Closing the gender pension gap by increasing women’s awareness

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- Our research CLEAR explores the role of information in increasing women’s knowledge and awareness about their future pensions in Italy.
- In Italy the gender pension gap is quite high, about 36%, higher than the European average, while in northern European countries is less than 20%.
Graph 1. Gender gap in pensions and wages in Europe (%) 2018

Source: Eurostat
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- The high gender gap in pension is partly related to women’s labor market experience and partly to their lack of information about pensions.
- Italian women tend to have less attachment to the labor market, with lower participation rates, less weekly hours of work, interrupted careers because of childbearing.
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- The pension system in Italy in the last few years underwent deep changes, introducing a Notional Defined Contribution (NDC) scheme where pension entitlements are tightly related to pension contributions.
- Such reforms have increased both individual responsibility and the complexity of the formulae that determine benefits.
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- In this context, the European Commission has encouraged governments to develop a clearer communication system to assist the individuals with their retirement planning.
- The Italian Social Security Institute (INPS) annually informs workers of the evolution of their pension.
- However in spite of the new available information, women remained less informed than men about pensions.
To explore the impact of information on women awareness, we interview a sample of 1249 working women (26-64) regarding:

- personal characteristics,
- labor market history,
- pension knowledge,
- savings and investment planning.

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Our data confirm a general lack of awareness among women about pensions and retirement planning.

To explore the role of information we have randomized the sample in two groups.

The first (control) group received no treatment, while the second (treated group) completed three short tutorials.
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- The tutorials consist in 3 brochures and 3 videos which provide information about:
- the link between the labor market experience and retirement perspectives,
- the functioning of the pension system,
- some basic elements of wealth accumulation and savings patterns.
Tutorials were 3 brochures and 3 videos in Italian (+ 1 video in English).

Example of video (EN):
https://drive.google.com/drive/u/0/folders/1fJalPjV4AqDgaFMfbfceu_4R1aAVFE7
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- After the tutorials, a second questionnaire was administered to both groups.
- By comparing the answers of the control and the treated group, we are able to evaluate the impact of the information provided on women’s awareness, knowledge and retirement plans.
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- First of all, the tutorials were highly appreciated by the treated women: over 80% rated the contents and the clarity of the tutorials as excellent or good for each of the three topics.
- The comparison shows that treated women are indeed more likely to be informed about their future pension.
- As showed in Graph 2, a larger share of treated women answered correctly most questions about the pension system (3 over 4 questions).
Graph 2. Share of correct answers on pension knowledge questions, Treated and Control group

4 Specific questions:

a. The pensions of current retirees are financed with contributions paid today by active workers and employers, true or false?

b. The future pensions will be financed by future workers. In your opinion, true or false?

c. What is the basis for calculating the future pensions? (multiple choice)

d. Link between life expectancy and monthly pensions. (multiple choice)
We then use regression analysis to estimate the impact of the treatment. Our results show that the treatment had an impact on women’s:

- knowledge about the pension system,
- general financial literacy (understanding concepts like interest rate, inflation, and risk diversification),
- awareness that additional pension information could change their work-life decisions (especially older women).
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- Our results have relevant policy implications.
- Information policies appear to be important ways to improve knowledge and stimulate interest for additional information.
- On one hand they seem to impact significantly women’s awareness, on the other hand they are relatively inexpensive to implement.