

# Closing the gender gap in pensions:

## A microsimulation analysis of the Norwegian pension system

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# Introduction

- National insurance system accounts for approximately 75 percent of all pensions in Norway
- "Pale copy" of the Swedish system
- Includes several redistributive components that close the gender gap in pensions
- Our analysis aim to quantify the contributions of each component

# Microsimulation model MOSART

- Entire Norwegian population
- Historical register data for demographics, labor and income
- Simulate future lifespans based on statistical probabilities
- Create counterfactuals with alternative rules and assumptions



# Redistributive components

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	Type of redistributive effect
Gender-neutral annuity divisor	Latent
Ceiling on earnings	General
Care credits	Family/household related
Inherited pension rights	Family/household related
Guarantee pension	General
Guarantee pension - differentiated	Family/household related
Income taxes	General

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Analysis population: Men and women born in 1963, assuming they all retire at age 67.

# Individual pension benefits. Average over the retirement period

	Gender gap (%)	Change in gap (%)
Baseline	43	-
Gender-neutral annuity divisor	31	-12
Ceiling on earnings	23	-7
Care credits	16	-7
Inherited pension rights	14	-3
Guarantee pension	11	-3
Guarantee pension - differentiated	10	-1
Income taxes	7	-3

Source: Halvorsen and Pedersen (2019): "Closing the gender gap in pensions: A microsimulation analysis of the Norwegian NDC system"

# Different definitions of the gender gap

	Annual income age 70	Sum over retirement	Mean over retirement
Individual pensions	8	1	7
Equivalized household pensions	1	-2	4
Individual pensions adjusted for economies of scale	10	3	9

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# Modifications to these stylized results

- Inherited benefits are being phased out (+)
- More men than women use the flexibility to claim (-)
- Occupational pensions more proportional to lifetime income (+)

# Projecting the gender gap in Norway

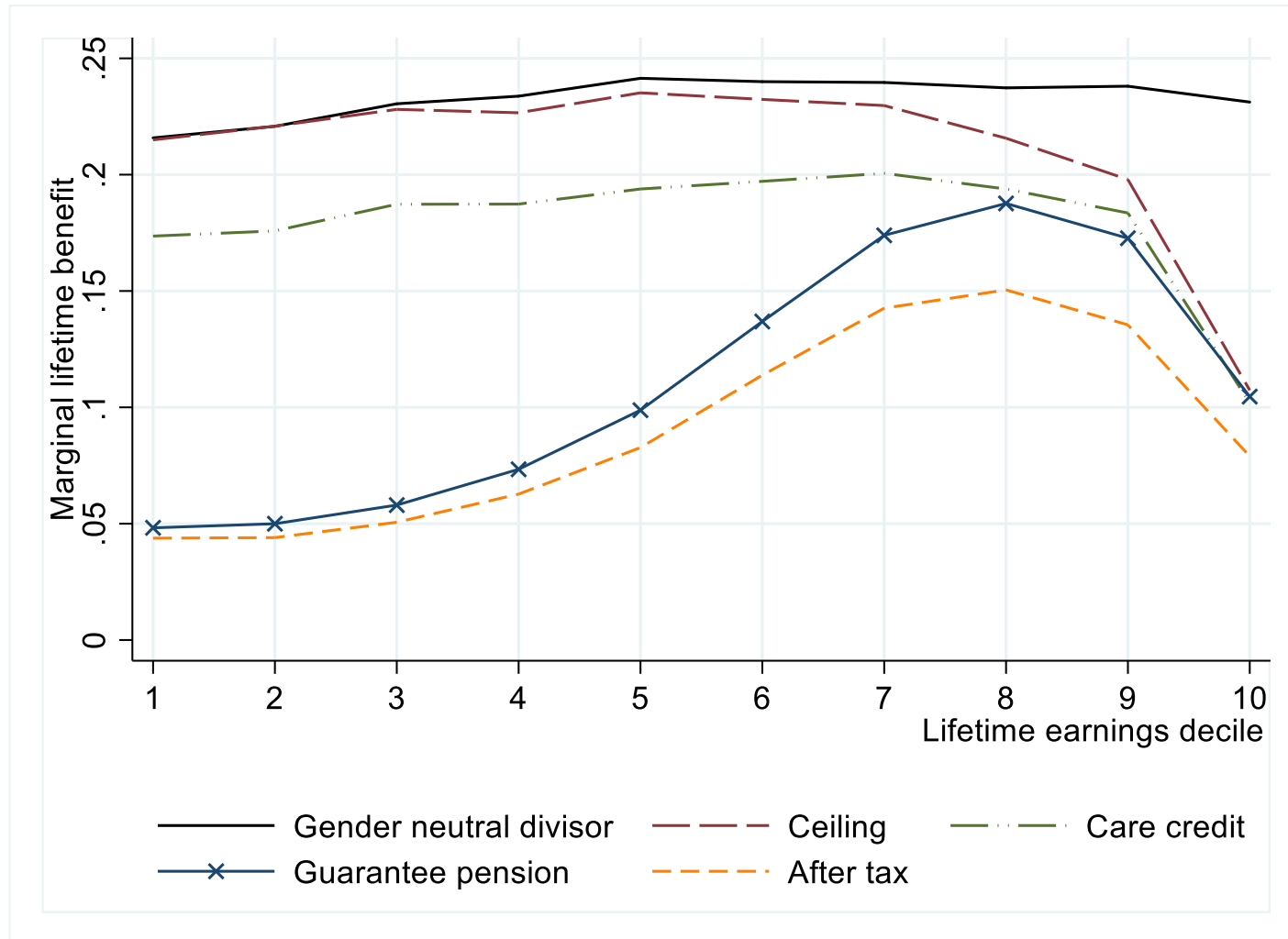


# Compensation versus incentives

Compensating for inequalities in lifetime work-family decisions  
VS  
Creating economic incentives for equalizing decisions?

→ Normative/political discussion

# Quantifying how compensation affects incentives



**Thanks!**