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კატარინა შვეინოვა ჰოესოვა

Katarína Švejnová Hoesová

ტექნიკურ მეცნიერებათა დოქტორი, პროფესორი

Prof.Ing.

პრადის ეკონომიკის უნივერსიტეტი (პრაღა, ჩეხეთის რესპუბლიკა)

University of Economics in Prague, Faculty of Economics – (Prague, Czech Republic)

Gender Inequality in the Slovak Republic Pension System

გენდერული უთანასწორობა სლოვაკეთის რესპუბლიკის საპენსიო სისტემაში

Abstract: The main objective of this paper is to analyse gender inequality in pension system. Gender inequality is the crucial question for presence in all aspect of working and social life across the countries around the world. Huge gap between genders creates tension and frustration on both sides of the barricades. Wrong set up of the first tier shows increase of the differences between women and men in retirement age. Part of the objective is analysis of current financial situation regards on increasing outcomes from pension system, demography and life expectancy. We will analyse outcomes for different group of retirees such widows or retirees with minimal pension outcomes. Based on this analysis we will propose our recommendations for increasing the equality with focus on the sustainability of the first tier in the Slovak pension system. The paper will focus on the main pension system indicators, such as gender inequality, population demography, retirement age and pension indexation regard to retirement – income adequacy.

Keywords: Pension system, gender inequality, life expectancy, retirement age,

რეზიუმე: ამ სტატიის მთავარ მიზანს წარმოადგენს საპენსიო სისტემაში გენდერული უთანასწორობის ანალიზი. გენდერული უთანასწორობა ძირითადი საკითხია, რომელიც სხვადასხვა ქვეყანაში მთელი მსოფლიოს მასშტაბით სუფევს სამსახურეობრივი და სოციალური ცხოვრების ყველა ასპექტში. გენდერებს შორის უზარმაზარი უფსკრული ქმნის ბარიკადების ორივე მხარის დაძაბულობას და იმედგაცრუებას. არასწორადაა აგებული პირველი რიგი, რომელიც ზრდის განსხვავებებს ქალებსა და მამაკაცებს შორის საპენსიო ასაკში. ასევე ერთ-ერთ მიზანს წარმოადგენს მიმდინარე ფინანსური მდგომარეობის ანალიზი, რომელიც განიხილავს საპენსიო სისტემის, დემოგრაფიისა და სიცოცხლის ხანგრძლივობის ზრდას. ჩვენ გავაანალიზებთ შედეგებს სხვადასხვა ჯგუფის პენსიონერებისათვის, როგორებიცაა ქვრივები ან სამსახურიდან გადამდგარი პირები მინიმალური პენსიით. მოცემული ანალიზის საფუძველზე ჩვენ ვთავაზობთ რეკომენდაციებს თანასწორობის გაზრდის მიზნით სლოვაკეთის საპენსიო სისტემაში პირველი რიგის მდგრადობაზე. სტატიაში

ყურადღება გამახვილდება ძირითადი საპენსიო სისტემის ინდიკატორებზე, როგორცაა გენდერული უთანასწორობა, მოსახლეობის დემოგრაფია, საპენსიო ასაკისა და საპენსიო ინდექსაციის მიმართება პენსიაზე - შემოსავლების შესაბამისობაზე.

სკვანძო სიტყვები: საპენსიო სისტემა, გენდერული უთანასწორობა, სიცოცხლის ხანგრძლივობა, საპენსიო ასაკი.

INTRODUCTION

Gender gap is a question that has become more resonant recent years in different kind of social life. The paper discusses how the European Union and Slovak Republic are accustomed to the gender gap in pension systems as well as the structure of pension systems.

Methods of research

The work will rely on both empirical and theoretical research methods. Basic analytical methods will be used to prepare a comparison of the demography by gender, retirement in European Union and Slovak republic. We will also use analysis of the European Union countries pension systems and Slovak pension system as well as analysis of the partial problem of the Slovak pension system with focus on gender gap.

Demography in European Union

Although women are successful in gaining qualifications, their subsequent careers are often more interrupted, they have lower pay and their careers are flatter. Therefore, they earn less than men over their life cycle and their pensions are lower the gender pay gap across the EU: different magnitude, different trends, but similar causes.¹

The overall size of the population is projected to be slightly larger by 2070 than in 2016, with a hump-shaped trajectory. The EU population is projected to increase from 510.9 million in 2016 to 528.5 million in 2040, remain stable until 2050 and decline thereafter to 520.3 million in 2070. Moreover, while the total EU population is set to increase by 1.8% over the 2016-70 projection horizon, there are wide differences in trends across Member States.

For males, in all age cohorts between 0-64, the projected population in 2070 is lower than the population in 2016 in the EU. Conversely, in all age cohorts of 65 years old and above, the projected population in 2070 is higher than in 2015.

For females in all age cohorts between 0-69 years old, the projected population in 2070 is lower than in 2016. Conversely, in the age cohorts above 69 years old, the projected population in 2070 will be higher than in 2016. Moreover, while in 2016 the largest cohort for both males and females is 45-49 years old, in 2070 the largest cohort will be 70-74 years old for women

¹ 2017 Report on equality between women and men in the EU

and 50-54 years old for men. Overall, the median age will rise from 41 years old in 2016 to 45 in 2070 for men and from 43 years old to 47 for women.²

Slovak Republic and gender gap

Equals criteria to women and men

Eligibility criteria for entitlement to old age pension

To be entitled to an old age pension, an insured person, must

- 1) achieve at least 15 years of the pension insurance period and
- 2) reach a pensionable age.

If the insured person reaches the pensionable age during the period between January 1, 2004 and December 31, 2007, he/she is entitled to the old age pension after achieving at least 10 years of pension insurance period.³

Pension earnings calculation

POMB x ODP x ADH

POMB = average personal wage point

ODP = the sum of the pension insurance period earned on the date of entitlement to the old-age pension

ADH = actual retirement value on the date of entitlement to the payment of the pension⁴

By statistic data of Social Insurance Agency in Slovakia amount of pensioner increase from 1 212 658 on 31st May 2005 to 1 390 86 on 31st May 2018. Anyway, criteria for pension as well as earning calculation are same for women and men. In general women earn less than men, resulting in the pension earnings they receive.

Gender gap in Pension system

Retirement age 2017

Men 62 years and 76 days

Women – depends on the No. of children

0 – 1 child - 62 years a 76 day

2 children - 61 years

3 – 4 children 60 years

5 and more children 59 years

Widow vs Widower

Widow's / Widower's pension represents 60% of the insured deceased person's pension. Entitled to this kind of benefit is the widow/ widower whose husband/ wife was receiving the old age pension, the invalidity pension or was entitled to the early old age pension as of the day of his death, or satisfied conditions of the old - age pension entitlement as of the day of his death, or achieved the number of years of the pension insurance necessary to qualify to the

² The 2018 Ageing Report Economic & Budgetary Projections for the 28 EU Member States (2016-2070)

³ Ministry of labour, social affairs and family of the Slovak Republic, Old age pension <https://www.socpoist.sk/old-age-pension-/51389s>

⁴ Ministry of labour, social affairs and family of the Slovak Republic, Starobný dôchodok, Suma <https://www.socpoist.sk/suma-dochodku-/1286s#Suma>

invalidity pension as of the day of his death, or died due to the working injury or the occupational disease.⁵

Widow's pension in Slovak Republic

Eligibility criteria for a widow's pension

An insured person is entitled to a widow's pension if she is a widow surviving her husband who

1) was receiving an old age pension, a disability pension or was entitled to an early old age pension,

2) fulfilled the eligibility criteria for entitlement to an old age pension as of the day of his death or

3) as of the day of his death, achieved the required number of years of pension insurance for his entitlement to a disability pension or

4) died due to a work accident or occupational disease.

A divorced wife is not entitled to a widow's pension.

Table 2 shows the difference in pension earnings between men and women.

Pension	31 st May 2015	31 st May 2016	31 st May 2017	31 st May 2018
Widow's pension	246,06€	246,46€	250,38€	255,06€
Widower's pension	189,16€	190,56€	194,94€	201,35€

Tab.2 Comparison of widows and widower pension earnings from 2015 – 2018 Source: Mistry of labour, social affairs and family of the Slovak Republic

No. of pensions	31 st May 2006	31 st May 2010	31 st May 2014	31 st May 2018
Old age pensions	914671	934845	1001751	1064259
Widow's pension	303954	301058	293581	292342
Widower's pension	9966	35864	39893	47118

Tab.3 Comparison No. of old aged pension widows and widower pension from 2006 – 2018 Source: Mistry of labour, social affairs and family of the Slovak Republic

⁵ Internet source: <https://www.socpoist.sk/social-insurance-system-in-slovakia/24533s>

	2009(in thousand € per year)	2010(in thousand € per year)	2014(in thousand € per year)	2017(in thousand € per year)
Old age pensions	3595383	3758182	4722099	5192470
Widow's and widower's pension	532374	546777	617171	645412

Tab.4 Comparison of old aged pension widows and widower pension earnings from 2009 – 2017 Source: Mistry of labour, social affairs and family of the Slovak Republic

CONCLUSION

Women in Slovak Republic are not only workers, but also have family responsibilities. To be a mother means huge impact on woman's careers that could reduce activity on the Labor market. They accumulate smaller pension wealth meaning lower pension earnings.

On the other hand, women generally benefit more from the pension system. This can be seen mainly in the average life expectancy that is longer and, given the fact that men on average have higher pensions, their widow's pension is indeed higher.

On the Tab.2 and Tab.3 we can see huge gap between men and women earnings. Increasing of retirement age reduces the number of newly recruited pensions and prolongs the duration of labor market participation.

If we want to equal genders, solution should be the same earnings for both. Differences between women and men could be mitigated by access to widows and widowers' pensions, so that after the death of a partner, the retired person shares a shared household with someone else which means that if the retiree lives alone his earning will increase, on the other hand if retiree lives together with somebody in household (also if her/his partner pass away), could share the costs, indeed the income will go lower.

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