UNRISD
UNITED NATIONS RESEARCH INSTITUTE FOR SOCIAL DEVELOPMENT

The Gender Implications of Pension Reforms. General Remarks and Evidence from Selected Countries[1]

Silke Steinhilber

Prepared for the UNRISD report
Gender Equality: Striving for Justice in an Unequal World

DRAFT WORKING DOCUMENT
Do not cite without the author's approval

[1] Revised draft prepared as a background paper for the UNRISD policy report on gender and development for Beijing +10. Research assistance for this paper was provided by Daniela Hinze. Comments and suggestions by Elaine Fultz and Katharina Mueller were highly appreciated. Of course, all remaining errors are the author's.

The **United Nations Research Institute for Social Development** (**UNRISD**) is an autonomous agency engaging in multidisciplinary research on the social dimensions of contemporary problems affecting development. Its work is guided by the conviction that, for effective development policies to be formulated, an understanding of the social and political context is crucial. The Institute attempts to provide governments, development agencies, grassroots organizations and scholars with a better understanding of how development policies and processes of economic, social and environmental change affect different social groups. Working through an extensive network of national research centres, UNRISD aims to promote original research and strengthen research capacity in developing countries.

Current research programmes include: Civil Society and Social Movements; Democracy, Governance and Human Rights; Identities, Conflict and Cohesion; Social Policy and Development; and Technology, Business and Society.

A list of the Institute's free and priced publications can be obtained by contacting the Reference Centre.

UNRISD, Palais des Nations
1211 Geneva 10, Switzerland

Tel: (41 22) 9173020
Fax: (41 22) 9170650
E-mail: info@unrisd.org
Web: http://www.unrisd.org

Abstract

The paper proposes a gender analysis of pension schemes along two axes: Structures regulating the access to benefits and conditions determining benefit levels. Accordingly, the most relevant typical design features of pension schemes are discussed. To illustrate the approach, the gender dimensions of pension reforms in Poland, Hungary, and the Czech Republic are then highlighted, where reforms were implemented during the 1990s. Finally, some of the main challenges to conceptualizing gender equality in pension policy are discussed: Individual pension rights versus derived rights, equal treatment and labor market inequality, pension age equalization, and increasing diversity of interests of women with respect to old age security.

1. Introduction

Reforms of public pension programs have been a top social policy priority in a great number of countries around the world over the last decades. The increasing recognition of the implications of demographic changes, awareness of income insecurity in old age, the desire to ensure financial sustainability of pension systems and concerns about the management of public schemes were some of the concerns driving reform debates (Fultz 2002, 2003, Holzmann, Orenstein and Rutkowski 2003).

The design of pension schemes differs greatly among countries around the world. How pension schemes look like depends crucially on choices made about system elements, including membership criteria (voluntary vs. mandatory), management of the scheme (public vs. private), possible income-policy or other social goals embodied in pension systems (insurance and equivalence vs. redistribution), the financing method used (funded vs. pay-as-you-go), and procedures for determining the size of a future pension benefit (defined benefit vs. defined contribution schemes). As most national pension systems are comprised of more than one tier, combinations of system elements are found in many cases (Müller 1999).

Pension reformers over the last decades have attempted to address the above-mentioned challenges through new combinations of the various design features. Throughout the 1980s and, more so, the 1990s, pension reforms have been implemented in Latin America, Eastern Europe and the Former Soviet Union, and various European Union member states, with Chile being the first country to legislate a privatization of its pension system in 1981.[2] The "Chilean model" thus evolved as a reform paradigm for Latin America and beyond (Müller 1999). The privatization of public pension schemes, or parts thereof, as advocated internationally for example by the World Bank, has become a core component of the neoliberal economic reform packages around the world. On the whole, however, there is no uniform pattern of pension reform paths.

[2] Debates about the need for reforms in the US Social Security system launched by conservative critiques of the welfare state also characterized US social policy discourse already in the 1970s and 1980s, and continue today (Müller 1999: 24).

Accompanying the ongoing reforms and responding to the surrounding policy debates, a large body of research on pension reforms has developed over the years. A considerable part of it is concerned with the evaluation of different reform approaches and arguments about advantages of one reform path over the other (for example, World Bank 1994, Beattie and McGillivray 1995, James 1996). Other authors have focused on national, regional, or international comparative assessments of reforms (for example Nitsch and Schwarzer 1996; Döring 1996; Mesa-Lago 1997; Müller 1999, 2002; Fultz 2002a, 2002b; Disney 2003; OECD 2004).

Women are the majority of older people, as well as the majority of the elderly living in poverty. Despite these facts, and despite international and national commitments to gender mainstreaming in all policy fields, concerns about gender equality have been largely absent from mainstream pension policy debates, and from mainstream academic research on pension reforms.

Outside mainstream pension debates, however, a body of research on gender and old-age security has been developing. One strand of research, for example, links pension policy with debates on gender and welfare states more broadly, and discusses larger questions of the distribution of work, family models and family change, and the relations between state, markets and families (for example Meyer 1998; Leitner 1998a, 2001). Other authors apply a gender lens to analyzing entitlements in a variety of pension systems (for example, Ginn, Daly and Street 2001; Ginn 2003, 2004), or elaborate on the gendered effects of specific design features of pension systems, for example pension sharing on divorce (e.g. Price 2003), or the retirement age of women and men (e.g. Ginn and Arber 1995). Yet others focus on evaluating experiences with pension reforms in different national or regional contexts from a gender perspective (for example, Kučarová 1998, Schmid 1998, Leitner 1998b; Arenas de Mesa and Montecinos 1999; Cox Edwards 2001; Castel and Fox 2001; Fultz, Ruck and Steinhilber 2003; Steinhilber 2003; James, Cox Edwards and Wong 2003, Dion 2004). Some of the research has to bee seen explicitly in the context of ongoing reform debates (for example Klammer 2000; Veil 2000, 2002; Bertranou 2001).

Drawing on a range of such sources, the goals of this paper are threefold: First, to contribute to systematizing the various aspects raised in the available literature on gender and pensions. Section 2 of the paper thus summarizes the most relevant design features of pension systems that have a gender impact. The analysis moves along two dimensions, equal access to benefits and equality of benefit levels in different pension schemes.

A second goal of the paper is to discuss selected country examples which illustrate the gender dimensions of pension reforms in greater detail. Section 3 highlights the cases of Poland, Hungary and the Czech Republic where pension reforms have been implemented during the 1990s. Among the three countries under study, two (Poland, Hungary) have chosen partial pension privatization, and have thus become frontrunners of radical pension reform in the CEE region. In turn, the Czech Republic has so far refrained from such a system changes and instead implemented reforms to the previous pension scheme, without introducing a system change.

Thirdly, the paper discusses some of the main challenges to conceptualizing gender equality in pension policy, highlighting some of the limitations of pensions as a tool to promote gender

equality. These aspects are dealt with in section 4 of the paper. Section 5 offers concluding remarks.

2. Key issues for gender equality in old-age security schemes

Gender differences in pensions are produced along two key axes: Criteria regulating an individual's access to pension benefits, or structuring the accumulation of entitlements on the one hand; and provisions regulating the amount of benefits and the conversion of pension savings into benefits on the other. Depending on these two, pension systems vary in the extent to which they produce, or increase, gender differences in the income of retired persons. Table 1 summarizes the key issues for gender equality in old-age security along these two axes, for public pension schemes as well as non-state pension schemes (private and occupational pensions). [3]

A range of authors have pointed out how the male breadwinner role in the labor market has been the "policy stereotype" (Ginn 2004:2) of many welfare states, implying that men were integrated into the welfare state as workers, while women were mainly seen as wives and mothers (e.g. Lewis 1993, 1997; Sainsbury 1996, 1999). The male-breadwinner model has implications in employment and wages as well as in social security: While men paid social insurance contributions and thus accumulated individual social security entitlements, women benefited from rights derived from their relationship with a male worker.[4] While family realities have been changing over time, the male breadwinner model is still a dominant social policy stereotype in Western welfare states. It has also reemerged in some aspects of social policy reforms in Central and Eastern European states after 1990.

Pension systems, and welfare state provisions more generally, are closely linked with the labor market, which itself is structured along gender lines. As women have entered the labor market, they have occupied ranks of lower pay and lower responsibilities. While today more women throughout the world work for pay than ever before, women's labor force participation continues lower than men's: For every 100 men in the labor force around the world, there are 63 women (ILO 2004). Women, far more often than men, have discontinuous employment biographies, and hold part-time instead of full-time positions, mainly because of their responsibilities for providing care to other family members in need. Women everywhere, on average, are paid less than men, a fact which is only partly explained by the fact that they are more likely to work in lower-level, low-paying jobs in feminized occupations. Gender discrimination in pay also explains a share of the gap (ILO 2004). As a result, women's lifetime earnings are considerably lower than men's, around the world.

In contributory public pension schemes in which benefits reflect labor market experience, the structures of gender inequality on the labor market are transported into the pension system. This works to women's disadvantage, in a way that "the tighter the link between pension

---

[3] Funded private pension schemes and NDC schemes promise a straightforward relationship between contributions and benefits. Thus, it is more difficult to separate access criteria and criteria regulating the benefit amount than in "traditional" defined benefit schemes. Since I include factors such as the retirement age and derived pension rights, among others, under access criteria, I think it is nevertheless useful to maintain the separation, even for analyzing funded schemes.

[4] For an analysis of the strength of the male-breadwinner model in welfare states, see Lewis 1992.

entitlements and employment career, the stronger will be the gender differences in pension access and coverage" (Ginn, Daly and Street 2002: 7). Conversely, it is true that, on average, a number of redistributive measures in a pension system work to women's advantage: Of particular relevance for women are minimum income guarantees in old age, flat-rate provisions and income ceilings, minimum contribution periods, as well as the provisions in place for calculating the pension benefits, for example on the basis of best years, final earnings or average earnings (Rake 1999). Given the gender division of paid and unpaid work, redistribution toward those who provide care, for example through caring credits in a pension scheme, benefits women disproportionately (Ginn 2004).

Some additional features of pension systems are particularly relevant for a system's gendered outcomes, including derived rights to pension benefits, and women's and men's retirement ages. Derived rights to pension benefits, such as survivor's benefits, or joint annuities, allow dependents to get benefits by virtue of their relationship to another contributor. Traditionally, derived rights have constituted a main pillar of women's income in old-age. Many derived pension rights are expressions of a traditional male-breadwinner/ woman-homemaker notion of gender roles. Reforms of the last decades have in many cases reduced the reach of derived pension rights.

For decades, women's retirement age has been lower than men's in a great number of countries, often by up top five years. Examples of such countries included Britain, Germany, Italy, Austria, Switzerland, Greece, Portugal, Japan, Australia, New Zealand, as well as Central and Eastern European countries. Historically, women demanded earlier retirement as a compensation for their unpaid family work, and for their lower wages (Ginn and Arber 1995). Moreover, they were granted earlier retirement as a way of supporting the institution of marriage and family income: Most women were younger than their husbands. Both could therefore not enjoy retirement jointly, if a woman continued working after the husband retired. Moreover, there was a risk of poverty for couples where wives were dependent on a husband's income: In Britain, where legislation on pension benefits for wives foresaw payment of an additional pension once she reached 65, couples had to manage on a single pension until the wife reached 65 (Ginn and Arber 1995). In a great number of countries, pension reforms of the last decades have narrowed, or abolished retirement age differences between women and men.

During the last two decades or so, a great number of countries around the world have implemented pension reforms. While the reforms have varied greatly, two trends are found in most countries: First, retirement ages were increased, and second, pension rights were linked more closely to contributions. Pension systems have become less redistributive and benefit accumulations more individualized through the reforms last wave of pension reforms. Reforms have implied revisions of the pension formula in public schemes, a (partial) conversion of public schemes into individual pension savings accounts, or combinations of both. Other areas of reforms have included survivor's benefits and occupational pension schemes in some countries.

Table 1 Key Issues for gender equality in old-age security

<table>
<tr><th></th><th></th><th>Access to benefits</th><th>Amount of benefits</th></tr>
<tr><td rowspan="3">Public pension schemes</td><td>Individual pension rights based on contributions, or residence</td><td>• Earnings or hours thresholds for contributions and eligibility for benefits
• Years threshold for residence-based pension
• Age for pension qualification/ retirement age</td><td>• Closeness of link between earnings and benefit – extent of redistribution, if any
• The existence of minimum floors and/or ceilings
• Maximum benefit amount as percentage of average earnings
• Duration of contribution/residence period for full pension
• Treatment of caring periods
• Indexation rules</td></tr>
<tr><td>Derived rights</td><td>• Married or widowed status required for eligibility (valid for cohabitees and remarried? Minimum duration of marriage)
• Provision for pension splitting on divorce, if any</td><td>• Equal or unequal entitlements between spouses; Percentage allocated to wife, if unequal entitlements
• Percentage ‘inherited’ by widow
• Arrangements in case of divorce
• Simultaneous eligibility for own and derived benefit?
• Indexation rules</td></tr>
<tr><td>Minimum income security in old age</td><td>• Needs-tested benefits / not needs-tested benefits
• Unit for needs test – individual or couple/ household
• Basis of needs-test: income, assets, or both
• Entitlement based on citizenship or contributions
• Individual/ derived rights to minimum security?</td><td>• Income threshold for receiving the benefit
• Minimum income as percentage of national average earnings
• Indexation rules</td></tr>
<tr><td rowspan="3">Non-state pension schemes</td><td>Occupational pension schemes</td><td rowspan="3">• Balance of state and non-state pension provision, criteria for provision of state subsidies, if any
• Earnings or duration of service threshold for eligibility
• Minimum contribution periods
• Ease of transfer or preservation
• Age requirements for eligibility/ retirement age</td><td rowspan="3">• Defined contribution or defined benefit scheme
• Guaranteed payout?
• Level of employer’s contribution, if any
• Entitlement splitting between partners; joint annuity requirements; splitting in case of divorce
• Calculation of risks on the basis of sex? Unisex tariffs? Life-tables used for annuity calculation (unisex vs. sex-differentiated)
• The treatment of caring periods (“caring credits”)
• Inheritance of entitlements possible? Widow’s pension as percentage of deceased member’s pension
• Whether / how entitlement is inflation-proofed during accumulation period, and during benefit payment
• Level of tax relief on contributions, if any
• Taxation of benefits
• Indexation rules</td></tr>
<tr><td>Mandatory private pensions</td></tr>
<tr><td>Voluntary private pensions</td></tr>
</table>

Source: Ginn; Street and Arber (2001: 8); author’s modifications and additions

3. The gender dimensions of recent pension reforms in Europe: Country Cases

Many European transition economies have significantly changed their pension systems over the course of the 1990s. Early in the decade, old-age security schemes often served to absorb high unemployment through liberal early retirement and disability provisions. Later in the 1990s, governments placed great emphasis on strengthening the solvency of pension schemes, keeping pension expenditure growth down, and modernizing certain features of the schemes to match the new economic environments in which they were operating. Consequently, benefit formulas were changed, often implying a reduction of the rate of wage replacement and a move to make benefits more earnings related, retirement ages increased, pension scheme financing separated from other branches of social security, and, in many cases, from the state budget as well, benefits paid to privileged categories of the insured curtailed, and procedures for contribution collection strengthened (Fultz & Ruck 2000, Müller 2001, Fultz 2002, Fultz 2003).

Pension reforms of the 1990s in CEE have commonly strengthened the principle of equivalence, by establishing a closer link between benefits and lifetime earnings. Overall, the role of individually accumulated pension rights for the level of benefits has increased greatly and redistributive elements in pension benefit formulas have been reduced or abolished.

In line with the "new pension orthodoxy" (Müller 1999) about the need for a paradigm change in old-age security, away from public welfare provision toward pension privatization, a number of CEE governments have chosen to privatize a portion of the inherited public pension system (Fultz & Ruck 2000, Fultz 2002). Throughout the region, partial pension privatization typically implied the establishment of a three pillar pension system: A mandatory, publicly administered pay-as-you-go system is maintained in the first pillar[5], a mandatory privately managed second pillar on the basis of individual savings accounts is introduced,[6] complemented by a voluntary, often state-subsidized, privately managed third pillar, also on the basis of individual savings accounts. [7]

Nowhere in CEE has the goal of enhancing gender equality been a driving force in the pension reform process. Instead, "reforms have been developed by men with men in mind" (Kučarová 1998: 94). As a consequence, reforms have had gendered impacts both at the level of access to benefits as well as the amount of benefits. Table 2

[5] In a pay-as-you-go system, current workers' contributions are used to pay current pensioners' benefits. Today's workers in turn earn the right to future benefits from the system (Fultz 2003).
[6] In pension systems based on individual savings accounts, also named defined-contribution systems, the worker's pension reflects his or her own contributions over the course of a working life, and the losses or gains through interests. Administrative costs are deducted from the accumulated savings.
[7] In some countries, e.g., Hungary, Poland, Bulgaria, Latvia, Estonia, Croatia, Bulgaria and Lithuania, legislation on the partial privatization is now being implemented. In the Slovak Republic, it will start in 2005.

presents an overview of the relevant changes from a gender perspective in the three countries.

Table 2: Core features for gender equality in Central European pension schemes, Poland, Hungary and Czech Republic compared

		Poland	Hungary	Czech Republic
Type of scheme	pre-reform	mandatory, DB-PAYG	mandatory, DB-PAYG	Mandatory, DB-PAYG
	post-reform	mixed, 3 tiers: mandatory, NDC mandatory, FF[1] voluntary, FF	mixed, 3 tiers: mandatory, PAYG, mandatory, FF voluntary, FF	2 tiers: mandatory, PAYG voluntary, FF
Structure of pension formula	pre-reform	redistributive DB: flat-rate component, tenure, level of previous wage[2]	redistributive DB: tenure and level of previous wage plus redistribution[3]	redistributive DB: tenure, level of previous income and work category[4]
	post-reform	tier I: total amount of paid contributions (indexed) divided by life expectancy tier II: contributions + investment returns – administrative expenses (including annuity purchase)	tier I: DB structure left largely intact, most changes delayed[5] tier II: contributions + investment returns – administrative expenses (including annuity purchase)	flat-rate basic + earnings related component with redistribution[6]
Minimum pension guarantee after reform		minimum pension (tier I)[7] guaranteed minimum return rate (tier II)	means-tested basic pension (in tier I) financed from general revenue[8]	flat-rate portion of the benefit is guaranteed
Minimum insurance period after reform		tier I: for minimum pension guarantee: men: 25 years, women: 20 years tier II: no minimum	tier I: 20 years (up from 10 years), partial pension for service period btw. 10-20 years tier II no minimum	25 years
Impact of different life expectancy (women - men)		tier I: unisex life tables tier II: no law yet	tier I: no impact of gender differences in life expectancy tier II: unisex life tables	no impact of gender differences in life expectancy, (voluntary second pillar may use gender specific life tables)
Redistribution of income after reform		no redistribution towards low-income earners in either tier	tier I: redistribution gradually decreasing tier II: no redistribution between income groups[9]	redistribution toward low-income earners

1. The Polish and Hungarian systems offer, on a mandatory basis, a purely public as well as a mixed pension option: The first PAYG tier is mandatory for all insured. Membership in the second fully-funded tier is mandatory for all new entrants to the labour market (Hungary) and everybody below age 30 (at the effective day in Poland). Those above 30, but under 50, (Poland) and those already active in the labour market (Hungary) had a choice between the purely public and the mixed path. Müller 1999

2. Insufficient indexation (formally introduced in the 1980s only) caused a loss of benefit value. Müller 1999, p. 94-96

3. This formula was in force from the 1970s. Undercompensation for inflation led to a downward trend of absolute and relative benefits levels. Müller 1999, p.61-62.

4. This formula was in force from the 1950s. Pensions were not systematically indexed. Müller 1999, p.128-129.

5. The formula used until 2013 is based on individual earnings and a multiplier that depends on the number of contributory years. Thereafter the formula will be based on the number of years of service and the average individual monthly earnings up to the ceiling on wages which are subject to the employee contribution. For those in the public pension scheme alone, the pension accrual rate will be 1.65% of average earnings for each year of service. For those in the mixed system, this rate will be 1.22%.
6. Currently, post-1985 earnings constitute the base for pension calculation. The base will gradually increase to 30 years.
7. At age 65 (men) and 60 (women).
8. There was a guarantee that the benefit could not go below 93% of the benefit under the public system, but this was repealed by the Fidesz-led government (1998-2002).
9. There is still some redistribution in favor of women, though, since unisex annuity tables are to be used for benefit calculation in tier II, although women's life expectancy is higher than men's.
Source: Steinhilber 2002

Poland and Hungary have both privatized a part of their public pension schemes, by introducing mandatory pension savings schemes which are managed by private providers ("second pillar"). The major difference between the Polish and Hungarian reforms lies in the extent to which public pension schemes ("first pillar") were restructured in parallel with the privatization (Fultz 2002). In Hungary, the 1998 reform left the public defined benefit structure largely intact and, where making changes, delayed effective dates for more than a decade. As a consequence, redistribution in the benefit formula will gradually decrease but continue until 2009. The pension scale will not become linear before 2013.

In contrast, the Polish pension reform has revamped the public pension system substantially: The former publicly managed pay-as-you-go pension scheme has been replaced with a new notional defined contribution (NDC) system. In such a system, a quasi-actuarial pension formula is introduced into the public pension tier. All contribution payments are recorded in notional individualized accounts. Capital accumulation is only virtual, however. Individual benefit levels depend mainly on past contributions and their notional rate of return, as well as the life expectancy of the age cohort (Müller 2000). Thus, in a NDC system, benefits reflect each individual's contributions in a more nearly linear way (Fultz 2002). As a consequence of this reform measure, future pensioners in Poland will receive the benefit they have 'paid for' and redistribution toward low-income earners is greatly reduced.[8] Thus, actuarial fairness has been advanced at the cost of, predictably, increasing inequality of benefits.[9]

In contrast to the Polish and Hungarian reforms, Czech governments have so far decided to reform the existing public pay-as-you-go system without privatization. In addition to the reformed public pension system, private pension savings on a voluntary basis are encouraged: the law provides for a government matching payment up to a ceiling and a tax break. Consequently, the current Czech pension system is based on two pillars: a basic mandatory pension insurance funded on a pay-as-you-go basis, and a voluntary, fully-funded supplementary pension insurance.

8 Benefits will be automatically decreased in response to increases in average life expectancy, unless workers delay retirement and make additional contributions. Fultz 2002a
9 Note that NDC schemes not only do away with redistribution between different groups of beneficiaries, for example between women and men, high-income and low-income earners etc., but also abolish redistribution between generations.

After reforms, the Czech benefit formula consists of two parts, a flat-rate portion and an earnings-related portion. As a consequence, the formula ensures redistribution of income by providing for a higher return on contributions to low-income workers than to workers with higher incomes: The flat-rate portion constitutes a greater share of the benefit of workers with an income below the average. Besides, the earnings-related part of the benefit gives relatively greater weight to low earnings.[10]

The gender impact of equivalence between contributions and benefits

As emphasized above, a closer linkage between contributions and benefits, as well as greater individuality in pension rights, are detrimental for women as a group, because of their inferior position in the labor market and the disadvantageous division of unpaid work between women and men. Thus, if one expects that social security should, at least partially, compensate for income inequalities, then shifts toward greater individuality of pension rights are a reason for concern about the situation of women: In a system based on the individual accumulation of pension rights and close links between contributions and benefits, gender inequalities in the larger environment, namely the labor market, have a substantial impact on pension rights and the future level of benefits. A lower retirement age for women further exacerbates the problem of women's shorter tenure. A pension system based on the individual accumulation of pension rights thus exacerbates gender inequality in the labor market.

A comparison between the old and new Polish system illustrates the impact of the gender wage gap and shorter tenure in a system with and without redistribution: In the old Polish system, a pension consisted of two parts, a constant element, correspondent to 24% of the average wage and an individual-related element, which depended on the wage and tenure of a pensioner. The constant element was equal to about a third of the pension for an average wage earner. Its weight in pensions of low-income earners with shorter tenure was higher than in the case of persons with higher incomes and longer tenure. As women tend to have lower wages and shorter average tenure than men, the constant element in the pre-reform Polish pension system caused women's pensions to be on average relatively higher than if they had been calculated according to purely actuarial criteria. In the old system, women's pensions were about 80% of men's, whereas in the new system, they are only about 73%. Thus, after eliminating income redistribution, the gender wage gap during working years is directly transformed into a gender gap in pensions. One can even observe a compounding effect in the funded portion of the scheme, since those with higher earnings earn larger and faster compounding investment returns over their working years.

In comparison, the reformed Czech pension system still provides for considerable redistribution in favor of women: In December 2000, the average old-age pensions paid to Czech women were 82% of the average pensions paid to men. Women's average wages, however, were only about 75% of men's. Thus, the redistributive

10 For workers retiring in 2002, the first 7100 CZK of countable earnings toward a pension benefit are credited at 100%. Countable earnings between 7100 CZK and 16.800 CZK are credited at 30%, and countable earnings exceeding 16.800 CZK are credited at 10%.

features in the pension system served to offset approximately a third of the gender wage gap.[11]

There is one aspect, however, where individual pension accounts produce a small benefit for women in Hungary and Poland: Now, all contributions into a pensions savings account, no matter how small or infrequent, will be reflected in the benefit after retirement. This is beneficial for workers with interrupted working lives or with short-term contracts, conditions which affect women in greater numbers than men.

Moreover, since there are no minimum contribution periods required in the private pension accounts in both countries, those women with short contribution periods due to family care and irregular employment histories will now accumulate their own pension rights, whereas they might not have reached the required minimum contribution period in the old system. However, private administrative charges on private accounts tend to be very high. While the individually accumulated pension rights might not guarantee a decent benefit level, the removal of minimum insurance periods also removes a disincentive to labor market participation for those with few hopes to a achieve "standard" employment history.

Enhancing formally equal treatment of women and men

In all three countries, the pension reforms of the 1990s have advanced formally equal treatment of women and men. In the pre-reform pension systems, women and men had been treated differently with respect to a number of provisions, for example their retirement age, access to survivors' benefits and to caring credits, *i.e.* provisions to take care leave periods into account for the accumulation of pension rights. In all these cases, women had been treated favorably, as compared to men, or certain provisions were exclusively available to women, like in the case of survivor's benefits.

The reforms have advanced formal gender equality by equalizing eligibility criteria and making benefits available for men where they had been limited to women before. Table 3 illustrates these changes in favor of more formal gender equality.

Table 3: Do benefit entitlements provide for equal treatment of women and men?

		Poland	Hungary	Czech Republic
1. retirement age	Pre-reform	no	no	no
	Post-reform	no	yes	no
2. survivors' benefits	Pre-reform	yes	no	no
	Post-reform	yes	yes	yes
3. caring credits	Pre-reform	no	no	no
	Post-reform	yes	yes	yes

Source: Steinhilber 2002

[11] Note that the wages were earned in different periods and the generations being compared are different, so that the comparison is not accurate, strictly speaking.

Retirement ages of women and men

In all three countries, women's retirement ages had been lower than men's in the pre-reform pension systems (see table 4): In Poland, men could retire at 65 (with 25 years of service), women at 60 (with 20 years of service).[12] In Hungary, men retired at 62, women at 57. In the Czech Republic, men retired at 60 and women at 53-57. The retirement age for women depended on the number of children: Per child, women could retire a year earlier.

In two of the three countries, Hungary and the Czech Republic, retirement ages of women and men were raised as a consequence of the pension reforms of the 1990s. But only in one country have women's and men's retirement ages been equalized: In Hungary, pension ages for both women and men will be equal at 62 as of 2009. The equalization demands a larger adjustment on the side of women, however, whose retirement age has been raised by 5 years. In the Czech Republic, the difference between women's and men's retirement age has been reduced to one year (61 for women, 62 for men), but women's retirement age continues to be lowered depending on the number of children she has (one year per child). The Polish pension reform did not entail a rise in the retirement age, and the five-year difference for women and men was maintained.[13] Discussions about the equalization of pension ages have been ongoing for years, but to date, no agreement has been reached.

Table 4. Retirement ages in the Czech Republic, Hungary, and Poland

Country	Pre-1990	Current law
Czech Republic	60 for men, 53-57 for women	62 for men, 57-61 for women
Hungary	60 for men, 55 for women	62 for both sexes
Poland	65 for men, 60 for women, with early retirement options	65 for men, 60 for women, with early retirement eliminated

Source: Kucharova 2003, Lukács and Frey 2003, Wóycicka 2003, chart in Fultz and Steinhilber 2003

In highly individualized pension systems, however, an earlier retirement age cannot be considered a privilege of women. As redistribution through the pension formula is eliminated, women who retire earlier risk receiving substantially lower benefits. Simulations from Poland illustrate the effect of a five year difference in retirement ages very clearly (see table 5). Moreover, women benefit less from the effect of compound interests if they have a lower retirement age.

[12] Because of generous provisions for early retirement, the effective retirement age in Poland was even lower: 59 for men, and 56 for women.

[13] The effective retirement age in Poland will go up, though, because the generous provisions for early retirement are being phased out.

Table 5. Average pension for a woman (as a percentage of the average pension for a man); Poland, projection for 2050

	With continuing earlier retirement for women (60,65)	*With equal retirement at age 65*
Old system	75 %	81%
New system	57 %	73 %

Source: Wóycicka 2003

Combining individualization with a difference in retirement ages: The case of Poland

The combination of an earlier retirement age for women with a notional defined contribution system (NDC) in the public pension scheme, as introduced by the Polish pension reform, has highly detrimental consequences for women (Steinhilber 2002). Core redistributive elements of the old pension scheme which had worked in favor of women have been eliminated.[14] At the same time, the system of individualized accumulation of pension rights ensures formally equal treatment of women and men, but reproduces gender inequality in the larger environment (*i.e.* gender wage gap, shorter tenure of women because of care leave). Moreover, while radically reducing redistributive elements in the benefit calculation, a five year difference between women and men's retirement age has been maintained, thus barring women from accumulating pension savings during an equal number of contribution years like men.[15] In addition, the five year difference has a negative effect on compound interests in women's pension savings.

Projections[16] show that the reform is likely to cause replacement rates[17] to fall to levels below the minimum standards stipulated in ILO Convention 102, with

---

[14] Specifically, two redistributive features of the old pension system have been eliminated: First, the constant component in the pension formula, 24% of the average wage for all pensioners, has been abolished. The constant component had benefited women indirectly, because it caused the pensions of those who earned below the average wage (relatively more women than men) to be higher. Second, the old formula had set a cap on the portion of an individual's wage used for benefit calculation, but contributions were paid on the full wage. According to the new formula, a maximum is set both for the benefit calculation as well as for contributions. Now, employees and employers do not pay contributions on earnings exceeding 250% of the average wage. Since there are fewer women among the higher income earners, it is mostly men who benefit from this provision about maximum contributions. See Chlon-Dominczak 2002.

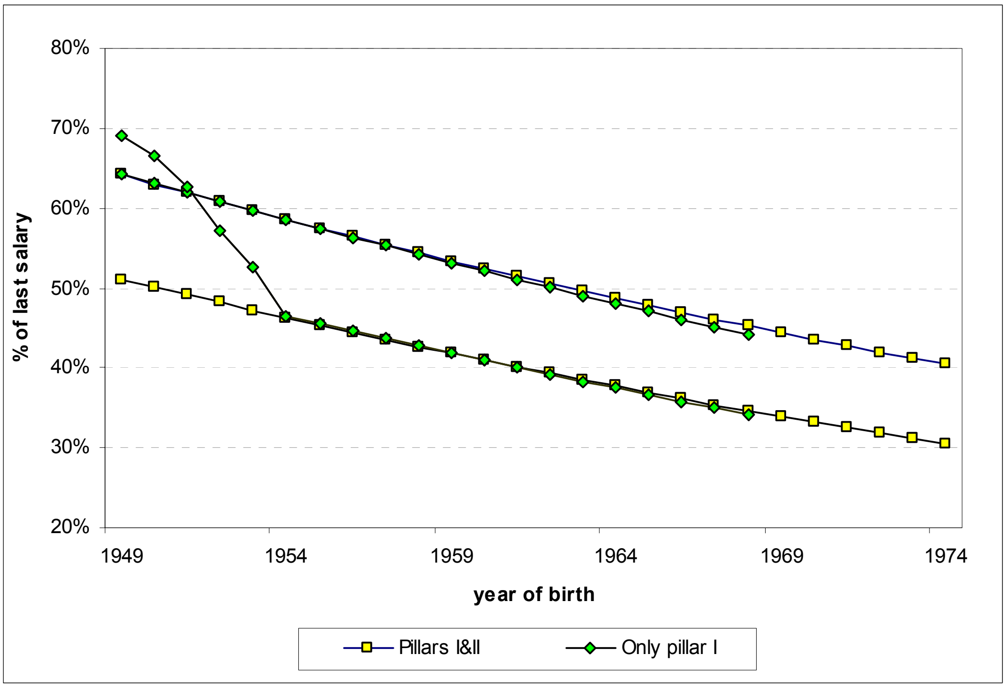
[15] Ironically, a number of women's organizations were strongly in favor of maintaining the difference in retirement ages when the proposal was initially discussed. Obviously, there is no uniform "women's interest" on this question, since the effect of a higher retirement age depends on individual characteristics such as age or education (see footnote 8). Public support for an earlier retirement age for women has been declining over recent years, but a CBOS (Polish Statistical Office) poll in March 2002 found that still 54% of those surveyed favored an earlier retirement age for women, even at the cost of a lower pension benefit. In October 1999, 78% has answered yes to a similar question. Support for equal retirement ages had grown over the same period from 19% to 28 %.

[16] For a more detailed discussion of the assumptions and the methodology of the projections, see Chlon-Dominczak in Fultz (2002).

[17] Defined as the ratio between (net) pension and (net) wage.

significant differences between women's and men's replacement rates.[18] For average wage earners, women or men (*i.e.* assuming there is no gender wage gap), replacement rates are projected to decline from 65% for men and 50% for women born in 1949 and retiring under the old system to 40% for men and 30% for women born in 1974 and retiring under the reformed system. The decline is illustrated in the following figure.[19]

Figure 1: Simulated replacement rates for birth groups 1949-1974, women and men, average wage earner



Note: the upper two lines are for a man, the bottom two for a woman. For assumptions about the indexation of notional accounts and rate of return from tier II, see Chłon-Domińczak 2002.

If the different earnings patterns of women and men are taken into account, alongside the effect caused by women's shorter overall tenure, two simultaneous effects of the reform come into play.[20] In this case replacement rates for both women and men decline after reform, and at the same time, the gender gap in replacement rates grows. In the new system, the replacement rate of men, retiring at age 65, is projected to be almost twice the rate for women, retiring at age 60: The projected replacement rate is 39.6% for men as compared to 22.4% for women. In the old system, for the same

[18] ILO Convention 102 generally calls for a minimum benefit standard of 40% of the wages after 30 years of contributions, with provision for an upper limit and floor.

[19] Note that with the exception of the transitional rules applied in the first five years of the new system, the decision whether to enter the prefunded second tier or not has little influence on the overall pension size.

[20] The scenario uses typical male and female characteristics, according to current statistical data: In the female profile, lifetime earnings are assumed at the level of 86% of the average wage in the economy and total tenure is assumed to be 36,2 years (current average tenure plus the difference between the legal retirement and the current actual retirement of 55,9). For men, the scenario assumes earnings at the level of 112,9% of average wage and average tenure of 42,4 years. Chlon-Dominczak in Fultz, Ruck and Steinhilber 2003.

profiles, replacement rates were more than two times higher, for both women and men.

The gender gap in replacement rates between women retiring at age 60 and men at 65 in the old system was roughly 25%. In the new system, the gap in replacement rates is larger than 30%. The difference in women's and men's retirement ages explains about half of the gap in pension benefits in the new system. The other half is can be explained by wage differences between women and men. Even assuming an equal retirement age for women and men at 65, the reform has increased the gender gap in replacement rates: If both retired at 65 under the old system, the gap was 19%, whereas in the new system it is projected to be 26%.

Survivors' benefits

The criteria for access to survivors' benefits have been equalized through the reforms in all three countries.[21] Where survivors' benefits had not been available for men before (in Hungary and the Czech Republic), they are so now. Equalization of the entitlements to survivors' benefits proceeded only gradually in the Czech Republic: Survivors' benefits were made available to men in principle in 1991, but according to different rules than for women. Only in 1996 were eligibility criteria for men and women equalized (Kucharova 2003).

In Hungary, since the 1997 reform, beneficiaries are eligible to receive a survivor's benefit in addition to their own pension (while before reform, they would only receive the higher of the two). However, the level of the survivor's benefit was reduced from 50 to 20 per cent, a quite sizeable cut which is expected to have noticeable negative consequences on women's income in old-age (Lukács and Frey 2003). The cut will affect particularly those women who do not have a pension based on their own work history, as well as those with a low pension.

Caring credits

During the socialist era, all three schemes provided credits toward a pension for years that workers (mostly mothers) spent out of employment caring for young children at home. While the rules for counting such periods varied across schemes, a year spent at home caring for a child was generally treated as equal to a year of employment, even though no contributions were paid.[22] This meant that periods of child care did not reduce the pension that a parent would receive. These credits were financed within the pension system by a cross subsidy from other contributors. Caring credits have

[21] It is interesting to observe that these changes toward greater formally equal treatment of women and men have not sparked criticism when implemented in the 1990s. When widower's benefits were introduced in the late 1980s in Germany, they were criticized for being unnecessary, because the situation of widowers was "not unsatisfactory" (Veil 1989: 47). Promoting equal treatment *per se* was thus not regarded as beneficial for gender equality.
[22] The treatment also varied depending on which child care benefit was received by the parent. See Lukács and Frey 2003.

been revised over the course of the reforms in all three countries. Again, one step was to make them available to men according to equal criteria as for women. However, both in Hungary and Poland, revising the rules for caring credits has implied a reduction in their value.

During the 1990s, Hungary and Poland revised the rules for crediting caring periods (see table 7) (Fultz, Ruck and Steinhilber 2003). Hungary retained the old rules in the public component but applied the new rules in the new mandatory private component adopted in 1998. Now, participants must contribute eight[23] percent of their child care benefit to a commercially managed individual pension savings account, and there is no employer (or state-financed) matching contribution.[24] As explained previously, their future pension benefits will be calculated as a simple return on this contribution – i.e., investment performance minus management fees.[25] This new arrangement is especially disadvantageous for middle and upper income earners: Eight percent of the child care benefit is a tiny amount, equal to less than US$4.00 per month, so that the pension entitlements based on the child care benefit substantially lower than those they earned when working.

In Poland, caring credits are financed by a transfer from the state budget for periods of child care (Wóycicka 2003). Compared to a cross-subsidy within the pension system, this set-up improves the transparency of pension financing. Moreover, it shifts the burden of financing pension credits for which no contributions are paid to the public at large. However, the subsidy is based on the minimum wage which makes the benefit much less generous than it was before this reform. As a result, most individuals who take leave from work to provide child care will receive lower pensions. In fact, everybody who earns more than the minimum wage is penalized for taking time off to care for a small child: The earnings history suffers and the resulting pensions will be reduced. As it is almost exclusively women who take leave and receive child care benefits, they are most heavily affected. This reform also creates disincentives for men, who typically have higher earnings, to take child care leave.

---

[23] Previously six percent

[24] In all contributions to the privatized component of the pension system, there is no employer matching contribution.

[25] This private benefit will supplement the individual's public pension. The amount of the public pension will be reduced due to the diversion of a part of the contribution to the private tier.

Table 7: Caring credits in reformed Polish and Hungarian pension schemes

	tier I	**tier II**
Poland	• leave periods count for minimum insurance period (maximum number of years: 6) • pension contributions during leave periods paid from the state budget • basis for contribution payment: minimum wage[26] (contribution: 12,22%)	• pension contributions during leave periods paid from the state budget • basis for contribution payment: minimum wage (same as tier I) (contribution: 7,3%)
Hunga Source: Steinhilber 2002**ry**	• recognition of care leave as non-contributory period • for recipients of insurance-based leave benefits[27]: earnings are credited at level of former wages • for recipients of flat-rate child-related benefits[28]: leave periods raise the number of contributory years, but have no impact on life-time income[29]	• no employer or government subsidy (as with all other second pillar contributions) • basis for contribution payment: level of benefit (contribution: 6%)

Source: Steinhilber 2002

Life expectancies and private pensions

Differences in women's and men's life expectancy pose a special challenge to gender equality pensions schemes, particularly in fully-funded private pension insurance. In privately managed pension schemes, longevity is considered an insurance risk: If different average life expectancies of women and men are used in the calculation of contributions, or in the conversion of savings into annuities from which benefits are paid for the rest of a retiree's lifetime, women will either pay higher contributions, or receive lower monthly benefits.

In all CEE pension schemes prior to reform, redistribution for demographic reasons was provided for: Despite different average life expectancies of women and men, pension benefits were not differentiated based on sex-specific life expectancies. This constituted a form of redistribution from men to women.

[26] The minimum wage is the basis in the case of child raising leave. In the case of maternity allowance, it is the level of the allowance (which in turn depends on the previous income).

[27] Insurance-based leave benefits are maternity benefit, child-care fee, sick-child benefit and unemployment benefits.

[28] For recipients of flat-rate nursing fee (care for elderly), income is calculated on the basis of the actual benefit, contributions are paid from the state budget on the basis of the amount of the benefit.

[29] For benefit recipients who have additional work-related income (from part-time work or home-work), the benefit can boost actual earnings.

Under the new mixed pension schemes in Poland and Hungary, a part of the worker's monthly contribution is directed into a privately managed pension account. At retirement, the savings accumulated in this account will be converted to an annuity that will pay a monthly pension benefit until the worker's death. The annuity provider will set the level of this monthly benefit based on how long the worker is likely to live, that is, how many years the savings must be stretched to cover. Since it is not possible to know this in advance, the provider will use a statistical estimate of the average life expectancy of all those in the worker's age group.

For this calculation, annuity providers can use one of two options of life expectancy tables, taking the average longer life expectancy of women into account or not. The pension size of women and men, however, differs considerably if life expectancy is taken into account for the calculation of annuities. The Polish and Hungarian pension reforms have so far not adequately solved the question if, and how, redistribution for different average life expectancies of women and men should be continued. Only for the first, public, tier of the pension systems in both countries, it has been decided that, as before reforms, benefit levels will not differ based on life expectancy.

With respect to the privately managed pension funds in Poland, as yet, no rules have been legislated about the factors to be taken into account when an individual's savings will be converted into an annuity. Thus, it is not clear whether men and women will have identical periodic benefits, or whether women will have smaller benefits because of their longer life expectancy (Chłon-Domińczak 2002). Projection show, however, that if the benefit formula for the second pillar would allow for the use of separate life expectancies for women and men, the gap between women's and men's projected replacement rates would increase by 5,5 % at retirement age 60, and by more than 8 % at retirement age 65 (Wóycicka 2003).

In Hungary, in contrast, according to the pension law, annuities must be calculated using gender-neutral life tables in both the first and the second tier. However, existing private insurance companies do not use gender-neutral life tables. There is a risk that forcing a reluctant private industry to treat women and men equally will provoke subtle discrimination against women by adverse selection. To prevent such behavior, efficient government regulation and oversight would be needed. The language of the current Hungarian law, however, may be too loose to ensure strict enforcement of this provision, so that gender discrimination may occur despite a general obligation to equal treatment (Fultz 2002, Augusztinovics 2002).

4. Gender equality in pension policy – Challenges and policy proposals

A number of authors have highlighted the fact that gender has so far been largely invisible in the literature on pension reforms. In reaction to this deficit, a growing number of researches has abandoned the assumption of an "ungendered individual" as a recipient and contributor to pension systems, in favor of a gendered analysis of old-age security (Ginn, Street and Arber 2001: 1). A growing body of research has developed, covering various aspects of pension systems that are particularly relevant

for gender equality, as well as country studies and comparative works on the gender dimensions of pension reforms (e.g. Meyer 1998; Leitner 1998a, 2001; Ginn, Daly and Street 2001; Ginn 2003; Ginn and Arber 1995; Kučarová 1998, Schmid 1998, Leitner 1998b; Arenas de Mesa and Montecinos 1999; Cox Edwards 2001; Castel and Fox 2001; Fultz, Ruck and Steinhilber 2003; Steinhilber 2003; James, Cox Edwards and Wong 2003; Klammer 2000; Veil 2000, 2002; Bertranou 2001, Dion 2004)

The literature on gender equality and pensions reveals a number of challenges and potential contradictions, both on a conceptual level, and in formulating proposals for a more gender equal pension policy, which have so far not been adequately addressed. In the following section, four of these will be discussed: First, individual pension rights versus derived rights as potentially conflicting demands in favor of women in old-age. Second, the politically very contested issue of pension age equalization for women and men. Third, the limitations of strengthening gender equality through equal treatment in pension schemes, given the unequal structures of the labor market. And fourth, the challenge to gender equality policy in pensions posed by the increasing diversity of women's economic situation and labor market status.

Individual pension rights versus derived rights

Strengthening women's access to social security, including pensions, in their own right has been a core demand of gender equality advocates for years (e.g. ILO 1990, EWL 2001). The demand has been supported by evidence on women's dependence in old age on their husbands or other family members, which is institutionalized in a great number of pension systems around the world.

Derived pension rights, mainly spousal and survivor's benefits, are a double-edged sword for women: They may stabilize the traditional male-breadwinner model of the family. They have been shown to benefit one-earner families disproportionately in a number of countries and are not creating incentives for women's labor market participation (Leitner 1998). In dual earner couples, married women entitled to a small pension in their own right often receive barely more than a lifelong homemaker (Ginn, Street and Arber 2001). Moreover, derived social security rights also facilitate the employment of women in jobs not covered by mandatory social insurance contributions.[30]

On the other hand, evidence shows that derived rights - at the moment - are of great practical use for many women: Spousal and survivor's benefits often ensure their income security in old age, especially in the absence of a citizen's pension or a guaranteed minimum pension provided by the state.[31] In Austria, for example, in

[30] Of course, this is not only true for derived rights to pensions, but also for derived rights to health insurance or other social security benefits.
[31] Derived rights might also benefit women in addition to minimum pension guarantees. This has been a result of the analysis of the gender impact of pension reforms in Latin America by James, Cox Edward and Wong 2003. The authors therefore strongly advocate joint annuity requirements in private pension schemes. The limitations of a reliance on derived rights, namely their uselessness for non-

1995, 40 per cent of all women above the age of 60 were entirely dependent on a husband's/ former husband's pension entitlements (Schmid 1998: 63). In Germany, in 1998, slightly more than half of all West German female pensioners received only survivor's benefits, as did about 40 per cent of East German female pensioners (Klammer 2000: 181).

While of practical use for many, derived social security rights only benefit a limited group of women, namely those married, or, in some countries, divorced. Single women, especially single mothers, or women living in unmarried couples cannot take advantage of derived pension rights and consequently face a greater risk of poverty in old age. The same is true for homosexual couples in most countries. Given the growth of non-traditional family settings, derived pension rights are becoming less useful, and/or more limited in their reach.

Advocates for gender equality in pension policy thus face the dilemma: Can one demand increased individualization of pension entitlements for women, without giving up on derived rights, in particular survivors' benefits, and without risking to formulate demands that further stabilize the traditional division of labor between women and men? Early proposals for individualization were directed at insuring individual pension rights for women based on their traditional roles as homemakers and mothers (e.g. Gitter 1974, quoted in Veil 1989). The goal of such proposals was to ensure that women could secure their income in old-age from unpaid family work – a questionable proposal if the goal of gender equality policy is to shift traditional role assignments.

Over time, however, the trend has been one of modifying and curtailing derived pension rights. For example, the "attractiveness" of marriage as a route of access to derived rights has been reduced, in favor of increased entitlements linked to children and childcare work. This path has been documented in the analysis of subsequent pension reforms in Germany (Meyer 1998; Klammer 2000). In addition, a pension splitting model during marriage was introduced, in which the pension rights accumulated by both partners during their marriage are shared evenly.[32]

Others have directed their attention to the side of individualization and employment-based entitlements: As the European Women's Lobby writes: "Individualised social protection rights will give women access to individual social security as well as incentives for women's greater participation in the labour market, which in turn can contribute to a more equal family life. Therefore, it is of fundamental importance that the individualisation of rights to social security, together with an individualisation of tax and benefit systems, is pursued throughout the Member States" (EWL 2001). While it is possible to combine an employment-focused approach with demands for pension credits for childcare, individualization and the cutback of derived rights work against women who chose to live in a traditional role set-up. They will not be able to

married women, and the risk that such regulations perpetuate or even enhance the dependence of women on men, do not figure in their analysis, however.

[32] Pension entitlement splitting is of great importance in the case of a divorce as well.

accumulate individual entitlements to the same level as their former protection through their spouses. In the light of such considerations, is it legitimate to prescribe an employment-centered model of life? And to what extent can individualizing social security entitlements actually influence the division of gender roles at home? Clearly, for the positive effects of the individualization of pension entitlements to come true, change of role behaviour is needed on the side of men as well. Otherwise, increased individualization of entitlements may decrease women's access to social security.

Equal treatment in pension schemes and labor market inequality

Increasing the relevance of individually accumulated pension rights at the expense of derived rights of course makes individuals' entitlements more dependent on their labor market success. This might be a promising way for a sizeable group of women in an economic context where women's labor market situation progressively improves, as found in some Western countries. In the case of pension reforms in CEE, however, individualization and dependence on labor market success have been increased, while women's labor market situation has become more precarious with the economic reform process (UN/ECE 2004). Thus, social security support has been taken away at a moment of growing needs for support among many, and increased economic instability (Fultz and Steinhilber 2003).

The broader question for gender equality advocates then is, to what extent pension schemes can – and should – compensate for labor market inequalities. What does gender equality mean: Equality of treatment of women and men in social security schemes, or greater equality of outcomes, through compensatory measures in a pension scheme? To what extent are combinations of both possible and promising?

Some have argued that equal treatment and greater actuarial fairness are steps toward gender equality, "as women and men face the same incentives in the labor market" (Castle and Fox 2001: 448). Yet while incentives might be equal, labor market outcomes are not: There is a persistent gender wage gap around the world, and women's unemployment rates are higher in a great number of countries, to mention but two examples of gender inequality in the labor market. Social security alone is a weak instrument for reshaping inequality in labor markets and society more broadly, as expressed for example in the skewed division of child care responsibilities between women and men, as well as entrenched beliefs and gendered cultural patterns (Fultz and Steinhilber 2003). Yet there is ample evidence that social security can be a useful tool for creating greater income equality among citizens in general, and women and men in particular.[33] Is it therefore a legitimate, or even necessary, political choice to design pension schemes in a way to redress labor market inequality? Ginn argues that :"unless redistribution is designed into the pension system [women] cannot both raise children and enjoy an adequate pension in later life. Men rarely face this choise" (Ginn 2004:9).

[33] In the Czech Republic, for example, the preserved redistributive character of the pension formula offsets approximately a third of the gender gap in wages: At the end of 2000, the old-age pensions paid to women were 82 per cent of those paid to men, while their wages were on average 75 per cent of men's (Kuchařová 2003: 139).

Pension age equalization for women and men

The equalization of retirement ages for women and men has proven to be a politically highly contested item in reform debates of the late 20th century. Women's and men's pension ages have been unequal in a majority of pension systems for decades. From an equal treatment perspective, however, the privileges afforded to women with respect to their retirement age constitute unequal treatment in an area not related to biological differences. Is there is a principled rationale for maintaining a retirement age differential between women and men? Should all women retire earlier because most of them have children at some point in their lives? Or should women retire earlier because they do the larger share of unpaid care work? Should women retire earlier because most are married to elder men, so that they can enjoy their retirement together?

Or should, as is the case in the Czech Republic, women's retirement age be linked to the number of children she has given birth to? This set-up is equally hard to defend from an equality perspective. Only if early retirement was linked to childcare duties, or childcare leave, then fathers who took childcare leave should be able to retire earlier as well. Empirically that has not been implemented anywhere, however.

Equalizing women's and men's retirement ages appears a reasonable demand in the interest of equal treatment. Moreover, it becomes a practical necessity in pension systems that are strongly individualized, and link contributions and benefits closely. This is a clear result of simulations done for Poland, where women's retirement protection will further erode if their statutory retirement age is not equalized with men's (see above, and Wóycicka et.al. 2003). As Fultz and Steinhilber have argued: "Without this equalization, the retreat from redistribution will leave women at substantially greater risk of poverty as the reforms are phased in. This risk provides a strong justification for equal treatment." (Fultz and Steinhilber 2003: 35)

However, where retirement ages have been equalized in recent years, greater adjustments were demanded from women, as a group. A lowering of men's retirement age was not considered a viable financial solution. Yet public acceptance of a raise in women's retirement age is not easy to achieve: On the one hand, it is a matter of public information to explain the consequences of a lower retirement age for women (Castle and Fox 2001). However, information is a necessary but not sufficient condition. Women's lower retirement age is considered a longstanding and cherished privilege, and opposition against any change has been strong in a number of countries. A large majority of Western European countries have nevertheless progressively eliminated retirement age differences between women and men (the few exceptions include United Kingdom and Austria). Yet so far, the equalization of retirement ages is not a common trend in CEE countries, with Poland figuring as an example of a country with a very intense, and so far unsolved, debate about the issue. Several attempts to reach political consensus on the matter have failed, most recently in 2004. The issue has not been touched in a number of other CEE/CIS countries so far.

Another aspect of a higher retirement age for women has hardly been discussed so far. If women retire later, this is likely to create a considerable strain on established patterns of in-family childcare provision. Official data is weak on the matter, but to any observer, the amount of, mostly unpaid, childcare work done by retired women throughout the region is obvious. Therefore, an increase in women's retirement age could possibly result in three types of consequences, each posing new challenges to be addressed by social policy: First, a gap between the legal and de-facto retirement age of women might occur. Despite financial consequences throughout their entire remaining lifetime, including a significant risk of poverty, women may take advantage of early retirement provisions, in order to support their younger family members.[34] Second, as the supply of childcare by elderly women decreases with a higher retirement age, a greater demand for affordable, quality institutionalized childcare services is to be expected. This may result in pressure for increased state spending on childcare services. Third, those parents who can no longer rely on grandmothers to provide childcare and who cannot afford or access institutional childcare, will face great difficulties in combining work and family responsibilities. Given the established gender role assignments, it is to be expected that it is women who will see themselves forced to withdraw from the workforce as a result.

It is obvious that all three types of consequences are closely co-determined by the prevailing gender inequality in the sharing of unpaid (child) care work patterns. Grandfathers do not provide care services to the same extent as grandmas do – and there are not efforts made to shift the balance through political interventions.

Increasing diversity of women's interests with respect to old age security – gender equality for whom?

As the discussion above has illustrated advocates for gender equality in pension policy face a number of difficult challenges. While different reform proposals have been brought forward in the name of gender equality, they do not necessarily benefit all women, or create greater equality for all. The views, interests and demands of women with respect to social security are far from unified. They depend, among other factors, on their employment position, income, age or family situation.[35]

In addition to the existing diversity among women with respect to their income situation, as well as other factors, women may have different notions of equality (e.g. equality of treatment vs. equality of outcomes), and different preferences regarding their employment and life choices. The challenge to formulate proposals for gender equality in pension reforms permeates all other aspects discussed above: Demands for individualization work in favor of those women who are active in the labor market,

---

[34] There is some evidence from the Czech Republic that this is already a noticeable result of the tightening of access to early retirement. (Kuchařová et.al. 2003)

[35] An example for the conflicting interests of women as a group was the dispute about the equalization of pension ages of women and men in Poland: Younger and better educated women favored an equal retirement age, while older and/or less educated women preferred an earlier retirement age. The latter resisted equalization as a taking-away of a long-held and cherished provision.

while derived rights tend to support those who are not; moreover, derived rights support women who live in traditional family set-ups, but not singles, or single mothers, and all those who live in other than traditional heterosexual family relationships. Actuarial fairness created through a close link between pension contributions and benefits supports high-income women, while redistributive pension systems work in favor of the great number of women with weak labor market positions. The equalization of pension ages, also, is good for rather younger women who plan on their full-time, full-career, labor market participation, while it is to the disadvantage of women who are closer to retirement.

While debates about differences between women as a group have a long trajectory in feminist theory, they have so far not been adequately taken up in debates on gender equality and pension policy. However, the growing diversity among women's situation might, and the challenge to formulate unified policy proposals in "women's interest", might be obstacles to the mobilization of women on social security policy, and should therefore receive greater attention.

5. Concluding Remarks

On the basis of the growing body of research on the gender dimensions of pension systems and the impact of reforms on the income situation of women in old age, the paper has offered a synopsis of the main issues of relevance for gender in pensions. Access to benefits and the provisions determining the amount of benefits have been the two axes structuring the overview, and providing guidance in assessing pension reforms from a gender perspective. It appears that current pension reform trends in many countries have weakened women's pension protection, to a great extent because of the persistent gender inequality in labor markets, and the unequal division of caring roles.

The emprirical picture is more complicated and diverse, however. Therefore, the paper has illustrated some of the most relevant issues for gender and pensions in greater detail with country cases from recent pension reforms in three Central European countries, Poland, Hungary and the Czech Republic. As Central Europe has been an important venue for economic and social reforms, including pension reforms, since 1989, the three countries illustrate well some of the main reform trends and provide ample evidence for discussing the impacts of reforms.

The paper also discussed some of the challenges and potential contradictions in formulating proposals for gender equality in pension policy, including the issue of individualization of pension rights versus derived rights, the interrelation between pension systems and gendered labor market structures, the issue of pension age equalization and the impact of growing diversity and polarization of women's situation, as well as their interests and expectations with respect to pension systems. To date, these have received only limited attention in the debates on gender and

pension policy. They indicate some of the areas of further debate among gender equality advocates, as well as obstacles to women's mobilization on pension policy.

It is interesting that until very recently, the issue of gender discrimination in contributions to private pensions, or in the calculation of annuities from pension savings, has not been addressed as a topic of major concern by gender equality advocates.[36] This is surprising, since the choice of sex-differentiated or unisex life expectancy tables has a considerable impact on women's monthly benefit level from private pension insurance, or their contribution rates.[37] Only since the European Commission has put forward a proposal to outlaw this form of discrimination in 2003, encountering fierce resistance from the private insurance industry, has the issue started to receive more public attention (European Commission 2003a, 2003b, 2003c; Happe and Otto 2003).[38] As the importance of private pensions is growing tremendously with pension reforms around the world, gender discrimination in private insurance, in addition to the ongoing retreat from redistribution through pensions, should become one of the key topics to instill mobilization on pension reforms and gender.

[36] This was highlighted in Fultz, Ruck and Steinhilber 2003.

[37] In private pension insurance in Germany, for example, women pay between 12 and 15 per cent higher contribution rates than men (Happe and Otto 2003). Simulations from Poland show that, using a joint life expectancy table for both the public and the private pension pillar, women would receive an average pension equal to 74 per cent of a man's. Using sex-specific life tables, her benefit would be only 59 per cent (Fultz and Steinhilber 2003: 37).

[38] Meanwhile, a directive was agreed in 2004 which will permit the continued use of sex-differentiated premiums, where "the use of sex is a determining factor in the assessment of risk". Gender differences in the assessment of risk by insurance companies are now increasingly becoming the focus of attention of equality advocates.

Bibliography

Arenas de Mesa, A. and Montecinos, V. 1999. "The Privatization of Social Security and Women's Welfare: Gender Effects of the Chilean Reform." *Latin American Research Review*, Vol. 34, No. 4, pp. 7-37.

Beattie, R. and MacGillivray, W. 1995. "A risky strategy: Reflections on the World Bank Report Averting the Old Age Crisis" *ISSA Review*, Vol. 48, No. 3-4, pp. 5-23

Bertranou, F. 2001. "Pension Reform and Gender Gaps in Latin America: What are the Policy Options?" *World Development,* Vol. 29, No.5, pp. 911-923

Castel, P. and Fox, L. 2001. "Gender Dimensions of Pension Reforms in the Former Soviet Union." In R. Holzmann. and J. Stiglitz (eds.), *New Ideas About Old Age Security.* The World Bank, Washington, D.C.

Chłon-Domińczak, A. 2002. "The Polish Pension Reform of 1999" In E. Fultz (ed.) Pension Reform in Central and Eastern Europe, Vol. 1: *Restructuring with Privatization: Case Studies of Hungary and Poland*. ILO, Budapest.

Cox Edwards, A. 2001. *Social Security Reform and Women's Pensions*. Policy Research Report on Gender and Development. Working Paper Series No. 17, The World Bank, Washington D.C.

Dion, Michelle 2004. *Women's Welfare and Social Security Privatization in Mexico*. Paper presented at the International Congress of the Latin American Studies Association in Las Vegas, NV October 6-9, 2004

Döring, D. 1996. „Die Formen der Alterssicherung in der Europäischen Union und die Aspekte des sozioökonomischen Wandels." In A. Bosco and M. Hutsebaut (eds.), *Sozialer Schutz in Europa: Veränderungen und Herausforderungen*. Schüren, Marburg.

Döring, D., Hauser, R., Rolf, G. and Tibitanzl, F. 1994. „Old-age Security for Women in the Twelve EC Countries - To what Extent are Beveridge's Two Main Principles of Universality and Guaranteed Minimum Income Fulfilled " *Journal of European Social Policy*, No. 1, pp.1-18

European Commission. 2003a. *Commission proposal for a Directive implementing the principle of equal treatment between men and women in the access to and supply of goods and services – Frequently Asked Questions*. MEMO/03/216, Brussels.

European Commission. 2003b. *Commission proposes to advance the principle of gender neutrality in the supply of goods and services.* IP/03/1501, Brussels.

European Commission. 2003c. *Proposal for a Council Directive implementing the principle of equal treatment between women and men in the access to and supply of goods and services.* COM 657 final. No. 2003/0265, Brussels.

European Women's Lobby (EWL). 2001. *Contribution by the EWL for the Informal Ministerial meeting on Gender Equality and Social Security, 22-23 January 2001.* www.womenlobby.org/Document.asp?DocID=232&tod=145017

Fultz, E. (ed.). 2002a. *Pension Reform in Central and Eastern Europe, Vol.1; Restructuring with Privatization: Case Studies of Hungary and Poland*. Budapest: ILO

Fultz, E. (ed.) 2002b. *Pension Reform in Central and Eastern Europe, Vol.2; Restructuring of Public Pension Schemes: Case Studies of the Czech Republic and Slovenia*. Budapest: ILO

Fultz, E. and S. Steinhilber. 2003. “The Gender Dimensions of Social Security Reforms in Central and Eastern Europe,” In E. Fultz, M. Ruck and S. Steinhilber (eds*.), The Gender Dimensions 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.

Ginn, J. 2003. *Gender, Pensions and the Lifecourse*. Policy Press, Bristol.

Ginn, J. 2004. *Actuarial Fairness or Social Justice? A Gender Perspective on Redistribution in Pension Systems*. Working Paper 37/04. Center for Research on Pensions and Welfare Policies.

Ginn, J. and Arber, S. 1992. „Towards Women’s Independence: Pension Systems in Three Contrasting European Welfare States“ *Journal of European Social Policy*, Vol. 2, No. 4, pp. 255-277

Ginn, J. and Arber, S. 1993. „Pension penalties: the gendered division of occupational welfare“ *Work, Employment and Society*, Vol. 7, No. 1, pp. 47-70

Ginn, J. and Arber, S. 1995. Moving the Goalposts: The Impact on British Women of Raising their State Pension Age to 65. In: Baldock J., May M. (eds.) *Social Policy Review*, No. 7. London: Social Policy Association, pp.186-212

Ginn, J., Street, D. and Arber, S. 2001. *Women, Work and Pensions: International Issues and Prospects*. Open University Press, Buckingham and Philadelphia.

Happe V. and Otto, K. 2003. Diskriminierung: Bundesregierung blockiert Gleichstellung. Monitor Manuskript, 20.11. 2003, www.wdr.de/tv/monitor/beitrag.phtml?bid=545&sid=105#.

Holzmann, R., Orenstein M., and Rutkowski, M. (eds.) 2003. *Pension Reform in Europe: Process and Progress.* The World Bank, Washington D.C.

Huttan, S. and Whiteford, P. 1994. “Gender and Retirement Incomes: A Comparative Analysis” In Sally Baldwin and Jane Falkingham (eds.), *Social Security and Social Change: New Challenges to the Bevridge Model*. Harvester Wheatsheaf, New York and London.

International Labour Office (ILO). 1990. *Women and Social Security . Progress Toward Equality of Treatment*. ILO, Geneva.

International Labour Office (ILO). 2001. *Social Security: Issues, challenges and prospects. Chapter IV: Gender Equality*. Report VI to the International Labour Conference, ILO, Geneva.

International Labour Office (ILO). 2004. *Global Employment Trends for Women*. ILO, Geneva.

James, E. 1996. *Protecting the Old and Promoting Growth. A Defense of Averting the Old Age Crisis*. Policy Research Working Paper 1570, The World Bank: Policy Research Department, Poverty and Human Resources Division, Washington, D.C.

James, E., A. Cox Edwards and R. Wong. 2003. *The Gender Impact of Pension Reforms: A Cross-Country Analysis.* Policy Research Working Paper 3074, The World Bank, Washinghton, D.C.

Klammer, U. 2000. „Alterssicherung von Frauen als Aufgabe und Chance der anstehenden Rentenstrukturreform“ *WSI Mitteilungen*, Vol. 5, No. 3, pp. 179-191.

Kučarová, O. 1998. „Gender Pension Reform in Central and Eastern Europe: Problems and Policy Responses“ *Kurswechsel*, Vol. 12, No. 3, pp. 94-103

Kuchařová, V., Kotynkova, M. and Prusa, L. 2003. “The Gender Dimensions of Social Security Reform in the Czech Republic” In E. Fultz, M. Ruck and S. Steinhilber (eds.), *The Gender Dimensions 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.

Leitner, S. 1998a. *Geschlechterdifferenz als (diskriminierendes) Gestaltungsprinzip materieller Sicherung. Analyse der Alterssicherungssysteme in den USA, in Österreich und in Schweden.* Reihe Politikwissenschaft No. 57, Institut für Höhere Studien (IHS), Wien.

Leitner, S. 1998b, „Das Modell Schweden: Pensionsreform im Namen der Gleichheit?“ *Kurswechsel*, Vol. 12, No. 3, pp. 81-93

Leitner, S. 2001. „Sex and gender discrimination within EU pension systems.“ *Journal of European Social Policy*, Vol. 11, No. 2, pp. 99-115.

Lewis, J. 1997. “Gender and Welfare Regimes: Further Thoughts.” *Social Politics: International Studies in Gender, State and Society,* Vol. 4, No. 2, pp. 160-177

Lewis, J. (ed.). 1993. Women and Social Policies in Europe: Work, Family and the State. Ashgate, Aldershot.

Lohmann, K. and Seibert, A. 2003. *Gender Assessment of the Impact of EU Accession on the Status of Women in the Labour Market in CEE. National Study: Poland*. Karat Coalition, Warsaw.

Luckhaus, L. and Ward, S. 1996. “Gleiche Rentenansprüche für Männer und Frauen: eine realistische Perspektive?” In A. Bosco and M. Hutsebaut, *Sozialer Schutz in Europa: Veränderungen und Herausforderungen*. Schüren, Marburg.

Lukács, E. and Frey, M. 2003. “The Gender Dimensions of Social Security Reform in Hungary” In E. Fultz, M. Ruck and S. Steinhilber (eds.), *The Gender Dimensions 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.

MacDonald, M. 1998. “Gender and Social Security Policy: Pitfalls and Possibilities” *Feminist Economics*, Vol. 4, No. 1, pp. 1-25

Marinova, J. 2003. *Gender Assessment of the Impact of EU Accession on the Status of Women in the Labour Market in CEE. National Study: Bulgaria*. Bulgarian Gender Research Foundation, Sofia.

Marksová-Tominová, M. 2003. *Gender Assessment of the Impact of EU Accession on the Status of Women in the Labour Market in CEE. National Study: Czech Republic.* Gender Studies Center, Prague.

Mayrhuber, C. 1998. “Sozialisierung der Alterslast versus Individualisierung der Kinderlast” *Kurswechsel*, Vol. 12, No. 3, pp. 50-60

Mesa-Lago, C. 1997. “Social Welfare Reform in the Context of Economic-Political Liberalization: Latin American Cases” *World Development*, Vol. 25, No. 4, pp. 497-517.

Meyer, T. 1998. “Retrenchment, Reproduction, Modernization: Pension Politics and the Decline of the German Breadwinner Model” *Journal of European Social Policy*, Vol. 8, No. 3, pp. 195-211.

Müller, K. 2002. *Ten Years After: Pension Reforms in Central and Eastern Europe & the Former Soviet Union*. Frankfurt Institute for Transformation Studies, Frankfurt (Oder).

Müller, K. 2002. *Privatising Old-Age Security: Latin America and Eastern Europe Compared*. Research Report, Frankfurter Institut for Transformation Studies, Frankfurt (Oder).

Nitsch, M. and Schwarzer H. 1996. *Recent Developments in Financing Social Security in Latin America*. Discussion Paper „Issues in Social Protection“ No. 1, ILO, Geneva.

O’Connor, J., Orloff, A. and Shaver, S. 1999. *States, Markets, Families: Gender, Liberalism and Social Policy in Australia, Canada, Great Britain and the United States.* Cambridge University Press, Cambridge.

Price, D. 2003. “Pension sharing on divorce: the future for women” *Social Policy Review,* Vol. 15, pp. 239-261

Sainsbury, D. (ed.). 1999. *Gender and Welfare State Regimes.* Oxford University Press, Oxford.

Sainsbury, D. 1996. *Gender, Equality and Welfare States*. Cambridge University Press, Cambridge.

Schmid, G. 1998. „Die Pensionsreform 1997 und ihre Auswirkungen auf die Frauen“ *Kurswechsel*, Vol. 12, No. 3, pp. 61-69

Steinhilber, S. 2004. “The Gender Impact of Pension Reforms: Case Studies of the Czech Republic, Hungary, and Poland” In OECD, *Reforming Public Pensions*. OECD, Paris.

Steinhilber, S. 2003. “Women’s Views on Social Security Reform: Qualitative Survey”, In E. Fultz, M. Ruck and S. Steinhilber (eds.), *The Gender*

Dimensions 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.

Steinhilber, S. 2002. “The Gender Impact of Pension Reforms: Case Studies of the Czech Republic, Hungary, and Poland” In *Practical Lessons in Pension Reform: Sharing the Experiences of Transition and OECD Countries*. Proceedings from a Conference organized by the OECD, The Ministry of Labour, and Social Policy of Poland and Ministry of Foreign Affairs of the Netherlands, 27-28 May 2002, OECD, Warsaw.

Szábo, S. 2003. *Gender Assessment of the Impact of EU Accession on the Status of Women in the Labour Market in CEE. National Study: Hungary*. Social Innovation Foundation, Budapest.

Veil, M. 2002. *Alterssicherung von Frauen in Deutschland und Frankreich. Reformperspektiven und Reformblockaden*. edition sigma, Berlin.

Wóycicka, I., B. Balcerzak-Paradowska, A. Chłon-Domińczak, I. Kotowska, A. Olejniczuk-Merta and I. Topińska. 2003. “The Gender Dimensions of Social Security Reform in Poland” In E. Fultz, M. Ruck and S. Steinhilber (eds.), *The Gender Dimensions 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.