How do gendered labour market trends and the pay gap translate into the projected GPG? A comparative analysis of five countries with low, middle and high GPGs

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How do gendered labour market trends and the pay gap translates into the projected GPG?

How much are women’s pensions lagging behind those of men?

\[ GPG = 1 - \frac{g_p f}{g_p m} \]
Problem

- What would prospective GPGs look like, given current and prospective labour market trends?
- Use dynamic microsimulation techniques to simulate the impact of various factors on projected GPGs for the population as a whole.
  - Use AWG hypothesis and assumptions (2021 Ageing Report)
Which models?

- Slovenian model DYPENSI
- Belgian model MIDAS
- Luxembourg model MIDAS_LU
- Portuguese model DynaPor
  - Some first results for MIDAS_CH will not be presented (see presentation during session 5)
  - All dynamic, cross-sectional ageing models, using AWG projections and hypotheses as the starting point for alignment
Literature


Some relevant data from the SILC

Gender Pension Gap (SILC)

Gender Pay Gap (SILC)

Gender Coverage Gap (SILC)
AN EXAMPLE FROM MIDAS BE

- Hypotheses and long-term trends of various European Working Groups
- Labour force developments projections using CSM (DG EMPL)
- Demographic projections EUROSTAT (fertility, mortality)
- Demographic projections FPB (household characteristics)
- Model for the budgetary impact of social security MALTESE for the AWG

EMPLOYMENT RATES FOR MEN AND WOMEN (LFS, AWG-PROJECTIONS; NATIONAL REPORTS)

- **BE**
- **LU**
- **SI**
- **PT**

Graphs showing employment rates for men and women from 1980 to 2060, with projections for the years 2040 and 2060.
Base scenario results

WITH AND WITHOUT COVERAGE GAP

WITH AND WITHOUT SURVIVORS’ BENEFITS
Variant scenario results

‘CONSTANT’ SCENARIO

SCENARIO WITH CONVERGENCE IN EMPLOYMENT AND PAY
Conclusions

• We find that the GPG will fall significantly in all five countries over the next two decades.
  • Even when employment gaps and pay gaps remain at their current level.
  • But it would be eliminated entirely only in PT and SI (with an increase in SI at the simulation horizon).

• The GPG would currently be larger without survivors’ benefits in BE, LU and PT. In BE and LU, this impact would decline.

• The GPG would currently be larger in BE and LU if the coverage gap was taken into account. This impact would decline in BE.

• The continuing part-time work gap and the remaining pay gap will prevent the GPG from being reduced to 0 in BE and LU.