



AGE Platform Europe Policy Statement

Closing the gender pay gap in a life-cycle perspective

April 2019



Summary

AGE presents this paper in the framework of the Commission consultation on the implementation of the provisions in Directive 2006/54/EC on equal pay. While answering the questionnaire provided by the European Commission, AGE takes this opportunity to highlight the challenges women, and especially older women, face in the labour market and in access to equal incomes with men, in a life-cycle perspective. AGE highlights that the gender wage gap has several determinants:

- Gender segregation and the feminisation of part-time work
- Age, as the gender pay gap increases with age
- The higher amount of hours of unpaid work that women provide in comparison to men
- Increasing pressure on the reconciliation of work and care
- Multiple discrimination, especially with regards to age and gender

AGE also highlights the negative consequences of the gender pay gap in terms of the gender pension gap of 37%, higher old-age poverty and social exclusion rates for women (21%) and the economic and human loss linked to gender inequality.

AGE puts forward the following proposals that could address the gender pay gap in a life-cycle perspective:

- Review of the directive on gender equality in employment
- Strengthening of the overall legal framework for non-discrimination
- Non-legislative measures on non-discrimination
- Fostering social partnership
- Increasing pay transparency
- Strengthening and implementing legislation on reconciliation of work and care
- Fostering role-models through gender quotas in high-level positions and education
- Strengthening Public Employment Services to address the needs of older women looking for a job
- Developing care services in a life-cycle perspective
- Strengthen social protection for workers in new forms of jobs and for informal carers
- Gender-proofing pension reforms
- Assess barriers to access judicial redress

AGE believes that to tackle the gender pay gap, a holistic approach and a strong EU gender equality strategy is urgently needed.

Current situation regarding the protection from discrimination in remuneration

The pay gap between women and men in the EU 28 is currently at 16%, with little change over the last years. This gap hides large geographical differences ranging from 26% in Estonia to under 4% in Romania. Seemingly, the gender gap in pay seems not to be particularly related to per capita income levels, as high-income member states can show high levels of difference (Germany, UK, Austria, Finland) and lower gaps (Luxembourg, Italy, Belgium).¹

In the current consultation, the Commission is reviewing Directive 2006/54/EC ('gender equality (employment)'), which enlarges the principle of equal treatment of women and men to access to employment including promotion and vocational training, working conditions including pay and occupational social security schemes. The framework is supplemented by directive 2004/113/EC on equal access to goods and services. The reviewed directive 'gender equality in employment' however excludes individual contracts for self-employed persons from its material scope. It should be noted that despite the modification of directive 2004/113/EC ('goods and services') by the European Court of Justice in the *Test-Achats* case² that banned gender discrimination in access to insurances, including when discrimination is based on actuarial factors that differ according to sex, the 'gender equality in employment' directive under review explicitly allows for such discrimination in occupational social security schemes³. Commission⁴ and EIOPA⁵ guidance confirmed this exemption after the *Test-Achats* ruling. Protection levels are therefore not the same for women accessing defined-benefit pension products privately or via occupational schemes. This current gap in the directive is a concern that should be addressed carefully as a specific group are excluded from protection and risk being discriminated against.

Classical explanation: gender segregation, part-time work

The classical explanations for the gender pay gap stem from different employment patterns between women and men. More women chose professions in sectors which are less well remunerated than men, such as clerical jobs, the care or education sectors, while more men are choosing careers in sectors with higher remuneration levels, such as technological roles. Another explanation holds to the fact that more

¹ Eurostat, [Gender pay gap statistics](#), February 2019

² European Court of Justice, [Judgment C-236/09 of the Court \(Grand Chamber\) of 1 March 2011, Association Belge des Consommateurs Test Achats ASBL and Others v Conseil des ministres](#).

³ While article 7 (Material scope) refers to occupational social security schemes old age pensions as being in the scope of the directive, article 9 (Examples of discrimination) excludes the application of actuarial calculation factors where they differ according to sex in both defined-contribution and defined-benefit schemes at paragraph h).

⁴ European Commission, [Guidelines on the application of Council Directive 2004/113/EC to insurance, in the light of the Judgement of the Court of Justice of the European Union in Case C-236/09 \(Test-Achats\)](#). 2012/C 11/01.

⁵ European Insurance and Occupational Pensions Authority, [Report on the implementation of the Test-Achats ruling into national legislation](#). EIOPA-CCPFI-13/091 of 6 February 2014.



women are present in part-time working arrangements, which tend to be less well remunerated than full-time working arrangements. Eurofound surveys show that in 2015, men work about 40 hours per week on average, while women work under 35h on average in paid employment, with a slight decrease over time for both men and women since 2005.⁶ The survey further shows that about 25% of women working part-time declare doing so because they are looking after children or incapacitated adults, while this is the case for only 5% of men working part-time.⁷

It should be noted that often, workers on part-time or fixed-duration contracts have no access to occupational social security schemes, such as occupational pensions, which constitute an element of 'pay' as defined under the directive under review. Therefore, women are less likely to be covered by occupational pension schemes than men.

Gender pay gap widens with age

One of the factors determining the gender pay gap which is less widely known is the increase of the gender pay gap with age. As an illustration, it is 0.5% for 25-34-year olds, 5.2% for 35-44 year-olds, 6.9% for 45-54 year-olds to reach 15.3% for 55-64 year-olds in Belgium, a rather low-gap country. In France, the gap increases from 8.5% for 25-34 year-olds to 21.3% for 55-64 year-olds.⁸ This difference can be explained partly by generational effects, with cohorts of older female workers being less well educated than currently younger women. Still, it is to be noted that older women are predominantly discriminated against in the area of remuneration.

Women work more than men

While the Eurofound figures quoted above indicate an overreliance of women on part-time work because of family responsibilities and an overall fewer number of hours worked, the same survey also shows that women spend much more time working when one counts 'unpaid work', defined by Eurofound by caring for children, grandchildren or relatives, or doing cooking and housework in addition to other activities⁹. Women spend on average about 22 hours per week on unpaid work, while men spend just under 10 hours. Put differently, women work longer hours than men, but fewer paid hours. Differences in unpaid work are especially marked for couples with children, but also for older couples (46+) without children in the household.¹⁰

Increasing pressure on reconciliation of work and care

Eurofound has found signs of increasing pressure on work-life balance over the last years, despite European initiatives to invest into early childcare and education (the 'Barcelona Targets'). Men feel more

⁶ Eurofound, [Striking a balance: Reconciling work and life in the EU](#). Working Conditions Series, 2018. p.17.

⁷ *Ibid.*, p.20.

⁸ Eurostat, [The unadjusted gender pay gap by age\(%\)](#), 2017.

⁹ Voluntary or charitable activities, political/trade union activity, taking training or education

¹⁰ Eurofound, *op. cit.*, p.23f.

than women that they have a poor fit between employment and family responsibilities, mainly because men work longer hours in paid employment than women. Pressures are highest for couples with younger children (under 12). Overall, about 18% of the EU workforce feels a poor fit between work and family commitments.¹¹ Signs of increasing pressure are the increase of conflicts between work and employment, both with direct impacts on housework and on the quality of employment.¹² More women than men report care responsibilities preventing them from employment or full-time work (about 10% in 2017).

It is to be noted, concerning older workers, that pressures on care are increasing, and therefore the pressure on families is increasing as well. 12% of respondents to the European Quality of Life Survey are providing care to persons aged under 75, and 12% for people above that age. Here also, gender differences in care are marked, as 10% of men, but 14% of women are caring for a person aged 75 or over at least once a week.¹³ In the age group 50-64, 28% of women are providing care, compared to 17% of men. This shows that gender differences in care also play out in later working life and have an impact on women's careers and pay.

Multiple discrimination

The differences in reliance on part-time and employment rates between women and men have already been sketched out above. Still, the differences in the gender pay gap with older women is high because multiple discrimination on both the grounds of age and gender. In a 2015 special Eurobarometer¹⁴, a growing number of people (56%) think that age, if over 55, is a disadvantage in recruitment. 27% thought that gender was a disadvantage in recruitment. About 5% reported having been discriminated against on basis of their age (55+) in the past 12 months, 4% because of their gender and 5% because of multiple grounds. Multiple discrimination is still a concept that has not been sufficiently addressed in research and surveys, but it seems likely that many older women experience multiple discrimination based on their gender and age, and that this could be a component of the high gender pay gap for older women.

Gender pension gap and older women's risk of poverty; supplementary pensions

The gender pay gap has a life-time impact on women's earnings during their pension age. The most recent Pension Adequacy Report¹⁵ assesses the EU average gender gap in pensions at 37.2 %. This regards incomes from statutory pensions and is the direct result of the cumulated gender pay, employment and care gaps as outlined above. Pension reforms in the past decade have strengthened the link between contributions and benefits, reduced benefits or the yearly adjustment of benefits and

¹¹ Eurofound, *op. cit.*, p.10f.

¹² Eurofound, *op.cit.*, p. 13.

¹³ Eurofound, *op.cit.*, p.41.

¹⁴ European Commission, [Discrimination in the EU in 2015. Report.](#), Special Eurobarometer 437, 2015.

¹⁵ European Commission, [Pension Adequacy Report 2018. Current and future income adequacy in old age in the EU \(Volume 1\)](#), 2018.

developed supplementary pension savings to maintain the financial sustainability of pension systems in view of demographic ageing. However, AGE has warned that the impacts are more strongly felt for older women than for older men. Average replacement rates are projected to decrease ‘dramatically’ in some countries over the next 40 years as a result.¹⁶ Projections show that men will increase their advantage by 2-6 percentage points over 40 years based on equal, uninterrupted careers.

The Commission also assesses that shorter careers (20 years) reduce pensions between 10-60 % - based on the employment situation, this is a likely impact for many older women in 2056.¹⁷ Three year gaps for childcare are compensated by pension credits in some member states and result in different in pensions from a full career of 0—5%; or up to -10% if followed by 10 years of part-time work. A 3-year break for care to a family member reduces pensions by 0-11%.

A result is that women are more often at risk of poverty and social exclusion, especially after the passing away of their partner (i.e. older women living alone) and at very high age, when under-indexation of pensions has eroded its real value. Poverty and social exclusion rates in 2016 for women are almost 7 percentage points higher for women over 65 than for men over 65, at 21% (23% for women over 75).

Economic and human loss due to gender inequality

The European Institute for Gender Equality (EIGE) has assessed the loss linked to gender inequality in economic terms.¹⁸ It shows that while closing the gender wage gap has only minor economic benefits (0-0.2% in GDP over the 2030-2050 period), combined with the related closing of the activity gap can yield heavy economic benefits (between 3 and 5.5% of GDP over the same period).

In another study, EIGE¹⁹ has assessed the impact of the gender pension gap on other domains, such as health and violence. EIGE notes that the difference in life expectancy and in healthy life years are at the disadvantage of women: while women in 2012 had a life expectancy of 83 years (compared to 78 years for men), both had an approximately equal healthy life expectancy of 62 years. This means women have a longer time period to cover with their lower pensions, but also that less income is available for the treatment of diseases or disability that they might develop for longer time than men.

EIGE notes that in the domain of violence, the gender gap in pensions harms economic independence and puts women in dependence towards their spouse. This results in a higher risk for gender-based violence as dependency limits the possibility to leave a violent situation.

¹⁶ *Ibd.*, p. 114.

¹⁷ *Ibd.*, p. 118.

¹⁸ European Institute for Gender Equality, [Economic Benefits of Gender Equality in the EU: EU and EU Member States overviews](#), 2017.

¹⁹ European Institute for Gender Equality, [Gender gap in pensions in the EU. Research note to the Latvian Presidency](#). 2015.

Proposals to sustainably close the gender pay gap

The points above by and large outline the issues that are linked to the implementation of the principle of equal pay and the barriers throughout the life-course to realise this principle. The directive under review can only play a small role with regards to these challenges. Nevertheless, AGE suggests legislative action to strengthen the legal framework, but also non-legislative acts that should be part of an overall strategy towards achieving gender equality.

Targeted review of the gender equality in employment directive in view of non-discrimination in the access to occupational retirement schemes

As outlined above, the **Gender equality in employment directive contains a reference explicitly allowing for actuarial differences** in the calculation of pension benefits and contributions in occupational social security schemes. This form of discrimination has been outlawed in the private sector (i.e. private pensions) since the Test-Achats ECJ case, without a strong impact on the insurance market. A targeted review of the directive should target the removal of the provision that currently allows for gender differentiated treatment in occupational pensions, as this gender discrimination should be combated.

Strengthen non-discrimination legislation to recognise for multiple discrimination

Multiple discrimination is still not recognised in many provisions of European law. Some provisions are included in a draft directive proposed in 2008, the co-called horizontal equal treatment directive, but discussions on this are still ongoing at Council level and the legal definition of multiple or intersecting discrimination seems to be a remaining issue. Establishing the principle that a person can be discriminated against on the basis of several grounds would establish awareness for these issues and help victims to find their place when claiming redress.

Furthermore, the **EU non-discrimination legal framework is still incomplete, as the horizontal equal treatment directive is not yet adopted**, and protection gaps remain in the access to goods and services, social protection, healthcare, education and housing on the grounds of disability, age, religion and belief and sexual orientation. Moreover, regarding age discrimination, important gaps remain in the equal treatment directive regarding employment, as age limits and exemptions based on widespread stereotypes and perceptions about certain ages are explicitly allowed under the directive and still present and applied by employers more widely.

Non-legislative measures on discrimination

While discrimination can be outlawed, additional action is required to promote a strong culture of equality. While the Gender equality in employment directive clearly gives a mandate to equality bodies to assist victims of discrimination and promote equality across European societies and social partners, **the development of awareness raising campaigns should be secured by an adequate budget for**

equality bodies to run independently from governments in view of the European Commission Recommendation on Standards for equality bodies and to support the European network of equality bodies. Non-discrimination at the workplace should also be a responsibility of labour inspection and workplace health services.

Social partnership as a way to fight discrimination

Figures show that pay discrimination is less strong in the public sector,²⁰ which clearly indicates the **effectiveness of strong social dialogue and rules-based remuneration policies** in achieving the principle of equal pay. Social partners and collective agreements have a role to play to address this in the private sector.

Additionally, social dialogue and cooperation should be expanded to sectors that are not (sufficiently) covered by collective agreements. For instance, many jobs with a majority of female workers, such as catering, cleaning or housekeeping services, have weak social dialogue and unregulated pay levels. Sometimes, there are also characterised by new forms of work, such as platform work and reliance on 'dependent self-employed'. Collective agreements should seek to address this, thereby also opening more equal access to occupational social protection schemes, such as occupational pensions.

Going further on pay transparency

A review of the Gender equality in employment directive could also **introduce stronger rules on pay transparency**. Companies employing large amounts of workers should be obliged to disclose the wage levels of similar staff categories, thereby creating a benchmark for individual pay negotiations. Furthermore, in sectors with many small and medium-sized companies, public employment services also have a role to play in collecting and aggregating this data on pay transparency and advising jobseekers and workers in their negotiations on pay.

Legislation on reconciliation of work and care

With demographic change underway, the needs for care will rise and therefore the pressure on families to provide these care services as well. Legislation should address these needs and the need to rebalance the care gap between women and men. The EU has started addressing this by the revision of the Parental Leave directive, recast into a directive on work-life balance for parents and carers. This directive is a breakthrough, as it recognises for the first time informal carers, introduces paid paternity and parental leave, and limits transferability of parental leave between parents to two months. Also, the directive introduces the right to request flexible working conditions.

These elements have the potential to trigger change in working cultures, where it is more common for men to take up paternity and parental leave and/or to work part-time to share care work and incomes

²⁰ Eurostat, [Gender pay gap statistics](#), February 2019

more equally. Given that the gaps in wages arise more strongly during the life phase where women have children, the revision of the parental leave directive can mitigate the development of the gender wage gap.

However, **legislation could go further to encourage carers to continue employment**. Importantly, in carers' leave for persons helping family members in need for care and assistance could be longer than the five days per worker defined in the directive, and should be covered by adequate remuneration, a provision that was removed before the adoption of the directive.

Fostering role-models and diversity in education

AGE regrets that the discussions about the '**Women on Boards' directive** are stalled and believes that such a directive could introduce more acceptance for diversity at top levels, given women role-models in high positions in all economic sectors. This can be a motivating factor for women to pursue leadership careers on par with men.

Similarly, AGE supports **initiatives to support women and girls in choosing scientific, technical, economic and mathematical professions** to reduce segregation in the labour market. These should also be accompanied by **campaigns to promote employment in the care or education sector** with men and boys, as well as a revalorisation of these sectors which are highly critical for the functioning of our societies.

Adapt public employment services to the needs of older women looking for work

Given the high employment gap between women and men in older working-age, **Public Employment Services are clearly less effectively equipped to address the needs of older women looking for a job**. It should be further assessed what are the barriers to employment for women returning from family career breaks because of care for children or family members in need for care: which kinds of stereotypes and skills gaps are hindering reintegration in the labour market? Public employment services should develop a better specialisation on addressing these barriers, via the European Network of Public Employment Services.

Develop care services in a life-cycle perspective

The European Pillar of Social Rights introduces a right to long-term care for persons in need for care and assistance. Similarly, a right for childcare is confirmed in the Pillar of Social Rights, a right to which the Barcelona action plan on early childhood and education is attached.

The process around the Barcelona targets should receive a higher priority, as the target for childcare for young children is not achieved yet. Similarly, investment should be channelled into the development of affordable, community-based long-term care services to support autonomy and independence of persons in need for care and assistance. After the adoption of the European Pillar of Social Rights, an action plan on long-term care should be fostered.

In addition, it should be clear that investments into care constitute social investments with a long-term economic return, and should therefore be facilitated by the European fiscal frameworks.

Social protection of non-standard work

Many women are working in non-standard work and are therefore not or less well covered by statutory or occupational social protection. The **development of ‘dependent self-employment’ should be contained by a review of EU legislation**, an opportunity that was missed in the process of adoption of the directive on transparent and predictable working conditions.

Meanwhile, the **recommendation on access to social protection for workers** in all types of employment is a positive step towards larger coverage of workers by social protection, a development that will support female workers. The monitoring of the implementation of this directive should be conducted systematically and at a high level.

Social protection of carers

While the Council recommendation on access to social protection has addressed workers, there is still not provision on the social protection of informal carers who have to stop employment altogether because of care needs in their family and the absence of adequate and affordable care services. Therefore, **AGE is calling for a proposal for a Council Recommendation on the social protection and services for informal carers**. Such a recommendation should cover social protection, including health, unemployment and pension insurance, income support and supporting services for informal carers. As demonstrated in the Commission’s Pension Adequacy Report, pension credits for care periods are an effective way for mitigating the loss of income for (mainly) women who have to stop or reduce their employment.

Gender-proofing pension reforms

Many of the past pension reforms have had or will have a stronger impact on the incomes of older women than for older men. The European Council has adopted conclusions²¹ under the Latvian presidency to address the gender gap in pensions, calling for a systematic assessment of the gender impact of pension reforms. However, this conclusion has not been implemented.

The **European Semester process, which recommends reforms to member states’ pension systems, should take up this recommendation and introduce gender impact assessments** in pension reforms as a routine part of the European Semester, before Country-Specific Recommendations are adopted.

²¹ Council of the European Union, [Equal Income opportunities for women and men: Closing the gender gap in pensions](#), 2015.

Assess barriers to remedies

AGE members have reported about the access to redress and remedies, which are part of the Gender equality in employment directive. It has been noted that there is a general problem with regard to access to justice in some member states linked to high fees to depose a complaint, lack of awareness of individuals' rights and access to legal advice and representation.

These barriers should be addressed, especially in the domain of non-discrimination legislation, through a **review of the accessibility of member states' judicial systems**. This should be integrated into the efforts to reform the EU's rule of law procedures.

Further information

Please consider the following documents by AGE Platform Europe on different aspects of the present consultation:

- [AGE Position on the European Semester 2018](#)
- [AGE work on gender equality in old age](#)
- [AGE assessment of the 2018 Pension Adequacy Report](#)
- [AGE reaction to the Recommendation on Access to Social Protection](#)
- [AGE reaction to the proposal of the Directive on Work-Life Balance for Parents and Carers](#)
- Testimonies from AGE's #AgeingEqual [campaign week on ageism and gender](#), including
 - ['I didn't realize that my age would be a factor holding me back'](#) about starting a career as a female researcher at age 50
 - [Old-age poverty has a female face: Being an Elderly Migrant Women in Sweden](#)
 - ['It was a strange process': Vicki's experience as an informal carer](#)
 - [The age and gender dimension of informal caregiving](#)