The Gender Impact of Social Security Reform, Comments

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Gender & pension reform in L.A.

- 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

☐ 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)

☐ 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

- 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

- 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)

<table>
<thead>
<tr>
<th>Schooling</th>
<th>Incomplete primary</th>
<th>Incomplete secondary</th>
<th>Complete secondary</th>
<th>up to 4 post secondary</th>
<th>5+ year post secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>males</td>
<td>35.98</td>
<td>38.05</td>
<td>38.29</td>
<td>38.97</td>
<td>38.97</td>
</tr>
<tr>
<td>females</td>
<td>23.42</td>
<td>24.17</td>
<td>26.80</td>
<td>32.92</td>
<td>36.05</td>
</tr>
<tr>
<td>Chile</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>males</td>
<td>38.93</td>
<td>40.74</td>
<td>42.87</td>
<td>39.14</td>
<td>40.86</td>
</tr>
<tr>
<td>females</td>
<td>17.92</td>
<td>19.53</td>
<td>25.26</td>
<td>29.49</td>
<td>34.43</td>
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<tr>
<td>Argentina</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>males</td>
<td>0-5</td>
<td>6-8</td>
<td>9</td>
<td>10-12</td>
<td>13+</td>
</tr>
<tr>
<td>females</td>
<td>20.93</td>
<td>19.92</td>
<td>21.90</td>
<td>24.36</td>
<td>31.71</td>
</tr>
<tr>
<td>Mexico</td>
<td></td>
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</tr>
</tbody>
</table>

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

- Mentioned in paper
  - Unisex mortality tables
  - Equalizing retirement age
  - Partial wage indexation of public benefits to very old
  - Contribution requirements for MPG and flat benefits
  - Indexing of minimum pensions
  - Annuitzation
  - 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