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Book Review: Women's Work and Pensions: What is Good, What is Best? Designing Gender-Sensitive Arrangements

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***Women's Work and Pensions: What is Good, What is Best? Designing Gender-Sensitive Arrangements 2010.* Bernd Marin and Eszter (Eds.). Ashgate Publishing Limited, Surrey, United Kingdom. Includes Figures and Tables. 324 pages. Paperback (\$69.95). ISBN 978-1-4094-0698-3.**

Reviewed by Mercy Nduku Ngungu¹

Women's Work and Pensions: What is Good, What is Best? Designing Gender-Sensitive Arrangements is edited by Bernd Marin and Eszter Zolyomi. Various contributors, all academics, discuss equality, comparing women's pension to that of their male counterparts. In a number of countries, for instance Poland and Austria, women are shown to receive less pension than men. A range of explanations are advanced for the gender differences in pension levels. Most women are in part-time work; they generally work in the public rather than in the private sector; more are in the services than in industry or agriculture or other forms of more precarious employment; have career breaks to raise children and are generally paid less than men. In spite of women generally living longer, they are often short-changed when it comes to claiming pensions and are not rewarded in some countries for the role they play in taking time to raise children. The authors note that unlike the past, women's educational attainment and achievement are higher than that of men (251). In spite of this, the gender pay gap persists in many countries. The book is divided into five chapters with illustrations that help one to understand the pension systems in most European countries and other vital statistics. The text contains thirty-three figures and twenty-seven tables.

In the introduction, the editors reflect on the implications of an ageing population: the fact that more and more people, particularly women, now live longer than before. This is due to increased survival rates, longevity and life expectancy gains in all age groups. The pension eligibility age has been increased in most of the countries beyond the traditional sixty-five years threshold. Worth noting is: "While this affects women and men alike, 18 out of 48 UN-ECE countries (including Belgium, Austria, Estonia, the Czech Republic and the UK) have started to equalise retirement ages for women, traditionally lower, with those of men." (19).

Anika Sunden, one of the contributors, discusses the alternative options to organise pension systems, as well as the strengths and weaknesses of different designs, from a gender perspective. She notes that dependency ratios are increasing and fewer workers have to support more retirees (fertility is low in many European countries, contributing to the development that fewer workers have to support more retirees). Most commonly, support is provided through the family, the market or the state. In almost all countries all three solutions exist, but with one being dominant. Retirement income systems are of particular importance to women because throughout the world women are living longer than men. Sunden highlights the fact that a public mandatory pension system favours women. Also, a basic pension with a flat benefit favours low earners, i.e. mostly women, because they will get a higher rate of return and sometimes also a replacement ratio greater than 100%. Sunden concludes that three critical elements for women to consider

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when evaluating pension systems are: work incentives, distribution and the level of annual benefits.

Survivors' pension is discussed by Fornero and Monticone. This is an insurance to family members that do not have income sources (or limited resources), thus functioning as a poverty prevention mechanism. Aptly put, they are derived rights i.e. survivors' benefits and benefits from pension sharing. Fornero and Monticone note that changes in the gender division of labour have been accompanied by parallel changes in the family institution. First, the model of the dependent wife has been challenged by higher divorce rates, declining marriages and an increase in the number of one-parent families. This calls for some degree of intervention in the field of pensions, since women's role as homemakers is increasingly performed outside the scope of traditional marriage and the traditional instruments designed to insure women inside marriage may become obsolete. The authors explain that pension systems are meant to cope primarily with the longevity risk, i.e. the risk of outliving one's resources or, conversely, of leaving undesired bequests. The other risks considered are survivorship risk, earnings risk (the possibility of a discontinuous and poor working career) and contribution risks (the risk of saving too little for retirement).

According to Asghar Zaidi women's pension disadvantage is 'largely a result of past socio-cultural systems' with full and exclusive female responsibility for childcare and derived rights from their husbands only. Worth noting is that the Netherlands stands out as the country with the lowest poverty risk for older women. Amongst the most notable features of the Dutch system is that they have a universal residence-based basic pension (AOW) and these benefits are indexed in line with wages. Sweden in its Notional Defined Contribution (NDC) system has adopted a complex model, but it offers insight for other countries for its generosity towards mothers. For each child, the Swedish mother will have the right to four years of imputed earnings according to the most favourable of the three models. On investigating how different age cohorts of older women fare, they find that in many countries, women aged 75+ had a much higher poverty risk than women aged 65-74. Zaidi argues that one of the most suitable and effective policy action to tackle poverty risks amongst older women is through the labour market policies (ALMOs) for women. Here, the aim should be to improve not just women's employment, but also measures to improve their earnings.

The gender context of the pension system in Poland is discussed by Chlon Dominczak. In Poland, women's retirement age is five years lower than men (60 and 65 respectively). This adversely affects the pensions women receive. This is as in Poland's defined-contribution environment, the final years before retirement add most to the pension wealth. The interest earned on accumulated capital is the highest in these final years. The author demonstrates, 'that the final five years of savings contribute almost a quarter (22.5%) of entire pension capital. The pension of a man retiring at the age of 65 will be approximately twice as high as the pension of a woman retiring at the age of 60'. Thus, equalising retirement age is crucial as promoting all other measures to support equality in the labour market and it is in the very best interest of women and men alike. The author proposes that one possibility of improving employability of women would be a better educational attainment. As the Polish example shows, the higher the level of education, the better the employment chances for women. The new Polish system operates on the defined contribution principle, where benefits depend on the sum of contributions collected during employment.

Eva Pichler explains the implications of Austrian social tax policy on labour supply of women. She proposes reduction of marginal tax rates, in particular for low and medium income

groups; synchronising the tax-free limits to the subsistence or poverty level. Worth noting is that working for long is punished severely by high marginal tax rates. By increasing marginal tax rates and granting a high level of tax-free income, the tax reform 2005 has managed to reinforce most types of negative income effects of the Austrian welfare state simultaneously. In the Austrian welfare state, the link between contributions to the pension fund and expected net payments is weak. This holds true, in particular for people with low incomes, or, typically for people with part-time jobs.

Some empirical facts and figures of Austria in an international comparison are examined by Michael Fuchs. Although women work longer hours than men do, the majority of their working hours is still unpaid work, whereas male overall working time is mostly paid work. Fuchs notes that women with only compulsory education and women with university degree face lower income losses than women with apprenticeship or grammar school as the highest education achieved. Adequate education is also of importance for the enhancement of ambitions and independence. The author observes that while pension formulae in public pension systems usually do not have a direct link to gender and treat men and women equally, they tend to leave a bigger group of women with low(er) pensions or even no pensions at all because of their weaker labour market position.

Raija Gould discusses restricting pre-retirement and women's work ability in Finland. As a Nordic country Finland is especially suited for studying employment-related matters among women because of the high female employment rate. In 2007 the employment rate was 69% for Finnish women and 72% for men. She notes that, among women, the proportion of physically demanding work increases, whereas the proportion of managers and professionals decreases with age. For men the situation is reversed. The proportion of executives and experts is largest among the oldest employed men, whereas the proportion of industrial workers decreases with age. The author then elaborates that 'musculoskeletal diseases and depression cause two thirds of older women's disability pensions', whereas 'pensions granted on the grounds of circulatory diseases are more common for men than women'. The Finnish case indicates that partial disability benefits can be a successful tool in helping people with work ability problems to utilise their remaining work ability and not to withdraw fully from employment.

The aspects of the pension systems examined may not be applicable in some African countries. However, the non-contributory social pension in South Africa (payable to women aged 60 and above, and men aged 65 and above) has a strong gender-dimension, reaching three times as many women as men. The social pension system in South Africa is among the most far-reaching and generous in the developing world. Notably, different age eligibility rules and different male and female mortality rates ensure that the pension reaches significantly more elderly women than men. The gender pay gap also persists in many African countries – women are generally paid less than men. Fewer workers have to support more retirees in the African context, too. As Chlon Dominczak proposes, in many African countries there is the possibility of improving employability of women through improved educational attainment.

In conclusion, it is evident how different men's and women's everyday lives, like their worlds of work and retirement pensions actually still are – and will remain so for decades into the future. In the introduction, this context has been sketched with multiple cross-references to the facts and figures on women's lives, work and pensions (V. Annex). Women continue to be somewhat less frequently and regularly employed in the formal economy than men. Not only are their work life biographies still shorter, more interrupted and irregular, but also women working full-time do so three hours less on average than their male counterparts. As women's life courses

has been much more masculinised than men's feminised, the balance is detrimental to women's interests in the world of work – and therefore, also in pensions. Women also continue to live longer lives than men do on average, but their income security does not match their greater longevity.

The editors and authors propose various pension systems that favour women and use a number of case studies and empirical evidence on women's pensions. No particular system is identified as being ideal: the issue is multifaceted. However, the authors recommend systems that favour women and it requires political will to implement them. This book is a good read for economists, working women, actuaries and people working in the insurance and pensions sectors.