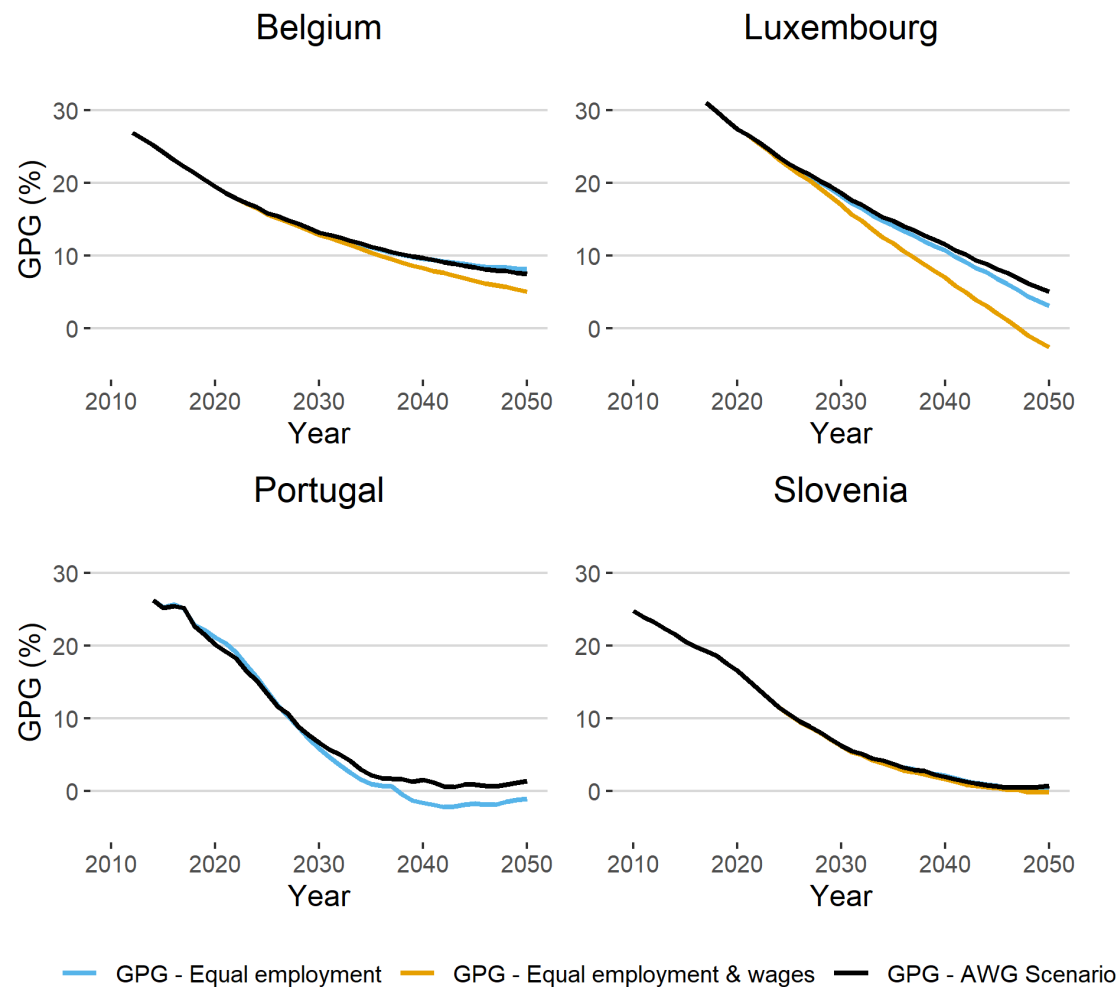




Projections of the GPG: Belgium in international perspective



What if there was complete gender equality?





Projection of the GPG: key conclusions

- The GPG would decrease considerably in Belgium
- Survivor pensions halve the GPG now; in future this effect will diminish
- Contrary to PT and SI, the gap between men and women would not be fully eliminated in BE and LU;
- Changing labour market situation of women relative to men affects the GPG only gradually;
- Imposing gender equality on the labour market would have a small effect in Slovenia, a medium impact in Belgium, and a large impact in Luxembourg.



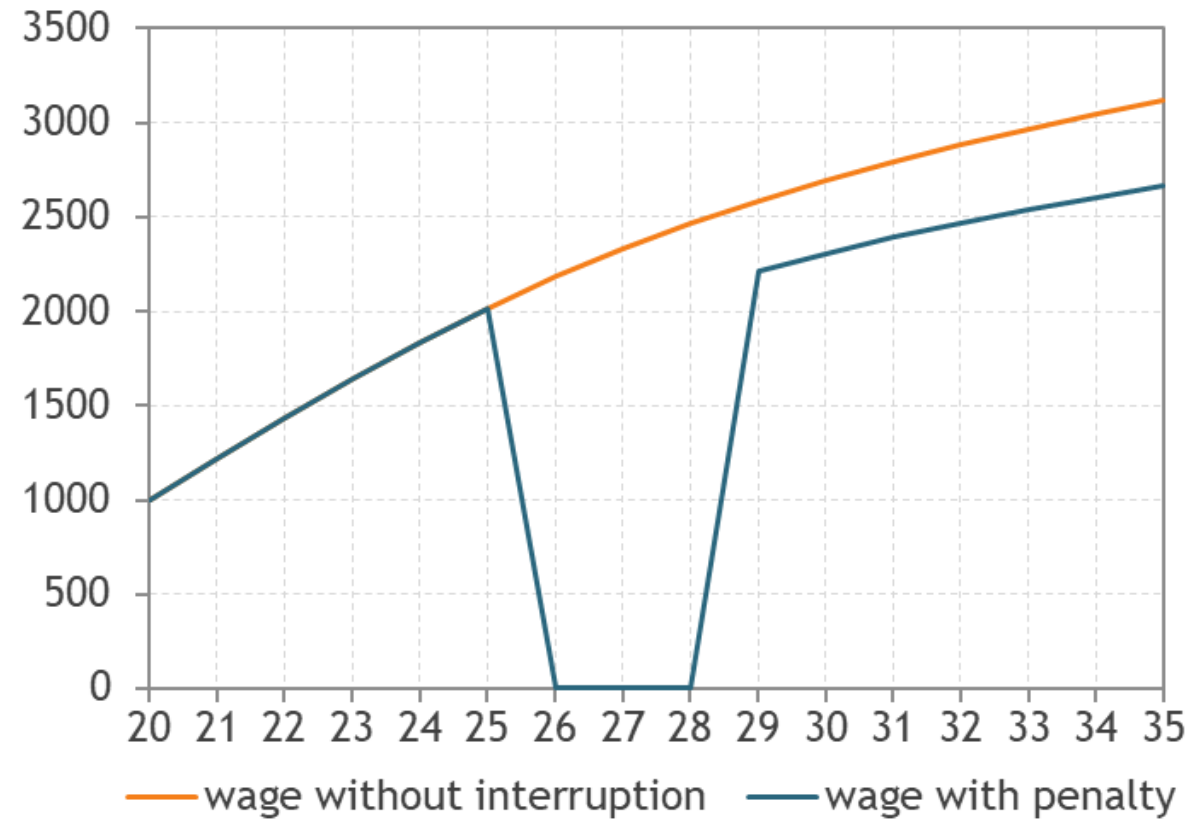
Stylized careers

- Use typical-case simulations to show the consequences of certain labour market events at two crucial stages in life on the future pension benefit of women
 - **Caring for a young child at age 30, for 6 years**
 - **Taking up care for a parent at age 55, for 6 years**
- Full use of *time credit* and/or *thematic leave*
- Three wage profiles, for women with low, medium and high education
- Three “options”, when faced with care responsibility:
 - Continuing full-time work (base case)
 - Part-time work at 50% or 80%
 - Complete interruption of work
 - With / without wage penalty

Wage penalty



- Full career interruption can lead to a wage penalty:
- For the rest of the career, the wage would be lower than that of someone with an uninterrupted career.
- This is an ***assumption*** in these simulations
 - Though literature suggests that the “child wage penalty” for women can be large.

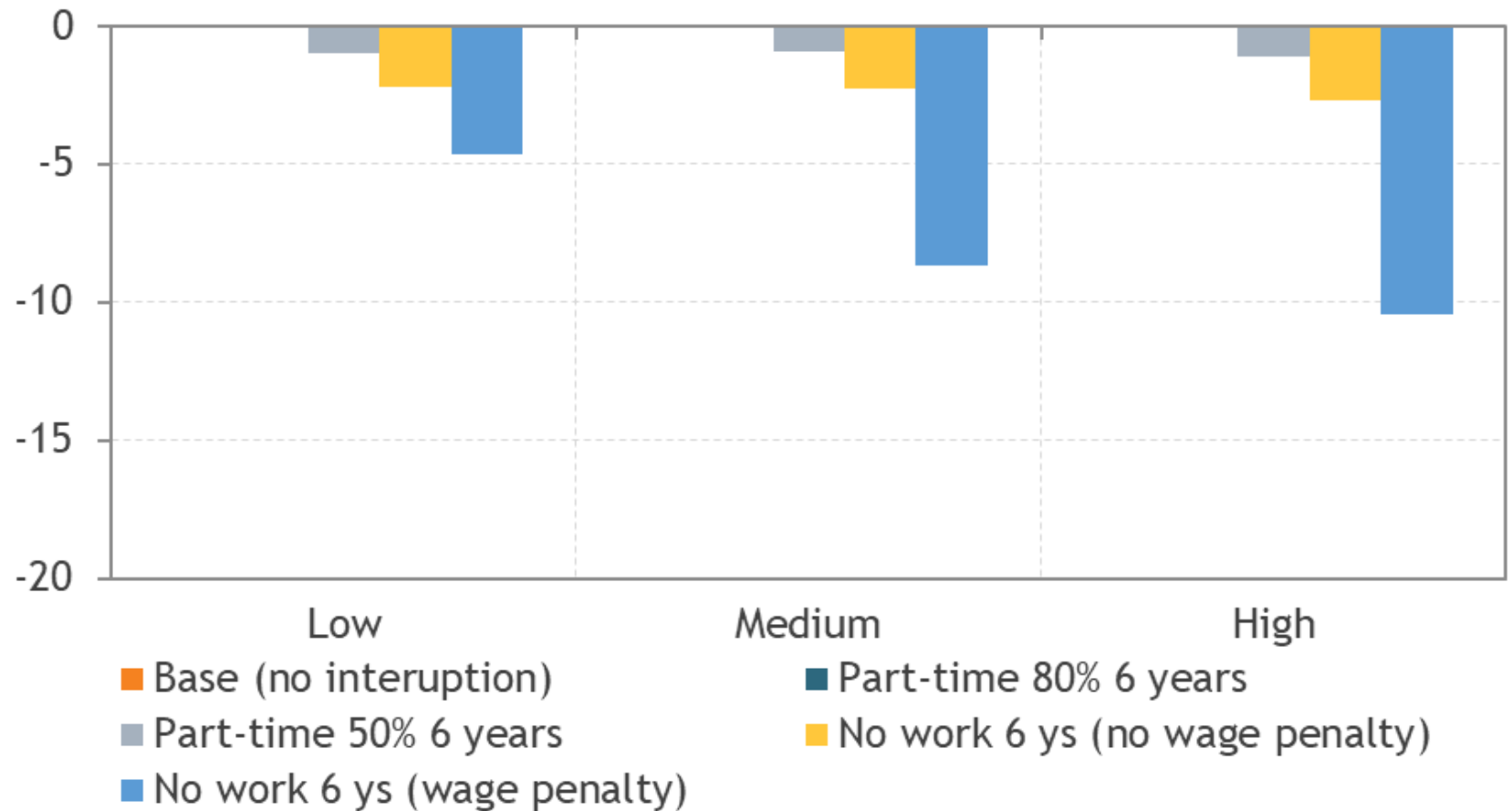




Selected simulation results, Belgium

Woman, childcare starting at age 30.

- Using time-credit and/or thematic leave
- % reduction in pension compared to base
- By education level

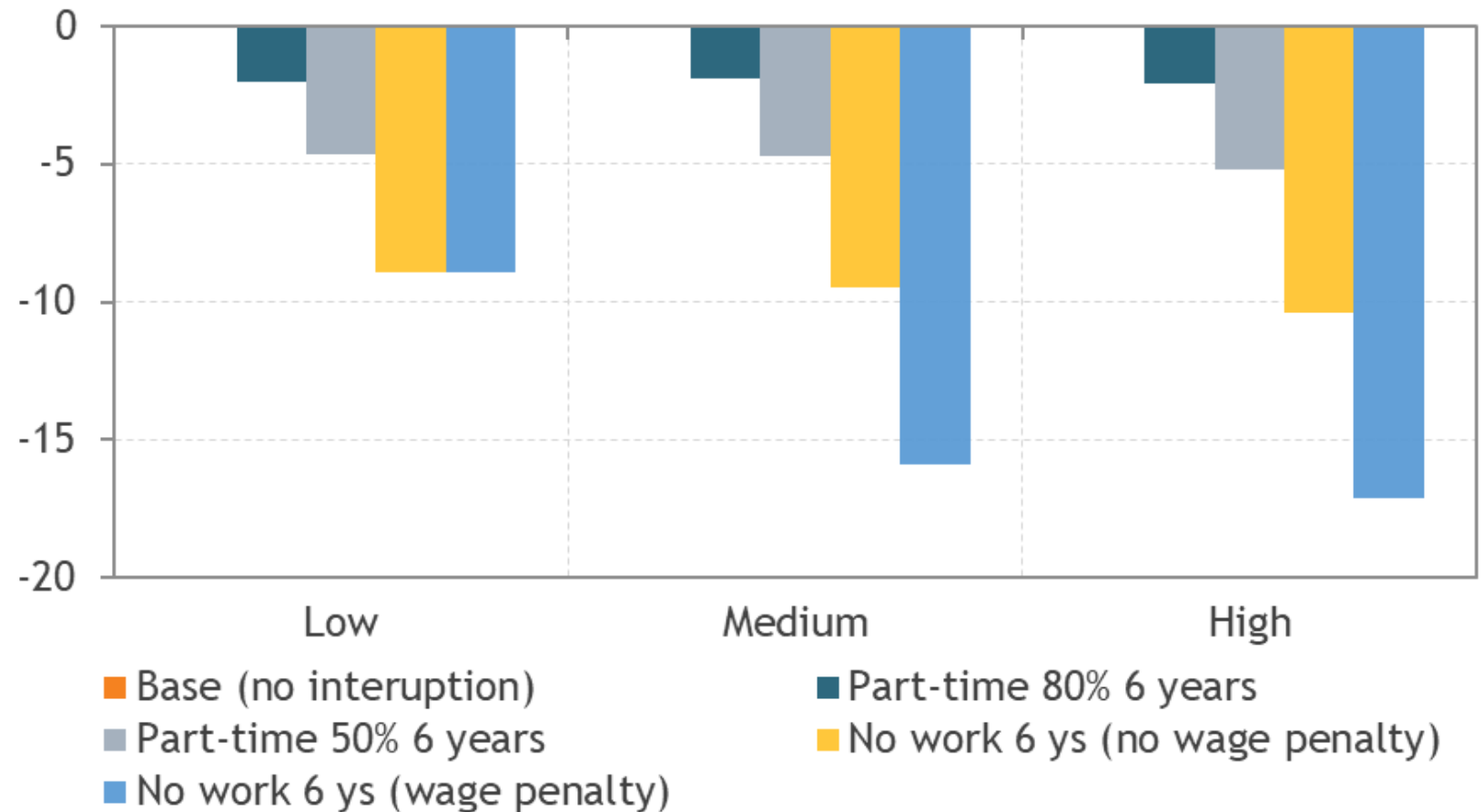




Selected simulation results, Belgium

Woman, interruption due to another reason starting at age 30.

- *Not eligible* for time-credit and/or thematic leave
- % reduction in pension compared to base
- By education level

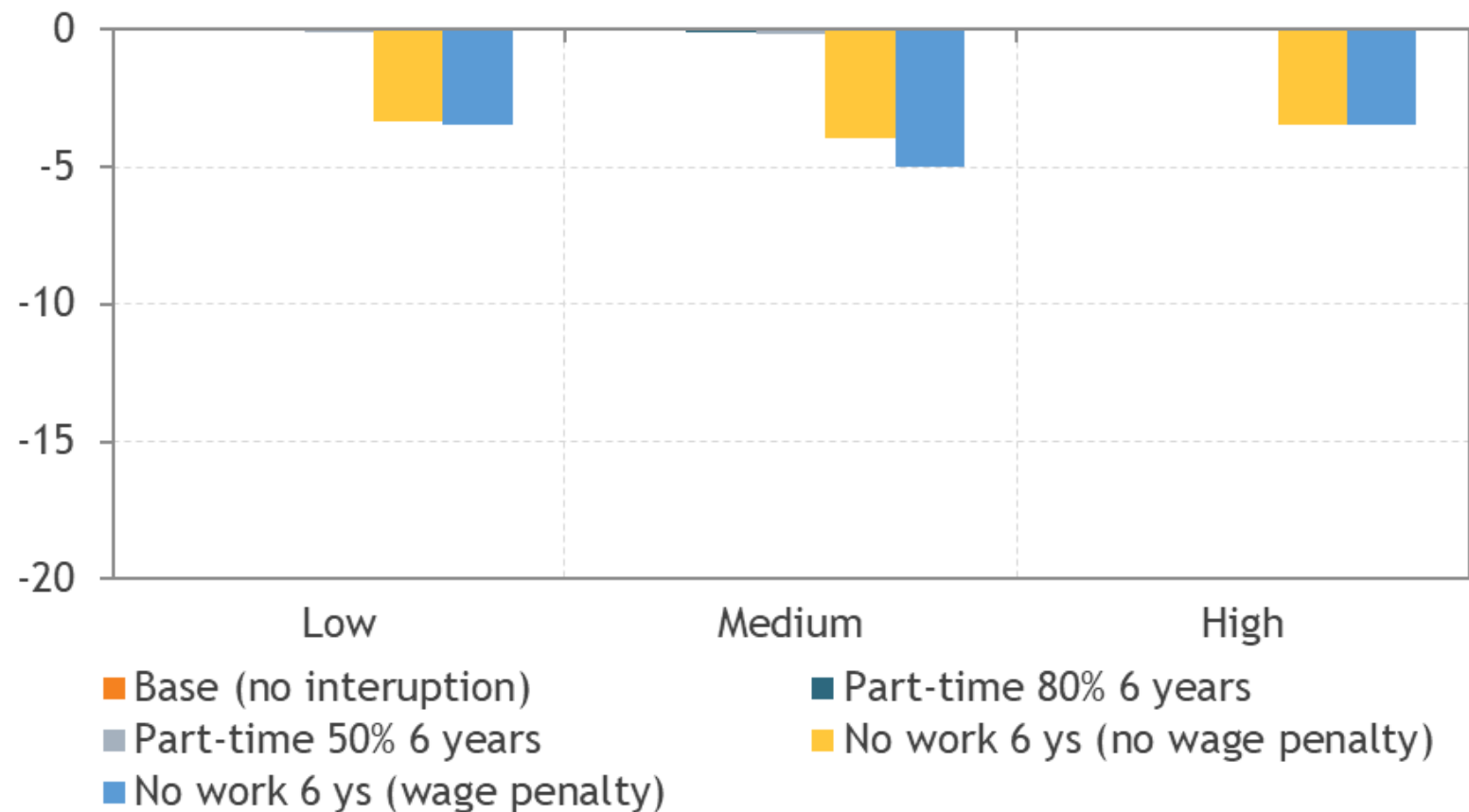


Selected simulation results



Woman, interruption due to care for older relative starting at age 54.

- Using time-credit and/or thematic leave
- % reduction in pension compared to base
- By education level

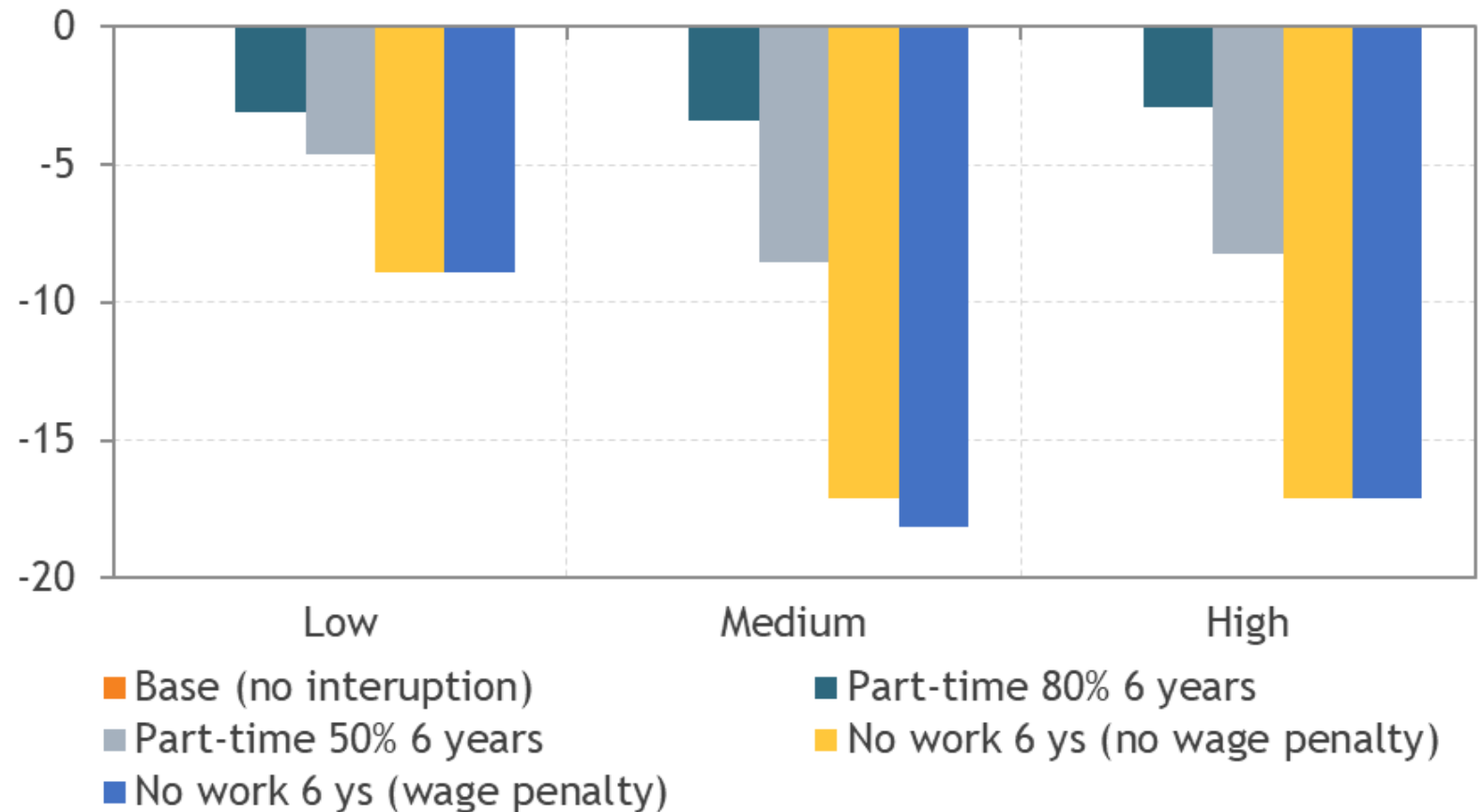


Selected simulation results, Belgium



Woman, interruption due to another reason starting at age 54.

- *Not eligible* for time-credit and/or thematic leave
- % reduction in pension compared to base
- By education level

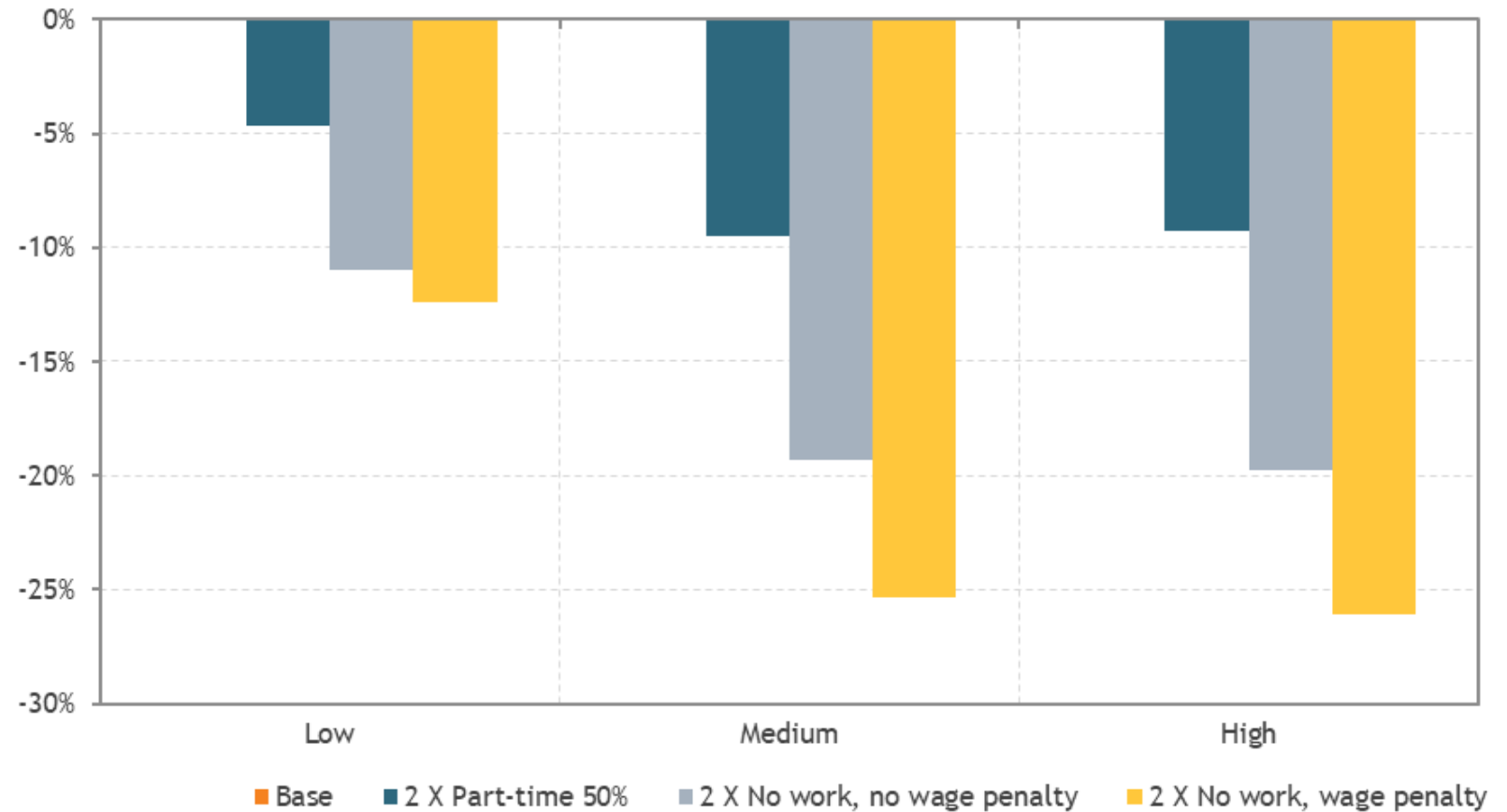




Selected simulation results, Belgium

Double care: Child care at 30 *and* care for parent at age 54.

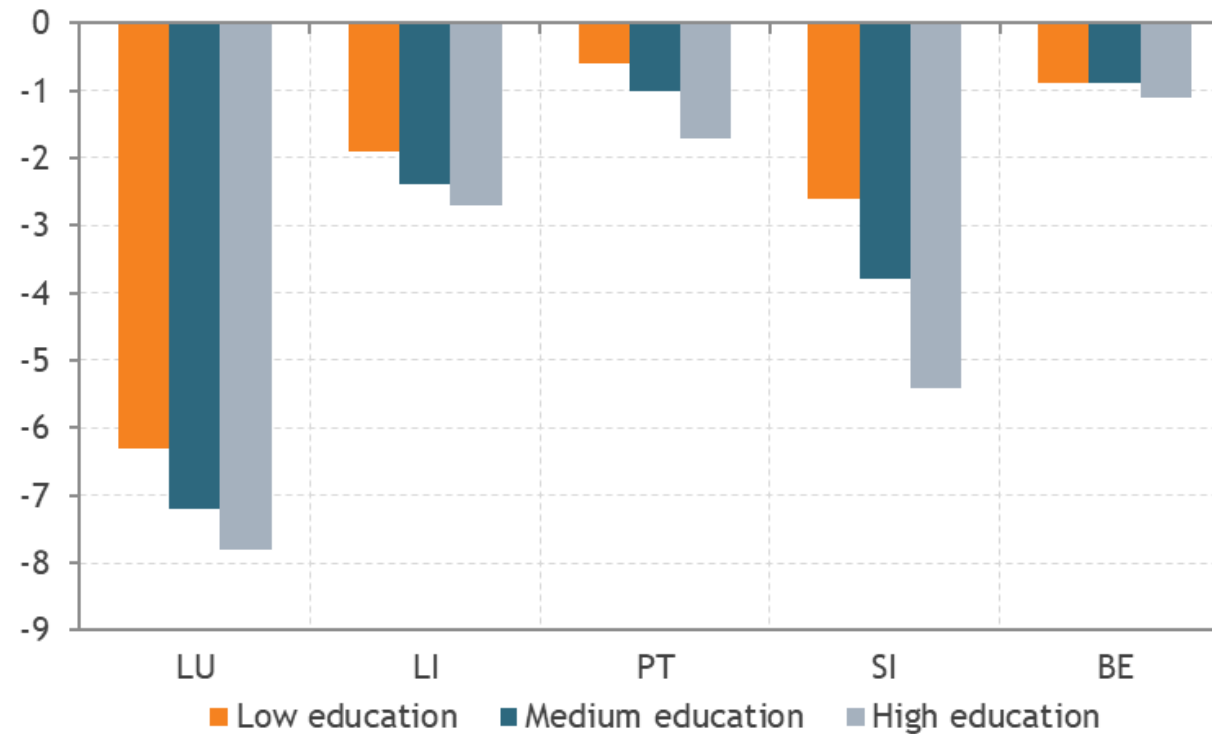
- Life-time time-credit of 51 months is used up in child care
- Only thematic leave at age 54
- % reduction in pension compared to base
- By education level





Selected simulation results, comparative

Child care: working 50% for 6 years at 30

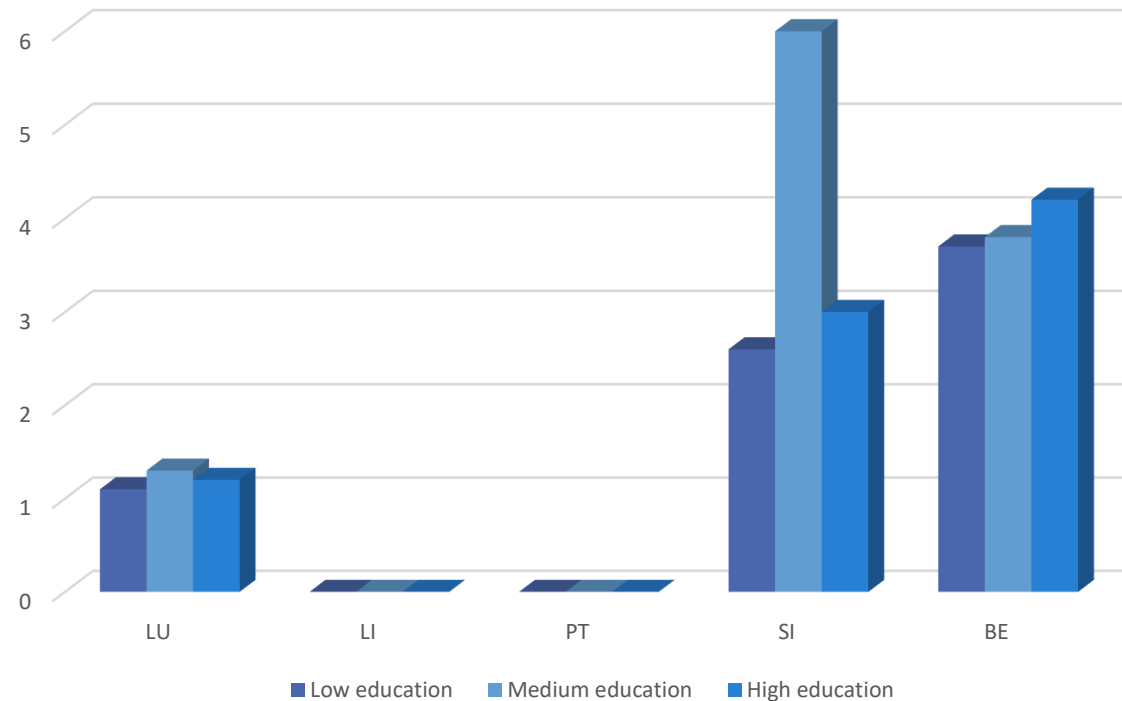


Loss of pension from 50% parttime spell of 6 years



Selected simulation results, comparative

Child care: working 50% for 6 years at 30

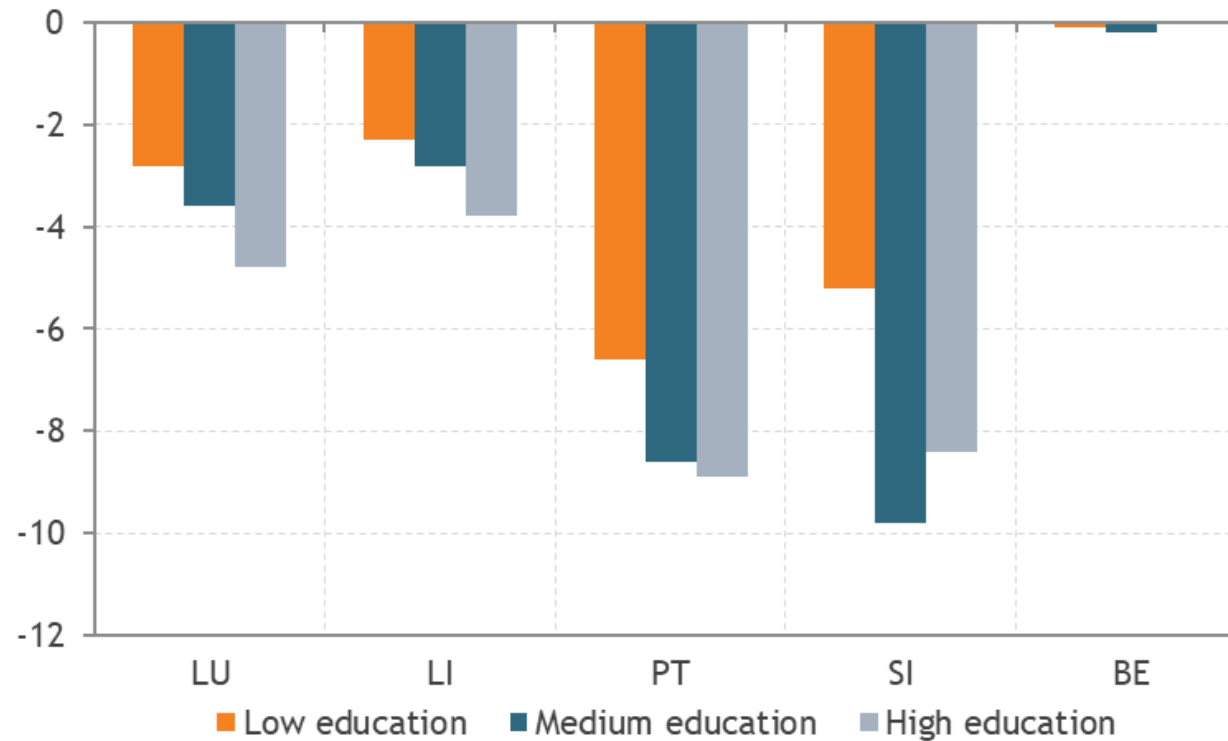


Impact of eligibility for pension credits related to childcare, in pp



Selected simulation results, comparative

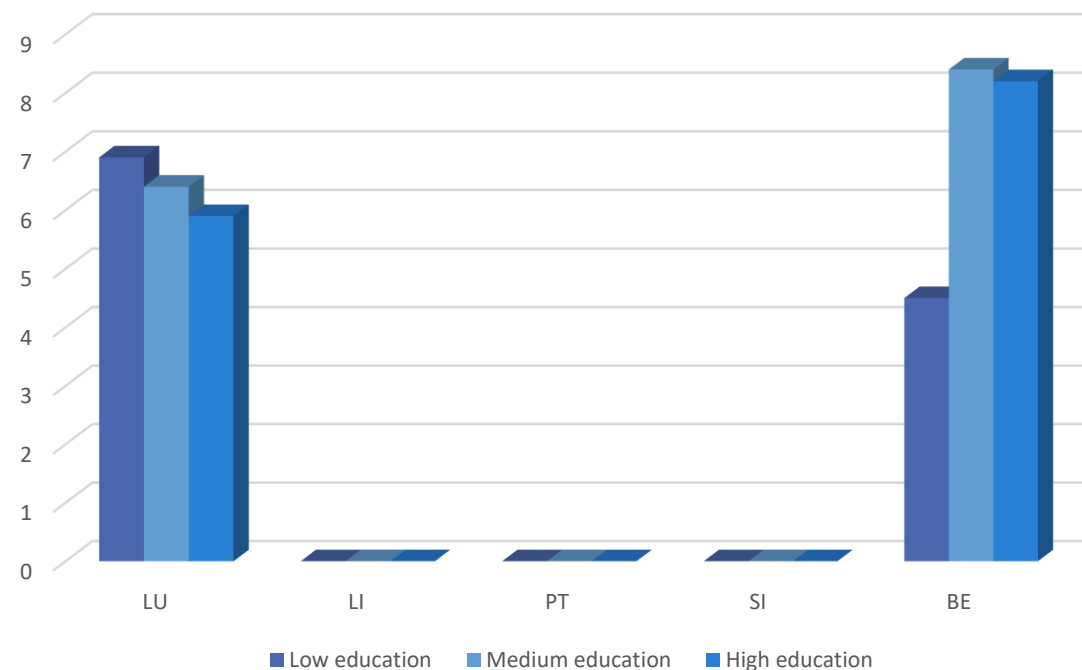
Care for older relatives: 50% for 6y at 54



Loss of pension from 50% parttime spell of 6 years

Selected simulation results, comparative

Care for older relatives: 50% for 6y at 54



Impact of eligibility for pension credits related to care for older relatives, in pp



Standard simulations: key conclusions

- In Belgium, the systems of *time credit* and *thematic leave* are effective in protecting against pension losses in case of part-time work (50%) for six years due to care responsibilities.
- Losses are larger in case of full-time interruption, due to wage penalty
- Pension credits related to childcare exist in all countries (but in PT they are granted for a very brief period)
- They have a important, yet varying, impacts on the pension benefit
- In BE, LI and LU, pension credits related to care for older relatives exist.



Psychological part

- How are women's expected pension benefits related to their general future expectations and their labour market decisions?
 - “comparative optimism”
- How can the framing of the impact of labour market decisions on one's future pension affect their evaluations of these decisions?
 -



How are women's expected pension benefits related to their labour market decisions?

- Survey 1419 men and women aged between 25 and 60
- Strong evidence of comparative optimism among all ages and both genders: respondents feel comparatively more likely to experience life circumstances that will benefit their financial situation after retirement
- But...comparatively pessimism about the level of the benefit, and of earnings capability after retirement
- Pensions are considered not very important by both women and men
- Women report less freedom of choice concerning their labour market decisions
- Pension knowledge was low overall, but in particular among young women (and weakly correlated with financial literacy)



How can the framing of the impact of labour market decisions affect these decisions?

- Pension knowledge is low, in particular among young women
 - Change the pension communication strategy?
 - Loss frame (what do you lose by not doing X, or doing Y)
 - Gain frame (what do you gain by doing X)
 - In labour market dilemma with an impact on one's future pension
 - Secure option
 - Insecure option
 - Vignette research
- Tendency towards the secure option after the message in loss frame
- Women take more their family's interests into account than men



MInd the GAp in PEnsions

- For more information see our website, at <http://www.migape.eu/>
- Or contact us at migape@plan.be for your comments and questions

