



March on Gender
EMPOWERING THE RECOVERY
THROUGH WOMEN'S LEADERSHIP



Toward improved retirement savings outcomes for women

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Towards Improved Retirement Savings Outcomes for Women

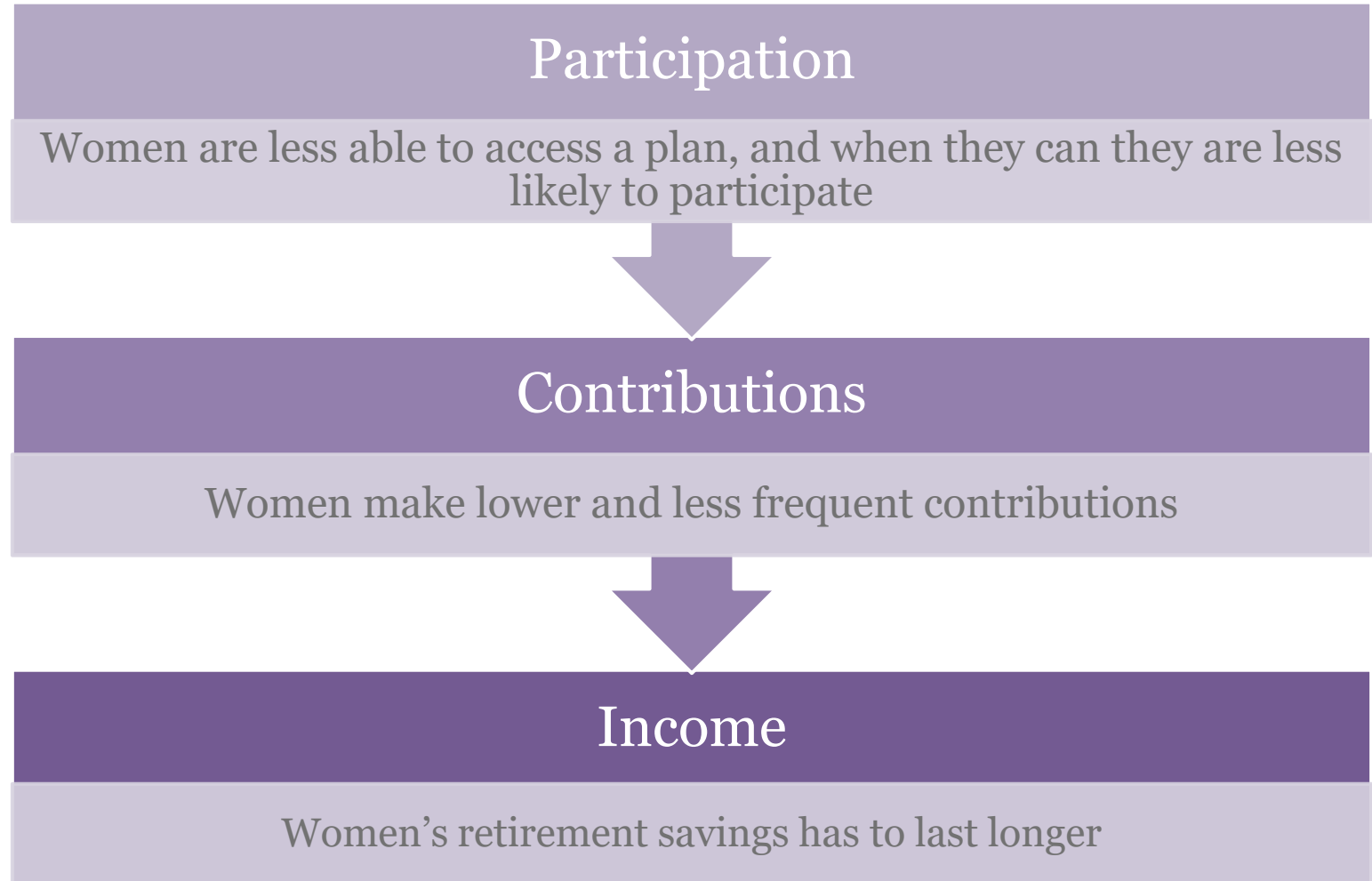


- What is the gap in retirement income between men and women?
- What are the drivers of the gap coming from private retirement arrangements?
- What can policy makers do to ensure that design does not exacerbate gender inequalities for retirement income?



Women were already more financially vulnerable in retirement before the pandemic

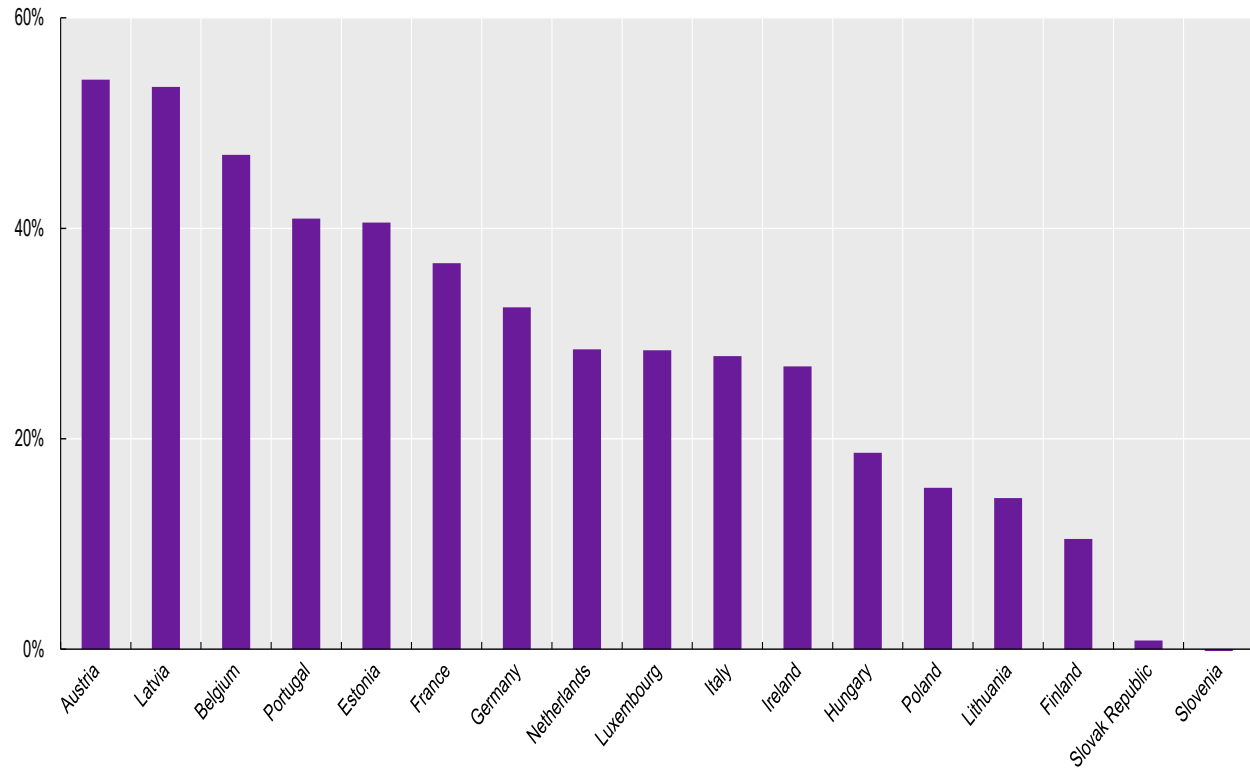
- Women receive **26% less retirement income** than men on average in the OECD
- Private retirement arrangements are an increasing source of retirement income
- Close link of the retirement income from these arrangements with labour market patterns



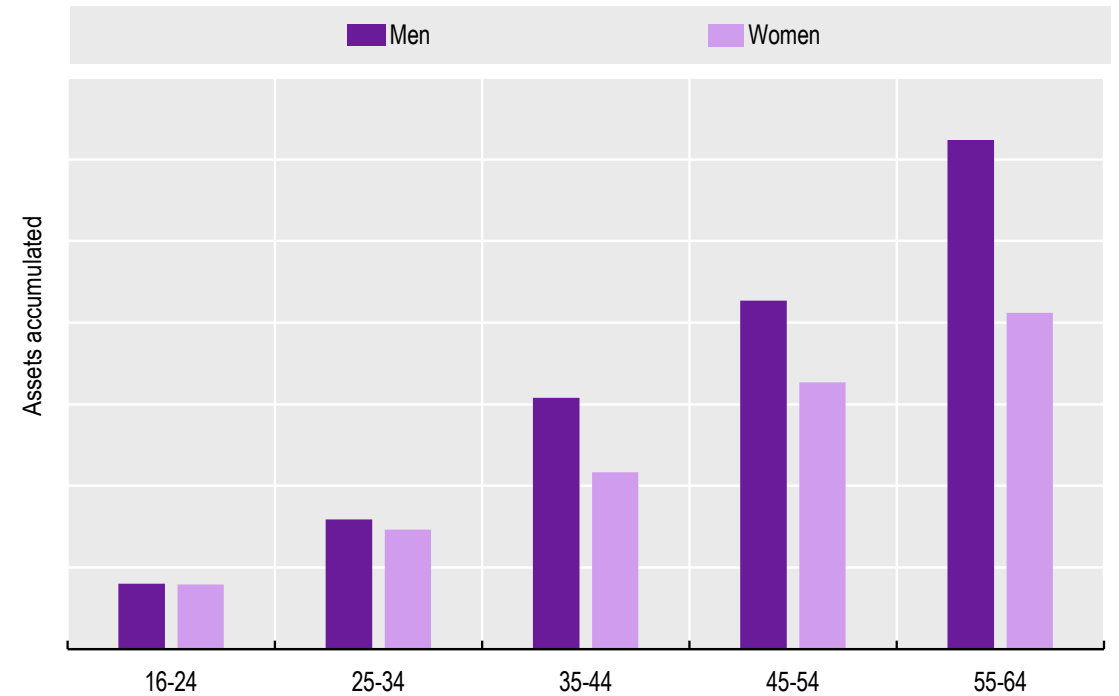


Gender gap in retirement assets

Gender gap in assets in all private retirement arrangements



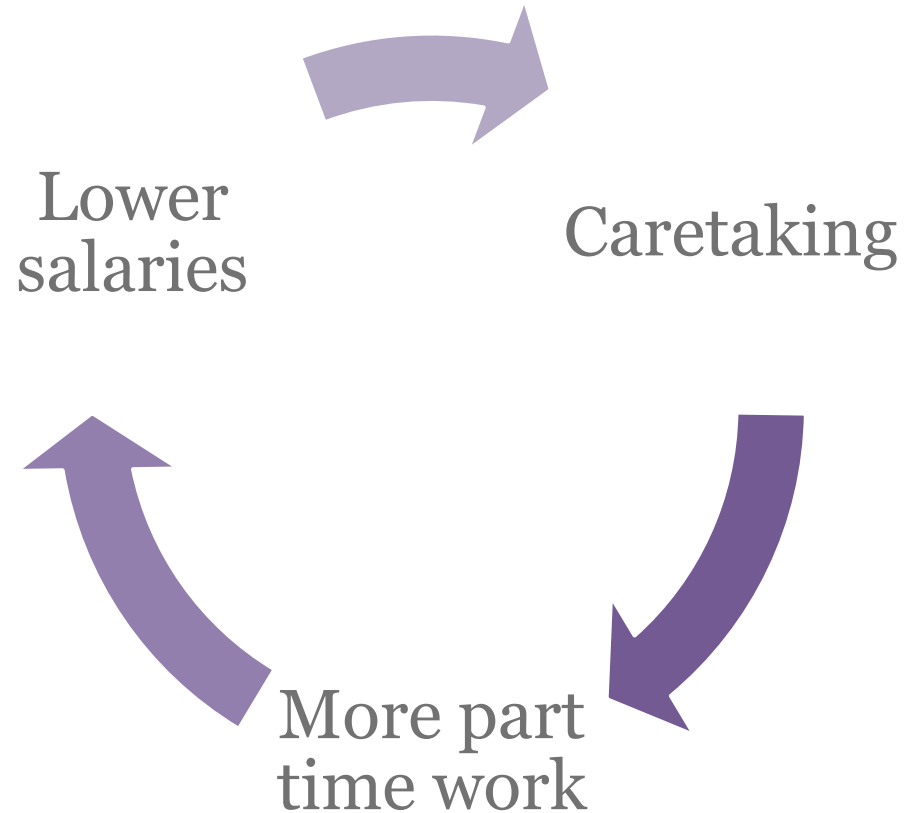
Average retirement assets by gender and age group





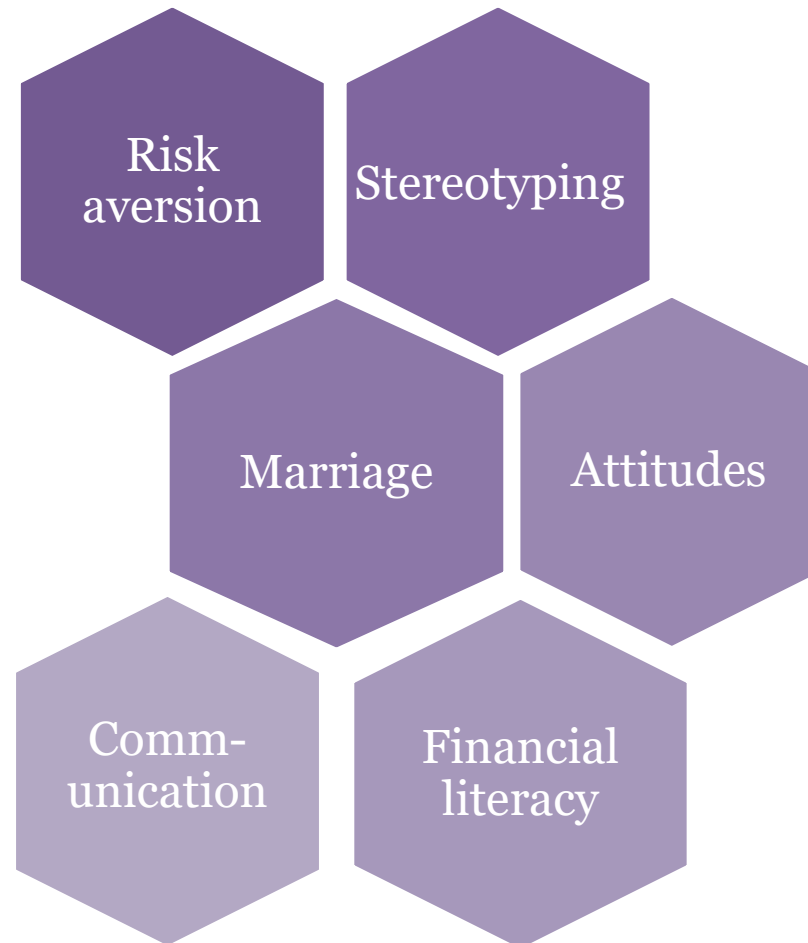
Labour market differences are a main driver of the gender pension gap in retirement savings

- Differences in retirement savings **emerge around age 30**, and continue to increase thereafter
- Women make up **70% of the part-time workforce**
- Women working full time **earn 13% less** than men
- Women are more **reliant** on the retirement **entitlements of their partner**





Behavioural, social and cultural factors also play a role





COVID is threatening to increase the gender pension gap

☐ Labour market impacts

- ☐ Women are more likely to work in impacted sectors
- ☐ Women are more likely to be in positions more vulnerable to layoffs
- ☐ Women are bearing the additional educational and caretaking burdens of their children

☐ Indirect impacts

- ☐ Women are more likely to withdraw a higher proportion of their retirement savings
- ☐ Women are less likely to benefit from the recovery of the financial markets
- ☐ Women are in a more vulnerable position in the case of divorce or death of their spouse



What can be done to increase women's participation in retirement plans?

Access

- Increase the availability of arrangements in industries predominantly employing women
- Relax eligibility requirements to join a plan

Participation

- Compulsory or automatic enrolment
- Financial incentives to join a plan
- Financial education initiatives tailored specifically to women



What can be done to increase women's assets in retirement plans?

Level of
contributions

- Contributions from employers or spouses
- Financial incentives to contribute
- Subsidies for maternity and caregiving
- Contribution limits that can be carried forward

Frequency of
contributions

- Targeted communication to educate on the importance of regular contributions
- Allow more flexibility with respect to contributions

Structural
issues

- Improve the portability of plans
- Adapt the fee structures to small account balances



What can be done to mitigate behavioural and societal drivers of the gender pension gap?

Investment returns

- Implement non-conservative default investment options
- Offer objective assessments of risk tolerance to inform women's investment decisions

Financial independence

- Allow spouses to share their pension rights with each other
- Facilitate the split of retirement benefit entitlements upon divorce
- Increase women's awareness of any option to share their former spouse's benefits



What can be done to increase the retirement income that women will receive?

Longevity

- Equalise retirement ages between genders
- Calculate lifetime retirement income based on unisex mortality tables where feasible
- Provide a subsidy directly to women
- Promote pay-out options with survivor benefits
- Encourage the availability of pay-out solutions that increase payments over time



Learn more:

Towards Improved Retirement Savings Outcomes for Women - bit.ly/38h47l8

OECD work on funded and private pensions – <https://www.oecd.org/pensions/private-pensions/>

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