



The Impact of Life-Course Developments on Pensions in the NDC Systems in Poland, Italy and Sweden and Point System in Germany

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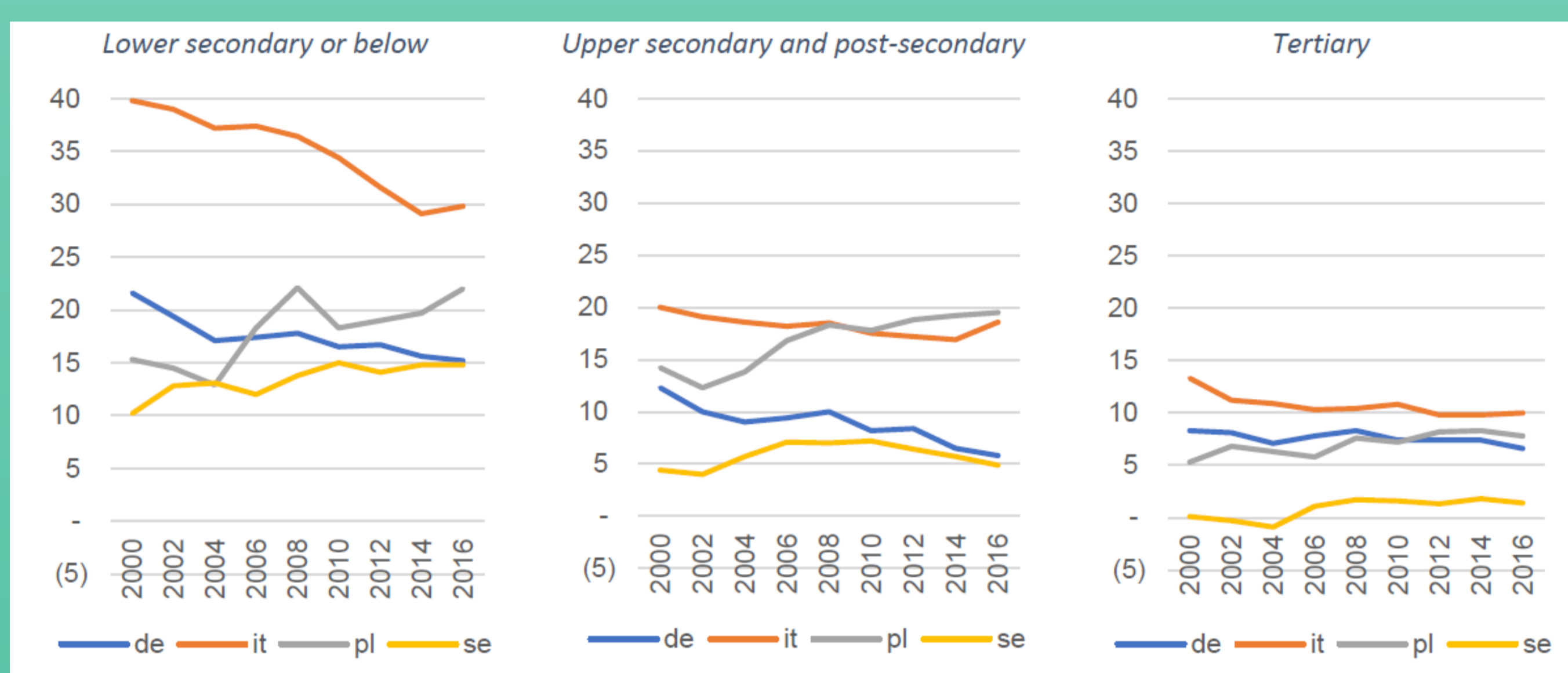
Key questions

- How do employment, wages and lifetime labour income of men and women differ between countries?
- What are the patterns of full and interrupted careers of women and men in the four countries?
- How different employment patterns over the life course in the four countries affect the expected pension levels?

What contributes to the lower lifetime labour income?

Employment gap

Gender gaps in employment are highest for those with lower educational attainment, but they are seen in all educational groups. Women also more frequently work part-time, particularly in Germany, Sweden and Italy

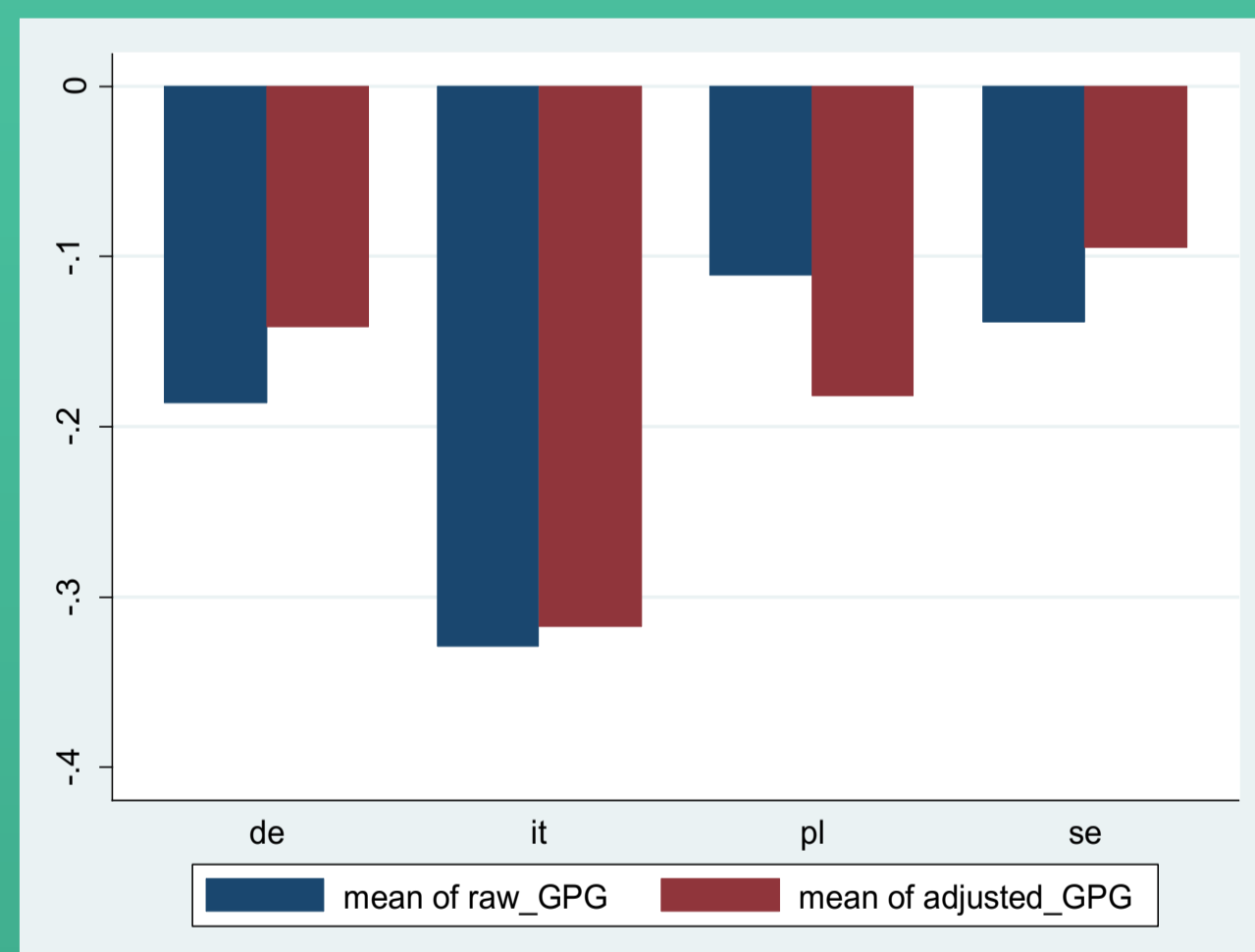


Source: Eurostat

Wage gap

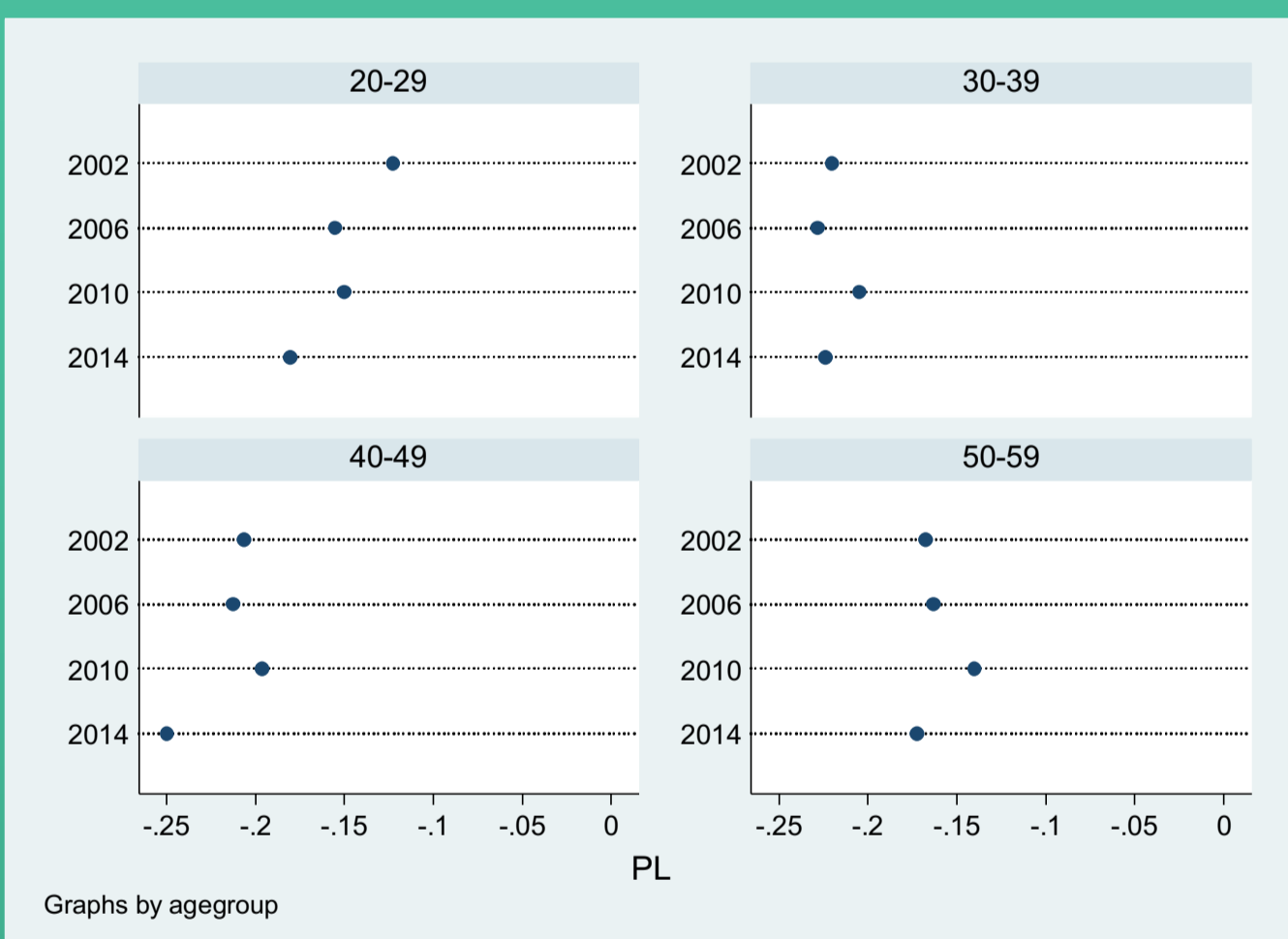
Wage gaps are also large, particularly when looking at monthly wages, due to shorter working hours - ranging from 20% in Poland and Sweden to 30% in Germany and 40% in Italy. Gender pay gaps likely to contribute to gender pension gaps for labour market entrants to the same extent they did in the past.

Gender pay gap in 2014



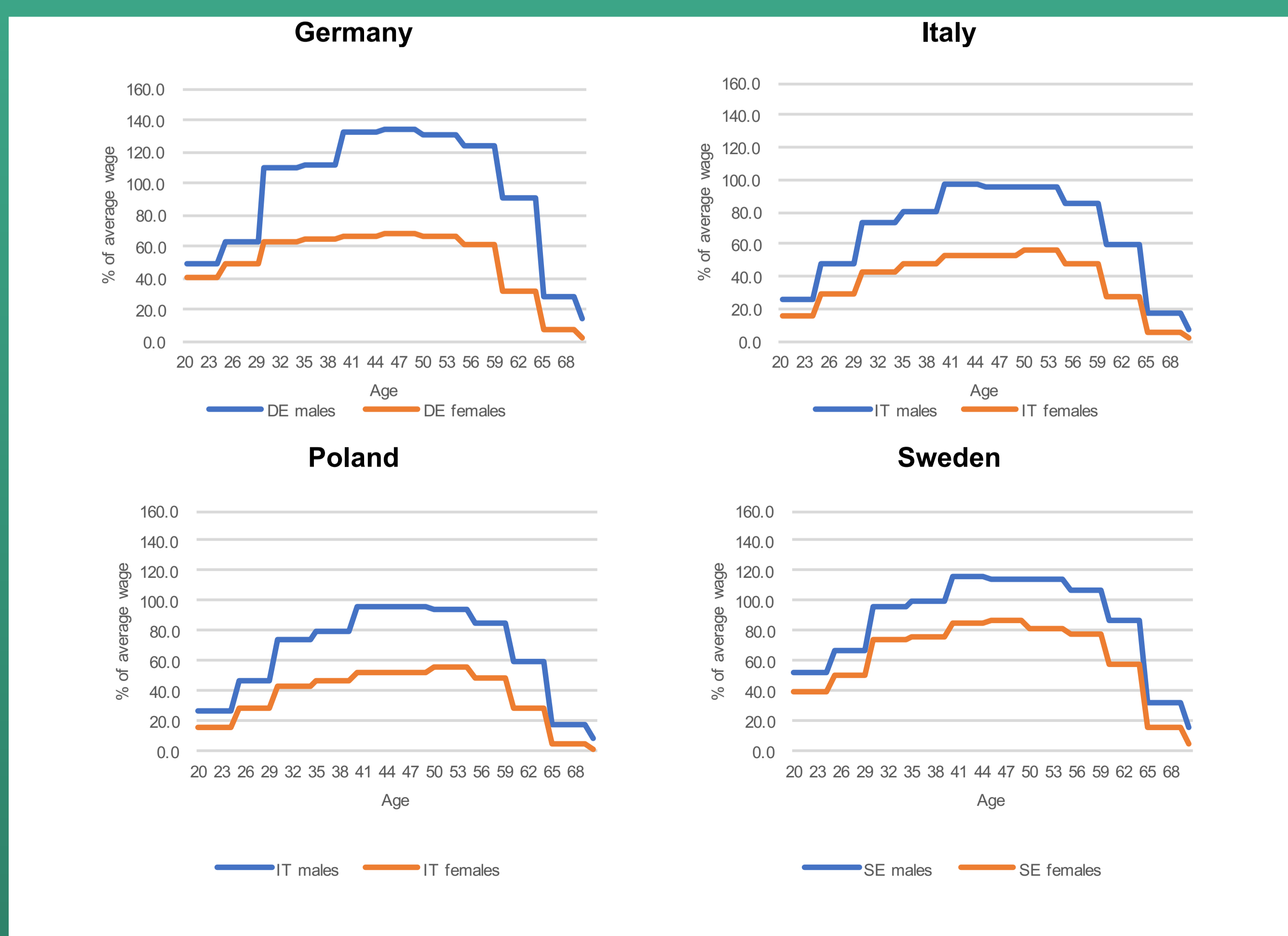
Source: Structure of wages survey.

Evolution of gender pay gap by age in Poland



Lifetime labour income patterns by age and sex

Employment gap and pay gap can lead to the difference in lifetime labour income ranging from 37.5% in Sweden to 88% in Germany

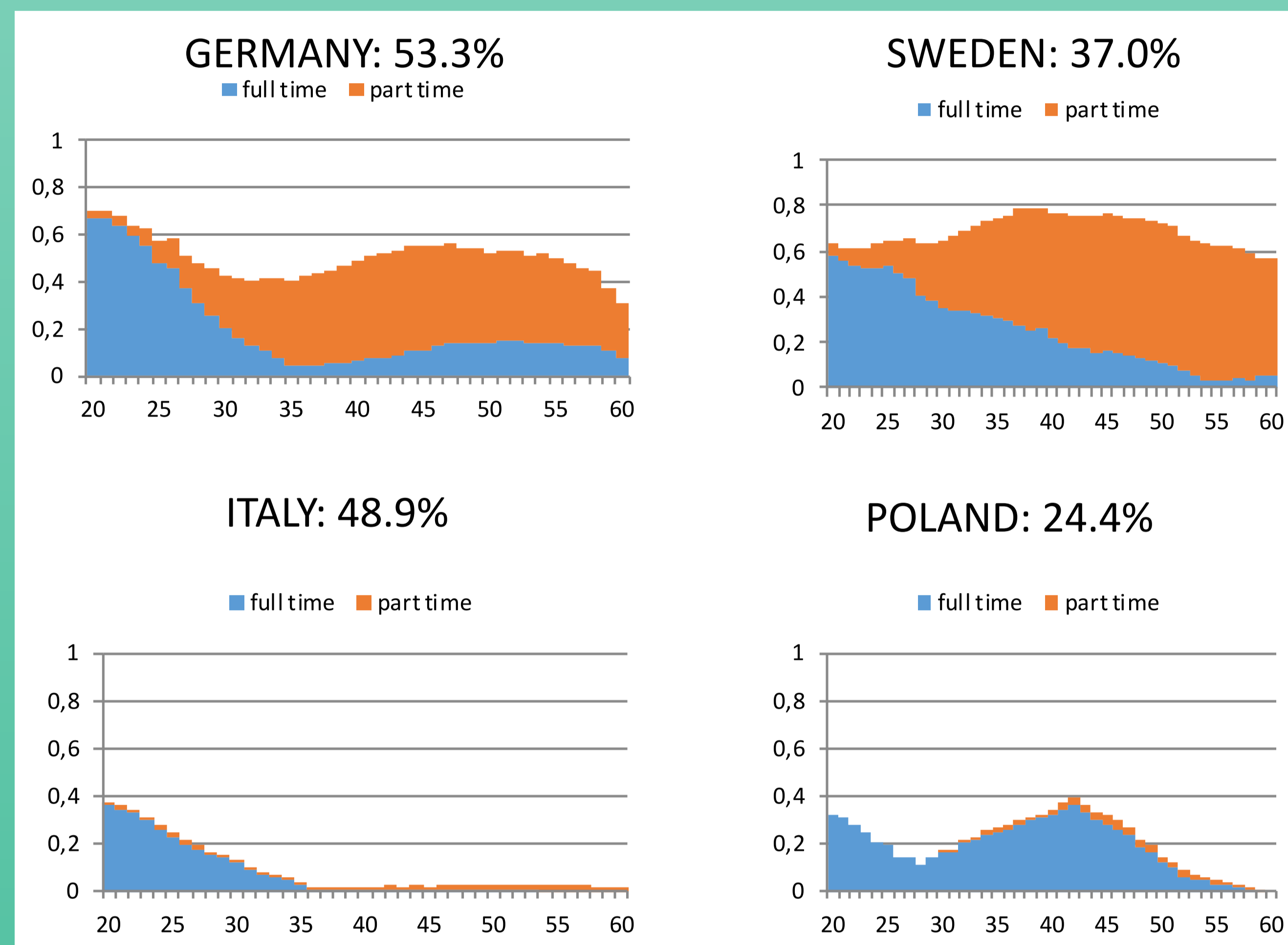


Labour market careers

Average difference between employment and wages of men and women are a result of combination of those with interrupted and full labour market careers. By use of SHARE-LIFE data of labour market careers and sequence analysis followed by cluster analysis we identify the typical „full” and „interrupted” careers.

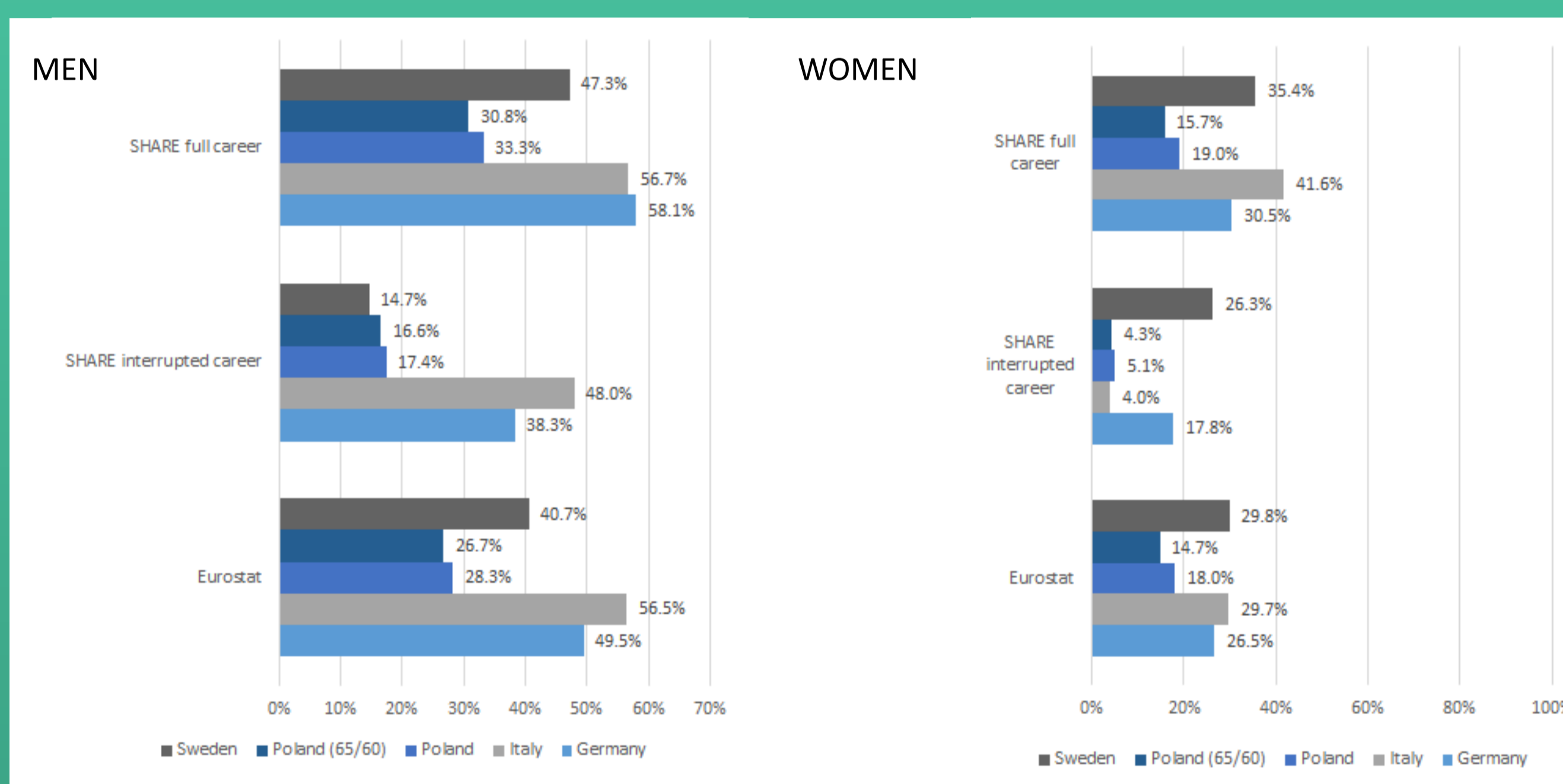
The share of women with interrupted careers ranges from almost a quarter in Poland to more than half in Germany. In Sweden and Germany women work part-time, in Poland and Italy they withdraw from the labour market.

Interrupted careers of women:



How lifetime labour income influences the level of expected pension?

Women have lower pensions compared to men, due to the differences in employment and wage levels, particularly in the case of those with interrupted careers. In Poland and Italy, interruption leads to de facto lack of adequate pension for women, but also those with full career in Poland and Germany can expect pensions around or below 30% of their labour income.



Conclusions

- The gender pay and employment gaps are substantial. They do not diminish for new cohorts of workers and will remain an important contributor to women's pension disadvantage in all countries
- Interrupted careers result in higher risks of low pensions of women as compared to men in all countries
- Reconciliation of work and family over the life course by both women and men as the only sustainable policy direction to reduce life time gender differences in the labour market which drive gender pension gap
- By a mix of policies aimed at reducing gender differences in employment and transparent compensation for selected justified career breaks for both men and women, not by fiddling with the pension system design that would weaken the link between contributions and benefits

Contact

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