GENDER PENSIONS GAP

Hot or not?

With International Women's Day 2025 taking place on 8 March, *European Pensions* takes the temperature on key developments in Europe over the past year that could impact the gender pensions gap. Written by Paige Perrin

Norway abolishes pension enrolment limit for nurses

The changes to Norway's Nurses' Pension Act represent a significant advancement for the nursing profession, where 90 per cent of nurses are women. Abolishing the pension enrolment limit for part-time nurses starting January 2025 allows Norweigan nurses to accrue pension rights from their very first hour of work. This reform is vital as it promotes financial security for many nurses who work part-time for a range of reasons, such as childcare or caring for elder relatives. The Norwegian Nurses Organisation said this was an "important" gender equality measure and part-time employees would no longer experience discrimination.

Sex workers in Belgium granted pension rights

Prostitution in Belgium was decriminalised in the summer of 2022 and since then the industry has seen around 30,000 people working in the industry. In December 2024, Belgium became the first country to grant sex workers full employment rights, including access to workplace pensions, marking a 'groundbreaking' shift in labour rights. This law is thought to be the first of its kind and enables sex workers to save for retirement through formal pension schemes. The law also entitles sex workers to official employment contracts, providing protections such as sick leave, health insurance, and maternity leave. This progressive move is a significant step toward destigmatising sex work.

Petra Hielkema advocates to close the European gender pensions gap

Heilkema's efforts to close the gender pensions gap over the past year are particularly influential as she is the chairperson of the European Insurance and Occupational Pensions Authority (EIOPA). At the start of the year, she stressed the importance of addressing pension gaps now to avoid a future crisis. Later in the year, Hielkema reaffirmed that closing the gap remained a priority for EIOPA and advocated for a range of solutions to accommodate differences in pension systems across member states. She also identified three key measures to reduce gender disparity in the financial services sector. These include treating diversity as a core governance issue, ensuring pensions sectors account for women in digital upskilling, and incorporating diverse perspectives in product design and risk assessment. She believes gender equality is "crucial" for business success.

Ireland implements auto-enrolment

The Auto Enrolment (AE) Retirement Savings System Bill was finally passed by the Dáil in July 2024, with plans to launch in September 2025. This change will significantly impact Ireland's pension landscape, and many are hopeful it will help reduce the gender pensions gap. A recent survey found that 63 per cent of Irish pre-retirees believe this initiative will benefit women in retirement. However, not everyone agrees. Some in the pension industry, such as Irish Life, have raised concerns that the new scheme could widen the gap instead. It argued that the lack of flexibility in contributions means women, who often take breaks for family or personal reasons, won't have an easy way to boost their savings later on. Irish Life warned that if the system does not address women's unique challenges, it could leave many struggling to make ends meet when they retire.

The majority of UK divorcing couples do not consider the value of pensions when dividing assets

This is very troubling as the lack of awareness around pensions as an asset in divorce is a big contributing factor to the gender pension gap. In February 2024, research from Legal & General (L&G) revealed that many UK divorcing couples fail to consider pensions during divorce settlements, as only 13 per cent factor in pensions when dividing assets with their partners. In addition to this, 23 per cent actively waived their rights to the value of their pension. L&G emphasised the potential impact this could have, particularly for partners who stayed home for childcare or caregiving during marriage, leaving them with a smaller retirement pot. The research also showed that women (24 per cent) are more likely to face financial struggles post-divorce than men (18 per cent). The research found that, on average, women save £23,000 in their pension pot by the time of divorce, compared to £60,000 for men.

The gender pension gap widens in Germany, Austria, Sweden, and the Netherlands

The widening of the pensions gap in several European countries is worrying as it suggests that despite policy targeting this area, progress isn't being made. In April 2024, Germany's Ministry for Statistics revealed that women's retirement income is 27.1 per cent lower than men's, with women over 65 receiving an average gross retirement of €18,700 per year, compared to €25,600 for men. The research also found that excluding survivor's pensions, the gender gap stands at 39.4 per cent. In August, Austria reported a 40 per cent gender pension gap, equivalent to €922 less each month for women. In October, research by Swedish pension provider Skandia found that women are at risk of receiving "significantly" lower pensions than men, despite the pay gap gradually closing. In November, research from a Dutch government-backed initiative aimed at improving financial literacy, Wijzer in Geldzaken, reported that retired women in the Netherlands receive an average of 40 per cent less from their pension than men.

GENDER PENSIONS GAP

The gender pensions gap: Policy, not just awareness

WRITTEN BY **PAIGE PERRIN**

Our gender pensions gap thermometer *[pg64-65]* highlights the 'hot and not' developments relating to the gender pensions gap since the last International Women's Day in March 2024.

And while positive, the 'hot' changes, including Norway's abolishment of the pension enrolment limit for nurses and Belgium sex workers being granted pension rights, are incredibly niche.

These advancements do not tackle the broader, systemic issues that continue to contribute to the gender pensions gap across Europe.

Indeed, as highlighted by our thermometer, the gap has widened across Europe. Even in countries such as Germany and Austria, which rank among the best, progress remains slow and challenges persist.

These countries still struggle with the same core issues. Women live longer than men, take on more caregiving responsibilities, and are more likely to work part-time.

Our thermometer presents a snapshot of the disadvantages facing women in Europe when in comes to achieving an adequate income in retirement. Measuring progress on a single scale is difficult, as each country has a different pension system and varying policies on gender equality, even if they share some similarities.

So, what's next? While we've made progress, the road ahead remains long and challenging.

There is a need for more comprehensive and targeted policy changes across Europe. It's important that we don't just celebrate small wins but instead focus on the larger structural issues that continue to exacerbate the gap.

European Insurance and Occupational Pensions Authority (EIOPA) chair, Petra Hielkema, has been a strong advocate for closing the gender pensions gap and her advocacy carries weight due to the prominence of her role. In particular, Hielkema believes that dashboards could be a solution to the gender pensions gap.

While dashboards may improve transparency and reduce the number of lost pension pots, they do not address the root causes, such as career breaks, caregiving responsibilities, and part-time work, that drive pension inequality. These issues need to be addressed with concrete policy changes, as mere awareness will not solve them.

> "THE SOLUTION LIES IN POLICIES THAT ACTIVELY COMPENSATE FOR THE CAREGIVING AND CAREER INTERRUPTIONS THAT DISPROPORTIONATELY AFFECT WOMEN"

I believe it is about action and policy. Sure, awareness is a good first step on the road, but it cannot address the systemic inequalities that cause the gender pensions gap. The reality is that women are more likely to take career breaks or work part time, whether for maternity leave, caregiving responsibilities or health issues, and as a result, they often earn less over their lifetimes.

These gaps in earnings translate directly into gaps in pension contributions, which accumulate and widen over time. The pension system was designed based on the assumption that workers would follow a continuous career path, but this assumption does not hold for women, who face different life choices and circumstances.

We must find ways to compensate for these contribution gaps both during and after career breaks.

Therefore, there is an urgent need for targeted policies. Governments could introduce pension credits for carers, similar to systems in Sweden and the UK, where time spent caregiving is recognised in pension calculations. Employers should also play a role, whether through pension contributions during maternity leave or more flexible retirement options that allow women to work longer without financial penalties.

While education and transparency are important, the solution lies in policies that actively compensate for the caregiving and career interruptions that disproportionately affect women. Until such policies are implemented, the pension gap will continue to exist, and women will continue to face financial insecurity in retirement.