

# The Gender Impact of Social Security Reform, Comments

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# Gender & pension reform in L.A.

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## Context

- Gender not an explicit concern at time of many reforms
- Growing interest in late 1990s
- Recent research projects since 2000
  - World Bank
  - ILO
  - UNCEPAL

# Overview of comments

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- ❑ Part of a whole
- ❑ Set aside simulation assumptions and whether performance indicators suggest they are reasonable
- ❑ Focus on alternative interpretation of some simulation results

# Findings of paper (p. 31)

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- Women's own annuities
  - "...women's own annuities are lower than those of men in multi-pillar pension schemes..."
- Public and intra-family transfers
  - "...women are recipients of net public transfers and private intra-household transfers through joint pensions..."
- Conclusion
  - "As a result of these forces, women have gained more than men from the reforms..."

# Another interpretation of findings

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- Women's own annuities & lifetime benefits
  - New systems compound labor market inequalities in labor market
  - Under unreformed systems, replacement *rates* between men and women for an own pension were the same. New systems result in different replacement *rates*.
  - Equal retirement ages will not resolve problem
    - Increase replacement rates of women by 50%
    - But average (married) women's replacement rates still usually less than 50% those of men (Table IB)
      - 44-62% in Chile
      - 31-53% in Argentina
      - 30-50% in Mexico (same)
  - Are lifetime benefit ratios appropriate metric? What is driving the differences in the ratios?

# Another interpretation of findings II

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## Public transfers

- Women do not disproportionately benefit from transfers, except to the extent that they tend to earn lower incomes (Table II)
  - Chile (ratios w/MPG, price-indexed)
  - Argentina (ratios w/flat @ 65 and 70)
  - Mexico (ratios with SQ)
- Most average women do not currently work enough to meet the higher contribution requirements to receive MPGs or flat benefits in many revised systems
  - Chile
  - Argentina
  - Mexico

**Table 1A: Estimated years of work by gender and education (urban areas)**

<b>Chile</b>					
<b>Schooling</b>	<b>Incomplete primary</b>	<b>Incomplete secondary</b>	<b>Complete secondary</b>	<b>up to 4 post secondary</b>	<b>5+ year post secondary</b>
<b>-males</b>	35.98	38.05	38.29	38.97	38.97
<b>-females</b>	23.42	24.17	26.80	32.92	36.05
<b>Argentina</b>					
<b>Schooling</b>	<b>Incomplete primary</b>	<b>Incomplete secondary</b>	<b>Complete secondary</b>	<b>Some post-secondary</b>	<b>University degree</b>
<b>-males</b>	38.93	40.74	42.82	39.14	40.86
<b>-females</b>	17.92	19.53	25.26	29.49	34.43
<b>Mexico</b>					
<b>Schooling</b>	<b>0-5</b>	<b>6-8</b>	<b>9</b>	<b>10-12</b>	<b>13+</b>
<b>-males</b>	45.00	44.33	44.55	43.89	42.83
<b>-females</b>	20.93	19.92	21.90	24.36	31.71

Source: James, Cox Edwards, and Wong. 2003. *The Gender Impact of Pension Reform: A Cross-Country Analysis*. World Bank Discussion Paper. Washington, DC: World Bank.

# Another interpretation of findings III

## □ Family transfers

- Many women do not benefit from the “formalization of the informal contract”
- Some reforms make it harder for women to claim partner benefits and may disproportionately affect ability of low-income women to claim benefits to which they have a right
- Reliance on intra-family transfers erodes women’s social citizenship rights and reinforces a male-breadwinner bias that undermines women’s independence
- Potential strain on welfare of extended families that support women in old-age without own or survivor’s pension

# Policy recommendations

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- Mentioned in paper
  - Unisex mortality tables
  - Equalizing retirement age
  - Partial wage indexation of public benefits to very old
  - Contribution requirements for MPGs and flat benefits
  - Indexing of minimum pensions
  - Annuitization
  - Joint pensions
  - Redistribution to low wage earners
  - Non-contributory pensions for rural and informal workers
- Why not focus on other reforms that affect labor market?
  - Address wage inequalities
  - Invest in women's human capital
  - Support women's workforce participation and general human capital development with pre-school daycare
  - Encourage formal labor market development beyond offering the 'carrot' of social insurance coverage