

2020

## 36<sup>th</sup> IARIW General Conference

Paper Prepared for the 36<sup>th</sup> IARIW General Conference, Oslo, Norway, August 24-28, 2020

Pensions Rights, Employment and the Gender Wealth Gap

Eva Sierminska

Markus Grabka

Employment is an important determinant of private wealth. Not only as a building block of wealth via income related savings, but also through the building of pension rights as most pension systems are earnings related. Curiously enough while the raw average wealth gap in Germany using individual net worth for all men and women is 31,000 Euro in 2012, the gap further increases to more than 66,000 Euro when pension wealth (the present value of all accumulated pension entitlements from the statutory as well as the occupational pension's scheme) is added. At the same time, a relatively small gap is present in statutory pensions with 17,000 Euro or 22%. Most likely due to various redistribution elements in the statutory pension system in favor of women, such as pension points for childbearing, child-rearing and home care and even also after a divorce due to pension splitting. In this paper, we will examine the gender wealth gap with a focus on pension wealth and statutory pension rights. By taking into account the employment trajectories of women and men, we will be able to identify the extent to which the redistributive effect of pension rights reduces the gap. The empirical basis of this examination is the German Socio-economic panel, which is one of the few datasets where information on wealth as well as on pension entitlements is collected at the individual level. Individual level wealth data allows not only to analyze a gender wealth gap between the sexes but even within couples. Thus, we can control for the intra-household division of labor and their impact on net worth and pension wealth. Due to the longitudinal character of the underlying data, detailed information on employment trajectories and family related events (such as childbirth, marriage, divorce, widowhood, ..), which can have an effect on (public) pension entitlements are considered.