

# The Gender Gap in Retirement Incomes

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# Motivation

- Shifting demographics make pensions an increasingly important issue for policy
- Duration of individual's working lives is rising over time and the duration of retirement is also expected to grow as life expectancy continues to increase
- Relative to earnings, pension incomes receive less attention while important determinant of economic independence
- When compared to men, women typically:
  - participate in the workforce for less years, work less hours, earn less, have lower pension contributions, live longer, spend more time living alone in retirement (European Commission, 2018)
- In 2016, a woman aged 65-79 in the EU-28 received a pension that was 38% lower than her male counterpart; the corresponding figure for Ireland was estimated at 26% (EC, 2018)

# Research Questions

- What is the magnitude of the gender pension gap in Ireland?
- What are the contributing factors to the gender pension gap?

# Gender Pension Gap

- Measures the gender gap in pension incomes as,
- $$GPG = 1 - \left( \frac{\text{average own pension of women}}{\text{average own pension income of men}} \right) * 100$$
- Percentage by which women's average pension income is lower than that for men

# Data

- The Irish Longitudinal Study on Aging (TILDA)  
Includes information on demographics, employment situation, job history, sources of income, and planning for retirement, including information on personal pension plans (Waves 1, 2, 3 and 4, collected 2010-2016)
- Sample
  - Interviewed in Wave 1 in 2011 (98% of total dataset)
  - Retired persons
  - Aged 65+
  - Did not receive a lump-sum in this year
  - 25% of Wave 1 participants (2,141 out of 8,701 observations)

# Variables Available

- Pension Income (Logged)
  - State, occupational and private pensions (€/per week)
- Personal Characteristics
  - Gender, age, nationality, disability
- Human Capital
  - Highest educational attainment, work experience (years)
- Family Structure
  - Marital status, number of children, living arrangements
- Location Characteristics
  - Dublin, other urban areas, rural

# Methodology

- Blinder-Oaxaca Decomposition
  - Decompose the average gender pension gap into the 'explained' and 'unexplained' components

# Distribution of Pension Type, %

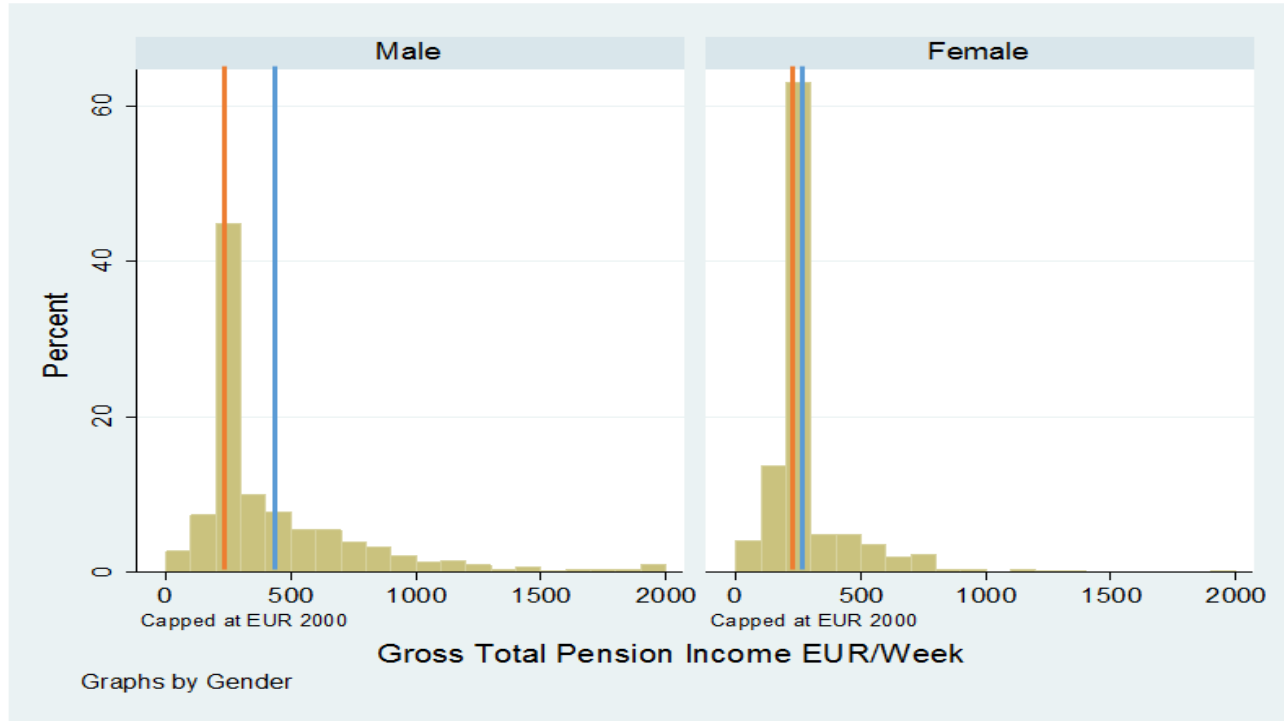
Pension Type	Sample (%)		Pension Income (€/per week)	
	Men	Women	Men	Women
State Pension	88	93	200	199
Occupational & Private Pensions	55	28	233	82
Any form of Pension income	100	100	433	280
Observations (#)	1,257	1,410	1,257	1,410

**Source:** The Irish Longitudinal Study on Ageing (TILDA), Wave 1 (2011).

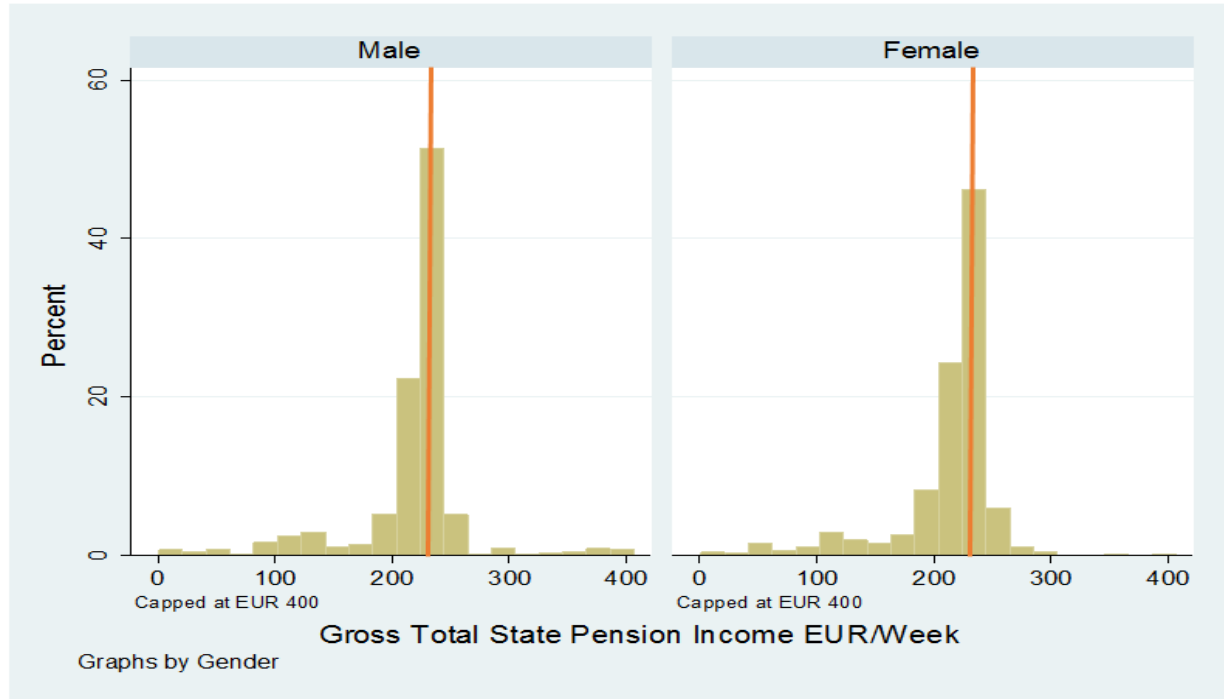
**Note:** Our sample includes those who are aged over 65, who are retired, not currently employed and did not receive a lump sum in this year.



# Distribution of Total Pension Income, %

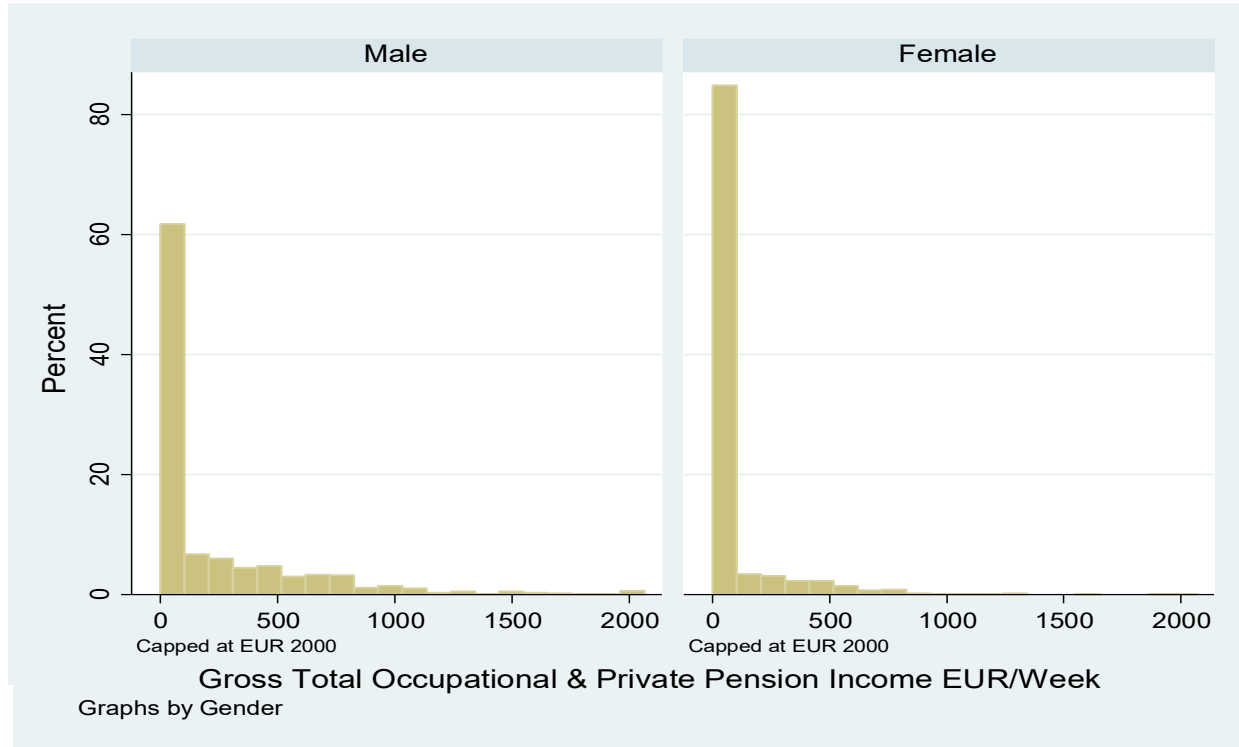


# Distribution of State Pension Income, %



**State Pension Contributory (2011): €230**

# Distribution of Occupational & Private Pension Income, %



# Results from Regressions

- Raw gender pension gap is 35%
  - Gender pension gap driven entirely by differences in occupational and private pensions
  - No consistent evidence of a gender state pension gap
- Occupational and private pension income are:
  - Positively related to education and years of work experience
  - Negatively related to age and having been born, or lived, abroad
- After controlling for all other factors, the gender pension gap conditional on occupational and private pension coverage is 44%
  - Number of years worked is a key determinant
  - Higher levels of **female educational attainment** has a declining impact on the gender pension gap.

# Policy Implications

- Reduce the differences in occupational and private pension coverage across genders
- Raise female employment levels
- Ensure increased continuity in employment