



Kati Ahonen and Jarna Bach-Othman

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– the significance of the household structure
on gender differences in the poverty rate
in eight EU countries

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PREFACE

This project was born when we contemplated the at-risk-of-poverty rate in EU countries: why are the gender differences in the at-risk-of-poverty rate among the elderly in the EU-15 countries among the highest in Finland and Sweden, where women's employment rates are high, yet clearly smaller in Southern European countries, where women's employment rates are low? Furthermore, when EU-level attention was paid to the high poverty risk of elderly women in Finland, we found the subject required further investigation.

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Helsinki, May 2010

Kati Ahonen and Jarna Bach-Othman

ABSTRACT

In our study, we examine gender differences in the at-risk-of-poverty rate among the elderly in eight EU countries. The aim of our study is to find out how gender differences vary from one country to the next, and what causes the differences in each country. We have been especially interested in the weak correlation between a high female employment rate and small gender differences in the at-risk-of-poverty rate. The empirical part of our study is based on EU-SILC (European Union Statistics on Income and Living Conditions).

According to our study, elderly women's high poverty risk is strongly related to difficulties regarding the income of single-person households and the higher ratio of female than male single-person households. In addition, gender differences in the at-risk-of-poverty rate are affected by gender differences in the household structure. What is of significance here is whether the household is shared with an older or a younger partner and, in particular, whether this partner is of working age.

The roles of employment history and pension scheme are most visible in single-person households, since these lack other income. A residence-based or a means-tested minimum pension seems to diminish gender differences considerably only if the pension benefit is high enough to ensure an adequate minimum income also for single-person households, despite employment differences.

ABSTRAKTI

Olemme tässä tutkimuksessa vertailleet vanhuuseläkeikäisten naisten ja miesten välisiä köyhyysriskieroja kahdeksassa EU-maassa ja pyrkineet löytämään syitä siihen, miksi joissakin maissa naisten köyhyysriski on huomattavasti miehiä korkeampi ja miksi joissain maissa näin ei ole. Erityisesti halusimme selvittää, mihin heikko yhteys naisten palkkatyöhön osallistuvuuden ja pienten sukupuolten välisten köyhyysriskierojen välillä liittyy. Tutkimuksen empiirinen osa perustuu eurooppalaiseen tulo- ja elinoloaineistoon EU-SILCiin (European Union Statistics on Income and Living Conditions).

Eläkeikäisten naisten miehiä suurempi köyhyysriski liittyy tämän tutkimuksen mukaan vahvasti yksinasuvien eläkeikäisten toimeentulovaikeuksiin sekä siihen, että naisilla yksinasuminen on selkeästi miehiä yleisempää. Yksinasumisen ja sen yleisyyden ohella sukupuolten välisiin köyhyysriskieroihin vaikuttavat sukupuolten väliset erot siinä, jakaako eläkeikäinen kotitalouden häntä vanhemman vai nuoremman henkilön kanssa ja eritoten siinä, kuuluuko kotitalouteen työikäinen henkilö.

Eläkejärjestelmän ja työhistorian merkitys näkyy selkeimmin yksinasuvilla, sillä heillä ei ole muiden henkilöiden tuloja kotitaloudessa. Asumisperusteinen tai tarveharkintainen vähimmäiseläke vaikuttaa tasaavan sukupuolten välisiä köyhyysriskejä merkittävimmin silloin, kun turva on tasoltaan niin korkea, että se takaa myös yksinasuvalle riittävän toimeentulon työhistorian puutteista riippumatta.

CONTENTS

1	Introduction.....	9
2	Previous research on gender differences in poverty rates	10
3	Study setting.....	12
	3.1 Study setting and selection of countries.....	12
	3.2 Data and definitions	22
4	Differences in the household structure in the comparison countries	24
	4.1 Household size.....	24
	4.2 Single-person households.....	24
	4.3 Households with more than one person.....	26
5	Household structure and differences in the at-risk-of-poverty rate	30
	5.1 Definition of differences in the poverty risk and the differences in the poverty risk of persons aged 65–74	30
	5.2 Differences in the at-risk-of-poverty rate among persons aged 75+	33
	5.3 Single-person households and the role of the pension scheme	36
6	Summary and conclusions.....	39
	Literature	42
	Appendices	44

1 Introduction

Co-operation within the European Union in the social policy field has become tighter, and the European Union holds an increasingly significant position when it comes to evaluating and reforming social security systems. The jointly agreed objectives concerning the financial sustainability of social security systems and the adequacy of benefits, resulting from the so-called Open Method of Coordination, have created a system in which the development of the various countries is regularly monitored and assessed.

In 2001, EU countries agreed for the first time on common objectives for pension schemes. One of the most important objectives was to ensure adequate retirement income and thus prevent old-age poverty. To monitor the agreed objectives, the countries regularly compile so-called national pension strategy reports, in which the gender-specific poverty risks of the elderly are monitored. The year 2010 has been named 'The European Year for Combating Poverty and Social Exclusion'. The purpose of the theme year is to intensify the actions of the EU and its Member States in order to prevent and remove poverty, social exclusion and inequality between the genders (Official Journal of the European Union L 298/20).

Although the poverty risk of the elderly in many EU countries has decreased considerably during the last decades due to the gradual entry into force of earnings-related pension schemes, poverty still exists, particularly among the oldest of the elderly. There are great differences in the poverty risk of the elderly between the EU-15 countries. In many of them, the poverty risk differs also depending on gender. Principally, pensionable-aged women are poorer than men of the same age, even though the countries differ fairly much in terms of gender differences in the poverty risk. The gender differences in the poverty rate of the elderly have usually received less attention than the poverty risk in general. However, during recent years, the higher at-risk-of-poverty rate of pensionable-aged women has been heavily highlighted in the EU. In this context, the high poverty risk of women aged 75+ in Finland has stood out.

In our study, we compare gender differences in the poverty risk of persons aged 65+ in eight EU-15 countries. The purpose of our study is to examine more closely how gender differences in the at-risk-of-poverty rate among the elderly differ in the various countries and what causes these differences. We approach the research question not only via the gender differences in employment rates, but also via the differences in household and pension scheme structures. The question is of significance both in terms of pension adequacy and gender equality.

In the empirical section of our study, we examine the impact of the household on gender differences in the poverty risk. The empirical section is based on data from the European Union Statistics on Income and Living Conditions (EU-SILC). Using income distribution indicators derived from the same data, the development in poverty and social exclusion is monitored in the European Union.

2 Previous research on gender differences in poverty rates

The majority of the research on poverty among women and of gender differences in the poverty rate examines the feminization of poverty (beginning with Pearce, 1978, “The Feminization of Poverty”) and aims at finding reasons for this phenomenon. Usually, the studies comprise only the working age population. Gender differences in the poverty rate among the elderly, as well as the underlying reasons, have been discussed to a distinctly lesser extent. The feminization of poverty has mainly been explained through macro-level variables, such as economic growth, women’s employment and demography, as well as the income transfer policies of welfare states. Differences in the poverty rates have also been examined on a micro level, using international income distribution data, which has enabled studies of the impact of, for example, the household structure on differences in the poverty rate. In empirical research, the Luxemburg Income Study (LIS) data, which covers the OECD countries, has been used frequently.

According to previous research, female poverty is a common phenomenon in Western countries, primarily linked to women’s lower labor force participation due to their family obligations, as well as to their lower earnings in comparison to men’s. Another important reason for female poverty is single parenting among women and the higher proportion of women widows due to women’s longer life expectancy (e.g., Stone 1989; Pressman 2003). Income transfers have been found to play a great role in general in the reduction of poverty (e.g. Pressman 2002 and 2003; Williamson and Smeeding 2004; Wiepking and Maas 2005), although there are contradictory results of their impact on gender differences in the poverty rate. For example, in Wiepking and Maas’s (2005) study, it was noted that the level of social security benefits does not appear to reduce gender differences in the poverty rate, even though the benefit level may be connected to a low poverty risk in general. As for Finland, no particular feminization of poverty has been observed. On the contrary, poverty in Finland has been found to be a primarily male rather than female phenomenon, which is particularly evident in the number of men receiving income support (Kangas and Ritakallio 2003: 31). However, this study from 2003 does not include persons over the age of 70.

Brady and Kall (2008) examined gender differences in the poverty rate in eighteen OECD countries between the years 1969 and 2000. Their analysis also included the elderly. According to their study, incorporating the elderly increases gender differences. During the given time frame, the gender differences in the at-risk-of-poverty rate were reduced in nearly all countries. The study showed that there is not a strong association between a low overall poverty and small gender differences in the poverty risk. In other words, in countries where the poverty rate is high or moderate, gender differences may be narrow (for example, in Italy), while in low-risk countries, gender differences may be extensive (Norway). Means that reduce overall poverty may not necessarily reduce gender differences and the feminization of poverty. Labour market and demographic factors (e.g. the proportion of women among the elderly, single motherhood) affected the feminization of poverty the most, even though income transfers also had an impact.

Smeeding and Sandström (2005) examined the poverty risk of persons aged 65+ in seven OECD countries by gender and living arrangements (living alone). The study compared female-headed households to all elderly households. According to the study, old-age poverty is largely related to becoming widowed. Income transfers reduce both male and female poverty, but since women usually have a lower earnings-related pension than men, women's poverty is more closely linked to the level of the minimum pension and social assistance.

A fairly large amount of literature in this field is based on non-empirical research, in which the impact of employment, the features of pension schemes on women's pensions and gender differences in pensions have been analysed. Usually, women's shorter careers and lower average wages, which result in a lower pension for women than for men, have been emphasized. In addition, women's pensions have been found to be affected by whether the pension schemes are compulsory or voluntary, defined benefit or defined contribution, earnings-related or universal, and whether there is a minimum pension. Of importance is also how periods of childcare or care for close relatives are credited and the level of the surviving spouse's pension, as well as the minimum required insurance period for an old-age pension and the official retirement age (e.g., Ginn, Daly and Street 2001; Ståhlberg, Kruse and Sundén 2006; Laitinen-Kuikka and Tuominen 2006). The division of pension rights between spouses may also be of significance.

According to Zaidi (2007), the most suitable and effective policy action to tackle poverty risks among elderly women is through active labour market policies, where the aim is to improve women's employment as well as their earnings. Furthermore, it is important to secure an adequate minimum pension provision. For the oldest women, it is essential that the indexation of statutory pensions is improved and that the surviving spouse's pension is adequate.

3 Study setting

Cross-national comparisons have become more common in social research during the last decades. The popularity of cross-national comparisons has been linked to the general globalisation and the enlargement of the European integration, as well as to changes that have taken place in the labour markets, the demographic structures and the family composition (Clasen 1999).

Typical features of international comparative research have been the localisation and explanation of cross-national differences and similarities, which have been explained with various types of welfare state and social policy models (Kuivalainen 2007). The differences and similarities between countries, and their evaluation, may assist in the discovery of good practices for the implementation of, for example, social policy objectives.

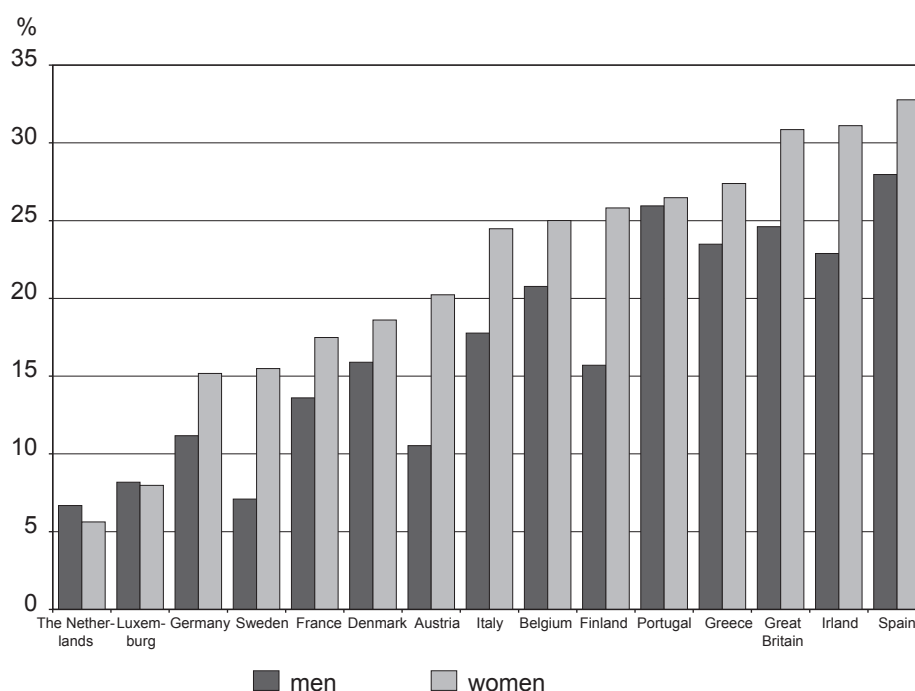
Comparisons between countries can be divided into two main types: comparisons between countries with the most similar and the most different systems. In comparisons of 'the most similar systems', countries with a set of common features are compared, and those main factors, which make the countries different and which explain the observed phenomenon, are identified (Landman 2005; Hantrais 2007:10). On the other hand, if countries with different systems are compared, the objective may be to show what causes the differences and, despite the differences, to discover any similarities which can explain the observed phenomenon.

3.1 Study setting and selection of countries

In this study, we examine gender differences in the at-risk-of-poverty rate among the elderly in eight welfare states: Austria, Denmark, Finland, Germany, Great Britain, the Netherlands, Spain and Sweden. The aim is to find out in more detail why these differences occur in the various countries. We analyze gender differences in the poverty rate through gender differences in employment and through differences in household and pension scheme compositions. How does the household composition and the age structure of the household differ from each other in the various countries and what significance do these differences have in terms of gender differences in the poverty risk?

Our objective is to find reasons for gender differences in the poverty rate by analysing both similar and different countries in terms of the poverty risk and pension schemes. For comparison we have selected three countries – Austria, Finland and Sweden – in which the gender differences in the poverty rate among the elderly are the largest among the EU-15 countries, and five countries – Denmark, Germany, Great Britain, the Netherlands and Spain – in which the differences are clearly smaller. Of the compared countries, the Netherlands and Spain form the extremes in terms of the poverty risk: in Spain, the poverty risk among the elderly is nearly five times higher than in the Netherlands (Figure 1).

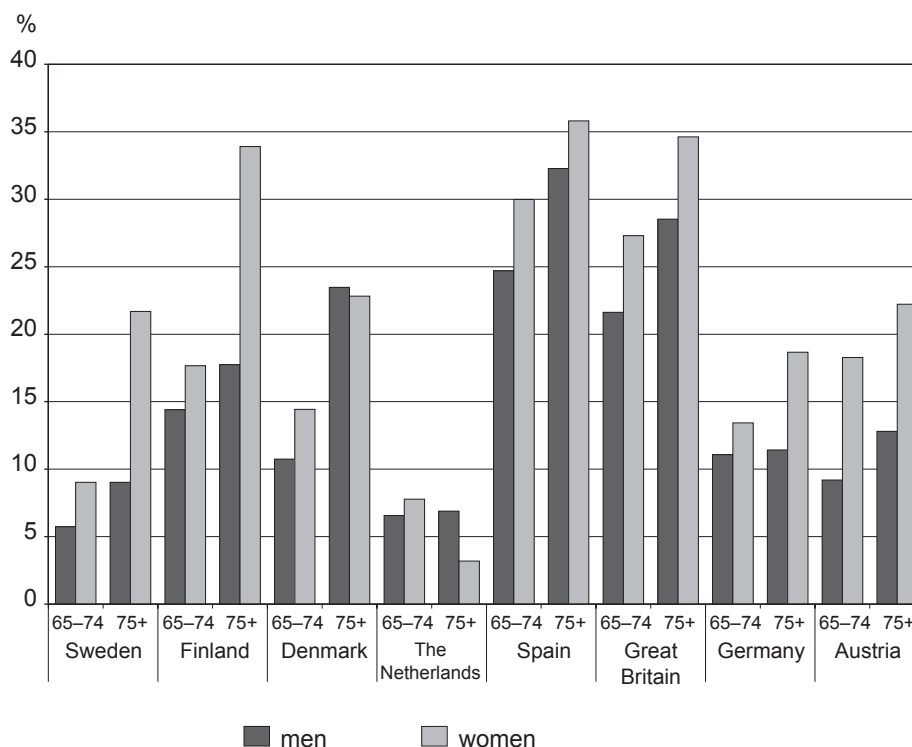
Figure 1. The poverty risk of persons aged 65+ (60%) in EU-15 countries in 2006, according to gender.



Source: EU-SILC 2006 (UDB).

When poverty among the elderly is examined according to age, we can note that the at-risk-of-poverty rate is generally higher among the older than the younger pensioners. The Netherlands forms an exception: here, the poverty rate among women aged 75+ is smaller than among the younger pensioners. The difference in the poverty rate between the two age groups is the highest in the Nordic countries. In Finland and Sweden, the rate clearly increases among women, and in Denmark, among both men and women (Figure 2).

In the comparison countries, the poverty risk among women aged 75+ is the highest in Spain and the second-highest in Finland and Great Britain. In Finland and Sweden, there are large gender differences in the poverty risk, particularly among those aged 75+. In Germany, gender differences in the at-risk-of-poverty rate among those aged 75+ are fairly large, even though there are hardly any differences among the younger pensioners. In Austria, gender differences in the poverty risk are extensive already among younger pensioners (Figure 2).

Figure 2. The at-risk-of-poverty rate of men and women aged 65–74 and 75+ (60%) in 2006.

Source: EU-SILC 2006 (UDB).

Concerning pension schemes, common to all comparison countries is that their statutory pension schemes have come into force nearly in their current form in the 1950s and the 1960s. However, there have been significant differences between the countries in the coverage of the pension provision. The structures of the pension schemes and the significance of the various pension income sources in the aggregate pension provision also differ considerably (see Table 1). For example, in the Netherlands, the role of the occupational pension schemes is prominent. These pension schemes have existed in the Netherlands already for decades, in contrast to, for example, in Denmark, where large-scale occupational pension schemes in the private sector increased their coverage substantially in the beginning of the 1990s. There have also been clear differences between the countries regarding women's participation in paid labour and in the frequency of part-time employment, both of which hold a significant impact on the level of earnings-related pension.

Compared to the other countries, it is noteworthy that the structural change of society from an agricultural to an industrial and service society occurred at a fairly late stage in Finland. Finland was a dominantly agricultural country as late as in the 1950s while the industry and the service sector were the principal sources of livelihood in Sweden already in the 1940s. The late structural change in Finland partly manifested itself in a late development of social security. At the beginning of the 1960s, the majority of wage-earners were not covered by an earnings-related pension, and Finland was one of a country with marginal social security

(Jäntti, Kangas and Ritakallio 1996). For instance, the Farmer's Pension Act did not come into force in Finland until 1970, when a fifth of those working in a profession were still working within the farming industry¹ (Kontio 2007).

Classification of pension schemes

Several, partly alternative, classifications of pension schemes in different countries have been presented (e.g. Esping-Andersen 1990; Korpi and Palme 1998; Soede and Vrooman 2008). The classifications of the schemes are not unambiguous but rather ideal types, in which countries are grouped together based on certain characteristic features.

Esping-Andersen's (1990) well-known and, in comparative studies, often used trisection into conservative, liberal and social democratic welfare states is based on the respective roles of the government and the markets as producers of social security. The key focus of the analysis is how extensively social benefits are defined as the individual's social rights and as independent of market mechanisms, and what the degree of the social stratification is. Regarding pension schemes, a key question is the role of statutory pension schemes, occupational pension schemes and personal pension provisions in the aggregate pension provision in the various countries. Esping-Andersen's original classification has been criticised, in particular, for its lack of a gender dimension (e.g. Sainsbury 1994; Arts and Gelissen 2002). The family's role as the care and welfare provider is considerable in many countries, and the lack of public care services has substantially affected women's participation in the labour force (e.g. Anttonen and Sipilä 1996). From this point of view, Southern European countries have sometimes been seen as forming their own welfare state regime (Ferrera 1996).

Korpi and Palme (1998) have taken the institutional structures of old-age pension schemes as one basis for a welfare state typology. Old-age pension schemes are classified into five different models according to three aspects; bases of entitlement, determination of benefit levels and form of administration. For the bases of entitlement, four different criteria are used: means-testing, citizenship (residence), contribution payments, and belonging to a certain occupational category. The second aspect concerning the determination of benefit levels goes from means-tested minimum benefits to flat-rate benefits to earnings-related benefits. The administration of the scheme is analysed via a dichotomy, based on the employers' and the employees' participation in the administration of the scheme. On the basis of the three aspects, five models are represented: the targeted, voluntary state-subsidized, corporatist, basic security and encompassing model (Korpi and Palme 1998: 667). The main feature of the targeted model is the means-testing of the benefits, but the criteria of means-testing may vary greatly from one scheme to another. The benefits are at minimum level. In the voluntary, state-subsidized

1 The pension level of farmers is lower than that of others. In addition to farmers' shorter pension accrual time compared to other employees, this is due to the lower income of farmers. The income of a farm economy consists of the cultivated farmland and the forest acreage. The amount of the earned income has been affected by, among other things, the fact that there are many small-scale farms in Finland. In addition, the self-employed can pay their pension contributions according to the amount of earned income confirmed by themselves, a sum that is usually considerably smaller than the farmers' actual income.

model, the granting of the benefit is based on voluntary contributions, and the benefit may be either a flat-rate or an earnings-related benefit. The state takes part in the model in the form of tax money which can be paid to mutual-benefit societies or voluntary organisations. In a corporatist model, the benefits are directed at the working population. The bases for granting earnings-related benefits are the payment of contributions and the belonging to a certain occupational group. In the basic security model, eligibility is based on either citizenship or residence in the country or the payment of contributions. The model strives for extensive coverage with mainly flat-rate benefits. In the encompassing model, the right to the benefit arises on the basis of paid contributions and citizenship. In this model, universal basic security is combined with earnings-related security.

Based on their classification, Korpi and Palme analyse how the various models affect the redistribution of income and poverty by using indicators such as social expenditure, poverty rate, equality of income distribution and ratio between statutory, earnings-related pensions and supplementary pensions. They argue that social insurance institutions are of central importance for redistributive outcomes and may generate a paradox of redistribution, where encompassing schemes seem to reduce poverty most efficiently. Least successful in the comparison are the countries with so-called targeted and basic security models, in which the benefits, directed at the low-income population, are either means-tested or flat-rate (Korpi and Palme 1998: 681–682).

Soede and Vrooman (2008) have examined the pension systems in 19 different countries in relation to Esping-Andersen's (1990) typology of welfare regimes and demonstrate that Esping-Andersen's division of welfare regimes into liberal, corporatist and social-democratic ones does not apply in full to pension systems.

The analysis comprises statutory pension schemes and mandatory supplementary pension schemes for employees. For the classification of the schemes, data of 34 different traits were collected for the various schemes and classified in to categories. Based on this, two main dimensions were formed – pension target levels and replacement rates as well as the existence of private schemes within the mandatory system – in relation to which the schemes were analysed. Out of these dimensions, four different groups of countries emerged: corporatist, liberal, 'moderate pensions' and 'mandatory private' countries. Of the countries included in this study, Austria, Finland, Great Britain and Spain represent the corporatist model. In these countries, the pension level is relatively high and the mandatory schemes are completely public. In addition to the above four countries, also Greece, Italy and Portugal were classified as belonging to this group, rather than forming their own Mediterranean cluster. In countries adhering to the liberal model, that is, Canada, Great Britain, Ireland and the United States, the share of public pension provision is relatively small and directed mainly at low-income workers. The pension provision of employees is arranged primarily in the form of occupational or private pensions. "Moderate pension provision" countries include Belgium and Norway, among others. The pension replacement rate in these countries is slightly below the average in the EU, and the pension provision is fully public. The "mandatory private" cluster includes countries such as Australia, Denmark, Hungary, the Netherlands and Sweden. In these countries, compulsory, funded second-tier pensions hold a substantial position. In previous classifications,

these countries have belonged to several different groups (cf. Esping-Andersen 1990; Korpi and Palme 1998).

Based on previous classifications, we have divided the comparison countries into different groups according to the main features of the pension system (Table 1). In the division, statutory pension schemes and those occupational pension schemes, which are mandatory for the majority of the employees², have been taken into consideration. We have grouped the countries into four groups according to the overall structure of the statutory pension scheme. Due to the gender-specific employment differences, we have paid special attention to the existence of a minimum pension and the eligibility criteria, as well as to the earnings-related aspect of the pension provision.

Table 1. Main features of pension provision in the comparison countries.

	Sweden	Finland	Denmark	the Netherlands	Spain	Germany	Britain	Austria
Features of statutory pension scheme	Statutory earnings-related pension + minimum pension		Flat-rate pension		Statutory earnings-related pension + minimum means-tested pension			Statutory earnings-related pension
Residence-based minimum pension	yes	yes	yes	yes	no	no	no	no
Statutory earnings-related pension	yes	yes	no*	no	yes	yes	yes	yes
Minimum amount of statutory earnings-related pension	no	no	no	no	yes	no**	no	yes
Mandatory supplementary pension schemes	yes	no	yes	yes	no	no	no	no

*) The statutory ATP scheme is a defined-contribution system. The contributions, which are low, are based on working hours.

***) In Germany, the earnings-related pension can be increased if the insurance period is a minimum of 35 years and the income is less than 75 per cent of that of an insured person with an average income.

According to the classification by Korpi and Palme (1998), we have placed Sweden and Finland into the same group. In this model, the residence-based minimum security is combined with a statutory earnings-related pension. In both countries, the statutory earnings-related pension reduces the minimum pension. The difference between the countries is that there is an earnings ceiling in the statutory pension scheme in Sweden, creating a space for mandatory supplementary pension schemes, which cover more than 90 per cent of the employees.

2 In the EU-SILC data, the variable including statutory pension income also includes income received from supplementary pension schemes that are compulsory for the group in question.

Similarly to previous classifications, we place Denmark and the Netherlands into the same group. In both countries, the statutory pension provision consists of a residence-based flat-rate pension, which is reduced in proportion to the lacking time of residence. In Denmark, there is also a statutory, defined-contribution pension, but in terms of the aggregate pension provision, its importance is minor. In the Netherlands, there is no statutory earnings-related pension. In addition to the statutory provision, both countries have mandatory occupational pension schemes, which cover more than 90 per cent of the employees. Their significance has increased in recent years. In the Netherlands, an average of 27 per cent of the total pension of a person receiving old-age pension consisted of a supplementary pension in 1990. In 2006, the supplementary pension's share of the total pension had risen to 36 per cent (de Jonge 2008). Compared to men, the share of women receiving occupational pensions is clearly smaller due to the lower long-term employment rate of women and the fact that part-time workers were not previously always covered by a supplementary pension scheme.

We have placed Great Britain into the same category with Germany, which has usually been classified as a corporatist country, and Spain, which has usually been classified as a country adhering to either a corporatist or a Southern European model. The pension provision in these three countries is primarily earnings-related. In recent years in Great Britain, attention has been paid to the status of low-income pensioners and the means-tested minimum pension, the Pension Credit, which was implemented in 2003 and has improved the income of low-income pensioners. A means-tested minimum pension can also be granted in Germany and Spain. In Spain, there is also a minimum level of the earnings-related pension. In Germany, a low earnings-related pension can be increased if the person in question has a long insurance history. In Great Britain, the statutory pension provision has been dimensioned at a relatively low level, but supplementary pension arranged by the employer is common. In Germany, as well, supplementary pensions arranged by the employer cover more than half of the employees. In contrast to Great Britain and Germany, occupational pensions are rare in Spain, even though a ceiling has been set on statutory pensions.

In this division of the comparison countries, Austria forms a group of its own since it is the only country with a statutory pension scheme that lacks a minimum pension. There is a minimum earnings-related pension, but to be eligible for the pension, a relatively long employment history is required. The secondary benefit is the income support.

The pension schemes may contain several elements that even out gender differences. In particular, surviving spouse's benefits, which are paid without a time limit in some countries (Austria, Finland, Germany and the Netherlands³), while in others, only for a limited period of time or as a lump-sum compensation (Denmark⁴), may be important in this respect. Other elements that even out gender differences include the division of the pension in connection with a divorce (Germany and Great Britain and, concerning the compulsory supplementary

3 For example, the prerequisite may be that the spouses have a child together.

4 In Denmark, the surviving spouse's pension is paid from the national pension scheme for only three months, and the lump-sum paid from the ATP scheme is low.

pension, the Netherlands), the pension accrual for years of child care, as well as the possibility to apply for pension based on the spouse's insurance record (Great Britain).

Since the pension in the various countries is linked more or less to the individual employment history, that could be assumed to be of importance, not only in relation to the retirement income, but also in relation to gender differences in the poverty risk. Central features in this respect are gender differences in labour force participation in the various countries and the way in which the pension schemes compensate for these differences. In the following section, we examine men's and women's long-term employment rates in the comparison countries.

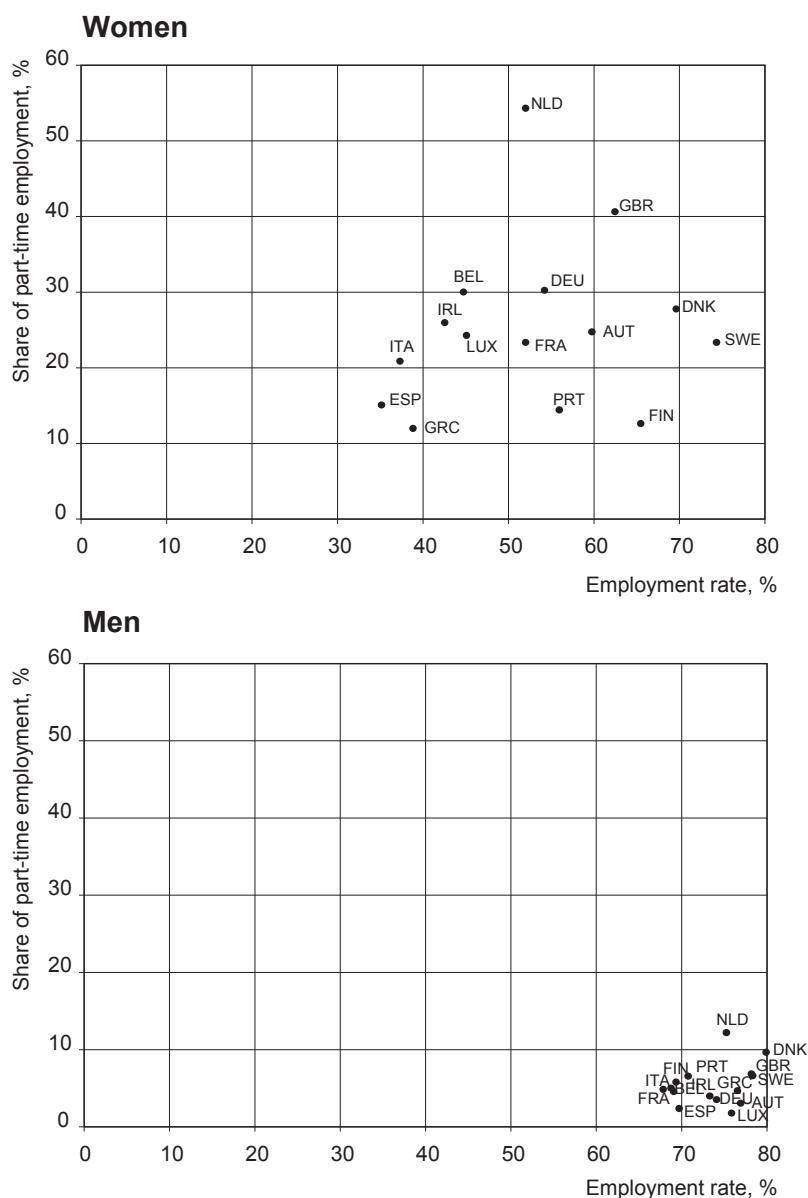
The employment of men and women

Women's participation in the labour force has been affected significantly by traditions and culture-related differences, as well as by economic incentives in the form of social and fiscal policies (Stålberg, Kruse and Sundén 2006). Social and fiscal policy can support either the so-called breadwinner model, where the man usually acts as the family's main provider, or the dual-earner model, where both spouses work.

In the male breadwinner model, the gender-specific division of work is emphasised, and the marriage takes on a central role. The pension rights of the non-working spouse are usually 'derived' from the working spouse's rights. In the EU-15 countries, women's participation in the labour force is fairly clearly divided between high employment rates among women in the Nordic countries and lower employment rates among women in Central and Southern Europe. In Southern European countries, women's long-term employment rates have been the lowest. In Central Europe, employment among women is more common than in Southern European countries, but the work is often part-time work. Also in the Nordic countries, part-time work is clearly more common among women than among men, although not as common as among women in Central Europe. Finland stands out from the other Nordic countries in that women's employment is principally full-time. The employment pattern of men is very similar in all EU-15 countries; employment is primarily full-time and the long-term employment rate has stood at 70 per cent or slightly more (see Figure 3).

Finland and Sweden represent the same type of pension provision and the dual-earner model. This model enables both men and women to combine work and family life and to accrue an earnings-related pension. The long-term employment rate of women has been high in both countries; in Sweden, it has been the highest of all the comparison countries. From 1983 to 2005, women's average employment rate has been over 65 per cent in Finland and nearly 75 per cent in Sweden. It is noteworthy that the share of women's part-time employment has been clearly higher in Sweden than in Finland (Figure 3). Of the comparison countries, the share of part-time work of all work performed is the lowest in Finland.

Figure 3. The average long-term employment rate among men and women and the average share of part-time work of all employed.*



*) The average employment rate of 15-64-year-olds in 1983–2005, except for in:
Austria 1994–2005 and Great Britain 1984–2005
The average share of part-time employment in 1983–2005, except for in:
Portugal 1986–2005; Spain and Sweden 1987–2005; Finland 1989–2005 and Austria 1995–2005.
The share of part-time work is calculated of all employed, i.e. the rate also includes those aged 65+.
Source: OECD LFS.

The Netherlands and Denmark have a similar statutory, residence-based, flat-rate pension scheme and supplementary pension schemes that cover the majority of employees. However, the countries differ in terms of women's participation in the labour force. The Netherlands has been a country with a strong male breadwinner model, leaving the long-term employment rate of women the second-lowest after Spain of the countries included in this study. Furthermore,

the share of part-time work in the Netherlands has been the highest of all the countries (Figure 3). In Denmark, on the other hand, the employment rate among women has been the second-highest of the examined countries, but the share of part-time employment has also been relatively high, nearly 30 per cent.

Of the countries with earnings-related pensions, Spain has typically been a single-earner country, with the lowest employment rate among women of the comparison countries. Germany and Austria⁵, on the other hand, represent a median form of the provider models, with long-term employment rates nearing 60 per cent and the share of part-time employment amounting to approximately 30 per cent (Figure 3). In Great Britain, the employment rate among women has been relatively high, but so has the share of part-time employment, standing at approximately 40 per cent (Figure 3).

Employment differences and gender differences in the poverty risk

If employment were directly linked to income during retirement, gender differences in the poverty risk among the elderly would be the highest in countries where women's participation in the labour force has been clearly lower than men's, either as a result of a low employment rate and/or the prevalence of part-time employment. The poverty risk of women would then be clearly higher than that of men especially in Southern European countries and the Netherlands and closer to that of men in the Nordic countries, where women's employment rates have been high. Based on this assumption, in Central European countries, in which women's employment rate is located between that of the countries representing the extremes, the gender differences in the poverty risk would be on an average level, as well.

However, contrary to the assumption of gender-specific differences in employment and differences in the poverty risk among the elderly, the poverty risk of pensionable-aged women is very high in comparison to men, particularly in Finland and Sweden. In Southern European countries, there are no significant gender differences in the poverty risk, even though the poverty risk of both male and female elderly people is high. In Central European countries, differences in the poverty risk vary. The largest differences are found in Austria, where the poverty risk of women is clearly higher than that of men. However, in the Netherlands, the poverty risk of men is higher than that of women (Figure 1).

Particularly in Finland and Sweden, the large gender differences in the poverty risk are surprising since, traditionally, women's participation in the labour force has been more frequent here than in the other comparison countries, also among the oldest of the elderly. Furthermore, in Finland and Sweden, in addition to the statutory earnings-related pension, the pension scheme includes a residence-based minimum pension, which does not exist, for example, in Austria. This, in part, should improve women's retirement income in comparison to men's, if the earnings-related pension is low due to women's lower participation in the labour force.

5 Austria's employment rate has been calculated for the years 1995–2005, and the share of part-time employment for the period 1994–2005. In relation to other countries, women's employment is thus probably somewhat exaggerated.

Thus, gender differences in employment alone are not sufficient to explain gender differences in the poverty risk among the elderly in the comparison countries. Nor do differences in the pension schemes fully explain the gender differences. Therefore, we need to analyse closer what kind of role the household structure plays on gender differences in the poverty risk.

3.2 Data and definitions

Our study of the at-risk-of-poverty rate among the elderly is based on the European Union Statistics on Income and Living Conditions, EU-SILC, which was compiled by all Member States and EEA countries for the first time in 2006. In the future, it will be compiled annually. EU-SILC governs regulations concerning, among other things, the content of indicators and the method of collecting data. The data is collected nationally by the statistical authorities in each Member State. EU's statistical authority, Eurostat, coordinates the project and is liable for the quality and coherence of the submitted data. The main objective of EU-SILC is to produce income distribution data, based on which comparable income distribution statistics of the Member States can be compiled. A separate micro data is formed for academic research purposes (Sauli 2006).

The results we present in our study are based on research data from 2006, which contains income information mainly from 2005. The data is household-specific, i.e., when assessing the income of individuals, the income of all members of the household is taken into consideration. The data has been collected through interviews. In many countries, the interview data has been supplemented with register data. However, since this praxis is not congruent, the comparability of the data is weakened. For example, EU-SILC's income data for the Nordic countries is derived mainly from registers, while it is collected through interviews in other countries.

The analysis consists of pensionable-aged men and women, that is, persons aged 65+. Excluded from the analysis are people in institutional care and old-people's homes. The income concept is the equivalent disposable money income. As the equivalent scale we have used the so called OECD-modified scale. The equivalent income is the same for each member of the household. The income concept should be kept in mind when men's and women's incomes are examined separately in this article. If a household contains both a man and a woman, their equivalent income is the same, regardless of their individual income.

Disposable money income consists of factor income, i.e. earnings (labour income and income from self-employment), property income and income transfers received (e.g. pensions), minus the income transfers paid (among others, direct taxes and social security contributions). Income transfers also include occupational pensions, if they are compulsory in the country in question. Pensions from individual private plans are not included in the household's disposable income. Money income does not include imputed income items. The most important imputed income item is imputed rent⁶ relating to living in owner-occupied housing. The concepts used in the study are defined in more detail in Box 1 below.

6 Including the imputed rent in the disposable income has been found to even out the differences in the at-risk-of-poverty rate between the countries (Ritakallio 2003). Therefore, in the countries where owner-occupied housing is common, the poverty risk is reduced.

Box 1. Definitions.

A **household** is a collection of people who eat together, share resources and live under the same roof. Excluded from the definition are persons in institutional care and old-people's homes.

A **pensionable-aged person (an elderly)** refers here to a person who has turned 65. In this study, pensionable-aged persons are those who turn 65 by the end of the year during which income was earned (2005).

Disposable money income per year = $A + B - C$, where

A = Factor income: labour income + entrepreneurial income + capital income

B = Income transfers received: general social security benefits (e.g. national pension) + social security benefits based on employment relationship (e.g. statutory earnings-related pension) + social assistance (e.g. income support) + other income transfers

C = Income transfers paid: Taxes + social security contributions + employee's and self-employed person's pension insurance contributions + other

The disposable money income differs from the household's disposable income in that imputed income (e.g. imputed rent) is not included in the income.

The **equivalent scale** considers each household member's weight in the household's consumption structure. In the so-called OECD's modified equivalence scale used by Eurostat, the household's 1st adult is given the weight of 1, other adults are given the weight of 0.5 and children (0–13 years) the weight of 0.3. For example, if the total income of a household with two adults and two children under the age of 14 is EUR 50,000, the equivalent income per member is $50,000 / (1.0 + 0.5 + 0.3 + 0.3) = 50,000/2.1 = \text{EUR } 23,810$.

The **poverty risk (poverty rate, low income)**

Percentage of individuals living in households in which the total equivalised household income is below 60% of the equivalised median income

4 Differences in the household structure in the comparison countries

In this section, we examine the households of the elderly. Since the disposable income consists of the income of all members of a household, whether the elderly live alone or share a household with another person is of significance in terms of their income. How common are single-person households among the elderly, or how common is it for the elderly to share a household with another pensionable-aged person or with a person of working age? What are the gender differences in the household structure of the elderly in different countries?

4.1 Household size

The average size of elderly households is clearly the largest in Spain and the second-largest in Austria. In Sweden and Denmark, the average household size is slightly smaller than in the other countries, in particular for women aged 75+. Also in the Netherlands, women aged 75+ live in small households (Table 2).

Generally, in all eight countries, men live in larger households than women. This is largely due to the fact that women tend to live longer than men, which is why it is more common for women to live alone, particularly in the older age groups. The average household size of men aged 75+ is approximately two persons, except for in Denmark, the Netherlands and Sweden (Table 2).

The average household size of women aged 75+ exceeds two persons only in Spain. Apart from in Austria, it remains clearly below two in all other countries. Men aged 75+ live in clearly larger households than women of the same age group in Finland, Denmark, the Netherlands and Great Britain. The households of men aged 75+ in Spain and Germany are only slightly larger than those of women (Table 2).

Table 2. The average household size in 2006, based on age and gender.

	65+	65–74		75+	
	total	men	women	men	women
Finland	1.7	1.9	1.7	2.0	1.5
Sweden	1.6	1.8	1.6	1.6	1.3
Denmark	1.6	1.8	1.6	1.7	1.3
the Netherlands	1.7	2.0	1.7	1.7	1.3
Spain	2.4	2.6	2.4	2.4	2.2
Germany	1.7	1.9	1.6	1.8	1.6
Britain	1.8	2.0	1.8	1.9	1.5
Austria	2.0	2.2	2.0	2.1	1.8

4.2 Single-person households

In all eight countries, it is more common for women than for men and for the older than the younger pensionable-aged persons to live alone. The differences between the countries are

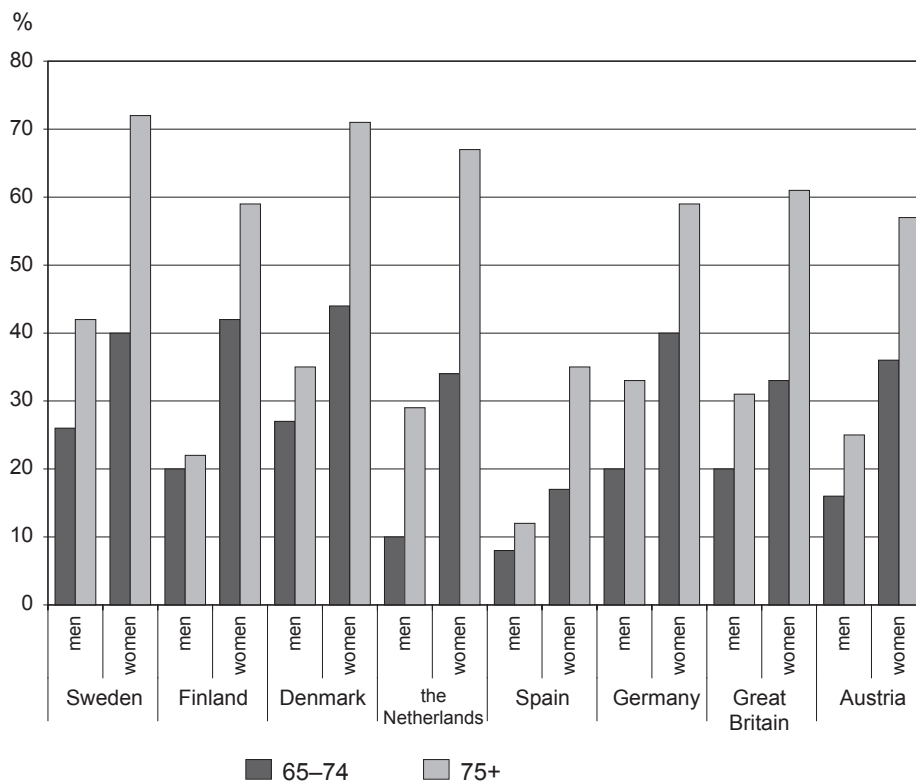
relatively large. Of women aged 65–74 years, between 17 and 44 per cent live alone, while the corresponding percentage for men varies from 8 to 27. Of women aged 75+, between 35 and 73 per cent live alone, while only 12 to 42 per cent of the men of the same age live alone (Figure 4).

There are country-specific differences in frequency and age-dependency of single-person households. Living alone is clearly least common in Spain, particularly for men. Also in Finland and Austria, only every fifth man aged 75+ lives alone. For Finland's part, it is striking that male single-person households are not more common among those aged 75+ than among the younger age group (Figure 4).

Living alone is most common among women aged 75+. The share of women in single-person households is the highest in Sweden, Denmark and the Netherlands, where nearly 70 per cent of women aged 75+ live alone. Single-person households among men are most common in Sweden, where approximately 40 per cent of men aged 75+ live alone (Figure 4).

Living alone is twice as common for women than for men. The differences between men and women aged 75+ are slightly larger in Spain and in Finland (in Finland, 2.7 times, and in Spain three times more common among women than among men). Among persons aged 65–74 years, the differences are largest in the Netherlands, where women live alone over three times more often than men do (Figure 4).

Figure 4. *The ratio of single-person households in 2006, according to gender and age.*



In all comparison countries, the ratio of men of the entire population decreases with age. This largely explains why elderly women live alone much more often in comparison to men. In Finland and Austria, slightly less than 35 per cent of those aged 75+ in 2006 were men, while the equivalent ratio in the other countries was slightly higher, between 38 and 41 per cent (Appendix table 1). According to the Eurostat prognosis of 1996, women aged 65 were expected to live from 3.5 to 4.4 years longer than men of the same age in the comparison countries. In 2006, with the exception of Finland and Spain, the gender difference in life expectancy has been reduced (Appendix table 2).

4.3 Households with more than one person

Living in a household with more than one person is more common among men than women and among the 65 to 74-year olds than in the age group 75+ in all eight countries. On average, 70 per cent of men aged 75+ shares their household with another person, while only slightly more than one third of females aged 75+ do so. Among the 65 to 74-year olds sharing a household is more common: on average, 80 per cent of the men and 60 per cent of the women share a household with another person.

In Spain, living in a household with more than one person is clearly more common than in the other countries for both genders. The majority of men, both of those between 65 and 74 years and of those aged 75+, live in larger than single-person households. In Spain, 65 per cent of women aged 75+ shared a household with someone in 2006. Compared to the other countries, men aged 75+ live more often in households with more than one person in Finland and Austria, whereas the women in these two countries do not deviate in this respect from women of their age in the other countries (Figures 5 and 7).

Slightly more often than men of the same age group, women aged 65–74 live in households with a man (spouse) of the same age or with an older person. Men, on the other hand, often live either with a woman of the same age or with a younger person (Figures 5 and 6).

On the other hand, women aged 75+ often live together with a person of the same age and the opposite sex (usually the spouse), but in many countries, the household may also include a clearly younger person. If a man shares a household with another person, this other person is typically of the same age or slightly younger, between 65 and 74 years (Figures 7 and 8).

Figure 5. The household structure of 65–74-year-old men and women according to household size and the age of the partner of the opposite sex, in 2006.

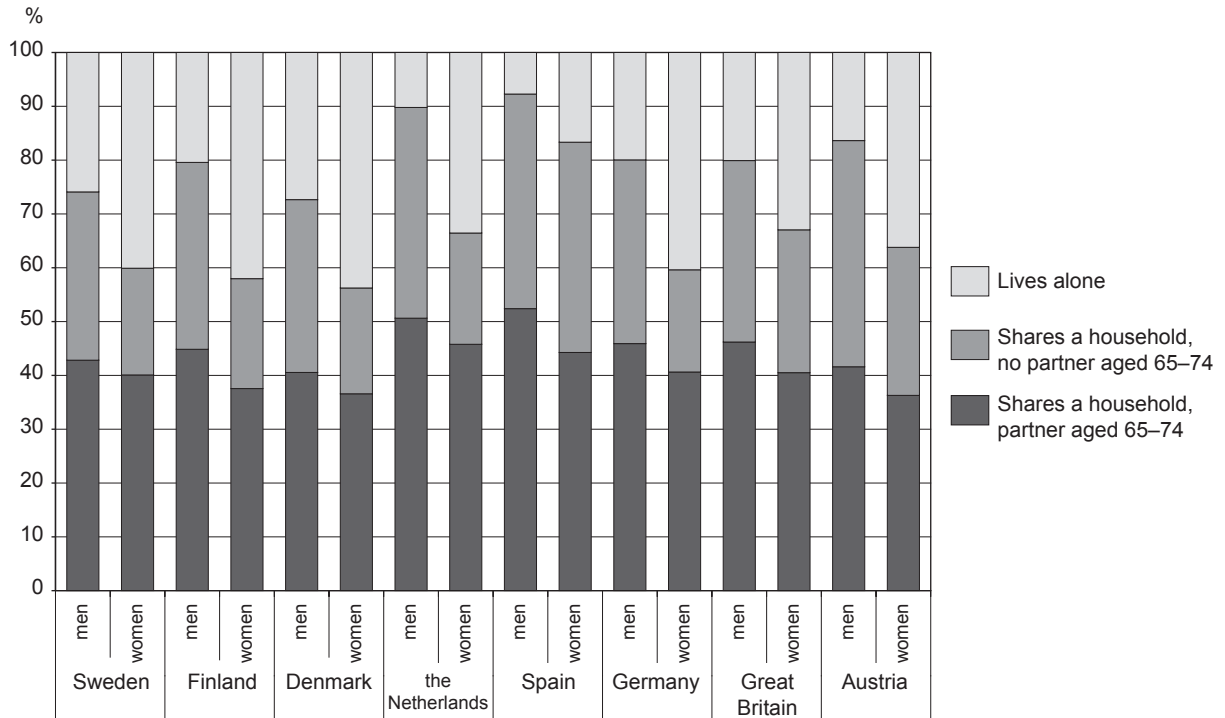


Figure 6. The age of a person sharing a household with a 65–74-year-old man or woman when the partner is other than a 65–74-year-old person of the opposite sex. Year 2006.

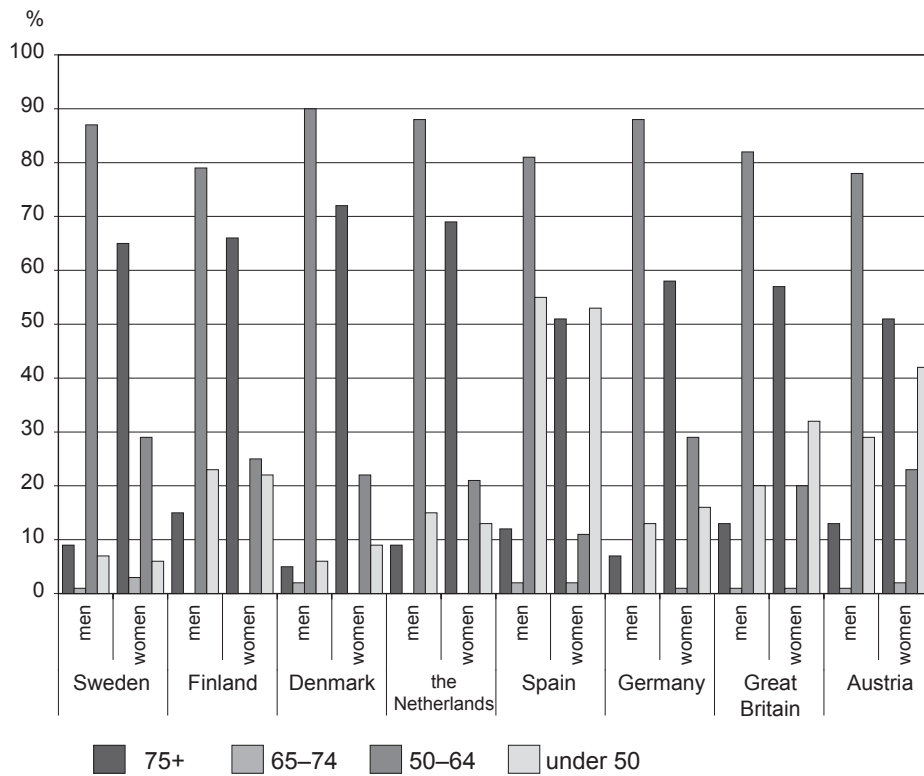


Figure 7. The structure of the household of men and women aged 75+ according to household size and the age of a partner of the opposite sex, in 2006.

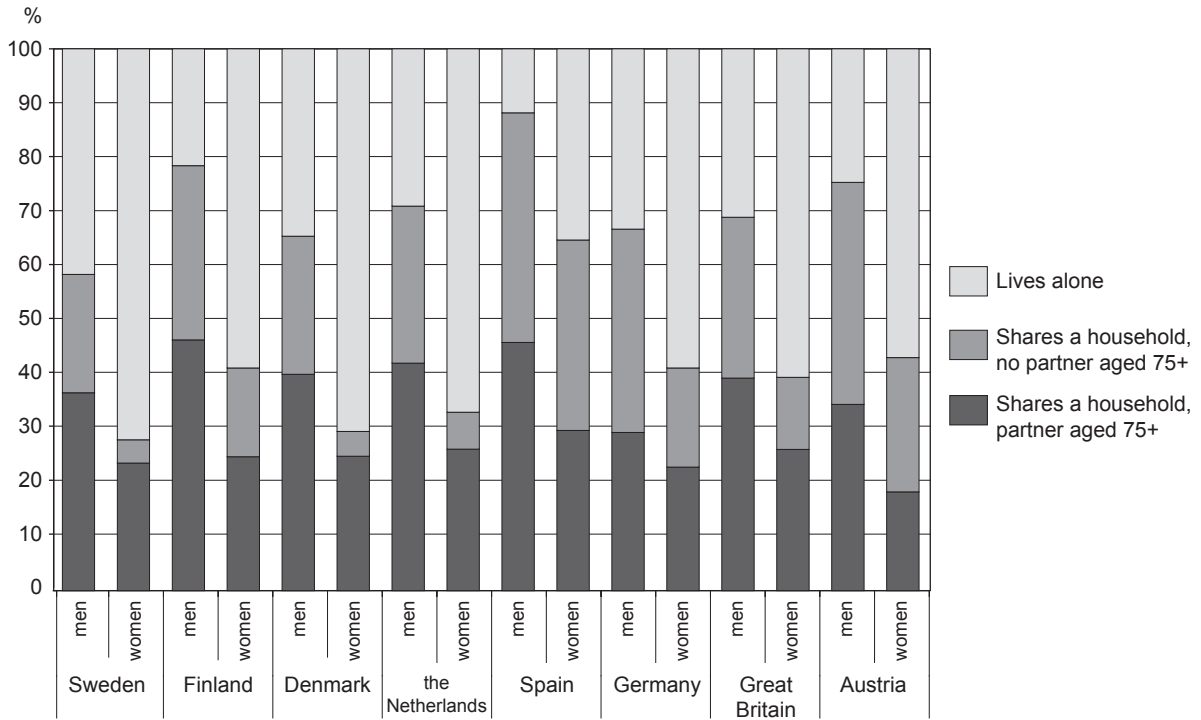
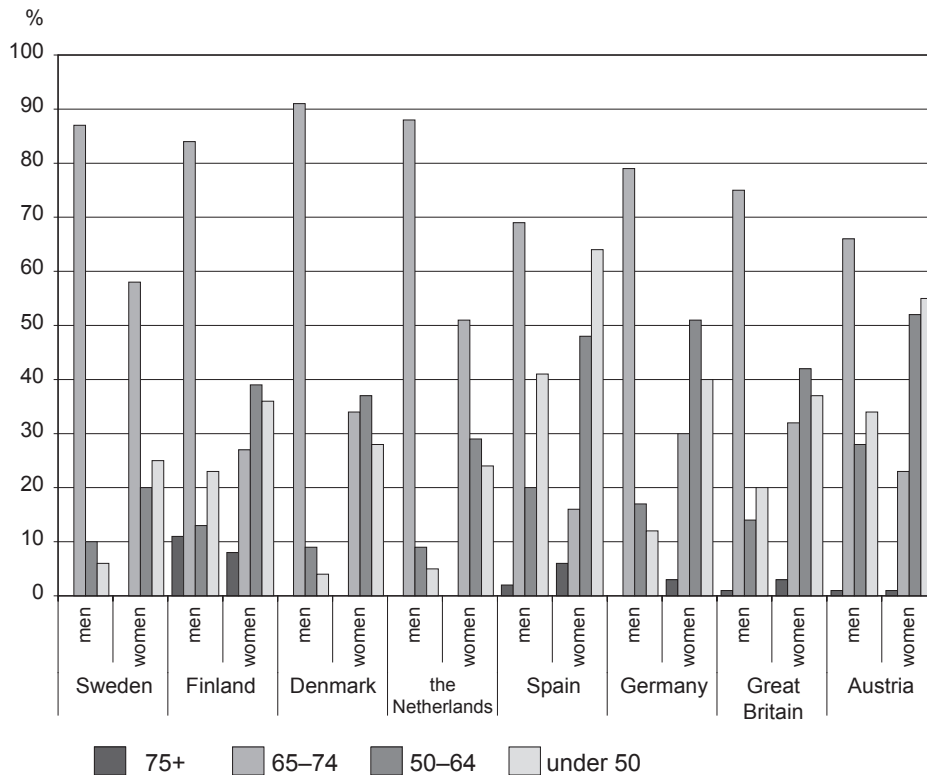


Figure 8. The age of a person sharing a household with a man or woman aged 75+ when the partner is of the opposite sex but younger than 75+. Year 2006.



The youngest households of the elderly are found in Spain and Austria, where more often than in any other comparison country, an elderly person shares the household with a person under the age of 50 (Appendix table 3). In Denmark, Sweden and the Netherlands, women aged 75+ share a household with another person more seldom than in the other countries. If there is a partner, he is usually a man who belongs to the same age group (Figures 7 and 8).

Single-person households among the female elderly are clearly more common than among the male in all comparison countries.

Single-person households among women usually become more common with age.

Living in single-person households is more common among women aged 75+ than among men of the same age group, particularly in Spain and Finland, although single-person households as such are least frequent in Spain compared to the other countries included in the comparison.

The households of men aged 65–74 include a person of working age more often than do the households of women. In practice, this person is usually the man's wife.

Men aged 75+ usually live together with a woman belonging to the same age group or with a person slightly younger than themselves.

Living in single-person households is the most common form of living among women aged 75+ in all other countries except Spain. If a woman shares a household, it is usually with a man of the same age group.

Particularly in Spain, but also in Austria, households of persons aged 75+ include a person of working age more often than in any other country. This is more frequent in female than male households.

5 Household structure and differences in the at-risk-of-poverty rate

Elderly households differ to some degree in terms of household size and age structure in the comparison countries. In this chapter, we analyse how the structural differences of the elderly households affect gender differences in the poverty risk in the comparison countries. Finally, we examine what role pension schemes play on gender differences in the poverty risk in each country.

5.1 Definition of differences in the poverty risk and the differences in the poverty risk of persons aged 65–74

To clarify the connection between differences in the poverty risk and the household structure, we have divided female and male households into single-person and more-than-one-person households. We have further divided the more-than-one-person households into two groups: households shared with a member of the opposite sex and of the same age-group (in these, the poverty risk is the same for men and women), and households without such a member. We make this distinction because the equivalent income that underlies the definition of the poverty risk is the same for each member of a household.

Gender differences in the poverty risk among the elderly are a result of the poverty risk among female and male households which lack a partner of the opposite sex and of the same age, that is, generally a spouse. The significance of such households' poverty risk to the total poverty risk is determined by their ratio of all female and male households of the age group in question. Households which lack a partner of the same age group include not only single-person households but also those households of men and women who live with a person of the same sex or with a person belonging to a different age group. For example, a woman aged 65–74 may live together with a woman of the same age, or with a man (or woman) aged 75+, or with persons under the age of 65.

We calculate the at-risk-of-poverty rate separately for three groups:

- a) persons who live together with a partner belonging to the same age group
- b) persons who live with another person but not with a partner of the same age group
- c) men and women who live alone.

The poverty risk is formed as the sum of the weighted poverty risks of these three groups (tables 3 and 4). For example, the at-risk-of-poverty rate of men aged 65–74 in Finland is as follows:

$$\begin{aligned} & 0.45 \times 6.1 + 0.35 \times 6.5 + 0.20 \times 45.9 \\ & = 2.7 + 2.3 + 9.4^7 \\ & = 14.4 \\ & \text{(Table 3).} \end{aligned}$$

7 The sum of unrounded figures ($0.2045 \times 45.92 = 9.39 = 9.4$).

There are great differences in the poverty risk among Finnish men aged 65–74, depending on whether the men live alone or with another person. The age (and gender) of the partner sharing the household has only little impact on the at-risk-of-poverty rate. On the other hand, the weight of the high poverty risk of men living alone is quite small, since only one fifth of the men in this age group live alone. The poverty risk of Finnish women aged 65–74 years is also high, albeit clearly lower than that of men.⁸ However, since the share of women living alone is higher than the share of men living alone, the poverty risk of women exceeds that of men (Table 3).

The poverty risk of women aged 65–74 is somewhat higher than that of men in all countries, even though the gender differences in the poverty risk in this age group are not as high as in the older age group. The largest gender differences in the poverty risk in this age group can be found in Austria, the second largest in Sweden. The poverty risk among those living alone is higher than among those living with another person in many countries, particularly for women. The Netherlands and Denmark form an exception: in these countries, the poverty risk of women living in single-person households is not higher than that of women sharing a household (Table 3).

The poverty risk of women aged 65–74 sharing a household with a partner of a different age is generally higher than that of men of the same age. In many countries, this can be explained by the fact that women aged 65–74 typically live with an older partner, while men live with a younger partner, in which case the household income may also comprise income from work.⁹ In comparison with men, the poverty risk is particularly high among women in Denmark and Austria (Table 3 and Figure 6).

8 A separate question is why nearly half of the Finnish men aged 65–74, who live alone, live below the poverty line. Is living alone primarily a phenomenon of marginalisation for men of this age group, while it is the “normal” state of becoming a widow for women? In Finland, apart from among the oldest population, poverty is not principally a female problem; instead, poverty is rather a male phenomenon (Kangas and Ritakallio 2003). In Finland, the at-risk-of-poverty rate of men aged 55–64 who live alone has also been found to be distinctly higher than that of women (Rantala and Suoniemi 2007).

9 This observation is also supported by the fact that the poverty risk of women in table 3, column b, is very similar to the poverty risk of men in table 4, column b. This would indicate that women aged 65–74, who live with a partner of another age, usually live with a man aged 75+, while men aged 75+, usually live with a woman aged 65–74.

Table 3. The poverty risk of men and women aged 65–74 (60%) according to household size and the age of the partner of the opposite sex. Year 2006.

	a) Shares a household, partner* aged 65–74			b) Shares a household, no partner* aged 65–74			c) Lives alone			Total
	share	poverty rate, %	share x poverty rate, %	share	poverty rate, %	share x poverty rate, %	share	poverty rate, %	share x poverty rate, %	poverty rate, %
Sweden										
men	0.43	2.8	1.2	0.31	5.6	1.8	0.26	10.7	2.8	5.7
women	0.40	2.8	1.1	0.20	2.8	0.6	0.40	18.3	7.3	9.0
Finland										
men	0.45	6.1	2.7	0.35	6.5	2.3	0.20	45.9	9.4	14.4
women	0.38	6.1	2.3	0.20	10.6	2.2	0.42	31.4	13.2	17.7
Denmark										
men	0.41	11.2	4.6	0.32	3.3	1.1	0.27	18.7	5.1	10.7
women	0.37	11.2	4.1	0.20	23.4	4.6	0.44	13.1	5.7	14.4
the Netherlands										
men	0.51	7.5	3.8	0.39	6.7	2.6	0.10	1.8	0.2	6.6
women	0.46	7.5	3.4	0.21	10.4	2.2	0.34	6.6	2.2	7.8
Spain										
men	0.52	26.4	13.8	0.40	22.7	9.0	0.08	23.8	1.8	24.7
women	0.44	26.3	11.6	0.39	26.7	10.4	0.17	47.6	7.9	30.0
Germany										
men	0.46	10.5	4.8	0.34	10.6	3.6	0.20	13.1	2.6	11.1
women	0.41	9.1	3.7	0.19	8.5	1.6	0.40	20.1	8.1	13.4
Britain										
men	0.46	21.3	9.9	0.34	19.2	6.5	0.20	26.3	5.3	21.6
women	0.40	21.4	8.6	0.27	26.1	6.9	0.33	35.5	11.7	27.3
Austria										
men	0.42	10.9	4.5	0.42	7.4	3.1	0.16	9.4	1.5	9.2
women	0.36	10.9	4.0	0.28	13.0	3.6	0.36	29.6	10.7	18.3

*) Persons living with a partner of the same age have been defined so that the group includes those male and female households that contain an even number of representatives of this age group. Hence, for example, households with two women of the same age group and one man have been classified as “shares a household, no partner of same age group”. The data contained few such households, and they have no significant impact on the results. Nevertheless, this explains why men’s and women’s poverty rates deviate to some extent in Germany, Spain and Britain in the second column of the table.

5.2 Differences in the at-risk-of-poverty rate among persons aged 75+

With the exception of men in the Netherlands and Germany, the poverty risk of both men and women increases for those aged 75+, compared with the younger age group. This is partly linked to the increasing ratio of men and women living alone.¹⁰ At the same time, in Sweden, Finland and Germany, the gender differences in the poverty rate grow when turning from the younger to the older age-group. This growth is linked to both the stronger increase in the share of women of the older age-group living alone compared to that of men (particularly in Finland), as well as to the stronger growth of the poverty rate of women than of men living alone. The gender differences in the Netherlands also grow, but in the other direction, i.e. the poverty risk of women decreases, while that of men remains unchanged.

Gender differences in the poverty rate seem to be associated largely with gender differences in the frequency of single-person and more-than-one-person households and the poverty risk of single-person households. These two factors both explain, with their own weight, the gender differences or similarities in the poverty rate in each country. The result is thus analogous with two other recent studies, in which living alone has been seen as the key explanation to poverty among the elderly (Smeeding and Sandström 2005; Brady and Kall 2008). In addition to how common it is to live alone, the age structure of household members seems to have an impact on gender differences in poverty rates.

In **Sweden, Finland, Austria and Germany**, the poverty risk of women aged 75+ is clearly higher than among the men of the same age group. In Sweden, the differences are the largest: the poverty risk of women is more than double compared to that of men. In Finland, the difference is almost double; in Austria and Germany, it is slightly smaller (Table 4).

In **Finland**, the differences regarding living alone largely explain the differences in the poverty risk of those aged 75+. Here, the gender difference in the poverty risk is not so much due to a greater share of single-person households among women in Finland than in other countries, or to the lower economic status of women living alone compared to men. Rather, the differences are due to the nearly triple share of female compared to male single-person households. Men of this age rarely live alone in Finland. Furthermore, the high poverty risk of women is affected by the high poverty risk of those living alone. The poverty rate of both men and women living alone is high, but it is slightly higher for women than for men (Table 4).

In other countries with large gender differences in the poverty risk, **Sweden, Austria and Germany**, the differences among those aged 75+ are connected with the higher share of women living alone compared to men, as well as with the higher poverty risk of women living alone. The poverty risk of women living alone, compared to men aged 75+, is particularly high in Austria. Similarly to in Finland, single-person households are clearly more common among women than men in Austria, even though, comparatively speaking, the proportion of

¹⁰ The pension of older pensioners is usually smaller due to, for example, a shorter working career, the gradual maturation of a pension scheme, the lower wage level and the weaker indexation of pensions in relation to wages.

women living alone is not particularly high there. Compared to the other countries, single-person households among both women and men aged 75+ are relatively common in Sweden. In Germany, as on average in the other comparison countries, it is clearly more common for women than for men to live alone (Table 4).

Table 4. *The poverty risk of men and women aged 75+ (60%) according to household size and the age of the partner of the opposite sex. Year 2006.*

	a) Shares a household, partner* aged 75+			b) Shares a household, no partner* aged 75+			c) Lives alone			Total
	share	poverty rate, %	share x poverty rate, %	share	poverty rate, %	share x poverty rate, %	share	poverty rate, %	share x poverty rate, %	poverty rate, %
Sweden										
men	0.36	7.0	2.6	0.22	5.6	1.2	0.42	12.6	5.3	9.0
women	0.23	7.0	1.6	0.04	9.5	0.4	0.73	27.1	19.7	21.7
Finland										
men	0.46	12.0	5.5	0.32	11.8	3.8	0.22	38.8	8.4	17.7
women	0.24	11.9	2.9	0.17	12.6	2.1	0.59	48.9	28.9	33.9
Denmark										
men	0.40	18.4	7.3	0.26	28.4	7.3	0.35	25.7	8.9	23.5
women	0.24	18.4	4.5	0.05	9.1	0.4	0.71	25.2	17.9	22.8
the Netherlands										
men	0.42	6.4	2.7	0.29	9.8	2.9	0.29	4.7	1.4	6.9
women	0.26	6.4	1.6	0.07	4.4	0.3	0.67	1.8	1.2	3.2
Spain										
men	0.46	35.3	16.1	0.43	26.8	11.4	0.12	40.4	4.8	32.2
women	0.29	35.2	10.3	0.35	17.9	6.3	0.35	54.2	19.2	35.8
Germany										
men	0.29	14.4	4.1	0.38	7.7	2.9	0.33	13.1	4.4	11.4
women	0.22	13.9	3.1	0.18	6.6	1.2	0.59	24.2	14.3	18.7
Britain										
men	0.39	27.8	10.8	0.30	26.2	7.8	0.31	31.6	9.9	28.5
women	0.26	28.1	7.2	0.13	20.1	2.7	0.61	40.6	24.7	34.6
Austria										
men	0.34	15.7	5.3	0.41	12.9	5.3	0.25	8.8	2.2	12.8
women	0.18	15.6	2.8	0.25	4.5	1.1	0.57	32.0	18.3	22.2

*) Persons living with a partner of the same age have been defined so that the group includes those male and female households that contain an even number of representatives of this age group. Hence, for example, households with two women of the same age group and one man have been classified as “shares a household, no partner of same age group”. The data contained few such households, and they have no significant impact on the results. Nevertheless, this explains why men’s and women’s poverty rates deviate to some extent in some countries in the second column of the table.

Gender differences in the poverty risk of those aged 75+ are evened out in Austria by households that are shared with a partner of a different age. The poverty risk of these female households is clearly lower than of corresponding male households. Since every fourth female household and more than 40 per cent of the male households are of this type, the poverty risk of these households receives a great weight. In female households of this type, the other members of the household are generally under 65, while they are 65–74 years in male households (Figure 8). This may be linked to women being widowed and moving in with her adult child, in which case the households are more likely to include at least one working person. Men, on the other hand, typically live together with a somewhat younger, retired person – usually the wife – in which case their income consists primarily of pensions.

In the **Netherlands, Denmark, Spain and Great Britain**, gender differences in the poverty rate in the age group 75+ are nearly non-existent. The largest differences are found in the Netherlands, where the poverty risk is low and where, relatively speaking, poverty among men is more common than among women. However, for both genders, the at-risk-of-poverty rate remains clearly below 10 per cent. In Denmark, the poverty risk of men and women is at the same level, and more than one fifth of persons of this age face the risk of poverty. In Great Britain, women's poverty risk exceeds that of men, but the difference is fairly minor. In Great Britain, a third of the women and more than one quarter of the men are threatened by poverty. In Spain, the poverty risk is also high, with approximately one third of the elderly of this age living below the poverty line. However, gender differences are nearly non-existent (Table 4).

The Netherlands is a good example of how gender differences in living alone do not necessarily lead to gender differences in the poverty risk. If the income of an elderly who lives alone is above the poverty line or, regardless of gender at the same level, there is naturally no poverty risk or gender difference. In the Netherlands, the poverty rate of both men and women is low, even though it is common for women aged 75+, in particular, to live alone. The reason for the low poverty rates of both genders is the nearly non-existent poverty risk of persons living alone: in the Netherlands, even persons aged 75+ appear to manage on their own income.

Another country in which gender differences in the poverty rate are low, and in which living alone is fairly common among women aged 75+, is **Denmark**. Here, the poverty risk of men and women living alone is equal, and the poverty rate of single-person households does not differ much from that of non-single households. Hence, even though the ratio of women who live alone is large in comparison to men, women's poverty risk does not exceed men's because single-person households do not clearly differ from more-than-one-person households in terms of the poverty rate. In Denmark, gender differences are evened out by the fact that many men aged 75+ live together with a spouse of another age who, in 90 per cent of the cases, is a 65–74-year-old woman. Very few of the women of this age share a household with any other person than a spouse of the same age, but in these rare cases, the other member is usually under 65, and hence, the poverty risk is low (Table 4 and Figure 8).

A third country in which the gender differences in the poverty risk are small is **Spain**. Here, living alone is clearly more rare than in other countries, but even here, it is a phenomenon most

common among women aged 75+. The poverty risk of both men and women living alone is high in Spain, but it is higher for women than for men. However, the poverty risk of women does not rise much above that of men, because the poverty risk of an elderly living with a partner of another age is clearly smaller for women than for men. There are quite a few households of this type in Spain: one third of the women and more than 40 per cent of the men live in this kind of household. Typically in these cases, women live with a person under the age of 65, often under the age of 50, while men tend to live with an older person, aged 65–74 (Table 4 and Figure 8). Hence, it is more likely that a woman lives with a person of working age who is earning an income, while the income of a male household more likely consists primarily of pensions. This is probably linked to the longer lifetime of women than of men, and to the fact that, when women become widowed, they often move in with their grown-up children.

Great Britain is the fourth country where gender differences in the poverty rate are very small. In **Great Britain**, the poverty rate of both men and women aged 75+ is high, like that of women in Spain and Finland. In Great Britain, it is clearly more common for women than for men to live in single-person households, and the poverty risk of women living alone is higher than that of men, albeit the poverty risk is also high among men living alone. Although the poverty risk of women living alone is clearly higher than that of women living in more-than-one-person households, the difference between the two is not as large as in the countries with a high gender difference in the poverty rate. Also in Great Britain, men fairly often live with a spouse of a different age, making the men's poverty risk higher than women's. Therefore, in this case, female households have a typically younger age structure than male households. Although such female households are relatively few, they even out gender differences in the poverty risk to some degree (Table 4 and Figure 8).

5.3 Single-person households and the role of the pension scheme

Based on the above analysis, gender differences in the poverty rate clearly seem to differ according to what type of household the elderly live in. The significance of the employment history and the pension scheme in the disposable income is evident primarily for those who live alone, since the household's disposable income consists only of one person's income. The more common it is in a country to live in single-person households, the more strongly these factors weigh in the disposable income and in gender differences in the poverty rate.

The overall structure of the pension schemes in **Finland and Sweden** is quite similar, and the gender differences in the poverty risk also appear similar at first. However, the countries differ from each other in terms of the poverty risk of those living alone. In Finland, the poverty risk is high for both men and women who live alone; in Sweden, the poverty risk of women living alone is clearly higher than that of men, particularly for those aged 75+. The reason for the higher poverty risk of Swedish women who live alone (compared to that of men) may be that the share of part-time employment among women has been relatively high. The higher poverty risk in Finland, compared to that in Sweden, may be explained partly by the lower minimum pension in Finland than in Sweden (NOSOSKO 2008). The high poverty risk of

pensionable-aged men and women living alone in Finland is likely to be due to the, from a Nordic perspective, late structural change and the partly late development of social security.

In **the Netherlands and Denmark**, the statutory pension scheme is based on a residence-based flat-rate pension, which is relatively high. Hence, women's shorter careers compared to men's is not reflected in the form of higher poverty among elderly women than men who live alone, even though women have been covered by occupational, earnings-related pensions to a lesser extent than men. This is particularly apparent in the Netherlands, where women's employment has been clearly less frequent than men's, and where the employment has been largely part-time.

In **Austria**, where the statutory pension provision consists only of an earnings-related pension, the gender differences in the poverty rate are considerable and, in particular, the gender difference in the poverty risk of those living alone is the highest of all comparison countries. Women's shorter employment history and the lack of a minimum pension are reflected in the high poverty risk of women in single-person households. It is also possible to take out the statutory insurance voluntarily, but this opportunity is hardly ever used. In 2003, only 40 per cent of women who had turned 60 received an old-age pension in their own right (Sozialschutzsysteme in Österreich 2003). In 2008, the average old-age pension granted to women amounted to 59 per cent of the old-age pension granted to men (Handbuch der österreichischen Sozialversicherung 2009: 91)

In **Spain, Germany and Great Britain**, the structure of the pension provision is relatively similar. The importance of an earnings-related pension provision is great, even though there is a means-tested minimum pension in these countries. In all three countries, the poverty risk of women who live alone is higher than that of men. This is largely due to women's lower participation in the labour force. Yet, the gender differences in the poverty risk among men and women who live alone is substantially smaller than in Austria, which is generally placed into the same group with Germany in terms of pension scheme. To some extent, the means-tested minimum pension may even out gender differences in the poverty risk in these countries compared to Austria. In Great Britain, gender differences in the poverty rate may be evened out also by the possibility to apply for a pension based on the spouse's employment history.

Gender differences in the poverty rate seem to be associated largely with gender differences in the frequency of living alone and the poverty risk of those living alone. If persons living alone face a clearly higher poverty risk than those living with another person, the poverty risk of elderly women tends to exceed that of men because it is more common for women than for men to live alone in all comparison countries. This is particularly the case for those aged 75+. Compared to the other countries, it is clearly less common for pensionable-aged women and men to live alone in Spain.

In addition to living alone and its frequency, gender differences in the poverty rate are also affected by the gender differences in whether the elderly person shares a household with an older or a younger person and, in particular, whether the household includes a person of working age. This is most evident in Spain, and to some degree also in Austria, where the households of women aged 75+ typically include a person of working age. This improves the financial status of women, in particular, and evens out gender differences in the poverty rate in these two countries.

In Finland, the differences in living alone largely explain the differences in the poverty risk of the elderly. The gender difference in the poverty risk in Finland is due to the fact that women aged 75+ live alone much more often than men of the same age group do. The poverty risk of both men and women living alone is high in Finland, but slightly higher for women than for men.

In other countries with large gender differences in the poverty rate – Sweden, Austria and, for those aged 75+, also Germany – the differences are related to the frequency of women living alone in comparison to men, as well as to the higher poverty risk of women than of men in single-person households.

In the Netherlands, also persons living alone seem to manage on their own income. Poverty among pensionable-aged women is less common than among men. The poverty risk is low and does not increase with age.

In Denmark, the poverty risk of men and women in single-person households is equal, and the risk of facing poverty does not differ much from the poverty risk of households with more than one person. Hence, even though the proportion of women living alone is large in comparison to men, the poverty risk of women does not exceed that of men, since single-person households do not differ clearly from other households in terms of the poverty risk.

In Great Britain, the poverty risk of elderly men and women is particularly high among those living alone. The poverty risk of those living in households with more than one person in Great Britain is also among the highest in the comparison countries. Even though the poverty risk of women living alone is somewhat higher than that of men, and even though there are clearly more women than men living alone, the difference compared to the poverty risk of those who live in more-than-one-person households is not as large as in many other countries. Therefore, the gender differences in the poverty rate do not become very extensive.

6 Summary and conclusions

In this study, we have analysed differences in the poverty rate among elderly men and women in eight EU countries, with the objective of finding explanations for why the poverty risk of women is considerably higher than that of men in some countries but not in others. In particular, we wanted to find out what lies behind the weak connection between women's high participation in the labour force and the small gender differences in the poverty rate. Contrary to what may be expected, in Sweden and Finland, where women's employment rates have been high, and where the pension provision consists of an earnings-related pension in addition to a residence-based minimum pension, the poverty rate of elderly women is distinctly higher than that of men. On the other hand, in many Southern and Mid-European countries, where the pension provision is primarily based on employment and women's employment rate has been clearly lower, the gender differences in the poverty rate are not as big.

Women's participation in the labour force has been the highest among the comparison countries in the last decades in Sweden, Denmark and Finland. Of these three countries, gender differences in the poverty rate are small only in Denmark. In Spain and the Netherlands, women's participation in the labour force has been distinctly lesser than in the Nordic countries. Yet, the smallest gender differences in the poverty rate can be found in the Netherlands, and the differences are relatively small also in Spain. Germany, Austria and Great Britain are located in the middle of the scale regarding women's employment. In Great Britain, gender differences in the poverty risk among those aged 65+ are fairly small, whereas they are extensive in Austria. In Germany, the differences occur mainly among those aged 75 or more.

According to our study, gender differences in the poverty risk seem to depend largely on what type of household the elderly person lives in. Whether the person of a pensionable age lives alone, together with another elderly person or, for example, with his or her grown-up child, significantly affects the pensioner's income. The impact of the pension scheme and the employment history on the income is most obvious among those living alone, since these households lack the income of other persons.

Gender differences in the poverty risk are strongly linked to gender differences in living alone and the poverty risk of persons living alone. If the poverty risk of persons living alone is higher than that of persons living in households with more than one person, gender differences in the poverty risk easily occur. Gender differences in the poverty risk are further increased by the fact that, in some countries, the poverty rate of pensionable-aged women is clearly higher than that of men.

In all eight comparison countries, it is clearly more common for pensionable-aged women rather than men to live alone, particularly among the oldest of the elderly. This is largely due to the fact that women live longer than men. In all countries except Spain, it is very common for elderly women to live alone.

Gender differences in the poverty rate are small in countries where the poverty risk of the elderly living alone is not higher than that of other elderly. This is the case in the Netherlands

and Denmark, where the statutory pension scheme is based on a residence-based flat-rate pension, which is relatively high. Therefore, women's shorter working careers compared to men's do not result in a higher poverty rate during retirement for women. In particular, this plays a role in the Netherlands, where women's employment rate has been clearly lower than men's and where the work has typically been part-time work.

In Finland, the differences connected to living alone largely explain the differences in the poverty risk among the elderly. Here, the gender differences in the poverty risk are traced back to the fact that women aged 75+ live alone much more often than men do. In Finland, the poverty risk of those living alone is high for both men and women. The small gender difference in the poverty risk of those living alone is probably due to the frequent full-time employment of Finnish women and the accrual of an earnings-related pension.

In other countries with large gender differences in the poverty rate – Sweden, Austria and, for those aged 75+, also Germany – the differences in the poverty risk are linked to the fact that it is more common for women than for men to live alone, as well as to the distinctly higher poverty risk of women than of men living alone. The higher poverty risk of women in single-person households, particularly in Austria and Germany, depends probably on women's shorter working careers and lower earnings. This is emphasized by the fact that the pension provision is mainly based on earnings-related pensions. In Austria, the differences are further increased by a lack of a minimum pension. Also in Sweden, women's participation in paid labour is also lesser than men's due to the frequency of women's part-time employment.

In addition to living alone, gender differences in the poverty rate are also affected by gender differences in the household structure, i.e. by whether the elderly person lives with an older or a younger person and, in particular, whether the household includes a person of working age. This is most evident in Spain, and also to some degree in Austria, where especially the households of women aged 75+ contain a person of working age. This evens out gender differences in the risk of poverty.

In conclusion, the higher poverty risk of pensionable-aged women than men is strongly related to the income difficulties experienced by elderly persons who live alone, and also to the fact that women live in single-person households distinctly more often than men do. Simply for this reason, the poverty risk of women exceeds that of men in many countries. In addition, since women's working careers are usually shorter than men's, part-time work is more common among women than men, and women's earnings are lower than men's, the poverty rate of women easily exceeds that of men in pension schemes which are primarily earnings-based. A residence-based or a means-tested minimum pension seems to even out gender differences in the poverty risk most significantly when the benefit level is high enough to guarantee an adequate income also for a person living alone, regardless of his or her employment history. In addition to living alone, gender differences in the poverty risk are also affected by gender-specific differences in the household structure, i.e. by whether the elderly person lives with an older or a younger person and, in particular, whether the household includes a person of working age.

If poverty comparisons are based solely on EU income distribution indicators, the picture of gender differences in the poverty rate in different countries may be rather one-sided. Analysing poverty risks in terms of household structure explains gender differences that seem illogical at first. An analysis based on the household structure clarifies also the impact of employment patterns and pension schemes on the differences in the poverty rate among the elderly. Although the poverty indicators used by the EU are useful tools for monitoring income distribution, it is useful to look into the poverty indicators in more detail and also to include other factors in the analysis.

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Appendices

Appendix table 1. Distribution of data according to age and gender.

Country	Age			
	Under 20	20–64	65–74	75+
Finland				
men	52.1	50.3	45.5	34.5
women	47.9	49.7	54.5	65.5
total	100.0	100.0	100.0	100.0
Germany				
men	57.7	49.7	43.2	39.0
women	42.3	50.3	56.8	61.0
total	100.0	100.0	100.0	100.0
Denmark				
men	51.3	50.2	47.7	38.1
women	48.7	49.8	52.6	61.9
total	100.0	100.0	100.0	100.0
Spain				
men	51.4	50.4	46.0	38.8
women	48.6	49.6	54.0	61.2
total	100.0	100.0	100.0	100.0
the Netherlands				
men	51.0	50.3	47.5	38.2
women	49.0	49.7	52.5	61.8
total	100.0	100.0	100.0	100.0
Britain				
men	51.2	49.4	46.6	41.2
women	48.8	50.6	53.4	58.8
total	100.0	100.0	100.0	100.0
Sweden				
men	51.5	49.5	48.4	39.0
women	48.5	50.5	51.6	61.0
total	100.0	100.0	100.0	100.0
Austria				
men	53.1	49.7	46.7	34.2
women	46.9	50.3	53.3	65.8
total	100.0	100.0	100.0	100.0

Appendix table 2. Life expectancy at age 65 in 1996 and 2006, and gender difference in life expectancy.

Country	Year		Difference, years	
	1996	2006*	1996	2006*
Finland				
men	14.7	16.9		
women	18.9	21.2	4.2	4.3
Germany				
men	14.9	17.2		
women	18.8	20.5	3.9	3.3
Denmark				
men	14.4	16.2		
women	17.9	19.2	3.5	3.0
Spain				
men	16.2	17.9		
women	20.3	22.0	4.1	4.1
the Netherlands				
men	14.8	16.8		
women	19.2	20.3	4.4	3.5
Britain				
men	14.9	17.0		
women	18.4	19.5	3.5	2.5
Sweden				
men	16.1	17.7		
women	19.9	20.9	3.8	3.2
Austria				
men	15.1	17.3		
women	18.9	20.7	3.8	3.4

*) Britain in 2005.
Source: Eurostat.

Appendix table 3. Persons aged 65+ who do not live alone, according to gender and the age of the other person(s) living in the household. Year 2006, excluding members under the age of 16.

65-year-olds (not single)	Age of other members of the household, over 16-year-olds, per cent			
	16–49	50–64	65–74	75+
Finland				
men	13	24	48	29
women	14	13	42	39
Germany				
men	8	31	54	13
women	11	13	55	28
Denmark				
men	3	26	49	24
women	4	7	45	45
Spain				
men	37	27	48	26
women	43	17	35	36
the Netherlands				
men	7	27	50	21
women	6	6	52	39
Britain				
men	15	24	48	26
women	9	11	43	39
Sweden				
men	4	25	49	25
women	4	8	49	42
Austria				
men	24	32	45	21
women	32	19	40	31

The Finnish Centre for Pensions is the statutory central body of the Finnish earnings-related pension scheme. Its research activities mainly cover the fields of social security and pension schemes. The studies aim to paint a comprehensive picture of the sociopolitical, sociological and financial aspects involved.

Eläketurvakeskus on Suomen työeläkejärjestelmän lakisääteinen keskuslaitos. Sen tutkimustoiminta koostuu pääasiassa sosiaaliturvaan ja työeläkejärjestelmiin liittyvistä aiheista. Tutkimuksissa pyritään monipuolisesti ottamaan huomioon sosiaalipoliittiset, sosiologiset ja taloudelliset näkökulmat.

Pensionsskyddscentralen är lagstadgat centralorgan för arbetspensionssystemet i Finland. Forskningsverksamheten koncentrerar sig i huvudsak på den sociala tryggheten och på de olika pensionssystemen. Målet för forskningsprojekten är att mångsidigt belysa aspekter inom socialpolitik, sociologi och ekonomi.