



EUROPEAN WOMEN'S  
**LOBBY**  
EUROPEEN DES FEMMES

Brussels, 02 January 2012

To: President of the European Commission José Manuel Barroso

Dear President Barroso,

**RE: Ensure that the White Paper on pensions provides a roadmap for bridging the gender pension gap**

The European Commission will soon adopt the much anticipated White Paper on pensions. The European Women's Lobby (EWL), the largest coalition of women's non-governmental organisations in the EU, welcomes the Commission's intention to include a gender equality perspective into the White Paper<sup>1</sup> and wishes to contribute to the final stage of drafting with concrete proposals.

The EWL calls on the European Commission to take the lead in ensuring that the on-going pension reforms will not aggravate the gendered and unequal outcomes of the current pension systems, that is, the gender pension gap and the high poverty rate of elderly women<sup>2</sup>. The current tendencies to increase retirement ages, strengthen the link between contributions and benefits and emphasise the role of second and third pillar pension schemes instead of the statutory state pensions are all problematic from a gender perspective.

In this context, the forthcoming White Paper must address the needs of elderly women of today and propose measures to ensure that working-aged women of today and tomorrow are entitled to the same pension rights as men. This requires a multi-level approach that entails reforming pension systems so as to eliminate discrimination and take account of women's life courses, redressing the gender gaps in employment which contribute to the gender pension gap and increasing care services for children and other dependents.

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In the following pages, the EWL makes four proposals on how this can be done:

1. Develop European standards on care crediting to ensure that pension systems reflect life courses that include care periods;
2. Bridge the gender pension gap through addressing gender employment gaps and increasing care needs in the framework of the EU 2020 Strategy;
3. Ensure individual pension rights for the elderly women of today;
4. Secure strong, statutory state pensions and address gender issues in the second and third pillar schemes

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<sup>1</sup> Commissioner Andor's address to the Women's Rights Committee of the European Parliament, 19 December 2011

<sup>2</sup> The gender pension gap, the difference between the individual pensions of women and men, is more than 40% in many EU member states, and 22% of elderly women are at risk of poverty.



## 1 Develop European standards on care crediting in pension systems

Approximately 30% of working age women in the EU who have care responsibilities continue to be inactive or work part time due to the lack of care services. The unequal share of care responsibilities between women and men and the lack of available and affordable care services effects directly women's pension contributions. While some Member States provide pension credits for time spent caring for children, the level and length of compensation vary. Credits for caring for the dependent elderly are still rare, despite the fact that this form of care is provided mostly informally by female relatives<sup>3</sup>. This is alarming, given that the care needs are increasing due to the demographic ageing.

The European Commission should develop European minimum standards on care crediting, drawing on good practice examples already in place in Member States and on the discussion conducted in the context of the recent Peer Review on effects of life courses on women's pensions<sup>4</sup>:

- The rationale for introducing care crediting should not only be to compensate women for their different life-cycles, but to ensure that a life-cycle that involves care periods will be the norm for women and men and that it will provide a dignified old-age income for everyone;
- Care crediting must recognize the societal value of care with a compensation that fully closes the gap in pension contributions due to care-related employment interruptions;
- Care crediting should be designed in a manner that makes it easy for parents (i.e. women and men) to equally share care responsibilities equally<sup>5</sup>, it should not encourage women to become/remain full-time care givers;
- Care credits for caring time beyond the statutory leaves must encourage rather than penalise parallel employment. Care credits should top up pension entitlements based on employment;
- Care credits for care of the frail elderly must be introduced in all EU Member States, and the level of the compensation must be the same than for caring for children. The crediting systems must be simple, credits must be compatible with employment, and crediting must not end when the carer passes the official retirement age (partial good practice example: Austria);
- The state must also pay care credits into the funded tiers of mandatory, statutory scheme (good practice example: Sweden, Poland, and Hungary);
- Explore the possibilities for care crediting in second and third pillar pension schemes.

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<sup>3</sup> In 9 Member States less than 10% of dependent elderly receive care in institutions, more than 50% of dependent elderly receive informal care in 19 Member States. Review of the Implementation of the Beijing Platform for Action : Women and Economy. EIGE 2011.

<sup>4</sup> [http://www.peer-review-social-inclusion.eu/peer-reviews/2011/effects-of-life-courses-on-women2019s-pensions?set\\_language=fr](http://www.peer-review-social-inclusion.eu/peer-reviews/2011/effects-of-life-courses-on-women2019s-pensions?set_language=fr)

<sup>5</sup> For example, although the care crediting system in Germany is generous in comparison to many other Member States, it does not encourage sharing of caring time between parents.



## 2 Address the gender pension gap in the Europe 2020 framework

The gender pension gap, which is the result of an accumulation of inequalities throughout women's life-cycle, amounts to more than 40%<sup>6</sup> in many Member States. The Annual Growth Survey (ASG) 2011 along with many of the Country-specific recommendations of 2011 and the ASG 2012 recommend increasing the retirement age and bringing the official retirement age of women to the same level with that of men. Increasing the official retirement age will not bridge the gender pension gap.

The European Commission should supplement the guidance on pension age with recommendations and targets to increase the low labour-market participation rate of women aged 55-64 and reduce other gender gaps in employment and to improve care services, to be monitored and enforced through the Europe 2020 framework.

### Employment

- Recommend that Member States take measures to increase the employment rates for women in the 55-64 age group and launch EU level action;
- Ensure that measures taken in the Member States and at the EU level to enable older persons to remain in the labour market specifically target women;
- Draw attention to the problematic aspects of high levels of part-time work among women and the consequences for future pension income;
- Address the gender pay gap in country-specific recommendations, if necessary discuss the possibility to set EU-level target to be monitored through the 2020 process;

### Care

- Set targets regarding care for elderly and other dependents at EU level or require Member States to do this at national level (in the context of the forthcoming communication on long-term care or other means) and use the 2020 process including country-specific recommendations to monitor progress;
- Monitor the implementation of the country-specific recommendations 2011 on childcare and introduce new recommendations where Barcelona childcare targets are not attained;
- Follow the recommendation made in the Annual Growth Survey 2012 to develop the care sector (white jobs) as an area of job creation and growth with particular efforts to strengthen the sector with improved working conditions and salaries and to make this sector more attractive to men.

## 3 Ensure individualised pension rights for elderly women in all EU Member States

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<sup>6</sup> Gender Pension Gap. Entwicklung eines Indikators für faire Einkommensperspektiven von Frauen und Männern. Bundesministerium für Familie, Senioren, Frauen und Jugend, 2011



The average at-risk-of-poverty rate for older women is 22% against 16% for older men<sup>7</sup>. Elderly women who have not participated in the labour market have very low levels of individual pensions, and many of them depend on derived widower's pensions. The White Paper on pensions should propose measures to improve the situation for the elderly women of today.

- Recommend minimum pensions as a means to guarantee the right to individualised pension income for the older women of today, who have not participated in the labour market, or recommend that member states introduce positive action measures as a temporary means to guarantee dignified life for particular age groups of women;
- Recommend that Member States set targets for reducing the at-risk-of poverty of elderly women and monitor their attainment in the context of the Europe 2020 Strategy;
- Sharing of pension rights in case of divorce and legal separation. This is a complex issue, but one that must be addressed as Member States' practices differ on this issue;

#### 4 Address the gender issues regarding second and third pillar pension schemes

The EWL is concerned that the on-going shift from statutory state pensions towards funded second and third pillar schemes may widen the gender pension gap and aggravate the poverty of older women. Women's access to occupational pension schemes is limited, due to shorter working hours, shorter length of service, and horizontal and vertical gender segregation in the labour market. In the predominantly female sectors, the scheme conditions tend to be less favourable and the overall availability of pension schemes limited. Many women are unable to save for private pension schemes, due to the persistent gender pay gap and care-related career breaks or part-time work and these schemes rarely benefit the low paid in general. As contribution based, the second and the third pillar schemes rarely take care related breaks and involuntary part-time work into account.

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While the EWL believes that statutory state pensions should be the main provider of old-age income, the European Commission must take steps to make the second and third pillar schemes more accessible for women, more redistributive and more transparent:

- Develop at the EU level a framework for evaluating 2<sup>nd</sup> and 3<sup>rd</sup> pillar pension schemes from a gender perspective; collect and disseminate best practice and monitor the rules of the pension schemes and their implementation;
- Carry out a comparative study at the EU level of the number of women participating in occupational schemes and the level of their occupational pensions as compared to men in all EU Member States; study the treatment of involuntary career interruptions in these schemes;
- Monitor that all funded pension schemes will comply with the principle of gender equality as requested by the European Court of Justice ruling C-236/090 and introduce unisex tariffs;

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<sup>7</sup> Eurostat, EU-SILC data for 2009



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- Recommend that the Member States encourage people to save into private pension schemes through means that have an equal outcome for women and men, such as direct subsidies instead of tax reductions (good practice example: annual lump sum subsidies in the German Riester-Rente scheme);
- Ensure portability of pensions rights between employers, occupational sectors and across EU countries; pay particular attention to migrant workers and migrant women from third countries and ensure that pension rights are transposable across continents.

## Conclusion

Addressing the gender dimension of pensions requires a double approach: on the one hand, guaranteeing a dignified old-age income for women who have already retired and, on the other hand, ensuring that the future pension rights of women who are at the moment entering the labour market will be equal of those of men.

Although the greater participation of women in the labour-market will improve their access to pension rights in the future, the gender pension gap will not disappear without comprehensive, multi-level measures. Decisive action to make pensions systems more gender equal, decrease gender gaps and segregation in employment and increase the care services for children and, in the context of demographic ageing, for other dependents is urgently needed.

We trust that you will take the EWL's recommendations into account and ensure that the forthcoming White Paper will help to attain *de facto* equality between women and men in the EU.

Yours sincerely,

Brigitte Triems

President

Cécile Gréboval

Secretary General

Cc: Vice-President of the European Commission Viviane Reding  
European Commissioner László Andor  
Mr Johannes Laitenberger, Head of Cabinet of President Barroso  
Mr Martin Selmayr, Head of Cabinet of Vice-President Reding  
Ms Anabela Gago, Head of Cabinet of Commissioner Andor  
Mr Aurel Ciobanu-Dordea, Director for Equality of DG Justice  
Ms Daniela Bankier, Head of Unit Equality between Women and Men



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