



**Independent Expert on the enjoyment
of all Human Rights by older people**

**Questionnaire
on best practices in the implementation of existing
law related to the promotion and protection
of the rights of older persons**

Submission by Make Mothers Matter - www.makemothersmatter.org
Contact UN Delegation in Geneva: Valerie Bichelmeier
Email: valerieb@makemothersmatter.org - Cell: +41 78 930 2575

- 1. Name of the “best practice”: Pension crediting for caregivers, also referred as “care credits” in pension calculations**
- 2. Area concerned: Social Protection**
- 3. Type of practice: Legal+ policy**
- 4. Level of implementation: National**
- 5. Description:**

All over the world women face higher risk of poverty on old age, a fact which is illustrated by the large gender pension gaps that can be observed in most countries (29.5% on average in OECD countries, over 40% in countries like Germany or the Netherlands).

This pension gap is first the result of different working patterns of men and women. The current reality is that it is mothers rather than fathers who give their family priority over work, in most cases to the detriment of their careers and their future pension: women are over-represented in low-paid occupations, taking long career breaks for childrearing, and being more likely to work part-time. Women’s longer life expectancy also increases the probability of older women spending longer portions of their lives alone and poor.

Pension crediting for caregivers aims to lessen this gap by compensating for those periods of time spent outside of the work force, i.e. for unpaid family care work during which the caregiver makes limited or no pension contributions. Adding “care credits” in pension calculations improves pension adequacy by either helping to establish pension eligibility, and/or advance the date of retirement, and/or increase the pension benefit.

Many developed countries have introduced some forms of “care credits” in pension schemes, but important variations exist in the periods covered (maternity and parental leaves or others), on the reference earnings on which the credits are based (previous earnings, fictive earning, flat rate or minimum wage...), and on the way childcare (or other type of care) periods count toward the pension entitlement.

6. Actors involved in the development and implementation

Depending on the pension system: state and pension funds

7. Rights of older persons that the practice promote

The first purpose of care credits in pension calculations is to **prevent poverty in old age**, especially older women's poverty. The practice therefore promotes the enjoyment of the **right to an adequate standard of living**, but also other fundamental civil, cultural, economic, political and social rights, including the rights to health, adequate housing, food and safe water.

But pension credits for caregivers can also serve the purposes of **gender equality** (sharing of family caregiving responsibilities and access to employment), as well as the **recognition of the economic and social value of unpaid care work**.

8. How the practice promote or protect these rights

Pension crediting for caregivers improves older women's revenues in old age.

9. Groups of older persons concerned by the practice: older women

10. Assessment of impact

According to the OECD (ref. 2), care credit mechanisms are effective to boost pension entitlements of mothers and other caregivers, and they do contribute to reduce old age poverty, especially among women.

They have however some limits: the gender pension gap is first the result of lifelong inequalities in career and earning between men and women, and between mothers and childless women. And it will remain as long as the gender pay gap remains and as long as family care responsibilities are not equally distributed between men and women. Pension systems are not meant to address and solve those issues, but "care credits" are also a way to recognize and compensate for these inequalities.

Pension credits for caregivers are therefore important since career interruptions to care for elderly relatives and children are unlikely to disappear...

11. Lessons learnt from the practice and possible improvements

Pension crediting for caregivers mostly targets mothers who take time off during their careers to take care of their children. It aims to reduce the large pension gaps that exist in most countries between men and women. In many cases, care credits also benefit other caregivers, including those, men or women, who care for a disabled, sick or elderly relative.

Care credits should be as **gender neutral** as possible: they should also be given to fathers who interrupt or reduce work in order to take care of their children. This would also promote equal sharing of unpaid family care work.

Further, with the ageing of the population in most parts of the world and the expected rise in care needs for elderly, care credit should be given to any person who must stop or reduce work in order to take care of a sick, disabled or elderly relative. Such a compensation can be an incentive for caregivers and a win-win for the person being taken care of and the State: home care is much

cheaper than institutional care, and in most cases, it is the preferred option for the person being cared for.

Indeed, most pension schemes are available only in the formal sector, and they are still sparse in most developing countries, especially for women, who constitute the bulk of informal workers. A first solution to ensure that no worker, women in particular, face poverty in older age is therefore to implement **universal pensions**, such as those that have been implemented in New Zealand, Mauritius, Namibia, Botswana, Bolivia, Nepal, Samoa, Brunei, Kosovo and Mexico City (ref. 3).

But as countries and formal work further develop, and pension schemes are devised, "care credits" should be an important feature of these pension schemes, first in order to lessen the gender pension gaps and address the issue of women's poverty in old age; but also to recognize the value of unpaid family care work.

References:

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