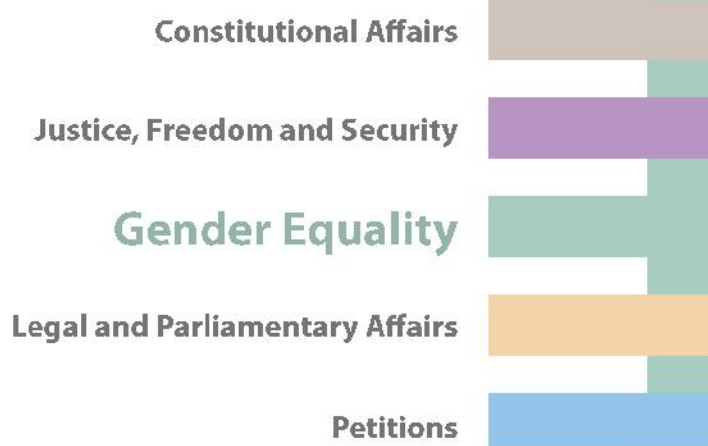


DIRECTORATE-GENERAL FOR INTERNAL POLICIES

**POLICY DEPARTMENT** **C**  
CITIZENS' RIGHTS AND CONSTITUTIONAL AFFAIRS



# Elderly women living alone: an update of their living conditions

Study for the FEMM Committee







**DIRECTORATE GENERAL FOR INTERNATIONAL POLICIES**

**POLICY DEPARTMENT C: CITIZENS' RIGHTS AND  
CONSTITUTIONAL AFFAIRS**

**WOMEN'S RIGHTS & GENDER EQUALITY**

# **Elderly women living alone: an update of their living conditions**

**STUDY**

## **Abstract**

Upon request by the FEMM Committee, this study presents recent changes in the living conditions of elderly women living alone with a focus on the effects of recent pension reforms and active ageing policies. The study is largely based on a literature review and a desk analysis of the micro-data and information available at the European level, as well as a qualitative analysis of good practices in active ageing introduced in recent years in six countries selected as representative of European welfare systems.

**DOCUMENT REQUESTED BY THE  
COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY**

**AUTHOR(S)**

Istituto per la Ricerca Sociale (IRS)-Italy  
Manuela Samek Lodovici (IRS), Project Director  
Monica Patrizio (IRS), Flavia Pesce (IRS), Enrico Roletto (IRS)

**RESPONSIBLE ADMINISTRATOR**

Ms. Erika Schulze  
Policy Department C: Citizens' Rights and Constitutional Affairs  
European Parliament  
B-1047 Bruxelles  
E-mail: [poldep-citizens@europarl.europa.eu](mailto:poldep-citizens@europarl.europa.eu)

Editorial assistant  
Ms. Lucia-Cristina Achihaei

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[poldep-citizens@europarl.europa.eu](mailto:poldep-citizens@europarl.europa.eu)

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## LIST OF ABBREVIATIONS

<b>DB</b>	Defined Benefit schemes
<b>DC</b>	Defined-contribution schemes
<b>EC</b>	European Commission
<b>ECJ</b>	European Court of Justice
<b>EEO</b>	Equal Employment Opportunity Commission
<b>EGGSI</b>	Group of experts in gender equality, social inclusion, health care and long term care
<b>EHRC</b>	Equality and Human Rights Commission
<b>EP</b>	Elderly people
<b>ESF</b>	European Social Fund
<b>EU – LFS</b>	European Labour Force Survey
<b>EU</b>	European Union
<b>EU-SILC</b>	European Union Statistics on Income and Living Conditions
<b>GFTU</b>	General Federation of Trade Unions
<b>ILO</b>	International Labour Organization
<b>LF</b>	Lone female
<b>LM</b>	Lone male
<b>LSC</b>	Learning and Skills Council
<b>MS</b>	Member States
<b>NDC</b>	Notional defined-contribution schemes
<b>NGO</b>	Non-governmental organization
<b>noLF</b>	Not lone female
<b>NRP</b>	National Reform Programme
<b>OECD</b>	Organisation for Economic Co-operation and Development



- OJT** On the job training
- PAYG** Pay-As-You-Go
- SME** Small and Medium Sized Enterprise
- TUPE** Transfer of Undertakings (Protection of Employment)

## LIST OF ABBREVIATIONS OF EU COUNTRIES

<b>BE</b>	Belgium
<b>BG</b>	Bulgaria
<b>CZ</b>	Czech Republic
<b>DK</b>	Denmark
<b>DE</b>	Germany
<b>EE</b>	Estonia
<b>IE</b>	Ireland
<b>EL</b>	Greece
<b>ES</b>	Spain
<b>FR</b>	France
<b>HR</b>	Croatia
<b>IT</b>	Italy
<b>CY</b>	Cyprus
<b>LV</b>	Latvia
<b>LT</b>	Lithuania
<b>LU</b>	Luxembourg
<b>HU</b>	Hungary
<b>MT</b>	Malta
<b>NL</b>	Netherlands
<b>AT</b>	Austria
<b>PL</b>	Poland
<b>PT</b>	Portugal
<b>RO</b>	Romania
<b>SI</b>	Slovenia
<b>SK</b>	Slovakia
<b>FI</b>	Finland
<b>SE</b>	Sweden
<b>UK</b>	United Kingdom

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## EXECUTIVE SUMMARY

### ***Aims and contents of the study***

The aim of this updated version of a 2008 study is to present the **main changes that have since occurred in the circumstances of elderly women living alone in Europe**, and to assess how recent changes in pension and active ageing policies are affecting their living conditions.

Given the different conditions that women living alone can encounter in their life-course, the theoretical framework adopted is the **life cycle approach**, which considers women's and men's resources and needs at different stages of their lives. The fragmentation of family models and individual patterns in the life cycle, due to major demographic changes and redefinition of gender roles in modern societies, has produced **new forms of female fragility**: the traditional male-dependent condition of women translates into differentiated forms of economic and social weakness, also linked to ruptures in the personal life of individuals (divorce, widowhood), calling for different types of **policy responses** depending on the stage of the life cycle and individual conditions, rather than family roles. The crisis has aggravated these fragilities and the fiscal consolidation policies and welfare reforms adopted in recent years by European countries to cope with the crisis and demographic and socio-economic pressures are likely to have differentiated effects on elderly women and men.

The study is mainly based on desk analysis of the micro-data and information available at the European level.

Following a brief presentation of the methodology, the study provides an assessment of **recent developments** in the living conditions of older women living alone in chapter two, relative to the non-lone elderly women and to elderly men living alone. The following chapters 3 and 4 discuss recent policy changes in pension systems (chapter 3) and in active ageing policies (chapter 4) affecting the living conditions of elderly women living alone. The qualitative analysis of the main active ageing policies and good practices introduced in recent years focuses on **six countries** selected as representative of European welfare systems: *Germany*, illustrative of the Continental Male Breadwinner regime; *France*, an example of contamination between the Breadwinner and Mediterranean regimes; *Italy*, representing the Mediterranean family-centred regime faced with a very considerable ageing process and rapid increase in households of elderly single women; *Sweden*, an example of a Nordic universalistic model where single women play an important part in a context of high rates of female activity and employment; *United Kingdom*, an example of the liberal welfare regime, showing a relatively large proportion of elderly women living alone; and *Romania*, representative of Eastern EU Member States. The concluding chapter 5 provides some **policy recommendations** resulting from the analysis. Four Annexes complete the report: the first on variable definitions and data sources, the second reporting additional data not included in the main report, the third summarising the major pension reform in EU, and the fourth presenting country fact sheets for the six selected countries.

### ***Main results and policy implications***

Changes in demographic trends, societal structures, household composition and life styles have led to **an increase in one-person households** in all the EU Member States, especially **among women and the older population**, calling for closer attention to single households and to the associated increase in the demand for social and care services.

### *Trends in the living conditions of elderly women living alone*

In 2013 36.3 million women were living alone (with no dependants) in the EU28 with a share out of the total female population rising from 14.2% in 2010 to 18.4%; lone men numbered 27.9 million, accounting 15.1% of the total male population (10.8% in 2010). **Elderly women represent the largest proportion of women living alone** (54.6% in 2013 compared to 54% of 2010) reaching 19.8 million in the EU28.

Due to the gender gap in life expectancy and general population ageing, **the share of elderly women (aged 65 years and over) living alone in the total population is expected to increase** in the EU-28 from 10.7% in 2014 to 16% of the total population by 2060 (and from 20.8% to 31.6% of the female population). There is also a secondary ageing process underway: **the ageing of the aged**. The proportion of elderly women aged 75 and over is expected to reach 10% by 2060 (as compared with the 5.5% of 2014).

People living alone often rely on a single source of income and accordingly are more fragile in coping with socio-economic risks. **Elderly women living alone (and also men living alone) have on average twice the probability of experiencing poverty** than elderly women living in couples, even if the risk has declined since 2008. The share of elderly women living alone reporting difficulties in making ends meet is particularly high (58%) and they have to cope with conditions worse than those reported by other elderly women and lone men.

Recent developments in the living conditions of elderly lone women also show that:

- **The differences between people 'living alone' of both sexes and those 'not living alone' are increasingly significant**, and for women living alone this situation depends more on the events of life, such as separation, divorce, widowhood, than on choices.
- **There is an ongoing process of hybridization of the welfare state models** resulting from common socio-economic and demographic pressures and the effects of the EU regulatory framework.

### ***Recent changes in pension and active ageing policies***

Demographic trends and the crisis have obliged European countries to revise their welfare policies drastically. **Welfare system sustainability** is now the main goal, as the need to proceed with fiscal consolidation is becoming ever more pressing in Member States. Budget cuts, closer targeting in welfare policies and acceleration in pension reforms have characterized recent years in all the Member States. However, the gravity and duration of the crisis is highlighting the risks associated with reduced welfare provisions in terms of both increased poverty risks and social conflicts.

Elderly women living alone are among the population groups at greater risk of poverty and more affected by recent changes in pension and welfare provisions. The living conditions of elderly women living alone are affected mainly by their **health status** and their **income**, which largely comes from their pensions. The pensions women receive are, however, usually lower than the men's, because pension systems tend to reproduce (or even reinforce) existing gender inequalities in the labour market and in the division of social roles within households.

Recent **pension reforms** have improved the sustainability of public pension schemes by reinforcing the link between contributions paid and benefits received while increasing the

role of private occupational and individual pension schemes, at the cost of reduced replacement rates, growing individual risks and complexity in pension systems.

The analysis of recent pension reforms carried out in chapter three highlights the implicit risks of some provisions in aggravating gender imbalances, especially for women living alone:

- **With contribution-based and multi-pillar pension systems**, gender disparities in employment rates and in earnings, as well as the greater incidence among women of part-time, temporary, informal jobs and careers breaks are all factors that **will produce even larger gender disparities in pension income than in the past and reinforce the dependence of elderly women on the income of their partners**. Furthermore, greater female longevity exposes elderly women to higher poverty risks due to the expected period of living alone, longer for women than for men, and the greater erosion of the real value of their annuities.
- **A number of measures may have different effects for women living alone, according to their specific status: being unmarried, rather than widowed, or lone mothers**. Even measures which at first sight may seem favourable for elderly women living alone, such as survivors' pensions, can penalise insured women and men who have not married, and can hamper the reconciliation of work and family life by reinforcing the disincentive for young women to participate in the regular labour market while increasing the incentive to get married and stay inactive. On the other hand, these schemes have an important function in reducing the poverty risks in old age for widows and their children.
- **The crisis has highlighted and aggravated some of the risks associated with pension reforms in terms of both sustainability and adequacy**. While the new pensions systems benefits are more closely related to developments in the labour and financial markets and to economic growth, the adequacy of pension systems is jeopardised (especially for the younger generations and women) when the labour market is unable to guarantee lifelong continuous employment, and when the financial markets are unable to deliver the expected returns on investments in occupational or individual pension funds and public spending is constrained by increasing deficit and debt, lower growth prospects and fiscal consolidation.

In recent years **pension reforms have been trying to find a balance between the need to fill the adequacy gaps in pension income**, especially for the young generations, **and the need to improve the sustainability for public finance of pension spending**, currently undergoing serious fiscal deterioration as a result of the crisis. Between 2012 and 2014 nearly all the EU28 MSs made some adjustments to their pension systems. In 20 countries the focus was on increasing the financial sustainability of their pension systems, while improving pension adequacy was addressed in 14 countries.

To **improve the financial sustainability of pension schemes** EU member states have further increased retirement age and the duration of contributory periods necessary to access pensions; changed the levels or reduced the indexation of pension benefits; facilitated access to private pension schemes; and shortened the transition period envisaged in previous reforms.

In order **to address pension system adequacy and fairness**, some countries have recently adopted measures to broaden pension coverage, raise the benefit levels of

minimum pension schemes, and improve the regulation of private funded pension schemes to promote wider risk sharing as well as consumer information and protection, while seeking to ensure the quality of financial products.

### ***Active ageing policies***

Even though active ageing has significant gender aspects, **most of the innovative initiatives of active ageing implemented across Europe do not specifically target women**. Neither is much attention paid to specific groups of women, such as those living alone.

The attention paid to promoting an active ageing strategy - where the main goals are health, participation and security - varies across countries, just as there are different levels of attention focusing on the different fields/areas to support active ageing and different levels of awareness of gender aspects.

Promotion of good health and well-being throughout life is one important way undertaken to foster active ageing, but **recently the active aging strategy has been predominantly implemented in Europe through pension and labour market policies**: e.g. pension reforms and efforts to reduce the gender pension gap; measures to improve the employability for companies; and training and lifelong learning for older workers.

### ***Policy implications***

The current **cuts in public services and welfare provisions** are likely to have a greater impact on women than men as women are largely employed in the public sector and use public services more than men. Cuts in public services and welfare provisions are also likely to increase the amount of unpaid work and care responsibilities within households, aggravating the existing disparity in the care workload between women and men, and making it even more difficult for women to participate fully and continuously in the labour market.

To contain increases in gender disparities and in poverty risks, it is necessary to **assess the (potential) gender impact of proposed changes and cuts in welfare provisions and public services**. This requires greater attention to **evaluation** of the potential differentiated effects of both dedicated and general policies (such as pension, employment and assistance policies, fiscal policies) on women and men and on women living alone, as well as the development of more **disaggregated statistics and research**.

Furthermore, the following general features of policy approaches in support of women living alone should be considered in policy making; features that not only are likely to improve the living conditions of elderly women living alone, but also the conditions of other vulnerable groups.

**Member States should individualise social rights**, irrespective of household and marital relations in pension, active ageing and assistance policies. This is going to be increasingly necessary in order to comply with recent and future developments in family patterns and the increasing share of women living alone. The empirical evidence shows that the living conditions of elderly women living alone are better where social benefits and public transfers are based on the situation of an individual, rather than on the situation of the family, and where publicly provided services are available. For example, some of the provisions adopted by most of the Nordic countries appear to play a supportive role in the living conditions of lone women: consideration of care years for pension entitlements both



in public and compulsory private schemes, whatever the carer status; the option of residence-based minimum pensions, which also allow for the removal of derived pension rights with their many shortcomings; the extensive provision of assistance and other services that play a major role in enhancing the income of single households, especially so for the elderly.

**Development of integrated policy packages**, dealing with all the different aspects of lone elderly women's living conditions and combining access to employment and training, affordable health care and housing, social assistance and services; empowerment policies should also be considered, integrating several welfare domains and targeted approaches.

The **involvement of local communities and local actors** (usually municipalities, charities and NGOs) in policy design and implementation in order to sustain the creation of extended support services and networks at the local level.

The **continuity of interventions** is another important issue. Country-specific conditions should be carefully considered in order to promote effective and sustainable programmes to be integrated within the existing main body of welfare schemes.

In greater detail, specific features supportive of gender equality in **pension systems** and relevant to the case of women living alone include:

- The presence of **universal, residence-based or flat rate minimum pensions** indexed to wages and pension credits for unemployment and training periods.
- The provision of **public subsidies to support access to occupational and individual supplementary pensions** for women and other groups usually less involved in these schemes. Provisions should also be introduced to offset gender inequalities in occupational schemes, for example supporting the introduction of unisex life tariffs and care credits. Provisions regulating the transfer of workers' registration from one occupational fund to another should also be improved, along with the introduction of rules affording a more even balance in risk sharing between workers, employers and insurance agencies.
- The presence of **adequate pension credits for care periods** available also for men and for the care of other dependents besides children, allowing for (part-time) employment during care periods, available also in private funded pension schemes and extended to the self-employed, inactive and unemployed.
- Specific **pension credit provisions for atypical and part-time employment**.
- **Flexible retirement provisions** and the possibility to *combine pension and part-time work*.
- The adoption of **individual rather than family related pension entitlements** to reduce work disincentives and gender stereotypes, while allowing for accrued pension rights to be divided in the event of break-up (divorce or separation). The focus on the individual is important for single women, as it stresses the women's role in the labour market rather than her family role.

Policies to reduce gender gaps in the **labour market and active ageing policies** are needed to guarantee gender equality in future pensions.

- **A gender mainstreaming approach to active ageing policies is lacking in most European countries.** For example prolonging the working life of women is likely to reduce the provision of informal care at home. Active ageing from a gender perspective should therefore also focus on measures supporting the reconciliation of market and family work and change the cultural models and assumptions on gender roles underlying different welfare models.
- **Policies and measures directly targeting elderly women to favour social and civic involvement** (sports, voluntary work and participating in association) and reconciliation measures can positively impact both health outcomes and social inclusion and the participation of women in society.
- Other important policy fields for enhancing active ageing and the living conditions of the elderly are **transportation and social housing** policies, as well as **lifelong learning and the development of technological skills** to close the digital divide. Publicly provided services play a major role in enhancing the income and living conditions of the elderly.
- As an increasing number of older women face poverty, illness or disability, **social assistance policies** need to be designed for these target groups. A gendered approach to *healthcare and, especially, long term care*, entails the necessity to consider the needs both of caregivers, who are predominantly women, and of elderly lone women, who are requiring long-term care due to their longer life expectancy and their reliance on formal care.

## 1. AIMS AND CONTENT OF THE STUDY

This study considers elderly women living alone, the difficulties they face, and the policy responses in terms of active ageing and pension schemes. It is the second updated version of a study delivered by IRS in July 2008 on “Women living alone: evaluation of their specific difficulties”<sup>1</sup>. The aim is to present the main changes in the situation of elderly women living alone in Europe that have occurred since 2010, and to assess how the evolution of pension and active ageing policies is affecting their living conditions.

**Elderly lone women (and men) are defined as persons aged 65 years and over in a one-person household**<sup>2</sup>. The socio-economic conditions of elderly women living alone are compared with those of other women and men, i.e. those who live in a household that has more than one member (including couples, with or without dependants).

The study has been requested in relation to the foreseen adoption of Council Conclusions presented by the Latvian Presidency on the Gender Pension Gap and a broader interest of the FEMM committee to learn more about the living conditions of older women who often live in single households.

### 1.1 Research approach

As in the previous study, the adopted theoretical framework to deal with the different conditions that women living alone can encounter in their life course is the **life cycle approach**, which considers women’s and men’s resources and needs at different stages of their lives<sup>3</sup>.

Particular attention is given to the **fragmentation of family models and individual patterns in the life cycle**, due to major changes in demographic equilibrium and redefinition of gender roles in modern societies that has also produced new forms of female fragility. The traditional male-dependent condition of women turns out in differentiated forms of economic and social weakness, also linked to ruptures in the personal life of individuals (divorce, widowhood), calling for different types of policy responses depending on the stage of the life cycle.

Modern **welfare systems only partially respond to the needs of elderly women living alone** while the fiscal consolidation measures and pension reforms adopted in recent years by EU countries to increase their financial sustainability are likely to aggravate yet further the conditions of elderly women living alone.

Across Europe, differences in the architecture of **the welfare systems have differentiated impacts on the female condition, in relation both to emancipation from male dependency and to services and provisions needed when living alone in old age**.

In the EU framework the Scandinavian design of the welfare system, focusing on individual rather than family entitlements and citizenship rights available to all, as well as extensive public services appears to intervene more positively in cases of individual fragilities than others. On the other hand, in the Mediterranean countries the family still plays an

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<sup>1</sup>[http://www.europarl.europa.eu/thinktank/it/document.html?reference=IPOL-FEMM\\_ET\(2008\)408313](http://www.europarl.europa.eu/thinktank/it/document.html?reference=IPOL-FEMM_ET(2008)408313);

<sup>2</sup>[http://www.europarl.europa.eu/RegData/etudes/etudes/join/2012/462505/IPOL-FEMM\\_ET\(2012\)462505\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2012/462505/IPOL-FEMM_ET(2012)462505_EN.pdf)

<sup>3</sup> The household comprises all the persons that (usually) live together and form an independent group.

<sup>3</sup> Esping Andersen G. (2003), *Why We Need a New Welfare State*, Oxford University Press.

important role as welfare pillar, and lack of ruptures in family relations significantly increases the risk of economic and social exclusion.

The concepts and hypotheses offered by the socio-economic literature have been applied in the review of the statistical evidence on the living conditions of elderly women living alone and of recent changes in pension and active ageing policies.

In order to assess the relevance of welfare regimes the analysis is based on the classification of welfare state models across Europe adopted in the 2008 study<sup>4</sup>, even if the crisis and recent welfare reforms have blurred the distinctions between welfare models:

1. **Breadwinner State-centred regimes**, which include *Continental countries*, where women are usually treated on the basis of their family role and are protected on the labour market when they are the family breadwinner. Socio-economic conditions in old age depend largely on access to derived pension benefits.
2. **Breadwinner family-centred regimes**, including *Mediterranean countries*, where women are also treated on the basis of their family role (also in old age), but are not supported on the labour market. Social protection largely comes from the family rather than from the State and socio-economic conditions in old age largely depend on past family roles and on access to derived pension benefits.
3. **Universalistic welfare regimes**, represented in *Nordic countries*, based on individual rights to equal opportunities. Women are supported on the labour market also with the provision of public services, and women living alone are supported in coping with difficulties, especially through access to income safety nets and publicly provided services, that play a major role in enhancing the income and living conditions of the elderly.
4. **Liberal welfare regimes**, typical of the *Anglo-Saxon area*, are residual welfare regimes, supporting women living alone mainly through means-tested benefits.
5. **Eastern European countries**, which have gone through major processes of reform and redesign of their welfare regimes.

To represent the different European welfare regimes in a gender perspective, the socio-economic conditions and policies adopted in six Member States are considered in greater detail: **Germany**, illustrative of a continental breadwinner regime where, in spite of the family fragmentation processes and the increase of single households, female activity and employment rates are failing to increase significantly; **France**, as an example of contamination between the breadwinner and Mediterranean regimes; **Italy**, representing the Mediterranean regime undergoing a process of modernization and coping with a very serious ageing process together with rapidly increasing elderly-women single households; **Sweden**, as an example of a Nordic and Continental universalistic model where single women have a relevant role in the context of the highest female activity and employment rates in Europe; the **United Kingdom**, as an example of the liberal welfare regime showing a relatively high proportion of women living alone; and **Romania**, as representative of Eastern EU Member States.

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<sup>4</sup> Esping Andersen G. (1990); *The Three Worlds of Welfare Capitalism.*, Princeton University Press; Trifiletti R. (1999), "Southern European Welfare Regimes and the Worsening Position of Women", in *Journal of European Social Policy*, Vol 9 (1): 49–64, SAGE Publications, London.

## **1.2 Content of the study**

The study is mainly based on the desk analysis of Eurostat micro-data and the information available at the European level.

Chapter 2 provides an assessment of the recent trends (compared to the situation before the crisis) in the living conditions of elderly women living alone. The following chapters 3 and 4 discuss recent policy changes affecting the living conditions of elderly women living alone. The policy focus is on the gender effects of recent changes in pension systems (chapter 3) and in active ageing policies (chapter 4). The analysis of the policy reforms introduced in recent years focuses on the six countries selected as representative of European welfare systems. Good practices adopted in the selected countries to (directly or indirectly) alleviate the potential negative effects of welfare reforms on the living conditions of older women living alone, are also presented in order to derive policy recommendations, which are presented in the concluding chapter 5.

Four Annexes complete the report: the first on variable definitions and data sources, the second reporting additional data not included in the main report, the third summarize the major pension reform in EU, and the fourth presenting country fact sheets for the six selected countries.

## 2. RECENT TRENDS IN THE ECONOMIC AND SOCIAL CONDITIONS OF ELDERLY WOMEN LIVING ALONE

### KEY FINDINGS

- In **2013, the number of elderly lone women in the EU28 reached 19.8 million**, about 8.0% of the total female population, relative to a share of only 3% for elderly lone men;
- Due to the gender gap in life expectancy and population ageing, **the proportion of elderly women aged 65 and over is expected to reach 16%** in 2060, as compared with the 10.7% in 2014.
- **Elderly lone women are considerably more at risk of poverty (24.9%)** than lone elderly men (18.6%) and elderly women not living alone (12.3%), even if their conditions have been improving since 2010, when 27.4% of elderly lone women were at risk of poverty;
- 58% of elderly women living alone report **considerable difficulties in making ends meet** and their situation is worse than that reported by the other elderly women and lone men.
- Notwithstanding their higher poverty risk and worse perceived health conditions, **elderly women living alone show only a slightly lower satisfaction with their overall quality of life** than other women.

### 2.1 Demographic trends and the increase in elderly women living alone

**In 2013, the number of elderly lone women in the EU28 reached 19.8 million** (8.0% of the total female population, a percentage in line with that observed in 2010). Elderly men living alone numbered only 7 million, accounting for only 3% of the total male population. They are slightly younger than women (76 years old on average relative to 78 for women living alone) and with a higher level of education (16.8% has a tertiary degree, compared to only 8.8% of elderly women living alone) than elderly lone women.

Elderly lone women are considerably more **at risk of poverty** (24.9%) than lone men (18.6%) and elderly women not living alone (12.3%), even if their conditions have been improving since 2010 when 27.4% of elderly lone women were at risk of poverty.

In a demographic perspective, population ageing and the longer life expectancy of women relative to men's is behind the rapid increase in elderly women living alone over the last few decades.

In twenty years (1995-2014), the share of the European female population aged 65 and over has grown in all the Member States, while the 0-14 component has appreciably decreased everywhere (Figures AII.3 and AII.4 in **Annex II**). As described in the age pyramids for the EU28 at 2014 and 2060 (Figure 1), population projections show that in the EU28 the ratio of women over 65 will rise from 10.7% in 2014 to 16% of the total population by 2060 (and from 20.8% to 31.6% of the female population).

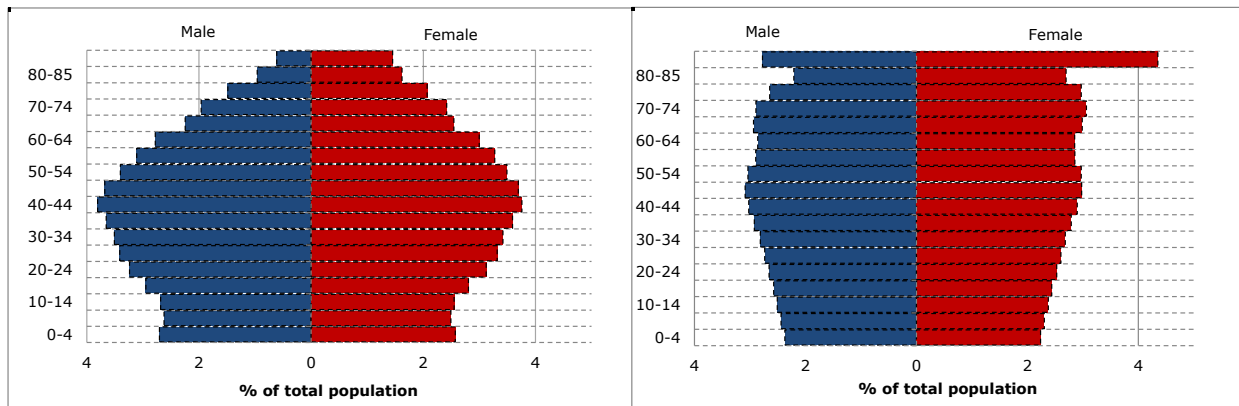
**Table 1: Main characteristics of elderly people in 2013 in Europe**

	Population	Share of category over male/female population (%)	Age		Education			Poverty rate *
			Modal class (%)	Average	H	M	L	
Elderly lone women	19,817,830	8.0	75-80 (22.8%)	78	8.8	63.8	27.4	24.9
Elderly lone men	6,971,372	3.0	65-70 (25.3%)	76	16.8	48.7	34.5	18.6
Non-lone elderly women	19,110,344	7.8	65-70 (35.9%)	73	10.8	56.5	32.6	12.3

**Source:** Irs elaboration on Eurostat Microdata, Labour Force Survey, 2013; EU-SILC, 2012

\* Poverty rates for non-lone women include all the women not living alone, with and without dependants

There is also a secondary ageing process underway: **the ageing of the aged**. Demographic projections estimate that the share of elderly women in the age group between 65 and 74 years will settle at 5.7% in 2060 (compared to 5.2% in 2014), while the group over 75 is expected to double from 5.5% to more than 10% of the total population. There will also be a significant increase in the numbers of people aged 85 and over: between 2014 and 2060 the proportion of people aged 85 years and more will increase from 2.4% to 8%, with a share of men over 85 years of 3.2% in 2060 as compared with a share of 4.7% for women.

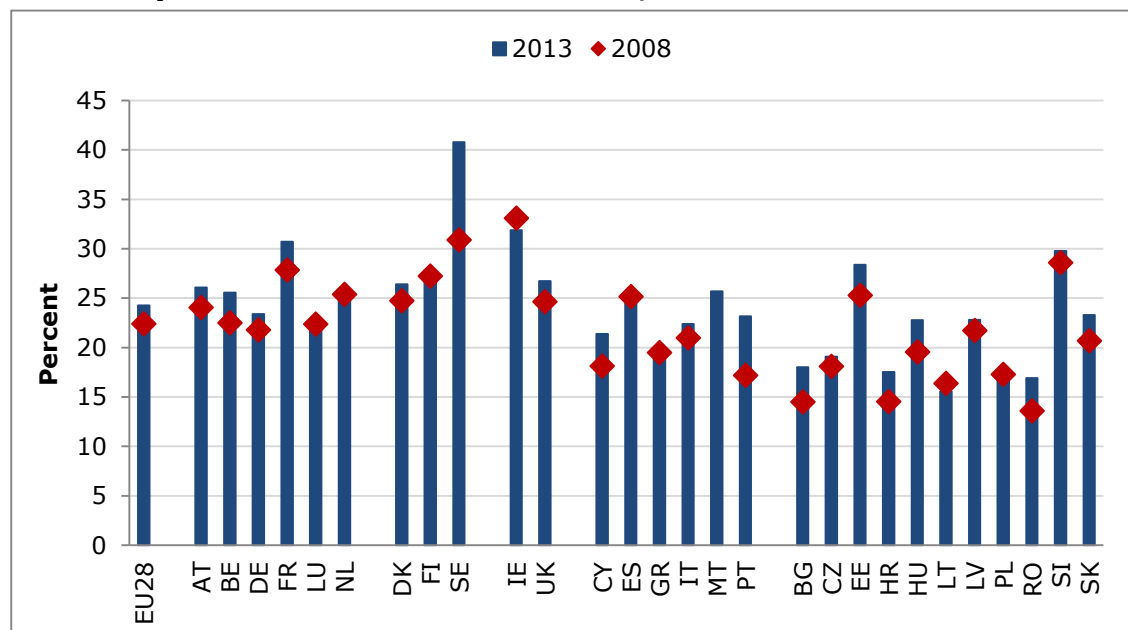
**Figure 1: Age pyramids for EU28 population - 2014, 2060**

**Source:** Eurostat, Demographic statistics data.

In a social perspective, the **number of single households** is rapidly increasing across Europe, due also to changes in family formation patterns and family policies. In 2013, the share of women aged 20 years and more living alone in EU average was 9.5% of the total population living in private households compared to 7.3% of lone men. The proportion of single women in the total female population aged 20 and over in EU28 rose to 24.3% from

22.3% in 2008 (Figure 2)<sup>5</sup>. The geographical distribution across Europe shows a very high and stable concentration of women living alone in the Nordic countries, with a value rising to almost 40% in Sweden; values above average in Ireland and the UK; a value slightly above the European average in the Continental area, with the exception of France where single women reach 30.7%; and, finally, lower percentages in Southern and Eastern countries, except for Slovenia and Estonia.

**Figure 2: Single women in relation to the total female population (aged 20 and over) in EU Member States - 2008, 2013**



**Source:** Irs elaboration on Eurostat Microdata, Labour Force Survey – 2008, 2013.

**Notes:** Missing data for Malta 2008; EU average is calculated on available country data.

Two main features seem to characterize the conditions of lone women in Europe.

The first is that, for women, living alone does not appear to be so much the result of an original choice as in the case of lone men, but more as a condition depending on life events. As shown in Figure 3, in the EU28 average, the share of **women legally separated, divorced - and widowed** is 22.4%, as compared with 9.9% of men (Figure AII.6 in Annex II), with the value generally more than double in most European countries, and especially high in Eastern European countries, some of them reaching values above 30% (LT, LV, EE, and HU).

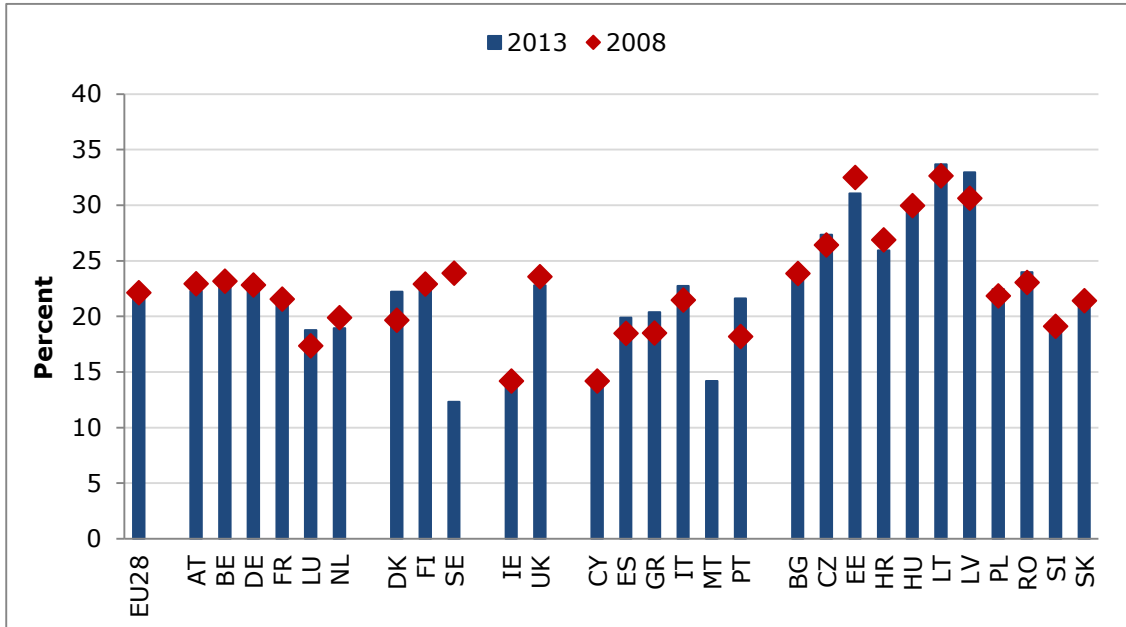
The second key factor, related to the previous one, is the **close link between single households and age**: lone women are most frequently older than lone men. Even if there is a common growth trend in one-person households between 2008 and 2013 (see the Annex II, Table AII.1). The proportion of lone women over 65 relative to the total female population (8% in 2013, EU28 average) is almost three times higher than that for lone men (3%), especially in Germany (9.8%), Italy (9.8%) and Latvia (9.1%). When considering the composition of women living alone by age compared to men as in Figure 4, the share of women over 65 living alone has shown no significant change since 2010 and accounts for around 54% of the lone women in the EU28 average, lower in the Northern countries and

<sup>5</sup> The proportion of single men in the total male population (see the Annex Figure AII.5) is also increasing everywhere in Europe and is higher than that of women, with 32.6% average and a peak of 47.7% in Sweden, the country with the highest concentration of single persons, both men and women.



higher in the Southern and Eastern areas. By contrast the share of men over 65 living alone is on average around 25% of the total male population living alone, although it has arisen since the 23% observed in 2010.

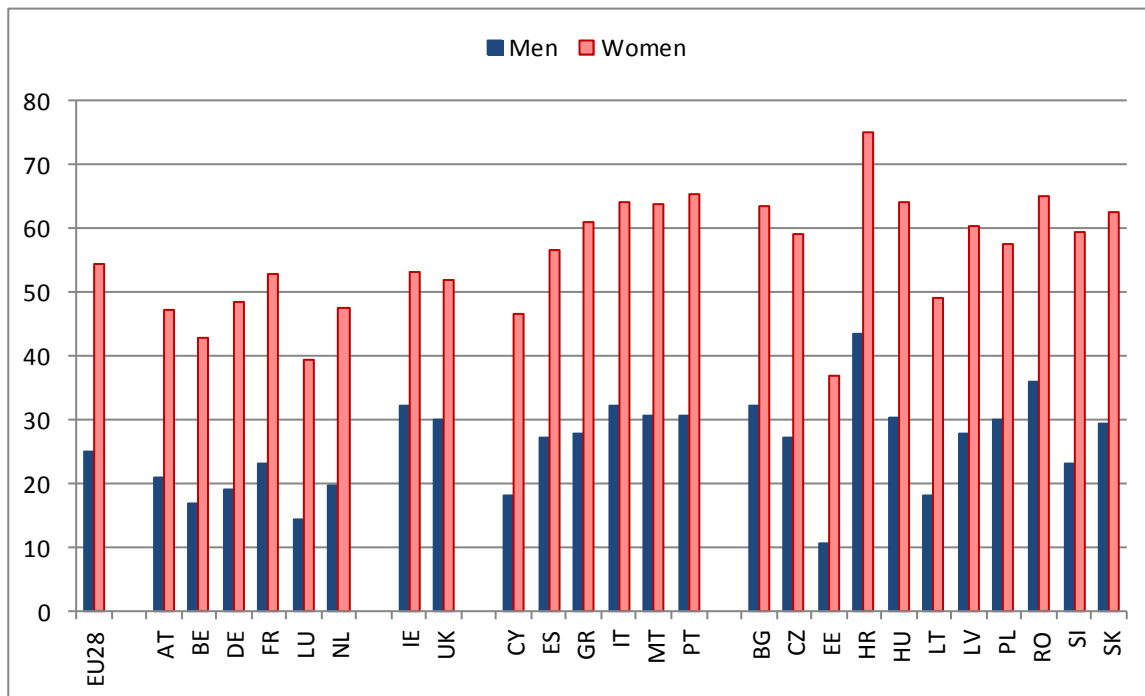
**Figure 3: Widowed/Divorced/Legally separated women in comparison with the total female population (aged 20 and over) in EU Member States – 2008, 2013**



**Source:** Irs elaboration on Eurostat Microdata, Labour Force Survey – 2008, 2013.

Notes: Data for Malta 2008 missing; EU average is calculated on available country data.

**Figure 4. Proportion of elderly women/men living alone in comparison with the total female/male population living alone in EU Member States - 2013**



**Source:** Irs elaboration on Eurostat Microdata, Labour Force Survey – 2013.

Notes: no data available for FI, DK and SE

## 2.2 Trends in living conditions and poverty risks among elderly women living alone

To illustrate the trends in the living conditions of elderly women living alone, we focus on indicators of their health conditions, adequacy of income and poverty rates, quality of life.

### 2.2.1 Health conditions

As shown in Figure 5, elderly women have on average a poorer perception of their **general health status**. In 2012, the share of lone women reporting bad health was 27,5% compared to 25% of the other women and 21.4% of the lone men.

Perceptions of bad health have been increasing for lone women since 2010 (while between 2008 and 2010 they showed no significant change), in particular in the United Kingdom, Italy, Lithuania and Romania. In 2012, the proportion of bad health perception was well above the EU average for Italy, Portugal and all the Eastern European countries.

Elderly women living alone also report a high incidence of **chronic illness** (59.1%), a bit higher than that of the other women (53%), but comparable to that of men living alone (60.9%). The picture is similar if we consider the share of people who report **disability**<sup>6</sup> (Annex II, Figure AII.15), with the ratio slightly higher for lone elderly women (23.6%) than for other women (21.4%); but in this case the incidence of *disability* is lower, especially for lone men (19.1%).

### 2.2.2 Adequacy of income

Elderly women have usually retired and are more susceptible to monetary distress and social vulnerability than elderly men.

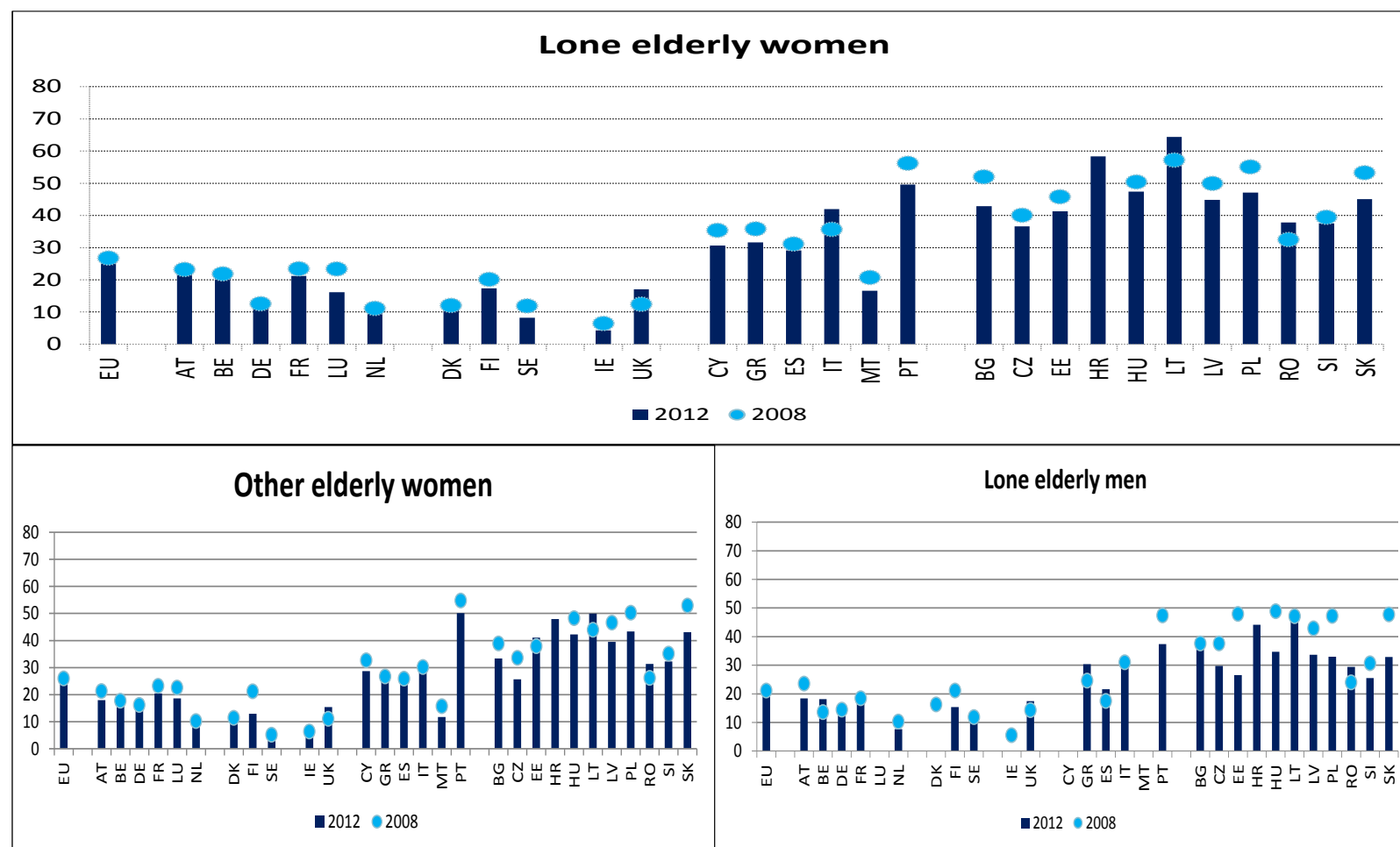
The share of elderly women living alone **with difficulties in making ends meet** (Figure 6) is 57.8%, higher than that of the other elderly women (50.9%) and, especially, of lone elderly men (45%) in 2012. The share for elderly women living alone was 58.1% in 2008 and 2010; thus, the situation has not improved.

Very critical conditions in making ends meet (above 90%) are observed for elderly lone women in Greece, Bulgaria, Croatia, Hungary, Poland, Lithuania and Latvia. Values over the EU average are also to be found for all the other Southern and Eastern European countries and France. Conversely, there is a more favourable situation in Continental Europe and in Nordic countries.

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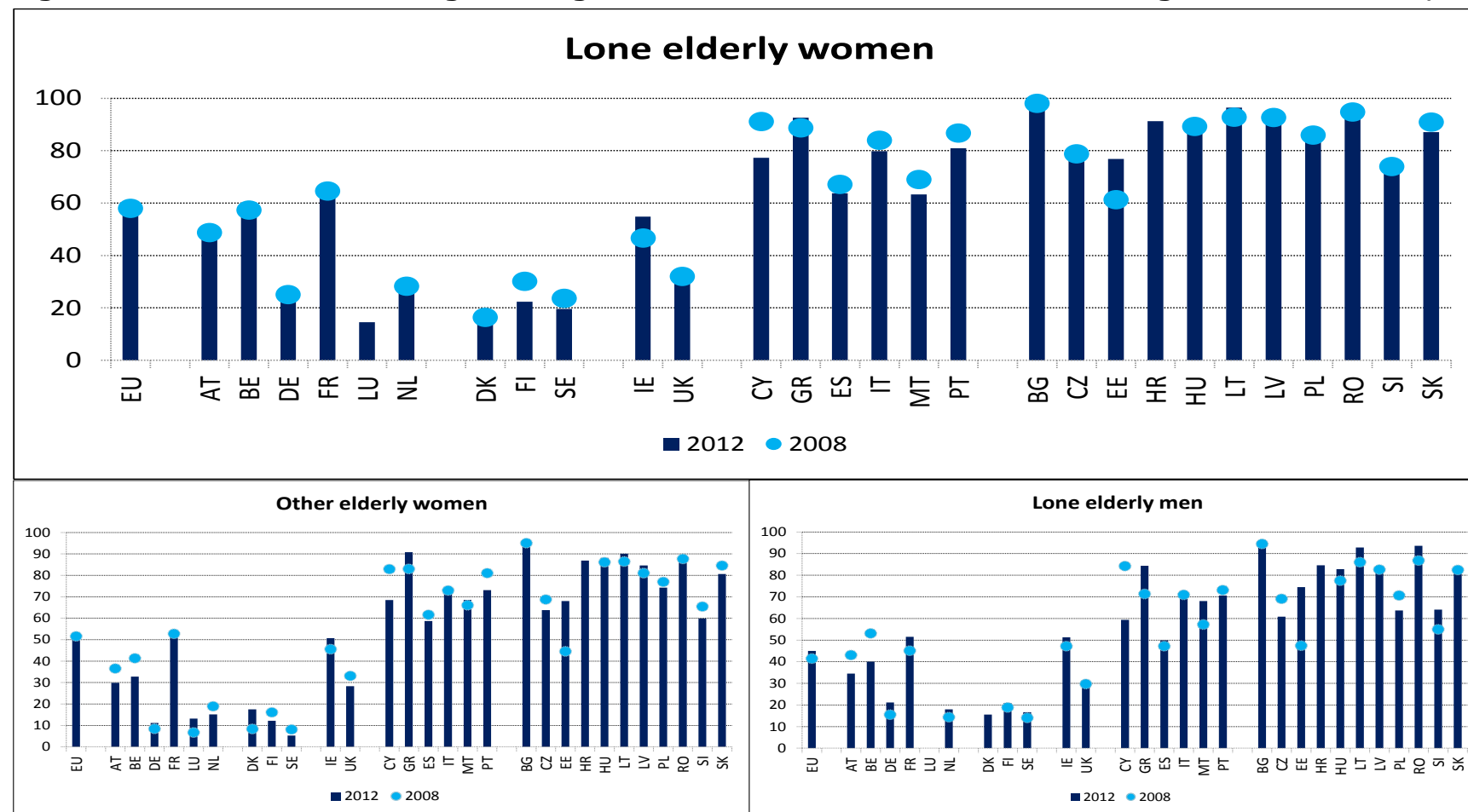
<sup>6</sup> Defined as persons with severe limitation in activities because of health problems for at least six months.

**Figure 5: Share of women aged 65 and over reporting bad general health conditions in EU Member States– 2008, 2012**



**Source:** Irs elaboration on Eurostat Microdata, EU-SILC.

**Notes:** EU 2008 refers to EU-27; EU 2012 refers to EU28. Data not reliable due to the small sample size (not published because based on less than 20 observations): share of lone males: LU, DK, IE, CY, MT in 2008 and 2012. Weakly reliable for lone male: AT, BE, NL, FI, SE, EL, ES, BG, EE in 2008 and AT, BE, NL, FI, EE, SI and SK.

**Figure 6: Share of women living alone aged 65 and over with difficulties in making ends meet– 2008, 2012**

**Source:** Irs elaboration on Eurostat Microdata, EU-SILC.

Notes: EU 2008 refers to EU-27; EU 2012 refers to EU28. Data not reliable due to the small sample size (not published because based on less than 20 observations): share of lone men LU, DK in 2008 and LU in 2012. Not reliable for lone women: LU in 2008. Weakly reliable for lone men: NE, FI, SE, MT, EE, SI. Weakly reliable for lone women, DK in 2008 and LU and DK in 2012. Weakly reliable for not lone women: LU in 2008.

### 2.2.3 The risk of poverty

Considering the **poverty rate**<sup>7</sup> of people aged 65 and over, it can be observed that one lone woman out of four is at risk of poverty (Table 2), a much higher incidence than that of lone elderly men (18.6%), while it is considerably lower for other women (12.3%).

**Table 2: Poverty rates in EU Member States for people aged 65 and over– 2008, 2012**

Member State	2008			2012		
	Lone elderly women	Non lone elderly women	Lone elderly men	Lone elderly women	Non lone elderly women	Lone elderly men
EU	32.5	15.6	22.6	24.9	12.3	18.6
AT	26.8	12.1	16.03 <sup>b</sup>	27.8	11.4	14.85 <sup>b</sup>
BE	27.0	17.8	21.6	16.7	19.6	15.76 <sup>b</sup>
DE	29.6	10.1	18.5	27.4	10.7	23.4
FR	22.4	10.0	13.98 <sup>b</sup>	16.2	7.3	13.5
LU	:	:	:	10.9 <sup>b</sup>	7.0 <sup>b</sup>	:
NL	9.4	9.8	:	7.1	5.24 <sup>b</sup>	:
DK	20.1	15.6	19.01 <sup>b</sup>	18.7 <sup>b</sup>	9.9	:
FI	44.0	11.3	35.4	39.2	7.0	31.1
SE	33.7	7.2	17.71 <sup>b</sup>	41.9	6.3	29.8
IE	51.7	10.6	39.3	16.3	11.2	16.6 <sup>b</sup>
UK	41.0	24.7	33.8	23.6	16.1	18.7
CY	67.3	43.9	51.27 <sup>b</sup>	48.4	27.0	38.96 <sup>b</sup>
EL	30.5	20.9	31.9	23.0	17.5	25.0
ES	48.1	23.0	30.8	19.1	16.3	5.9 <sup>b</sup>
IT	36.2	16.6	25.4	30.8	12.4	20.6
MT	31.6	23.4	24.91 <sup>b</sup>	17.3	17.4	25.59 <sup>b</sup>
PT	41.8	19.9	27.23 <sup>b</sup>	27.8	14.8	25.6
BG	76.2	23.3	41.4	64.0	22.4	32.1
CZ	22.5	2.59 <sup>b</sup>	10.59 <sup>b</sup>	17.9	2.79 <sup>b</sup>	6.98 <sup>b</sup>
EE	79.7	15.2	74.4	28.6	9.2	28.97 <sup>b</sup>
HR				45.1	21.4	32.1
HU	9.9	3.2	8.27 <sup>b</sup>	10.5	5.2	12.31 <sup>b</sup>
LT	64.3	16.6	41.1	31.8	10.9	27.9
LV	83.3	36.5	70.0	21.5	12.9	16.96 <sup>b</sup>
PL	18.1	12.1	15.6	25.0	13.0	18.4
RO	47.2	23.5	23.4	33.5	14.0	16.7
SI	51.4	13.7	:	44.2	9.8	33.61 <sup>b</sup>
SK	25.3	5.31 <sup>b</sup>	:	15.2	5.52 <sup>b</sup>	:

**Source:** IRS calculations on Eurostat Microdata, EU-SILC.

Notes: (b) limited reliability due to the small sample size (less than 50 observations). (: ) Not reliable estimates due to the small sample size (less than 20 observations). EU 2008 refers to EU-27; EU 2012 refers to EU28

There is a decreasing trend since 2008 in the *poverty rate* for lone elderly women from 32.5% in 2008 and 27.4% in 2010. The same trend is observed for elderly women not living alone and men living alone. Only Austria, Sweden and Hungary show an increase in the poverty rate of elderly women living alone. On the contrary, lone women aged 20-64

<sup>7</sup> Following the Eurostat definition, are at risk of poverty all the individuals living in households with a disposable equivalent income below 60% of the median disposable equivalent income.

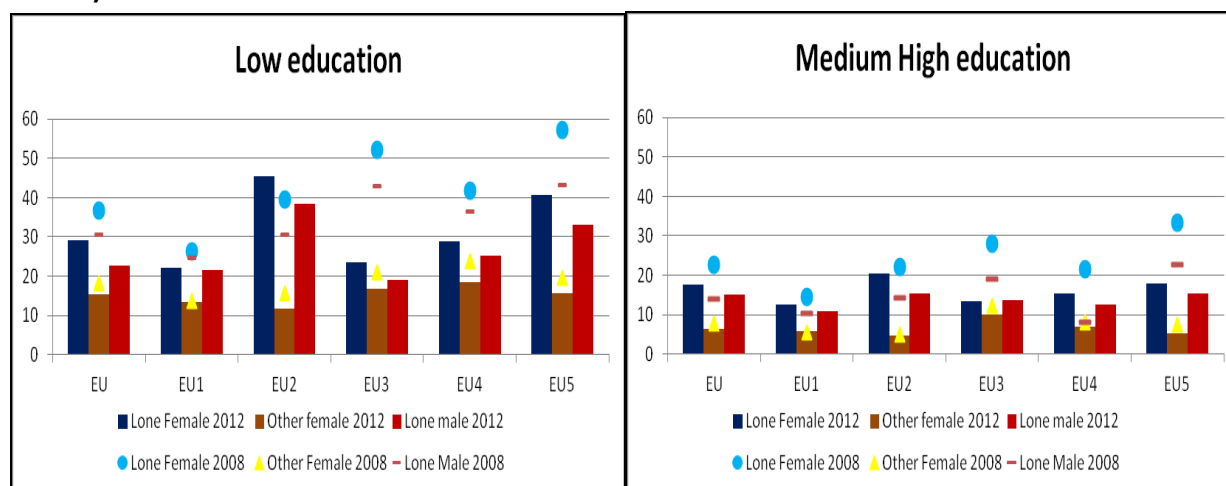
show an increase in the poverty rate in the same period (from 25.8% to 28.7%), with the consequence that in 2012 their poverty rate was higher than that of elderly women. The worsening of the income situation of lone women currently in working age will negatively affect their living conditions in old age.

At the national level, we observe a certain degree of **heterogeneity**, also within countries belonging to the same welfare regime: Sweden, Finland, Cyprus, Portugal, Croatia and Slovenia show a poverty rate for elderly lone women well above the EU average; in Bulgaria the *poverty rate* for elderly women living alone reaches 64%.

In the case of Nordic countries, Sweden and Finland old age poverty is higher than the EU average especially for those aged 76 and above. However, **publicly provided services play a major role in enhancing the income and living conditions of elderly women in these countries**<sup>8</sup>. This is confirmed by the very low share of lone elderly women declaring difficulties in making ends meet shown in Figure 6 and the high share of elderly women (and men) satisfied with their overall quality of life (see Figure 9 below).

As expected (Figure 7), elderly women and men living alone are more exposed to the risk of poverty if they have **low educational levels** (with less than secondary education), even if since 2008 there has been an improvement in their situation, with the only exception of Scandinavian countries.

**Figure 7: Poverty rate by education in EU Member States (age 65+) – 2008, 2012**

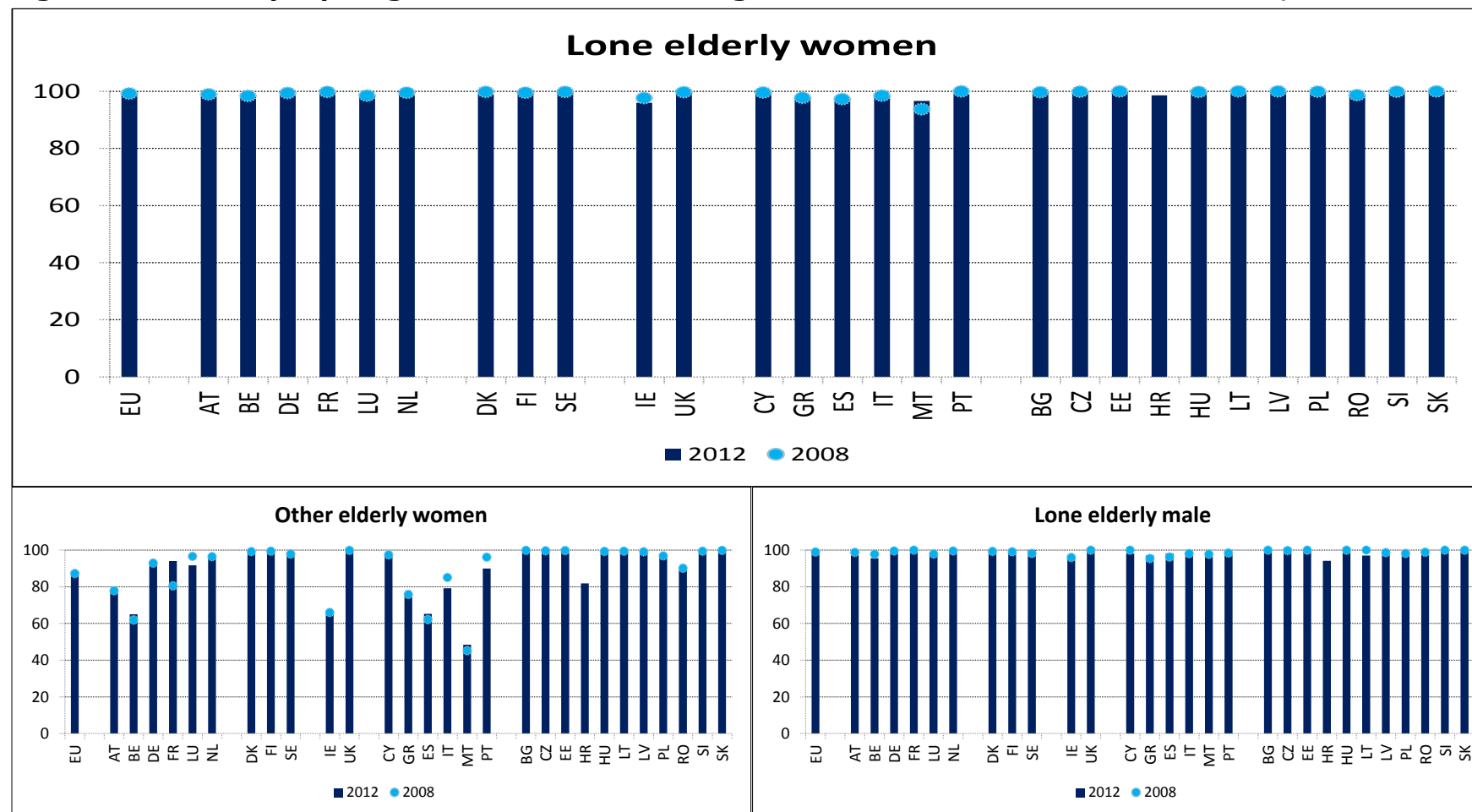


**Source:** Irs elaboration on Eurostat Microdata, EU-SILC.

**Notes:** EU 2008 refers to EU-27; EU 2012 refers to EU28.

Almost all the women and men living alone receive some type of welfare **benefits**: unemployment, sickness, disability, education, survivor's and old age benefits (see Figure 8). Women who are not living alone show instead a lower share receiving benefits, above all in the Mediterranean countries (with the exception of Cyprus), Austria, Belgium, Ireland and Croatia. There are no differences in the universalistic welfare regimes of the Nordic countries.

<sup>8</sup> According to OECD estimates, the income enhancing effect of publicly provided services such as healthcare, elderly care and social housing services enhance households' incomes for people aged 66 and above by 74% compared to the OECD average which stands at 40% (OECD, (2013), Pensions at a Glance 2013- Sweden <http://www.oecd.org/sweden/OECD-PensionsAtAGlance-2013-Highlights-Sweden.pdf>

**Figure 8: Share of people aged 65 and over receiving benefits in EU Member States – 2008, 2012**

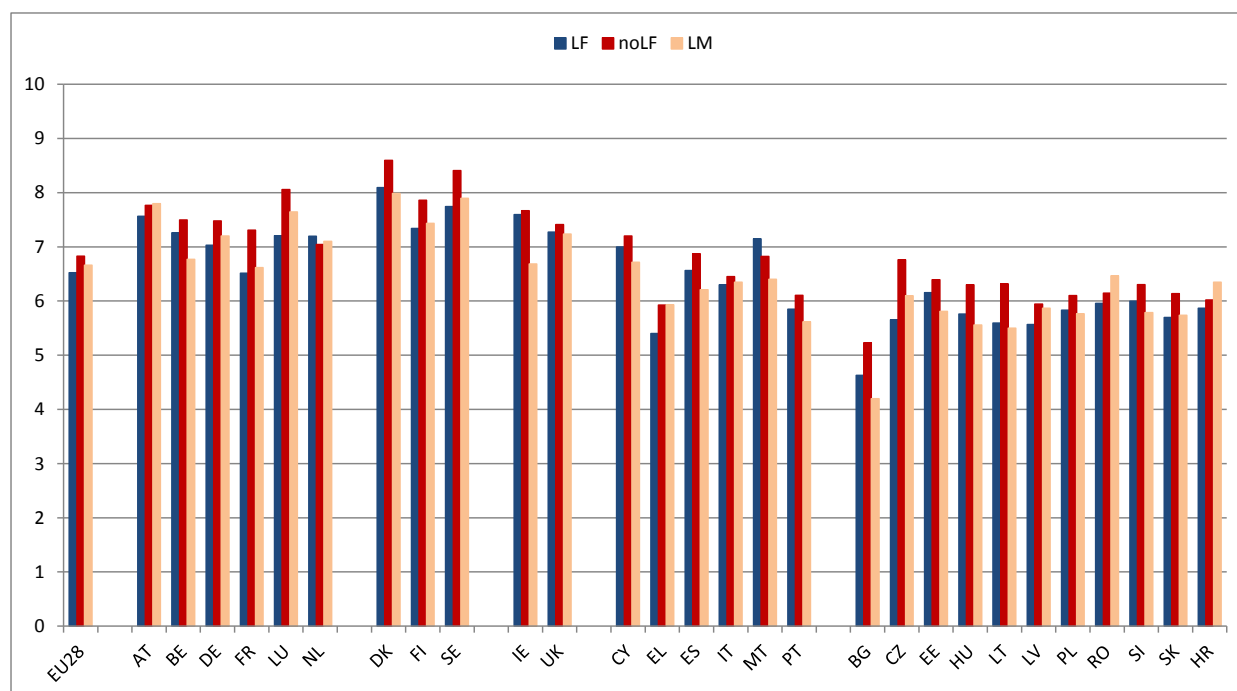
**Source:** Irs elaboration on Eurostat Microdata, EU-SILC.

**Notes:** EU 2008 refers to EU-27 excluding HR; EU 2012 refers to EU28.

## 2.2.4 Quality of life

Notwithstanding their higher poverty risk and worse perceived health conditions, elderly women living alone show only a slightly lower satisfaction with their **overall quality of life**<sup>9</sup> than other women (Figure 9). The major negative difference in satisfaction regards family life. A level of satisfaction below the European average is reported by elderly women in France, Greece, Italy, Portugal and all the Eastern European countries. Elderly women in the other continental and northern European countries are better off, especially in Denmark, which shows the best average ranking. In general, there has been a worsening in the perception of their quality of life since the pre-crisis survey of 2007 in all the countries and for all the population groups.

**Figure 9: Self-reported level of satisfaction with the overall quality of life (scale from 0 to 10) for lone elderly women without dependants, other women and lone elderly men (age 65 and over) in EU Member States - 2012**



**Source:** Irs elaboration on Eurofound microdata, European Quality of Life Survey, 2012.

Notes: LF: lone female; noLF, not lone female; LM: lone male.

Considering the **average quality of public services**<sup>10</sup> (figure AII.11 in Annex II), on average elderly women living alone report almost the same level of satisfaction as elderly women in couples. In Greece, Italy, Portugal and all the Eastern European countries the quality indicator is still below the European level.

A positive trend is the increase in the **share of people regularly using internet**, also among elderly women, since 2007 (see figure 10) – a share that has doubled, reaching

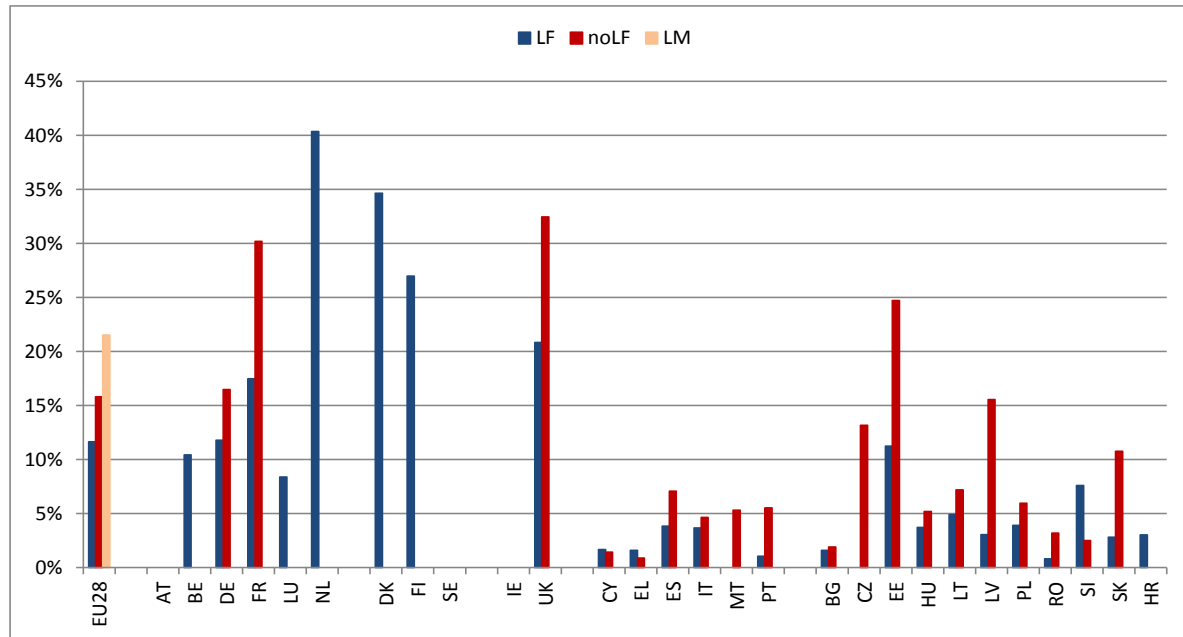
<sup>9</sup> Measured by the unweighted average of self-reported level of satisfaction based a scale of 1 to 10 (when 10 means very satisfied) relative to various items of everyday life (education, standard of living, accommodation, family life, health, social life, economic situation in country of residence).

<sup>10</sup> Measured by the un-weighted average of self-reported level of satisfaction based a scale of 1 to 10 (when 10 means very satisfied) relative to various items of public service in the country of the respondent (health service, education system, public transport, childcare services, long-term care services, social housing, state pension system).



11% in the case of lone women and 15% that of the other elderly women. Although the share is still low, this is an important feature in an active ageing perspective, given that ITC can support the learning needs of elderly people and improve their social connections. Unfortunately, the increase is common only to the Continental e Northern European countries, while the share is still very low in Southern and Eastern countries (with the exception of Estonia).

**Figure 10: Share of lone women without dependants (LF), other women (noLF) and lone men without dependants (LM) regularly using internet over the past month in EU Member States age (aged 65 and over) – 2012**



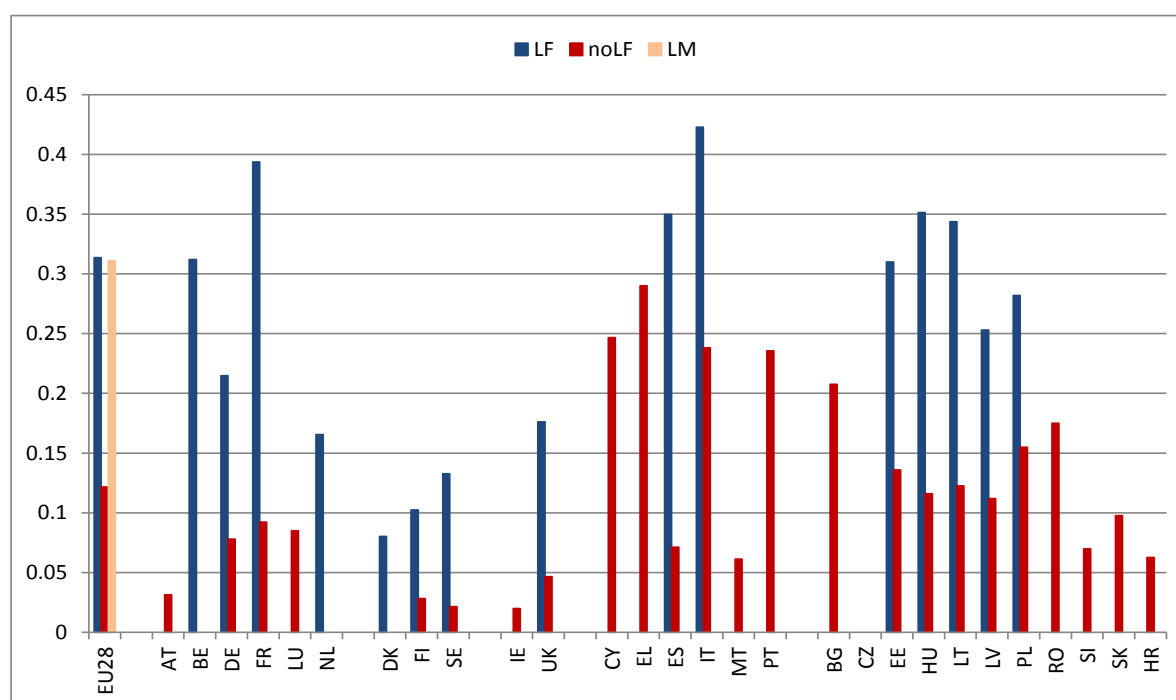
**Source:** Irs elaboration on Eurofound microdata, European Quality of Life Survey, 2012;

Notes: LF: lone female; noLF, not lone female; LM: lone male.

Data not reliable due to small sample size: AT, CZ, IE, MT and SE for LF AT, BE, DK, FI, IE, LU, NL and SE for noLF. Share for lone men is reported only for EU28 due to small sample size

As could be expected, the risk of isolation, or in other words the **share of women who have felt lonely**, is rather high (31%) among elderly lone women, more than twice that of the elderly women living in couples (see figure 11). This share is particularly high for lone elderly women in Italy, France, Spain, Hungary and Latvia, while it is lowest in the Nordic countries.

**Figure 11: Share of lone women without dependants (LF), other women (noLF) and lone men without dependants (LM) that have felt lonely at least half the time during the two weeks before the survey in EU Member States (aged 65 and over)– 2012**



**Source:** Irs elaboration on Eurofound microdata, European Quality of Life Survey, 2012.

Notes: LF: lone female; noLF, not lone female; LM: lone male.

Data not reliable due to small sample size: AT, BG, CY, CZ, EL, IE, LU, MT, PT, RO, SI, SK, HR for LF and BE, NL and CZ for noLF.

Share for lone men is reported only for EU28 due to unreliable small sample size.

## 2.3 Concluding remarks

Social and, especially, demographic **trends** are behind the increase in single households across Europe, for both men and women. Single households are concentrated among the older population and in the Northern countries. Elderly women represent the highest share of women living alone with important social consequences and policy implications. The increase in life expectancy for women will accelerate this trend, as indicated by EU population projections for 2060.

People living alone often rely on a **single source of income** and accordingly are more fragile in coping with socio-economic risks, especially in those countries where social protection is mainly provided by the family rather than by the State. The share of elderly women living alone reporting difficulties in making ends meet is particularly high (58%) and their situation is worse than that reported by other elderly women and lone men. Other indicators of economic difficulties (e.g. the risk of poverty) confirm these results: elderly women living alone (and also men living alone) have on average twice the probability of experiencing poverty than elderly women living in couples, even if the risk has declined since 2008. Elderly people with **low educational levels** are much more vulnerable than the more educated. Elderly women are particularly at risk of poverty in Southern and Eastern Europe, but also in Finland, Sweden and Slovenia.

These socio-economic conditions are related to the changes in policy regimes introduced in recent years by European countries, and in particular changes in pension policies, active ageing strategies and assistance schemes, which will be analysed in the following chapters.

### 3. EFFECTS OF RECENT POLICY CHANGES IN PENSION REFORMS

#### KEY FINDINGS

- Recent trends in pension reforms, and especially the closer link between pension benefits and lifetime contributions and the shift to diversified multi-pillar schemes, have slowed down the narrowing of gender gaps in pensions.
- Contribution-based and multi-pillar pension systems together with gender disparities in the labour market will produce even larger gender disparities in pension income than in the past and reinforce the dependence of elderly women on the income of their partners.
- Furthermore, greater female longevity exposes elderly women to higher poverty risks due to the expected period of living alone, longer for women than for men, and the greater erosion of the real value of their annuities.
- These changes are expected to increase the poverty risk in old age, especially for women and young generations, as low earners and those with interrupted careers will be much more reliant on basic means-tested or minimum pensions.
- The crisis has highlighted and aggravated some of the risks associated with pension reforms in terms of both sustainability and adequacy, as pension benefits are more closely related to developments in the labour and financial markets and to economic growth.
- The effects of the crisis differ for different cohorts of pensioners. Current pensioners have not been greatly affected by the crisis, as only a few Member States (EL, PT) have cut public pension payments, but it will in particular affect labour market entrants and future pensioners who are experiencing long-term unemployment and/or reduced working hours.
- Pension reforms subsequent to the crisis, are increasingly trying to fill adequacy gaps in pension income, especially for the currently active population and the younger generations. In order to address pension systems' adequacy and fairness, some countries have recently adopted measures to broaden pension coverage, raise the benefit levels of minimum pension schemes, and improve the regulation of private funded pension schemes to promote wider risk sharing as well as consumer information and protection, while seeking to ensure the quality of financial products.

Pension income is the **major source of income** for women in old age, and especially for those living alone. The pensions women receive are, however, lower on average than the men's, because pension systems tend to reproduce (or even reinforce) existing gender inequalities in the labour market and in the division of social roles within households.

Up to the early 1990s public pensions constituted the bulk of national pension systems, and had markedly redistributive features, guaranteeing pre-defined high pension benefits and high rates of returns, especially to low earners (including women). Since then, **increasing demographic, social and economic pressures have forced European countries to**

**reform the pre-existing pension system, in order to reduce an excessive burden on public finances.**

Overall, reform trends have implemented a pension system based on a **strong link between pension income and contributions** made during the whole working career to the public scheme and to occupational and individual private schemes<sup>11</sup>. As a consequence, low-wage and precarious workers and individuals with no or interrupted employment careers (mainly women with care roles) are often only eligible for minimum pensions, even when they have contributed to the system for many years. The negative effects of these reforms on average pension incomes have, in some countries, been offset by measures extending the coverage of minimum pensions and supporting pension entitlements for low earners or individuals with interrupted careers.

The recent long lasting financial and economic crisis and the reduced growth prospects have brought additional pressures to bear on public European pension systems but have also highlighted some of the **poverty risks embedded in the previous pension reforms**. This has resulted **in more recent years in an acceleration of structural pension reforms as well as increased attention to the adequacy of pension income and the need for better regulation of private pension schemes**. However, given widespread fiscal consolidation needs, a majority of countries implemented reforms to improve the financial sustainability of their pension systems, while only some countries have done so while maintaining or improving the retirement income adequacy for vulnerable groups.<sup>12</sup>

Given the scarcity of data and information it is not possible to piece together a detailed picture of the pension situation of women living alone. For this reason the focus will be firstly on recent reform trends and their expected gender effects and then on those schemes more likely to affect the situation of (elderly) women living alone: minimum pensions, derived pension benefits and measures to support access to pension schemes for individuals with care responsibilities.

The analysis considers all Member States (MSs). The latest trends in pension reforms are outlined in Table AIII.1 in **Annex III**, while more detailed information on the six selected countries is provided in the **country fiches in Annex IV**. Variable definitions and data sources are described in Annex I.

### **3.1 Main features of current pension systems and recent reform trends**

European current pensions systems are converging towards a multi-pillar framework composed by three main “pillars”:

- **Pillar 1) a mandatory publicly administered pay-as-you-go (PAYG) scheme<sup>13</sup>**, which still represents the backbone of retirement-income support in European countries. In most countries, this Pillar covers minimum pensions for older people with low incomes and few or no pension rights, early retirement, disability

<sup>11</sup> Castel N. (2010), Salaire ou revenu différé? Vers un nouveau système de retraites, *Revue française de sociologie*, n°51

<sup>12</sup> OECD (2014), *OECD Pensions Outlook 2014*, OECD Publishing  
<http://dx.doi.org/10.1787/9789264222687-en>.

<sup>13</sup> With Pay as You Go schemes, current workers' contributions and taxes are used to fund the payments pensioners.

and survivors' pensions. PAYG scheme is the main source of income for current pensioners and, even if shrinking, will continue to constitute the bulk of pension income in most EU countries for many years.

- **Pillar 2) occupational schemes privately managed at the company or sector level.** These schemes are usually based on the insurance principle, with access linked to employment or occupation. They usually operate on a funded basis: employer and employees build up savings in pension funds which are invested and used to finance future pension benefits. Occupational schemes may be established by *collective agreements* at the industry level or at the company level and be mandatory; alternatively they can be established in *individual employment contracts* or on the unilateral initiative of the employer.
- **Pillar 3) individual schemes, usually voluntary and privately managed.** Individual schemes are based upon the savings put aside by individuals for their old age. Contracts are subscribed with life insurance companies or various other kinds of institutions. In some cases employers or the State may contribute to the individual plans.

Pension arrangements are however still highly diverse in EU Member States, reflecting different welfare models (e.g. family based vs individual based welfare approach) and the different phases of the reform process underway. On the basis of their prevalent pension system, the EU MSs may be grouped as follows:

- **The Nordic countries** (SE, FI, DK, NO, IS) and **the Netherlands** have a generous tax-based public universal minimum pension pillar, usually residence based, which supports low earners and women lacking a continuous employment history. On top of these minimum pension benefits there are earnings-related benefits resulting from the mandatory public PAYG system and benefits resulting from occupational schemes. These countries are also characterised by high equalized retirement ages (with flexible retirement provisions in Finland and Sweden<sup>14</sup>), extensive pension care credits and a relevant role played by funded occupational and private schemes<sup>15</sup>. In these countries public expenditure on pensions is relatively low, due to the significant role of privately funded occupational and individual schemes.
- The **Anglo-Saxon countries** (UK, IE) also combine a universal basic state pension intended to prevent poverty in old age (contributory flat rate) with occupational and/or individual schemes. The public pension pillar is, however, much less generous than in the Nordic countries. Private pension schemes are well developed in the UK. Public pension expenditures in % of GDP and pension replacement rates are lower than the EU27 average.
- In **Continental** (AT, BE, DE, FR, LU), **Southern European countries** (IT, ES, EL, MT, CY) and in the **Czech Republic**, pensions are largely based on an earnings-related public PAYG system, in some cases with top-up pension supplement for

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<sup>14</sup> In Finland, old-age optional between the ages of 63 to 68. In Sweden, flexible retirement age from 61 to 67 with the possibility to work longer with the employer's consent.

<sup>15</sup> In the Dutch, Danish and Swedish occupational schemes contribution rates (premiums) are determined through collective agreements. In 2007 occupational funded schemes covered 75% of the active population in Denmark and over 90% in the Netherlands and Sweden, while individual pension schemes covered more than half of the retired people in Denmark (56%) and the Netherlands (59%) and 20% in Sweden (cf. Social Protection Committee (2008), "Privately managed funded pension provision and their contribution to adequate and sustainable pensions", Occasional papers, No. 35. <http://ec.europa.eu/social/BlobServlet?docId=743&langId=en>)

those below the poverty line, usually means-tested or with strict eligibility criteria (AT, BE), or social assistance benefits outside the pension system (as in IT). Occupational private schemes have been introduced recently but are not as widespread as in the Nordic and Anglo-Saxon countries, although Germany, Italy and Austria are supporting the expansion of existing or newly created statutory funded and occupational pension schemes. In some of these countries (IT, FR, DE) there has long been fragmentation of various occupational schemes, which is currently under revision. Overall, these countries have in common relatively high public spending on pensions as share of both total public expenditures and GDP.

- The **Central and Eastern European countries** (BG, EE, LT, LV, HU, PL, RO, SK, SL) have moved toward a multi-pillar system and reshaped their statutory scheme towards a system largely based on mandatory funded pension schemes. Since the crisis however, some of these countries (HU, SK and PL) have decided to shift back a part of the mandatory funded component to public schemes. In these countries, statutory pensions used to be relatively generous, but since 2005 the elderly have seen a rapid decline in their conditions. Expenditure on pensions in these countries is low compared with the EU average.

The current features of pension systems are the result of gradual reform waves initiated in the 1990s and accelerated over the last years with the aim to improve their **financial sustainability** in the light of rapid population ageing.

The latest trends in pension reforms are outlined in Table AIII.1 in Annex III. Overall, European countries **have reinforced the contributory principles in pension schemes and the link between contributions paid and benefits received**. All EU countries, to a greater or lesser extent, have<sup>16</sup>:

- **Adopted a multi-pillar pension system**, with a shrinking Pay-as-you-go (PAYG) public pillar supplemented with statutory and/or occupational and individual pillars operating on a funded basis and privately managed. Participation in occupational and individual schemes has been encouraged with tax incentives or made mandatory with automatic enrolment, in addition or in substitution of public pensions.
- **Strengthened the contributory principle**, implying a closer link between contributions paid and benefits received. This has been achieved through a progressive shift from Defined Benefit (DB) schemes towards defined-contribution (DC) and/or notional defined-contribution (NDC) schemes, so that longer working lives feed into higher pensions<sup>17</sup>. Furthermore the number of contributory years required to qualify for a full pension has been raised.

<sup>16</sup> European Commission (2010), Green Paper - towards adequate, sustainable and safe European pension systems. SEC(2010) 830 final, COM(2010)365 final, Brussels.

<http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en>

<sup>17</sup> With the Defined Benefit (DB) formulae a given level of benefits is defined and usually low earners have higher replacement rates than high earners. With the Defined Contribution (DC) formulae only contributions are defined and benefits vary according to the returns on the funds invested, with the value of the pension depending not only on the contributions made, but also on developments in the financial markets. As a consequence, the value of a pension income may decline in the case of adverse shocks affecting the value of the fund assets, like the financial crisis in 2008. The Notional Defined Contribution (NDC) formulae are less risky for the individual than the DC schemes because the capital accumulated is only notional and the rate of returns is determined by the overall system and the same for all; however, with these schemes the link between contributions paid and pension benefits is also very tight.

- ***Raised and equalised retirement age between men and women and limited early-retirement provisions.*** The increase in statutory pensionable ages has been accelerated in the most recent reforms (see Table AIII.1 in Annex III), especially for women; early retirement options as well as other routes out of work prior to formal retirement (such as disability and incapacity schemes) have been phased out or restricted.
- ***Adopted less favourable indexation and adjustment mechanisms to lower the growth rate of pensions.*** In the majority (19) of EU countries, indexation systems for statutory pension schemes are no longer based on wage changes (more favourable for pensioners), but increasingly on changes in the cost of living, and/or GDP growth or “sustainability factors” reflecting demographic trends (as in FI, I, PT, SE). These mechanisms reduce the pension replacement rate during the pensioners’ life, thus penalising in particular women, who live longer in retirement than men. Automatic adjustment mechanisms have been adopted in Sweden, Finland, Poland, and Germany, while periodic reviews and adjustments have been implemented in Austria, Italy and France. Adjustment mechanisms reflect changes in one or more factors such as longevity (either linking contribution years to gains in life expectancy, as in CZ, EL, FI, IT; or linking the level of pension benefits to life expectancy gains, as in PT), the dependency ratio (as in DE), reserve fund performance (SE) or general economic performance (FI, SE).
- ***Extended the calculation period for pensionable earnings to the entire employment career,*** instead of considering only the “best years” or the “last working years” as in the past. Currently 17 out of the 28 EU Member States consider earnings over the entire period of employment in determining pensions.

According to recent projections for the 2013-2060 period<sup>18</sup>, these changes **will reduce the public pension benefit ratio** (the ratio between the average public pension benefit and the economy-wide average wage) by 9% at the aggregate EU28 level. An even greater aggregate decline (-12.3%) is expected in the public pensions replacement rate, measuring the average first pension as a share of the economy-wide average wage at retirement. Only two countries (Bulgaria and Czech Republic) project an increasing public replacement.

The reforms implemented are likely to have **significant redistributive effects**, especially affecting women and young people.

**The increasing importance of contribution-based occupational schemes could entail higher old age poverty.** DC schemes are less favourable to women than DB ones, because the pension benefits are closely related to the years of contribution, with shorter contribution periods resulting in lower pensions. According to a recent OECD study<sup>19</sup>, low earners and those with interrupted careers (mainly women and atypical workers) are going to be much more reliant on basic, means-tested or minimum pensions, with the **risk of a resurgence of old-age poverty** due to their lower pension incomes. The redistributive effects of recent pension reforms appear rather different across EU countries, however<sup>20</sup>: while the Nordic countries and the UK (with the income-related benefit called “Pension

<sup>18</sup> European Commission (2015), “Adequacy and sustainability of pensions”, EUROPEAN SEMESTER THEMATIC FICHE, p.11

<sup>19</sup> OECD (2011), Pensions at a Glance 2011, Retirement-income systems in OECD and G20 countries. [http://dx.doi.org/10.1787/pension\\_glance-2011-en](http://dx.doi.org/10.1787/pension_glance-2011-en)

<sup>20</sup> A. Zaidi (2009), Poverty and Income of older people in OECD countries, in Banca d’Italia (2009), *Pension Reform, Fiscal Policy and Economic Performance*, Papers presented at the Banca d’Italia workshop, Perugia 26-28 March, 2009.



Credit”) have protected low earners from the impact of reforms, some Eastern European countries (like Slovakia) have reduced protection for low earners relative to average earners. In the Continental and Southern countries, the pension reforms had much the same impact on both low and average earners.

Another general effect of pension reforms is the **increased individual responsibility for saving decisions and pension rights**: individuals have greater choice, but are also exposed to increasing risks, as evidenced by the effects of the financial crisis on private pension schemes. This means that individuals have to be clearly informed of the options available and their associated risks and that financial literacy levels are to be improved.<sup>21</sup>

The **crisis has highlighted and aggravated some of the risks associated with pension reforms in terms of both sustainability and adequacy**. With the new pension systems, benefits are more closely related to developments in the labour and financial markets and to economic growth. This means that the adequacy of pension systems can be jeopardised (especially for the younger generations and women) when: the labour market is unable to guarantee lifelong continuous employment; financial markets are unable to deliver the expected returns on investments in pension funds<sup>22</sup>; and public spending is constrained by increasing deficit and debt, lower growth prospects and fiscal consolidation.

**The effects of the crisis on pensions differ for the different cohorts of pensioners**, especially in those countries where pension reforms have been more structural. While current pensioners have not been greatly affected by the crisis, as only a few Member States (EL, PT) have cut public pension payments, **future pensioners will be particularly affected, especially if they experience long-term unemployment and/or reduced working hours**. The negative effects of the crisis on the asset values of funded schemes also differ for the different cohorts, being greater for those close to retirement than for those who still have some way to go and have time to recoup the value lost with the crisis.

For these reasons, **in the 2012 -2014 period<sup>23</sup>, pension reforms are trying to find a balance between** the need to fill the **adequacy gaps** in pension income, especially for the currently active population and the young generations, and the need to improve the **sustainability for public finance of pension spending**, currently undergoing serious fiscal deterioration as a result of the crisis. However, while 20 MSs have further improved

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<sup>21</sup> The issue of financial education is becoming increasingly important and recognised by the EU institutions. The Commission has taken initiatives to support the exchange of good practices, develop a European database, on-line tools for teachers and awareness-raising initiatives. European Commission (2010), Green Paper- Accompanying document.

<sup>22</sup> According to OECD estimates<sup>22</sup> private pension funds lost over 20% of their value during 2008. In addition several sponsors of occupational pension funds were compromised in their ability to honour their obligations. Even if pension funds were able to recoup some of their losses in 2009, many still remain far off their required solvency levels. OECD “[OECD Private Pension Outlook 2008](#)”, OECD, Paris. Even when insurance mechanisms and recovery plans have been put in place to compensate workers, these are usually less generous than the expected pensions. The crisis has thus highlighted the need to introduce more balanced risk sharing mechanisms between scheme members, employers or insurance providers (European Commission, *Green Paper - towards adequate, sustainable and safe European pension systems*. SEC(2010) 830 final, COM(2010)365 final, Brussels). <http://ec.europa.eu/social/BlobServlet?docId=5551&langId=en>

<sup>23</sup> Sources of information: Social Protection Committee (2015), *Review of recent social policy reforms for a fair and competitive Europe*, - 2014 Report of the Social Protection Committee; OECD (2014), *OECD Pensions Outlook 2014*, OECD Publishing <http://dx.doi.org/10.1787/9789264222687-en>; A.G. Grech (2014), Pension policy design changes in EU countries since the mid- 1990s, *International Journal of Social Welfare* ; European Commission (2015), *The 2015 Ageing Report, Underlying Assumptions and Projection Methodologies*.

the financial sustainability of pension systems, only 14 MSs have addressed income adequacy issues.

To improve the **financial sustainability** of pension schemes in the 2002-2014 period EU Member States have:

- **Further increased retirement age.** 17 MSs have further increased retirement age (BE - for survivors' pensions -, HU, RO, CY, DE, SI, FR, ES, PT, IE, UK, LV, ES, HR, AT); three (RO, SI, UK) have harmonized the retirement age between men and women; and one (the UK) has removed any upper limit. **Access to early retirement** has been further tightened only in some countries (AT, BE, CY, ES, HR, PT, SI), while encouraged in others (DE, PT, BG, DK and LV).
- **Increased the duration of contributory periods necessary to access pensions:** six countries have increased this period (IE, FR, LV, CY, ES, RO), while HU, IT, PO and the SK have tightened the link between contributions and benefits.
- **Reduced the indexation of pension benefits** (as in AT), or freezed it (as in CY, FR and PT) or removed compulsory indexation, as in Spain.
- **Facilitated access to private pension schemes** (as in BE and the UK).
- **Shortened the transition period envisaged in previous reforms** (as in AT, DK, EL, LT, NL, PO, SI).
- **Curbed pension administration costs** (as in EL, IT and the UK).

Recent measures adopted to **improve the income adequacy of pension benefits** include:

- **Broadening pension coverage**, easing access to pensions for atypical workers and the self-employed, and reducing treatment disparities among workers in different sectors and/or occupations. For example, some countries are promoting low-cost, well-managed pension organisations that are better oriented to the needs of low income households. An example is the National Employment Savings Trust (NEST) in the United Kingdom, which acts as the default in the new national automatic enrolment programme and should address the major benefit adequacy gap that lower and middle income households are exposed to, because of the relatively low public pension benefits and the voluntary nature of private pension provision (OECD, 2014).
- **Raising the benefit levels of minimum pension schemes for poor pensioners.** Finland, France and Sweden, for example, have protected low earners from benefit cuts, while the United Kingdom has used some of the fiscal room created by higher pension ages to increase benefit levels, targeting in particular low-income retirees;
- **Returning to full indexation of pension benefits**, as in the Czech Republic and Latvia, or increasing it as Bulgaria;
- **Introducing new benefits and improving child care pension credits.** For example, in France, the accrual of pension entitlements during periods of maternity, professional training, students' education and unemployment will become more generous. Similarly, in Estonia a new supplement for child caring up to the age of three

will increase future pension benefits. In Germany, credits for child caring will increase current and future pension benefits retroactively.

- **Increasing mandatory contributions to funded defined contribution schemes** and/or supporting access to **private pensions savings** through regulation to support wider risk sharing, consumer information and protection, and the quality of financial products.

### 3.2 Gender effects of pension reforms and women living alone

The pension systems in the EU28 MSs are usually deemed gender-neutral, since most rules are the same for men and women. The gender neutrality of the rules results, however, in pension systems that reproduce (or even reinforce in the case of contribution defined schemes) existing **gender inequalities** in the labour market and in the division of roles within households, producing gender differences in pension income.

Indeed the literature on gender effects of pension systems shows that gender gaps in pension benefits crucially depend on **women's discontinuous working lives** and on their **key role within the family** (Ginn, 2003; Boeri and Brugiavini, 2008; Samek Lodovici et al., 2011; Bettio et al., 2013).

The **EU legislation and policies** against gender discrimination and on social security coordination have proved important policy instruments for the improvement of gender equality in Member States' pension systems<sup>24</sup>. However, according to many European and national studies<sup>25</sup>, the recent trends in pension reforms, and especially the closer link between benefits and lifetime contributions and the shift to diversified multi-pillar schemes, have **slowed down the narrowing of gender gaps in pensions** that had come under way. According to a 2013 European comparative study<sup>26</sup>, in many Member States a large share of women have no pension income and the gender gap in pension benefits is wider than the pay gap, being around **40%** on average in the EU-27, with wide differences across countries. 17 out of the 27 MSs present gender gaps in pensions greater than or equal to 30%. The study also shows that in most Member States, a large part of the pension gap cannot be accounted for with differences in the observable characteristics of women and men.

These negative effects for women are often (at least partially) **offset with care pension credits** (which however do not apply to single women without children or dependants),

<sup>24</sup> Besides the TFEU (Article 157), which prohibits discrimination in respect of pay between females and males, three Gender Equality Directives have had a significant impact on pension schemes: Directive 79/7/EEC<sup>24</sup>, which implements the principle of equal treatment between men and women in social security relating in particular to *statutory pensions*; Directive 2006/54/EC<sup>24</sup> on employment and occupation, covering *occupational pension schemes*; and Directive 2004/113/EC<sup>24</sup> covering *individual pension products*. Furthermore, in recent years the European Court of Justice case law on unisex tariffs and gender differences in retirement age have been particularly important in reducing gender differences in occupational and individual pension schemes, including pensions schemes for civil servants.

<sup>25</sup> Samek Lodovici M., Crepaldi C., Corsi M., (2011) The socio-economic impact of pension systems on the respective situations of women and men and the effects of recent trends in pension reforms. EGGSI Synthesis Report. [http://ec.europa.eu/justice/gender-equality/files/equal\\_economic\\_independence/pensions\\_report\\_en.pdf](http://ec.europa.eu/justice/gender-equality/files/equal_economic_independence/pensions_report_en.pdf)  
Horstmann, S. and Hüllsman, J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft fuer Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities.

<sup>26</sup> F. Bettio, Tinios P and G. Betti (eds.) (2013), *The gender gap in pensions in the EU*, European Commission, Directorate-General for Justice

**minimum pensions and unisex tariffs, as well as derived pension rights in cases of marriage or divorce and for survivors** (which apply to elderly women living alone without dependants, but not to single women). Furthermore, recent pension reforms may offer an incentive to women's labour market participation.

In 2013, the **un-weighted EU28 average of the annual *median equivalised net income***<sup>27</sup> of a retired person aged 65 and over, stood at Euro 15,560 for men and at Euro 14,298 for women<sup>28</sup>. As shown in Table 3a, the wider gender gaps are to be found in the Baltic countries, Bulgaria, Croatia, Slovenia, and Sweden, the latter country presenting, however, relatively high pension incomes both for men and women. Conversely, in Italy, Luxemburg, Malta and Spain retired women even earn more than men, probably due to the possibility to integrate the survival pension with the personal old-age or contributory pension. Furthermore, the median equivalised net income of the retired population increased slightly more for men (+15.8%) than for women (+15.6%) between 2008 and 2013 for the UE27, with considerable differences across countries.

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<sup>27</sup> The equivalised disposable income is the total income of a household, after tax and other deductions, that is available for spending or saving, divided by the number of household members converted into equivalised adults. It is used for the calculation of poverty rates and social exclusion. The income reference period is a fixed 12-month period for all countries except UK and IE.

[http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Glossary:Relative\\_median\\_income\\_ratio](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Relative_median_income_ratio)

<sup>28</sup> The 2012 ratio was slightly higher than in 2010 (when it was 90.6%), but still lower than in 2008 (when it was 92.2%).

**Table 3a: Ratio of elderly women and retired women median equivalised income over men's income, 2013**

MEMBER STATE	RATIO OF ELDERLY WOMEN S INCOME TO MEN S	RATIO OF ELDERLY RETIRED WOMEN S INCOME TO MEN S	RATIO OF ELDERLY WOMEN S OLD AGE BENEFITS TO MEN S 2012
UE 28	89	92	52
EU 27	89	92	
BE	91	93	40
BG	89	89	65
CZ	91	92	80
DK	92	96	92
DE	93	93	44
EE	85	86	95
IE	92	99	56
EL	95	99	46
ES	92	103	30
FR	92	93	62
HR	85	89	51
IT	91	102	60
CY	90	93	43
LV	86	87	83
LT	86	87	86
LU	94	104	54
HU	90	90	84
MT	95	113	54
NL	94	94	57
AT	90	91	46
PL	88	89	63
PT	93	93	53
RO	84	87	57
SI	86	86	62
SK	93	94	81
FI	89	89	66
SE	84	86	72
UK	95	95	57

Source: Eurostat data on Living condition and social protection (EU-SILC).

**Table 3b: Aggregate replacement ratio of pension income\* 2008 and 2013**

Member state	Male		Female	
	2008	2013	2008	2013
EU28	:	0.58	:	0.54
EU27	0.49	0.58	0.52	0.54
BE	0.44	0.47	0.47	0.49
BG	0.37	0.46	0.36	0.37
CZ	0.48	0.56	0.56	0.59
DK	0.38	0.42	0.44	0.46
DE	0.46	0.46	0.47	0.49
EE	0.37	0.40	0.54	0.58
IE	0.46	0.43	0.55	0.41
EL	0.48	0.60	0.44	0.67
ES	0.54	0.62	0.48	0.50
FR	0.28	0.64	0.91	0.62
HR	:	0.39	:	0.37
IT	0.58	0.65	0.39	0.51
CY	0.38	0.45	0.37	0.39
LV	0.25	0.46	0.34	0.51
LT	0.45	0.48	0.46	0.51
LU	0.54	0.76	0.59	0.91
HU	0.61	0.66	0.61	0.58
MT	0.43	0.57	0.39	0.45
NL	0.49	0.55	0.51	0.45
AT	0.61	0.63	0.56	0.57
PL	0.65	0.68	0.53	0.60
PO	0.66	0.67	0.49	0.59
RO	0.54	0.72	0.45	0.65
SI	0.5	0.50	0.4	0.43
SK	0.54	0.59	0.55	0.66
FI	0.48	0.50	0.49	0.49
SE	0.64	0.62	0.58	0.54
UK	0.45	0.54	0.44	0.53

\*ratio between average pension income of the aged 65-74 and average income from work of the aged 50-59; a: break in time series

Source: Eurostat data on Living condition and social protection (EU-SILC).

The *aggregate replacement ratio at retirement*<sup>29</sup> is an indicator of income maintenance after retirement. As shown in Table 3.b, in 2013 the EU28 (un-weighted average) pension

<sup>29</sup> Ratio of median personal (non-equivalised) income from pensions of those aged 65-74 years to median personal (non-equivalised) income from work of persons aged 50-59 years. Only persons who have spent the total reported time in the relevant activity status are considered.

income reached 54% of current earnings for women relative to 58% for men. Bulgaria and Croatia showed the lowest replacement rates for women in 2013, while the highest are reported for Luxemburg, France, Greece, Romania and Slovakia. Between 2008 and 2013 female replacement rates increased less than males' in most Member States.

Lower replacement ratios for retired women than men reflect lower levels of contributions, as a result of a shorter or interrupted working life, and lower average earnings resulting from the higher probability of women being employed in part-time jobs or in low pay sectors and occupations. Derived pension rights and minimum pensions are in many countries the only source of income for many retired women living alone.

**Women living alone are more likely to be penalised relative to other women and men**, due to the lack of other sources of income in the household and their weaker labour market conditions. Indeed, recent pension reforms are reinforcing the dependence of women from the income of their partners, especially in those welfare systems largely based on protection provided by the family rather than protection provided by the State on the basis of individual citizenship rights. As pointed out in chapter 2, older women, and especially those living alone, experience higher poverty risks than their male counterparts. Among the poorer pensioners, single women are to be considered most at risk of poverty, because they cannot count on survivor pensions or the income of the partner.

### 3.2.1 The closer link between contributions and benefits

The move towards defined contribution schemes, the introduction of actuarial insurance principles, the changes in the indexation mechanisms for pension benefits and the increase in minimum contribution years have made the **link between contributions and benefits much more stringent** than in the past with significant differences in the effects on women and men, both in relation to expected income in old age and to changes in incentives to labour market participation.

The situation is highly differentiated among the EU countries, with the schemes prevalent in Continental, Southern and, especially, Eastern European countries less favourable to women than those of Nordic countries, due to the tight link with employment careers they imply. Comparative studies on the gender impact of pension reforms in Eastern European countries<sup>30</sup> show, indeed that **the closer link between contributions and pension benefits introduced by pension reforms entails greater pension benefit losses for**

<sup>30</sup> Fultz E., Ruck M., Steinhilber S. (2003), The Gender Dimension of Social Security Reforms in Central and Eastern Europe. Case Studies of The Czech Republic, Hungary and Poland. ILO. Subregional Office for Central and Eastern Europe, Budapest.

Fultz, Elaine (2006), The Gender Dimensions of Social Security Reform, Volume 2. Case Studies of Romania and Slovenia. ILO, Subregional Office for Central and Eastern Europe, Budapest. Steinhilber, S. (2004), The Gender Implications of Pension Reforms. General remarks and evidence from selected countries. Draft paper prepared for the UNRISD report "Gender equality: Striving for justice in an unequal world."

<http://www.unrisd.org/80256B3C005BCCF9/%28httpPublications%29/52DBB0B27C54635CC12570350048ED4E?OpenDocument>.

Ståhlberg, A-C., Cohen Birman, M., Kruse, A./Sunden, A. (2006), Pension Reforms and Gender: Analyses of Developed and Developing Countries, in: Gender and Social Security Reform: The case of Sweden. International Social Security Series Volume 11.

Balcerzak-Paradowska, B., et al. (2003), The Gender Dimensions of Social Security Reform in Poland, in: Fultz, Elaine, Martin Ruck und Silke Steinhilber (eds.) The Gender Dimension of Social Security Reforms in Central and Eastern Europe. Case Studies of The Czech Republic, Hungary and Poland, ILO, Subregional Office for Central and Eastern Europe, Budapest. Müller, K. (2006), CEE Pension reforms in comparative perspective: A discussion of reform paths and their gender implications. Presentation at the International Conference "Welfare States in Central and Eastern Europe: Social Policy and Gender in Transformation". Hattingen, 4-.6 October 2006.



**women than for men** because of persistent gender inequalities in labour market participation and unequal division of caring roles<sup>31</sup>.

Equity would require that women and men with comparable employment histories should receive an equal monthly benefit<sup>32</sup>. However, **actuarially fair insurance systems**, like those envisaged in contribution based systems, compare an individual's lifetime contributions with the individual's expected life-time benefits. Since the life expectancy of women is currently higher than that of men, actuarially fair insurance means that women must either pay higher contribution rates and/or for longer periods, or receive lower pension benefits than men. According to this principle, *life expectancy automatic adjustment mechanisms* for pension eligibility have been introduced in Denmark, France<sup>33</sup>, Czech Republic, Netherlands<sup>34</sup>, and Italy; and for the calculation of pension benefits (in BG, DE, EE, FI, IE, IT, PL, PT, SE, SK, UK)<sup>35</sup>.

Bearing in mind the current wide gender pay gap and segregation in the labour market, it is evident that these **schemes reduce gender equality in pension benefits**, unless specific measures are taken to support women's employment, even in older ages, and the reconciliation between family and market work. Furthermore, greater female longevity exposes elderly women to greater risk of poverty because of the expected longer period of living alone than in the case of men, and more prolonged erosion of the real value of their annuities. On the other hand, in the long run these changes could stimulate greater participation by women in the regular labour market and reduce incentives to retire early<sup>36</sup>.

The **formulae adopted for the calculation of pension benefits** could also have significant gender effects when considering: i) unisex vs. sex defined tariffs in life expectancy adjustment mechanisms<sup>37</sup>; ii) weighting criteria for contributory years; iii) criteria for the indexation of benefits.

<sup>31</sup> The simulations provided in the cited Horstmann, S., Hülsman, J. (2009) study for the 2008-2050 period in five European countries (Estonia, Germany, Italy, Poland and the UK), confirm the importance of supporting longer employment careers and wages for women to reduce gender gaps in pension income. The position of women is also greatly improved with child care pension credits.

<sup>32</sup> Zaidi, A. (2007), Challenges in Guaranteeing Adequate Pension Incomes for Women. European Centre Policy Brief, March. [http://www.euro.centre.org/data/1175071450\\_4527.pdf](http://www.euro.centre.org/data/1175071450_4527.pdf). Müller, K. (2006), CEE Pension reforms in comparative perspective: A discussion of reform paths and their gender implications. Presentation at the International Conference "Welfare States in Central and Eastern Europe: Social Policy and Gender in Transformation". Hattingen, 4-6 October 2006.

<sup>33</sup> In France it is the contribution period for the receipt of a full pension which is linked to life expectancy and the adjustment is not completely automatic as the government has to enact it.

<sup>34</sup> In the Netherlands, the retirement age will be adjusted to life expectancy from 2023.

<sup>35</sup> The way DC and NDC schemes are calculated may have significant effects on gender differences in pension income: when based on sex differentiated tariffs, given the differences in life expectancy at the age of retirement between men and women, these schemes will determine higher contribution rates or lower pensions for women. Cfr. OECD, Vulnerability of pension system, Paris 2014

<sup>36</sup> Horstmann, S./Hülsman, J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities.

<http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en>

<sup>37</sup> Sex differentiated tariffs are more common in private schemes, while in almost all countries unisex tariffs are usually adopted in statutory public schemes to reduce gender differences in pension income. Sex differentiated tariffs are allowed under Directive 2004/113 on equal treatment between men and women, due to the fact that women live longer and in the end receive more monthly payments than men. The March 2011 ruling by the ECJ on the Test-Achats case (Court of Justice of the European Union Press Release No 12/11, Luxembourg, 1 March 2011 Judgment in Case C-236/09 Association belge des Consommateurs Test-Achats ASBL and Conseil des Ministres) has, however, challenged this approach, stating that permanent sex differentiated premiums are discriminatory. This ruling has fuelled the debate on unisex vs. sex differentiated tariff in pension systems (and especially in occupational schemes). For discussion see Mabbett, Deborah (2011), *A Rights Revolution in Europe? Regulatory and judicial approaches to nondiscrimination in insurance*, Birkbeck, University of London.



Insofar as women's life expectancy in old age is longer than men's, sex **differentiated tariffs** penalise women, as they either receive lower benefits even if they have paid the same contributions as men, or they would have to pay higher contributions or over longer periods in order to have the same benefits as men. It must also be considered that higher contribution rates for women may discourage employers from hiring women. However, as pointed by some authors<sup>38</sup>, *unisex tariffs* redistribute from men to women and create distortions in the insurance market.

Pension reforms have extended the *minimum contributory years* necessary to be eligible to pension entitlements and linked pension benefits to *lifetime earnings*, rather than the last or best years, as was common in the past. The **increase in minimum contribution years** could exclude those with interrupted employment careers and shorter insurance periods from benefit claims, among whom women are overrepresented. **Reforms linking pension benefits to lifetime earnings**, instead, may proportionally penalise men more, as on average men enjoy more advancement in their careers than women. However, women may suffer greater reductions in benefits when lifelong earnings are considered since they exhibit more irregular and interrupted career patterns. In order to reduce the possible penalisation of women (and men) with interrupted working careers, in some countries compensatory measures have been introduced, such as credits for care leaves or unemployment, or measures to improve pension benefits for part-time and atypical workers, or measures to upgrade the insured income for low wage earners (as in BE).

The **indexation of benefits** is also a relevant feature in a gender perspective. The move of indexation from wage to price inflation or to other sustainability indexes can negatively impact retired women more than men, because of their longer life expectancy.

### 3.2.2 The increase and equalization in retirement age

In all Member States recent pension reforms have extended working lives by increasing statutory retirement age, equalising the retirement age of women to that of men, and reducing access to early retirement or allowing for greater flexibility in the choice of retirement age.

All Member States have **extended**, more or less gradually, the **statutory female retirement age** to equal that of men, so that the heavier burden of adjustment is placed on women, especially those of the younger generations. Table 4 presents the life expectancy and statutory retirement age in 2013 and the expected increases in 2020 and 2060 according to recent reforms. As shown in the table, in 12 out of the EU28 MSs women still have lower statutory retirement ages. Following the current reforms, until 2020, gender differences in retirement age will remain only in six countries (Austria, Bulgaria, Croatia, Czech Republic, Poland and Romania). After 2020, only in two EU Member States (BG and RO) the retirement age of women will remain lower than that of men. In the future, regulation of statutory retirement age is likely to become less important as, with

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<http://www.bbk.ac.uk/politics/our-staff/academic/deborah-mabbett/RightsrevolutioninEp.pdf> . See also the European Parliament study on "The use of gender in insurance pricing", available at: <http://www.europarl.europa.eu/committees/en/studiesdownload.html?languageDocument=EN&file=60175> . An overview of developments of the Test-Achats rule on the insurance sector is provided by Insurance Europe: Insurance Europe's response to the European Commission's questionnaire on the implementation of Directive 2004/113/EC <http://www.insuranceeurope.eu/uploads/Modules/Publications/response-to-ec-questionnaire-on-gender-directive.pdf>

<sup>38</sup> James, E., Cox E. A., and Wong, R. (2003), The Impact of Social security Reform on women in three countries. NCPA Policy Report No. 264. <http://www.ncpa.org/pdfs/st264.pdf>.

contribution-based schemes, individuals will be induced to retire later to increase pension benefits. In some countries, partial or full actuarial adjustments of pension benefits according to contributory years and residual life expectancy<sup>39</sup> represent indeed a strong incentive to longer working life.

**Whether higher retirement age favours women or not is a controversial issue.** On the one hand, the increase in retirement age for women<sup>40</sup> does not consider that women attend to unpaid family work, and should be compensated for this by earlier access to the pension system. On the other hand, equalising men's and women's retirement age conveys an important cultural message of gender equality. Furthermore, it is said to increase the financial incentives for women to take up paid work<sup>41</sup> which is important with the tightening of the link between contributions and benefits. Postponing retirement would contribute to the adequacy of women's pension entitlements in old age and stimulate women labour market participation. However, for such benefits to be realised, appropriate employment policies and care services must be provided; otherwise, the higher retirement age will only result in later access to the pension system and lower pension payments for women than for men.

The second stream of reforms aiming at extending men's and women's working lives is the ***gradual abolition of most options for early retirement***. The effective exit age from the labour market is, in fact, usually lower than statutory retirement age, and does not differ greatly between men and women. Generally, male early retirement is associated with full completion of the obligatory working years or with generous early retirement incentives, while for women it is usually related to family care needs. For these reasons women retiring early are more likely to be at risk of poverty than men.

In some countries, increased retirement age has been accompanied by **flexible retirement windows** (as in FI and SE) and **part-time pensions** (as in the UK). Even if implemented with little attention to gender differences, these measures appear particularly important in reducing gender differences in income in old age, because they give women the possibility to work longer if they need to increase their pension income.

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<sup>39</sup> Actuarial corrections have recently been introduced in Austria, France, Finland, Spain, Portugal, the Netherlands and Italy, while similar provisions are already in place in Germany, Belgium, Luxembourg, Hungary, the Baltic countries, Poland, Slovakia, Slovenia and Sweden (Corsi, M./Samek Lodovici, M./Botti, F./D'Ippoliti, C. , 2011).

<sup>40</sup> See for example Ginn, J. (2003), *Gender, Pensions and the Life Course – How Pensions Need to Adapt to Changing Family Forms*, Bristol.

<sup>41</sup> See Corsi, M. and D'Ippoliti, C. (2009), *Poor Old Grandmas? On Gender and Pension Reforms in Italy*, Brussels Economic Review - Cahiers Economiques De Bruxelles, vol. 52, n. 1.

**Table 4: Gender differences in life-expectancy, effective and statutory retirement age in Member States**

GEO/ TIME	LIFE EXPECTANCY AT AGE 65 (2013) (i)		STATUTORY RETIREMENT AGE (2013) (ii)		STATUTORY RETIREMENT AGE (2020) (ii)		STATUTORY RETIREMENT AGE (2060) (ii)	
	MALES	FEMALES	MALES	FEMALES	MALES	FEMALES	MALES	FEMALES
BE	17.8	21.4	65	65	65	65	65	65
BG	14.2	17.9	63y8m	60y8m	65	63	65	63
CZ	15.7	19.3	62y5m	57y8m-61y8m	63y10m	60y6m - 63y10m	68+	68+
DK	17.7	20.4	65	65	66	66	67+	67+
DE	18.2	21.1	65	65	65y9m	65y9m	67	67
EE	15.2	20.3	63	61	63y9m	63y9m	65	65
IE	18.1	20.8	66	66	66	66	66	66
EL	18.7	21.6	67-62	67-62	67	67	67+	67+
ES	19.2	23.4	65-65y1m	65-65y1m	65-65y10m	65-65y10m	65-67	65-67
FR	19.3	23.6	61y2m	61y2m	62-67	62-67	62-67	62-67
HR	15.3	19.1	65	60y9m	65	62y6m	65	65
IT	18.9	22.6	66y3m	63y9m	67	67	69y9m	69y9m
CY	18.6	21.6	65	65	65	65	65	65
LV	13.9	18.6	62	62	63y9m	63y9m	65	65
LT	14.1	19.2	62y10m	60y8m	64	63	65	65
LU	19.1	21.9	65	65	65	65	65	65
HU	14.5	18.4	62	62	64y6m	64y6m	65	65
MT	18.4	21.4	62	62	63	63	65	65
NL	18.2	21.2	65y1m	65y1m	66y8m	66y8m	67	67
AT	18.2	21.5	65	60	65	60	65	65
PL	15.5	19.9	65y1m	60y1m	66y10m-67	61y10m-62	67	67
PT	17.8	21.6	65	65	66y4m	66y4m	67	67
RO	14.7	18.1	64y7m	59y8m	65	61	65	63
SI	17.2	21.4	65	63y6m	65	65	65	65
SK	14.7	18.8	62	57y6m-61y6m	62	62	62	62
FI	18.0	21.8	63-68	63-68	63-68	63-68	63-68	63-68
SE	18.8	21.3	61-67	61-67	61-67	61-67	61-67	61-67
UK	18.5 <sup>a</sup>	20.9 <sup>a</sup>	65	61y3m-61y8m	66	66	67+	67+

### 3.2.3 The move towards a multi-pillar systems

In order to restore the (future) adequacy of benefits levels, curtailed by the reduction of the role of the public pensions schemes, **private provisions** for retirement income (both occupational and individual schemes) have been encouraged in most European countries. This diversification of retirement schemes is, however, likely to increase pension income inequalities between those who are on occupational schemes and/or can afford individual retirement savings and those who do not qualify for these schemes and must rely solely upon either an old-age minimum or a contributory public minimum pensions. Indeed, as indicated in a recent OECD report (OECD, 2014), a more critical view of funded private pillars has been growing in recent years. For example, Hungary and Poland have abolished or significantly scaled down their mandatory private pension systems due to high administrative fees and disappointing returns of pension funds. Even in Germany where individual private retirement savings are strongly promoted and subsidised, questions are being asked as to whether public support for private pensions is the right way to go. Sometimes, it is suggested that public money should rather be used to bolster public pay-as-you-go systems.

**Women are far less covered by occupational and individual private schemes than men** due to gender segregation in the labour market, with men more likely to be employed in occupations and sectors providing occupational pension schemes and/or likely to be able to access individual schemes. Furthermore, individual and occupational pension schemes are usually based on actuarial fairness, thus penalizing women with sex-differentiated tariffs<sup>42</sup>. The crisis has highlighted the risks associated with these schemes when employment interruptions are widespread and the capital markets are unable to guarantee the expected returns on financial assets<sup>43</sup>.

Only limited information is available on the gender coverage of occupational schemes. According to the Survey of Health, Ageing and Retirement in Europe (SHARE) relative to 12 European countries<sup>44</sup>, there is a clear gender gap in most countries. **Women are less covered by occupational schemes than men**, especially in countries where women's employment rates are low and where they are more likely to be employed part-time and/or in temporary low wage jobs, or in the informal economy, or in sectors/firms where these types of pension schemes are less widespread and/or less generous. For example, in the

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<sup>42</sup> Only in a few countries (FR, NL and ES) occupational schemes take into consideration periods of unemployment or care leaves, while survivors' pensions are available in occupation schemes for civil servants in Austria, Belgium, and in Cyprus, France, Greece, Italy, Liechtenstein, the Netherlands, and Portugal. Gender-specific actuarial factors are applied in DB occupational pensions in the public sector in many countries (AT, BE, CY, CZ, ES, IE IT, LU, MT, PT, UK). They are not applied in Denmark, France, Greece and Sweden. In the Netherlands gender-related actuarial factors are applied by occupational funds and insurance companies for funding purposes, but contributions and benefits remain gender-neutral, while in Germany unisex tariffs have been mandatory since December 2005. In Italy the Vigilance Commission on Pensions (COVIP) and the Equal Opportunity National Committee control for the legitimacy and non-discriminatory nature of the actuarial factors applied in occupational pension schemes.

<sup>43</sup> Frericks and Maier in a 2007 study show that the downsizing of public pension schemes over the last decade in most of the European countries will affect women to a larger extent than men (Frericks, P. and Maier, R., *The gender pension gap: effects of norms and reform Policies*. in: Kohli, M. and Arza, C., *The political Economy of pensions, Politics, Policy Models and Outcomes in Europe*. London, 2007). Comparing pension reforms in the Netherlands and Denmark and their gender impact, another study concludes that a shift from public schemes to occupational pensions in those countries has had a negative impact on women's pensions (Frericks, P., Maier, R., and de Graaf, W. (2006), *Shifting the pension mix : consequences for Dutch and Danish women*. Social Policy and Administration, Vol. 40.)

<sup>44</sup> SHARE - Survey of Health, Ageing and Retirement in Europe, Lisa Callegaro and C. B. Wilke, *Public, Occupational and Individual Pension Coverage*, chapter 6. The countries analysed are DK, SE, AT, FR, DE, BE, NL, ES, IT, EL, CZ, PO and Switzerland and Israel.

[http://www.share-project.org/t3/share/fileadmin/pdf\\_documentation/FRB2/Chapter\\_6.pdf](http://www.share-project.org/t3/share/fileadmin/pdf_documentation/FRB2/Chapter_6.pdf)

Netherlands and Germany almost twice as many male as female pensioners receive company pension payments. By contrast, there is no gender gap in accessing supplementary pension schemes in Sweden.

It is not possible to assess the coverage of **individual voluntary pension schemes** by sex, as no data are available. According to EUSILC micro-data, however, gender differences appear to be relevant when considering *income from private pension funds*<sup>45</sup>, as shown in Table 5.

Access to individual voluntary schemes is lower for women due to various barriers, reflecting the gender segregation in the labour market. These schemes are usually affordable only by high income workers, and even when they are provided by employers as fringe benefits, it is the managers and workers in high positions that are usually entitled. Even in Member States that have introduced measures to support access to voluntary individual schemes through tax exemptions, they remain more beneficial for high income earners (who are less likely to be women). For this reason direct subsidies are considered a more effective means of support for women to access private pension schemes.<sup>46</sup>

Furthermore, these schemes have so far been often based on sex-disaggregated tariffs, which penalise women. The 2011 ECJ Test-Achats ruling<sup>47</sup> to eliminate gender discrimination in insurance products may change this, although it may only apply to new contracts as a transitory period is granted and national laws have to be adopted<sup>48</sup>.

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<sup>45</sup> Regular pensions from private plans (other than those covered under ESSPROS) refer to pensions and annuities received over the income reference period, in the form of interests or dividends, and income from individual private insurance plans.

<sup>46</sup> Horstmann S. and J. Hülsman (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities.

<http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en>

<sup>47</sup> Court of Justice of the European Union Press Release No 12/11, Luxembourg, 1 March 2011 Judgment in Case C-236/09 Association belge des Consommateurs Test-Achats ASBL and Conseil des ministres. See on this also the European Parliament study "The use of gender in insurance pricing".

<http://www.europarl.europa.eu/committees/en/studiesdownload.html?languageDocument=EN&file=60175>

<sup>48</sup> Slaughter and May, can gender differentiated actuarial factors still be used when determining premiums and benefits under insurance contracts? The Test-Achats case.

<http://www.slaughterandmay.com/media/1524002/the-test-achats-case.pdf>

**Table 5: Percentage of income from individual private pension plans over total income for individuals over 65 years, 2012**

Country	Male	Female
AT	1.66	1.59
BE	0.43(b)	0.02
DE	1.18	0.86
FR	(:)	0.1
LU	0.48	0.41
NL	(:)	0.0015(b)
FI	2.07	1.49
SE	3.99	3.4
	0	0
IE	3.81	0.68
UK	5.17	1.66
	0	0
CY	1.11(b)	0.81
EL	(:)	0
ES	0.92	0.68
IT	0.07(b)	0.04
MT	1.35(b)	0.74
PT	0.3(b)	0.44
CZ	(:)	0.17(b)
HR	0	0
HU	(:)	0
PL	(:)	0.01
RO	(:)	0
SI	0.22	0.16

IRS elaboration on Eurostat Microdata, EU-SILC 2012.

Notes: (b) limited reliability due to the small sample size (less than 50 observations). (: ) Not reliable estimates due to the small sample size (less than 20 observations). Total income refers to the equivalised disposable income (HX090)

### 3.2.4 The role of public minimum pension schemes

Minimum pensions are particularly relevant when assessing the adequacy of pension systems in supporting old-age income, as they provide a safety net for low earners or those with no or limited employment histories. **Women are usually overrepresented in minimum pension schemes.** For example in Sweden, the social pension and housing supplement is provided to low-income groups, who have the right to a full guarantee pension or a top-up. The social pension is disbursed to four times as many women as men<sup>49</sup> since women generally have lower income-related old-age pensions than men and are more represented in the older age groups.

Assessment of the gender effects of minimum pensions must take into consideration not only income support in old age, but also their **effects on labour supply and lifetime savings**. An increase in minimum pension levels, for example, is a positive measure for

<sup>49</sup> Prime Minister's Office (2005) The Swedish National Strategy Report on Adequate and Sustainable Pensions. Stockholm, Chapter 3.3.2. <http://www.sweden.gov.se/sb/d/574/a/48098>.

women and men already retired or near retirement age (especially elderly single women), for whom this benefit often represents the only income, but could also be an incentive for individuals in active age to retire early or to reduce lifetime savings<sup>50</sup>, an effect which is likely to apply more to women than to men, due to the greater elasticity of women's labour supply to earnings.

The magnitude of these effects however depends on the **design of minimum pensions**.

The **residence based minimum pensions** of the Nordic countries<sup>51</sup> are more favourable to women, as they are not based on the individual employment history. However, with these schemes the risk of reducing incentives to work in the regular economy is said to be high, while the data on countries with residence-based minimum pensions do not show this disincentive effect, as they present the highest activity rates for women<sup>52</sup>.

In the case of **contributory minimum pensions**<sup>53</sup>, common to the majority of EU MSs, the eligibility criteria are relevant, especially in relation to the length of the contributory period necessary to be entitled to the minimum pension. Long contributory period requirements may penalize women more than men, as they are more likely to have interrupted employment careers due to family responsibilities or to have part time jobs. To improve the position of women it is important for special *care credits periods* (as in the UK and IE) and *part-time work* (as in BE) to be included in the qualifying periods.<sup>54</sup>

**Social assistance means-tested benefits**<sup>55</sup> to top up low pensions may increase access to pension income for individuals with a short or null employment history. An important aspect from the gender perspective is the *individualisation of pension rights*. Means-tested

<sup>50</sup> Horstmann S., Hüllsman, J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities.

<http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en> and Ståhlberg, Ann-Charlotte, Cohen Birman Marcela, Kruse Agneta, Sundén Annika (2004), Retirement income security for men and women, Technical Commission on Old-age, Invalidity and Survivors' Insurance, Technical report 23. Beijing, 12-18 September 2004. <http://www.issa.int/content/download/55882/1022762/version/6/file/TR-23-2.pdf> and Monticone C., Ruzik A., Skiba, J. (2008), Women's Pension rights and Survivors's Benefits – A comparative analysis of EU Member States and Candidate countries. ENEPRI Research Report No. 53/April 2008.

<sup>51</sup> *Residency based minimum pensions* are granted in Nordic countries and in the Netherlands. Access to minimum pensions is based on years of residence in the country and is usually part of the statutory pension scheme. They are universal, as they do not require any contributory payments and benefits are not means-tested, but only tested against the income from other pensions.

<sup>52</sup> Siegenthaler (1996), based on a country-by country analysis of the US and five European countries, argues that a minimum benefit provided to all would be the most effective – even if costly – instrument to combat poverty in old age for women (and men). Siegenthaler, Jürg K (1996), Poverty among Single Elderly Women under Different Systems of Old-Age Security: A Comparative Review. Social Security Bulletin 59: 31-44.

<sup>53</sup> *Contributory minimum pensions* can only be claimed by people who are covered by the public pension scheme and meet certain criteria, usually based on a minimum number of contributory years. In some countries the amount provided by minimum pensions may not be connected with the contributory years, and be either *means-tested*, as in Austria and Belgium, or *flat-rate*, as in Hungary and Poland, where the pension amount does not depend on the number of contributory years, or in Italy where the minimum contribution period is rather short. In most of these countries, however, the *full amount of the minimum pension* (either on a means tested or flat rate basis) is granted only provided that the required contributory period is fully reached (as in PT) and the benefit is proportionally reduced for shorter insurance periods. Also in Ireland and the United Kingdom a flat-rate pension is provided if a minimum period of pension scheme membership is reached.

<sup>54</sup> Horstmann S./Hüllsman J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. P. 80. <http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en>

<sup>55</sup> Social assistance benefits, usually means-tested, are the only provision available to guarantee a minimum income in old age in Germany, Romania and Lithuania. In Austria and Poland social assistance allowances are available for the general population, while in Belgium, Ireland, Italy, Malta, Portugal, Sweden and the United Kingdom there are social assistance benefits for the elderly in addition to other minimum income provisions. These benefits are means-tested and the eligibility criterion is age.



benefits based on the family income rather than their own can represent a disincentive to work and generate a poverty trap for women. Furthermore, when *means testing is based only on pension income*, the income situation of older women may be improved, but voluntary personal savings and support from other extended family members are discouraged.

**The level of minimum benefits** is also crucial to prevent poverty in old age: according to the Horstmann S./Hüllsman J. (2009) study cited above<sup>56</sup>, only in Belgium and Portugal the benefit level is set at about 100% of the national poverty thresholds for contributory minimum pensions; in the other EU25 MS it is usually below this threshold.

Finally, the **indexation system** is important, as in many countries the minimum benefits are not fully indexed to prices or wages or indexation is discretionary, which aggravates the relative income position of pensioners on minimum benefits (mostly women).

### 3.2.5 Pension care credits

In recent years, as the emphasis on pension adequacy has increased, many countries have taken better account of pension care credits, at least in statutory public schemes.

Care credits are registered contributions based on periods spent out of employment taking care of children and other dependents (disabled or older persons). They are considered an important **compensating mechanism** to close at least in part the gaps in the pension rights of those with care responsibilities. For this reason, they have a major role in reducing gender inequalities in pension income, as women usually provide care services within households. However, they could also act as disincentives to work with long-term negative effects, reducing the chances of re-entering the labour market after prolonged employment interruption (the so-called **inactivity trap**).<sup>57</sup> These potential negative effects depend largely on the design of care credits. For example, the negative effects on labour market participation are stronger when care credits are only available for women, and gender stereotypes in the division of care and market work are thus reinforced<sup>58</sup>.

*Child care* credits exist in the public pension schemes of all Member States, while in occupational schemes they are not very common, even if in some countries with privately managed mandatory funded schemes the state provides for payment of contributions to these schemes during child care (SE, DK, DE, EE, HU). *Other forms of care credits* (for the elderly, the disabled or for severely ill family members) are less widespread and have been introduced only very recently.

From the gender point of view, care credits are subject to many limitations. Most countries only recognise pension credits for periods of childcare and not care in general (for example not for eldercare). In some countries, care credits are recognised only for employees eligible for maternity, paternity or parental leave, and not for the unemployed or inactive (except for instance in BG, CY, EE) or for the self-employed. In some countries the

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<sup>56</sup> Horstmann S./Hüllsman J. (2009), The Socio-Economic Impact of Pension Systems on Women, Gesellschaft für Versicherungswissenschaft und – Gestaltung (GVG), European Commission, Directorate-General for Employment, Social Affairs, and Equal Opportunities. P. 80 <http://ec.europa.eu/social/BlobServlet?docId=5001&langId=en>

<sup>57</sup> World Bank (2004), Gender-differentiated impacts of pension reform, PremNotes Gender, No. 85. <http://www1.worldbank.org/prem/PREMNotes/premnote85.pdf>

<sup>58</sup> To avoid this risk, the 1996 EC Parental Leave Directive (96/34/EC)<sup>58</sup> provides that a minimum leave of three months as from the birth of a child will be given to both mothers and fathers and in some countries (like SE and NO) part of the parental leave should be taken by the father. ECJ rulings, such as the Griesmar ruling, also support a more gender neutral approach to care credits.



acquisition of care credits does not allow for parallel employment (IE, IT, LT, MT, PT, RO) or only allows for very marginal parallel employment (IE). Only in some countries is employment allowed during parental leave (part-time or reduced) (AT, BE, DE, DK, EE, EL, FI, HU, HR, LU, SE, SI), but often the benefit paid is reduced accordingly (as in DK, FI).

### 3.2.6 Provisions for atypical workers

Traditionally, pension systems have favoured continuous **full-time employment histories** and the recent move toward defined contribution schemes will reinforce this feature. Workers involved in the informal sectors and in atypical jobs normally have fewer rights in terms of pension provisions, which grant them a smaller pension income when they retire. Considering the overrepresentation of women in part time and temporary jobs and of men among the self-employed, the current provisions, even if formally gender neutral, affect men and women in different ways. Women are particularly affected, as they are more likely to be employed in temporary and part time jobs relative to men, including those living alone, even if they are less likely than married women to be employed part-time<sup>59</sup>.

**In some countries recent pension reforms have taken into account the need to ensure that pension systems are compatible with the increasing flexibility of the labour market, in order to avoid higher poverty risks in old age.** The inclusion of part-time and atypical workers in the pension system varies greatly across the European countries.

Periods of *part-time/atypical work* in most MSs (17 out of 28) are eligible for benefits in statutory earnings related schemes. In some countries (e.g. FI, FR and SI) part-timers can pay an over-contribution to align with full-time, with some restrictions by sector and profession. In other countries, on the contrary, atypical contract forms allow for different and normally worse treatment in terms of pension rights. For example, in the case of Austria, Malta and Slovenia part-time workers (where women are over-represented) are subject to special provisions often less favourable than those applying to full time workers.

In countries where the situation of *atypical workers and the self-employed* had been particularly penalising, **reforms are progressively being introduced** with the focus on: i) The inclusion of atypical contract forms in social security regulations; ii) specific provisions for part time workers to ensure that the full contributory entitlement is paid by both employee and employers; iii) specific provisions to cover for periods of unemployment and of precarious position in the labour market. For example in *Germany and Italy* coverage of atypical workers has recently been extended (for low paid jobs in Germany and occasional jobs in Italy).

*Periods spent in unemployment and/or training* are also being increasingly recognised as the greater flexibility of labour markets has reduced the share of lifelong stable jobs and training on the job.

### 3.2.7 The role of derived pension benefits

All EU countries offer protection for widows. In most countries these pension rights are gender-neutral, but as women live longer than men they usually benefit more than their male counterparts, as shown in Table 6.

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<sup>59</sup> IRS (2012), Women Living Alone: an update, European Parliament 2012.

*Survivors benefits* represent the largest share of the income of elderly widows living alone and are particularly **important for women lacking an employment history**. Indeed, survivor pensions provide a large number of elderly women living alone with an income that is higher than the one they would get from their own pension and reduce the poverty risks of older women living alone.

The capacity of norms to follow the evolution of social customs and behaviours is very different across countries, especially in relation to eligibility for survivors' pensions for unmarried partners or same-sex couples. Eligibility limitations are also often particularly strict in the case of migrants. However, in several countries also *cohabiting* (DE, DK, ES, FI, HU, HR, LI, LU, NL, NO, PT, SE, SI, UK) and *divorced partners* (AT, BE, DE, DK, EE, EL, ES, FI, FR, MK, HR, HU, IE, IT, LI, LU, NL, NO, PL, PT, SK, SI) are eligible for survivor benefits, as long as they are not remarried or cohabiting with other people, have children below a certain age and had been living together with the deceased for a certain time<sup>60</sup>.

In some countries *spousal benefits* allow the working partner to benefit from an additional provision should he/she support with his/her pension income the dependent spouse. Such, for example, is the case of Belgium, Greece, Spain, France, Ireland, Cyprus, Malta, the Netherlands, Norway, Austria, Sweden, and the United Kingdom.

In recent years most countries have been trying to restrict survivor pensions and to link benefits more closely to the eligibility criteria of age and the survivors' income.

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<sup>60</sup> In Germany, for example, after divorce the partners' pension entitlements are equally divided on the basis of pension predicted at the time of the divorce. In the UK pension sharing between spouses can be negotiated by agreement or court order (this applies to both statutory earnings-related and private pensions). In France, if the income is below a certain level and the person has not remarried, he/she can receive 54% of the deceased's pension, proportionately divided among all eligible former spouses. In Sweden, earned pension rights are not divided in connection with divorce, although splitting is possible for part of the social security premium pension. Cfr. Corsi, M./Guelfi, A./Samek Lodovici, M./Sansonetti S. (2008), Assessment of National Reports on Strategies for Social Protection and Social Inclusion from a Gender Perspective, EGGSI Synthesis Report, November 2008.

**Table 6. Female beneficiaries of survivors pensions, 2006-2012**

	% women over total old age pension beneficiaries		% women over total survivors beneficiaries	
	2006	2012	2006	2012
Austria	52.6	53.3	88.0	88.1
Belgium	39.8	44.8	98.0	96.6
Bulgaria	63.2	62.0	79.8	80.9
Czech republic	64.0	61.8	84.1	82.7
Cyprus	33.7	37.9	97.2	97.6
Germany	55.5	54.7	85.7	83.8
Denmark	56.6	55.0	100.0	-
Estonia	68.1	65.4	53.4	51.6
Greece	43.2	43.5	94.1	93.4
Spain	38.3	39.4	88.4	87.8
Finland	59.2	57.0	83.7	82.5
France	49.6	52.0	91.8	89.1
Hungary	na	59.8	n.a	83.4
Ireland	42.6	40.1	87.9	86.1
Italy	54.6	53.4	87.1	86.7
Lithuania	67.0	67.5	79.8	80.5
Luxembourg	29.1	31.2	92.9	91.1
Latvia	67.5	65.9	70.0	76.5
Malta	30.8	29.9	99.3	99.1
The Netherlands	56.5	54.7	84.2	82.3
Portugal	53.1	52.8	82.2	82.3
Poland	58.5	61.0	80.9	82.2
Romania	57.5	58.2	57.5	58.2
Sweden	55.8	54.0	95.4	94.3
Slovenia	54.5	54.8	78.0	85.1
Slovakia	65.1	64.4	91.7	85.7
United Kingdom	na	59.8	na	77.3

Female beneficiaries of survivors pensions (without double counting in old-age and in survivors' functions) over the total beneficiaries of the same pension category.

**Source:** calculation on Eurostat data – Social Protection Statistic (Pensions beneficiaries at 31st December [spr\_pns\_ben])

It is difficult to assess the *adequacy of survivors' benefits* because they depend on the level of the pension of the former spouse. Although the aim of the survivor pension is to maintain the previous standard of living, in many cases survivor pensions are insufficient to guarantee an adequate standard of living. Preliminary calculations presented in Choi (2006)<sup>61</sup> show that in the OECD countries examined, non-working and working widows receive on average pension amounting to 36% and 50% of average earnings, respectively, compared to an average pension level for couples of nearly 60% of average earnings. This is confirmed by the high poverty rate of older women living alone and suggests that survivors' pension schemes or pension benefits for divorcees **are not entirely successful in providing old-age income security** for women and men. According to some studies reported in Choi (2006), an increase in survivor pension benefits funded by a reduction in the benefits for couples would result in a sizeable reduction in the poverty rate of widows and only in a small increase in the poverty rates for couples.

<sup>61</sup> Choi, J.(2006), The role of derived rights for old-age income security of women, OECD Social, Employment and Migration Working Papers No. 43. <http://www.oecd.org/els/workingpapers>

Derived pensions rights, are, however, somewhat controversial. Besides failing to protect single elderly women and encouraging married women to stay at home or work in the informal economy, they represent **a redistribution in favour of one-earner couples subsidized by single men and women and two-earner couples**<sup>62</sup>.

According to some authors, flat-rate benefits or topping-up benefits through a **minimum pension guarantee** are more effective measures to prevent women (and men) from falling into poverty in old age; in addition, they do not disincentive labour market participation for women and do not discriminate against unmarried individuals. The situation in the Nordic countries is interesting in this respect, as here poverty prevention among older women and men living alone is based on universal minimum pensions, rather than derived pension rights. As such these countries usually have no provisions for survivors, spousal benefits and divorcee benefits, but these individuals have access to guarantee minimum pensions if they fall below the poverty line.

Whether **poverty prevention** for this group is best addressed by benefits from derived rights or by the general old-age safety net depends on the degree of full-time female labour force participation and the trend in the poverty of older women living alone relative to that of the overall older population. As an increasing number of women work and earn their own pension entitlements, derived pension rights may become less important for the future. However, adequate pensions will require full-time work throughout working life. In those countries (like the Mediterranean ones) where female labour participation rates are still low and where women work mostly part-time and experience long career interruptions due to caring for children or the elderly, pensions based on own contributions may prove quite low. Thus, in these countries retaining the present setting of derived rights is currently the only opportunity to maintain reasonable standards of living for women in old age.

### 3.3 Concluding remarks

Recent pension reforms have improved the sustainability of public pension schemes, but at the cost of reduced pension income, growing individual risks and increasing complexity in pension systems.

The financial and economic crisis has highlighted and aggravated some of the **risks** associated with the previous pension reforms in terms of both sustainability and adequacy, and demonstrated the **interdependence of the various pension pillars** in each country. For these reasons the current debate on pensions calls for a holistic approach, integrating pension reform with appropriate labour market and social policies and considering sustainability and adequacy as “two sides of the same coin”. In achieving these two goals, the balance of transfers between different generations and the changing nature of labour markets and of family structures should be considered with a view to improving the capacity to adapt to these changes without reducing pension coverage and adequacy.

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<sup>62</sup> One example is offered by Belgium, where the spousal pension credits covering housewives have raised a great deal of criticism, being entirely financed by collective solidarity. This subsidy results in a significant number of women with only partial rights to pensions opting for their husbands' rights (*pension au taux ménage* – extra 25% of pension) if this means a more advantageous pension for the couple. Comparing the case of a couple where both members are working with that of a couple with a single earner and the same total monthly earnings, the total pension entitlements for the household are much lower for the two-earner couples than for the one-earner household. Wuiaume N. (2011), EGGSI national report for Belgium, mimeo

Table 7 summarizes the different effects that pension reforms and implementation methods may have on women, and in particular on elderly women living alone.

**Table 7: Pension reforms and their specific impact on women and men**

Measure	Gender impact	Impact on lone women
Raising of retirement age Flexible retirement age	Positive impact on income for both men and women; requires active ageing policies in the labour market and provision of care services. Flexible retirement age is better for gender equality because it allows women to retire later, increasing their pension income	Positive impact on women living alone
Restraint of early retirement Shift from best years toward career average as calculation base for earnings related benefits	Positive impact on work incentives for women and men Depends on gender differences in employment patterns, career and wage profiles. Reduces gender differences in pensions related to the more dynamic careers of men, but penalises women with irregular and interrupted career patterns. Enhances intra-generational fairness.	Positive impact on work incentives Negative impact on women with irregular or interrupted careers
Indexation of benefits	Positive impact on pension incomes of older women (and men) with wage indexation, negative impact (especially for women of very advanced age) with indexation to sustainability indexes	Positive effect for elderly lone women with wage indexation
Increase of minimum pension	Positive impact on old age income, especially for women, over-represented in these schemes; residence-based minimum pensions are more favourable to gender equality as the full basic pension is paid irrespective of the previous employment status and family conditions. Possible negative impact on work incentives, especially when means-tested and/or non-contributory. Individualisation of rights encourages labour market participation.	Positive effect for elderly lone women, especially in the case of residence-based minimum pensions and individualization of rights
Contributions related pension	Positive impact on work incentives; negative impact on pension income levels for low earners, those with interrupted careers and atypical jobs	Negative impact on pension income for women with low earnings, irregular or interrupted careers and atypical workers
Actuarial principle	Increased influence of labour market gender-gaps on pensions. Increased gender-gap in pension income if conversion rates are not unisex. Positive impact on work incentives.	Negative impact on women with irregular or interrupted careers and on elderly women living alone
Survivors' pensions and derived rights	Negative impact on work incentives. Positive impact on older women's pension incomes. Redistribute from single households (men and women) to one earners' married couples.	Positive effect for widows. Negative for non married women.

Extension of multi-pillar pension schemes	Increase in gender differences in pension income, as non statutory pension schemes are more closely related to gender differences in the labour market (gender segregation and gender pay gaps) and in access to non-statutory schemes. Positive impact on work incentives. Need for greater regulation to ensure that the financial crisis is not borne solely by individuals and to increase financial literacy as pensions systems become more complex and uncertain in the returns.	Negative impact on lone women and lone mothers who have to increase savings
Care credits	Positive impact on incomes and on work incentives; should be increased, extended to men and to the care of dependents other than children.	Positive impact for lone mothers and for women caring for disabled or dependent relatives.

**Source:** Authors

With contribution based and multi-pillar pension systems, gender disparities on the labour market are likely to **reinforce gender disparities** in pension income even more than in the past, as well as **the dependence of elderly women on the income of their partners**. Furthermore, longer female longevity exposes elderly women to greater poverty risks due to the period of living alone expected to be longer than in the case of men and the more marked erosion of the real value of their annuities.

Any deterioration in pension provisions could have greater negative impact on women who cannot rely on a partners' income. Furthermore, **some measures can greatly affect single women and widows**, with different effects depending on the women's status, for example, survivors' pensions penalise the pension benefits of insured singles (men and women) and are a disincentive to work for the younger female generations, but play an important part in reducing the poverty risks in old age for widows.

The **gender effects of pension reforms also differ among generations**. Some measures can have an immediate impact on current elderly women and some will have an effect only on younger generations, also affecting their labour market participation decisions, which are usually more responsive to changes in pension reforms than men's.

The economic conditions of *women who have already retired or are near retirement* age is mainly affected by the **generosity of entitlements** related to minimum pensions and, especially, derived pension rights. In Southern European countries derived pension benefits are so generous that older women enjoy higher pension replacement rates than their male counterparts. However, the increase in minimum pension levels while positively affecting retired women (especially elderly lone women), may also be an incentive for women in active age to retire early.

As regards *women of working age and the younger generations*, **increases in statutory retirement age** may support their labour market participation, thus improving their pension coverage and income, providing that their employment rate increases. On the contrary, if **appropriate policies supporting the employment and earnings levels** of women are not put in place, pension reforms may result in increasing gender inequalities in pension income, penalising in particular lone women who are (or will be) forced to contribute more to occupational and personal schemes than they can afford because of their lower family incomes. For the younger generations the design of means-tested

minimum pensions and derived pension rights is also relevant: when these benefits are based on the family rather than on their own income, employment interruptions are encouraged, while the individualisation of pension rights encourages labour market participation.

## 4. LABOUR MARKET REFORMS AND ACTIVE AGEING POLICIES AND THEIR EFFECTS ON ELDERLY WOMEN LIVING ALONE

### KEY FINDINGS

- There are several critical implications of a gender perspective for the active ageing strategy related to women's higher risk of poverty, their living conditions and the quality of life of women.
- However, while active ageing as a policy response or strategy to cope with the impact of demographic changes on the European social models has become central to the European political agenda over the last few years, measures specifically designed to address the needs of elderly women living alone are lacking.
- Moreover, many European and national strategies and policies may have an impact on elderly women's care burden (both for elderly parents and grandchildren). The flexibility in access to the labour market (for example part-time) or interrupted work paths can become obstacles in careers and thus aggravate the risks of receiving lower pensions.

The following chapter focuses on policies and measures that have an impact on the living conditions of women living alone, with particular attention to the elderly. More specifically, chapter 4 provides (i) an overview of recent trends in active ageing policies, training and labour policies for the elderly, for identification and discussion of their expected effects on the conditions of elderly women living alone (examples of good practices in the active ageing field are reported) and (ii) an overview of recent trends in labour market integration and social inclusion policies designed for adults that can, directly or indirectly, also affect the conditions of women living alone.

### 4.1 Recent trends in active ageing, training and labour market policies and their expected effects on women living alone

The aim of this chapter is to provide an overview of recent trends in active ageing policies in order to identify and discuss their expected effects on the living conditions of elderly women living alone. While **active ageing policies usually target the elderly in general, measures specifically designed to address the needs of women living alone as independent target groups are still lacking in all Member States**. Therefore, for the purpose of the study, this chapter presents a qualitative analysis of the main active ageing policies produced in the six Member States selected (albeit not specifically women-targeted) that may indirectly affect women living alone. The review of active ageing policies is achieved on the basis of existing secondary material (including programming documents such as the National Reform Programmes (NRPs) and various other European and national documents, studies and comparative researches).

**Active ageing and intergenerational solidarity have become central to the European political agenda over the last few years**, starting from the recognition that 'the key to tackling the challenges of an increasing proportion of older people in European societies is "active ageing": encouraging older people to remain active by working longer



and retiring later, by engaging in volunteer work after retirement, and by leading healthy and autonomous lives<sup>63</sup>.

**Active ageing represents a policy response or strategy to cope with the impact of demographic changes** (low fertility rates, increase in life expectancy and the approaching retirement age of the baby-boom cohort) **on the European social models, including population ageing with quantitative increase in the female component** ('the ageing of the aged' process). Women in Europe, in fact, show longer life expectancy due in part to the level of education and information, both being factors that positively influence the use of health services.

Demographic changes are also having a significant impact on the composition of the European workforce: even if 'there is indeed robust evidence that older women are still under-represented in employment in comparison with older men'<sup>64</sup> (Vanderberghe, 2011), older women workers tend to represent an increasing proportion of the workforce in the European Union, especially in the 55-64 year age group (Eurostat data).

In such a context, **the elderly, including women, can play a crucial role in tackling the challenges of population ageing by remaining active and autonomous after retirement and delaying exit from the labour market**: 'The historical increases in educational levels and substantial improvements in health conditions make elderly people a great potential for social and economic development. Thus, active ageing emerges as a key factor in the process of *optimising opportunities for health, participation and security* and as a *way to enhance the quality of life* as people age. In view of population ageing, increases in participation and employment rates for older workers are essential to help sustain economic growth, reinforce social cohesion and the adequacy of pensions, and manage the rising financial burden on social protection systems' (Botti, Corsi and D'Ippolito, 2011).

Meanwhile, the literature reveals some **critical aspects holding implications for the active ageing strategy as viewed from the gender perspective**.

**Many elderly women are at risk of poverty**. This is particularly true of women living alone - single, widowed or divorced - who are more dependent on income redistribution schemes than older couples. Gender differences and inequalities are related to old age, socio-economic status and the employment path.

Female employment is mostly concentrated in **fixed-term contracts** and **part-time jobs** (OECD.Stat), with lower protection in periods of economic downturn. As highlighted by Corsi and Samek Lodovici (2010) 'The twofold discrimination against older women workers based on gender and age stereotypes, combined with their greater vulnerability in the labour market caused by women-specific work trajectories (i.e. career breaks, part-time employment and the gender pay gap) compound with institutional arrangements in producing high risks of poverty in old age for women more than for men'.

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<sup>63</sup> Opening speech of the European Year for Active Ageing, 31 January 2012.

<sup>64</sup> According to the author 'this should change due to the combined effect of two elements. Firstly, participation rates in the 50-60 age range will partially align with those currently observed in some Nordic countries (Sweden, Iceland), because successive cohorts of women with an increasing history of youth and prime-age participation are reaching older ages. Secondly, labour policy will try to close the gender participation gap that persists beyond 50, independently of the above-mentioned trend'.

**Income inequality, women-specific employment paths and living arrangements are among the main determinants of poverty and social exclusion for elderly lone women.**

**Finding innovative ways to encourage healthy and active ageing entails relevant gender aspects potentially impacting on the living conditions and quality of life of women.** While good health is a prerequisite for active ageing – health promotion and well-being throughout life are important ways pursued to foster active ageing – the active ageing strategy has been predominantly implemented in Europe by means of labour market policies (EEO Review Active Ageing 2012), namely:

- a. pension system changes as shown in chapter 3;
- b. measures to improve the employability for the elderly. The measures most often adopted include: age-management policies, employment services for older workers, policies and provisions which improve healthy working conditions and maintain workers' well-being, employment-friendly tax-benefit systems, government subsidies for employers to retain and recruit older workers); measures to update the skills of the elderly through education and training (at the same time optimizing their existing knowledge and competencies).

In any case, a comprehensive approach to active ageing is not limited to the employment dimension. According to the World Health Organization (2002), in fact, active ageing 'is the process of **optimizing opportunities for health, participation and security in order to enhance quality of life as people age**'. Active ageing is a multi-sectoral strategy and there is a variety of ways for older men and women to remain active in Europe, such as measures and policies to enhance housing conditions and the living environment.

The following table summarises the ways in which different welfare regimes have covered the issues.

**Table 8: Labour market reforms and active ageing policies that may have a positive effect on women living alone**

<b>Liberal welfare regimes</b> <b>Breadwinner state-centred regimes</b>	Housing benefit Tax credit Unemployment benefit Workers' wellbeing
<b>Breadwinner Family-centred regimes</b>	Fiscal deductions
<b>Universalistic welfare regimes</b>	Housing benefit Tax credit Unemployment benefit Workers' wellbeing Skills updating
<b>Eastern European countries in transition</b>	Housing benefit Fiscal deductions

Source: Authors

#### 4.1.1 Measures to improve employability for the elderly

Amongst the labour market changes and measures which have occurred in the six countries under investigation, the following initiatives have been selected because of their indirect

impact on active ageing for women and women living alone. In particular, these measures, whether specifically targeting women or broader in scope, address:

- extending the working life of the elderly, including elderly women, for example, by avoiding early exit from the labour force and gradually reducing working hours;
- promoting equality between men and women in the workplace, introducing age-friendly practices within the company and combating age discrimination in the labour market;
- providing training and lifelong learning for older workers.

In order to facilitate identification of various levels of attention to gender issues and types (direct/indirect) in active ageing policies for elderly and lone women, selected information for the intervention area indicated above is reported for the countries under investigation.

**Table 9: Synthesis table of Policies and Measures considered in the chapter by typology and country**

Country	Extending working life	Working conditions and equal opportunities	Training and lifelong learning for the elderly worker Technological skills and closing the digital divide
UK	New Deal 50 Plus Right to Request Work Beyond Retirement Age	Employment Equality and Age Regulations The Health and Wellbeing Award	Employment Equality and Age Regulations
Sweden	Incentives to employ elderly people Fiscal deduction	Survey on retirement age limits and opportunities for a longer working life National Action Plan for a revitalised work environment policy Swedish Work Environment Authority	Adult education for senior workers
Germany	Scheme to curb early retirement Wage subsidies for older workers	New Quality of Work Initiative	New Quality of Work Initiative
France	Deducibility of the costs of tutoring of junior staff by older workers	Action plans and agreements in individual companies	Action plans and agreements in individual companies for employment and skill-upgrading of older workers
Italy	Postponing retirement age		Local projects for senior workers
Romania	Fiscal deductions for employers		

**Source:** Authors

#### 4.1.2 Extending working life

Besides the 'New Deal 50 Plus' aiming to help people aged 50 and over who are looking for or considering a return to work and the 'Right to Request Work Beyond Retirement Age' set up in 2006, further steps are being taken by the **UK** Government to address long-term fiscal challenges related to an ageing population. In this direction, the Government announced that the 2012 Budget would commit to ensuring that the state pension age be increased in the future to take into account the increase in longevity (UK National Reform Programme 2012).

As for the impact of recent policy measures implemented in the UK on the employment rates of older workers, 'it is expected that **activity rates of both men and women will increase but that the equalisation of the state pension age will have the greatest effect on women's participation**. Also, it is expected that there will be an increasing demand for part-time work as workers approach the age at which they can take their pension' (EEO Review Active Ageing 2012, p. 17). However, in April 2015, a new pension regulation came into force, giving savers over the age of 55 the option to take a number of smaller lump sums rather than one single big lump sum (in either case 25% of the sum will be tax-free). The main beneficiaries of the reform will be 'those who have built up relatively large pension pots, who will be using this freedom to avoid paying 40% tax when they draw it down under the new freedoms'<sup>65</sup>. **Given the more common female interrupted work paths, it could be envisaged that only a few women could take advantage from this measure.**

It is worth highlighting the fact that the 2014 UK National Reform Programme does not specifically view older workers as a target group, nor does it show which measures are developed to improve and support employability and access to training for older workers (AGE Platform Europe, AGE Position on the European Semester 2014 p. 21). The same limits appear in the 2015 UK National Reform Programme (2015 UK National Reform Programme 2015). Women in both cases are not mentioned in this regard.

In **Sweden**, the special employer's contribution for people over the age of 65 has been abolished to allow for more appealing **incentives to employ elderly people**. To increase employment rates for senior workers, in 2010 the Swedish government eliminated the special employer's contribution to wages and the tax on income from active business activities for people over 65<sup>66</sup>. In the same year, a higher in-work tax credit for people who have turned 65 was introduced. In both cases, no specific reference to gender is mentioned.

In order to avoid early labour force exit with unemployment benefits, some countries have implemented **labour market reforms**.

In **Germany**, 'the unemployment benefit scheme has been used for many years as an early retirement scheme, but the generosity of the scheme has been reduced over time. Up to the end of 2007, older unemployed people, aged 58 and above, were exempt from job-search requirements while still receiving unemployment benefits. A second change introduced in the same year concerned the means-tested unemployment benefit for the "II Hartz" recipients aged 58 and over who had been unemployed for more than one year and have been obliged to go on the old-age pension as early as possible, even on a reduced

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<sup>65</sup> The Guardian, 'UK Pension Reforms –What do they actually mean? October 14 2014

<sup>66</sup> See also The New Start Jobs programme including a provision to reduce employers' tax contributions for a period equal to the unemployment spell of a new worker.

pension (against the objective of lengthening working lives). In addition, a gradual retirement scheme based on part-time work (Altersteilzeit) introduced in 1996 for workers over 55 years and involving subsidies from the PES was removed in 2009. **Wage subsidies** (Eingliederungszuschüsse) for older workers aged 50 and over and a supplementary wage subsidy voucher (Eingliederungsgutschein) have been also developed to encourage recruitment. The subsidy can be as high as 70% for severely disabled older workers while an extension of the subsidy period is envisaged: to 60 months for those aged 50 to 55 and to 96 months for those over the said age threshold of 55. Even if it does not specifically target women, this measure can have an impact on elderly women especially for those at risk of poverty and to contrast gender gaps in terms of full-time labour market participation, pay and pension entitlements (Country Report Germany 2015 p. 63).

An increase in the share of people who continue to work past retirement age is observed in **France** where the 2010 Act on pensions introduced deducibility of the costs of tutoring junior staff by older workers from the professional training tax. A new bonus of EUR 2000 was granted in the spring of 2011 with the introduction of social contribution exemptions under the professionalization contract (contrat de professionnalisation) when recruiting unemployed people aged 45 and over. In terms of gender equality, France has undertaken **reforms to develop “flexicurity” tools and promote gender equality in the workplace**<sup>67</sup> aiming at securing career paths, preventing harsh working conditions and identifying occupational risk factors.

In 2012, the Ayrault government reintroduced the possibility to retire at age of 60 for people who started working before the age of 20. In December 2013, the Parliament passed a pension reform which increased both contribution rates and the required number of contribution years for a retirement benefit. According to the Government, these measures will contribute to keep the pension system on a more sustainable path. Nevertheless, doubts have been raised about the impact of this reform. Indeed, as pointed out in the Commission Staff Working Document on France, the reform is unlikely to eliminate the system deficit<sup>68</sup>.

As reported in the EEO Review ‘Employment policies to promote active ageing, 2012’, ‘Policy measures specifically targeted at older workers are rare in **Italy**. The most direct one, which has been introduced in recent years, is aiming at lengthening working careers through the **postponement of the retirement age** foreseen in the 2011 pension reform’. The last pension reform (Law no. 214/2011) established that by 1 January 2018, the retirement age for all women workers will be 66 years, equal to that of men. The reform will be carried out in steps. In the private sector, the retirement age will be gradually increased (62 years in 2013, 63.5 in 2014, and 65 years in 2015/2017). After 2018, a gradual rise of the retirement age (on the basis of life expectancy) up to 70 years in 2050 is envisaged. Not all women workers, however, will follow the same path. For autonomous workers the reform will begin in 2012 and 2013 with a retirement age of 63 years, 64 years and a half in the next two years, 65 and a half in 2016 and 2017, and finally 66 years in 2018. Women workers in the public sector have their retirement age at 66 years since January 2012. The new pension framework fits in a debate that **mixes instances of equal rights and responsibilities of both genders with state budget needs**. Equalising the retirement age between men and women intersects with the more general issue of women in the workplace.

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<sup>67</sup> The Pensions Reform Act 2010-1330 of 9 November 2010.

<sup>68</sup> Commission staff working document, Country Report France 2015.

With regard to **employment rates**, it is worth noting that female employment rates in Italy are very low compared to the EU average. As pointed out in the European Commission staff working document on Italy, 'in the case of older workers (age group 55-64), the activity rate increased from about 35% in 2007 to 48.4 % in the first three quarters of 2014'<sup>69</sup>. The employment rate (55-64) increased from 2013 by 3.4 p.p. to 36.6% in 2014 for women, and by 3.7 p.p. for men to 56.5%. The gender gap was 19.89 p.p., up by 0.3 p.p. from 2013. The EU-28 average was 45.2% for older women and 58.9% for older men in 2014 with a gender gap of 13.7 p.p. Italy ranked 12th for men and 19th for women within the EU. This could be explained by the increase in the average retirement age, related to the current process of pension reforms. It must be noted that the employment gender gap has been narrowing in all age groups with respect to 2014 (apart from the 55-64 age group).

Measures to tackle the increasing tendency towards **inactivity** shown by older workers, which could be beneficial for women also, have been considered in **Romania** with the introduction of two types of deductions to be granted to employers when hiring. These deductions come from the employer's contributions to the unemployment insurance fund. For unemployed individuals over the age of 45, the subsidy runs for 12 months: 'For individuals three years before their statutory retirement age or alternatively three years before being eligible for early retirement, the subsidy is granted up to the time when the employee reaches statutory pension age, or is eligible for early retirement'<sup>70</sup>.

In the coming months, Romania should adopt the **Active Ageing Strategy 2015-2020**, which will include measures such as services for placement of elderly employment, systems of benefits and tax breaks for employers, and management strategies of the pyramid of the ages from employers<sup>71</sup>.

#### 4.1.3 Working conditions and equal opportunities

Considering the impact of recent reforms in terms of promoting equality between men and women in the workplace and combating age discrimination (also by means of age-friendly practices within the company), some changes in the **equality infrastructures** are to be noted. While development in gender equality policy and revision of the equal opportunities policy frameworks can be observed in some Member States, among the countries selected for in-depth analysis only the **UK** had the equality infrastructures been re-designed in recent years with 'The Employment Equality (Age) Regulations' introduced in 2006 and incorporated into the 'Equality Act' 2010. Specifically, 'the Equality Act' extends the prohibition of age discrimination beyond that of employment, requires the use of gender pay and equality reports and extends the scope to use positive action so that employers are able to take into account the **under-representation of disadvantaged groups including women and ethnic minorities** when selecting between two equally qualified candidates (Villa and Smith, 2009). 'The act covers nine protected characteristics'<sup>72</sup>, which cannot be used as a reason to treat people unfairly. Every person has one or more of the protected characteristics, so the act protects everyone against unfair treatment. The new

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<sup>69</sup> European Commission Staff Working Document Country Report Italy 2015, p. 61.

<sup>70</sup> EEO Review Active Ageing 2012, p. 31.

<sup>71</sup> Peer Review 'The Active Ageing Index and its extension to the regional level' (Cracow, 15-16 October 2014) Romania.

<sup>72</sup> The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.



Equality Duty will require public authorities to consider the needs of all the protected groups, for example, in employment and when designing and delivering services<sup>73</sup>.

Provision of good working conditions in the UK is the aim of 'The Health and Wellbeing Award' (part of the Investors in People IIP programme) including self-diagnostic tools and support action. In addition, in 2012 an 'all age national careers service' was introduced in the UK. This service incorporates pre-existing services offering advice and guidance with online, telephone and community face-to face support.

Regarding the 'working environment', the **Swedish** Government has developed the following initiatives: a special inquiry (Overhaul of retirement-related age limits and opportunities for a longer working life) carried out with the objective to analyze the current retirement-related age limits, identify opportunities to work longer and the obstacles in the way, and suggest alternative strategies related to age limits; and a National Action Plan for a revitalised work environment policy for 2010–2015. With specific reference to the 'women' target, worth noting is the 'assignment to develop and implement special measures to prevent women from being excluded from working life due to work environment related problems' given by the Swedish Government in 2011 to the Swedish Work Environment Authority (NRP, 2012, p. 25).

In France, on August 2014, a new comprehensive law on gender equality came into force. The aim is to 'mainstream' gender perspective throughout public decision-making; this could also have effect in supporting specific categories of women in the work environment<sup>74</sup>.

#### 4.1.4 Training and lifelong learning for elderly workers

Training, lifelong learning and skills transmission/tutoring for elderly workers represent key factors to enhance performance of an ageing workforce in the labour market. Even though **not specifically targeting women**, across the selected European countries there are different levels of design and implementation of measures and policies aiming to support older workers, updating their skills through education and training (while at the same time optimising their existing knowledge and competencies). Among the initiatives and measures implemented in the six countries considered in this review, the following points and trends are worth mentioning.

Adult education (AE) is part of the **Swedish** education and employment system and includes different activities such as labour market training for the unemployed and in-service training including skill enhancement in the workplace. 'Although the incidence of formal and informal training declines by age in Sweden, the participation of older workers (50-64 years old) in training/learning activities remains relatively high. On-the-job training (OJT) at the company level accounts for 50% of the same underlying population. The data for Sweden reveals that the incidence of OJT declines also with age but is still high among senior workers' (EEO Review Active Ageing 2012, p. 23).

Due to budgetary constraints, support for lifelong learning in the **UK** has decreased (e.g. Train to Gain). Train to Gain (T2G) is a UK government funded initiative to deliver vocational training to employed individuals in the UK, and primarily those in the 25+ age

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<sup>73</sup> EHRC, Equality Act key legal changes, web-pages.

<sup>74</sup> See also European Parliament, Policy Department Citizens' Rights and constitutional Affairs, [The Policy on Gender Equality in France](#), 2015:

who do not already have Full Level 2 Qualification via the Skills Funding Agency, formerly the Learning and Skills Council (LSC). On 24 May 2010, the UK government announced a £200 million reduction in this programme as part of its planned £6.2 billion reduction in expenditure in the 2010/11 government financial year.

In **Germany**, the Federal Government is supporting the **creation of appropriate working environments** for older workers through activities developed within the New Quality of Work Initiative. In addition, the German Government promoted the Further Education and Training for People with Low Qualification and the Older Employees Programme (WeGebAU), which funds qualification measures for older employees in small- and medium-sized enterprises as well as employees with low qualifications. By the end of November 2012 the programme had provided funding to 14,978 people, 6,850 of whom were women<sup>75</sup>.

In **Italy** lifelong learning for senior workers is lacking. According to the **National Strategy Report on Social Protection and Social Inclusion 2008-2010**, in Italy 'specific local projects are being launched to meet the needs of both those senior citizens who desire to remain active at work, and of certain enterprises that require highly skilled and experienced staff, albeit with flexible employment arrangements' (p. 27). To update skills, to provide market opportunities for elderly workers and transform the work experience of older workers into social opportunities are some of the key objectives of these projects' (ibid. p. 59). Publicly financed lifelong learning activities in Italy are organised through **national laws on continuous training** (Laws 236/93 and 53/00), the European Social Fund (ESF) and inter-professional funds managed by the social partners (introduced by the Budget Law for 2001 and effective as from 2004).

In **France**, on the evidence of the action plans and agreements in **individual companies** relating to the employment of older workers (mandatory since 2010 in all enterprises with more than 50 employees) the areas most covered are seen to training and lifelong learning. It can be assumed that women, too, benefit from these measures. A new law on vocational training came into force in January 2015. This law has introduced a so-called 'personal training account' for employees. Each year the employee's account is credited with a certain number of training hours.

In **Romania**, the **Active Ageing Strategy 2015-2020** should entail actions such as lifelong learning and the acquisition of new skills, as well as ensuring transfer of experience, in particular through mentoring and guidance.

#### 4.1.5 Other active ageing practices and policies

Other active ageing practices and policies implemented across the European countries selected that can have an impact on the living conditions and quality of life of elderly women, especially women living alone, are (See 4.2):

- improving *elderly-friendly public spaces and mobility* (transport and urban policies);
- encouraging *age-friendly environment and volunteer/community work*;
- developing *technological skills and closing the digital divide*.

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<sup>75</sup> Report on Vocational Education and Training 2013, p. 67.



Using **technologies** has an impact not only in terms of employment opportunities but also in avoiding social isolation that may especially affect elderly lone women. Favours active ageing factors relates to the level of involvement of women in society, the level of participation in socio-cultural activities and the effectiveness of the social networks and local ties in terms of support and social protection, sharing information and easier access both to the social services, health and long-term care and to resources and opportunities in the area (neighbourhood) where they live. The evidence suggests that the **broader benefits of social networks** include: improving access to employment opportunities, improving service delivery, supporting families and communities and favouring mutual support. Social networks, especially those facilitated by online social media, can also play a role in helping to update and develop skills or enable people to have a say in local communities. At the same time, not all people have the ability to use social networks and technologies<sup>76</sup>. For these reasons certain kinds of training activities have been selected and reported as examples of good practices (See 4.2.2).

On the other hand, obstacles to active participation in the life of the community are often due to family and care-giving duties (even for women living alone: care for elderly parents or grand-children) with the effect that women tend to have little time for self-care (health-enhancing physical activity) or civic involvement. So policies and measures addressing elderly women to favour **social and civic involvement** (sports, voluntary work and participation in associations) on the one hand and **reconciliation measures** on the other may positively impact both on health outcomes and social inclusion and on the participation of women in society.

**Table 10: Potential effects of active ageing policies on women living alone**

	<b>Gender implications/aspects</b>	<b>Recommendations</b>
Extending the working life	Burden of care (both for elderly parents and for grandchildren)	Postponing female retirement age should be accomplished by increasing care facilities and support
Working conditions and equal opportunities	Flexibility in access to the labour market (for example part-time) or interrupted work paths can also become obstacles in careers and thus aggravate the risks of receiving lower pensions	Possibility of considering interrupted work paths in pensions Paying attention to real choices in flexible working patterns
Training and lifelong learning for the elderly worker - Technological skills and closing the digital divide	Less participation of women in training and lifelong initiatives	Increasing female participation

**Source: Authors**

<sup>76</sup> For example, in Italy the cultural digital divide is very marked. According to Istat (2011), 41.7 per cent of Italian families do not have access to internet because they do not have the skills to use it. Considering that 93% of young people use internet daily, the digital divide applies mainly to the elderly.

## 4.2 Labour market integration and social inclusion policies

Potential obstacles to careers, in turn aggravating living conditions for women, may lie in an inflexible access to the labour market or interrupted work paths, women's more limited participation in training and lifelong initiatives, together with their family and care-giving duties, and the socio-economic position of disadvantaged groups and vulnerable individuals on the labour market.

Labour market integration and social inclusion policies can also affect the condition of elderly women living alone especially when they are still in a working age. To this end, this section looks into the kinds of policies that target **people still in working age**, and women in particular.

### 4.2.1 Labour market integration

In order to address these major challenges in the labour market, the **Swedish** Government has introduced employment policy reforms (see the Swedish Reform Programme for Growth and Jobs 2006–2008 and 2008–2010; the progress reports for 2007 and 2009, Sweden's National Reform Programme 2011; the labour market package included in the Budget Bill for 2012)<sup>77</sup>. With the labour market package, the Government aims to improve the Public Employment Service, promoting 'stronger support and mediation for those at risk of long-term unemployment, better monitoring of job-seeking activities and higher quality and activities in the special employment support mechanism and the job guarantee for young people' (NRP, 2012, p. 19). More specifically, the special employment support mechanism, a sort of subsidised employment, was reinforced in 2011 and 2012 and extended through to 2013. **Even if not specifically addressed to elderly women (even if still in working age), subsidized employment can be seen as a form of protection for the higher percentage of elderly women at risk of poverty.**

Regarding the recent labour market policies in **UK**, in January 2014 new regulations on Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) came into effect updating the 2006 regulations. TUPE rules aimed to protect employees' rights when the business in which they work changes hands, implementing the **EU Acquired Rights Directive** (2001/23/EC). The TUPE new regulations intend to make employees' terms and conditions easier in a transfer scenario. It is also important to mention that in April 2014 the UK statutory discrimination questionnaires were abolished and replaced with an informal process. In 2011, **Germany** introduced 'The Act to Improve the Chances of Integration in the Labour Market' designed with the goal 'to make better use of the resources available and secondly, to expedite integration into gainful employment, particularly in jobs that require the payment of social security contributions' (NRP 2012, p. 27). Among labour market measures that can have an impact on skilled women there is the **Skilled Workers Strategy** (June 2011). Skill-development and Integration and qualified immigration are among the areas of intervention<sup>78</sup>.

In order to reduce the high number of long term unemployed people, the Federal Ministry of Labour and Social Affairs announced in 2014 the initiative '*Creating opportunities – ensuring social integration. Concept on reducing long-term unemployment*'. Moreover, with

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<sup>77</sup> To consider the 'reforms to encourage labour force participation by older people and to improve opportunities for older unemployed people to stay in the labour market [and the reduction] of the qualifying time for a "new start" job has been temporarily shortened from twelve to six months for people who have turned' (NRP 2012, p. 24).

<sup>78</sup> See the amendment of the immigration law and the key priorities of the National Action Plan.

its G20 Employment Plan 2014, the Federal Government promoted **participation of women in the labour market beyond part-time work, by developing better childcare facilities and working time arrangements to help them to balance work and family life** (Employment Plan 2014 Germany).

In Italy, women's inadequate access to and discontinuous presence in the labour market is partly due to the gender imbalance in the distribution of care duties and the lack of services for the elderly, associated with regional disparities in terms of quality of services provided.

On December 3, 2014, Parliament approved Law 183/2014 – the so-called 'Jobs Act' which aims to foster **greater flexibility in the Italian labour market**. The measures of the Act include new unemployment benefits, introduction of a new type of permanent employment contract with rising protections against unfair dismissal (Contratto a Tutele Crescenti), new rules governing the demotion of workers, new forms of motherhood and parenthood protection and review of the regulations of work system remote control. However, the abolishment of these contractual forms currently covers a total of more than 500.000 people, with a large share of women between 30 and 39 years of age.

As for the recent labour market measures in **France**, it is worth mentioning the 'Secure Employment Law' adopted by the French Parliament in June 2013. This law is intended to provide **greater security and flexibility for businesses**, but also new guarantees for employees. However, as highlighted in the Commission's country report, this law 'has not enabled the trends towards increased labour-market segmentation to be reversed'<sup>79</sup>. Indeed, the French labour market is marked by a significant segmentation 'between steady but shorter open-ended contracts and fixed-term contracts accounting for an increasing share of new hires'.

#### 4.2.2 Social inclusion policies

Improvement of the labour market situation for groups with relatively weak positions (people with relatively short education, foreign-born people and older people who are at greater risk of long spells of unemployment) and reduced exclusion are some of the policy challenges for **Sweden**. Targeting refugees arriving in the country and their families is the 'Introduction Act' implemented in Sweden. The act provides a series of measures (such as Swedish language courses for Immigrants, civic orientation and employment preparation activities) supporting integration of the foreign born into working and community life. The newly implemented Introduction Act reform has a **clear impact on gender equality, helping proportionally more foreign-born women to support themselves**. The reform includes the introduction of an individual social benefit that is not affected by other household members' incomes. It works as an incentive, for both women and men, to participate - besides their introduction activities - in the labour market programme or labour preparation activities (NRP 2012, pp. 22-23). A new set of measures to counteract abuse of labour immigration regulations was introduced in August 2014. However, as argued by the Commission, despite 'the measures of recent years, Sweden has not managed to significantly improve the employment situation of non-EU migrants, especially among women, or to address the fact that many migrants with tertiary education are in employment in low or medium-skilled jobs'<sup>80</sup>.

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<sup>79</sup> European Commission Staff Working Document, Country Report France 2015 p. 47.

<sup>80</sup> European Commission Staff Working Document, Country Report Sweden 2015 p. 40.

The **UK** major principle remains that local solutions to problems at the work place and in employment are the best route out of poverty. The main strategies tracked in the new approach to improve children's future life chances and **break intergenerational cycles of poverty** included strengthening families, encouraging responsibility, promoting work, guaranteeing fairness, providing support to the most vulnerable, and investing in the public services. In 2012, the Government launched the Troubled Families Programme which by December 2014 had helped 85,303 troubled families in England<sup>81</sup>. Among the troubled families, there are also those that have an adult on out-of-work benefits.

Regarding social inclusion policies, the **German** Federal Government has put forward measures to implement the UN Convention on the Rights of Persons with Disabilities (see Inclusion Initiative within the National Action Plan); and measures to address challenges relating to the integration and participation of Sinti and Roma people in Germany (an integrated package of measures supporting the EU Framework for National Roma Integration Strategies up to 2020).

In **Italy**, the recent reform of the labour market will introduce changes also in terms of social security and income support measures. It extends the coverage of both Italy's wage support scheme (CIG Cassa Integrazione Guadagni) and the insurance for employment (ASPI Assicurazione Sociale per l'impiego). Also in this case, these changes can be seen as a support for elderly women at risk of poverty even if no specific references are mentioned.

Among policy initiatives favouring labour market integration, recent measures promoting lifelong learning in **France** are: long-term unemployed persons (jobless for more than two years) are offered by the Pôle Emploi, among other things, subsidised contracts or support in returning to employment and prolongation of the Training Completion Benefit (R2F) in 2012 (€9m in 2012 for the 30,000 job seekers concerned). In 2013, the French Government launched a 5-year national plan against poverty and for social inclusion (2013-2017) which aims at: (1) reducing inequality and preventing social breakdown, (2) supporting integration, and (3) coordinating social action and developing the capacity of the stakeholders.

The **Romanian** Government **Strategy for Roma Inclusion 2011 – 2020** was approved in Romania on December 14, 2011 with the aim of increasing the social and economic inclusion of Roma people. Roma women have fewer job opportunities and poorer access to income than Roma men and non-Roma women. Among the actions implemented, the **project 'Women for women** – training and accreditation programme for women in child caring employed in the public system' comprises training activities for 665 women selected to be qualified for the occupation of babysitter and to be employed in the public day-care system for children. Other active social inclusion initiatives undertaken in Romania include 60 projects financed by the ESF to integrate vulnerable groups (such as Roma, disabled, young people leaving the public childcare system, and drug- and alcohol-addicted persons) into the labour market. No references to age groups are mentioned.

As the 2015 Commission Staff Working Document on Romania stresses, there is no evidence that existing labour market policies are effective in ensuring Roma inclusion (European Commission Staff Working Document Country Report Romania 2015). Nevertheless, it is worth mentioning that Romania adopted a new national Roma integration strategy in January 2015. Finally, in the coming months the Strategy for Social Inclusion and Combating Poverty and its Action Plans will be implemented.

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<sup>81</sup> See: <https://www.gov.uk/government/news/85000-troubled-families-have-had-their-lives-turned-around>

### 4.3 Examples of good practices in active ageing policies

As pointed out in the previous section, active ageing is a multisectoral strategy and different policy answers to the needs of the elderly have been adopted by different countries, just as the impact of active ageing policies on lone elderly women may differ. The analysis mainly investigates the six Member States identified as being representative of the different welfare regimes.

In detecting good practices, the study has selected the following measures/interventions/programmes/projects, which, for the different areas or fields that make up an active ageing strategy, can be considered **innovative**. Specific initiatives aiming at favouring active ageing for lone women are described when available, even if the majority of active ageing policies do not specifically target women. Thus in selecting the good practices, attention has been paid to both policies and measures that:

- *directly* address lone elderly women;
- *indirectly* affect lone elderly women.

The examples and measures mentioned respond to the different needs of the target group of this study.

The following table summarises by typology and country the examples mentioned.

**Table 11: The selected good practices**

<b>Supporting longer working lives, better working conditions and measures to promote access to lifelong learning</b>	<b>Training, qualification and new technologies for the ageing workforce</b>	<b>Intergenerational solidarity and Housing policies</b>	<b>Measures to improve elderly friendly public spaces, mobility and avoid social isolation</b>	<b>Meeting points and voluntarism</b>	<b>Mobility</b>
Employment Pacts for Older People – Germany	Old'Up, 2011 - France	Mehrgenerationenhäuser (Multigenerational Houses) - Germany		Nachbarschaftsheim St. Pauli (Neighbourhood Home St. Pauli) - Germany	Granny Aupair - Germany
AQUA – Alternsgerechte Qualifizierung (Age appropriate qualification) - Germany	50+ WORKS - United Kingdom		i2i-Project From Isolation to Inclusion -(Re-)integration of isolated seniors into community life - Austria, the Czech Republic, Germany, Italy, Lithuania and the UK	The project Volunteers – Ambassadors of Change - Romania	Bicycles for the elderly - Province of Treviso - Italy
MiaA – Menschen in altersgerechter Arbeitskultur (People in an age-appropriate working culture) – Germany	Active Ageing for Competencies Transfer and Training – Italy			Memory Garden - Municipality of Genoa - Italy	
Perspektive 50plus – Beschäftigungspakte für Ältere in den Regionen (Perspective 50plus – Employment Pacts for the Elderly throughout the Regions) – Germany					
Solidarity between generations - UK					
Improving service provision through inter-generational learning, DK					

#### 4.3.1 Supporting longer working lives, better working conditions and measures to promote access to lifelong learning

##### - **Perspektive 50plus – Beschäftigungspakte für Ältere in den Regionen (Perspective 50plus – Employment Pacts for the Elderly throughout the Regions) - Germany**

In Germany, the Federal Ministry of Labour and Social Affairs has launched a national programme "Perspectives 50plus – employment pacts for older workers in the regions" (Perspektive 50plus – Beschäftigungspakte für Ältere in den Regionen). In 2011, the third programme period came under way, ending in 2015. About 78 regional employment pacts have been established so far; the partners include centres as well as a wide range of local stakeholders and key actors such as companies, chambers and various associations, trade unions, municipalities, training institutions, churches and social service providers. The measures implemented include training in communication skills and job application training, internships and wage subsidies. In 2011, **more than 200 000 out of 550 000 older long-term unemployed people were successfully activated** and 70 000 of them were placed on the regular labour market. An earlier evaluation of the first phase of the programme conducted in 2007 showed that the success rested on a combination of individualized counselling and coaching, as well as on proactive and targeted outreaching of the employer. The quality of the pre-selection of candidates for vacancies was highly valued by small enterprises. Both older long-term unemployed people and employers assessed the programme positively.

**Source:** EEO Review Active Ageing (2012, p. 29)

##### - **AQUA – Alternsgerechte Qualifizierung (Age appropriate qualification) - Germany**

AQUA's aim is to involve elderly employees more in **further education**. To this end, it develops and tests self regulated forms of learning that are close to the working situation and generally formed independently by the participants. By doing so, they become reacquainted with their expertise and are able to prove themselves to the executives. The core of AQUA's activities is the relevance of their practical and everyday life as well as mobilisation of experience. AQUA also works as part of a regional network.

Source: Mens sana in corpore sano: policies and instruments for an healthy and dignified active ageing for elderly women, 2012 (EU Progress).

##### - **MiaA – Menschen in altersgerechter Arbeitskultur (People in an age-appropriate working culture) - Germany**

The funding focus of the Federal Ministry of Labour and Social Affairs "Altersgerechte Arbeitsbedingungen" (Age-friendly Working Conditions) aims at demonstrating and implementing new and practical ways of **maintaining health and employability** for employees aged 55+. MiaA, one of the sponsored projects, pursues the following aims:

- To gain insights into the motivation and job satisfaction of elderly employees, to support executives and to approach the demographic challenge.
- To gain insights into the needs of companies in order to raise their awareness of the topic.



- To give information and support on how to handle the demographic change by developing concepts and tools.
- To identify the human resource development needs and demands of elderly employees.

One of the results of MiaA is the implementation of guidelines for executives in charge of elderly employees.

**Source:** Mens sana in corpore sano: policies and instruments for an healthy and dignified active ageing for elderly women, 2012 (EU Progress).

#### - "Solidarity between generations", 2012 - UK

The General Federation of Trade Unions (GFTU) Educational Trust has secured funding of approximately £142,000.00 for a one-year European transnational project during 2011-12 which will bring together affiliate trade unions and educational organisations across the European Union (EU) to develop a **training package for trade union representatives and employees on health, safety and welfare matters for older workers**. The GFTU is the UK's trade union centre for small, specialist trade union and professional associations. The project involved four European partners in Rome (Staff Union of the World Food Programme), Greece (Athens Labour Centre), Finland (JHL, public sector union) and the UK (Community). The specific aims of the project were to work in each partner country to develop and deliver a training package that inform workers and TU representatives about issues and problems facing ageing workers and best practice in meeting those needs. The training was developed and delivered around two strands. Strand 1 was workplace focused and enabled TU reps to identify key issues affecting older workers, and effectively negotiate AAP policy. Strand 2 had an individual focus and will help older workers to prepare for retirement in considering issues of flexible working, health, welfare, diet etc. This strand will be delivered in partnership between trade unions and employers.

**Source:** <http://www.gftu.org>

#### - "Improving service provision through inter-generational learning", 2012, DK

The City of Aarhus set up an "Innovation Programme" which deliberately combined individuals from different disciplines and different age groups to envision new ways of delivering services. The programme was structured in a condensed way over several days to discuss, develop, select, implement and evaluate new ideas in a mixed age team. The method was trialled to **consider innovative ways to deliver social services**, but can be applied across any business or service delivery themes.

In addition, the City of Aarhus has developed an **intergenerational mentorship programme**. As part of this programme, selected mentor and mentee work together intensively for a 6 day period and then continue to co-operate on a more informal basis. The programme is used to transfer knowledge, skills and values in a two way process. It has been successful in helping to boost career progression, increasing job satisfaction and reducing sickness absence

**Source:** BusinessEurope, 2012, "Employers' practices for Active Ageing". Final synthesis paper of the European Employers' organisations project on age management policies in enterprises in Europe.



#### 4.3.2 Training, qualification and new technologies for the ageing workforce

##### - Old'Up, 2011 - France

Old'Up is a non-profit French organisation that has been running a number of **life-long learning activities** for its members since November 2011. Taught by younger generations, more than 250 senior citizens receive lessons on all aspects of modern life: from buying transport tickets from a vending machine to online purchase, communicating through Skype or using a state-of-the art camera. Generations are thus brought together through a teaching experience, as younger students become the teachers and senior citizens go back to school but with the luxury of enjoying home lessons. More than 1,000 candidates have applied to join this initiative. Applicants are primarily students from the fields of medicine, law or psychology. Forty students are already participating in the Ile-de-France area. Old'Up organized a forum about active ageing and solidarity between generations in 2013.

**Source:** Mens sana in corpore sano: policies and instruments for an healthy and dignified active ageing for elderly women, 2012 (EU Progress).

##### - 50+ WORKS - United Kingdom

The project 50+ WORKS was launched by TAEN - The Age and Employment Network in association with the European Social Fund and the Department for Work and Pensions. Although its focus is on the 50+ jobseekers, the programme addresses professionals who help people in this particular age group back to work. 50+ WORKS offers ideas, tips, case studies, guidance on good practice and background information via a guide. It includes the following issues – all of them with the focus on 50+: jobseekers' characteristics, overcoming barriers, confidence and motivation, finding work, training and skills, networking and referrals, engaging with employers, adviser/trainer skills, age and the law, finance.

**Source:** Mens sana in corpore sano: policies and instruments for an healthy and dignified active ageing for elderly women, 2012 (EU Progress).

##### - Active Ageing for Competencies Transfer and Training – Italy

The project, promoted by the IFOA – Istituto Formazione Operatori Aziendali, targeting senior workers, includes the following activities:

- Research, with a survey on professional profiles and distinctive competencies of senior workers mastering key processes within enterprises, on seniors' competencies gaps with regard to new technologies, production, organisation methods. The activity was carried out in 6 Regions of 4 Member States.
- Tool development, with production of a set of tools for companies, institutions and training centres, including a self-evaluation guide to implementing active ageing policies in companies, a guide to selecting the most apt tools/methods to favour the knowledge and skills transfer, training units, case studies, etc.
- Experimentation, with a number of pilot training sessions, both for re-qualification of senior workers either on organisational subjects or on becoming mentors/trainers

for younger colleagues, and for supporting company management in setting up active ageing policies.

- Raising awareness on active ageing, through actions (4 workshops, 2 conferences, 1 study tour in the UK) targeting major stakeholders and aiming to compare and transfer European good practices to Italy.

**Source:** EGGSI, 2010, Active ageing and gender equality policies: The employment and social inclusion of women and men of late working and early retirement age.

#### 4.3.3 Intergenerational solidarity and Housing policies

##### - Mehrgenerationenhäuser (Multigenerational Houses) - Germany

The action programme Mehrgenerationenhäuser was initiated by the Federal Government in 2006. The 500 institutions participating took on the task of transferring the principle of former extended families into modern society, i.e. the natural give-and-take between people of different age groups is activated again in the Mehrgenerationenhäusern. The young and the old meet in a public place in their neighbourhood and benefit from different competencies, experiences and interests. In almost every county and urban district at least one Mehrgenerationenhaus has been established resulting in an **extensive social infrastructure that contributes to solidarity in the society**. The houses strengthen people's self responsibility vis-à-vis their surroundings and encourage them to actively participate and get involved. Compatibility of family and work is also thus promoted. The Mehrgenerationenhäuser pursues seven fields of action: 1. Four ages under one roof, 2. Cross-generational offers, 3. Childcare, 4. Voluntary commitment, 5. Centre for information and services, 6. Involving the local economy, and 7. Open venue. In 2012 the action programme Mehrgenerationenhäuser II started with the aim of advancement of the cross generational work. The main focus lies on the fields of age and care, integration and education, offering and facilitating domestic services as well as promoting citizen's involvement.

**Source:** Mens sana in corpore sano: policies and instruments for an healthy and dignified active ageing for elderly women, 2012 (EU Progress).

#### 4.3.4 Measures to improve elderly-friendly public spaces, mobility and avoid social isolation

##### - i2i-Project From Isolation to Inclusion -(Re-)integration of isolated seniors into community life - Austria, the Czech Republic, Germany, Italy, Lithuania and the UK

The i2i project focused on identification and improvement of measures enabling older people to **participate fully in community life**, and in particular those at high risk of social exclusion, such as single older people from ethnic minorities, older persons with disabilities or chronic diseases, older persons in need of support and care, older women affected by poverty and older persons threatened by homelessness. A major focus was on **strengthening initiatives by older persons for older persons** and on supporting networks of these initiatives. The i2i-project took place in Austria, the Czech Republic, Germany, Italy, Lithuania and the UK. In each country a public authority (regional or local) and an external consultancy organisation cooperated at regional level. "By combining political impetus, expert know-how and direct links into practice the project intended to

increase the chances for a successful implementation of socio-political measures in favour of isolated older persons" (CoR 2009)

**Source:** <http://www.i2i-project.net/>

#### 4.3.5 Meeting places and voluntarism

##### **- Nachbarschaftsheim St. Pauli (Neighbourhood Home St. Pauli) - Germany**

The Nachbarschaftsheim St. Pauli, a senior citizen's day centre, has been running for more than 55 years with the overall aim of **stabilising the social, psychological, mental and physical health of their senior citizen guests** with the focus on elderly migrants. The Nachbarschaftsheim considers the particular problems and context background by providing a low-threshold and integrative structure. The project has proved highly successful, as in 2007 alone there were 33,414 contacts, a third of which by migrants. The activities include: both one-on-one and group conversations, games, activities and excursions to help reduce the isolation and increase the independence of the people. Furthermore, there are special cross-cultural and cross-generational activities addressing elderly women in particular.

**Source:** Mens sana in corpore sano: policies and instruments for an healthy and dignified active ageing for elderly women, 2012 (EU Progress).

##### **- The project Volunteers – Ambassadors of Change, Romania**

The project Volunteers – Ambassadors of Change which has been run by The Princess Margarita of Romania Foundation since 2006, aims to **fight loneliness and poverty** by offering assistance to the elderly who are confined to home or in retirement homes. It also encourages senior citizens to participate in and contribute to society by offering them the chance to take part in cultural and social activities, including volunteering initiatives. 'Volunteers – Ambassadors of Change' promotes both intergenerational activities and exchanges and volunteering activities, i.e. it trains and assists volunteers who offer assistance to the elderly. Furthermore, the project raises awareness among the general public regarding the needs and realities of the elderly. At present 'Volunteers – Ambassadors of Change' looks after about 400 senior citizens with 60 volunteers. The funding enables both transport of the volunteers for regular home visits and to the centre and transport of the beneficiaries to the doctor, hospital, events or activities. Besides, occasional support is provided in terms of medicines or satisfying other special and critical needs for senior citizens on the lowest pensions.

**Source:** <http://www.fpmr.ro/index.php?page=volunteers-ambassadors-of-change>

##### **- Memory Garden - Municipality of Genoa, Italy**

The Memory Garden developed by the Municipality of Genoa is an innovative approach to **interlink physical and mental training of the elderly** in one of the city parks. It needs small-scale investment only, but can communicate the opportunities to be exploited by active ageing, thanks largely to its high visibility. The Memory Garden is located in one of the parks in Genoa. In the frame of Q-AGEING the Municipality has created several signboards which contain both mental and physical exercises for the visitors. These boards are placed in the park and visitors can walk along the "thematic" track and do the exercises without any time limit. The Municipality of Genoa also organised training courses for final beneficiaries as well as for trainers. A promotional event with demonstration of exercises for elderly has also been organised. The Municipality of Genoa worked together with the

relevant local NGOs to promote the memory garden for the local elderly. The Municipality of Genoa implemented the pilot project between September 2010 and July 2011.

**Success factors** of the project are: Good relations with local NGOs (pensioners' associations), so as to involve the local elderly efficiently; Finding a suitable location and devising suitable exercises; Clear notice-boards on the equipment explaining their use.

**Benefits:** Access to recreation for the elderly; Reducing the risk of dementia; Improving the self-esteem of the elderly; Improving the physical and health conditions of the elderly; Enhancing older people's mental and physical health; Enhancing the quality of life of the elderly.

**Source:** Q-AGEING: quality ageing in urban environment Toolbox of tested solutions promoting active ageing at local level. CENTRAL EUROPE project, 2011, pp. 35-6.

#### 4.3.6 Improving mobility

##### - Granny Aupair - Germany

The programmes Granny Aupair, launched in 2010, **provide women aged 50+ with the opportunity to travel abroad** and work as au pairs in host families or as volunteers in a social project. Both programmes promote cross-cultural exchange especially for elderly women, providing the opportunity to learn another language and get to know another country. At the same time, the women participants gain a greater understanding of the host family or a social project. Granny Aupair is based on the assumption that women who belong to the generation 50+ seldom had the opportunity for such experiences when they were young.

Source: Mens sana in corpore sano: policies and instrument for an healthy and dignified active ageing for elderly women, 2012 (EU Progress).

##### - Bicycles for the elderly - Province of Treviso, Italy

During the Q-AGEING project the Province of Treviso had to create a "**specific transport tool**" for elderly people ensuring their physical activity and independence in terms of mobility. The Province of Treviso developed a bike (ELDbicycle), which aimed to mobilise those elderly (e.g. living in homes for the elderly) who can no longer ride a bicycle, and thus to improve their quality of life by spending more time outdoors. Therefore it is more a '**wellness' tool, than a means of transport used by older persons**. The ELDbicycle is an electric bicycle drawing a kind of rickshaw, which has two seats. The rickshaw is covered and on top there is a solar cell providing energy to the battery. ELDbicycle is developed for street use. These were the development stages for the bike: joint project planning together with technicians and final users; clarifying and obtaining intellectual property rights for the bicycle to enable the local municipalities to have the bicycle; feasibility study; creation and testing of the prototypes; efficient promotion among municipalities and elderly associations. It took almost 14 months for the Province of Treviso to implement this pilot (between March, 2010 and May, 2011).

**Benefits:** Access to outdoor recreation for elderly; Improvement of physical activities of the elderly; Efficient and visible promotion of active ageing; Enhancing the quality of life of the elderly

**Source:** Q-AGEING: quality ageing in urban environment Toolbox of tested solutions promoting active ageing at local level. CENTRAL EUROPE project, 2011, pp. 26-7.

## 4.4 Concluding remarks

Even though active ageing has significant gender aspects (increasing women's life expectancy, the greying female workforce, reconciliation issues), **most of the practices and innovative initiatives of active ageing implemented across Europe do not specifically target women** (direct effects). **Neither is there much attention paid to specific groups of women, such as those living alone.** Thus, in trying to understand to what extent recent active ageing policies affect elderly women living alone, it is also necessary to consider active ageing measures and policies designed to address the situation of old people as a whole and their effects on elderly women living alone (indirect effects).

The attention paid to promoting an active ageing strategy - where the main goals are Health, Participation and Security - varies across countries, just as there are **different levels of attention focusing on the different fields/areas to support active ageing and different levels of awareness of gender aspects.** Policies promoting active ageing imply good health. Health promotion and well-being throughout life are important ways undertaken to foster active ageing, but recently the active ageing strategy has been predominantly implemented in Europe through labour market policies (e.g. pension system changes and efforts to reduce the gender pension gap; measures to improve the employability for the elderly such as reducing working hours gradually; age-friendly practices within the company; training and lifelong learning for older workers). Labour market integration and social inclusion policies may also affect the living conditions of women living alone and the active ageing of women.

**Prolonging the working life of women has significant effects on private and professional life reconciliation.** Active ageing from a gender perspective should therefore focus on: (a) measures for reconciliation of work and family life in terms of balancing work for older women and caring for relatives on one hand, and on the other hand the impact of the kind of prevalent distribution of tasks and responsibilities of care work within European societies; (b) the different cultural models and assumptions on gender roles (e.g. the concept of family, the degree of recognition of individual rights) underlying different social policies and welfare system models. Of particular concern are grandparent caregivers and, more generally, care-giving issues.

To investigate the impact of the practices and measures of active ageing policies on women living alone, it is also necessary to analyse a variety of practices implemented across Europe to promote: quality housing conditions and living arrangements; elderly-friendly public spaces and mobility (urban policies to foster active ageing); age-friendly environment and volunteer/community work; social participation and leisure activities; dissemination of and access to social networks; and development of technological skills, overcoming the digital divide. More effort must be made for effective legitimacy and a real multi-sectoral and intergenerational active ageing strategy. People need to see the benefit in a longer working life. Social inclusion, meaning in life, life satisfaction and positive subjective social status are key factors in implementing successful actions supporting active ageing, especially at the local level.

**The obstacles and barriers that denied many elderly women active and healthy ageing can be found in their socio-economic status and working life, a condition characterised as vulnerable and with multiple disadvantages.** Many older women face poverty, illness or disability. Specific active ageing policies need to be designed for

these target groups, including promotion of synergies between social inclusion, labour market policies and active ageing policies which must be identified. Giving visibility to the gender inequality of older women belonging to specific target groups represents a preliminary step in this direction.

In all these issues, **the role of the European institutions** (namely the European Commission and the European Parliament) **is paramount**. Both labour market reforms as well as pension reform have been strongly requested at EU level to several Member States as measure against the economic crisis. **A stronger integration of a gender equality perspective in these domains could increase the scarce attention of most Member States towards the linkage between active ageing policies and gender.**

To this end, the **EU institutions** could **promote a gender impact analysis of the main welfare regimes in place in Europe putting in evidence the role of labour and pension reform in reinforcing critical gender issues**. At the same time, **Member States** should **pose more attention in analysing their national needs in terms of differences among the potential affected target groups** (posing particular attention the implications that any policy and strategies may have on both women and men).

## 5. CONCLUSIONS AND POLICY RECOMMENDATIONS

### KEY ISSUES

- To avoid increases in gender disparities and in poverty risks, it is necessary to assess the potential gender impact of changes in pension and welfare systems.
- Addressing the specific needs of women living alone asks for the individualisation of social rights, irrespective of household and marital relations both in pension and assistance policies and developing integrated policy packages, dealing with all the different aspects of lone women's living conditions. The involvement of local communities and local actors (usually municipalities, charities and NGOs) in policy design and implementation and guaranteeing the continuity of interventions are also important to sustain the creation of extended support services and networks at the local level.
- As for pension systems, it is suggested to strengthen universal, residence-based or flat rate minimum pensions indexed to wages and pension credits for unemployment and training periods; provide public subsidies to support access to occupational and individual supplementary pensions by women and other groups usually less involved in these schemes; provide adequate pension credits for care periods; adopt unisex life tariffs in both public and private funded pension schemes; provide specific pension credits for atypical and part-time employment and support flexible retirement provisions; adopt individual rather than family related pension entitlements.
- Policies to reduce gender gaps in the labour market and active ageing policies are also needed to guarantee gender equality in old-age living conditions through the adoption of a gender mainstreaming approach to labour market and active ageing, with a focus on measures supporting the reconciliation of market and family work and revising cultural models on gender roles. Multi-sector and intergenerational active ageing strategies should be strengthened to reduce the risk of isolation and improve the conditions of women (and men) living alone also addressing empowerment initiatives to promote active engagement.
- European Institutions could play an important role supporting a stronger integration of a gender equality perspective in pension and welfare policies and active ageing strategies both at the EU and national level.

Since 2010, many changes have occurred both in the socio-economic situation in the EU countries and in policy making due to the effects of the financial and economic crisis. The fiscal consolidation policies and welfare reforms adopted in recent years by European countries to deal with the crisis and demographic and socio-economic pressures are likely to have differentiated effects on elderly women and men.

### 5.1 Recent Trends in Labour Market and Living Conditions of Women Living Alone

In 2013 36.3 million women were living alone (with no dependants) in the EU28 (18.4% of the total female population) and 27.1 million men (15.1% of the total male population). Elderly women account for the majority of women living alone (54.6%). The increase in life expectancy will boost this trend, as indicated by EU population projections for 2060, and



aggravate poverty risks and care needs, with important social consequences and political implications.

People living alone often rely on a **single source of income** and accordingly are more fragile in coping with socio-economic risks. Recent trends in living conditions show a very large share (58%) of elderly women living alone reporting difficulties in making ends meet, and the conditions they have to cope with are worse than those reported by other elderly women and lone men. Elderly women living alone are particularly at risk of poverty in Southern and Eastern Europe, but also in Finland, Sweden and Slovenia.

Recent developments in the living conditions of elderly lone women also show that:

- The differences between people 'living alone' of both sexes and those 'not living alone' are becoming increasingly significant. Moreover, for women single status depends more on the events of life, such as separation, divorce, widowhood, than on choices.
- There is an ongoing process of hybridization of the welfare state models resulting from common socio-economic and demographic pressures and the effects of the EU regulatory framework.

## 5.2 Recent Policy Changes affecting women living alone

Demographic trends and the financial and economic crisis have obliged European countries to revise their welfare policy approach drastically. Sustainability is now the major goal for welfare systems, as the need to proceed with fiscal consolidation is becoming ever more pressing in Member States. Budget cuts, closer targeting in welfare policies and the acceleration of pension reforms have characterized recent years in all the countries. However, the gravity and duration of the crisis is highlighting the risks associated with reduced welfare provisions in terms of increased poverty risks and social conflict.

Elderly women living alone are among the population groups at greater risk of poverty and more affected by recent changes in welfare policies.

### 5.2.1 Pension reforms

**Recent pension reforms have improved the sustainability of public pension schemes** by reinforcing the link between contributions paid and benefits received while increasing the role of private occupational and individual pension schemes, at the cost of reduced replacement rates, growing individual risks and complexity in pension systems.

**The shift toward contribution-based occupational schemes could increase old age poverty among women**, as low earners and those with interrupted careers (mainly women and atypical workers) will be much more reliant on basic, means-tested or minimum pensions, with a risk of a resurgence of old-age poverty due to their lower pension incomes. Another general effect of pension reforms is the increased individual responsibility for saving decisions and pension rights, which exposes the elderly to increasing individual risks, as shown by the effects of the financial crisis on private pension schemes.

**The financial and economic crisis has highlighted and aggravated some of the risks associated with pension reforms in terms of both sustainability and adequacy.** With the new pensions systems benefits are more closely related to developments in the labour and financial markets and to economic growth, and the



adequacy of pension systems is jeopardised (especially for the younger generations and women) when the labour market is unable to guarantee lifelong continuous employment, and when the financial markets are unable to deliver the expected returns on investments in pension funds and public spending is constrained by increasing deficit and debt, lower growth prospects and fiscal consolidation.

**The effects of the crisis differ for different cohorts of pensioners.** Current pensioners have not been greatly affected by the crisis, as only a few Member States (EL, PT) have cut public pension payments, but it will in particular affect labour market entrants and future pensioners who are experiencing long-term unemployment and/or reduced working hours.

**For these reasons, pension reforms subsequent to the crisis are increasingly focusing on adequacy gaps in pension income, especially for the currently active population and the younger generations.** In order to address pension system adequacy and fairness, some countries have recently adopted measures to broaden pension coverage, raise the benefit levels of minimum pension schemes, and improve the regulation of private funded pension schemes to promote wider risk sharing as well as consumer information and protection, while seeking to ensure the quality of financial products.

The analysis of recent pension reforms carried out in chapter three highlights the implicit risks of some provisions in aggravating gender imbalances, especially for women living alone:

- **With contribution-based and multi-pillar pension systems, gender disparities in the labour market will produce even larger gender disparities in pension income than in the past.** Furthermore, greater female longevity exposes elderly women to higher poverty risks due to the longer expected period of time living alone, and the greater erosion of the real value of their annuities.
- **Every deterioration in pension provisions can have a greater negative impact on women who cannot rely on a partner's income.** Indeed, recent pension reforms are reinforcing the dependence of women from the income of their partners, especially in those welfare systems largely based on protection provided by the family rather than protection provided by the State on the basis of individual citizenship rights. This also implies that a number of measures may have different effects for women living alone, according to their specific status: being unmarried, or widowed or lone mothers. Even measures which at first sight may seem to be favourable for elderly women living alone, such as survivors' pensions, may penalise insured women and men who have not married and may reduce the incentive for young women to participate in the regular labour market while increasing the incentive to marry. On the other hand, these schemes have played an important part in reducing poverty risks in old age for widows and their children.
- **The increasing individualisation and privatizations of pension rights have also brought out the need to consider gender differences in the division of care and market work** and to integrate pension reforms with appropriate labour market and social policies promoting continuous participation in the labour market for women and reducing gender gaps in pay and occupational patterns. In achieving the sustainability and adequacy goals, the balance of transfers between different generations and the changing nature of labour markets and of family structures

should be considered with a view to improving the capacity to adapt to these changes without reducing pension coverage and fairness in pension entitlements between women and men and between generations.

- The effects of reforms on the capacity of pension systems to alleviate poverty in old age should be taken into account, while **clearly indicating how reforms affect future costs and the relative entitlements for women and men with different family conditions and for different generations**. In a gender perspective, when simulating the effects of pension reforms it is necessary to consider men and women with different wage levels and employment patterns, rather than focusing solely on average earners with full careers.
- **The increasing role of occupational and individual voluntary pensions schemes calls for more stringent pension fund regulation in terms of risk sharing** and some form of protection against insolvency, to prevent the risks associated with financial crises from being disproportionately borne by individuals. The growing individual responsibility on saving decisions entailing different risks also means that individuals have to be clearly informed of the options available and the associated risks and have to be supported in improving their financial literacy level in order to be able to make informed decisions on an increasingly complex issue.

### 5.2.2 Labour market and active ageing policies

Even though active ageing has significant gender aspects, most of the practices and innovative initiatives of **active ageing implemented across Europe do not directly target women**. Neither is much attention paid to specific groups of women, such as those living alone. The attention paid to promoting an active ageing strategy - where the main goals are Health, Participation and Security - varies across countries, just as there are different levels of attention focusing on the different fields/areas to support active ageing and different levels of awareness of gender aspects.

Even though health promotion and well-being throughout life are important ways undertaken to foster active ageing, **the active aging strategy has been predominantly implemented in Europe through pension and labour market policies** (e.g. increasing the retirement age; measures to improve employability for the elderly such as gradually reducing working hours; age-friendly practices within companies; training and lifelong learning for older workers). Active ageing and intergenerational solidarity have become central to the European political agenda over the last few years: encouraging older people to remain active by working longer and retiring later, by engaging in volunteer work after retirement, and by leading healthy and autonomous lives'

**The measures to improve the employability for the elderly** most often adopted include age-management policies, employment services for older workers, policies and provisions which improve healthy working conditions and maintain workers' well-being, employment-friendly tax-benefit systems, government subsidies for employers to retain and recruit older workers); and measures to update the skills of the elderly, through education and training (at the same time optimizing their existing knowledge and competencies).

## 5.3 Policy implications

The current cuts in public services and welfare provisions are likely to have a greater impact on women (and women living alone) than men as women work more in the public

sector and use public services more than men. Cuts in public services and welfare provisions are also likely to increase the amount of unpaid work and care responsibilities within households, worsening the existing disparity in the care workload between women and men, and making it even more difficult for women to participate fully and continuously in the labour market.

To avoid increases in gender disparities and in poverty risks, it is necessary to **assess the (potential) gender impact of proposed changes and cuts in welfare provisions and public services**. This calls for greater attention to **evaluation** of the potential differentiated effects of both dedicated and general policies (such as pension, employment and assistance policies) on women and men, with special attention to their impact on women living alone and on women (and men) with low incomes, incomplete or fragmented employment careers and family constraints.

Other features of policy approaches should be considered to support women living alone:

The **social rights should be individualised**, irrespective of household and marital relations both in pension and assistance policies. Social benefits and public transfers oriented at the individual rather than the family situation positively impact on the living conditions of women living alone. For example, some of the provisions adopted by the Nordic countries appear to be supportive of the living conditions of women living alone. Other examples are to be seen in consideration of care years for pension entitlements in both public and compulsory private schemes, whatever the carer status; adoption of residence based minimum pensions, which allow for the removal of derived pension rights with their many shortcomings, including the disincentives for married women to participate in the labour market and the iniquity of single individuals subsidising married ones.

Addressing the specific needs of women living alone also means developing **integrated policy packages**, dealing with all the different aspects of lone women's living conditions by combining access to employment and training, affordable health care and housing, social assistance and services; **empowerment** policies should also be considered, integrating several welfare domains and targeted approaches.

The **involvement of local communities and local actors** (usually municipalities, charities and NGOs) in policy design and implementation is also important to sustain the creation of extended support services and networks at the local level.

The **continuity of interventions** is another important issue. Country-specific conditions should be carefully considered in order to promote effective and sustainable programmes, to be integrated within the existing main body of welfare schemes.

In greater detail, specific features supportive of gender equality in **pension systems**, which are relevant for women living alone include:

- **The application of universal, residence-based or flat rate minimum pensions** indexed to wages and of pension credits for unemployment and training periods. As discussed in chapter 3, the universal residence-based minimum pensions of the Nordic countries appear to be more favourable to gender equality than contributory-based minimum pensions, because the full basic pension is paid irrespective of the previous employment status and family conditions.

- **The provision of public subsidies to support access to occupational and individual supplementary pensions** by women and other groups usually less involved in these schemes. Furthermore, provisions should be introduced offsetting gender inequalities in pension benefits in occupational schemes, such as supporting the introduction of unisex life tariffs and care credits, as well as survivor benefits. Provisions regulating the transferral of workers' positions from one occupational fund to another should also be improved, and rules introduced that afford a more even balance in risk sharing between workers, employers and insurance agencies.
- The provision of **adequate pension credits for care periods** (fully replacing employment based contributions) available also for men and for the care of other dependants besides children, allowing (part-time) employment during care periods, made available also in private funded pension schemes and extended to the self-employed, inactive and unemployed.
- The adoption of **unisex life tariffs in both public and private funded pension schemes**, so that women can be ensured equal pension annuities for equal contributions, even if they live longer than men;
- **Specific pension credit provisions for atypical and part-time employment.**
- The adoption of **flexible retirement provisions** and the possibility to combine pension and part-time work.
- The adoption of **individual rather than family related pension entitlements** to reduce work disincentives and gender stereotypes, while allowing for accrued pension rights to be divided in the event of break-up. The focus on the individual is important for single women, as it stresses the women's role in the labour market rather than in the family (as wife or widow). It also implies taking maternity into consideration, also outside marriage.

Pension policies alone cannot, however, reduce gender differences in pension income, as they largely reflect gender differences in the labour market. Policies to reduce gender gaps in the **labour market and active ageing policies** are also needed to guarantee gender equality in future pensions, including:

- **A gender mainstreaming approach to labour market and active ageing policies.** Active ageing from a gender perspective should also focus on measures supporting the reconciliation of market and family work and revise cultural models and assumptions on gender roles underlying the various welfare models.
- **Policies and measures to support elderly women social and civic involvement** (sports, voluntary work and participation in associations).
- **Strengthen effective multi-sector and intergenerational active ageing strategies.** Especially after retirement, the active participation of elderly women in voluntary activities may help reduce the risk they run of isolation as well as contributing to the development of solidarity.
- To improve the living condition of women living alone it is necessary to invest not only in basic assistance policies (such as minimum income and pension schemes) but also in empowerment initiatives to promote active engagement. This implies promoting **quality housing conditions and living arrangements; elderly-friendly public**

**spaces and mobility** (transportation and urban policies to foster active ageing); **age-friendly volunteer/community work** and **social participation and leisure activities**; **dissemination of and access to social networks**; and **development of technological skills** in order to close the digital divide. These policies lack a gender perspective, despite the fact that they constitute a crucial pillar of active social inclusion policy.

Specific **social assistance policies** need also to be designed for elderly women living alone. In particular, a gendered approach to **healthcare, and in particular long-term care**, brings out the necessity to consider both the needs of caregivers, who are predominantly women, and of elderly women living alone, who are increasingly in need of long-term care due to their longer life expectancy and their reliance on formal care given the lack of alternatives in their households.

The **European Institutions** (namely the European Commission and the European Parliament) could play an important role for the living conditions of elderly women, and in particular of those living alone, by **supporting a stronger integration of a gender equality perspective in pension and welfare policies**, as well as active ageing strategies both at the EU and national level. In particular EU institutions could support the provision of information and advisory services; the development of guidelines and minimum standards in a gender perspective; the development of more disaggregated statistics and research to strengthen the monitoring and evaluation of the gender effects of welfare reforms and active ageing policies, and more accurate simulations of the potential effects of proposed reforms for women and men of different generations and family conditions.

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## ANNEX I –DATA SOURCES AND DEFINITIONS

This section contains a descriptive overview of available gender statistical databases, which are useful to analyze the particular condition of women living alone.

Given the target of this study it was necessary to collect micro-data, which provide detailed information on the family composition and on the socio-economic characteristics of each member. Most of the data used in this report are so based on ad-hoc elaboration of Eurostat Microdata, in particular from the EU LFS and the EU-SILC data bases.

### **Eurostat – European Labour Force Survey**

The European Union Labour Force Survey (EU LFS) provides population estimates for the main labour market characteristics, such as employment, unemployment, inactivity, hours of work, occupation, economic activity and much else as well as important socio-demographic characteristics, such as sex, age, education, households and region of residence. Additional information may be gathered on the basis of the so called “ad hoc modules” which collect data on specific topics.

The LFS is based on the resident household approach, considering individuals living in private households and excluding persons living in collective or institutional households in all EU Member States.

The classification of the population into employed persons, unemployed persons and inactive persons follows the International Labour Organisation definition.

The data available from the EUROSTAT database do not allow the identification of the target of the study. In order to identify single women without dependents it was necessary to collect **micro-data**. The last release currently available is 2013.

Reliability limits provided by Eurostat were considered in every ad-hoc elaboration for each country and year. Regarding reliability restrictions, Eurostat flags estimates below certain limits as 'a' and 'b'. Those reliability limits depend on the sample size and design in the individual Member States. This applies to quarterly data, annual averages, yearly data and ad hoc modules results. Figures flagged 'a' should not be published; figures flagged 'b', whenever applicable, can be published with a warning concerning their limited reliability.

### **Eurostat –European Union Statistics on Income and Living Conditions (EU-SILC)**

The European Union Statistics on Income and Living Conditions (EU-SILC) is a survey collecting timely and comparable cross-sectional and longitudinal multidimensional microdata on income, poverty, social exclusion and living conditions.

The survey unit is the family and the reference population is all private households and their current members residing in the territory of the States participating in survey; persons living in collective households and in institutions are generally excluded from the target population.

Cross-sectional survey collects data for 29 countries (all Member States plus Norway and Island). Data has been collected annually since 2004. The last release currently available is 2012.

All different sources of income (labor income, pension, social benefits, allowances, income from interests and dividends, alimonies, inter-household transfers) are recorded and several measures of wealth (home ownership, house characteristics, mortgage) and poverty (ability to pay bills, unexpected expense, buy fish/meat, holiday, etc.) are surveyed.

Reliability limits provided by Eurostat were considered in every ad-hoc elaboration for each country. In particular

## **Eurofound European Quality of Life Survey (EQLS)**

Eurofound's second European Quality of Life Survey, which was carried out in 2012, offers a wide-ranging view of the diverse social conditions in the 28 Member States, as well as Norway and the candidate countries. The questionnaire covers a broad spectrum of life domains with an emphasis on income and financial situation, education, housing and local environment, family relations, work, health, work-life balance, subjective well-being, social participation, quality of social services and quality of society.

The sample of the European Quality of Life Survey is representative of the adult persons who were living in private households during the fieldwork period in each of the countries covered.

The survey collects interesting information not found in other datasets, such as the subjective judgment on the quality of life and the demand for economic/social support.

Processed data must be interpreted with great caution given the small number of observations. Data are considered reliable if the sample size is greater than 50 units for the case under consideration, or at least for the symmetric alternative.

## **Definitions adopted in the study**

Adequacy of income: share of people reporting difficulties in making ends meet.

Gender pension gap: defined as the ratio between average gross annual old-age benefits of female and male elderly population(65+).

General status of health: share of people reporting bad health.

Elderly Lone women/men: women/men aged 65 and over living in one-person household.

Medium-high education: at least upper secondary education.

Elderly Not lone women/men: women/men aged 65 and over living in couple (husband/wife, partner) without dependents (LFS); women/men living in a household with more than one member, included couples, with or without dependents, and people not living in couple with dependents (EU SILC).

Low education: up to lower secondary education.

People with disability: People with strong limitation in daily activities for at least the last 6 months because of health problems

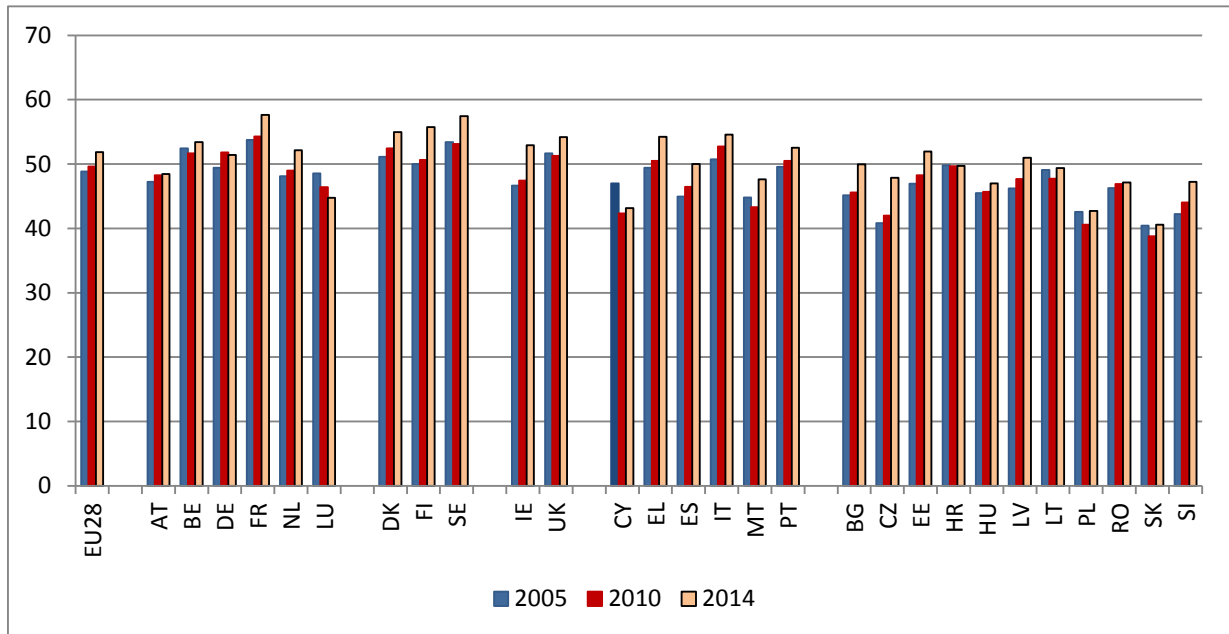
Poverty rate: % of people at risk of poverty. Following the Eurostat definition, we consider at risk of poverty all the individuals living in households with a disposable equivalised income below 60% of the median disposable equivalised income.

People feeling lonely: people who have reported to have been felt alone in the two week before the survey for at least half of the time.

Chronic illness: share of people reporting to have a chronic illness, that is permanent and may require a long period of supervision.

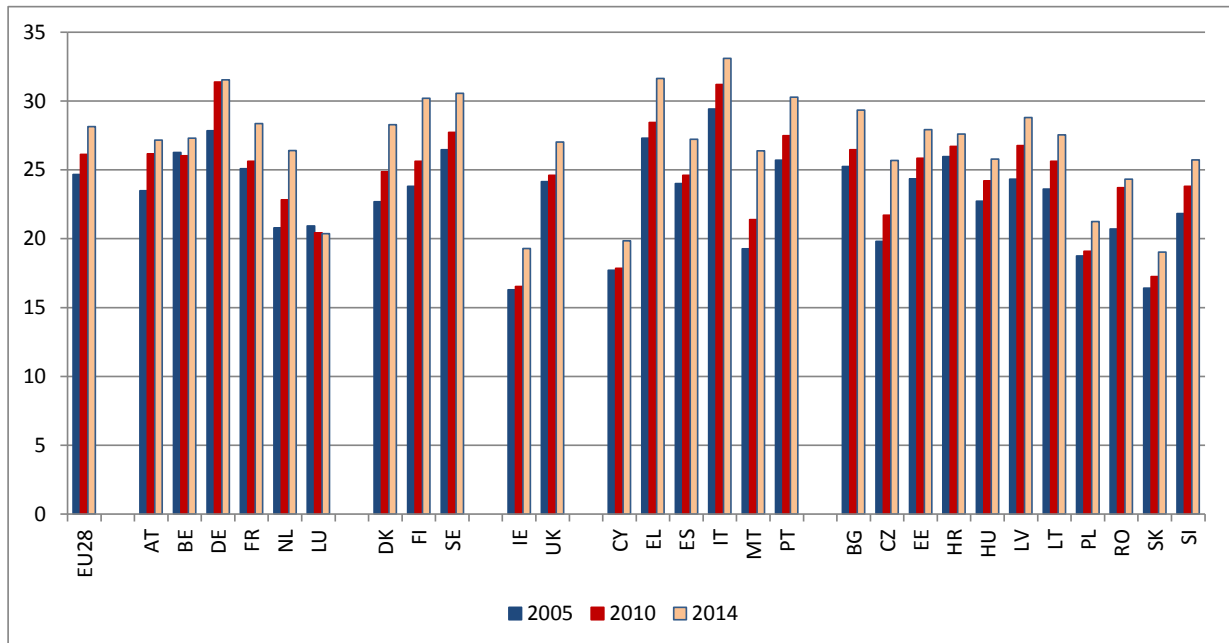
## ANNEX II – STATISTICS

**Figure AII.1: Age dependency ratio in EU Member States – 2005, 2010, 2014**



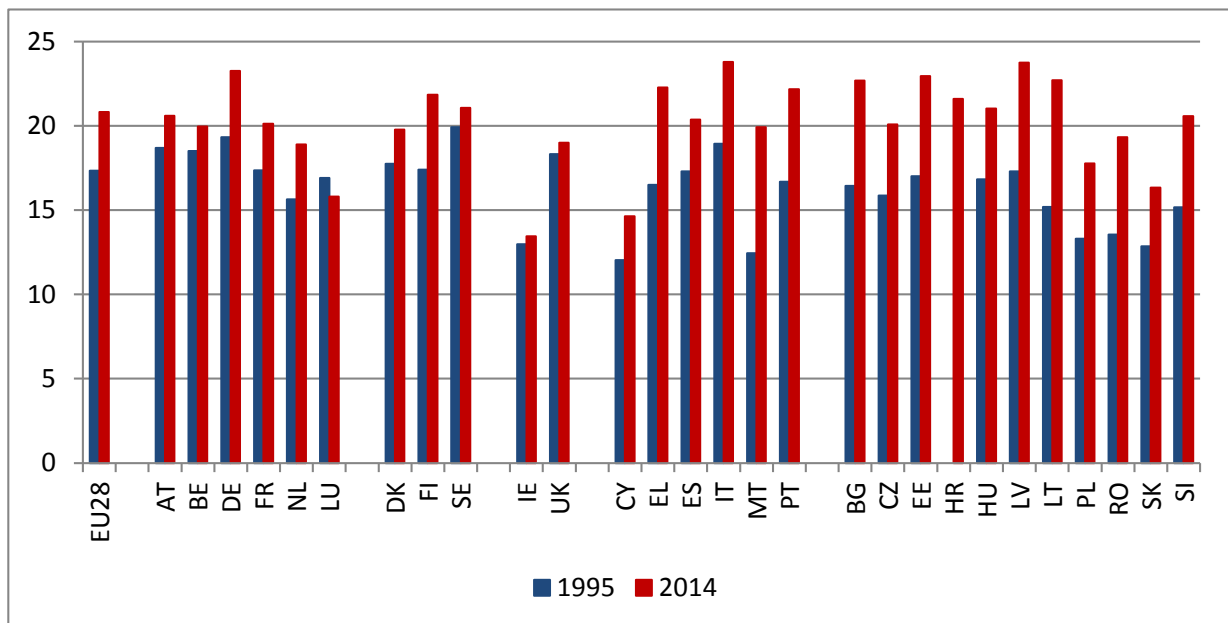
Source: Eurostat, Demographic statistics

**Figure AII.2: Old age dependency ratio in EU Member States – 2005, 2010, 2014**



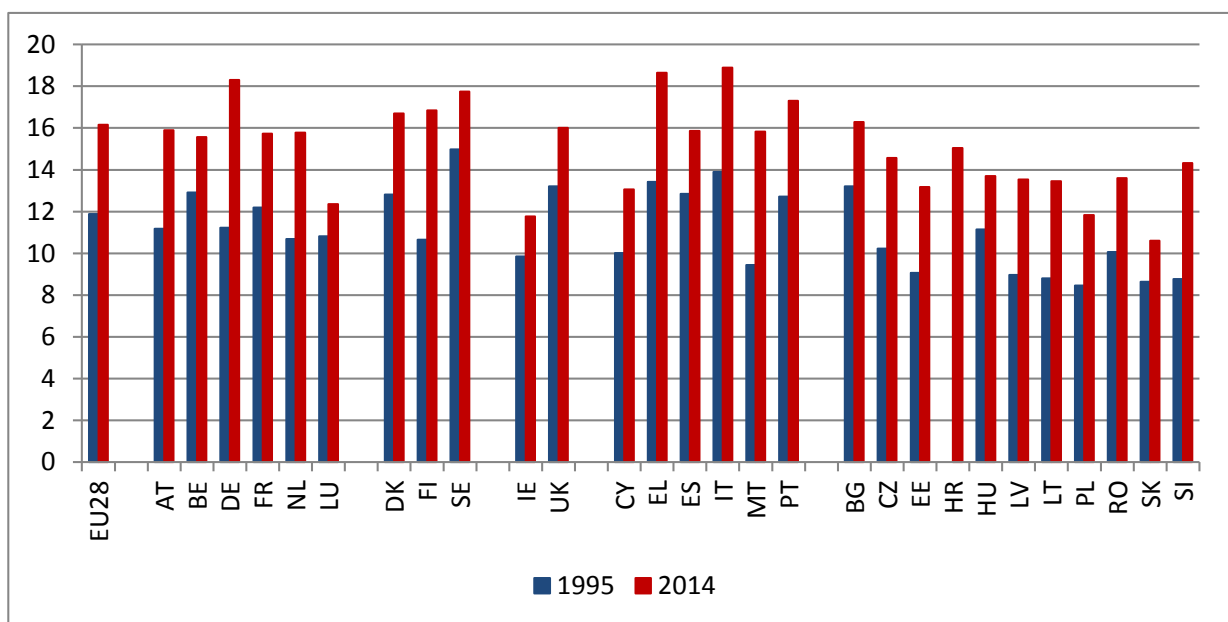
Source: Eurostat, Demographic statistics

**Figure AII.3a: Proportion of female population aged 65 and over in comparison with the total female population in EU Member States - 1995, 2014**



Source: Eurostat, Demographic statistics data. EU28 in 1995 refers to EU27.

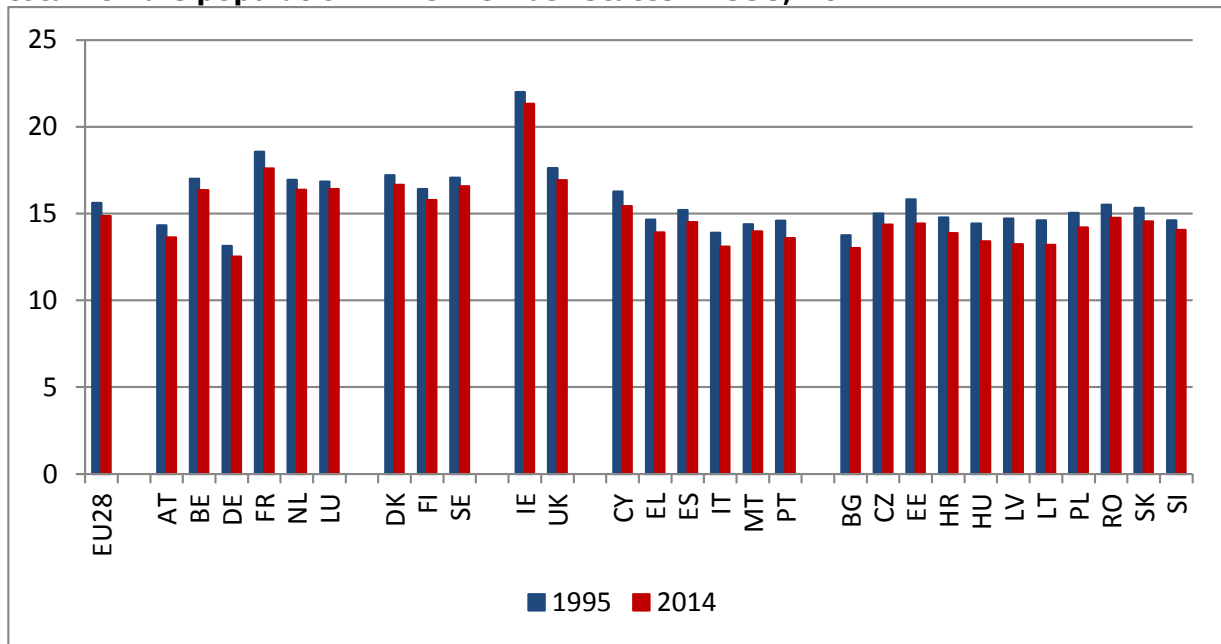
**Figure AII.3b: Proportion of male population aged 65 and over in comparison with the total male population in EU Member States - 1995, 2014**



Source: Eurostat, Demographic statistics data. EU28 in 1995 refers to EU27.

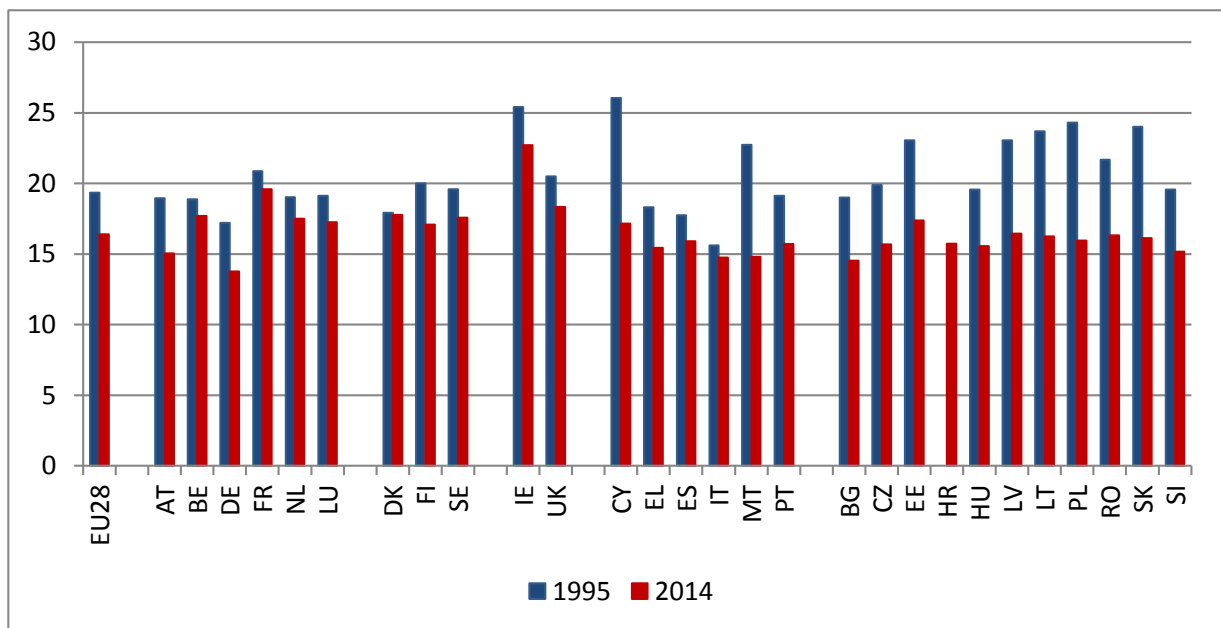


**Figure AII.4a: Proportion of female population aged 0-14 in comparison with the total female population in EU Member States - 1995, 2014**



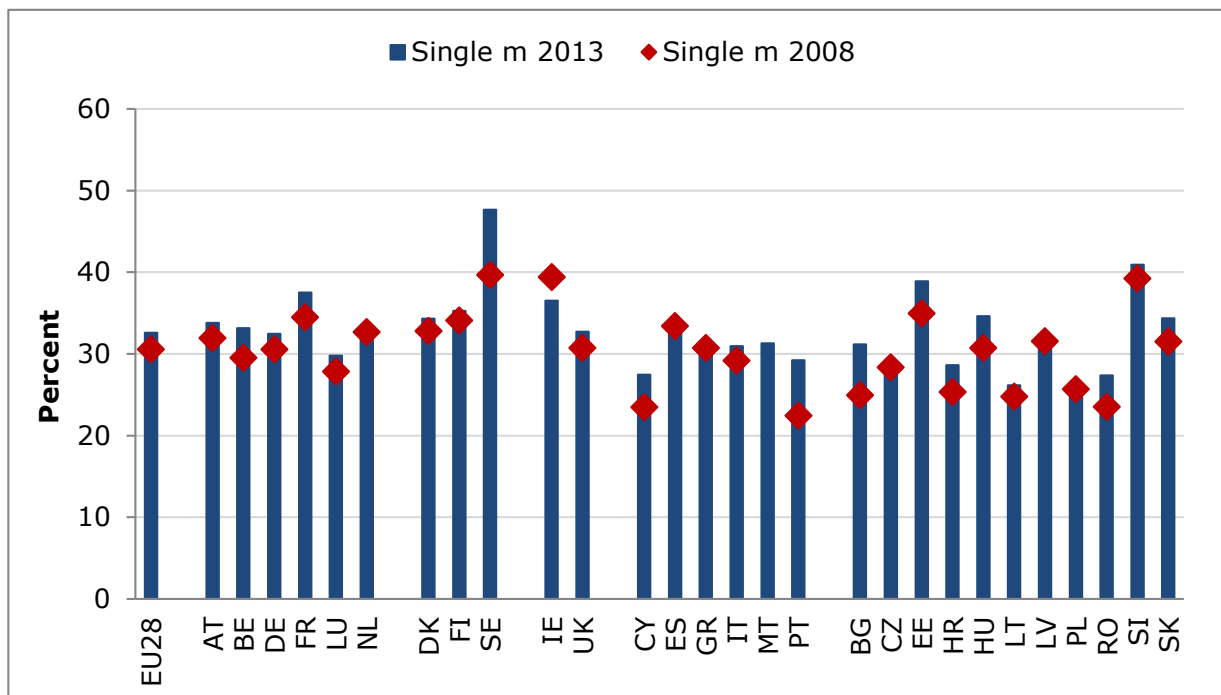
Source: Eurostat, Demographic statistics data. EU28 in 1995 refers to EU27.

**Figure AII.4b: Proportion of male population aged 0-14 in comparison with the total male population in EU Member States - 1995, 2014**



Source: Eurostat, Demographic statistics data. EU28 in 1995 refers to EU27.

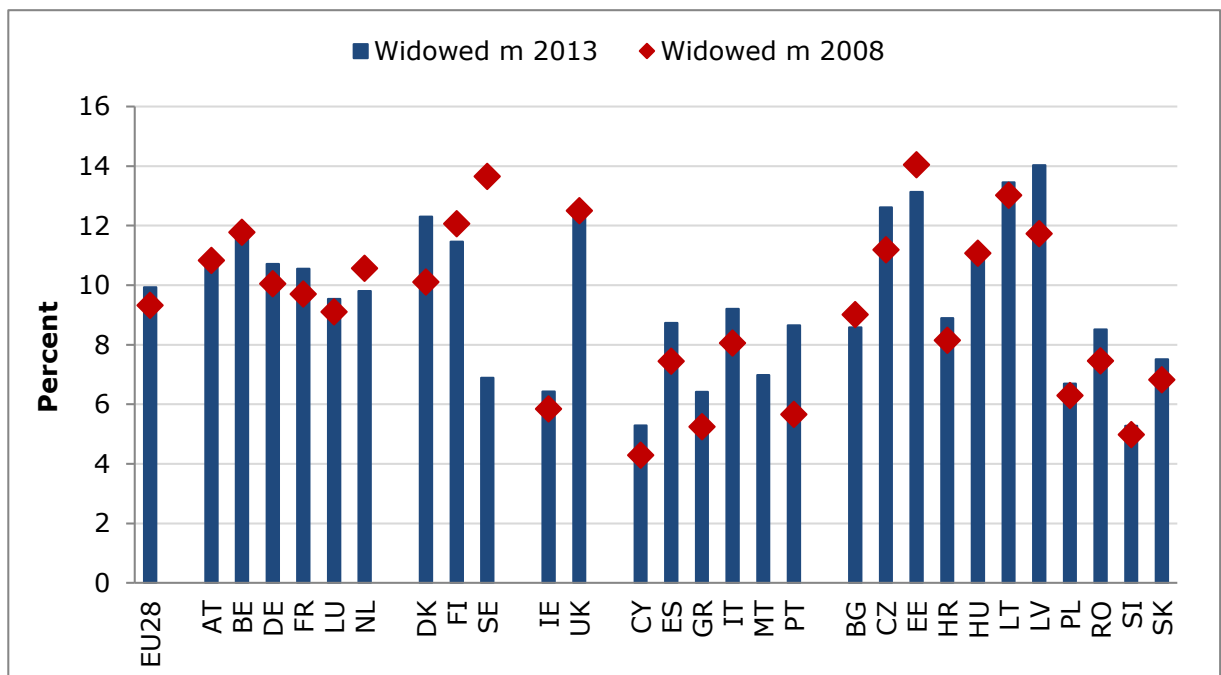
**Figure AII.5: Single men in relation to the total female population (aged 20 and over) in EU Member States - 2008, 2013**



Source: Irs elaboration on Eurostat Microdata, Labour Force Survey – 2008, 2013.

\*Missing data for Malta 2008; EU average is calculated on available country data.

**Figure AII.6: Widowed/Divorced/Legally separated men in comparison with the total male population (aged 20 and over) in EU Member States – 2005, 2010**



Source: Irs elaboration on Eurostat Microdata, Labour Force Survey – 2008, 2013.

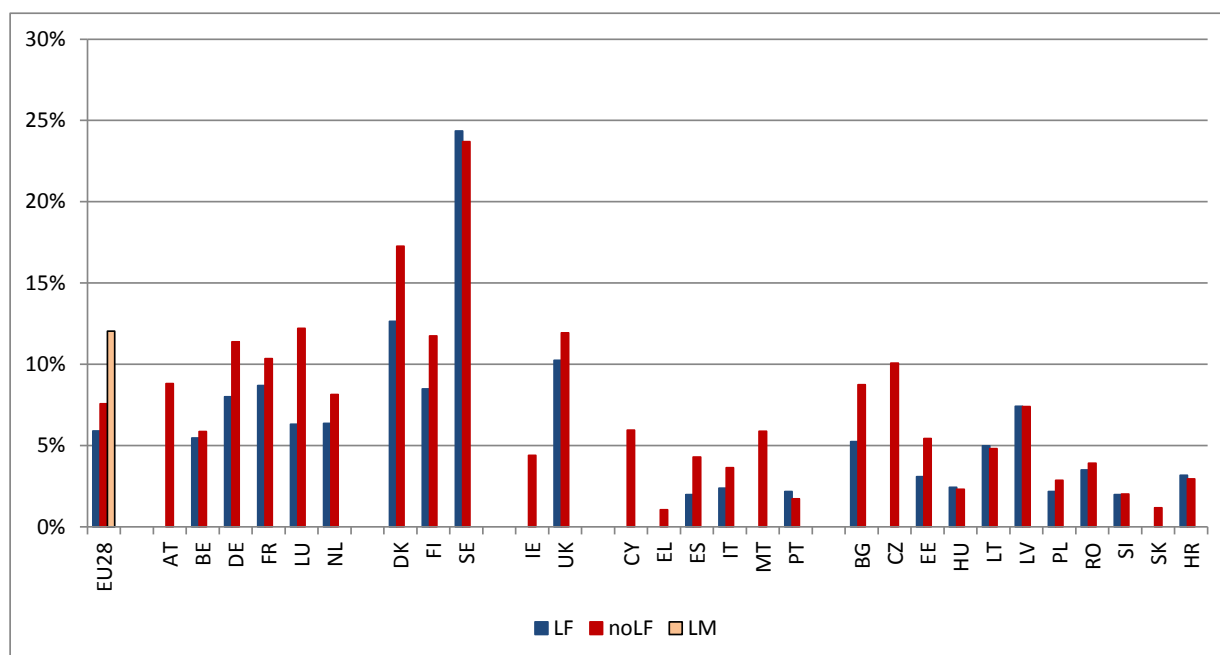
\*Missing data for Malta 2008; EU average is calculated on available country data.

**Table AII.1: Lone elderly women/men (65 and over), in proportion to the total female/male population in EU Member States – 2008, 2013**

MEMBER STATES	Lone Elderly Women		Lone Elderly Men	
	2008	2013	2008	2013
EU28	7.8	8.0	2.6	3.0
AT	8.4	8.4	2.6	3.0
BE	6.9	5.4	2.3	2.0
DE	9.9	9.8	3.1	3.5
FR	8.2	9.0	2.5	3.2
LU	6.3	5.5	1.9	2.1
NL	7.5	8.1	2.6	3.0
DK	:	:	:	:
FI	:	:	:	:
SE	:	:	:	:
IE	4.6	4.6	2.3	2.5
UK	7.5	7.7	3.4	3.9
CY	3.6	3.5	0.9	0.9
ES	5.4	5.8	2.0	2.4
GR	7.5	8.2	2.2	2.6
IT	9.6	9.8	3.0	3.6
MT	:	5.0	:	1.8
PT	5.9	6.2	1.6	1.7
BG	8.1	7.4	2.9	2.5
CZ	8.0	8.6	2.3	2.7
EE	5.1	5.3	1.6	1.5
HU	7.9	7.3	1.8	1.8
LT	10.6	8.5	3.4	2.5
LV	6.8	9.5	1.7	2.6
PL	5.4	5.9	1.5	1.6
RO	5.7	6.3	2.1	2.0
SI	8.2	9.1	2.1	2.7
SK	5.5	6.1	1.4	1.5

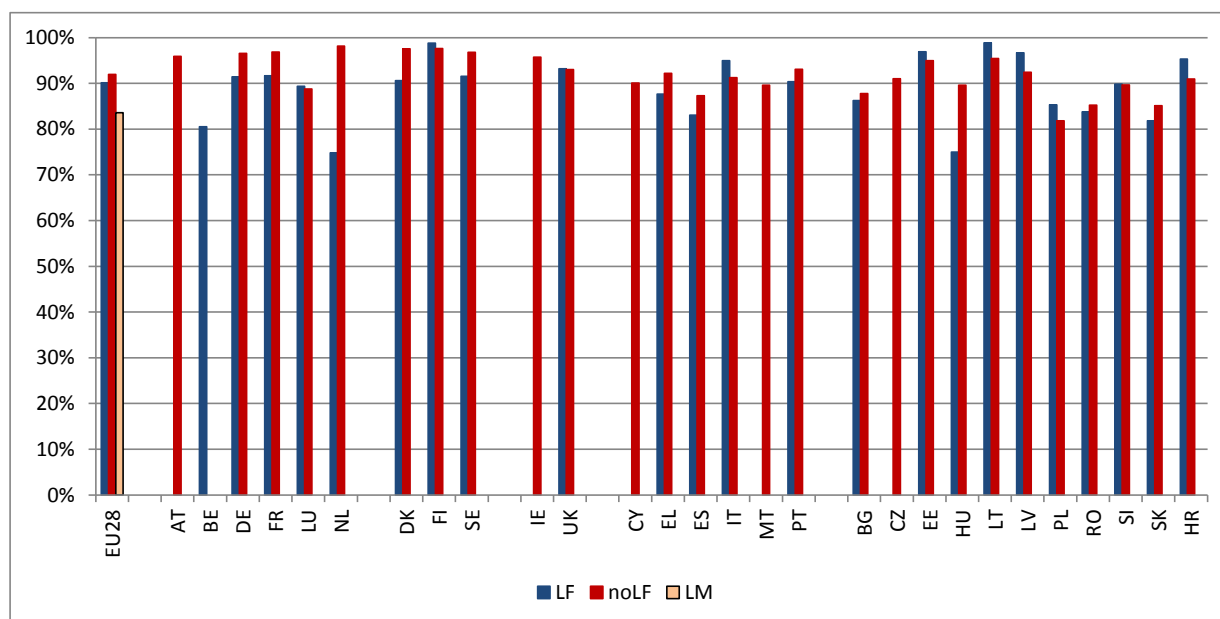
**Source:** Irs elaboration on Eurostat Microdata, Labour Force Survey – 2008, 2013.

**Figure AII.7: Share of lone women without dependants (LF), other women (noLF) and elderly male without dependants (LM) having participated in the political life of their country (attending political meetings, demonstrating or contacting politicians) over the last year in EU Member States (aged 65 and over) – 2012**



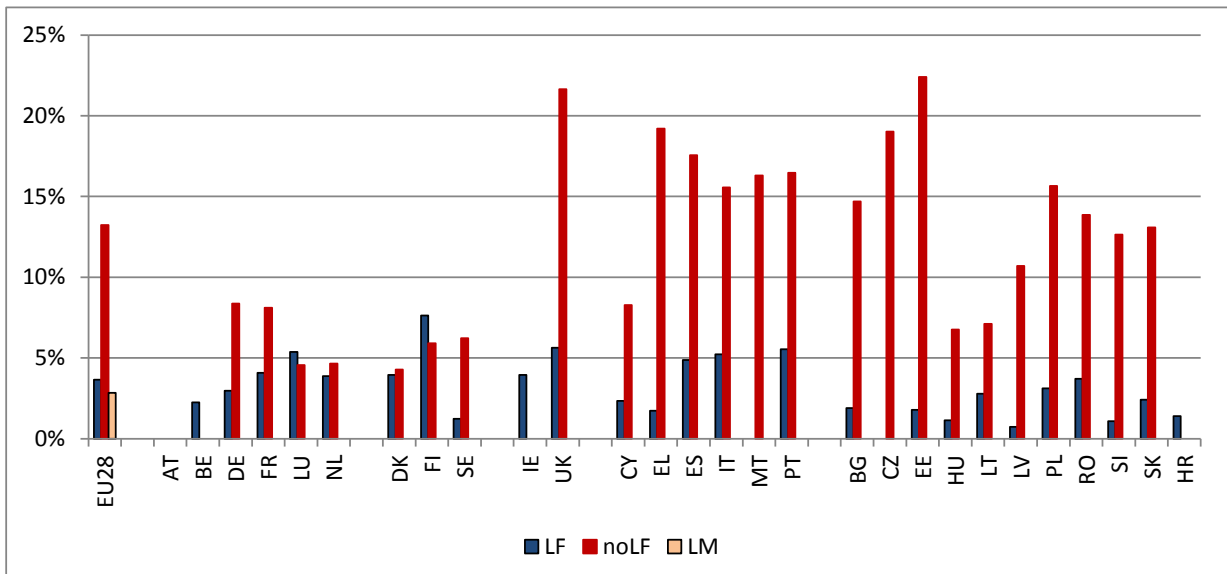
**Source:** Irs elaboration on Eurofound microdata, European Quality of Life Survey, 2012. Not reliable AT, CZ, IE and MT for LF and AT and SE for noLF. LM share is reported only for EU28 due to small sample size.

**Figure AII.8: Share of lone women without dependants (LF), other women (no LF) and lone male without dependants (LM) regularly attending to cooking and housework outside of paid work (aged 65 and over) - 2012**



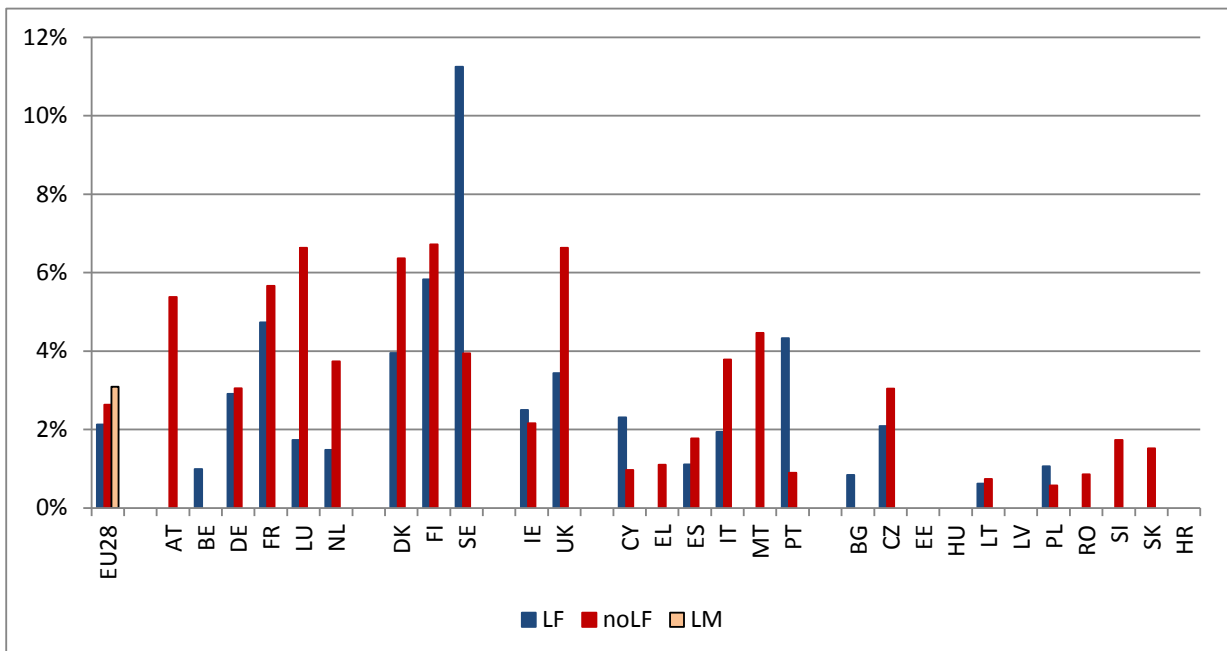
**Source:** Irs elaboration on Eurofound microdata, European Quality of Life Survey, 2012. Not reliable due to small sample size: AT, CY, CZ, IE and MT for LF and BE for noLF. LM share is reported only for EU28 due to small sample size.

**Figure AII.9: Share of lone women without dependants (LF), other women (noLF) and lone men without dependants (LM) regularly taking care of elderly/disabled relatives outside of paid work (aged 65 and over) - 2012**



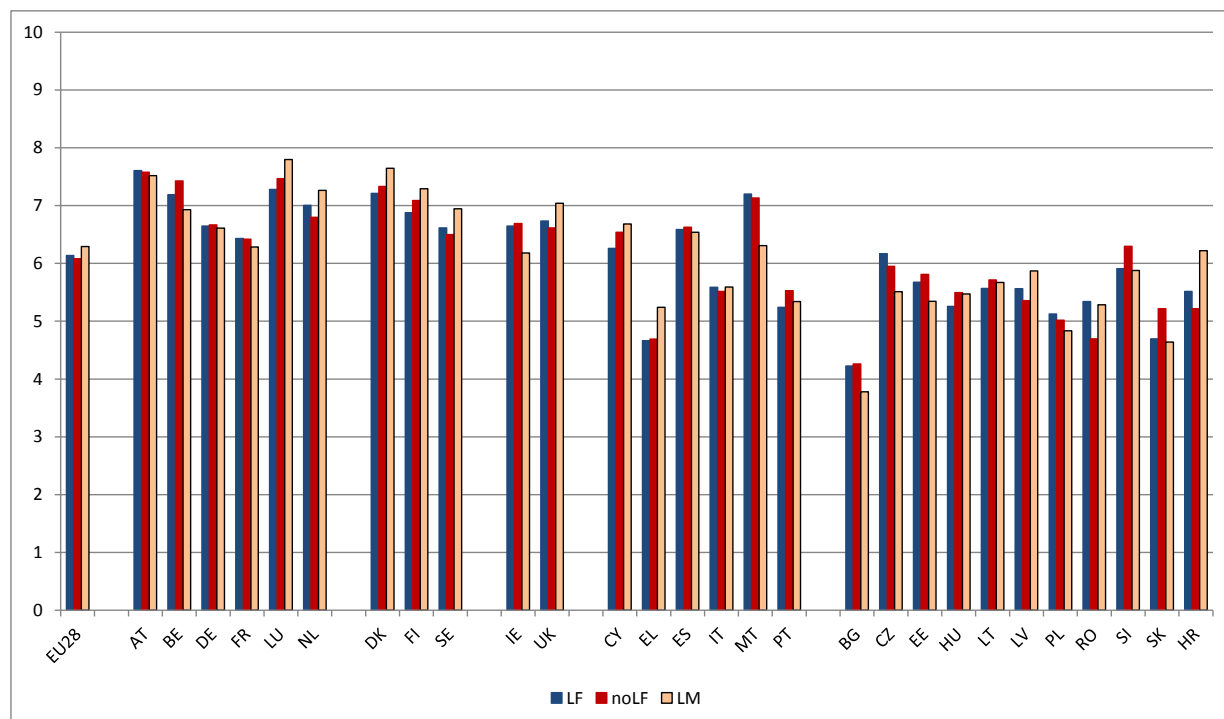
**Source:** Irs elaboration on Eurofound microdata, European Quality of Life Survey, 2012. Data not reliable due to small sample size: AT, CZ and MT for LF and AT, BE, IE and HR for noLF. LM share is reported only for EU28 due to small sample size.

**Figure AII.10: Share of lone women without dependants (LF) other women (noLF) and lone male without dependants (LM) regularly in voluntary and charitable activities outside of paid work in EU Member States (aged 65 and over) - 2012**



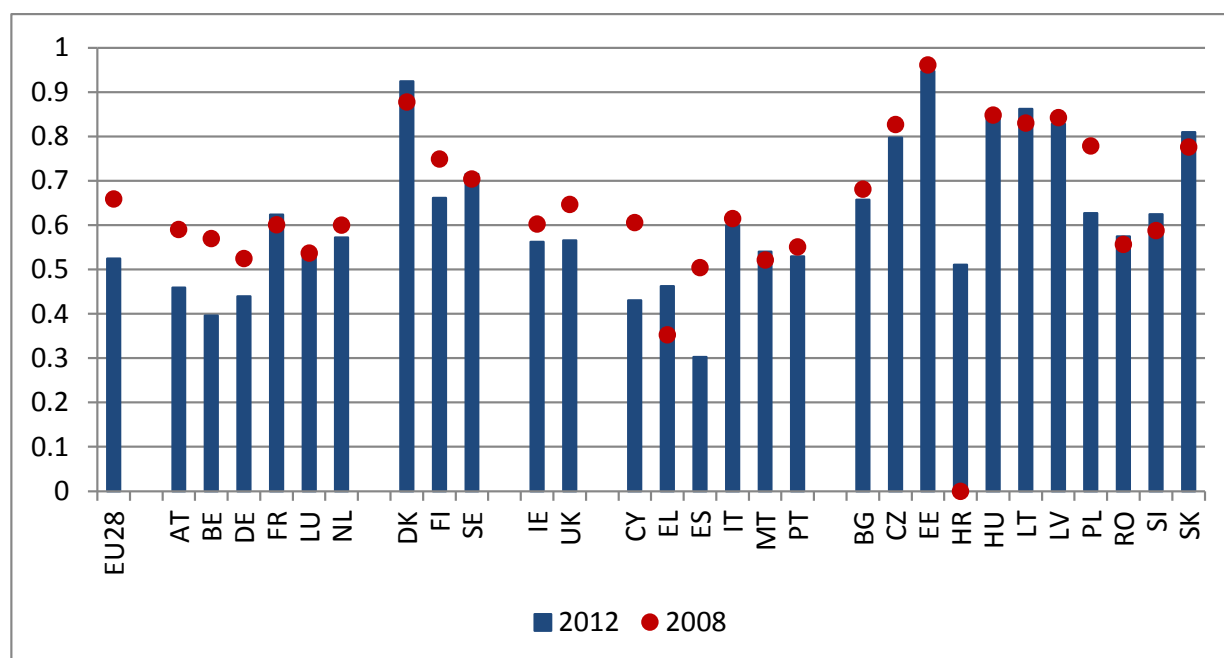
**Source:** Irs elaboration on Eurofound microdata, European Quality of Life Survey, 2012. Data not reliable due to small sample size for LF: AT, IE and MT. LM share is reported only for EU28 due to small sample size.

**Figure AII.11: Average quality of public service (from 0 to 10) for lone women without dependants (LF), other women (noLF) and lone male without dependants in EU Member States (aged 65 and over) - 2012**

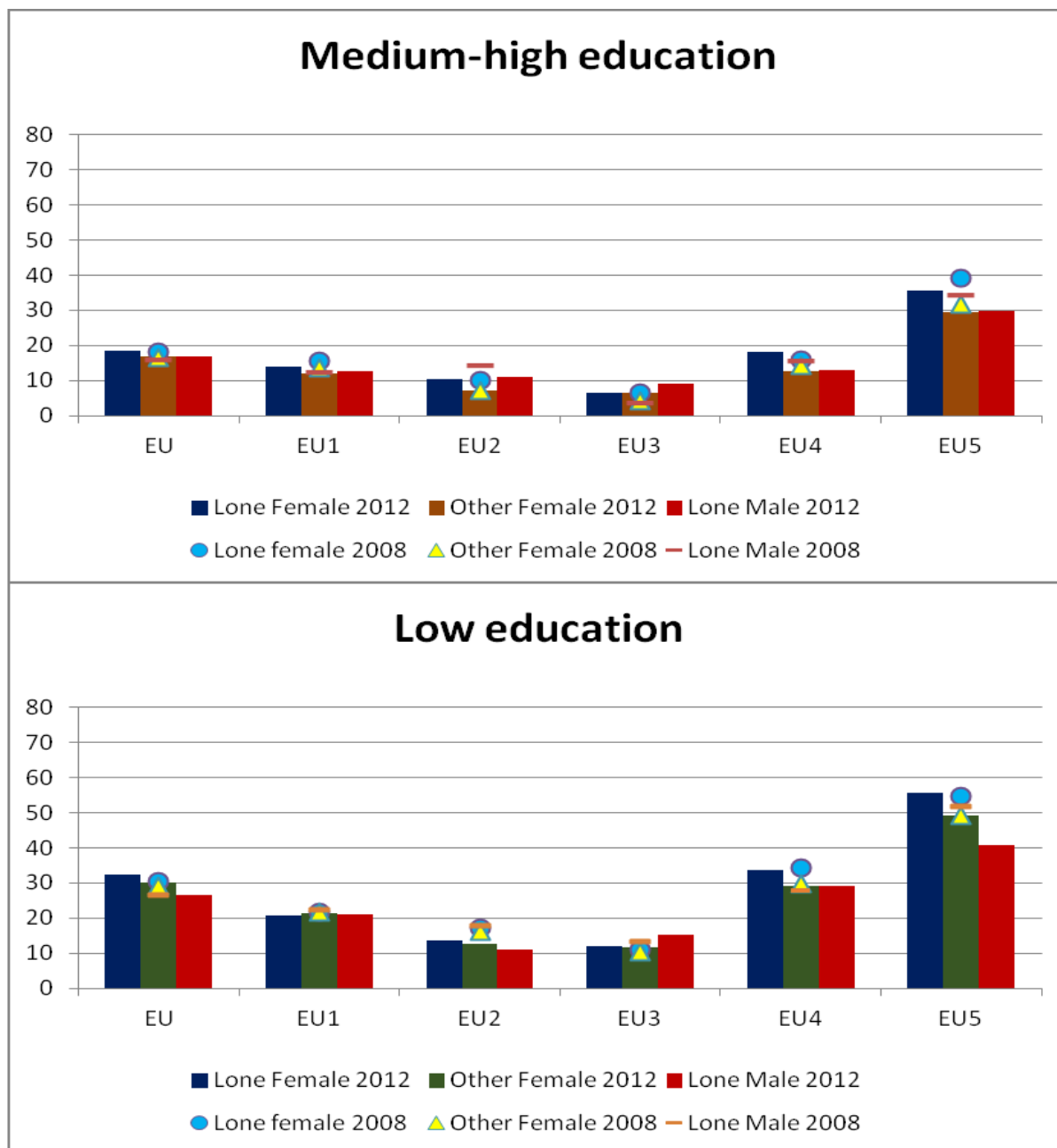


Source: Irs elaboration on Eurofound microdata, European Quality of Life Survey, 2012

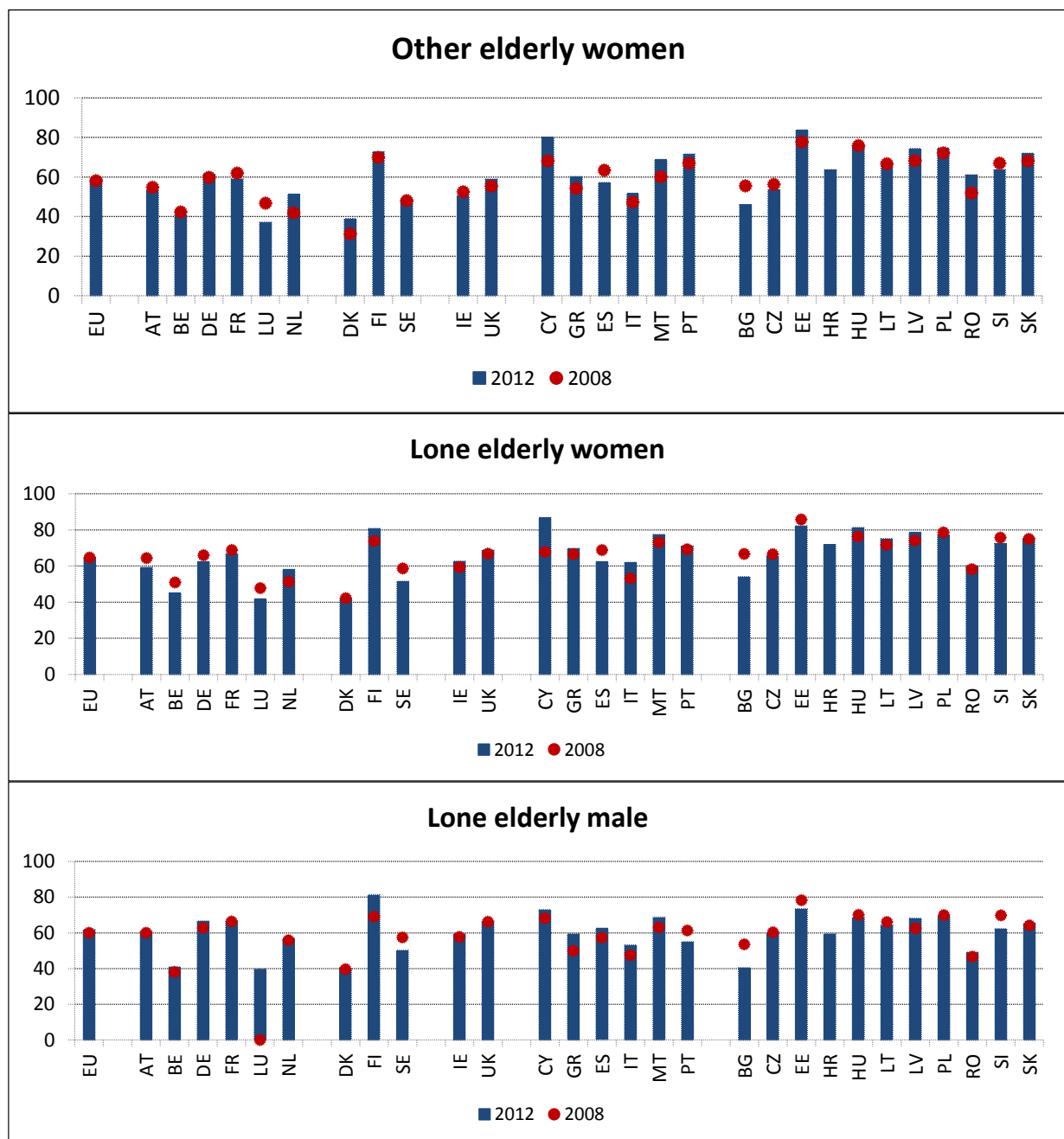
**Figure AII.12: Ratio of women's old-age benefits over men's in EU Member States (aged 65 and over) – 2008, 2012**



Source: Irs elaboration on Eurostat Microdata, EU-SILC. In 2008 EU refers to EU27. For FR is reported 2009 instead of 2008.

**Figure AII.13: General health by education in EU Member States (aged 65 and over) – 2008, 2012**

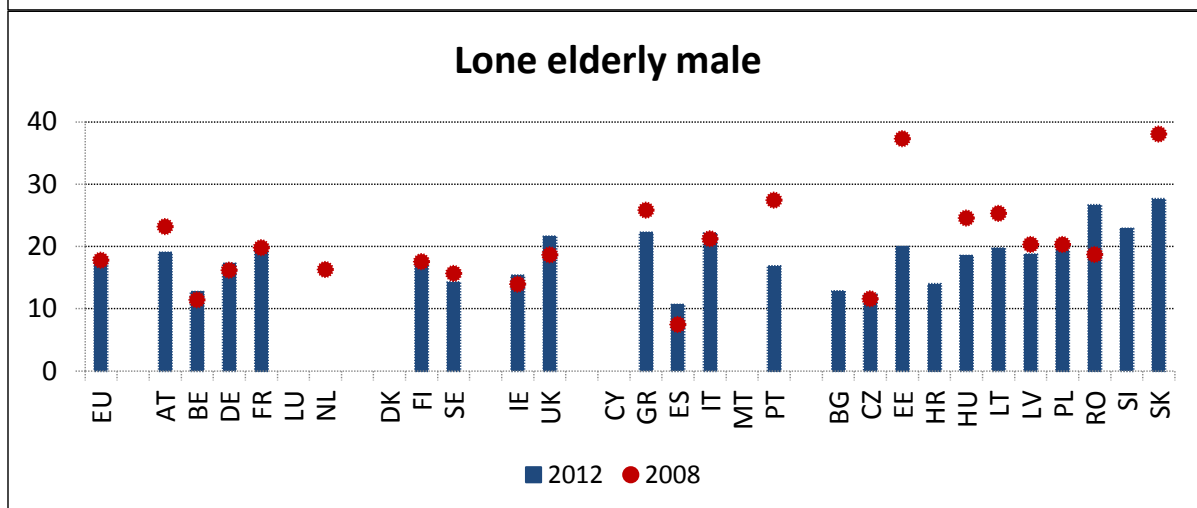
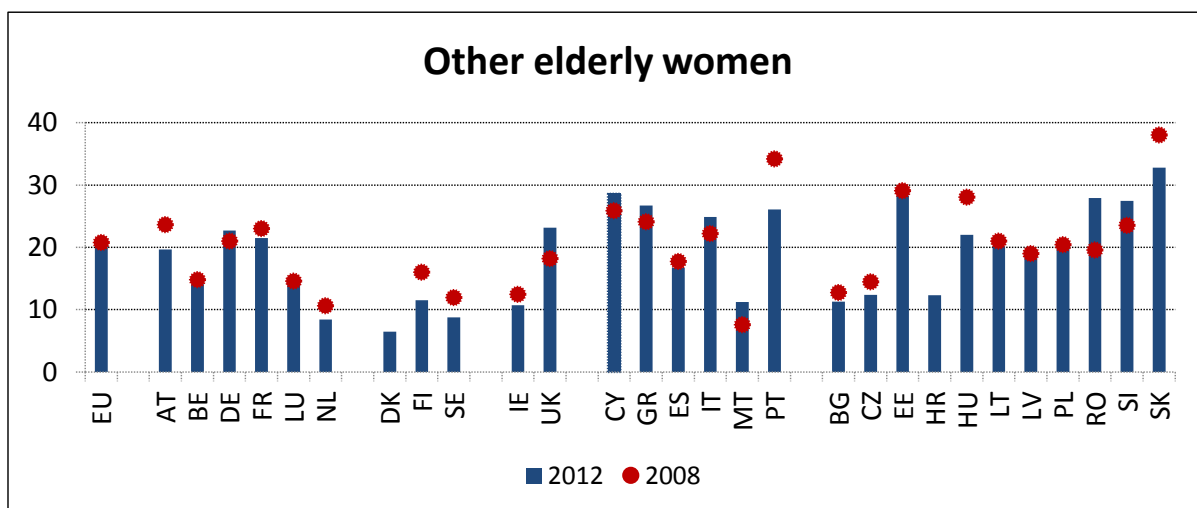
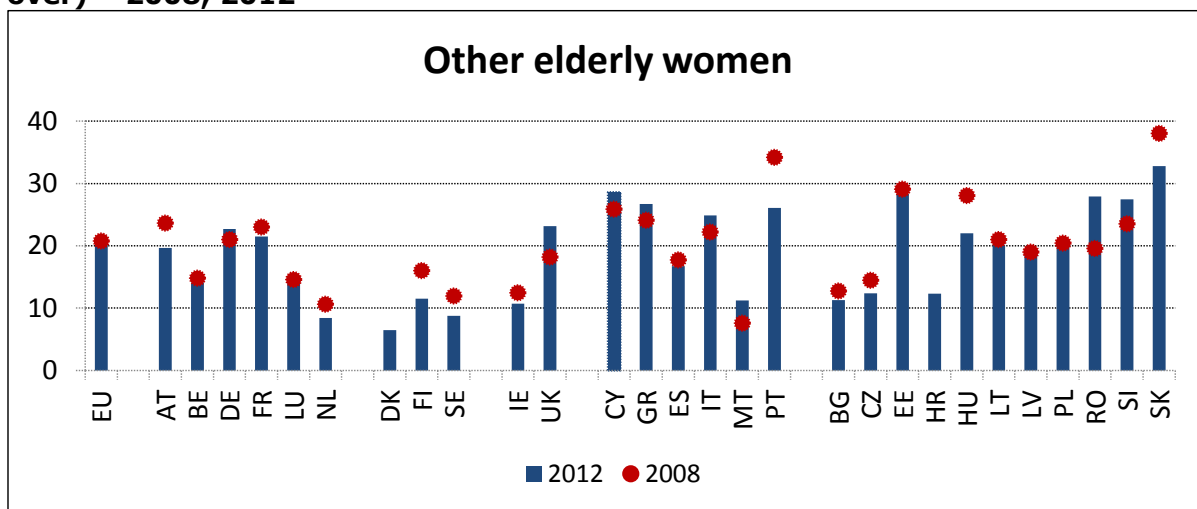
**Source:** Irs elaboration on Eurostat Microdata, EU-SILC.

**Figure AII.14: Chronic illness and disability in EU Member States (aged 65 and over) – 2008, 2012**

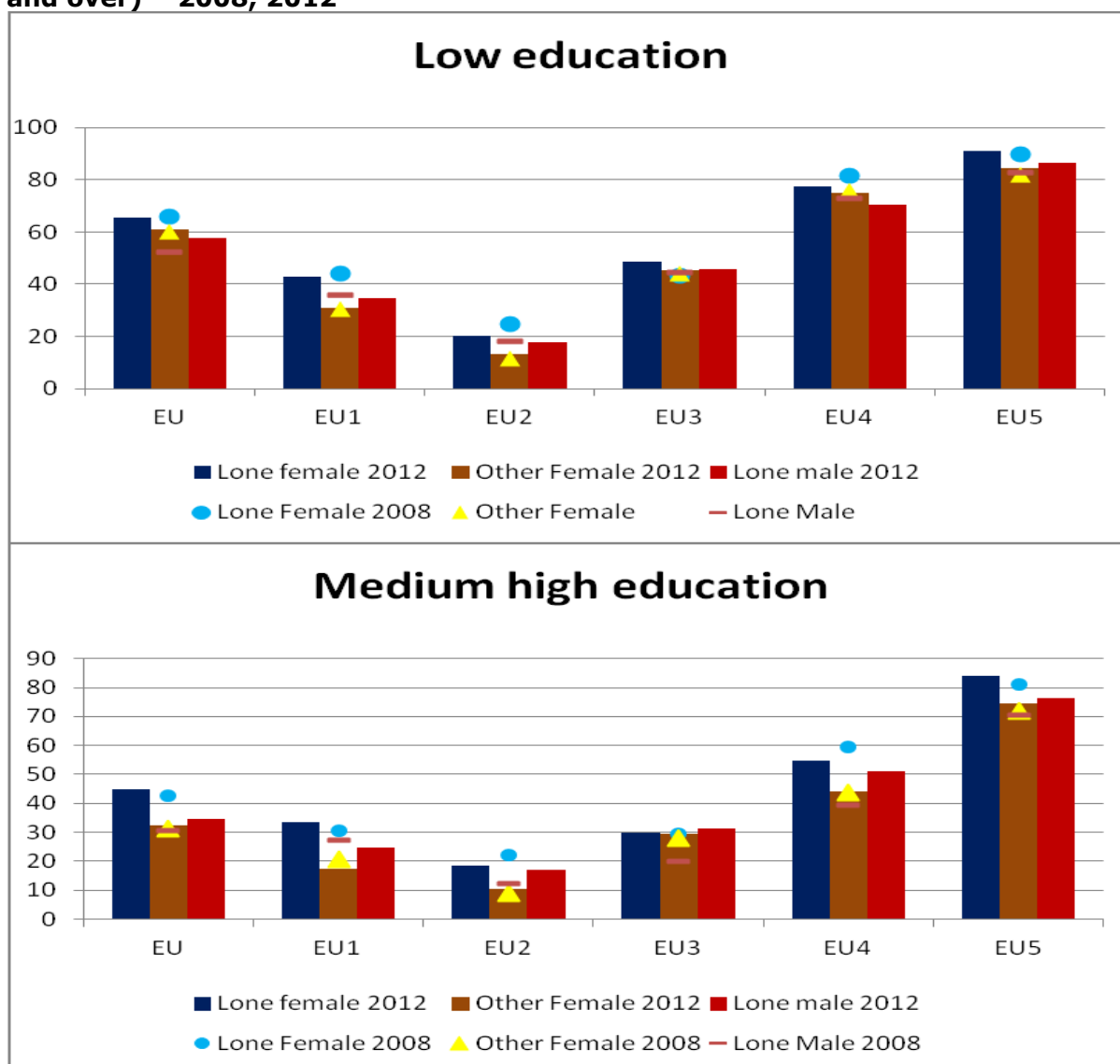
**Source:** Irs elaboration on Eurostat Microdata, EU-SILC.

Share of people with chronic illness. Not reliable for lone male: LU in 2008. Weakly reliability for lone male CY in 2008



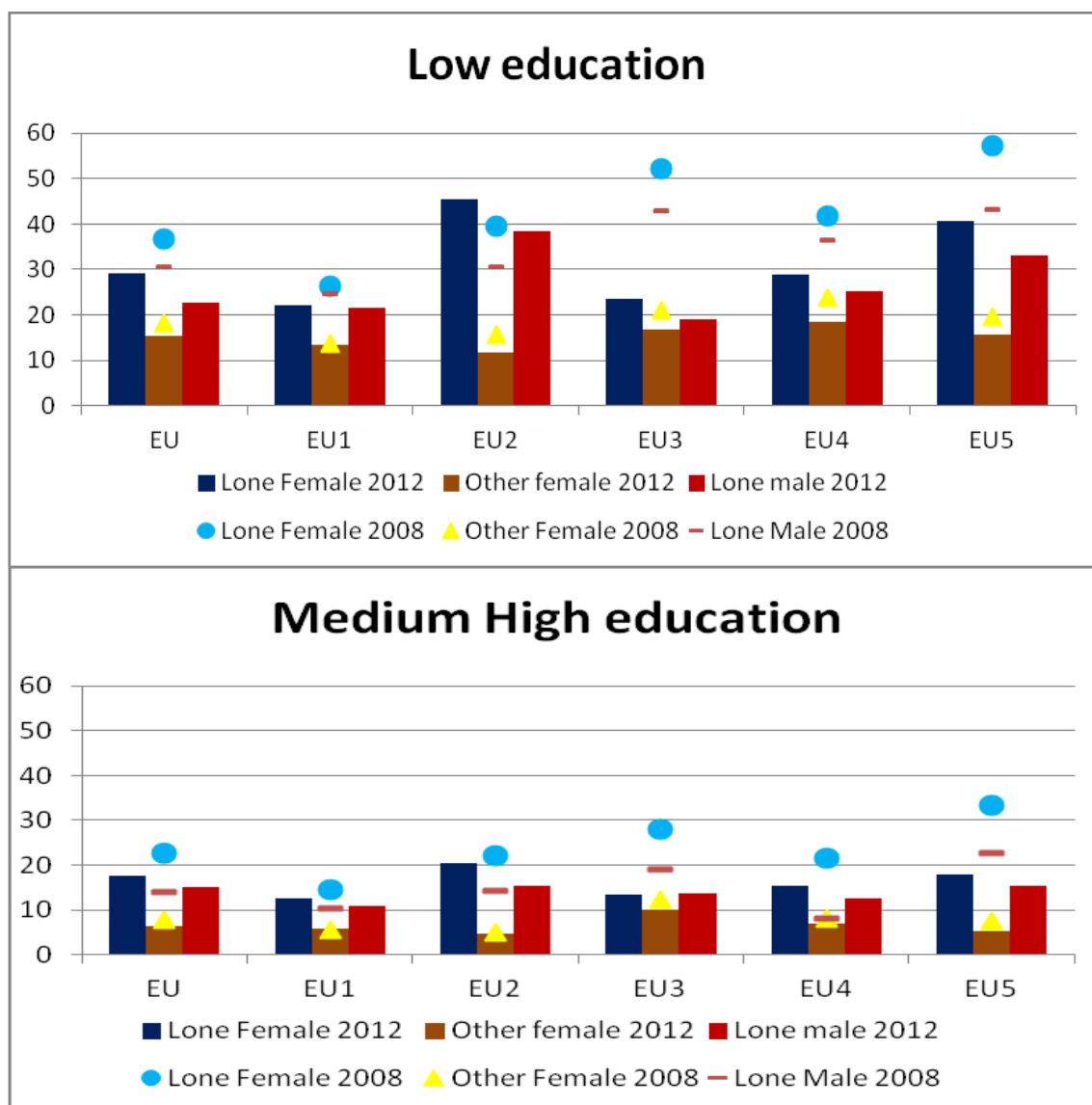
**Figure AII.15: Share of people with disability in EU Member States (aged 65 and over) – 2008, 2012**

**Source:** Irs elaboration on Eurostat Microdata, EU-SILC. Not reliable, due to small sample size, for lone male: LU, DK, CY, BG in 2008 and LU, NL, DK, CY, MT in 2012. Non reliable for not lone women: DK in 2008. Weakly reliability for lone male: AT, BE, NL, FI, SE, IE, GR, ES, PT, CZ, EE, LT, LV, SI, SK in 2008 and AT, BE, FI, SE, IE, GR, ES, PT, BG, CZ, EE, HR, HU, LT, LV, SI, SK in 2012. Weakly reliability for lone female: LU, DK, MT in 2008 and LU, DK, SE, MT in 2012. Weakly reliability for not lone female: LU, NL in 2008 and NL, DK, SE in 2012.

**Figure AII.16: Adequacy of income by education in EU Member States (aged 65 and over) – 2008, 2012**

**Source:** Irs elaboration on Eurostat Microdata, EU-SILC.

**Figure AII.17: Poverty rate by education in EU Member States (aged 65 and over)**  
**– 2008, 2012**



**Source:** Irs elaboration on Eurostat Microdata, EU-SILC.

## ANNEX III – LATEST PENSION REFORMS IN EU COUNTRIES

**Table AIII.1- Latest pension reforms in EU countries**

Country	Description
<b>Austria</b>	<p>The April 1st 2012 pension reform, effective since January 1st 2014, extends the number of contributory years entitling for the corridor pension and the long term insurance pension from 38.5 years in 2014, to 39 years in 2015 and 40 years in 2017; restricts access to disability pension by raising eligibility from 57 to 60 years and by strengthening “fit2work” – an initiative aiming to maintain and improve the employability and the ability to work of citizens; abolishes the system of parallel accounting to increase the replacement rate between the old and new law in a budgetary neutral way (enhancing transparency about actual individual pension entitlements); increases the pension benefits’ reduction in the case of early retirement from the current 4.2% to 5.1% (in the Schwerarbeitspension “heavy workers” regulation this deduction is 1.8%); has abolished the possibility to purchase schooling years; has reduced pension indexation in 2013 and in 2014, except for minimum pensions, below the CPI (-1pp for 2014 and – 0.8 pp for 2014); raised the maximal ceiling of the contributory base and the contributory rate of farmers and the self-employed.</p>
<b>Belgium</b>	<p>The December 2011 pension reform (which was subject to minor changes up to April 30th, 2012): gradually increases the minimum early retirement age and the minimum number of working years required for eligibility from 60 to 62 years and from 35 to 40 years, respectively between 2013 and 2016. People with 42 years’ work behind them will still be eligible for early retirement at 60 (and at 61 with after 41 years of work). In the civil service scheme, the pension amount will take into account the earnings over the last 10 years instead of the last 5 years (not applicable to those who had reached the age of 50 by January, 1st 2012). For “prépensions”, the minimum period of work required will be gradually increased to 40 years. The minimum age will remain 60 years in general, and be increased to 60 years for specific cases to which a lower age presently applies. Pension entitlements for “prépension” before the age of 60 years as well as entitlements for certain periods of unemployment and certain career interruptions will be reduced. On spring 2014 the minimum age to benefit from survivor pension increased from 45 years in 2015 to 50 in 2025; as from 2015 the last months worked before retiring will be taken into account in</p>

	the calculation of the pension for wage earners' and self-employed (it was already the case for civil servants' scheme).
<b>Bulgaria</b>	<b>Legislative changes adopted in December 2011 increase the retirement age as of 2012 instead of 2021 for both genders and all work categories. The increase is of 4 months each year until reaching 65 years of age for men in 2017 and 63 years of age for women in 2020. As of 2013, old-age pensions will be indexed according to the CPI. As of 2017 the increase in the accrual rate will be applied only to the new pensions and the already granted pensions will not be recalculated. In 2013, retirement age for men has been frozen at 63 years and 8 months for men , and at 60 years and 8 months for women.</b>
<b>Cyprus</b>	<b>According to the 2009 reform of the Social Insurance Fund: contribution rates will increase by 1.3 pp between 2009 and 2039 in 5-year intervals; contribution periods for old-age pension eligibility increased with the minimum contributory period from 3 to 10 years; a 6-year ceiling on education/training credits granted in the contributory system was introduced; access to unemployment benefits for beneficiaries of occupational pensions has been restricted; periodic actuarial review of pension system has been introduced. A package of consolidation measures was announced in August 2011, including: a permanent contribution of 3% on gross earnings of public sector employees for public pensions - as of 01/10/2011; newcomers in the civil service are only included in the Social Insurance Fund (not in the occupational pensions scheme) - as of 01/10/2011; an increase in the rate of contribution to the Widows and Orphans Fund by 1.25 pp to 2% on gross earnings – as of 01/10/2011. In 2013 a new pension reform was approved, providing for: an increase in the minimum contributory period from 10 to 15 years; a gradual increase of the statutory retirement age up to 65 in 2016, to be then automatically adjusted every 5 years in line to the change in life expectancy.</b>
<b>Czech Republic</b>	<b>In November 2011 a reform to introduce a 2nd pillar as of 1.1.2013 was approved. However, due to the current consolidation efforts, the implementation of the reform could be postponed. The new system is based on an opt-out principle: workers may decide to lower their contribution to the PAYG system by 3 p.p. and transfer these contributions to the 2nd pillar with the addition of 2 p.p. of gross wage. As a consequence, the contribution rate to the 1st pillar would become 25% (instead of 28%) and the contribution rate to the 2nd pillar would be 5% (hence 30% in total). People aged 35 and older can decide to opt-in until the 1st of July 2013. The under 35-year-olds have decide by the end of the calendar year in which the age of 35 is reached. During the period 2013-2014 pension indexation</b>

	<b>was temporarily reduced to 2/3 ( 1/3 on inflation and 1/3 on real wage increase). An amended Act on Pension Insurance approved in 2014 restored full indexation as of 2015; a special provision guarantees that pension income will be increased at least by 1.8% per year.</b>
<b>Denmark</b>	<b>The reform agreed in May 2011 accelerates the retirement age increase specified in the 2006 Welfare Agreement. The voluntary early retirement age (VERP) will be increased from 60 to 62 years as from 2014-2017 (formerly 2019-2022), while the public old-age pension age will be increased from 65 to 67 years in 2019-2022 (formerly 2024-2027). VERP is reduced from 5 to 3 years from 2018- 2023. The basic figure for VERP is increased, while private pension wealth reduces the VERP figure below the current level. Furthermore, the automatic possibility for beneficiaries of the unemployment insurance scheme to access early retirement is cancelled. A new senior disability pension is introduced as an administrative fast track into the disability pension for persons 5 years before the statutory retirement age.</b>
<b>Estonia</b>	<b>The main measures implemented during 2009-2011 were ad hoc changes in the indexation rule of pensions which smoothed the value of nominal pensions and a temporary suspension of the transfers to the funded pension system in the second half of 2009 and in 2010. These transfers were partially resumed in 2011 and fully from 2012 with a compensation mechanism to be implemented during 2014-2017. The pension age will be raised to 65 during 2017-2026. In the compulsory funded pension scheme the crisis has resulted in stricter control and clearer rules over the management of the funds and more flexibility for employees and employers.</b>
<b>Germany</b>	<b>An increase in pensionable age from 65 to 67 between 2012 and 2029 was enacted in 2007. The reduction of the public pension benefit level is to be compensated for by capital-funded pensions. In order to prevent old age poverty from growing, a new pension supplement ("Zuschussrente") is now under discussion. In addition, an extension of coverage in social pension insurance for self-employed people who are not members of a mandatory pension scheme is discussed. In July 2014, a new pension reform improves pension benefits and early retirement provisions for certain population groups: a pension supplement is introduced for those having raised children born before 1992; a time-limited regulation allows early retirement without deductions in benefits 2 years ahead of the statutory age for individuals with at least 45 years of contributions (the average effective pension age allowing early retirement will be gradually increased until it returns to 65); improved</b>

	<b>pension entitlements for people with reduced earnings due to health problem are introduced; a new rule has been established that allows agreements between employers and employees for the continuation of the working relationship over a certain period after statutory retirement age.</b>
<b>Greece</b>	<b>In accordance with the auxiliary pension reform legislated in March 2012, many of the larger auxiliary pension funds are merged into one and the old Defined Benefit system is turned into a balanced Notional Defined Contribution system, precluding any kind of fund transfer from the National Budget. In addition, more pension funds can be added in the future on contributors' request. In November 2012, a new pension law was approved. It increases the statutory retirement age from 65 to 67 to receive a full pension. The Bonuses for lower pensioners are reduced from 2013. A Less generous indexation is implemented: pensions indexed to CPI instead of changes in civil servants' pensions from 2014.</b>
<b>Finland</b>	<b>Pension benefits were linked to a life expectancy coefficient in 2009. The Government and social partners agreed in 2009 to raise the effective retirement age to at least age 62.4 by 2025.</b>
<b>France</b>	<b>The retirement age increase specified in the November 2010 pension reform is accelerated. Retirement ages for both men and women will increase by 5 months a generation, instead of the 4 months initially determined, from age 60 to 62 (legal retirement) and from age 65 to 67 (full rate retirement). The new age limits will be reached for the 1955 generation instead of the 1956 generation, a year earlier than scheduled with the 2010 law. A 2014 pension reform has introduced a gradual increase to 43 years of the required insurance period for full rate pension for people born in 1973 or later.</b>
<b>Hungary</b>	<b>To increase the average retirement age, from January 2012 early retirement schemes are gradually eliminated by either phasing out several forms of entitlements or by transformation into non-pension benefits. Gradual increase in pension age from 62 to 65 between 2012 and 2017. From January 2012, pensions are indexed only to inflation. According to the EU Gender directive insurance companies had to remove their gender specific tariffs, new unisex table were used from Dec. 2012.</b>
<b>Ireland</b>	<b>Since the National Pensions Framework of March 2010, legislation has been brought in to raise the State Pension retirement age to 66 in 2014, 67 in 2021 and 68 in 2028; tax-free pension lump sums have been capped at €200,000; from 2011, Social Insurance and Universal Social Charge no longer attract relief on pension contributions; new pension</b>

	<p>arrangements for new public servants base full pension on career average earnings rather than final salary; a series of measures ease funding pressures on DB schemes, such as changing priority of payment in the event of wind-up, establishment of a Pensions Insolvency Payment Scheme, and changes to the funding standard. In 2014 the State Pension Transition is abolished. The State Pension Transition was paid to people aged 65 who retired and who had enough social insurance contributions. It was not means-tested.</p>
Italy	<p>During 2011 three legislative interventions have modified the pension framework. The last one (Dec. 2011) drastically reduced the transition period and: anticipated the shift to the contribution based system for all pension schemes, raised retirement ages (especially for women), introduced flexibility in retirement age. As from Jan 1st, 2012, the retirement age has been raised to 66 for male employees; to age 62 for female employees in the private sector, age 63 and 6 months for female self-employed and 65 for public workers. It will gradually increase to age 66 by 2018 when it will be the same for men and women. The retirement age will then rise according to actual increases in life expectancy. Starting in 2021, no workers will be able to retire before age 67. The seniority system, which in the past facilitated early retirement, will be phased out by 2018. The new minimum contribution for early retirement rises to: 42 years and one month in 2012, increasing to 42 years and six months beginning in 2014 for men; 41 years and one month in 2012, increasing to 41 years and six months beginning in 2014 for women. A reduction of the total pension benefit will be applied for each year before the minimum retirement age is reached. The reforms also accelerate and broaden the use of contribution-based accounting for pension benefits: from January 2012, all pensions are calculated pro-rata on a Notional Defined Contribution (NDC) based method rather than earnings-based. More flexible retirement options are introduced between age 62 and 70. Those who choose to leave the work force earlier will receive smaller benefits, while those who work longer will receive larger ones. In addition, pensions will be frozen for the next two years except for index-linked increases to the two lowest brackets below €936 a month. However, minimum pensions--of less than EUR500 a month--will still rise with the inflation index, while those up to twice that amount will partially do so as well. The value of the pension will be lower than under the previous system, making top-up/supplementary pension plans more important. Three agencies managing public pensions have been merged (INPDAD and EMPALS accounts transferred to INPS by Apr. 2012). On April 30th 2015, the Constitutional Court declared unconstitutional the above-cited suspension of indexation to price inflation</p>



	<b>for pensions above 3 times the minimum (introduced by Law 214/2011), because the measure wasn't temporary; this will eventually involve a refund for the lost indexation to pensioners.</b>
<b>Latvia</b>	<b>Since July 2008, the Latvian authorities have: frozen indexation in 2009 until 31st December 2013; reduced contribution rates to the mandatory funded pension scheme to 2% in 2009-2011, while in 2013 and subsequent years it will fall from 10% to 6%. Changes to pension age are to be brought in providing for an increase starting from 2016 by 6 months per year up to 65 years in 2025. The minimum contributory period has been increased from 10 to 15 years in 2014 and to 20 years in 2025.</b>
<b>Lithuania</b>	<b>The 2011 reform raises the retirement age to 65 for both men and women by 2026. Social insurance contributions to the mandatory funded pension scheme have been reduced from 5.5% to 2% with the possibility of increasing them again after the crisis upon the decision of the Government.</b>
<b>Luxembourg</b>	<b>The National Reform Programme outlines the main features of a draft reform. The right to increased pension benefits will be more restricted. Beneficiaries must have reached the age of 60 (instead of 55) and be able to prove 40 years (instead of 38) of pension contributions.</b>
<b>Malta</b>	<b>The 2006 reform increased pensionable age to 65 for women and men by 2026 with a lengthening of the contribution period. It changed the calculation of pensionable income from the best three years out of the last 10 years to the best ten years from the last 40 years. In addition, a Guaranteed National Minimum Pension payable at a rate of no less than 60% of the Median Income was introduced for those born after 1st January 1962. Following the 2006 reform, the Maximum Pensionable Income for persons born after 1st January 1962 will follow a more dynamic path with indexation of 70% to Wage Growth and 30% to Inflation. In 2007, the medical review for invalidity pensions was made more rigorous and following the 2008 Budget pensioners were allowed to continue working without any reduction in the pension, whilst paying social security contributions. A Pension Working Group made recommendations including: introducing a link between pension age and life expectancy, assessing further the introduction of a notional defined contribution 1st pillar by 2013, as well as the introduction of 2nd and 3rd pension pillars.</b>
<b>Poland</b>	<b>Bridging pensions have been implemented as from 2009 to replace and limit access to early retirement provision for some categories of workers who started work in special conditions</b>

	<b>before 1999. The contribution to the DC scheme has been reduced from 7.3% to 2.3% of gross wages in 2011. The difference has been diverted to the PAYG scheme. The contribution will be gradually increased to reach 3.5% by 2017 and thereafter. A 2012 pension reform provided for: a gradual increase of the retirement age to 67 years old for men by 2020 and for women by 2040; restrictions on early retirement provisions for specific occupations (farmers, judges and prosecutors); a reduction in pension generosity for some hazardous occupations (police force, fire-fighters).</b>
<b>Portugal</b>	<b>The 2007 pension reform increased retirement age to 65 years; extended the assessment period to cover the entire employment career; froze early retirement provisions until 2014 (except for the long-term unemployed); shortened the transition period; introduced a "sustainability factor" that automatically adjusts benefits to changes in life-expectancy at 65-years. In December 2013 eligibility to old-age pensions was further shifted to 66 years; from 2016, it will be linked to the life expectancy trends.</b>
<b>Romania</b>	<b>The December 2010 pension reform: integrates special schemes into the social insurance system; introduces a mechanism for recalculating the special pensions; raises the retirement age to 65 years for men and 63 years for women by 2015; early retirement is more strictly regulated, while disability pensions are granted under more severe conditions. Moreover, the government has suspended legal provisions that would have seen contributions to the mandatory DC scheme rise from 2% to 2.5% of employees' gross wages in 2009. The scheduled increase was resumed in 2010, so that ultimately the contribution rate should reach 6% of wage sometime in the future. On December 2013, specific provisions for the gender equalization of pension schemes were introduced; the pensionable age for women will increase from 63 to 65 in the period 2030 to 2035.</b>
<b>Slovakia</b>	<b>Allowed workers to opt out of the funded scheme and return to the PAYG scheme in 2008 and the DC scheme became optional for all new entrants to the labour market. A 2010 legislative change stipulates the lack of income from work as a basis for entitlement to an early retirement pension. In 2011, changes to the fully-funded pension pillar were passed, enabling savers to regain the possibility to invest in more risky securities and thus potentially attain higher returns. Moreover, mandatory participation of young people was reintroduced on 01/04/2012 as a default option with the possibility to leave the scheme in the first two years of saving. In 2012, a new pension reform: introduced a link between the statutory retirement age and life expectancy from 2017 onwards; changed (for the fourth time in a decade) the access rule and the contribution rate to the second pillar: the scheme</b>

	<b>is now voluntary and the contribution is reduced to 4% in the short term and to 6% in the medium term; pension benefits have been reduced by a change in the indexation rule (to a household price inflation) from 2018 onwards. From 2013 to 2017 pension benefits will be increased by fixed amounts and thereafter valorisation will follow consumer prices.</b>
<b>Slovenia</b>	<b>The proposed pension reform (including the equalisation of pension ages for women and men) was rejected in a referendum in 2011. The 2012 approved reform provides for: a raise in the retirement age for both men and women to 65 (to be gradually achieved by 2016 for men and by 2020 for women); higher penalties for early retirement; a decrease in benefits generosity through a less favorable indexation rule (60% wage versus 40% price, against 100% wage).</b>
<b>Spain</b>	<b>The 2010/2011 pension reform increased the pensionable age from 65 to 67 (gradually between 2013 and 2027); increased the length of contribution period for a full pension benefit from 35 to 37 years; increased early retirement age to 63 from 61 (but with the possibility to retire at 61 retained during the economic crisis for those with at least 33 years of contributions); increased penalisation for early retirement; extended the period of contributions taken into calculation of base pension from 15 to 25 in 2022; introduced a sustainability factor from 2027 with cyclical revisions every 5 years; introduced longer periods for childcare crediting; reduced the fragmentation of the overall system (agricultural and domestic workers schemes were integrated into the general scheme). On 28th October 2011, the Government approved the Global Employment Strategy for Older Workers 2012-2014 to complement the reform of the pension system. The 2013 pension reform has restricted access to early retirement (increasing the minimum age from 63 to 67 by 2027). It has introduced a sustainable factor for setting the value of new pensions and changed the method for their revaluation. In particular, the sustainability factor implies a link between changes in life expectancy and the amount of pension as of 2019. The new indexation mechanism for pension was introduced on the 1st January, and implies that old-age pensions are indexed below CPI inflation.</b>
<b>Sweden</b>	<b>In 2010 the automatic balancing mechanism in the adjustment system of pension income has been smoothened: it will be based on a rolling average of 3 years instead of 1 year as previously to avoid sharp changes in pensions in the eventuality of economic downturn/upturn. Earned IncomeTax Credit (EITC) was enhanced in 2014. The EITC is higher for workers over 65.</b>

<b>The Netherlands</b>	<p>The retirement age for the state pension AOW will be increased from 65 to 66 in 2020 and linked to life expectancy after that date. Further increases in the retirement age will be announced 11 years before they are implemented. This procedure will take place by the end of each period of five calendar years, and for the first time on January 1st, 2014. Based on current projections on rising life expectancy, it is expected that in 2014 an increase to 67 in 2025 will be announced. An increase of the retirement age to 68 will, according to current estimates, be announced in 2024, and take place in 2035. Within the 2060 time horizon of the AWG pension projections, a fourth step, to the age of 69, is envisaged in 2050. Moreover, the increase in the eligibility age for occupational pensions will also be linked to life expectancy, using the same formula as used for the first pillar pensions.</p>
<b>United Kingdom</b>	<p>Access to the basic state pension has been improved in recent years, its uprating has been enhanced and workers are to be automatically enrolled in occupational schemes (with a possibility to opt-out) from 2012. Legislation is in place to increase the State pension age to 68 from 65 in stages from 2020 to 2046. Following new legislation, which came into effect in January 2012, the State pension age is now being equalised for both genders by 2018 (previously 2020) and this also brought forward the timing of the increase in the state pension age from 65 – 66 by 5 ½ years, beginning in 2018. Proposals to speed up the subsequent increase from age 66 to 67 have been announced (pending legislation) and options to speed up the increase from 67 to 68 are under discussion. The Pensions Bill 2013-2014 contains a number of provisions to further strengthen and incentive workplace pensions by introducing automatic transfers for defined contribution arrangements, so that 'pensions' entitlements move with workers as they change jobs. NEST scheme (The National Employment Savings Trust workplace pension scheme) will create economies of scale compared to current DC plans. From 2016, a new state pension (single-tier pension, STP) will replace at a higher level both the basic pension and the minimum income guarantee (Pension Credit).</p>

**Sources:** EC (2015), "Ageing Report", pg. 35-50; EC (2014), "Review of recent social policy reforms for a fair and competitive Europe - 2014 report of the Social Protection Committee", pg. 28-36, for all countries except Italy, OECD (2014) "Pension Outlook", ANNEX 2.A1, for GR, HU, IT, SK, SE, UK.

## ANNEX IV – COUNTRY FICHES

All data presented in the first table (including Demographic indicators and poverty indicators) are taken from the Eurostat database on Population and social conditions. Poverty rate for elderly lone people are based on EU-SILC micro-data

The second table, showing the national pension systems are based on the following sources:

1. The Comparative Tables on Social Protection presented in the **Mutual Information System on Social Protection (MISSOC)**<sup>82</sup> - MISSOC provides qualitative information on the social protection legislation and its financing sources as well as relevant organisations responsible for social protection for all European countries. It provides data for all areas of social protection, which enables to assess changes in the social protection systems over time and within the European countries. The database includes a special section on "old-age", including information on the applicable statutory basis, basic principles, fields of application, benefits and taxation and social contributions. Other sections are for instance family benefits or unemployment.
2. International Review of leave policies and related research 2012 by Peter Moss (2012)<sup>83</sup>.
3. The National reform programmes of 2012.
4. European Commission on "Your social security rights"<sup>84</sup>.

Information on the pension system is taken from MISSOC as well as from the, Country profiles of the Joint report on pensions from the European Commission. Additional country sources are taken from national websites and included in the respective country scheme.

When data are said to be on the total population they refer to both males and females. The country fiches are ordered by welfare regime.

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<sup>82</sup> [http://ec.europa.eu/employment\\_social/missoc/db/public/compareTables.do](http://ec.europa.eu/employment_social/missoc/db/public/compareTables.do)

<sup>83</sup> Moss, Peter (2012), International review of leave policies and related research 2012. Institute of education University of London.  
[http://www.leavenetwork.org/fileadmin/Leavenetwork/Annual\\_reviews/2012\\_annual\\_review.pdf](http://www.leavenetwork.org/fileadmin/Leavenetwork/Annual_reviews/2012_annual_review.pdf)

<sup>84</sup> <http://ec.europa.eu/social/main.jsp?catId=858&langId=en>

**Country: FRANCE**

CONTEXT		
Demographic Indicators	2008	2014
Male/female population aged over 64 on the male/female population	13.9% (M) 18.7% (F)	15.7% (M) 20.1% (F)
Male/female population aged over 75 on the male/female population	6.4% (M) 10.4% (F)	7.1% (M) 11.0% (F)
Age dependency ratio	53.6 (T) 56.8 (F)	57.6 (T) 60.6 (F)
Old age dependency ratio	25.2 (T) 29.4 (F)	28.4 (T) 32.3 (F)
Single women aged 20 and over on the same age female population	27.8%	30.7 (2013)
Widowed/Divorced/Legally separated women aged 20 and over on the same age female population	21.5%	21.5% (2013)
Lone elderly women (aged 65 and over) with no dependents on the female population	8.2%	8.5% (2013)
Poverty Indicators	2008	2013
At risk of poverty rate – over 65 years	11.9% (T) 9.1% (M) 14.0 (F)	8.7% (T) 7.4% (M) 9.6% (F)
At risk of poverty rate – Lone people over 65 years	14.0% (M, low reliable) 22.4% (F)	2012 13.4% (M) 16.2% (F)

PENSION SYSTEMS	
Measure: Old age pension	
Legal retirement age	62 for persons born after 1st January 1955 and 60 for persons born before 1st July 1951, increasing by 4 months each year for persons born between 1st July 1951 and 31 December 1951, and 5 months each year for subsequent cohorts. Complementary schemes for employees (ARRCO) and management staff (AGIRC): Between 65 and 67 or upon receipt of the basic pension at a full rate. <sup>85</sup>
Early retirement	General scheme for employees: Between 56 and 60 years of age (Long career): according to the year of birth; the age at commencement of activity; and the duration of insurance. For people with severe disability: From 55 to 59 years of age. Complementary schemes for employees and management staff: Between the ages of 55 and 57 with an anticipation coefficient according to the birth year or without coefficient if the insured obtained the basic pension at a full rate.
Flexibility in exit	General scheme for employees:

<sup>85</sup> [http://www.cleiss.fr/docs/regimes/regime\\_france/an\\_3.html](http://www.cleiss.fr/docs/regimes/regime_france/an_3.html)

	<p>60/62 years and up to 70: A bonus is paid only if the insured satisfies the insurance condition for a full pension.</p> <p>Beyond the age at which the pension is paid automatically at the full rate (between 65 and 67 according to the year of birth):</p> <p>Increase in insurance duration if the insuree does not satisfy the insurance period required depending on the year of birth.</p> <p>Complementary schemes for employees and management staff. No specific measure for women: the number of pension points is linked to the duration of contributions.</p>
Pension earnings related	<p>Pension based on annual that calculated on the basis of the 24 best earning years for the insured born in 1947.</p> <p>Persons born after 1947</p> <p>The duration will increase to 25 years.</p>
Multi-pillar schemes	Mandatory partially funded schemes in the private sector.
Minimum pension (MP)	<p>General scheme for employees: €629 per month (if eligible for full pension). It is prorated if the insurance period is below the duration required depending on the year of birth of the insured.</p> <p>Is increased for periods of effective contributions: €687,32</p> <p>It is supplemented, after a means test, with a maximum amount paid as <u>Solidarity allowance</u> for the elderly person: €9,503.89 per year.</p> <p>Complementary schemes for employees and management staff: No statutory MP.</p>
Indexation of benefits	Annual adjustment based on expected evolution of consumer prices (tobacco excluded).
Survivors pension (SP) benefits	<p>54% of real or hypothetical old-age pension of the deceased person. If divorced widow(er), pension is divided in proportion to the years of marriage.</p> <p>A supplement of €96.21 per month is paid if the surviving spouse has a child under 16 years. An increase of 10% is granted if the surviving spouse has raised three or more children.</p>

**Country: GERMANY**

CONTEXT		
Demographic Indicators	2008	2014
Male/female population aged over 64 on the male/female population	17.2% (M) 22.8% (F)	18.3% (M) 23.3% (F)
Male/female population aged over 75 on the male/female population	6.1% (M) 10.8% (F)	8.1% (M) 12.3% (F)
Age dependency ratio	51.1 (T) 56.1 (F)	51.4 (T) 55.7 (F)
Old age dependency ratio	30.4 (T) 35.6 (F)	31.5 (T) 36.2 (F)
Single women aged 20 and over on the same age female population	21.8%	23.4% (2013)
Widowed/Divorced/Legally separated women aged 20 and over on the same age female population	21.8%	22.8% (2013)
Lone elderly women (aged 65 and over) with no dependents on the female population	9.9%	9.8% (2013)
Socioeconomic Indicators	2008	2013
At risk of poverty rate – over 65 years	14.9% (T) 12.0% (M) 17.4% (F)	14.9% (T) 12.7% (M) 17.0% (F)
At risk of poverty rate – Lone people over 65 years	18.5% (M) 29.6% (F)	2012 23.4% (M) 27.4% (F)

PENSION SYSTEMS	
Measure: Old age pension	
Legal retirement age	From 65 gradually increasing to 67 years by 2029. It will still be possible for insured persons to retire at the age of 65 years without having their pensions reduced if they complete 45 years of compulsory contributions from employment and care and from child-raising periods up to the age of 10 of the child.
Early retirement	63 (from 62 for severely disabled persons) after 35 years of pension insurance periods. * from the age of 60 with deduction for women (born before 1952) after at least 15 years of contribution and substitute periods, if compulsory contributions were paid for more than ten years as from the age of 40; * from the age of 63 with deduction for persons (born before 1952) after at least 15 years of contribution and substitute periods if they were compulsorily insured for at least 8 in the last 10 years, are unemployed at the commencement of the pension and were unemployed for 52 weeks after completion of the age of 58.5 years or have worked part-time for elder workers for 24 calendar months. Pension without deductions possible from age 63. Conditions for this are 45 years of mandatory contributions from employment, self-employment and caregiving, plus time spent raising children below 10. Periods of voluntary contribution, where there have been at least



PENSION SYSTEMS	
Measure: Old age pension	
	<p>18 years of mandatory contributions can also be included. Periods during which unemployment benefit was drawn are included in order to avoid particular hardship due to brief interruptions in earnings history on account of unemployment. Periods where short-time allowances (and equivalent earlier benefits) were paid as well as other benefits as compensation for reduced income under the laws to promote employment are also taken into account. Periods where benefits as compensation for reduced income are paid under job promotion schemes are not included if these periods fall within the last two years before the starting date of pension payments (so-called rolling start date). However, in order to avoid cases of hardship, such periods during the last two years before the starting date of pension payments will be included if they were caused by bankruptcy or full suspension of business by the employer. Periods of long-term or permanent unemployment (ALG II payments or previous unemployment benefits) will be recognised as non-income periods. The starting age for pensions at 63 will gradually be raised to the current age of 65 for insured persons with an exceptionally high number of years of contributions. This increase shall start 1.5 years after the introduction of this regulation in 2016, for persons born in 1953, with an increase of 2 months. The age limit will be raised by 2 further months in each subsequent year. The age limit of 65 will be reached for persons born in 1964.</p>
Flexibility in exit	<p>Possibility of unlimited deferment. For early retirement: reduction of 0.3% for each month, during which the pension is claimed earlier.</p>
Pension earnings related	<p>Amount of employment income insured through contributions during the entire insured life, voluntary contributions (contribution periods). The monthly contribution ceiling for 2014 is: West: €5,950 East: €5,000 Periods of child-raising during the first 36 calendar months after the month of birth (12 calendar months for births before 1992)</p>
Multi-pillar schemes	<p>Funded additional old-age pension provision in second pillar (obligatory) and third pillar (voluntary). Five options for occupational provision: book reserves, support fund, direct insurance, pension fund. Since 2002 a new voluntary by state- subsidised, fully funded, direct-contribution scheme (Riester-Rente) (privately managed funded scheme) <sup>86</sup></p>
Minimum pension (MP)	<p>No statutory minimum pension. For low income groups (including needy elderly) there is a Needs-based pension supplements = universal basic income scheme (social security support).</p>
Indexation of benefits	<p>Annually indexed on 1 July according to income/ wage dynamics, the sustainability factor (demographic factor) and the increase in the pension contribution rate.[2] (=economic and demographic factors) <sup>87</sup> A "safeguard clause" prevents pension adjustment from resulting in a</p>

<sup>86</sup>European Commission (2010), Country profiles of the Joint report on pensions.

<sup>87</sup>European Commission (2010), Country profiles of the Joint report on pensions.

PENSION SYSTEMS	
Measure: Old age pension	
	reduction of the current pension value and the current pension value (east). The pension reductions that did not occur due to the "safeguard clause" are included in the so-called compensation requirement and are rescheduled since 2011 by generally reducing positive adjustments by half.
Survivors pension (SP) benefits	<p>Marriage after 31/12/2001 or both spouses born after 1/1/1962: pension amounts to 55% of the old-age pension for which the deceased spouse would have been eligible including Supplementary periods.</p> <p>Marriage before 1/1/2002 or at least one spouse born before 2/1/1962 or deceased before 1/1/2002: pension amounts to 60% of the pension for which the deceased spouse would have been eligible. No supplement for child-raising. Income from property is not taken into account. The same benefits are granted in the case of survivors of a registered civil union.</p>

**Country: ITALY**

CONTEXT		
Demographic Indicators	2008	2014
Male/female population aged over 64 on the male/female population	17.5% (M) 22.8% (F)	18.9% (M) 23.8% (F)
Male/female population aged over 75 on the male/female population	7.4% (M) 11.8% (F)	8.6% (M) 12.8% (F)
Age dependency ratio	52.2 (T) 56.3 (F)	54.6 (T) 58.4 (F)
Old age dependency ratio	30.7 (T) 35.6 (F)	33.1 (T) 37.7 (F)
Single women aged 20 and over on the same age female population	20.9%	22.4% (2013)
Widowed/Divorced/Legally separated women aged 20 and over on the same age female population	21.5%	22.7% (2013)
Lone elderly women (aged 65 and over) with no dependents on the female population	9.6%	9.8% (2013)
Socioeconomic Indicators	2008	2013
At risk of poverty rate – over 65 years	20.9% (TI) 17.1% (M) 23.6% (F)	15.3% (T) 12.4% (M) 17.4% (F)
At risk of poverty rate – Lone people over 65 years	25.4% (M) 36.2% (F)	2012 20.6% (M) 30.8% (F)

PENSION SYSTEMS	
Measure: Old age pension	
Legal retirement age	<p>Male employees of the private sector, self-employed and para-subordinate workers: 66 years and 3 months. Male and female civil servants: 66 years and 3 months. Female employees of the private sector: 63 years and 9 months.</p> <p>Female self-employed and para-subordinate workers: 64 years and 9 months</p> <p>65 years and 3 months for the granting of the welfare-based social allowance. As of January 2021, the retirement age cannot be lower than 67. Persons with a disability of at least 80% and blind people: 60 years for men, 55 years for women.</p> <p>Pension payment only begins after a certain period following satisfaction of entitlement conditions: This period is:</p> <ul style="list-style-type: none"> <li>* 12 months for employees;</li> <li>* 18 months for self-employed.</li> </ul>
Early retirement	<p>From January 2012 the former seniority pension (<i>pensione di anzianità</i>) has been replaced by the Early retirement pension (<i>pensione anticipata</i>). When the benefit is claimed before the age of 62 and the person has accrued the conditions for drawing full pension of 42 years + 6 months for men and 41 years + 6 months for women, the benefit itself shall be subject to a permanent reduction in amount, thus discouraging to early retirement. A</p>

PENSION SYSTEMS	
Measure: Old age pension	
	<p>permanent percentage reduction applies to the pension amount if the pension is claimed before the age of 62.</p> <p>Persons first insured since 1/1/1996 who have accrued a work insurance of at least 20 years, may retire at the age of 63 years and 3 months upon condition that the amount of the pension they would be entitled to is at least equal to 2.8 times the monthly amount of the welfare-based social allowance (<i>assegno sociale</i>) (equal to € 447.61 in 2014).</p>
Flexibility in exit	Deferment possible up to the age of 70 years and 3 months (adjusted according to life expectancy).
Pension earnings related	<p>Reference earnings and length of insurance.</p> <p>Reference earnings.</p> <p>* For those who on 31/12/1992 had worked 15 years or more: average of salaries during the last 5 years with ceiling.</p> <p>* For those who on 31/12/1992 had worked less than 15 years: average earnings over a variable period between the last 5 and 10 years, with ceiling.</p> <p>* For those first employed since 1/1/1996, the calculation is based on the total of contributions of the entire working life.</p> <p>These reference earnings criteria shall only apply in order to calculate the pro-rata pension based on contributions accrued by 31/12/2011 by persons insured before 1/1/1996.</p>
Multi-pillar schemes	Supplementary voluntary funded pensions based on three options: closed (negotiated) funds regulated by collective agreements; open funds managed by financial intermediaries that can be joined by workers individually or in groups; and pension insurance policies.
Minimum pension (MP)	<p>Insured before 1996: Annual amount: €6,517.94</p> <p>Supplements if the annual taxable income is less than 2 times the MP.</p> <p>Married person: if the annual taxable income is less than €26,071.76 (4x minimum pension).</p> <p><u>Supplements:</u> amounts to 70% if the annual family income is between €26,071.76 and €32,589.70, and to 40% for incomes between €32,589.7 and €39,107.64.</p> <p><u>Persons insured since 1996:</u> No statutory minimum pension.</p>
Indexation of benefits	<p>Annual adjustment based on the cost of living trend thus:</p> <p>Pension amounts:</p> <p>* up to €1,486.29: full indexation;</p> <p>* between €1,486.29 and €2,972.57: application of a decreasing indexation percentage varying between 1.2% (official indexation rate for 2014) and 0.60% in reverse proportion to the monthly pension amounts, according to four "guarantee brackets".</p> <p>* Equal to €2,972.58 and over: indexation by a fixed amount of €17.84.</p>
Survivors pension (SP) benefits	60% of the insured person's invalidity or old-age pension. According to the widow(er)'s income, reduction of 25%, 40% or 50%.

**Country: ROMANIA**

CONTEXT		
Demographic Indicators	2008	2014
Male/female population aged over 64 on the male/female population	12.9% (M) 17.9% (F)	13.6% (M) 19.6% (F)
Male/female population aged over 75 on the male/female population	4.9% (M) 7.8% (F)	5.8% (M) 9.5% (F)
Age dependency ratio	46.6 (T) 50.1 (F)	47.1 (T) 51.7 (F)
Old age dependency ratio	22.6 (T) 26.8 (F)	24.3 (T) 29.3 (F)
Single women aged 20 and over on the same age female population	13.6%	16.9% (2013)
Widowed/Divorced/Legally separated women aged 20 and over on the same age female population	23%	24% (2013)
Lone elderly women (aged 65 and over) with no dependents on the female population	5.7%	6.3% (2013)
Socioeconomic Indicators	2008	2013
At risk of poverty rate – over 65 years	26.0% (T) 20.7% (M) 29.7% (F)	15.0% (T) 9.7% (M) 18.6% (F)
At risk of poverty rate – Lone people over 65 years	23.4% (M) 47.2% (F)	2012 16.7% (M) 33.5% (F)

PENSION SYSTEMS	
Measure: Old age pension	
Legal retirement age	Men: 64 years and 10 months on 1 July 2014, increasing to 65 years on 1 January 2015. Women: 59 years 10 months on 1 July 2014, increasing to 63 years on 1 January 2030 and to 65 in the period 2030 to 2035.
Early retirement	<u>Early Retirement Pension</u> : Granted at most 5 years before the Standard Retirement Age to a person who exceeds the Full Contribution Period by at least 8 years. Reductions of retirement age for: * persons who contributed under special, difficult or other specific working conditions, * persons who have had a handicap * persons persecuted for political reasons (after 6 March 1945), deported abroad or taken prisoners of war, * blind persons, * other categories of persons, defined by other legal acts. <u>Partial Early Retirement Pension</u> : Granted at most 5 years before the Standard Retirement Age to a person who exceeds the Full Contribution Period by up to 8 years.
Flexibility in exit	<u>No deferred pension</u>
Pension earnings related	Length of contribution period, level of earnings. PAYG: calculated on the basis of individual's accumulated points, which are determined by contributor's wage relative to the average

	wage. <sup>88</sup>
Multi-pillar schemes	Mandatory (privately administered) pension funds (defined contribution scheme, part of the individual contribution from the public pension system is accumulated in individual accounts) and voluntary private pensions. <sup>89</sup>
Minimum pension (MP)	Social Indemnity for Pensioners: RON 350 (€ 79).
Indexation of benefits	No adjustment in 2011.
Survivors pension (SP) benefits	Calculation method is based on a point system. Marriage duration 10 to 15 years: Pension is reduced by 0.5% for each month short of 15 years. The <u>duration</u> of SP is different, either permanent or temporary, depending on the conditions met by the surviving spouse.

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<sup>88</sup> European Commission (2010), Country profiles of the Joint report on pensions.

<sup>89</sup> European Commission (2010), Country profiles of the Joint report on pensions.

**Country: SWEDEN**

CONTEXT		
Demographic Indicators	2008	2014
Male/female population aged over 64 on the male/female population	15.5% (M) 19.5% (F)	17.7% (M) 21.1% (F)
Male/female population aged over 75 on the male/female population	6.9% (M) 10.5% (F)	7.0% (M) 10.0% (F)
Age dependency ratio	52.2 (T) 55.7 (F)	57.4 (T) 60.4 (F)
Old age dependency ratio	26.7 (T) 30.4 (F)	30.6 (T) 33.8 (F)
Single women aged 20 and over on the same age female population	30.9%	40.8% (2013)
Widowed/Divorced/Legally separated women aged 20 and over on the same age female population	23.9%	12.3% (2013)
Lone elderly women (aged 65 and over) with no dependents on the female population	n.a.	n.a.
Socioeconomic Indicators	2008	2013
At risk of poverty rate – over 65 years	15.0% (T) 8.8% (M) 19.7% (F)	16.4% (T) 9.2% (M) 22.3% (F) (2010)
At risk of poverty rate – Lone people over 65 years	17.7% (M, low reliable) 33.7% (F)	2012 29.8 (M) 41.9 (F)

PENSION SYSTEM	
Measure: Old age pension	
Legal retirement age	Flexible retirement age from 61 to 67 with the possibility to work longer with the employer's consent. From 65 guaranteed pension may be obtained by those with a low-income pension.
Early retirement	No early pension. <u>Old system</u> : the annual supplementary pension is permanently decreased by 0.5% of the old-age pension per calendar month before the age of 65.
Flexibility in exit	No upper limit from when a pension has to be drawn. Possibility to work over 67 years with employer's consent.
Pension earnings related	<u>Earnings-related old-age pension</u> : based on life-time earnings, age of retirement, life expectancy for a cohort, economic trends. <u>Fully funded premium reserve pension</u> (mandatory): * ordinary insurance principles and the value of the chosen funds, * life-time earnings, * age of retirement, * life expectancy for a cohort. <u>Earnings-related supplementary pension</u> : * number of years with pensionable income (up to 30 years), * size of income, * age of retirement,

	<p>* trend in prices (trend in income) for persons older than 65).  <u>Guaranteed pension</u>: Residence period (up to 40 years) and amount of earnings-related pensions.</p>
Multi-pillar schemes	<p>Earnings-related old-age pension.          Separate schemes for white and blue collar workers in the private sector and for public sector employees.</p>
Minimum pension (MP)	<p><u>Guaranteed pension</u> (since 2003) for those who have a small or no pension.          Full guaranteed pension amounts to SEK 94,572(€10,284) per year for a single person and to SEK 84,360 (€9,173) for a married person.          For those who do not meet the requirements for the Guaranteed pension, there is a maintenance support for the elderly above the age of 65, corresponding to 1.4468 Price base amounts for a single person (1.1191 Price base amounts for married or co-habiting persons).          Also housing allowance for low income pensioners</p>
Indexation of benefits	<p><u>Earnings-related old-age pension</u>: average income trend (income index), deducting the norm of 1.6 percentage points.  <u>Supplementary pensions</u> are adjusted to the trend in prices for those aged 65 or younger.  <u>Guaranteed pension</u>: yearly adjustment based on trend in prices (Price base amount).  <u>Maintenance support</u> for the elderly is price-indexed.</p>
Survivors pension (SP) benefits	<p><u>Adjustment pension</u>: surviving spouse below 65:          * Guarantee adjustment pension: 2.13 Price base amounts per year, reduced in proportion as income-related adjustment pension rises.          * Income-related adjustment pension: 55% of the deceased person's pension base.          The pension is paid for a period of 12 months and will be maintained for as long as the surviving spouse lives with a dependent child under 12 years of age. If the child is over 12 but under 18 the adjustment pension can be paid 12 months.</p>



**Country: UNITED KINGDOM**

CONTEXT		
Demographic Indicators	2008	2014
Male/female population aged over 64 on the male/female population	14.1% (M) 17.7% (F)	16.0% (M) 19.0% (F)
Male/female population aged over 75 on the male/female population	6.1% (M) 9.2% (F)	6.7% (M) 9.3% (F)
Age dependency ratio	50.8 (T) 53.0 (F)	54.2 (T) 56.0 (F)
Old age dependency ratio	24.0 (T) 27.0 (F)	27.0 (T) 29.6 (F)
Single women aged 20 and over on the same age female population	24.6%	26.7% (2013)
Widowed/Divorced/Legally separated women aged 20 and over on the same age female population	23.5%	22.8% (2013)
Lone elderly women (aged 65 and over) with no dependents on the female population	7.5%	7.7% (2013)
Socioeconomic Indicators	2008	2013
At risk of poverty rate – over 65 years	27.3% (T) 24.4% (M) 29.7% (F)	16.6% (T) 14.6% (M) 18.3% (F)
At risk of poverty rate – Lone people over 65 years	33.7% (M) 40.9% (F)	2012 18.7 (M) 23.5 (F)

PENSION SYSTEMS	
Measure: Old age pension	
Legal retirement age	Men: 65 years Women: 61 years and 8 months (gradually rising to 65 years in 2018). From December 2018 the State Pension age for both men and women will start to increase to reach 66 by October 2020.
Early retirement	No early Basic State Pension (BSP).
Flexibility in exit	Unlimited deferment possible.
Pension earnings related	<u>Basic State Pension</u> : Number of qualifying years. <u>State Second Pension (S2P)</u> : Calculation based on average indexed earnings (after 2002) between the lower and upper earnings limit <u>State Earnings-Related Pension Scheme (SERPS)</u> : Level of earnings (from 1978 to April 2002). <u>Graduated Retirement Benefit</u> : Amount of contributions paid between 1961 and 1975.
Multi-pillar schemes	<u>Mandatory State Second pension (S2P)</u> : Earnings-related pension system for employees. All employees (not the self-employed) are obliged to make contributions either to S2P or to a contracted-out private pensions. <u>Private pension provisions</u> : fully funded occupational and personal

	pension schemes
Minimum pension (MP)	<p><u>Basic State Pension</u>: reaching pensionable age before 5 April 2010, a minimum of 25% of full rate of basic State Pension, (min. contributions 10-11 years).</p> <p>Reaching pensionable age after 6 April 2010, a rate of 1/30th of the full rate of pension for each year of contributions paid or credited.</p> <p><u>Graduated Retirement Benefit</u>: Minimum for a person on their own contributions: GBP 0.1279 (€0.16) per week.</p> <p><u>Pension credit</u> is granted for low income pensioners (means tested)</p>
Indexation of benefits	<p>Annual adjustment</p> <p>BSP: increase by the highest of the growth in average earnings, or price increases or 2.5%.</p>
Survivors pension (SP) benefits	<p><u>Bereavement Payment</u>: Lump sum payment of GBP 2,000 (€2,210) on spouse's death.</p> <p><i>Weekly Pension</i> for widow(er) or surviving civil partner (up to GBP 100.70 (€111) a week):</p> <p>*without dependent children (<u>Bereavement Allowance</u>) maximum of 52 weeks.</p> <p>* with dependent child under 16 (under 19 if in non-advanced full-time education) (<u>Widowed Mother's Allowance</u>)</p> <p><u>Widow's Pension</u>: Weekly pension paid to widows aged 45 or over if no dependent children, can be paid up to deemed State Pension age of 65.</p> <p><u>State Earnings-Related Pension (SERPS)</u>: Weekly earnings-related pension (accrued to late spouse, since December 2005 includes civil partner) paid with Widowed Mother's Allowance, Widowed Parent's Allowance and Widow's Pension.</p>

## Appendix / Country Fiches - Detailed information on long term care in place in the six selected countries

	Eligibility criteria	What is covered?
Sweden		
<b>Long-term care</b>	<p>Persons unable to provide for their needs or to obtain provision for them in any other way <u>are entitled to assistance from the social welfare committee. National legislation ensures that the individual shall be assured a reasonable standard of living.</u> The way this takes place in practice can differ due to local conditions.</p> <p>Long-term care is available to <u>all residents and is not subject to means testing, age conditions or completion of qualifying periods.</u></p>	<p>As long as a person requires <u>any kind of assistance</u> in order to maintain a reasonable standard of living, he or she is entitled to that support <u>regardless of the level of dependency.</u></p> <p>Long-term care is not a stand-alone system. If a person is in need of medical care that does not require hospital care he or she should, according to the legislation, be given such care in his or her own home. <u>Assistance in the form of home help shall also be given in a person's own home.</u></p> <p><u>Special housing or residential care</u> is mainly used <u>for those in constant need of round-the-clock direct access to assistance</u>, such as persons with Alzheimer's disease, those with severe medical conditions, or who suffer severely from anxiety and loneliness. <u>The municipality cannot refuse to give anyone in such need assistance in their own home.</u></p> <p>There is no legal responsibility for spouses or children to care for their elderly relatives. User fees are low. There is a national maximum cost protection. In 2014 the maximum fee for elderly care was SEK 1,776 (€ 193) per month. For medical care the maximum cost was SEK 1,100 (€ 120) per year, and for medicine SEK 2,200 (€ 239) per year. The individuals are entitled to reserve a fair amount of money for rent and at least SEK 5,012 (€ 545) per month for daily living costs before the municipality can charge a fee for elderly care.</p>

	Eligibility criteria	What is covered?
UK		
<b>Long-term care</b>	<p>Long-term care support is provided through a <u>social care system</u> (benefits in kind) and through the <u>social security system</u> (non-contributory cash disability benefits) to people who have certain physical, cognitive or age-related conditions and who require help with their personal care or their daily living activities. The support is financed by the State and is available to people with an unrestricted right to remain in the United Kingdom. Competence for social care (benefits in kind) is devolved to Scotland, Wales and Northern Ireland.</p>	<p>The social care system in England provides care and support through a <u>means-tested system</u>, which is <u>delivered at the local level by local authorities</u>. Social care may be provided in people's own homes (eg homecare, meals on wheels and special aids and equipment), residential care or nursing homes, day care centres and hospitals. Note that the social care system <u>does not come within the EU social security coordination rules</u>.</p> <p>For residential care in England, people with assets (including the value of the family home) over GBP 23,250 (€ 29,075) receive no financial State support and need to fund their own care. The level and type of State support for people with assets below this threshold depends on their needs and income.</p> <p>People with non-residential care needs who receive care or other services from the local authority have to pay reasonable charges, depending on ability to pay and at the discretion of the local authority.</p> <p><u>Cash disability benefits for people who need help with personal care are not means tested.</u></p> <p>The following social security benefits may be payable to people with long-term care needs and their carers:</p> <p><b><i>Disability Living Allowance</i></b></p> <p>If help is required with personal care or you have walking difficulties because of a physical or mental disability and you are under 65, you may be entitled to a disability living allowance. The Disability living allowance may be paid in addition to other benefits and there are no</p>

	Eligibility criteria	What is covered?
		<p>contribution conditions. There are currently conditions relating to residence and presence in the UK. Disability living allowance is paid directly into a bank, building society or other account of the payee's choice.</p> <p><b>Attendance Allowance</b></p> <p>If you are aged 65 or over and need help with personal care because of a physical or mental disability you may be entitled to attendance allowance. It may be paid in addition to other benefits. There are no contribution conditions, but there are conditions relating to residence and presence in the UK.</p> <p>The Attendance allowance is paid directly into a bank, building society or other account of the payee's choice.</p> <p><b>Personal Independence Payment</b></p> <p>Personal Independence Payment is for claimants aged 16-64 who have needed help with daily living and/or mobility needs for three months and who are likely to need this help for at least another nine months.</p> <p>From 10 June 2013 no new claims from people aged 16-64 can be made for Disability Living Allowance. All new claims will instead be made for Personal Independence Payment.</p> <p><b>Carer's Allowance</b></p> <p>The Carer's allowance is a weekly benefit paid to someone who spends at least 35 hours week caring for a person receiving a disability living allowance at the middle or highest rate for help with personal care, an attendance allowance or equivalent rates of the</p>

	Eligibility criteria	What is covered?
		<p>constant attendance allowance. The Carer's allowance may affect payment of other benefits, there is an earnings limit, and it is not payable to full-time students. There are no contribution conditions, but there are conditions relating to residence and presence in the UK which you will be required to satisfy.</p> <p>Carer's allowance is paid directly into a bank, building society or other account of the payee's choice.</p>
<b>France</b>		
<b>Long-term care</b>	<p>The French social security system is not based on a homogeneous approach around the loss of autonomy and ability to conduct daily living activities. Long-term care benefits are instead spread over various pieces of legislation.</p> <p><i>Supplement for assistance of a third party</i></p> <p>This legislation provides for a supplement for assistance of a third party (majoration pour aide d'une tierce personne) in case of:</p> <ul style="list-style-type: none"> <li>- an <u>invalidity pension</u> (pension d'invalidité);</li> <li>- an <u>old-age pension</u> (pension de vieillesse) (subject to certain conditions) or</li> <li>- a <u>work injury pension</u> (rente d'accident de travail).</li> </ul> <p>The beneficiaries should not have reached the age at which they can receive a full pension, regardless of the length of insurance at the time of examination of entitlement, and need the assistance of another person in order to perform the majority of basic activities of daily life.</p>	<p><b>Benefits in kind</b></p> <p>Disability compensation allowance (prestation de compensation du handicap) and allowance for loss of autonomy (allocation personnalisée d'autonomie) can be used to cover the costs of home care and semi-residential and residential care.</p> <p>Regarding <u>home care</u>, the assistance required for staying at home is assessed. The amount of the benefit depends on the assistance plan used, taking into account the level of participation of the beneficiary, and calculated according to his/her means.</p> <p>For <u>semi-residential care</u>, it is possible to receive day care in a specialised centre. The number of hours granted depends on an evaluation of the need of assistance.</p> <p>With respect to <u>residential care</u> (i.e.: accommodation in a social or medical-social institution; hospitalisation in a health institution or in an institution for accommodating elderly dependent persons (Établissement pour hébergement pour personnes âgées dépendantes, EHPAD), the amount of the benefit equals the amount of the expenses corresponding to the degree of loss of autonomy according to the institution's tariffs, minus the participation of the beneficiary him/herself.</p> <p><b>Cash benefits</b></p>

	Eligibility criteria	What is covered?
	<p><i>Special education supplement for a disabled child</i> A special education supplement for a disabled child (complément d'allocation d'éducation de l'enfant handicapé) is granted for children under the age of 20 who reside in France and who are at least 80% disabled or, in specific situations, disabled between 50 and 80%.</p> <p><i>Disability compensation allowance and allowance for loss of autonomy</i> Two other long-term care allowances should be mentioned.</p> <p>The first is the <u>disability compensation allowance</u> (prestation de compensation du handicap) for disabled persons who are <u>younger than 60 years</u>, who are residing in France and whose disability meets defined criteria.</p> <p>The second is <u>the allowance for loss of autonomy</u> (allocation personnalisée d'autonomie) <u>for elderly persons who are older than 60 years</u> and who are residing in France, and who suffer from a loss of autonomy. The benefit is not subject to means-testing, although its amount varies according to the means/income level.</p>	<p>The supplement for assistance of a third party (majoration pour aide d'une tierce personne) is equal to a 40%-increase of the pension, which cannot be lower than € 1,103.08 per month.</p> <p>Supplementary benefit for recourse to a third party (<i>prestation complémentaire pour recours à tierce personne</i>):</p> <p>€551.55 in case the person concerned is unable to perform 3 or 4 activities independently;</p> <p>€1,103.08 for 5 or 6 activities;</p> <p>€1,654.63 for at least 7 activities.</p> <p>The special education supplement for a disabled child (complément d'allocation d'éducation de l'enfant handicapé) comprises six categories of supplement. There is a specific increase for dependent children of a single parent who is benefiting from the allowance and from a supplement for a disabled child of at least the second category.</p> <p><b>Other benefits</b></p> <p>Other benefits include technical grants for the purchase or renting of specific equipment,</p> <p>adaptation of frequently used equipment, housing support (adaptation), transport-related</p> <p>support, specific or exceptional help and assistance animals.</p>
Germany		

	Eligibility criteria	What is covered?
<b>Long-term care</b>	<p><u>Long-term care benefits in case of need for care ("dependency") are provided upon request under the statutory long-term care scheme.</u></p> <p>The Social long-term care insurance (Book XI of the Social Code, Sozialgesetzbuch SGB XI) is an independent branch of social security, which covers the risk of long-term care in a similar manner than the insurance against sickness, accidents, unemployment as well as old-age insurance. The extensive list of long-term care benefits helps to mitigate the physical, mental and financial burden for persons in need of care and their family members resulting from the need of long-term care, and supports them to live in dignity and according to their wishes despite their need of care.</p> <p>Everyone who is covered by statutory or private sickness insurance is automatically and mandatorily covered by the statutory or private long-term care insurance. For entitlement to benefits under the statutory long-term care insurance <u>a qualifying period of two years is required.</u></p> <p>According to the requirements of the statutory long-term care insurance, a person is in need of care <u>if, as a result of a physical, emotional or mental disease or disability, he or she is expected to need long-term assistance for at least six months to perform everyday activities.</u> The relevant need for assistance extends to the areas of <u>personal hygiene, feeding, mobility as well as general care and domestic help.</u> <b>Rather than on age or income, the amount of the long-term care benefits is based on the extent of care needs as determined by the medical service of the sickness</b></p>	<p><b><i>Benefits in kind</i></b></p> <p>In addition to a legal entitlement to <u>care counselling for all</u>, benefits in kind include mainly:</p> <ul style="list-style-type: none"> <li>- the provision of <u>home care and domestic help by outpatient centres or individual carers</u>;</li> <li>- a <u>lump-sum payment for the costs of residential care</u> (including short-term care (Kurzzeitpflege).</li> </ul> <p>For category III the amount of benefits in kind is €1,550 and for so-called cases of hardship € 1,918)</p> <p>The amount of these benefits depends on the degree of dependency and is fixed by law.</p> <p>In addition, there are <u>accompanying benefits to complement home care</u> such as respite care (Verhinderungspflege), short-term care (Kurzzeitpflege) as well as day and night care (Tages-und Nachtpflege).</p> <p>Benefits for home care may also be complemented by <u>aids and appliances to facilitate the provision of care or household activities or by measures for the improvement of the living conditions.</u></p> <p><u>Additional care benefits</u> are available for persons with an <u>extensive general need of care</u> (e.g. people with dementia, mentally disabled people and people with mental illnesses).</p> <p>Benefits have an unlimited duration as long as the entitlement conditions are fulfilled.</p> <p><b><i>Cash benefits</i></b></p>



	Eligibility criteria	What is covered?
	<p><b>insurance.</b> This means that in principle, only persons of at least category I are granted long-term care benefits. For certain benefits - so-called "<u>low-threshold offers</u>" - a lower level of care needs is sufficient to be entitled to those benefits.</p> <p><u>Persons with minor care needs</u> (under 90 minutes per day) <u>or persons with partial insurance coverage</u> ("Teilkaskoversicherung") for whom the capped benefits are not sufficient to cover the real costs, can, in specific cases, receive care benefits under the social assistance scheme.</p> <p><u>Social assistance care benefits</u>, the so-called "care assistance", are only granted in case of financial dependency of the person concerned, i.e. if the person in need of care can neither bear the total costs of the care service him-/herself nor receive it from others.</p> <p>Moreover, <u>the statutory long-term care insurance for caring family members and other informal carers</u> provides for the payment of the pension insurance contributions, accident insurance coverage, contribution payment for the unemployment insurance <b>during periods of caring as well as other supporting benefits</b>, e.g. free training courses, possibilities of respite and substitute care etc.</p>	<p>If a person in need of care wants to provide for the care him-/herself, he/she can claim a care allowance in order to assure necessary basic care and household assistance in an adequate way. The amount of this benefit varies according to the degree of dependency. For category III, it equals € 700).</p> <p><u>Cash benefits and benefits in kind may be combined</u>: if the person in need of care only partly claims the benefits in kind, he/she is also entitled to receive a proportionate care allowance. Apart from the entitlement to day care, the person maintains a 50%- entitlement to the respective care benefit in kind or care allowance.</p> <p>There is a free choice between benefits in kind and cash benefits. Benefits have an unlimited duration as long as the entitlement conditions are fulfilled.</p>
<b>Italy</b>		
<b>Long-term care</b>	Benefits covering the risk of long-term care are <u>provided under both the social security</u> (contribution based) <u>and the social welfare system</u> (welfare-based and provided,	The attendance allowance for persons with disabilities is € 480.47 (€ 472.45 for recipients of the disability pension; € 783.60 for totally blind people). For persons with disabilities, deaf dumb and totally

	Eligibility criteria	What is covered?
	<p>in the form of both benefits in kind and cash benefits to disabled citizens who are not self sufficient regardless of the fact that they have already been granted an invalidity allowance or a disability pension. Beneficiaries have to meet the following qualifying conditions:</p> <ul style="list-style-type: none"> <li>– to be incapable of walking without the constant assistance of an attendant or carer;</li> <li>– to be in need of constant attendance in order to perform daily life activities/functions.</li> </ul> <p>Entitlement is subject to the <u>assessment of the level of dependency carried out by a forensic medical "mixed" board</u> (made up of forensic doctors from both the local health centre and the INPS) that can also require follow-up checks and it is not subject to means testing.</p>	<p>blind persons in hospitals, and partially blind persons, the cash benefit is</p> <p>€ 256.67.</p> <p>Home care services and day care centre stays are provided for offering home help, meal delivery, medical treatment and nursing care. Residential care is provided for in the most serious cases. The length of stay varies according to the seriousness of the situation of dependency. Technical aids are provided in the most serious cases of disability. There is also provision for benefits (also in the form of VAT tax reduction when purchasing the needed tools) contributing to:</p> <ul style="list-style-type: none"> <li>– the purchase of prostheses or other necessary medical equipment;</li> <li>– the purchase or adaptation of private means of transport;</li> <li>– the purchase of tools which make it possible to carry out a self-employed activity.</li> </ul>
<b>Romania</b>		
<b>Long-term care</b>	<p>Long-term care is not covered by a specific scheme but by <u>different schemes covering invalidity, old age and employment injuries</u>. Therefore, the main beneficiaries are persons with a handicap and senior persons, while the services provided are adapted to the individual needs of the person.</p> <p><b>Long-term care benefits for disabled</b></p> <p>Persons with a handicap, i.e. persons for whom the social environment, misfit to their physical, sensorial, psychological or mental impairments, obstructs or limits their access to society based on equal opportunities, are</p>	<p><b>Long-term care benefits for disabled</b></p> <p><i>Home care</i> is rendered by <u>personal assistants</u> who ensure care and protection <u>for a period longer than 24 hours</u>.</p> <p><i>Semi-residential care</i> is provided by <u>day centres</u> that ensure social services integrated with medical, educational, housing, labour force employment and other similar services up to 24 hours, or by qualified personal assistants who ensure care and protection for a period longer than 24 hours (for the latter, on the person with a handicap are imposed, apart from the handicap degree condition, two other conditions – no lodging and an income below the average</p>

	Eligibility criteria	What is covered?
	<p>entitled to long-term care benefits according to the handicap degree and type.</p> <p>Thus, a person with a handicap, according to the handicap degree and type, may be entitled to home care, semi-residential care, residential care, and cash social benefits.</p> <p>The duration of long-term care benefits is the period of the handicap.</p> <p><b>Long-term care benefits for seniors</b></p> <p>A senior person at standard retirement age is entitled to long-term care benefits according to the dependency degree.</p> <p>Thus, according to the dependency degree, the senior person in question may be entitled to home care, semi-residential care, and residential care but not to cash social benefits.</p> <p>The duration of long-term care benefits is the period of the dependency.</p>	<p>net wage).</p> <p>The <i>residential care</i> is provided by <u>residential centres</u> (i.e. care and assistance centres, recovery and rehabilitation centres, integration centres providing vocational therapy, centres of training for an independent life, crisis centres, centres for community and training services, sheltered housing, etc.) <u>that ensure social services integrated with the medical, educational, housing, labour force employment and other similar services for a period longer than 24 hours. A user charge must be paid.</u></p> <p>An array of <u>cash social benefits</u> is also available for the person with the handicap, according to the invalidity degree and type. Some cash social benefits are specific for children and others for adults. The cash social benefits are not subject to income tax.</p> <p><b>Long-term care benefits for seniors</b></p> <p><i>Home care</i> is provided by <u>caregivers</u> who ensure social and socio-medical services for a period longer than 24 hours. A user charge has to be paid if the senior person earns an income over a certain threshold.</p> <p>The <i>semi-residential care</i> is provided by <u>day centres</u>, night centres, and other specialized centres for senior persons that ensure socio-medical services up to 24 hours.</p> <p>The <i>residential care</i> is provided by <u>homes for senior persons</u> that ensure social, sociomedical and medical services for a period longer than 24 hours. A user charge has to be paid if the senior person earns some income and has legal supporters.</p>

**Source:** 'Your social security rights' Country Report (2011) - European Commission Employment, Social Affairs and Equal Opportunities



## DIRECTORATE-GENERAL FOR INTERNAL POLICIES

# POLICY DEPARTMENT CITIZENS' RIGHTS AND CONSTITUTIONAL AFFAIRS **C**

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