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## Women's pensions in the European Union and the current economic crisis

### Introduction

The global economic and financial crisis since the summer of 2007 is without precedent in post-war history. The size and extent of the crisis are exceptional, with the real European Union (EU) Gross Domestic Product (GDP) projected to have shrunk by some four per cent in 2009, the sharpest contraction in its history (European Commission, 2010a). The crisis is argued to consist of a succession of four phases which began with the US housing crisis. This was followed by the international credit crisis as the financial crisis turned into an economic one, the recession in 2009 and the sovereign debt crisis in Europe since 2010 with consequent budgetary tensions in the EU (Natali, 2011). The crisis has serious implications for the underlying ageing challenge which has seen a significant expansion in the number of older people. There were approximately 87 million people aged 65 and over on 1 January 2010 in the EU‑27 countries (17.4 per cent of the total population) compared with 59.3 million (12.8 per cent) in the same countries on 1 January 1985 (EuroStat, 2012). This process is expected to become further entrenched during the next half century with considerable implications for welfare expenditure (European Commission, 2010b). In fact, many countries failure to adapt to these long-run trends, in addition to rising pension deficits, has already led to concerns about future pension sustainability and a so-called ‘pension crisis’ (Barr and Diamond, 2008).

Prior to the economic crisis there were numerous developments in pension schemes across the EU. These were largely characterised by retrenchment of state provision and an increasing emphasis on the role of non-state pension provision as governments transferred public liabilities for retirement income into private hands in an attempt to contain welfare costs and boost financial markets (Brigden and Meyer, 2009; Ebbinghaus et al., 2012; Ferrangina and Seeleib-Kaiser, 2011). The crisis has enhanced existing challenges as well as creating new ones, demonstrating serious weaknesses in the design of many pension schemes and their long-term sustainability (European Commission, 2010a; Orenstein, 2011). Higher unemployment, lower growth, increasing national debt and financial market volatility are making it harder for all systems to deliver on pension promises (Ebbinghaus, 2011). This has accelerated the momentum of change in relation to pensions in a number of EU countries (Farnsworth and Irving, 2011) and forced ‘policymakers to address pension issues more urgently’ (Casey, 2012: 246). Recent strategies to deal with immediate and future pension challenges have differed. In some countries governments extended help to safeguard private schemes. In others, governments have raided pension funds to shore up public account balances (Ebbinghaus et al., 2012). However, in rhetoric there has been less of an emphasis on the neoliberal agenda than in previous recessions at an EU level with the promotion of the social investment state becoming more prevalent (Abrahamson, 2010). This emphasises the role of the state as a facilitator, in order to ‘enhance self-activity, responsibility and mobilization’ (Taylor-Gooby, 2008: 4), particularly in relation to employment (Morel, Palier and Palme, 2012).

While the economic crisis has implications for employment and pensions of men and women, it is important to ensure that austerity plans ‘by no means affect women in a discriminatory or disproportionate manner’ (Curdova, 2010: 3). This is particularly pertinent given that in the 27 EU countries, with the exception of Hungary, women are, on average, poorer than men. For example, the poverty rates for women/men over 65 years of age in Estonia, Latvia and Lithuania are approximately twice as high among women as men (Curdova, 2010). While the gap is smaller in other countries, it is almost exclusively to the detriment of women (Marin and Zólyomi, 2010). The gendered nature of retirement income evident throughout the EU relates to many women’s experiences and opportunities to contribute to pensions throughout the life course (Foster, 2011; Ginn and MacIntyre, 2013). Gender inequalities are affected by the provision of care, largely carried out by women, its impact on employment patterns and subsequently women’s greater likelihood of reaching retirement with inadequate pension resources (Vlachantoni, 2012). Therefore, employment policy and the design of welfare systems have implications for women’s ability to contribute to pensions and their subsequent income in retirement. Inequalities reflect the extent to which welfare systems address diverse experiences and compensate for relative disadvantages in the division of work and care. These inequalities can be exacerbated in times of economic crisis through austerity measures (Ebbinghaus, 2011).

The aim of this article is to explore the different employment and pension challenges women face in relation to the financial crisis in the EU and consider pension strategies adopted by EU countries since the crisis and their implications for women. The article draws on a variety of literature including European Commission documents and academic articles focussed on gender and pensions in particular EU countries. Consisting of three sections initially, the first section briefly outlines the implications of the economic crisis for women’s employment participation which has a considerable effect on their pension contributions. Then the second section explores the extent and types of changes made to the structure of first, second and third-tier pension schemes since the economic crisis and how these impact upon women. The third section, the discussion, summarises the key challenges presented by the crisis for women’s pension provision in the EU and suggests strategies to ensure women’s pensions are not disproportionately affected. These include the importance of gender mainstreaming in relation to pension policies. It advocates that public pensions can act as a foundation for supplementary entitlements through occupational and personal schemes, and that the use of ‘automatic stabilizers’ in first-tier provision in times of crisis can protect the living standards of retirees and limit the gendered effect of the recession. Finally, the article concludes that the economic crisis has revealed the need for an in-depth discussion about pension systems in the EU which places the position of women at the centre of these debates. This must address the specific challenges presented by the crisis in relation to scheme designs, investment strategies and their capacity to absorb economic shocks. This contributes to the limited literature on pensions and the crisis in the EU and, in particular, the challenges it presents for women in ensuring an adequate income in retirement.

**Women’s employment and the financial crisis**

Women’s employment history, and its interaction with pension systems, has a considerable impact on pension receipt. Across the EU men are more likely to be in the labour market compared to women, especially in full-time employment, and have higher levels of pay (Eichhorst et al., 2011). This is linked to the failure of institutions to sufficiently facilitate the combination of work, family and private life (Leschke and Jepsen, 2011). Given the earnings-related nature of most pension schemes this has adverse implications for women’s income in later life (Ginn and MacIntyre, 2013). While the crisis of 2008 impacted significantly on men in terms of the sectors of the economy which were most affected (such as construction and manufacturing) female employment rates also fell in 2009 for the first time in a decade (European Commission, 2010a). Cutbacks in the retail sector in many countries adversely affected women’s employment along with a number of public sector redundancies in the EU. For instance, Denmark announced a decrease of 20,000 public sector jobs and the UK also undertook considerable cuts (Vis et al., 2011).

There were substantial differences in pre-recession employment compared to previous recessions with women significantly more integrated into the labour market (Smith, 2009). During the last recessionary period pay gaps were larger. Whilst there are greater numbers of women in high-paid managerial and professional positions with access to private pension schemes in many countries than in previous recessions, polarisation between pension prospects of the lowest and highest paid women are increasingly apparent and women still tend to have lower wages than men (Warren, 2003). Previous explanations of the impact of recessions on women’s employment by Rubery (1988) indicated that women represented a flexible reserve or buffer, to be drawn into the labour market in upturns and expelled in downturns, especially in female-dominated sectors, but that during recessions there is a more significant demand for cheaper forms of labour (which often does not involve private pension opportunities). Although evidence suggests women no longer represent a flexible labour reserve given considerable improvements in levels of women’s employment there have been reductions in full-time employment as a result of the crisis and an expansion of part-time employment has also been apparent for both men and women (Leschke and Jepsen, 2011). The Bilka-Kaufhaus case and subsequent EU Part-Time Workers Directive (1997), which states that a part-time worker must be treated no less favourably than a 'comparable' full-time worker, including in access to pension schemes, will provide greater protection for part-time workers than they had in previous recessions. The extension of female part-time employment as a work–life balance solution for mothers in particular reinforces segregation in the labour market (Kantola, 2010). Part-time work is still characterised by lower pay and limited training opportunities (Smith, 2009). This is particularly important as the low paid, among which women are overrepresented, are more likely to be directly affected by the recession, especially if they were already experiencing poverty prior to the economic crisis (European Commission, 2009a).

Public spending cuts in austerity packages following the crisis, such as a reduction in child benefits in Denmark and the tightening of eligibility criteria in the UK (Vis et al., 2011) have disproportionately affected women (Curdova, 2010). At the same time there have also been some measures consistent with the social investment perspective which promote policies that invest in human capital development (early childhood education and care, and lifelong training) and also help to make efficient use of human capital (through policies supporting women's employment, active labour market policies, and specific forms of labour market regulation), while fostering greater social inclusion. Crucial to this approach is the idea that social policies should be seen as a productive factor which is essential to economic development and employment growth (Morel, Palier and Palme 2012). For instance, some members of the EU have responded to the crisis by extending short-term working arrangements, training and activation, and gender equality in labour markets (Bonnet et al., 2010). However, the process of achieving gender equality is not solely about the situation of women. It also requires governments to address the status and behaviour of men (Annesley et al., 2010). For instance, in practice, any convergence around more egalitarian parental roles is mitigated by longstanding norms and assumptions about the gendered nature of care and the role of the state throughout the EU (Milner 2010).

While women have made advances in the labour market over recent years they are still more likely to have diverse employment experiences characterized by low pay and insecurity. The economic crisis has presented new challenges in terms of employment and earnings and tests the efficacy of social policy. Increasing unemployment, in particular, has potential long-term scarring effects, especially in relation to pensions, given the explicit link between employment and pensions in EU countries. Therefore, it is important to consider the interaction between gender, employment and pensions in the economic crisis. This needs to explore whether the different changes initiated by governments substantially renege from previous policy agendas and whether they are likely to adversely impact on pensions.

**Gender, Pensions and the Economic Crisis**

Pensions were predominantly designed for men with women intended to be indirect beneficiaries through marital bonds (Foster, 2010). They were traditionally strongly geared to the male-breadwinner model (Leschke, 2011). Although changes in men’s and women’s partnership, family and work patterns have occurred the structure of pension systems has continued to be problematic for many women (Ginn, 2003; Marin and Zolyomi, 2010). Typical male working patterns are still too often the reference point for the calculation of pension entitlements, with gender differences in work and care duties overlooked. Pension systems which maintain a close link between earnings and pension income are most likely to disadvantage women, given that their employment records are more likely to be shorter, interrupted and in lower-paid jobs (Foster, 2012a; Vlachantoni, 2012).

Women’s pensions are generally at greater threat as a result of the economic crisis. The crisis has affected pension schemes in three particular ways which will be explored in relation to gender. Firstly, in some countries first-tier schemes (mandatory schemes run by the state) have served as a form of ‘automatic stabiliser’ for those in retirement, ‘as a means of mitigating the potential social consequences of the negative state of the economy’ (Natali, 2011: 5). Given women’s greater reliance on first-tier pensions, this has positive implications for many women in retirement. Secondly, the deteriorating economic position has resulted in new challenges for financial sustainability of social protection systems and led to strengthening of eligibility criteria in first-tier pension provision. Thirdly, the crisis has dealt a severe blow to second-tier (occupational schemes) and third-tier (mainly private savings schemes) pensions (and public reserve funds) and increased the speed of changes to their design. This has led to a greater emphasis on individual responsibility (Natali, 2011) and created challenges for women unable to accumulate sufficient pension contributions (Ginn and MacIntyre, 2013).

Changes to first-tier pensions

The economic crisis has increased concerns about levels of expenditure on first-tier pension schemes especially in the context of an ageing population. As such, a number of measures have been introduced since its onset to reduce or stabilise first-tier pension spending especially through reduced eligibility (Casey, 2012). At the same time a number of countries have introduced measures to improve old-age protection for those at risk of poverty amongst whom women are overrepresented. Table 1 shows measures taken by a number of European countries in relation to public pension reforms and the potential impact on women. These include changes to retirement age, limiting early retirement and changes to the benefits provided. Tightening eligibility criteria for public pensions is expected to constrain the growth in public pension expenditure in almost every Member State (European Commission, 2010a). Reductions in the eligibility of state pensions serve to erode their redistributive function, as women are more reliant on statutory pension provision as a result of their tendency to have irregular employment (Curdova, 2010). In fact, the recent reforms have led to losses in benefits for low-earners in almost all countries, particularly those with caring commitments (Leschke, 2011).

**Table 1. Examples of public pension reforms made post the crisis**

| Country | Retirement Age | Early Retirement | Benefits | Limitations to eligibility/amount expected in retirement for women? |
|---|---|---|---|---|
| France | 60 to 62 by 2018; age for unreduced pension from 65 to 67 | | | Yes |
| Greece | Female pension age raised to 65 from 60 | Benefits cut by 6% for each year of early retirement | Contribution period changed to 40 years from 35/7 years and benefit based on average pay over working life not the top 5 out of the last 10 years earnings | Yes |
| Hungary | 62 to 65 by 2012 | Increased | Move from | Yes |

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|---|---|---|---|---|
| | | reduction for early retirement; introduction of bonuses for delayed retirement | wage/price index to price index; 13th month abolished | |
| Italy | Female pension age to be raised to 66 from 60 by 2018; longevity related increases from 2015 for both sexes | | Pension based upon Contribution not final wage; indexing abolished for higher pensions | Yes |
| Lithuania | From 62½m/60w to 65 starting 2012 | | Cut in pension benefits for retired people by 5%; pension benefits for working pensioners cut on pro-rata basis, depending on wages, from 2.5 to 70% | Yes |
| Poland | 60w/65m to 67 Proposed | Abolition of most early retirement schemes | | Yes |
| Romania | | | Benefits cut of 15%, but rejected by constitutional court | Yes |
| Spain | 65 to 67 by 2017 | | Shift from last 15 years to last 25 years as base | Yes |
| UK | Increase in pension age from 65 to 66 accelerated | | Lower price index for state supplementary Pension; re-index the BSP by 2015 to the highest of national average earnings, Retail Price Index (RPI) or 2.5% | Yes/No – dependent on individual situation |

Adapted from Casey (2012)

The most common development in state pensions since the crisis has been increasing the age at which the state pension is received for men and women, an approach also advocated by a number of countries prior to the crisis. For instance, the UK announced a phased increase in the pension age in 2008 to 68 and in France, in 2010, the government announced plans to lift the pension age from 60. This may also be problematic for women (and men) who have already made work, saving and retirement decisions based on having a particular state pension age and who may not be able to adjust to receipt of a state pension at a higher age by working or saving longer (Pension Policy Institute, 2012). Given significant differences in employment rates of women and men aged 55-64 (41 per cent compared with 59 per cent) in the EU, particular attention needs to be given to gender aspects of longer working lives (European Commission, 2012; Foster and Walker, Forthcoming). According to the European Commission's (2009b) 'Ageing Report' the participation of women (55–64) is expected to increase to about 58 per cent by 2060 and to 67 per cent for men. This still leaves a considerable shortfall for many in the age at which they retire and pension age. The Ageing Report maintained that raising the retirement age, restricting access to early retirement schemes (recently undertaken in Hungary, Latvia and Poland) and stronger links between pension benefits and pension contributions may create better incentives to remain in the labour market. However, the capacity to work in later life is decreased in a recession (Casey, 2012). Social investment measures that combat age barriers and/or promote age diversity are important in encouraging employment in older age. However, most age management policies are currently gender-blind despite the fact that women are often seen as older earlier (Itzin and Phillipson, 1993).

A number of changes to pension benefits have also been introduced or proposed as a result of the economic crisis. These include: increasing or changing contribution periods (such as in Spain where the last 25 years rather than 15 years has been used as a base), a practice which will inevitably disproportionately affect women given the challenges they often face in building a contributions record (Ginn and MacIntyre, 2013); reducing benefit levels by changing indexation rules (such as in relation to supplementary pensions in the UK); and, in extremis, cutting current pension benefits (which is again likely to hit women hardest given their greater reliance on public pensions). For instance, in Greece, major changes in state pensions were a condition of receipt of EU/International Monetary Fund (IMF) assistance in 2010 (Casey, 2012). In addition to increasing its retirement age, Greece eliminated extra-month pensions. To reduce the budget deficit Romania announced a 15 per cent cut in public pensions but was rebuffed by its own Constitutional Court as it was deemed that pensions were an acquired right which could not be changed in an ad hoc fashion (Orenstein, 2011). These reform measures to improve sustainability have largely led to the reduction of pension rights of workers and affected those most who have the greatest reliance on public pensions (Curdova, 2010).

While eligibility criteria have been tightened in a number of EU countries, first-tier pensions have been increased in some to act as automatic stabilisers during the crisis (Natali, 2011). Automatic stabilisers may be of most benefit to women as they offer protection for those most in need. Some countries have created special payments to older people. For instance, Greece has made a one-off payment to people on low incomes, including pensioners, of between EUR 100 and EUR 200 (D'Addio and Whitehouse, 2010). In the United Kingdom, additional payments to pensioners of at least £110 have been made and indexation of the basic pension and the pension credit, targeted at those with low-incomes (and therefore, affecting women more), will be more generous (Foster, 2012a). In 2011, the UK government also announced its intention to combine the Basic State Pension (BSP) and State Second Pension (S2P) into a flat rate single-tier pension of £140 per week (at 2010 prices) in the future. Women with low lifetime earnings are likely to be the major beneficiaries as it will ensure most working age women receive a pension slightly above the level of means-tested entitlement, regardless of their lifetime earnings. However, women who would otherwise have accrued state pension entitlements above £140 per week through S2P will actually be worse off (Ginn and MacIntyre, 2013). In Portugal the indexation of pension benefits has been revised in a more favourable manner (Natali, 2011) and Finland proposed the largest change from 2011, with the introduction of a new safety net old age income 23 per cent higher than the existing benefit (Whitehouse, 2009).

Few countries are escaping the crisis without making significant changes to existing pension systems. Any retrenchment or restriction in eligibility of public pension systems leads to an increased reliance on other sources of income, including private pensions (Orenstein, 2011). An emphasis on private pensions increases the challenges of ensuring a decent income in retirement for many women.

## Second and third-tier Pensions

Private pensions have traditionally generated a wider gap between older men and women's personal income than arose from state pensions alone. Private pensions serve to translate women's labour market disadvantages into low income in later life (Ginn and MacIntyre, 2013). In effect they magnify existing labour market inequalities such as those experienced by women. The role of private pension funds has been at the core of a renewed and intense debate since the crisis, with different strategies pursued in different countries. Some countries, consistent with the pre-crisis reform path, have pursued the attempt to reinforce the public/private mix. This is the case in France, Sweden and the UK for instance (Natali, 2011). This is likely to exacerbate the challenges women face in accumulating a pension comparable with their male counterparts (Foster, 2012b). In contrast, some Central and Eastern European countries in particular (such as Poland) have looked at limiting the role of private pension funds through the reduction of statutory contributions for private pensions with a parallel increase in those used for public pension schemes. This is not an isolated case among Central and Eastern European (CEE) states (Natali, 2011). Hungary, for instance, has recently re-nationalised private pension schemes (Casey 2012). Although there are considerable long-term benefits of pension privatization for governments since they take pension liabilities off government books, in the short term the transition to private pension schemes requires paying burdensome transition costs. At times of fiscal austerity, short-term fiscal pressure may make governments unwilling to cover these costs (Orenstein 2011). Ultimately this may benefit women as there is generally less emphasis on individual responsibility for pension provision in state schemes (Foster, 2012a).

In general private pensions (second- and third-tier) have been substantially affected by the crisis. The decline in rates of return on investment and the persistently low interest rates have placed pension funds at risk of huge losses (Natali, 2011). While the crisis is manifest in different ways in different countries, one common outcome has been that moves towards Defined Contribution (DC) schemes from Defined Benefit (DB) schemes have sped up. In DB pensions financial and longevity risks are borne by the scheme sponsor as benefits to members are usually based on a formula linked to members' wages and length of employment. Benefits to members in DC schemes are a function of the amount contributed by the member and sponsor and any return on that investment. Members have no guarantee concerning the level of their future pensions, since the latter depend entirely on interest on capital invested (Euzéby, 2010). It is notable that career breaks, most likely to be experienced by women, generally have a stronger impact on pension benefits in DC than in DB schemes as the calculation of benefits in DB schemes are not necessarily as closely related to the contribution record as in DC schemes (European Commission, 2010b). Furthermore, recent falling equity prices and declining annuity rates mean that a larger DC fund is now required to provide a decent retirement income (Foster, 2010). However, it is also worth noting that in 2011 the European Court of Justice banned gender-based risk calculations, meaning that unisex insurance contracts, including annuity rates, must be applied to private pensions which are likely to benefit women as a result of their greater longevity (Ebbinghaus and Whitehouse, 2012). The move towards DC schemes represents a change from a more buffered system to an individualized exposure to financial market risks (Ebbinghaus and Wiß, 2011). DB schemes are also more likely to include benefits for spouses on death (Disney et al., 2009). Therefore, women's greater longevity than men means that the move towards DC schemes is likely to have further consequences for women on the death of a spouse given that annuity purchases tend to be for single annuities (Ginn, 2003). This is potentially problematic for those women unable to gain a decent pension in their own right (Ginn and MacIntyre, 2013).

While pension losses may not be permanent, they show the vulnerability of pension levels in DC schemes, notably for individuals who are close to retirement and whose savings' portfolios might not recover during their remaining period of working life. This is more likely to be problematic for women as a result of their more limited employment opportunities (D'Addio and Whitehouse, 2010). Those already retired will, in general, be unaffected by the crisis. Most are protected against the losses affecting private pensions because occupational plans and annuity providers hold assets to back promises to pay a certain pension (Whitehouse, 2009). However, low interest rates on savings associated with times of recession may reduce expected income in retirement, which is particularly problematic for women who are less likely to have accumulated as much savings as their male counterparts (Clark et al., 2009).

The economic crisis has led households to reduce their expenditure on additional third-tier pension saving in particular in order to protect immediate income. For instance, AXA, a global insurance group, calculated in 2008 that around 1½ million people in the UK were contemplating stopping their pension contributions during the recession to try and offset falls in disposable income. Furthermore, high levels of job losses also have implications for pension provision as most pension plans do not accept contributions when members are not working (Casey, 2012). Immediate needs and desires often mean sacrifices are made to long-term saving, although the level to which this occurs depends on income, socio-economic status and family responsibilities (Quilgars et al., 2008). Given that women are likely to be in receipt of a lower income than their male counterparts they are potentially more likely than men to reduce or stop pension contributions as a result of the recession. This is problematic given that pensions are dependent on contributions throughout the life course and 60 per cent of citizens in Member States are not yet saving for pensions (Public Service Europe, 2011).

**Discussion**

It is evident that the economic crisis has led to considerable pension changes. The crisis has given policymakers a wake-up call, prompting them to pay yet greater attention to population ageing and how this might be paid for (Casey, 2012). However, the subsequent changes to pensions have gendered consequences (Farnsworth and Irving, 2011). The adverse implications for many women, particularly those with caring commitments, of the move towards greater individual responsibility and risk in pension saving (with increasing moves towards DC schemes) in many countries is particularly problematic and has repercussions for income in older age, creating new challenges and risks (European Commission, 2010a). These risks are not experienced equally (Strauss, 2009). Private pensions tend to reproduce (or even amplify) market-income inequalities existent during working life in the period after retirement, while public insurance provides more universal and redistributive benefits by mandating wide coverage and by pooling risks (Ebbinghaus, 2011). It is important to ensure that the design of pension schemes does not result in them performing in a way which adversely affects women, a situation which is occurring in a number of countries following the economic crisis. Countries where the share of DC schemes in provision is high may need to look at whether pension income of some categories of workers, especially women, are excessively exposed to significant investment risks, particularly close to retirement (European Commission, 2010a). Where schemes have developed major solvency problems it is important to improve the regulatory and monitoring framework for funded DC and DB provision (Ebbinghaus and Wiß, 2011; Waine, 2009). It is necessary to create the right environment in order that individuals are able to make optimal choices – especially when faced with a plethora of options (Clark et al., 2012). This is especially important in relation to women given that they are more likely to lack decision–making confidence in relation to pensions than men (Strauss, 2009).

While ever there is a focus on individual responsibility, limited pension knowledge is likely to be problematic (Clark et al., 2009). Therefore, creating pension schemes which are simple to comprehend, low cost and suited to the modern workplace is vital to address the ageing transition. The crisis adds to the need for policy-makers to provide stability through a process of transparency and by providing guidance (European Commission, 2010a). Pension education is one strategy to encourage awareness through ‘attempts to widen financial literacy, simplify the financial services landscape and improve the amount and quality of information received by consumers' (Ring, 2005: 57). The provision of high quality advice through the effective targeting of those most vulnerable to the consequences of poor decision making in relation to pensions is essential, especially in the current economic context (Foster, 2012a). EU Governments' pensions advice needs to be more specialised, tailored towards individual needs including those of the poorest pensioners, among whom women are over-represented (Waine, 2009).

While structured advice and information can improve understanding, behavioural barriers, including myopia, cynicism and inertia, can still inhibit action (Wicks and Horack, 2009). This is especially evident in relation to women as they are less likely than men to believe financial planning is important (Clark et al., 2009). This promotes the potential benefit of 'automatic enrolment and default options for workers who may not be motivated to make informed choices' (European Commission, 2010b: 19). While the introduction of mandatory savings has been put on hold in some countries, schemes which 'nudge' employees towards private savings have gone ahead during the crisis (Orenstein, 2011; Thaler and Sunstein, 2008). These 'nudge' type pension systems encourage workers to contribute to individual pension savings accounts by automatically enrolling employers into a scheme which also allows workers to opt out of contributions (Orenstein, 2011). In a sense, the use of default funds may ensure 'appropriate' decisions are made without individual expertise 'framing' retirement information. For instance, in the UK, from the 1 October 2012 (subject to the employer's own introduction date) all eligible workers are auto-enrolled into a qualifying pension scheme without an active decision on their part. However, auto-enrolment excludes people with an income below a certain level and, in accordance with other forms of private pension provision, it makes no allowance for gaps in employment which characterize the work history of many women (DWP, 2011), while also incorporating DC-type features of investment choice and individualised risk (Strauss, 2009). Furthermore, extra saving may not be advisable due to auto-enrolment's potential interaction with means-testing (Ginn and McIntyre, 2013). There is no guarantee that the fund at retirement will exceed the value of contributions paid. Therefore, such an approach is not without limitations especially where caring credits are not utilised. In order for such systems to flourish a stable first-tier foundation is required which does not restrict eligibility in a manner which is particularly detrimental to women (Foster, 2012a).

An alternative to moves towards DC schemes which exposes lower paid employees to the risk of low investment returns is the use of Career Average Revalued Earnings (CARE). These schemes have been promoted by Hutton (2011) in his report into potential changes to UK public sector pension provision. A CARE scheme operates by calculating the pension on average earnings over a working life which are then revalued by reference to an index rather than earnings at the end of working life as in a final salary scheme (Cutler and Waine forthcoming). This may provide a fairer (and less risky) solution for women as disparities between men and women's final salary are typically larger than average earnings over a working life (Hutton, 2011).

Appropriately financed public pensions can act as a foundation which, in turn, encourages the build-up of supplementary entitlements through occupational and personal schemes (European Commission, 2010a). At the same time those countries which have introduced ‘automatic stabilizers’ in their first-tier provision following the crisis to protect the living standards of retirees, may limit the gendered effect of the recession by benefitting those most reliant on state pensions, most notably women. For instance, some countries have opted for one-off, temporary relief payments to older people as part of stimulus packages (Greece and the United Kingdom) while others have strengthened and expanded their pension systems’ minimum guarantees (Finland, Belgium, France and the United Kingdom) (Bonnet et al., 2010). However, many of the changes since the crisis have also been accompanied by eligibility restrictions which adversely affect women, particularly in relation to increases to the age at which state pensions can be received. While improvements in employment of those aged between 55 and 64 have been made over the past 10 years in the EU, there are considerable gender differences in employment prior to retirement ages (European Commission, 2012). This is likely to make increased retirement ages especially problematic for women. These will need to be accompanied by social investment policies to eradicate age discrimination (particularly common amongst women), promote life-long learning, flexible retirement pathways and healthy job opportunities for older workers (Foster and Walker, Forthcoming).

Strengthening the connection between labour market and pension policies and other social investments, such as education and family-friendly working and childcare strategies, is particularly important if women are to bridge the pension divide (Antolin, 2009). Spending on welfare policy can help to balance the economy in periods of recession, functioning in a countercyclical way by maintaining workers' wages and maintaining pension contributions and stimulating growth (Morel, Palier and Palme, 2012). Innovative policies, permitting time off and/or reduced work time in the childrearing years and a greater recognition of other forms of caring (Cornford et al., 2013), and full-time or part-time jobs in the ‘retirement’ years, could introduce greater flexibility and creativity in structuring education, work, and free time (Ginn, 2003). Currently, it is not clear that childcare provision in most EU countries is sufficient to enable real labour market choices, particularly among low-income parents at a time of economic crisis (Milner, 2010). While care credits are one way of ‘compensating’ women for periods of unpaid care they do not account for wage penalties associated with time out of employment and largely apply to first/second-tier pension provision (In Estonia, Hungary, Lithuania, Poland, Slovakia and Sweden certain types of career break count as contribution periods for occupational pension calculation purposes) (Lechke, 2011).

It is notable that no one approach to pension reform has been applied throughout the EU and that this has not necessarily followed traditional welfare typology paths (Lain et al., 2013). Some countries, consistent with the pre-crisis reform path, have pursued the attempt to reinforce the public/private mix (for instance, France, Sweden and the UK). By contrast, particular Central Eastern countries (such as Poland and Hungary) have reduced the role of private pension funds through the reduction of statutory contributions for private pensions with a parallel increase in those used for public pension schemes (Natali, 2011). Other schemes have limited flexibility in relation to the pension changes which can be made. For instance, the major changes in state pensions in Greece were a condition of receipt of EU/IMF assistance in 2010 (Casey, 2012; Orestein, 2011). As previously outlined these have potential gender effects which require greater consideration. Gender mainstreaming in the EU, which involves the systematic attempt to embed gender equality in governance and culture, may have an important role to play in this process (Rubery, 2005). This includes the process of 'mobilising all general policies and measures specifically for the purpose of achieving equality by actively and openly taking into account, at the planning stage, their possible effects on the respective situation of men and women' (European Commission, 2008: 5). This means systematically examining policies and taking possible gender effects into account when implementing them. This could help to ensure that the pension agenda is not a gender neutral one. Despite its potential, gender mainstreaming has not led to the desired transformative change as it has been obscured by piecemeal implementation. In some cases, gender mainstreaming has also led to the replacement of specific gender policies and structures (Kantola, 2010). In effect, a gender lens analysis, applied to all policy areas regardless of perceived relevance to gender, may need to be incorporated in order that any effects across disparate groups of women are visible (Foster and Walker, forthcoming; Lewis, 2006). This is especially important at times of financial crisis.

**Conclusion**

The current economic crisis (and an ageing population) has meant that changes to pensions in many countries in the EU are inevitable. However, ensuring that pension spending remains sustainable, while reducing pensioner poverty, represents an enormous challenge. Policy needs to recognise women's diverse life course experiences while encouraging women to, wherever possible, build up pensions in their own right (Foster, 2011). This also needs to consider whether individuals are retirees, close to retirement or expect to continue contributing to pensions for many years to come. However, as Villa and Smith (2010: 53) state, 'there has often been a gender-blind approach at the European and Member State level' and EU countries have displayed scant concern for gender mainstreaming in their responses to the current economic crisis (Maier, 2012). Thus far pension reform measures in the EU to improve financial sustainability have largely led to the reduction of pension rights of workers and arguably been more negative for women than for men (Curdova, 2010). The crisis has highlighted the need for pension systems to be suitably equipped to enable them to respond appropriately to volatilities in markets, with suitable labour and financial market regulation (European Commission, 2010a). Many private pension funds have seen their investments fall in value with uncertainty about when and to what extent these investments will recover. If the crisis is poorly managed in the long run this could lead to an increase in poverty, create long-term unemployment and reduce potential growth with disastrous effects for many women (Prasad and Gerecke, 2010). Therefore, the economic crisis and the responses to it have revealed the need for an in-depth discussion about pension systems in the EU which places the position of women at the heart of these debates. Responses need to address the specific challenges presented by the crisis in relation to scheme design (both public and private), investment strategies and capacity to absorb economic shocks.

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