

Gender, Pensions and Income in Retirement

DATE

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VENUE

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Background

- Pension income the main source of income in retirement (CSO, 2013)
- Persistent gender pension gap in Ireland and across the EU (European Commission, 2018)
- At present, less than 9 per cent of older individuals are in income poverty (CSO, 2018)
- Changing demographic and policy environment

Research Questions

1. What is the magnitude of the gender pension gap in Ireland? How does the gap vary across the pension income distribution?
2. What are the characteristics of those living in income poverty in older age in Ireland? Are there gender differences?
3. What evidence is presented in the international literature on gender differences in financial decision-making? What data sources exist for Ireland?

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1. Risk/Time Preferences

- Risk and time preferences are important inputs into financial decision-making
- In general, higher risk tolerance and more patience is associated with 'better' financial outcomes
 - But unclear if the relationship is causal
- Evidence that women are more risk-averse than men
- But less conclusive evidence that men and women differ in rates of time preference
- Very limited national data on risk/time preferences in the Irish context (HFCS, ESS)

2. Numeracy/Financial Literacy

- Financial literacy is ‘knowledge of fundamental financial concepts and the ability to do simple financial calculations’ (Lusardi and Mitchell, 2011)
- Strongly associated with retirement planning behaviour (and other financial outcomes, e.g., wealth)
 - Again, unclear if the relationship is causal
- Women display lower levels of financial literacy than men
- Data now available from GUI (‘98 Cohort), TILDA and HFCS

3. Household Financial Decision-making

- ‘Traditional’ gender divide in financial decision-making
 - Implications for widowhood
- Some evidence that gender wealth gap is higher in households in which males have financial decision-making responsibility (Grabka *et al.*, 2015)
- Women more likely to make financial decisions as their income and education increase
- Data from TILDA, HFCS, HBS, SILC, *etc.*

Summary

- Evidence of gender differences in risk preferences, numeracy/financial literacy and decision-making roles
 - Some gaps but increasing data availability in the Irish context
 - However, the gender gap in lifetime earnings is the main driver of gender inequalities in retirement financial outcomes (Neelakantan *et al.*, 2010; Sierminksa, 2017)

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