

Is something wrong with the second pillar in Switzerland?
Gender inequalities from a perspective of two
Private Occupational Pension Institutions

University of Neuchatel
Faculté des Lettres et Sciences Humaines
Neuchâtel, Switzerland

Directeur de thèse: Dr. Christian Suter, Professor, University of Neuchâtel

Rapporteurs : Dr. Susan Halford, Professor, University of Southampton, UK

Dr. Eric Crettaz, University of Applied Sciences, Geneva

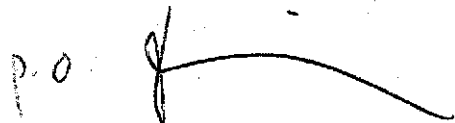
Date of Defense: 28th Mai 2015

IMPRIMATUR

La Faculté des lettres et sciences humaines de l'Université de Neuchâtel, sur les rapports de M. Christian Suter, directeur de thèse, professeur à l'Université de Neuchâtel ; Mme Susan Halford, professeure, University of Southampton, United Kingdom ; M. Eric Crettaz, adjoint scientifique HES – Haute Ecole de Travail Social, Genève, autorise l'impression de la thèse présentée par Mme Jacqueline Kucera-Musil en laissant à l'auteur la responsabilité des opinions énoncées.

Neuchâtel, le 28 mai 2015

La doyenne
Geneviève de Weck



Key words

Gender inequalities
Occupational pension institutions
The Swiss pension system
The gender pension gap
The gender pay gap
The Swiss welfare state
The workplace in Switzerland
The Swiss labour market
Institutional inequalities
Old-age pension income
Pension inequalities
Retirement
Social policy

Mots clés

Inégalités entre femmes, hommes
Institution de prévoyance
Le système Suisse de pension
L'écart de rente entre femmes/hommes
L'écart de salaire entre femmes/hommes
L'Etat providence en Suisse
Le lieu de travail Suisse
Le marché de travail Suisse
Inégalités institutionnels
La rente vieillesse
Inégalités entre les rentes
La retraite
Politique sociale

Summary

Inequalities and old age pension systems have been analyzed in depth by many scholars. This study tackles the question of gender inequalities in a propaedeutic manner and asks: “Is something wrong with the second pillar in Switzerland?” By perceiving the occupational pension system as secure and safe, the focus of this thesis lies in the idea of guaranteeing equality for future pensions. The thesis asks whether gender inequalities occur through the mechanism of interpretation of the Federal Law of occupational pension schemes (LPP). In addition to that, the paper discusses the impact of the labor market on pension inequality. The focus lies on the analysis of gender inequalities at an institutional level, affecting retirees and employees of private occupational pension institutions in Switzerland.

The thesis investigates how two specific pension institutions have designed their regulations in the context of legislative freedom, investigating whether the LPP is part of the problem causing gender inequalities between old age provisions. By using a mixed methods approach, the study demonstrates how two pension institutions are reproducing and enhancing employment and labor market inequalities at the intersection of the labour market, the occupational pension law, institutional regulations and organizational structures.

The empirical findings in this thesis confirm the hypotheses that each occupational pension institution potentially enhances or reduces income inequalities at the institutional level. The type of pension fund may reinforce or reduce (pre-) existing (gender) inequalities within or between pension schemes by incorporating their own norms in their pension regulations, hereby offering better conditions than legally defined. The study illustrates that, independent on the labor market mechanisms, the affiliation of an employee to a specific type of pension institution is most important as the pension regulations are strongly determinant for the level of second pillar benefits. Thus, the thesis shows that pension fund regulations are of crucial importance. The thesis provides insight into the functioning of and the mechanisms within the LPP. It offers a roadmap with issues that people involved in the occupational pension system may bear in mind when they (re-) design the second pillar pension system.

Signature page and disclaimer statement

University of Neuchâtel
Department of Sociology

I, the undersigned confirm that this doctoral thesis is all my own work. Reference to, quotation from and discussion of the work of any other person has been correctly acknowledged within the work.

SIGNATURE:



NAME:
Switzerland

Jacqueline Kucera, University of Neuchâtel,

DATE:

28th Mai 2015

Acknowledgements

I am extremely grateful to the people who have helped me to make contact with the pension institutions, who have enabled me to undertake this survey and who have supported me in all matters of access to information related to retirees and insured in the liberal pension institution. I am deeply in debt to all the participants of this study who have allowed me to analyze their data, totally anonymous in this study. Without them this thesis would not have been possible. I was pleased that the participants expressed their content that this study had been realized and appreciated their support during the solitude of the creation of the thesis.

Without the participation of the interviewees in the pension institutions and close to eight hundred respondents to the questionnaire, this thesis would not have been possible. Many comments from various sources helped me to develop my subject further and have made this study possible. The numerous discussions and comments were invaluable for the development of the theory and I would like to thank everyone for their time and contribution in spite of their busy timetables. I appreciate their support enormously as occupational pension fund data is strictly confidential data. All these people contributed to exploring the differences between the pension schemes and I would like to pay them respect by neither revealing their identity nor the identity of the pension funds involved in this study, as I consider these facts irrelevant to my study. I would also like to thank the gatekeepers who helped me to get in touch with some of the participants. Without them I would not have had access to people and my fieldwork would not have been possible.

I am most grateful to my Professor, Christian Suter, of the University of Neuchatel for his highly appreciated support. His much valued advice has guided me through the years of this thesis. Many thanks also to Professor Susan Halford of the University of Southampton and Dr. Eric Crettaz of the University of Applied Sciences, Social Work, in Geneva for their most appreciated advice and support. I would like to express my thanks to those people in the Federal Statistical Office who supported my study in many ways. I am most grateful to Martin, Michelle and Philippe, my beloved family for their endeavors. And I am most indebted to God who has guided me and given me the willpower and energy to face this work.

Content

Is something wrong with the second pillar in Switzerland?	1
Summary	7
Signature page and disclaimer statement	9
Acknowledgements	11
Content	13
List of figures	18
Abbreviations	19
1. Introduction and Hypotheses.....	21
1.1 The Swiss pension system.....	22
1.2 The Swiss workplace.....	23
1.3 The effect of the LPP on inequality	24
1.4 What is the relevance of this topic?	26
1.5 Outline of the thesis.....	28
2. Gender regimes	29
2.1 The workplace.....	31
2.1.1 Labor market.....	31
2.1.2 Education	35
2.1.3 Labour market participation.....	37
2.1.4 The gender pay gap	39
2.2 The welfare state.....	41
2.2.1 The Swiss welfare state.....	46
2.2.2 Public pension: the AVS	53
2.2.3 Occupational pension: the LPP	56
2.3 Gender and organizations	72
2.3.1 Institutional inequalities.....	74
2.3.2 Employers and gender.....	75

2.3.3 Two occupational pension institutions	77
2.4 Conclusion	82
3. Data and methodology	85
3.1 Data	87
3.2 Sample population.....	88
3.3 Methods of data collection	89
3.3.1 MELAP pilot register	90
3.3.2 Case study design.....	97
3.3.3 Document study.....	99
3.3.4 Semi-structured interviews.....	100
3.3.5 The SICC survey	102
3.3.6 Secondary data.....	106
3.4 Methods of data analysis.....	106
3.5 Fieldwork and research ethics.....	109
4. Gender inequalities in two private occupational pension institutions.....	113
4.1 Entrance threshold, coordinated salary: articles 2, 7, 8 LPP	115
4.1.1 Entrance threshold and labor market	117
4.1.2 Entrance threshold and inequality between two pension institutions.....	118
4.1.3 Entrance threshold and inequality within two pension institutions.....	120
4.2 Contribution rate and pension credits: article 16 of the LPP.....	122
4.2.1 Pension credits and the labor market.....	122
4.2.2 Pension credits and inequality between two pension institutions	123
4.2.3 Pension credits and inequality within two pension institutions	125
4.3 Contribution period: article 10 of the LPP	126
4.3.1 Contribution period and labor market.....	127
4.3.2 Contribution period and inequality between two pension institutions.....	128
4.3.3 Contribution period and inequality within two pension institutions.....	128

4.4 Retirement age: article 13 of the LPP	129
4.4.1 Retirement age and labor market.....	129
4.4.2 Retirement age and inequality between two pension institutions.....	130
4.4.3 Retirement age and inequality within two pension institutions	135
4.5 Conversion rate: article 14 of the LPP	135
4.5.1 Conversion rate and labor market.....	135
4.5.2 Conversion rate and inequality between two pension institutions.....	136
4.5.3 Conversion rate and inequality within two pension institutions.....	137
4.6 Form of old age benefits: article 37 of the LPP	137
4.6.1 Form of old age benefits and labor market.....	139
4.6.2 Form of old age benefit: inequality between two institutions.....	142
4.6.3 Form of old age benefit: inequality within pension institutions.....	143
4.7 Pension reduction rate	154
4.7.1 Pension reduction rate and labor market.....	154
4.7.2 Pension reduction rate and inequality: two pension institutions.....	154
4.7.3 Pension reduction rate and inequality within two institutions.....	155
4.8 Pension income and gender inequality.....	155
4.8.1 Pension income and labor market.....	156
4.8.2 Income inequality within the two pension institutions.....	158
4.8.3 Income inequality between the two pension institutions.....	159
4.9 Scenario / simulation: Impact of pension fund regulations	163
4.9.1 Simulation with entrance threshold: articles 2, 7 of the LPP	164
4.9.2 Simulation with the contribution rate: article 16 of the LPP	166
4.9.3 Simulation of pension income.....	166
4.10 Conclusion and verification of my hypotheses	168
5. Final conclusion and outlook	175
5.1 Key empirical findings	175

5.1.1 Entrance threshold: articles 2 and 7 of the LPP	176
5.1.2 Contribution rate: article 16 of the LPP.....	176
5.1.3 Number of contribution years	177
5.1.4 Retirement age: article 13 of the LPP	177
5.1.5 Conversion rate: article 14 of the LPP	178
5.1.6 Pension and capital benefits: article 37 of the LPP.....	178
5.1.7 Pension reduction rate for early retirement.....	178
5.2 Potential implications for social policy.....	179
5.2.1 Freedom of interpretation: articles 49 and 50 of the LPP	179
5.2.2 Age of affiliation: article 7 of the LPP	179
5.2.3 Entrance threshold: articles 2 and 7 of the LPP	180
5.2.4 Coordinated salary: article 8 of the LPP	180
5.2.5 The contribution rate: article 16 of the LPP	181
5.2.6 Retirement age: article 13 of the LPP	181
5.2.7 Conversion rate: article 14 of the LPP	181
5.2.8 Pension and capital benefits: article 37 of the LPP.....	182
5.2.9 Pension reduction rate in case of early retirement.....	182
5.3 Conclusion	183
Annex I: Bibliography	185
Annex II: The MELAP pilot dataset variables	195
Annex III: The SICC Survey	196
Annex IV: The Leporello	197
Annex V : The interview Guide.....	202

List of tables

Table 2.1	Level of education of 25 to 64 year olds by gender, 2013	36
Table 2.2	Median wage and level of qualification by gender	40
Table 2.3	Type of Welfare State	44
Table 2.4	The evolution of the Swiss welfare state 1890 – 2012	46
Table 2.5	Presentation of two ideal types	79
Table 3.1	Data sources	87
Table 3.2	Number of insured and retirees in 2009	88
Table 3.3	Proportion of insured and retirees in 2009	89
Table 3.4	Number of persons: MELAP with occupational benefits	93
Table 3.5	Number of persons in MELAP database by year of birth	94
Table 3.6	Number of persons in the SICC database	104
Table 3.7	Respondent rate of SICC compared to MELAP dataset	105
Table 3.8	Proportion of women in liberal type	105
Table 4.1	Pension regulations of liberal and paternal institutions	114
Table 4.2	Contribution rate and total of pension credits	124
Table 4.3	Retirement age according to pension regulations	130
Table 4.4	Average age of retirement of survey participants liberal type	134
Table 4.5	Old age occupational capital and pension benefits	141
Table 4.6	Form of benefit: capital, pension, mixed benefits in 2004	144
Table 4.7	Level of occupational pensions and capital payments in 2004	145
Table 4.8	Median benefits in 2007: pension and capital payments	147
Table 4.9	Average occupational pension: liberal and paternal institutions	148
Table 4.10	Annual old age occupational pension: both pension institutions	148
Table 4.11	Mixed benefits: both pension institutions	149
Table 4.12	Theoretical pension based on capital payments: both institutions	153
Table 4.13	Early retirement pension cuts	155
Table 4.14	Average occupational pension old-age retirees 2004 and 2007	160

Table 4.15	Average annuity “pension only”: liberal and paternal institutions	160
Table 4.16	Income sources by household type: retirees liberal institution	162
Table 4.17	Household income by gender: retirees from liberal type (SICC)	162
Table 4.18	Income of retirees according to tax declarations	163
Table 4.19	Insured incomes: liberal and paternal scenario	165
Table 4.20	Median, minimum, maximum, average pension: liberal, paternal	167
Table 4.21	Pension income by gender: liberal and paternal scenario	167

List of figures

Figure 2.1	Level of education of 25 to 34 year olds by gender, 2013	37
Figure 4.1	Entrance thresholds: articles 2 and 7 of the LPP	116
Figure 4.2	Ordinary retirement age according to the LAVS, and longevity	130
Figure 4.3	Average n° of years of early retirement in both types in 2004	133
Figure 4.4	Conversion rate: reduction project	136
Figure 4.5	Proportion of retirees with pension, capital or pension & capital	138
Figure 4.6	Distribution of capital payments 2004 to 2007	151
Figure 4.7	Capital payments in Sfr. for retirees aged 64 to 70 years	152
Figure 4.8	Lorenz curve of first, second, third pillar benefits, 2006	157
Figure 4.9	Distribution of second pillar pension income in the liberal type	158
Figure 4.10	Lorenz curve for second pillar: liberal and paternal institutions	159
Figure 4.11	Income sources by household: retirees from liberal type (SICC)	161

Abbreviations

AHV/AVS	=	Alters- Hinterlassenenversicherung/Old age, survivors insurance
AHVG	=	Law of the old age and survivors insurance
BESTA	=	Beschäftigungsstatistik = Occupational statistics of workers, OFS
BFS/OFS	=	Bundesamt für Statistik = Federal Statistical Office
BVG	=	Berufliche Vorsorge Gesetz = Law on occupational benefits
CHSS	=	Soziale Sicherheit CHSS = Social Security Journal
CP/CP	=	Complementary provisions to the AVS
EL/PC	=	Ergänzungsleistungen = Complementary provisions to the AVS
FDFA	=	Federal Department of Foreign Affairs
FTA	=	Swiss Federal Tax Administration
FSO	=	Swiss Federal Statistical Office
FSIO	=	Swiss Federal Social Insurance Office
FZG	=	Law on unrestricted mobility of second pillar pension capital
ILO	=	International Labor Office, Geneva
LAVS	=	Old age, survivors insurance law
Leporello	=	Brief analysis of the main indicators of the SICC analysis
LPP	=	Federal law on occupational pension schemes
MELAP	=	Electronic declaration for pension and capital payment: Federal tax register (MELAP = Meldeapplikation)
MELAP ^{pilot}	=	Pilot project with declarations of 5 pension institutions in MELAP
OECD	=	Organization of Economic Development
OFS/BFS	=	Office Fédéral de la statistique
Seco	=	State Secretariat of Economic Affairs
SICC	=	Survey on income and living conditions: old-age retirees of liberal
SVS	=	Swiss social insurance statistics of the FSIO
WEF	=	Anticipated second pillar capital for acquisition of own housing

1. Introduction and Hypotheses

In Switzerland, there are several components of old-age provision that are regulated in a three pillar system. The first is the public scheme regulated by the Federal law on old age and survivors schemes (LAVS), guaranteeing a minimal old age pension income for every citizen. The second pillar, the occupational pension, is regulated by the Federal Law on occupational pension schemes (LPP), with the particularity that it leaves a large freedom for pension institutions to offer better or worse conditions to employees. The third pillar (OPP3) is a private scheme to be contributed to individually.

Existing research on gender inequalities has focused on divergent income levels and working patterns as causes of inequalities and tends to view gender inequalities as a structural problem rooted in society. This thesis opens up a new area of questioning: whether the Federal law of occupational pension schemes (LPP) contributes to inequalities in old age pension income. The significance of this line of enquiry is that these possible aspects of gender inequalities could be resolved more readily than the social issues that have already been addressed.

The increasing pressure on the financial situations of the pension institutions and their obligation to guarantee the mandatory minimum has led to controversial headlines in the press and discussions in politics over the last few years. The question of inequality - a part of the debate - is in the center of this study. However, the thesis focuses on a specific subset of Swiss social policies analyzing gender inequality in the second pillar pension system of Switzerland.

In order to answer the research question whether there is something wrong with the second pillar, this study looked at two specific pension funds, comparing their pension regulations and how they relate to the LPP. The two occupational pension institutions are designating two opposed pension systems, exhibiting antipodal characteristics. As the body of the study, an examination of empirical data concerning employees, contributions, retirement conditions and pension income allows a quantitative analysis and a survey of old-age retirees adds both quantitative and qualitative information. The data is completed by interviews with several experts of the pension institutions.

1.1 The Swiss pension system

Increasing longevity has led to problems with pension provision in countries around the world. Switzerland is no exception, although the pension system has its own particularities with its three pillar pension system, anchored in the Swiss Federal Constitution (article 111 and 113 Cst.) with the aim to guarantee the standard of living for employees once they are retired. The first pillar is state-directed and principally financed by the working population and their employers and partly funded by the state and the VAT. The second pillar, the occupational pension, is financed by contributions paid in by each working person and his or her employer. The third pillar offers partial tax advantages: savings are made by the working population on a private basis.

The second pillar of old age provision is the topic of this research, illustrating that the legal parameters of it are fixed and have not been adapted to economic realities. It appears that the Federal law on occupational pension schemes leads to increasing financial challenges for private pension institutions as they have to guarantee a conversion rate too high, calculated at a basis which is no longer adequate, leading to gender inequalities between old-age retirees of different generation.

The inequality debate is of prominent importance in the light of the fact that today's and tomorrow's working population will have to work longer before retiring even though they will have to live with smaller pensions (OECD, 2012). This makes it all the more important that women should be able to keep up with men regarding contributions toward their occupational pension schemes, otherwise they will lose out even more on pension income over the coming years. In fact, gender inequalities in regards to pension income, and thus the gender pension gap, may become more accentuated, due in part also to increased female longevity. According to the Federal statistical office, women have an average life expectancy of 22.1 and men of 19.1 years at age 65 (FSO, 2012).

The history of pension introduction sheds more light on the situation for women with regards to pension. The Keynesian breadwinner regime, introduced in Switzerland after the 2nd World War, aimed to achieve full employment for male workers only. This was a result of political choices at that time. In the 1970, it

became increasingly important to improve the existent old age provision. The left wing was proposing to reinforce the state pension and the right and center opted for improving the existent occupational pension schemes of private companies. The compromise led to the mandatory second pillar, based on the Federal Law on occupational pension schemes (LPP), established in the 1980ies.

The LPP was created with the belief that each pension system should continue to have considerable freedom to offer conditions for affiliation and benefits to their employees at the institution's discretion. Thus, the Swiss second pillar system is very heterogeneous, depending on the pension scheme of each pension institution.

1.2 The Swiss workplace

The workplace is creating gender inequality by means of disadvantaging women in the labor market. The empirical Swiss Social Report shows that inequalities on the labor market and income inequality amongst employees and retirees depend on gender, education and type of household. The authors illustrate that there is a large gender pay gap between men and women in the Swiss labor market (Suter et al., 2008).

Studies on the gender pay gap have revealed large differences between the income of women and men. Income inequality represents an important determinant for pension income: Women earn approximately 20% less than men (FSO, 2012) and consequently contribute less to their own pension schemes and accumulate fewer pension credits for their old age pension. The International Labor Office ILO claims that “the circumstances of female employment – the sectors where most women work, the types of work they do, the relationship of women to their jobs, the wages they receive – bring fewer gains (monetarily, socially and structurally) to women than are brought to the typical working male” (ILO, 2010:XI).

Gender inequality is seen as a structural problem situated in society. Depending on the status of women within a given group, they will be disadvantaged compared to men in regards to income. We may therefore discuss the existence of an institutional reproduction of inequalities by institutions. Indeed, the ILO points out that “gender justice cannot be achieved when biases remain embedded in

economic and social institutions and development processes” (ILO, 2010:XII).

The Swiss Social report has revealed evidence that the income discrimination starts when the person enters the labor market. According to the authors “the income discrimination at the entrance of the labor market amounts to already 5 to 8%” (Bertschy et al., 2014:1). Indeed, the first job is determinant, according to their analysis, for the income. Furthermore, there is a reinforcement of the gender income in the first few years of employment and inequality continue to persist.

The effects of the labor market structure have been made evident by many scholars, prior to this study. However, in addition to the labor market effect on gender inequalities, there is another phenomenon, overlapping the first one, which is in the focus of the analysis presented in this thesis.

1.3 The effect of the LPP on inequality

What has not yet been investigated is whether the existing structure of the occupational pension system is actually part of the cause or merely a symptom of a more general and challenging systemic problem of gender inequalities in the old age pension system and difficult to trace.

The thesis specifically analyzes gender inequalities in the Swiss second pillar pension system, looking at the effect of the LPP on pension schemes and their conditions for affiliation and for retirement. It investigates how two specific pension institutions have designed their regulations in the context of legislative freedom, investigating whether the Federal law on occupational pension schemes (LPP) is part of the problem causing gender inequalities between old age provisions.

The study researches whether the fact that each pension institution may offer schemes and benefits beyond the legal minimum, while differently interpreting the LPP, can create inequalities between beneficiaries affiliated to different pension institutions. Significant statistical evidence observed in the MELAP pilot database, a database registering payments to beneficiaries of second pillar provision, will help to analyze and find proof whether inequalities occur on the level of pension payments. The comparison of conditions of affiliation and retirement will be significant in revealing possible inequalities between the insured and old-age retirees both within and between the pension institutions. The different

interpretations of the LPP by the pension institutions will be investigated, casting light on the creation of inequalities at the institutional level, which may result from specific characteristics of each private occupational pension institution prevalent at the time of creation and based on the mother company's norms.

The thesis will investigate whether pension institutions may enhance or reduce gender inequalities already existing due to the labor market structure and whether those possible inequalities are created at the intersection of the LPP and the pension regulations due to divergent interpretations of the law. Thus, I will provide evidence that gender inequality cannot be fully observed by analyzing only the income, labor market segregation and employment patterns, but that observing such an effect needs to include the analyses of the pension scheme.

The primary hypothesis is that gender inequalities occur between private pension institutions, illustrated by the comparison of the liberal and the paternal type. More precisely, gender inequalities occur due to specific processes and mechanisms within the legal regulations of the LPP and are triggered by the written rules, the LPP and the pension regulations of private occupational pension institutions. The hypothesis is based on the argument that occupational pension institutions create, enhance or reduce inequalities on the institutional level, by drawing up their pension rules. This is a result of article 49 of the LPP which leaves a great deal of freedom of interpretation to private pension institutions, as the LPP defines only a minimum standard.

The secondary hypothesis is that gender inequalities occur within pension institutions due to institutional mechanisms, by means of setting up pension regulations, creating, enhancing or reducing (pre-) existing gender inequalities, of the Federal law on occupational pension schemes (LPP) and of the labor market structure. The employer is legally bound to set up a pension institution or adhere to a pension scheme, providing second pillar insurance to their employees (article 11 LPP). In fact, the employer and employee participate in the governance of the pension institution (article 51 LPP). The pension institution, including representatives of both employer and employees, is mandated to establish pension regulations (article 50 LPP) and has the obligation to regulate the conditions of affiliation and retirement. Thus, we will see whether gender inequalities result from

how private pension institutions differently implement the law (LPP) in their pension regulations.

To test these two hypotheses, I chose two dichotomous pension schemes based on empirical material, having identified them amongst 5 initially analyzed pension institutions in the MELAP pilot dataset. This dataset contains the information of the beneficiaries of the second pillar pension and capital payments. I am aware that two may not be considered a representative sample, but the two I have chosen are at extremes from one another, as defined by the mandatory minimum and maximum benefits from the occupational pension schemes.

1.4 What is the relevance of this topic?

Firstly, there is a problem in the Swiss second pillar system and it has legal relevance. The LPP and in particular article 49 of the LPP may create, enhance or reduce inequality by leaving a considerable amount of freedom to the private pension institutions to set up their own pension regulations. In doing so, each pension institution may offer different conditions of affiliation and retirement. I argue that legal norms or laws fail (partly) to secure or promote occupational old age pensions by allowing the integration of institutional practices, based on the freedom of interpretation, and giving hereby rise to institutional inequality in regards to second pillar old age pensions.

Secondly, historically, private occupational pensions go back as far as public pensions (AVS) and the second pillar system was established for the traditional breadwinner, a male working full time for his entire life in order to receive a full pension from the occupational scheme. In fact, at the end of the 19th century some employers introduced an insurance scheme in order to protect their employees against the risks of death, disability and old age. Occupational pension plans were established in cantonal pension institutions, such as the canton of Geneva, or in single company pension institutions, such as the SVE belonging to Sulzer or the pension fund of the canton of Zurich. Thus, long before the anchorage of the three pillar system in Switzerland in 1972, and long before the elaboration of the occupational pension law (LPP), private pension institutions were set up by employers in order to provide insurance schemes aiming to protect their employees.

Thirdly, the political, social and economic relevance; the three pillar system in Switzerland is based on the political, social and economic cooperation of all parties. By the renunciation of three popular initiatives and the consent on an aggregated proposition, the Swiss people accepted the instauration of a three pillar system in Switzerland with a vast majority in 1972. Through the occupational pension's historical roots, by the will of the Swiss population, the Swiss Welfare state gave an important role to the employer in establishing its own pension fund (LPP, 1985). One major particularity exists compared to other European countries: The occupational pension plan creates a close bond between the employee and the employer. For a long time this bond was referred to as the golden tie. This golden tie indicated that the employer's part of the occupational provision could not be transferred from one employer to another. As this condition was restraining the mobility of the workforce, the Federal law on the unrestricted mobility of old age, survivors and disability benefits (FZG) was introduced in 1993. This law regulates that the accumulated occupational savings contributed by the employer also belong to the employee and may be transferred to another pension fund.

In this thesis, the pattern of gender relations within an institution are analyzed through the lens of the concepts of gender regimes. By means of these concepts I aim to reveal gender relations by analyzing the workplace, the state, the pension institutions and the LPP. Gender inequalities may be produced, enhanced or reduced across different settings or institutions like the workplace, the state and the pension institutions. According to Osawa and Walby, gender regime as a concept was first referred to in the early 1990s (Walby et al., 2007). According to Sainsbury, "a [gender] regime can be defined as a complex of rules and norms that create established expectations, and a gender regime consists of the rules and norms about gender relations, allocating [...] rights to the two sexes" (Sainsbury, 1999:5). The principles of entitlements in the second pillar are regulated in the LPP. It appears that "the principles of entitlement are decisive as to whether policies reinforce existing gender relations or transform them" (Shaver, 1999:3). For Connell "gender division" in the labor market includes the "gendering of occupations", the "gender relations of power" and the "attitudes" in relation to gender (Connell, 2002:53). Based on these concepts, I will demonstrate where gender inequality occurs in private occupational pension institutions in Switzerland.

1.5 Outline of the thesis

Chapter 2 presents the concepts and analyses the literature related to this topic, discussing institutional gender regimes, the Swiss welfare state and gender and organizations. This theoretical chapter provides the background for the research presented in chapter 3 together with the methodology, fieldwork and research ethics.

Chapter 4 presents the empirical details. The data sources include a sample of register data, based on fiscal declarations for people who have obtained a second pillar pension or capital payment, a survey which I conducted amongst old-age retirees and data from the two pension institutions and their retirees.

In chapter 5, the conclusion and brief discussion of the results complete the thesis.

2. Gender regimes

This chapter explains the different theories and concepts used and applied in this thesis. The concepts of gender regimes both guide the study and explain the analysis. To begin with, I outline the theoretical framework with conceptual clarifications and include a short overview about the discussion of the theoretical issues surrounding inequality, demonstrating the various dimensions of inequality.

The applied concept of gender regimes aims to show gender relations across different settings or institutions, the workplace, the state, the pension institution, and the Federal Law on occupational pension schemes (LPP). The focus of the analysis is those of gender inequalities that occur in occupational pension institutions, themselves shaped by the LPP.

In this thesis I analyze the workplace to detect (gender) inequality within and between occupational pension institutions, illustrating the impact of the labor market on pension benefits of old-age retirees through horizontal and vertical labor market segregation. The traditional breadwinner model, at the origin of the second pillar system, was established by the Federal State in Switzerland and is operated by private occupational pension institutions as para-public institutions.

Connell uses a four-dimensional model that refers firstly to, “gender division of labor — the way in which production and consumption are arranged along gender lines, including the gendering of occupations and the division between paid work and domestic labor. Secondly, gender relations of power — the way in which control, authority, and force are exercised along gender lines, including organizational hierarchy. Thirdly, legal power, and collective and individual violence, emotion and human relations — the way in which attachment and antagonism among people and groups are organized along gender lines including feelings of solidarity, prejudice and disdain, and sexual attraction and repulsion. Fourthly, gender culture and symbolism — the way in which gender identities are defined in culture, the language and symbols of gender difference, and the prevailing beliefs and attitudes about gender” (Connell, 2002:53).

According to Sainsbury “a gender policy regime, [such as the second pillar in Switzerland], entails a logic based on the rules and norms about gender relations

that influences the construction of policies” (Sainsbury, 1999:5). Ann Orloff (1993) reveals that one “dimension is the pattern of gender stratification produced by entitlements” (Sainsbury, 1999:3). Indeed, there are various dimensions to inequality between men and women. In this context, the following may be relevant: “familial ideology (division of labor between men and women), entitlement (differentiated among spouses), basis of entitlement (breadwinner, couple, single person), recipient of benefits (head of household), unit of benefit (household or family), unit of contributions (household), taxation (joint or separate taxation), employment and wage policies (priority to men, breadwinner career), spheres of care (primarily private) and caring work (unpaid)” (Sainsbury, 1999:7).

Bussemaker and Kersbergen confirm that although “most countries have been compelled to adjust their social security legislation, [and their] equal-opportunity policies, [...] the extent to which social policy arrangements favor the family over the individual, and traditional male careers over female working patterns, is still significant” (Bussemaker et al., 1999:24).

This thesis analyses gender relations within pension institutions in terms of the concepts of gender regimes. I argue that each pension institution organizes gender relations in its own way. In addition to that, each setting or institution is embedded in another gender regime. In other words, the Federal Law on occupational pension schemes produces another pattern of gender relations which affects the institutions and its settings. The consequence is that each setting or institution may inhabit gender inequality which may be adapted, enhanced or reduced.

The first section of this chapter provides an in depth discussion of the workplace, including the labor market, education and profession and their impact on gender inequality. Here I propose a theoretical overview of gender inequalities discussed by other scholars and referred to in the empirical part of this thesis.

The second section covers the concepts of the Swiss welfare state. In this section, I present the three pillar system, describing its origins, its evolution and its revisions.

The third section presents the theory of organizations, including the concepts of gender and inequality in regards to two chosen occupational pension institutions

and their associated employers. It looks at organizations as para-public institutions, represented by two different types of pension institutions, explaining the impact of their pension regulations and their functioning with regard to the Federal law on occupational pensions.

2.1 The workplace

The workplace as a gender regime segregates men and women into different job positions and professions, and education plays a large part in creating gender inequality. Gender stratification occurs in the world of education and work and particularly affects job position.

The following sub-chapters present the different institutional gender regimes and the literature relevant to this topic.

2.1.1 Labor market

Textiles, machines, watchmaking, chocolate and chemical production have been present in Switzerland for many decades. In the early days of production, children, women and men worked together in the factories doing the same work. However, it became clear early in the 19th century that without legal regulation, labor was exploited. So in 1815 the first factory act excluding children younger than 10 years old from the workforce – came into law in Zurich. Other cantons followed suit. However, children aged between 10 and 14 years were still allowed to work 14 hours a day and adults 15 hours. Only in 1877, was Federal legislation put into force limiting working days to 11 hours, and excluding children under 14 years from working. Until then, no distinction was made between men and women and both worked equal hours and shared child rearing as well as possible.

Switzerland was amongst the first countries to be industrialized and it quickly became one of the most highly industrialized countries in Europe in the early 20th century. Interestingly, Switzerland always had a very liberal labor market “with few regulatory frameworks” (Berclaz and Füglistner, 2003:3). In addition to that the Swiss labor market became very gender biased. Switzerland preferred foreign (male) labor to Swiss female labor as from the early 20th century onwards. According to the Federal Department of Foreign Affairs, foreign workers already accounted for 12% of the population in 1910 (FDFA, 2014). Thus, to the detriment

of women in the labor market, the supply and demand of female labor has decreased and rose again over the decades, often depending on the economic situation of Switzerland at a given time.

Surprisingly, it seems that until the end of the 19th century, women neither questioned their role as workers nor the fact that they did work equal to men's. Only from the beginning of the 20th century and in particular after the World Wars did it become fashionable for women to remain at home and spend most of their time on child rearing. There were several reasons for this; however, a large part may be explained economically. Whereas, on the one hand there was a strong women workers' movement in the early 20th century, the counterparts to these were the conservative women's circles who demanded the division of labor between women and men in the 1920s. They asked for women to stay at home. The counter movement, the Swiss association of female workers demanded the right to vote for women in 1893, in order for women to contribute to decision making. Between 1919 and 1921, women's right to vote was rejected in several cantonal referendums.

The recession in the 1930s did not help the case for women's rights to equality and participation in the labor market. Until the Second World War in 1939, women were sent back to the kitchen as men took over the scarce jobs. The turning point came with the need for women to keep Switzerland's economy going while men had to serve in the Swiss army. At times of labor shortages in World War Two, women were asked to step in for men and do their jobs in order to maintain the economic situation in Switzerland. A consequence of the full employment of women during the Second World War was that "after World War Two Switzerland was nearly in a situation of full employment (Berclaz and Füglistner, 2003:12)". However, as soon as recession started again after the World Wars, women were asked to stay at home again. Full employment in the following period was further guaranteed, but only for male labor.

Remarkably, in the 1970s when labor shortages began again, Switzerland still preferred foreign male labor to Swiss female labor. This was the moment when women started to openly demonstrate for their liberalization and the feminist movement demanded equal rights for women and men. In 1968, student protests in Western Europe, including Switzerland, led to changes in society. Women

initiated a political movement of liberation in the seventies. The movement, called the feminist liberation movement, aimed to gain equal rights for women. As a political response, Switzerland's government proposed a referendum on women's rights in the seventies, and this finally gave women the vote.

As a consequence, female labor has steadily increased its share of the Swiss labor market since then. Since the 1960s the proportions of people active in the three different economic sectors have changed considerably. In the 1960s the percentage of people occupied in industry was over 45%, those working in agriculture amounted to approximately 15% and in the service sector it was close to 40%. Since then, employment structure has changed significantly. The proportion of people employed in the service sector has risen to the top with over 70% of the working population in 2009 and people employed in the industry sector representing only just over 20% (Bühlmann et al., 2012:37).

Interestingly, Switzerland's labor market always included both: export-oriented and domestic companies. The export-oriented, highly competitive sectors include the financial sector, insurance and the pharmaceutical industry as well as the watch- and jewelry industries. Conversely, domestically oriented companies have always been active in a well-protected interior market. To this sector belong: agriculture, construction, art-work and the retail trade (Merrien, 2003:12).

The employment rate for women has risen significantly since the 1970s and the proportion of men employed in the labor market has decreased slightly. With rates of 86% of men and 42% of women over 15 years of age, the participation of male and female labor was very unequal in 1971 (FSO, 2012). Compared these to figures in 1991, where 68.2% of women in the same age category participated on the labor market (men 91.1%), we see that the trend is clearly rising (FSO, 2012). More concretely, female labor participation in Switzerland for women aged between 15 and 64 was 76.7% in 2011 (88.7% for men; FSO, 2012). In 2012, the proportion had changed for both sexes. The statistics show that 76% of men and 61% of women between the ages of 15 and 64 years were economically active at that time (FSO, 2012). A large proportion of employed women (86.4%) now work in the service sector. Although the majority of men nowadays also work in the tertiary sector, the secondary sector still represents a third of jobs held by men.

In addition to that, a small inverse trend may be perceived, where men have also changed their employment pattern. Although a higher proportion of men are generally still working full-time, we can still see the evolution, however to a far lesser extent compared to women. Whereas 7.8% of men worked part-time in 1991; today 13.6% of men do so. This picture has remained stable over the last 20 years with 8% of men and 49% of women working part-time. This unequal distribution of part-time work is also the reason why women accounted for only just over a third of the total hours worked in 2010 (FSO, 2012).

In Switzerland, we could talk about a modified male breadwinner model, where men work mainly full-time whereas women work mainly part-time. It appears that the modified male breadwinner model works with a formula of about 1.5. Thus, the relative high activity rate of women may partly be explained by a large part of women working part-time: 6 of 10 active women work part-time (FSO, 2013). The Swiss labor market has adapted its job offerings according to a modernized male breadwinner model, allowing women to work part time.

Although we perceive a positive evolution towards more gender equality, the figures reveal clearly that “the male breadwinner model is still very wide spread throughout Switzerland” (Berclaz and Füglistler, 2003:13). Switzerland has remained a rather conservative country compared to others and statistics seem to confirm the picture that mothers look after their offspring and fathers go out to work full time. Gloomily, the picture from the conservative women’s movement in the 1930s is brought to mind as the roles of women and men seem not to have changed in regards to equality between the sexes. Although, women have gained grounds in all economic and political spheres, and some stereotypes have been broken in recent years.

Clearly this pattern is of a disadvantage to women. In a meritocratic system this is very unfortunate and probably represents one of the reasons for inequality between men and women in the labor market. The labor market – based on traditional ideas about the functions of men and women at home or at work – put women at a disadvantage. Thus, structural inequality is clearly at the origin of inequality in the labor market. As people contribute to pension schemes, those working more hours will earn higher salaries and thus contribute higher credits towards their future

retirement plan. Or as Sainsbury has put it: “Although these [part-time] employment choices may help to accommodate multiple role demands in the short term, they may also reduce [women’s] employment opportunities and wages in both the short and the long term” (1999:119). According to Lévy et al., Switzerland continues to have difficulty revealing and admitting the existing gender inequalities in relation to unequal structures (Lévy et al., 1997).

“Employment supporting policy and family policy or government support” (Meyers et al., 1999:128) could help to reduce discrimination against women in the labor market. According to Meyers et al. there is a “strong positive association, between public policies and mothers attachment to employment” (1999: 134). Women’s “breaks in employment”, the child penalties, may be taken off by the state providing maternity leave, by crediting old age wage replacements, providing nursery places or day care for children. The welfare state may - “with the subset of family policies that are predicted to facilitate continuous maternal employment” (Meyers et al., 1999:134) - help to diminish inequalities between women and men in regards to the labor market.

“Policies that increase labor market opportunities for women, without affecting the gender bias in responsibility for unpaid work in the home, will yield as best, a partial form of gender equality”. The policies should not “sacrifice either family or employment opportunities” which is definitely a major challenge for each welfare state (Meyers et al., 1999:139).

2.1.2 Education

The generation of women that finished their education in the late 20th century still has to a large extent a far lower level of education than men of the same generation and thus are still to be found in a lower skill-level of professions (with less income) than men. In early modern Swiss history education was only for the rich and mainly for boys. General education in Switzerland was introduced with the offering of free primary school education in 1874 (FDFA, 2014). For secondary school, however, there were cantonal or even private civic enterprises in towns to educate boys and girls.

Up until very recently (at the end of the 20th century) boys were thought to have

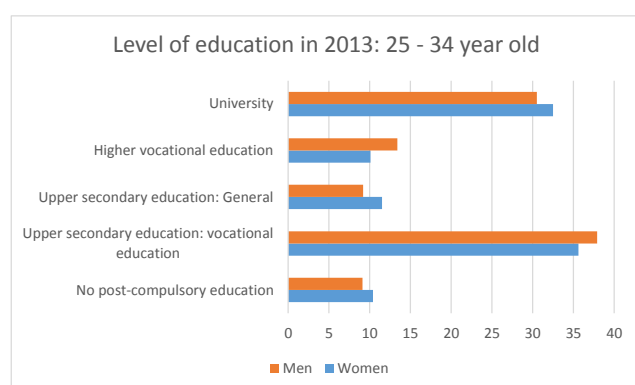
better mathematical skills than girls and they did manual craftwork whereas girls were thought to be better at language skills and also learned knitting and sewing. This reveals a certain gender bias in people's expectations of the capacities of girls and boys and thus of women and men. Whether people continued their education beyond the secondary part of the mandatory nine years of schooling was greatly influenced by the way people looked at women and men and their roles in society. The following table shows the level of education of 25 to 64 year olds with a higher proportion of women (15.2%) with no post-compulsory education compared men (10.6%). This is still slightly worse in the case of higher education as only 22.6% of women have a university degree compared to 27.7% of men.

Table 2.1 Level of education of 25 to 64 year olds by gender, 2013

Resident population aged 25 to 64	Men	Women
	%	%
No post-compulsory education	10,6	15,2
Upper secondary education: Vocational education	38,1	42,4
Upper secondary education: General education	6,2	9,8
Higher vocational education	17,4	10,0
University	27,7	22,6
Source: FSO, Table 15.8.2.1, 2012		

Although the table reveals that tertiary education was more common for men than for women for the population aged 25 to 64, figures for the younger generation show a clear inverse trend. Looking at the younger generation (25 to 34 years), the picture is promising. According to the FSO, 25 to 34 year old women (32.4%) with a tertiary education represent a higher proportion than men (30.5%) of the same age group.

Figure 2.1 Level of education of 25 to 34 year olds by gender, 2013



Source: FSO, table 15.8.2.1, 2014

Evolution is also visible if we look only at 20 years old. We can draw from recent analysis that society in Switzerland is on the verge of change in regards to education. It seems that women in particular have gained ground in education. Interestingly however, there are still 60% of young men finishing their education with a professional qualification and no university degree, whereas only about 50% of young women finish their education at this level (Bühlmann et al., 2012:29).

However, this does not necessarily lead to more (income) equality between men and women, as income also depends on the choice of study option. The picture for women is not yet too favorable in terms of catching up with men in recent years for the choice of study options and the consequent choice of profession.

2.1.3 Labour market participation

Men and women have, to a large extent, clearly suffered for a very long time from the conservative circles whose aim was the division of labor between women and men. Even today, the statistics of the part-time/full-time phenomenon reveal that women are usually the ones to stay at home with the children. The full time profession of mother and house-wife is still wide-spread in Switzerland. However, it is not (yet) attributed a salary as such. This phenomenon was even more accentuated for generations born not long after the World Wars; those who are now in retirement, as we will see in the empirical chapter of this thesis.

"The analysis of women in new economic sectors and the gendering of new economic activities points to greater risks than chances for women, with patterns of occupational segregation persisting" (Walby et al., 2007:74). Occupational

gender segregation persists and discrimination remains. Executive positions are still rarely occupied by women and vertical segregation remains stable. Hence, men still to a great extent occupy the executive jobs while women occupy to a far larger extent the lower level jobs. The statistics reveal clearly, that women are gaining no ground in executive positions: the proportion of women in leading positions has remained stable since 1996 at only one third (FSO, 2013). It appears that either the labor market refuses to treat men and women equally or, women's stereotyped choices lead them into female professions which are less well paid. Indeed, "women in the ICT industry experience occupational segregation into low-skill lines of work, while men dominate the best jobs." Thus, also horizontal segregation remains stable and men still often choose technical jobs and women health, social sciences and teaching (Walby et al., 2007:74).

It appears that in spite of all the efforts made to smooth out inequality in the labor market, the Swiss labor market structure is still clearly gender biased. The Federal Statistical Office (FSO) has published labor market indicators and showed the situation for women and men in the Swiss labor market. Inequality may partly be explained by the fact that Switzerland has a meritocratic system, based on the presupposition of merit and bound to a population which generally aims at being highly efficient and is outcome oriented. Status and occupation are attributed according to certain merits. This begins in education, continues on to the workplace and leads to certain statuses and occupations in the labor market (Kreckel, 2004). In Switzerland, the longer a function is held and the more hours invested, the more a higher position is merited. So women with children and a household – like a millstone around their neck – have far less chance to gain ground on executive positions.

However, education, profession and merit are not the only determining factors for income. Astonishingly, women doing the same jobs and occupations with the same education still earn approximately 20% less than men (FSO, 2012). This is in spite of the fact that women represent nearly half of the working population.

2.1.4 The gender pay gap

The gender pay gap is an important topic in the European Union as the regular publications show. “The gender pay gap reflects ongoing discrimination and inequalities in the labor market which, in practice, mainly affect women”. According to a report by the European commission, promoting gender equality, “women have as good or better qualifications than men, but often their skills are not valued as much as men’s and their career progression is slower. This results in an average gender pay gap of 16% in the European Union, which is clearly to the detriment of women. The ENEGE report on the gender pay gap reveals furthermore, that average old age pensions for women are 39% lower than men’s. This report reveals gender inequality due to the course of working lives (Bettio et al., 2013).

The gender wage gap is regularly discussed and the figures confirm year after year that there is little movement towards gender equality in regards to income. The Swiss Federal Statistical Office reveals that “women earn on average 18.4% lower salaries than men”. The FSO study reveals clearly that “this gap is only partly explained by objective characteristics” and women earn less for gender reasons. This seems to have remained stable even though “the proportion of women in the economically active population remained almost unchanged over five years (from 45.0% to 45.1%)” (FSO, 2012:8). Despite the gender act and all the measures that have been taken in Switzerland in terms of leveling out gender inequality with regard to income, the average income for women remains stable far below that of men. The Federal Statistical office has revealed in 2010, that the gender wage gap grows with age. Looking at 20 to 29 year olds, we see that women earn on average 4,544 Swiss francs a month whereas men’s average monthly salary amounts to 4,960 Swiss francs. Compared to the oldest working age group (50 – 64/65) women are far more disadvantaged at 5,573 Swiss francs a month compared to men’s average monthly salary of 7,162 Swiss francs (FSO, 2011).

Table 2.2 Median wage and level of qualification by gender

Gross monthly wage by level of qualificaitons and gender, 2010				
Median in Swiss francs - private and public sectors				
	Total	demanding, difficult tasks and skilled work	requiring professional/t echnical skills	simple, repetitive tasks
Women	5,221	6,730	5,254	4,230
Men	6,397	8,224	5,956	4,921
Total	5,979	7,715	5,724	4,540

Source: Swiss earnings structure survey, 2010, FSO

Looking at the standardized gross median wage, men with 6,397 Swiss francs a month in 2010 still earned more compared to women with a median wage of 5,221 Swiss francs (18.4% less). It is reported that ten years earlier, the difference was 21.3%. What is particularly astonishing that women in higher positions earn up to 30% less than men (EGB, 2011).

A study commissioned by the Federal Statistical Office and published in 2010 by the Centre for Labor and Social Policy Studies BASS showed, in 2008, that 61.1% of the wage differential was attributable to factors related to the workplace, that people worked in and personal qualifications, but 38.9% of the average differential was due to unexplainable characteristics” (FSO, 2012:8). Not even surveys can explain these discrepancies. The empirical Swiss social report shows that inequalities in the labor market and income inequality amongst employees and retirees is dependent on gender, education, type of household and job status (Suter et al., 2008).

A recent study by Lévy shows that inequality in Switzerland is as widespread as in other countries and continues to persist (2012). According to Lévy, social life was always dominated by inequalities in relation to money, power and knowledge. Inequalities concern the “repartition of goods, gender, origin, nationality and the curriculum vitae” (Levy et al., 1997:11). Clearly, this inequality is anchored in the second pillar and pension institutions. In order to remedy these inequalities between men and women (e.g. retirement age, entrance threshold, etc.) eradicating conditions creating inequality may be an effective thing to do.

The Swiss social report by Suter et al. provides empirical evidence and

demonstrates that the income gap in Switzerland – depending on gender, education, job status and age – remains significant and persistent (2008). As we can draw from above, the concepts starting from the fact that a person is a man or a woman, have a strong impact on the income of a person, segregating between the sexes. “The concepts of feminine/masculine [jobs] are constructed as oppositional, dichotomous and hierarchical where the masculine is (usually) privileged. Hence, the division of labor into female and male work areas is considered to be a key element in the subordination of women in work and society” (Alvesson et al., 2009:49). We can generally say that the labor market in Switzerland is segregated, both horizontally and vertically. There are very few sectors or job areas where there is an equal distribution of men and women within organizations and even less may be observed within occupations. In addition, women are more often found in less well-paid jobs, they do not do the same jobs as men do and thus, they have less access to higher salaries.

This phenomenon results in lower pay and lower pensions. It appears that the Swiss labor market produces a pronounced difference in labor participation for men and women which probably explains a large part of the inequalities in income among pensioners in Switzerland. The Federal Statistical Office confirms this picture by detailing it with empirical evidence in their report about old age security which shows that pension inequality amongst retirees is still widespread (FSO, 2011). In addition, the OCDE demonstrated inequalities amongst retirees in regards to old age pension income in OCDE-countries (2008). These results usually lead to the conclusion that income inequality in retirement is directly related to income inequality amongst these people during their working lives. The greater the gender pension gap, the lower the average old age pension benefits of women compared to those of men.

2.2 The welfare state

Gender inequalities, as discussed in this thesis, affect people not only because of their gender, education, profession or income but also because they are living under a specific gender regime, here referring to the welfare state, and are affiliated to a certain type of pension scheme or institution, as we will see in this subchapter.

"The gendered welfare state is considered as a stable gendered structure, which

evolved with national liberalization. But the issue of regulation following the impulse of the international women's movement and gender politics demands a dynamic perspective on processes" (Walby et al., 2007:109).

According to Vic et al., a welfare state may be described as "a concept of government in which the state plays a key role in the protection and promotion of the economic and social well-being of its citizens". The general term may cover a variety of forms of economic and social organizations. A regime is understood as a particular constellation of social, political and economic arrangements which tend to nurture a particular welfare system, which in turn supports a particular pattern of stratification, and thus feeds back into its own stability (Vic et al., 1996:199)".

A welfare system is a program that provides assistance to individuals and families. The types and amount of welfare available to individuals and families vary between countries, states or regions. Welfare provides assistance to individuals and families through programs such as health care, unemployment compensation, housing assistance and child care assistance. "In an institutional program [...] most households directly benefit in some way. [...] Such a model tends to encourage coalition between the working class and the middle class in the support for continued welfare state policies" (Korpi and Palme, 1998:305). Korpi and Palme argue that the "institutional welfare state model [...] is likely to result in greater redistribution" (1998:663).

The welfare state represented an important topic in literature for many years. Esping-Andersen created a typology which served many scholars to classify welfare states throughout time according their social benefits. Esping-Andersen categorized three different types of welfare states in their oeuvre called "Three Worlds of Welfare Capitalism" (1990). Each type corresponds to "value commitments and particular views on the desirable relationship between state, market, community and family". "The social democratic or institutional welfare states are described to be universal in coverage and in the nature of benefits based on citizenship. This type reflects values of solidarity and equality and the view that the state is charged with counteracting market forces to realize these values" (1990:69). "The continental Christian democratic welfare states are characterized by universalism of coverage, however with different benefits under different

programs". The most important characteristic that classifies Switzerland in this type is the old age "public insurance" (AVS), which is a system of redistribution. The continental Christian democratic welfare state puts "an emphasis on the paternal male breadwinner family" (Huber and Stephens 2005:553-557). The liberal/residual type reflects values of freedom and room for maneuver in the system. There is only partial or residual coverage with different benefits accessible only to people in need. Welfare benefits are generally means tested. Values of individual responsibility are widely accepted. This means that the state either does not intervene or intervenes only where absolutely necessary. The liberal market will provide social services for employees. Though criticized for their static and reducing aspects, these classifications remain commonly used in distinguishing types of modern welfare states (1990).

The first type was mainly associated with the Nordic countries, in particular with the Swedish welfare system. It is clear that it cannot entirely correspond to the Finnish welfare state. The second type was associated with the German, Austrian, Belgium, Italian and French welfare states and the third with the American, Canadian, and Australian and since the Thatcher era, the UK welfare states.

The following table gives an approximate view of the three types of welfare states, their characteristics, the emphasis they have regarding values and norms and the countries associated to each specific type according to Huber's and Stephens' interpretation (2007).

Table 2.3 Type of Welfare State

Type of welfare state	Characteristics	Emphasis	Country
Social Democratic or Institutional	Universal in coverage and in the nature of benefits based on citizenship	Solidarity and equality: state must counteract market forces to maintain values	"Nordic countries" (e.g. S, Nor, Fi, Dk, NL)
Continental Christian Democratic	Universal in coverage but with different benefits under different programmes ----- High levels of public health, education and welfare employment ----- Low level of family provision	Harmony and subsidiarity: state must provide for people where family or society does not. ----- Traditional male breadwinner model ----- Low labour force participation of women	Continental European countries (e.g. D, A, B, F, Irl, I) Switzerland in 2000 (Nollert, 2007)
Liberal or Residual	Partial or residual coverage with different benefits: means tested	Values of individual responsibility: state relies on market forces and works with these forces to provide social services	Anglo-American countries (e.g. USA, UK, Ca, Jp) Switzerland in 1980 (Nollert, 2007)

Model according to Esping-Andersen (1990): Huber, Stephens 2007

It seems that through the liberal/residual system women get double independence: firstly in regards to their husbands and secondly in regards to the state. Thus, in theory this model provides the basis for de-familiarization, thus women and men may be equal. On the other hand there are different women rights derived from being a wife or being a mother. This double access seems unequal from the gender point of view as it represents a double opposition between the breadwinner and the caretaker.

Several authors used and adapted the Esping-Andersen typologies of welfare states in order to show their impact increasing and maintaining inequalities. Albert called Switzerland a "Rheinland welfare state regime" (1991), a type closely related to Esping-Andersen's continental Christian democratic type. Nollert pointed out that two different classifications were both applicable to Switzerland, although at different times. He argued that Switzerland moved from being a liberal welfare state in 1980 to a continental Christian democratic welfare state in 2000 (Nollert in Eberle et al., 2007). Switzerland – when introducing the AVS - was (on paper) a theoretically conservative state. But clearly the Swiss welfare state evolved

towards a mixed state including liberal and conservative traits (Bonoli, 2000).

Orloff argues that “significant for gender relations is the fact that conservative regimes promote subsidiarity (thereby strengthening women’s dependence on the family) while social democratic regimes have promoted an individual model of entitlement and provide services allowing those responsible for care work—mostly married mothers—to enter the paid labor force. Liberal regimes, [Esping-Andersen] argues, are indifferent to gender relations, leaving service provision to the market” (Orloff, 1996:28). Orloff continues that “many feminist analysts have critiqued Esping-Andersen for the gender-blindness of his scheme: his citizens are implicitly male workers; his dimensions tap into states’ impact on class relations and the relationship between states and markets without considering gender differences within classes or the relations between states and families; he ignores women’s work on behalf of societal welfare (that is, unpaid caring/domestic labor); and his framework fails to consider states’ effects on gender relations, inequalities, and power (see, for example, Langan and Ostner 1991; O’Connor 1993a; Orloff 1993a; Sainsbury 1994a, 1994b; Bussemaker and van Kersbergen 1994; Borchorst 1994a). Still, Esping- Andersen is not entirely uninterested in questions relevant for gender” (1996:29).

However, despite various critics’ attempts to this classifications of the welfare states and despite the fact that this particular typology opens up some methodological problems, they offer an image to explain different welfare types. And although, the typology represents not an optimal model for understanding the two types of private occupational pension institution in this study, it still offers the possibility to illustrate the dichotomous and distinct values of each of the two analyzed pension institutions.

Such typologies may disclose that welfare states had put in place regulations which represent clearly defined constructs aimed at legally binding people and institutions. Very often, the welfare states defined different bodies to adapt legal regulations. This is the case with the occupational pension system in Switzerland.

In recent years, welfare states are coming under pressure as people enjoy longer life spans and more people are remaining for longer years in the old age pension systems. Thus, welfare states are in need to adapt their initial defined welfare

systems. In this regard, “most [European] countries are changing the strategy of labor exit by early retirement and the period to be spent in employment in order to receive old age pensions has been lengthened in recent years. Germany introduced a gradual increase of retirement age for women from 60 to 65 and for men from 63 to 65” (Sainsbury, 1999:25). In Switzerland, the Federal Councilor Berset proposes in the forthcoming reform of the old age pension system 2020, to harmonize the retirement age for women and men, proposing the labor market exit for 65 year olds. Furthermore, he proposes that early retirement benefits from the second pillar should no longer be paid out at 58 but earliest at 62 years, which is at the same time as the public pension. This project of the reform of old age retirement system 2020 went into consultation at the end of 2014.

However, although “such policies are in line with notions of equality, [...] the lengthening of employment requirements may have unequal effects between men and women as a consequence of differences in their labor market participation” (Sainsbury, 1999:25). We need not to neglect the effects of part-time participation of women which is often a result of their other duties and unpaid care responsibilities. We have to be aware if pension equality is a goal of welfare state reform, much depends on the conditions of affiliation and possibilities to adhere to pension funds. Thus much depends on to which extent “labor-market status is the basis of entitlement” (Sainsbury, 1999:25).

The Federal law on occupational pension schemes (LPP) may be considered a gender regime. The LPP was established in 1985 around the idea of the main breadwinner who earns a full salary during his entire working life, contributing a defined contribution whose minimum is defined by the LPP. Thus, at the origin of the LPP stands a gender regime with the breadwinner model. It appears that this system is disadvantaging all those not working full-time, or who have interrupted careers or small salaries.

2.2.1 The Swiss welfare state

Nation states in general and Switzerland in particular demonstrate institutional inequalities as policies and regulations reflect the values of the dominant collective. The Swiss welfare state has mainly been implemented by male politicians, from right wing parties (SVP, FDP, CVP) because these parties have always

represented a large majority of the Swiss electorate. Hence it is no coincidence that gender inequality is reproduced by the Swiss pension system.

In Switzerland, the concept of the welfare state emerged in the 1920s. Under growing pressure from the Swiss population, a system of welfare benefits for senior citizens, disabled persons, widows and orphans was established. Hence, the Swiss welfare state has existed since the creation of the AVS insurance, in 1925. Yet, it took many years and another world war before the law came into force in 1948. Compared to other welfare states in Europe, Switzerland developed its welfare state fairly slowly.

The Swiss welfare state was created on a welfare concept based on paternal Christian democratic values in the 1920s. This is the case as the initial welfare state in Switzerland opted to protect breadwinner income (Bertozzi and Bonoli, 2005:20). Initially, the emphasis of the Swiss welfare state lay in the paternal structure of the AVS. Based on paternal values, the breadwinner would provide for the whole family throughout his entire life and the pension would suffice for the whole family after retirement, as associated with the Christian democratic welfare state. Thus, according to the Federal Constitution, the Swiss welfare state was (on paper) closely situated with the Christian democratic type. However, due to a large number of veto points in the Swiss political system, the agenda remained largely unachieved and Switzerland came to belong to the liberal welfare state cluster until the 1990s. Switzerland was the only non-Anglo-Saxon country to be classified in the liberal welfare type by Esping-Andersen (1990). The formal net of social security in Switzerland may hide inequality as it provides for existential needs independently of social status. And clearly the role of women – still dominant in Switzerland – is that they secure reproduction and undertake familial care work, thus making the male breadwinner-model possible. The consequence of this particular evolution of the Swiss welfare state is that Switzerland has been a liberal-conservative hybrid since the 1990s. And today, market forces largely determine how the system works. I agree with Bonoli, that Switzerland incorporates a mix of characteristics which belong to different welfare types (Bertozzi and Bonoli, 2005:20).

The following table proposes an overview of the evolution of the Swiss welfare state:

1890	First private pension institutions established
1925	Art. 34quarter of the Federal Constitution
1948	Disability insurance (AI)
1948	Old age insurance (AVS)
1952	Military service income compensation (EOG)
1960	Accident Insurance (UVG)
1966	Complementary benefits to first pillar (EL/PC)
1984	Unemployment insurance (ALV)
1985	Mandatory occupational pension system (LPP/BVG)
1996	Health insurance in Switzerland (KVG)
2005	Maternity insurance
2009	Family allowances (FamZG)

We can draw from the above table that although the old age insurance (AVS) was established quite early in the last century, accident insurance was only introduced in 1960, and only in the 1980ies were unemployment insurance and second pillar pensions established. With the introduction of the second pillar, and third pillar as well, Switzerland was a pioneer. However, mandatory health insurance again took longer to be adopted, although it is true that most people already had private health insurance. Not astonishingly though, Switzerland had to wait until 2005 for maternity insurance and the Law on family allowances was only recently introduced, in 2009. So, Switzerland has always been a very conservative country regarding gender roles and family policy. The limited family policy in Switzerland has a very traditional, male-breadwinner-oriented welfare state focus which reinforces inequality amongst women as well as between men and women.

The cornerstone of the Swiss social insurance system is represented by the old age and survivor's insurance. The AVS was established in the Federal Constitution

in 1920. It took 28 years for the mandatory insurance to come into force on 1 January 1948. Indeed, the first old age pensions were paid out after the 2nd world war in order to eradicate poverty among the old-aged. The goal was to guarantee that old age pensions enable retirees to live in financial security. Pensions to disabled people and survivors pensions were established 12 years later. Their aim was to ensure that families who have lost their breadwinner can still have a guaranteed income.

Pensions in general, and in particular private occupational pensions, are an important source of income for the old-age retirees in Switzerland. They guarantee a decent standard of living as generally the public pension does not adequately provide enough to live on and without private occupational pensions in Switzerland complementary benefits would have to be paid out to a far greater extent. However, this would strain the public budget even further and the amount of social insurance provision as a proportion of GDP (25.8% in 2010, FSIO) would rise quickly.

In Switzerland, according to the constitution (article 113), the occupational pension – together with the public pension – should allow to maintain the custom of live before retirement. Thus both pensions together should provide approximately 60% of the last income before retirement, for the small earners even 80%. Thus, the occupational pension represents a large portion of a retiree's income as we will see in the empirical section of this thesis. Without a private occupational pension, retirees are greatly disadvantaged. As this disadvantage is related to institutional matters, the focus of this thesis lies in explaining the institutional impact of the second pillar pension system on private pensions and how institutions produce inequality. According to Bonoli, "studies dealing [...] with old age pensions have typically concentrated on the institutional design of the various systems and on their evolution in a historical perspective" (2000:10). This study, however, goes beyond that to explain inequality in the institutional context through the institutional pension design triggered by the legal regulation of the second pillar system.

The following presentation of various theoretical works aims to explain the context and phenomena analyzed in the empirical part of this thesis. It provides invaluable knowledge and shows the relevance of the subject in the context of welfare and pension provision and in particular to (gender) inequalities in regards to private

occupational pension income.

Meyer and Bridgen "emphasize the extent to which occupational pension provision is distributed on the basis of class and gender" (2008:353). The authors highlight that "the patterns of access and their distributional consequences must be considered more systematically" (2008:353). This thesis analyzes the pattern of access and demonstrates that in particular women and those with low incomes are disadvantaged in or even excluded from second pillar pension schemes. While Meyer and Bridgen argue that "class and gender are important predictors of who receives occupational pensions, access for the disadvantaged arises mainly as an accident of an employment decision made for reasons unrelated to savings or pensions criteria" (2008:353). This thesis shows that, independent of a person's gender and class, the pension plan of a pension institution may provide better or worse conditions for different people. I agree that disadvantages arise due to decisions about employment and are most often not consciously related to pension criteria. However, I argue that inequality is related to the legal regulation of the second pillar pension system, the LPP, in Switzerland, and could therefore – to a large extent - be resolved by the government.

Other academics confirm that "the direction in which the forces of social and fiscal policy were moving raised fundamental issues of justice and equality". Furthermore it has become evident that there are increasingly "greater inequalities in living standards after work than in work" (Titmuss 1958: 74).

"Pension scholars, essentially on the basis of the observation of Western European pension systems, have developed a two-type classification of pensions, distinguishing between social insurance and multipillar systems" (Bonoli and Shinkawa, 2005:5). According to Bonoli, "social insurance pension systems are based, predominantly, on one or more pension schemes of Bismarckian inspiration, that is, those that grant earnings-related benefits to former workers on a contributory basis". Furthermore, those systems "generally include a means-tested minimum pension, provided to those who reach the age of retirement without having paid contributions" or simply not enough" (Bonoli and Shinkawa, 2005:5). Multipillar pension systems, to which the Swiss system belongs, provide only basic state pensions. This system offers a lot of room for maneuver for private pension

provision. In Switzerland the state pension was complemented by a mandatory second pillar and voluntary third pillar in the 1980s. Furthermore, the Swiss public pension system is controlled by the government and “any reduction in the level and extent of provision” would be charged to the governing body (Bonoli and Shinkawa, 2005:7). Retrenchment is therefore not a readily available option for politicians as we will see in the following sub-chapter about the evolution of the first and second pillar pensions in Switzerland. Nonetheless, it is becoming clear that the significant baby-boomer generation, entering retirement over the next few years, will cause a financial breach in the first pillar pension system. Possible ways out are currently being elaborated by the Federal Council in collaboration with the Federal Social Insurance Office (FSIO) in view of an all-embracing solution, jointly adapting the first and second pillars, providing solutions to maintain at least a minimum pension level (www.bsv.admin.ch). A great challenge will be that “the institutional structure of social insurance pension systems is the most resistant to change.

Firstly, employees, especially those approaching retirement age, have little else to rely on to finance their retirement. Funded schemes are underdeveloped [as we will see especially with regard to people on low incomes or part-time workers] and in order to accumulate sufficient funds to compensate for possible cuts in the generosity of basic pensions, workers would need to start contributing” higher credits early on. Cutting pensions for those close to retirement would provoke opposition and would mean that younger generations would have to save more credits in order to receive the same level of pension. This confronts them with the issue of “double payment” and makes them feel exploited. This is particularly the case in Switzerland, as the pension system is one of those that were “instituted in their present form in the post-World War II years, and are widely regarded as a social contract between the state and the citizen” (Bonoli and Shinkawa, 2005:10-11). This is clearly the case in Switzerland.

However, in the 1960s it became clear that the first pillar would not suffice to cover the needs in retirement. This was the trigger for the political movement in the 1970s, which was demanding financial security for people in old age. Based on this movement, Switzerland established the three pillar pension system. The three pillar system was embodied in article 34quarter of the Swiss Constitution in 1972.

The three pillars together aim to guarantee a decent standard of living for old-age retirees. Thus, the social insurance system in Switzerland is based on the threefold public, occupational and private insurance scheme. The first pillar is entirely public and compulsory, financed through equal contribution rates from employer and employee. The second pillar or occupational pension scheme was introduced in 1985 in order to complement the first pillar public old age pension AVS which was declared to be insufficient to provide adequate income for the old-aged. The second pillar was established in the law in 1982 and became mandatory from 1985 onwards for all employees earning above a defined threshold (20,880 Swiss francs in 2012). The privately organized second pillar is jointly financed by employer and employee, though not always in equal proportions. The third pillar is entirely private and optional; any active person may save for one, and the savings – up to a certain amount – are tax deductible. Thus, the third pillar is a private savings fund whose savings are paid into a particular bank or insurance account and can be released when the person retires. In order to promote these private savings, the law stipulates them to be tax deductible. If, despite this three pillar system, the income of an old-age pensioner is not sufficient, they have the right to claim complementary provisions (PC) from their canton and commune. This three pillar system constitutes an important part of the Swiss welfare state and is an integral part of the Federal constitutional law.

Indeed, anchored in article 113 of the Swiss Federal Constitution, the public old age pension together with the occupational old age pension should provide an adequate amount to maintain the pre-retirement standard of living. The goal is to provide for approximately 60% of the pre-retirement income through the two pillars. Generally, a pension institution may restrict capital payments or it may offer a more generous solution than stipulated in the LPP. The third pillar should complement the first and second and provide the necessary income to maintain the standard of living from before retirement.

Although the Swiss pension system is often regarded as a model, as it is based on a solid financial redistributive system and provides all retirees “with a minimum income level above the poverty line” (Bonoli and Shinkawa, 2005:137), it nonetheless creates inequality. It is true that the key strength of the multipillar

system in Switzerland is the combination of the first and second pillars. The problem is that demographic evolution is affecting both pillars, although in different ways. The great advantage for the welfare state is that it only provides the basic pension. Indeed, the larger portion of retirement income is usually provided by the second pillar. In order to achieve the target replacement rate set at 60 per cent of gross earnings, it is clear that the credits accumulated in the private occupational pension system must be increased. The precise challenge is how to achieve or maintain this goal for those failing to reach the conditions of affiliation. According to Bonoli “many part-time workers, often women, [...] are excluded from the second pillar system”. This is particularly problematic as “today Switzerland has one of the highest rates of part-time employment among Western nations, concerning about a third of the workforce” (Bonoli and Shinkawa, 2005:138). In this thesis we will look at this topic and reveal that this is a major problem creating inequality amongst those participating in the workforce.

2.2.2 Public pension: the AVS

This first pillar is primarily financed through social security contributions. It can be described as a universalistic program. According to Palme, “universalistic earnings-related pension systems tend to produce less inequality in the distribution of final income among the elderly than do flat-rate systems (Palme, 2003:154)”. The first pillar is compulsory for all, including the employed, self-employed and even people without employment. Thus, once retired, every person who has paid in to the public pension scheme will receive a public old age pension. Since the introduction of the AVS in 1948, the Law on old age, survivors and disability insurance (the LAVS) has undergone several revisions. Indeed the insurance scheme was expanded until the 10th AVS revision – from the 60s and 70s until the 90s – when other neighbor welfare states began being challenged financially. In the four revisions of the 1950s (1950, 1953, 1995, 1956) the public pensions were increased (2nd and 4th revision), the conditions for those born before 1883 improved (1st, 2nd and 3rd revisions), contributions after age 65 were abrogated (2nd), the proportion of the contributing salary was increased (4th) and the retirement age for women was reduced to 63 (4th). Between 1958 and 1970 eight initiatives were presented which resulted in four revisions (1961, 1963, 1968 and 1972). The

contribution rates were raised for the first time with the 7th and 8th revisions. But because the public old age pension from the AVS was often not enough to live on, in 1966 the legislator introduced complementary benefits (the PC) to the AVS. The 9th revision brought the indexation of pensions. In 1994, the 10th revision introduced the splitting of pensions in the case of divorce (pension right independent of civil status) and raised the retirement age for women to 64 (this came into force in 2005). The first draft of the 11th revision aimed to increase the retirement age for women to 65 and planned to reduce pensions for widows. However, these changes were rejected by the Swiss population in a referendum. Thus the 11th revision remained minor, improving the technical execution of the AVS.

The Federal Social Insurance Office is the supervision body for the AVS, together with the AVS commission and the government. They are responsible for taking measures in order to guarantee the financing of old age, disability or survivors pensions in the long term. The administration of pensions, however, is delegated to regions, cantons or communes, which collect the actual contributions from employers and pay out the pensions. Employers are responsible for diverting the mandatory contributions of employer and employee towards the public pension fund. The assets are invested and the administrative board of the compensation fund is in charge of placing the AVS assets in order to create benefits.

The AVS is an important achievement in the field of social insurances in Switzerland with the established generational convention, where the young pay the pensions of the elderly. One of the greatest challenges is that – according to FSIO scenarios – the financing of pensions no longer seems guaranteed beyond 2020. The AVS, which is organized as a pay-as-you-go system, is encountering increasing difficulty in financing the pensions because of the demographic evolution as today's employees pay the pensions of the existing old-age retirees. The problem is due to the increasing disproportion between the number of retirees and the active population. The most determinant factors for this phenomenon are the falling birth-rate and steadily rising life expectancy. According to the Federal Statistical Office, 26.6 retirees depend on 100 employees; based on a possible scenario, in 2060, 53.1 retirees will be dependent on 100 of the active population, which means that two employees will have to finance one retiree. The economic

and financial crises of recent years have aggravated the difficulty in financing the AVS. Thus, a further revision of the AVS is in preparation in order to strengthen the public old age, disability and survivors insurance for the future. Initial ideas for the revision should be presented by the end of 2012 and a draft is planned for presentation at the end of 2013 by the Federal Councilor (FSIO, 2012).

Private (occupational) pensions and public (state) pensions are both generally earnings-related. The role of state pensions is different from that of private (occupational) pensions and their operation is usually also quite different. Public (state) pensions are most often organized as a PAYG system where the working population finances the old age pensions of the retired. Thus, intergenerational solidarity in this first pillar is desirable. According to Clémence “solidarity may be considered as social justice” (Clémence, 2001:45). For him, the institutionalization of solidarity as regards retirement is the right to retire with a minimum pension income. In this regard Clémence argues that the establishment in Switzerland of the first pillar state pension after World War II may be considered as one of the most successfully achieved forms of the institutionalization of solidarity (Clémence, 2001:52).

According to Clark et al., “social solidarity remains an important social and political commitment underpinning European welfare states”. European welfare states continue to build up on solidarity as far as pension systems are concerned. In fact, the [European] nation-states and related representative institutions [...] have played vital roles in setting (and limiting) options for pension reform” (2003:232).

“Many liberal economists view the reduction of PAYG financing as the most important issue in pension policy reform”. They hold the view that “generous PAYG programs, with attractive provisions for early retirement, constitute an incentive for early exit and an implicit tax on work”. Thus, the consequence is that “the proportion of the population that is economically active” decreases and economic growth is reduced. The implicit problem amplifies as “pension programs are generally the largest percentage of government budgets for social expenditure” (Immergut et al., 2009:21). In Switzerland social charges already represent over a quarter of the GDP. This will rise steadily if no measures are taken (www.efv.admin.ch).

The Dutch response to this increasing pressure on pension payments was a

pension reform which reduced the public burden with a few measures: “increasing labor force participation; lowering interest rate payments by public debt reduction and setting up a public pension savings fund” (Van Riel et al., 2003:81).

“The principle of combining the two systems has been adopted in [most] countries” in Europe (Palier, 2003:112). Although in France there is “still no consensus over the form funded pensions schemes should take” (Palier, 2003:104). Despite the fact that occupational pension savings exist in certain branches, “no comprehensive system of fully funded pensions has yet been introduced” (Palier, 2003:109).

We can say that whereas nation-state social security provides retirees with a basic income, employer-sponsored pension funds and individual savings accumulated in pension schemes, are designed to provide the majority of retiree income.

2.2.3 Occupational pension: the LPP

In Switzerland, the occupational old age pension funds are anchored in a history as long as that of the public old age provision. However, the second pillar, which is based on a funding-principle, was legally established only in 1985 when it became mandatory for all employees earning a salary higher than a legally determined threshold. “The mandatory, complementary (second-pillar), occupational pension scheme in Switzerland began in 1985, after a 13 year period of preparation” (Segalman and Marsland, 2006:22). Since then, the second pillar is based on the Federal occupational pension law, the LPP. It is financed conjunctly by the employer and the employee. The savings are paid into an occupational pension fund. The main objective of the second pillar is to complement the basic first pillar, the public old age pension scheme (AVS). The idea is that these two insurances should ensure that old-age retirees can maintain their previous standard of living, which is provided by an income of 60% of the last salary before retirement.

The Swiss welfare state set up a mandatory occupational welfare system financed entirely privately by employee and employer and under the responsibility of the latter. With the introduction of the occupational pension pillar in 1985 (LPP), the government decided that employers could set up their own pension funds. And

even though the law stipulates a legal framework with minimum conditions, it leaves a high degree of flexibility to the pension institutions to provide better benefits to their employees. The result is that over 50% of all pension institutions belong to a single-company pension fund. Thus, I argue that a sub-system has been created. This sub-system is situated on the meso-level between the macroeconomic level - the state - and the micro-level - the insured and the retired. Within a legal and institutionalized framework, each employer has to establish a privately financed pension fund. This legal framework, called the Federal law on occupational pension schemes (LPP), leaves a great deal of freedom for maneuver in interpretation.

The role of the first pillar became secondary with the mandatory introduction of the occupational pension law (LPP). This shift towards “privatization” of old age benefits made AVS income for old-age retirees less important for a large amount of the active population who are covered by an occupational pension plan (>80%) as benefits from the second pillar became more important. Before the establishment of the second pillar pension system in Switzerland, that is in the middle of the 60s, there were 13,000 pension institutions with over 1.6 billion employees, insured on a non-mandatory basis. At that time only two thirds of active men and only a quarter of active women were effectively insured. This means that approximately 50% of all employees were insured in an occupational pension system (FSO, 1999:13). These systems were established entirely free of obligations and without state intervention.

Thus, since its introduction in 1985 the occupational pension has become increasingly important in relation to its functioning and its savings. In 2006 (2004) there were 1,239 (1,465) single company pension institutions and 1,430 (1,470) collective pension funds administering pension schemes for more than one company. There were 3.2 billion (3.2 billion) insured (employees) including 1.3 billion women contributing to these occupational pension funds. In total 507,256 (473,570) old age pensions with a total value of 15.4 billion Swiss francs (13.9 billion) were paid out. The assets of the LPP system, totaling 698 billion Swiss francs, generate 3,900 m Swiss francs of yearly management costs (FSIO, 2011). Saving towards the old age pension scheme begins at 25 years and ends when

the person retires. Every employee, in conjunction with the employer, accumulates the old age provision in a formalized savings account. The savings are enriched with an annual interest rate of at least 1.5% (2012). When the age of retirement is reached, the accumulated capital is converted to an annuity based on a conversion rate defined by the Federal Council. The insured may request that up to a quarter (article 37 alinea 2 of the LPP) of their savings be paid out in the form of capital. However, the pension institutions may stipulate this percentage differently in their pension regulations. The savings of an insured may be split in case of a divorce. This measure has been introduced in order to protect the wife staying home and rearing children. The aim is that the husband has to share the conjunctly accumulated savings while the couple lived together. However, the LPP has not respected the original aim of the mandatory occupational pension system which foresees that a person retires with a pension. Indeed, the capital paid out to the spouse may not be paid into a pension scheme and there is no right to claim a pension once retired. The capital originating from the husband's pension scheme may so be consumed by the spouse before retirement, leaving her with no savings from the second pillar once retired. Indeed, we will see in the empirical part of the thesis that there is a diversity of reasons leading to the gender pension gap.

The LPP defines the minimum benefits in the event of old age, death, and disability. However, pension funds are free to provide benefits which go beyond the statutory minimum. In principle, in both cases the law allows pension funds to freely adopt the form of organization they desire, as well as the design of their benefits, and the means of financing them, as long as they respect the legal minimum prescriptions. The LPP is mandatory for employees already subject to AVS contributions: those earning an annual income of at least 20,880 Swiss francs (2012) and being at least 17 years old. This threshold is in accordance with the first pillar (the AVS), which provides this amount as a minimum state pension. Thus, the active insured include all employees contributing from their 17th birthday to the risk insurance of an occupational pension plan. From the 24th birthday, the insured accumulate contributions towards their occupational pension plan in view of saving capital for their retirement.

There have been several partial and two main revisions of the second pillar. The first main revision (2005) aimed, in particular, to reduce the entrance threshold in order to include those with lower salaries. The structural reform of the second pillar in 2011 aimed to integrate a larger number of older employees and established the OAK, the new Swiss supervising board (www.oak-bv.admin.ch). Apart from these, there have been several partial revisions of the second pillar since its instauration. The freedom to transfer the capital from one employer to another and the possibility of withdrawing the capital for the acquisition of housing (FZG and WEF: 1995) were the first ones. Splitting of the capital in case of divorce (2000), increased protection against insolvency (1997), introduction of unemployment insurance (1997), instauration of the second pillar service for lost accounts (1999) were other small revisions.

The second pillar, like the first one, is increasingly challenged because of the difficulty of paying pensions for an ever-increasing period of time. Steadily increasing life expectancy means that the annuities for each insured person must be paid out for more years than initially calculated. This is the reason why the Federal Council proposed the reduced the conversion rate of 6.4% to the Swiss population in March 2012. The referendum showed clearly that no reduction of the conversion rate would be accepted. In 2012, the Federal Council report on the future of the second pillar presented 14 measures altogether, the main one being the reduction of the conversion rate.

Although no revision is planned, the increasing pressure from political parties, and from other organizations and institutions, to reduce the conversion rate, is pushing the Federal Council to present ideas for solving the financial challenge that the pension institutions are facing. Thus, most likely, the Federal Council will propose a first draft of measures in 2013 to solve the demographic challenge, eliminate the ongoing redistribution of the assets of the active population to retirees and avoid financial difficulties in the second pillar pension system.

“The introduction of the second pillar [...] may be considered a turning point in the institutionalization of solidarity. [The second pillar] represents a “purely personal basis as the pensions depend on individually accumulated capital. Furthermore, [the second pillar] accentuates the social divisions and creates a regime for

employees and another regime for the self-employed. And in the end, [the system] excludes the part of the population which is most exposed to insecurity, the population whose income does not allow to constitute a capital individually” (Clémence, 2001:54).

Thus, (private) occupational pensions are most often based on a funded system. The idea is that each person – together with contributions from his employer - accumulates capital in order to consume it once retired, commonly as a pension. In Switzerland pension schemes are generally administered by autonomous pension funds belonging to the employer, or to a lesser extent by insurance schemes. Generally there is no solidarity between the insured and retirees within these privately managed schemes. The capital belonging to all the insured and retirees is administered commonly. However each member regularly receives an overview of savings reported on an individual basis by the pension scheme administering the trusted funds.

Interestingly, due to recent economic and political pressure and social policy measures, the second pillar is becoming more and more important in that intergenerational transfers within the second pillar are also taking place and are even encouraged (Clark and Whiteside, 2003). This trend has been aggravated by the deteriorating financial markets and subsequent to the dotcom crisis the far lower returns on investments than were previously earned. Indeed, it became truly problematic when returns on investments were crumbling. There was a second effect on pension plans of the decreasing returns on investments, namely the shift from defined benefit plans (DB) to defined contribution (DC) plans. Thus, “as the speculative bubble of the 1990s collapsed and as the value of stock market portfolios significantly declined many corporate DB plan sponsors reported large-scale shifts in the value of plan assets from surplus to deficit”. Clark et al. argue that “both the regulatory and compliance costs associated with DB schemes have increased significantly [and] increasing life expectancy has raised the long-term costs associated with DB plans” (Clark and Whiteside, 2003:234). It is evident that DC plans have the great advantage that the accumulated capital provides a clear basis on which the annuity is paid out. Taking the example of Switzerland, the legal minimum conversion rate (article 14, LPP) to convert the capital into a lifelong

pension is defined by the government. However, the private occupational pension fund may fix a lower conversion rate for capital savings above the “LPP Obligatorium”. According to Bertozzi and Bonoli, the shift from DB to DC plans was thus an obvious consequence as pension levels had to be reduced in order for pension funds to still be able to provide lifelong pensions (Bertozzi and Bonoli, 2007). The shift from DB to DC schemes shows clearly that employer-sponsored pensions are in the hands of employers and their function as “public retirement income institutions” is only secondary. “Private employment institutions’ [...] value for their individual employees [...] are a function of the integrity and performance of national and global financial markets. Neither should be taken for granted, as recent events have shown” (Clark and Whiteside, 2003:236). Clark et al. have “illustrated the uncertainties associated with market dependent pension incomes” and argues that the returns on investment for those schemes are threatening the future pension payments of second pillar schemes (Clark and Whiteside, 2003:242). In this perspective, European retirees are part of the global economy and depend a great deal upon the robustness of financial regulation. Pension security is a major issue and in this context, we should not forget the Enron scandal. In 2001 “Enron corporation employees lost their retirement savings because the company’s 4401(K) plan encouraged participants to hold company stock as a large proportion of their investment portfolios”. Subsequently, employees lost billions in pensions and as shareholders in stock prices. New regulations followed due to this disaster and legislation was reinforced in order to secure the accuracy of financial reporting for public companies. In this context the IFRS (International Financial Reporting Standards) are an instrument used to control the financial soundness of companies and to secure their ability to meet financial obligations (Clark and Whiteside, 2003:243).

Apparently and more and more frequently, the second pillar pension system involves redistribution, at least partially. All the more astonishingly, in Sweden “occupational plans give credits during periods of parental leave, showing that this may also be an element of private pensions” (Palme, 2003:161). Indeed, Sweden has been leading the private-public debate over recent years. Palme highlighted that the “design of pension reform has consequences for the coordination with private sector benefits” (Palme, 2003: 161). This statement reveals that a general

pension reform, including first and second pillars, must be in the focus of political considerations.

The second pillar in Holland is a “fully funded occupational pension scheme, managed by employers and unions”. More than 90% of all employees participate and over 50% of old age retirees are already receiving a pension from the second pillar. “The usual retirement age in occupational pension schemes is 65”. “Both employers and employees pay into the pension scheme”. Interestingly, the conditions of affiliation are negotiated by the unions and the employers’ associations” (Van Riel et al., 2003:67).

The second pillar or occupational pension system in Switzerland is a private pension system which guarantees a minimum compulsory benefit on the basis of notional contributions. “Pension funds are free to finance the specified amount as they wish” (Bonoli, 2009:221). It is problematic as the pension institutions are under more and more pressure to finance pensions for generations who are living longer than the capital was intended for. Indeed, the government decided to set a minimum legal replacement rate for the second and first pillar together (approximately 60% of the last salary before retirement) and there is also the legal minimum conversion rate for the mandatory part of the occupational pension savings. This means concretely that the savings or capital accumulated for retirement need to last for more years, while guaranteeing a minimum pension, based on the “Obligatorium” of the second pillar (LPP). In the empirical section of this thesis, I will provide examples demonstrating that a pension institution loses out on capital to the detriment of the active population, as pensions need to be financed for approximately 7 more years than initially calculated, because the government - based on article 14 of the LPP - guarantee a legal minimum pension. This is a problem for pension institutions, employers and employees, as they are obliged to pay out benefits to old age retirees that have not been previously accumulated.

In Switzerland, the private occupational pension system only became mandatory in 1985. However, employers could provide occupational pensions on a voluntary basis. The occupational pension was created very individually; thus, different groups of employees were covered under very different schemes. This is still the

case today, although the LPP regulates the compulsory part of the pension.

Under current occupational pension law, the LPP, “the unqualified mother and part-time worker [has the] dilemma [...] that her low life-time wages mean that even with access to [a second pillar pension fund] she cannot build up sufficient second pillar provision to lift her above social assistance”. (Bertozzi and Bonoli; 2007:118). This thesis confirms this picture and shows gender inequality in regards to private pensions, in particular for women with no or low qualifications and part-time hours.

Another important factor of pension income is retirement age. According to Bertozzi and Bonoli, retirement age “has an important impact on the amount of first pillar benefits”. According to the first pillar regulations, and also the second pillar regulations, the pension amount is greatly reduced if early retirement is taken. “Early retirement at age 63 instead of 65 leads to a lifelong reduction of the first pillar benefit by 13.6 percent” (2007:118). In second pillar pension funds, there are strong discrepancies between the reductions, as I will demonstrate in the empirical chapter.

Another strong indicator and factor of influence is marriage, as has been shown by Bertozzi and Bonoli (2007:119). Living alone is a factor that influences the level of household income. This phenomenon, particularly striking women, will also be analyzed in the empirical part of this thesis.

As we have seen in the former sections about the gendered labor market, job market segregation and the consequently lower incomes for women in general, have a direct impact on pension payments. Although things are changing slightly, inequality between men and women remains distinct. Even though in Switzerland there is progress - with a proportion of 37% of active females insured in 1998 increasing to 41% in 2009 – inequality remains. The proportion of women with an occupational pension may have risen from 30% in 1998 to 47% in 2008, according to the occupational pension statistics (FSO, 1998 and 2008), but equality is still far from being achieved. In some organizations women tend to work and earn as much as their male counterparts, hoping that their pensions will be equal to men’s. This evolution may or may not indicate that we are moving towards more equality between women and men and that “the feminist revolution that began [40] years ago has continued to do its work” (Grant 1997:2, cited in Halford et al., 2001:1).

Bridgen and Meyer argue that “a large role for non-state provision in pension systems may be compatible with [...] social justice”. However, “the role of the public authority is absolutely crucial. Much depends on the nature of the public/private mix within which non-state provision operates”. (2008: introduction). According to Bridgen and Meyer, “many social policy analysts view an increasing role for non-state provision as wholly inconsistent with the traditional values of the welfare state (Hyde & Dixon, 2009 for a survey of this literature, cited in Bridgen, Meyer 2008: introduction). Bridgen and Meyer highlight that “a central feature [...] is the relationship between non-state pensions and the state as provider and regulator”, which will be confirmed in the empirical part of this thesis. Indeed, the relationship between the non-state pension institutions, regulated by the state, may consist of “regulation [with a] light-touch or involve substantial elements of compulsion” (Bridgen, Meyer, 2008:3). In Switzerland, by means of the occupational pension law (LPP), the state influences the outcome of pensions, however, only to a certain extent. This regulation of a minimum level may lead to inequality or “social injustice” in regards to old age pensions from the privately-governed but state regulated second pillar system in Switzerland.

In Bridgen and Meyer’s study, Switzerland’s pension system belongs to the first type, the public/private pension provision-type. The authors argue that “a large role for non-state provision - on the basis of a strongly collective foundation” - is an important element of this type of pension scheme” (2008:4).

“In Switzerland in the 1990s, all male and 80 per cent of all female workers were given access to an occupational pension scheme. This quasi-compulsion is accomplished because all employers must by statute ensure that employees earning at least 1.5 times the amount of the lowest public pension are given access to a minimum occupational pension” (Bertozzi and Bonoli, 2007:5). However, in Switzerland the coverage for men has since decreased. This is probably due to the fact that men – since the mid 1990’s have considerably increased their rate of part-time employment, changing their employment patterns. Whereas 7.8% of men worked part-time in 1991, in 2011 13.6% of men did so. Six out of ten active women worked part-time in 2011 whereas in 1991 it was only five out of ten (FSO, 2013). This high proportion of part-time work has implications for men and women in

regards to access to second pillar pensions, as we will see in the empirical chapter of this thesis.

Bridgen and Meyer have assessed retiree income inequality according to the Rawlsian concept of social justice. “According to this view, some inequality might be necessary to increase productivity”. However, “this means that the distribution of retirement income can be just if it is unequal, but social policies should ensure that the least advantaged achieve a significantly higher pension in relation to their lifetime average wage than the higher paid, and that working life income inequalities between men and women should be flattened in retirement” (Bridgen, Meyer, 2008:7). What is important is, as I will show in the empirical part of this thesis, that inequality in regards to access and basic income should be obliterated. Based on a PAYG system, the first pillar in Switzerland is constructed in this optic. It becomes evident that the second pillar excludes, or unfairly conditions, the most deprived and in particular women due to their income and/or pattern of labor participation during their working life. Furthermore, there is no flattening of the working life income inequalities between men and women in the second pillar, which represents a real challenge for providing equality within the system, as we will see in the empirical chapter of this thesis.

“Part of the problem with second pillar pensions [in Switzerland] is the tight link between the insured person and the employer”. Specifically, as we have seen above, employees with the lowest incomes and part-time workers are generally excluded from the system. According to Bertozzi and Bonoli, a more open system, allowing active people to save up within an independent system, for example in the so called “Auffangeinrichtung BVG”, could ease inequality within the second pillar by “allowing greater continuing access to second pillar pension coverage” (Bertozzi and Bonoli, 2007:129). “The Substitute Occupational Benefit Institution, [the Auffangeinrichtung BVG], is a national occupational benefits organization. It acts on behalf of the Federal Government as a second pillar safety net. It is the only benefits scheme in Switzerland that accepts any employer and any individual who want to join, without exception, providing the statutory requirements are met” (Substitute Occupational Benefit Institution, 2014).

Inequality derives from the fact that “the performance of pension funds varies enormously” (Bertozzi and Bonoli, 2007:129). Interestingly, employers in particular were strongly opposed, according to an informal consultation exercise in the late 1990s. It appears that “company pension funds are an important tool for human resources management, especially at times of restructuring” (Bertozzi and Bonoli, 2007:130). This makes clear that inequality may result from differing pension benefits over time and some generations may be offered better “retirement” conditions. The second pillar may be used to reduce the workforce (Bertozzi and Bonoli, 2007:130). It becomes evident that those insured with a second pillar pension system may encounter very unequal conditions in regards to affiliation and retirement conditions. Depending on the company pension fund, which decided on a more or less generous scheme of benefits for employees, a person at the end of his working life receives higher or lower second pillar pension benefits. The empirical part of this thesis offers some insight into this phenomenon, revealing the unequal evolution over time, unequal conditions depending on the affiliation of the person while employed.

According to Bertozzi and Bonoli, “all those who cannot be efficiently insured with their employers may obtain second pillar pension coverage from a central public default fund” (2007:130). One option would be for the Substitute Occupational Benefit Institution to take up this role. In order to provide second pillar pension coverage to the entire active population, this Federal Institution could offer compulsory pension affiliation to all working persons, who are not affiliated to a company pension fund by default. “A stronger effort at making known this already existing option” may help to integrate a larger part of the work force (Bertozzi and Bonoli, 2007:131).

This argument may partly be relativized by an Ecoplan study (2010), mandated by the Federal Social Insurance Office. The study was carried out to assess the first revision of the LPP lowering the entry threshold of occupational pension schemes. The study revealed that “the lower entry threshold means that 140,000 workers and the unemployed who fall into the low-income bracket now enjoy better insurance cover against the risks of death and invalidity. The second pillar revision in 2005 therefore reached its original target groups, with women who work part-

time (i.e. an occupation rate of less than 50%) appearing to be the primary winners” (Ecoplan, 2010: Foreword).

However, Bertozzi and Bonoli highlight that even if women, part-time workers and people with low incomes are included in a second pillar pension “it may not be sufficient [...] to obtain adequate pension coverage. The strict correspondence between payments and benefits in these systems means that long spells of non-employment or underemployment will result in low pensions” (Bertozzi and Bonoli, 2007:132). It becomes evident that – specifically in cases of women rearing children – people with “a weak labor market connection for instance – may not profit that much from formal inclusion into a second pillar arrangement”. As introduced in the German Rieder plan, “subsidies paid for periods of inactivity due to child rearing” may help to build up sufficient old age pension benefits (Bertozzi and Bonoli, 2007:132).

Interestingly, in Switzerland, with the first LPP revision, one of the original objectives “was to adapt the law on occupational pensions to increasing life expectancy and to improve coverage of atypical workers especially part-time employees. Because of the access threshold to compulsory affiliation for second-pillar pensions, many part-time workers, mostly women with children, were excluded from compulsory occupational pension coverage. In a consultation procedure organized before the preparation for the bill, the idea of lowering or abolishing the access threshold to compulsory coverage (an option favored at the time by the unions and by the Socialists) was firmly rejected by employers” (Bonoli, 2009:235). Afterwards, the Social Security Committee, after having examined the bill, “supported a modified version that included reducing the access threshold to compulsory occupational pension coverage by one half: from 24,000 to 12,000 Swiss francs yearly” (Bonoli, 2009:236). However, the proposal went backwards and forwards between the chambers and finally, the access threshold was lowered only to 18,990 Swiss francs per year. Thus, employees at the bottom end of the income scale and part-time earners continue to be disadvantaged in this system and inequality within the second pillar system was hereby reinforced.

It has become increasingly known that although “the Swiss pension system includes a rather generous means-tested pension” avoiding poverty in old age, “equity problems are apparent, when comparing the final disposable income of pensioners who have a small second pillar pension that lifts them just above the access threshold”. The thesis will demonstrate this inequality and show the pension inequality amongst retirees, affecting women in particular. The empirical part of this study demonstrates that women are those with the lowest level of pension payments. So, we can agree that “low-income workers [...] may be the main losers in the [second pillar pension] reforms adopted in the 2000s” in Switzerland” (Bertozzi and Bonoli, 2007:133).

According to an article of the Swiss Sociological Association (2013), “the second pillar depends, among other things, on the contribution period, income levels and the pension fund, and in fact prejudices against those with irregular career paths and/or low-skilled positions. Women thus run a high risk of discrimination by a retirement system still largely based on the figure of the man as chief household provider. Other sections of the population are likewise affected, such as persons of foreign origin, many of whom have labored hard, such as construction workers or cleaners, and for whom an extension of working life would hardly be conceivable” (Kaeser, 2013).

We will see in this thesis, that “pension entitlements are the outcome of complex interaction regarding regulation, funding and administration” (Leisering 2003, cited in Meyer et al., 2007:7). Thus, regulation of the second pillar system in Switzerland plays a major role in determining pension entitlements and depending on the pension fund, one is affiliated to, the pension benefits vary strongly. The administration of employer pension schemes creates inequality between retirees and between women and men. The empirical part of this thesis will demonstrate that although “most European governments [...] are confident that steps taken towards privatizing national pension regimes provide good opportunities for most Europeans to maintain their living standards after retirement”, major challenges remain unresolved (Bridgen and Meyer, 2007:4).

The study of Bridgen and Meyer about “six biographies representing working life

more typical for women, who have longer periods of labor market detachment and part-time work” confirms that [women] “are [their] lowest paid individuals”. Thus, the study clearly demonstrates “income and gender differentials” (Bridgen and Meyer, 2008:7). This is a strong argument which this thesis correlates. I will be demonstrating in the empirical part that women – who accumulate the smallest capital over their working life – are strongly disadvantaged once retired in regards to their pension income. Thus, while comparing the collected empirical findings between men and women, I will demonstrate strong income and gender divergence in regards to pension income once retired.

Bridgen and Meyer analyzed income inequality and social justice based mainly on two specific variables. “The first indicator for inequality between pensions is the gap between the highest and the lowest pension”. This variable is also analyzed in this thesis and confirms Bridgen and Meyer’s statement. It provides an excellent indicator of disposable income between the lowest and highest pension incomes. The authors go beyond that analysis and express the highest and the lowest pensions in relation to the poverty line. They argue that higher replacement rates for lower earners indicate narrowing inequality” (Bridgen and Meyer, 2008:9). According to the authors, “the argument that the “retreat from the state” that has characterized pension’s policy in recent decades necessarily compromises the egalitarian values typically associated with the public pension’s model is questionable” (Bridgen and Meyer, 2008:10). “[Their] findings show that, firstly, publicly administered pensions do not necessarily achieve the aims that are ostensibly embedded in their underlying normative rationale”. According to the study of several pension systems in Europe, including Switzerland, “a retirement system that relies substantially on the non-state sector can be socially just, and can preserve the social citizenship rights of retirees”. The authors point out that “while private actors can play an important benevolent role for social justice, decisive state regulation is the hallmark of those pension regimes with the best outcomes” (Bridgen and Meyer, 2008:11). Based on the study of 6 different pension schemes, “the Dutch and Swiss systems perform far better than those of the UK and Germany because they are built on an inclusive first pillar, which provides a high level of protection to most citizens” (Bridgen and Meyer, 2008:11). The authors argue that because of the fact that “the state facilitates broad access to

occupational provision, [...] most Swiss biographies have a median second pillar that is above 10 per cent of the national relative poverty line” (Bridgen and Meyer 2008:11).

According to Rechsteiner “the decentralized structure with unequal levels of provision, depending on the institution, leads to inequality” (Rechsteiner, 2007 :2). The perverse side-effect of solidarity is particularly visible in the second pillar. Solidarity in the occupational pension system may be developed further, in favor of the most deprived and those with low salaries. In the empirical part of this thesis we will see what effect lowering of the entrance threshold would have in regard to inclusion of a greater number of people benefitting from a higher income during retirement. We will see that this concerns particularly those working part-time and with low salaries and thus to a large extent women.

Equality between pensioners’ income must be achieved in order to maintain social cohesion. It may be achieved by reducing barriers for entering the second pillar system, so that all persons insured in the first pillar are equally integrated in the occupational pension system. The integration of part-time workers and those with small salaries, in particular women, is essential because of the employers’ contributions towards occupational pension schemes. Equality may be achieved by integration of the entire work force into employer pension schemes because low earners and part-time employees also contribute to the prosperity of a company. Excluding part-time employees and those not earning enough to qualify for entry into the pension system, and therefore withholding employer contributions which would be paid into their pension schemes if they were integrated, is discrimination against this already underprivileged group of employees. According to Rechsteiner, not only middle and high income classes should benefit from employer contributions but also income groups with basic and very low salaries (Rechsteiner, 2012).

The problem arises where “individual pension funds [in Switzerland] are free to adopt the rules they wish to determine the level of benefits, provided that the final benefit is at least equal to what a worker would have received if covered by Obligatorium”, which represents the minimum second pillar benefits (Bonoli and Shinkawa, 2005:143). Bonoli confirms that “individual pension funds also enjoy

substantial room for maneuver with regard to the financing of pension funds. The law prescribes only that the fund must have sufficient reserves to fully fund the commitments made [based on the actuarial calculations], and that the employer should contribute at least 50 per cent of the total amount paid into the fund. As a result one finds large variations in the way pension funds are financed. [...] There are also differences in the way in which contributions are shared between employers and employees” (Bonoli and Shinkawa, 2005:144). The resulting inequality in pension schemes and benefits is shown in the empirical part of this thesis.

“Across [Northern Ireland (NI) and the Republic of Ireland (ROI)], there are significant gender differences in reliance on the state, occupational and personal pensions, highlighting the economic dependence of older women on the state. In the ROI, in 2009 women accounted for only one-third of those receiving the state contributory pension and two-thirds of those receiving the state non-contributory pension” (Department of Social and Family Affairs, 2012:13). “Within the UK and the Republic of Ireland, the pensions system has begun to address barriers to equal access by gender. However, women continue to experience differential access to pensions, and particularly occupational and private pensions. There is a need to explore the motivations and behaviors of women in relation to their pension provision” (Duvvury and Price, 2012:1).

As this phenomenon is apparently wide spread all over the European continent, the subject will be given attention in this thesis as regards Switzerland. We will see that women’s access to pension funds in Switzerland - due to the entrance threshold – is limited and they are to a substantial extent excluded from second pillar provision as they are mainly part-time workers or earning low salaries. Part-time employees and persons with low salaries, in particular women, lose out on two accounts. Firstly, they lose out on pension credits paid in by the employer and secondly on their own contributions, as they have no easy and direct access to inclusion in an employer’s occupational pension scheme. Consequently, these income classes may not even accumulate their own pension credits for retirement. The aforementioned 60% replacement rate of salary may hardly be attained and they will depend on complementary pension benefits, so called complementary

benefits (PC) from the Swiss welfare state once retired.

It is all the more important to make women aware of what possibilities they have to save up for retirement. This is shown by a study realized in Ireland and the UK, where the regulation of mandatory information had then effect of better coverage for women. According to the authors, “changes in legislation required employers to provide their employees with pension information and facilitate access to a [...] pension plan, if they did not provide their own occupational pension scheme. The effectiveness of this was evident among those in formal employment”. According to interviews carried out by the researchers, women expressed the following: “I think when the employer makes an effort, you do kind of respond.” (Duvvury and Price, 2012:42). This clearly shows that if the employer contributes to a pension scheme, the employee will do so too. Thus, the impact of inclusion into employer pension schemes and their participation for accumulating credits is essential to promoting women’s old age pension provision. The step in this direction seems to be accurate and promising.

2.3 Gender and organizations

Inequality is not always easily detectable. According to Halford et al., “we are faced with a complex and contradictory picture of men, women and organizations” (Halford et al., 2001:1). According to this observed complexity, inequalities may only be explored through the lenses of different theories and localized through divergent identifiers. Furthermore, it appears that not only individuals or their characteristics impact on inequalities but also “institutions [as they] are the product of the historical conditions from which they emerged and tend to reflect and recreate the social pattern and belief systems that existed at their inception”. Hence, “from a sociological point of view, inequality is [also] the product of institutional processes” (Albiston, 2009: Introduction). According to Walby, “the analysis of gender inequality requires the theorization of the extent and nature of interconnections between different dimensions of the gender regime (Walby, 2004).

For Weber, organizations and bureaucracy are gender neutral. “In the bureaucratic concept of the Weber organization, it is an individual’s qualities that are valued” and these seem to be based on “purely objective criteria”. Weber considers

organizations and their structures as neutral. Thus each individual has the same chance within organizational structures. He argues that organizations should see women and men as gender neutral “individuals with a range of skills and competencies” (Weber, 2001:12). It appears that Weber conceptualized the classical explanation of social inequalities with three dimensions of social inequalities, these are: class, status and party. Thus for him inequality represents a mainly institutional phenomenon. He believes that humans are driven by institutions and guided by their established laws without being consciously aware (Halford et al., 2001).

Structuralists argue that gender, class and race are dominant criteria for gender inequalities. For these authors, structural laws create the reality. Yet, the meaning of structures is not easily identifiable. Structuralists share a common belief that structures “can be understood as underlying laws governing how social and economic life functions”. [...] “The key to these structures is that they have been constructed in the interests of dominant groups and serve to perpetuate these groups’ dominance” (Halford et al., 2001:13). Women in this context are oppressed as they do not belong to the “same class of men” (Halford et al., 2001:14).

For Marx, organizations are constructed in view of male and capitalist domination (1978). He believes that inequality is produced by distinct social classes and that these are keys to understanding capitalism and its functioning. He considers that the main classes - the bourgeoisie and the proletariat – are opponents. The bourgeoisie rules the other classes and hereby creates inequality. Thus, human beings are divided into those who have capital and property and those who do not. Marx considers society be dominated by capitalists governing over workers. In conclusion to that, Marx believes that inequality among men may be eradicated by simply distributing capital and property equally to everyone.

Marxist feminists argue that the causes of stratification between men and women are rooted in the macro structures of society, at a level higher than that of any specific organization and that organizational structure do not, as such, reproduce gender inequality. The roots of inequality are seen at the level of the state, in terms of replicating female subordination. Thus, for these scholars, class domination is seen as rooted in gender relations and gender inequality is perceived as a class

phenomenon (Savage and Witz, 1992:6ff).

Althusser's Marxist view is that structure is distinct from the actual and the ideological. As a Marxist structuralist, he stresses that the state and its institutions act in the interests of the dominant class, the capitalists, and serve the ruling class. The state would therefore reproduce the capitalist structure in its economic, legal and political institutions. Hence, the state and its legal institutions would function in the interest of capitalism and, to a lesser extent, in the interest of the members of this dominant class. Institutions are thought to a certain degree to be independent (Boyer and Saillard, 2002).

Kanter argues that "gender differences in organizational behavior are due to structure". She believes that women are placed in "dead-end jobs" (Kanter, 1990:143) are a consequence of organizational behavior. "Feminists writing about organizations assume that organizational structure is gender neutral", "in spite of feminist recognition that hierarchical organizations are an important location of male dominance" (Kanter, 1990:143).

Acker argues that organizational structure is not gender neutral and inequalities arise where the system is built for the male breadwinner. Thus, despite equal rights for men and women "inequality remains persistent in organizations" (Acker, 1990:139). "Organizational logic has material forms in written work rules, managerial directives and documentary tools for running large organizations". According to Acker this is how it produces inequality (Acker, 1990:147).

2.3.1 Institutional inequalities

"The idea that organizations are deeply and essentially embedded in wider institutional environments rose to prominence in the late 1970s and early 1980s. "Institutional theory and research have developed since" (Scott and Meyer, 1994:1).

In this context, Douglas explains "how institutions think" (1996). The author argues that the idea that "institutions just do the routine, low-level, day-to-day thinking" is false (1986:111). She points out that "recognizing the social origin of ideas of justice does not commit us to refraining from judging between the systems" (1986:121). The author concludes that "individuals really do share their thoughts

and they do to some extent harmonize their preferences, and they have no other way to make the big decisions except within the scope of institutions they build” (Douglas, 1996:128), confirming that there are common rules within each institution.

Scott illustrates that “sociologists tend to emphasize the importance of shared values and common understandings as the basis for social order”, whereas “economists are more likely to stress divergent interests and hence the need for referees and regulatory framework”. He argues that “institutions shape behavior by means of representational rules [...], constitutive rules [...], normative rules [...], enforcement mechanisms [...] involving surveillance” (Scott and Meyer, 1994:67). Scott proposes a layered system of concepts, such as “meaning systems and related behavior patterns, symbolic elements including normative elements, which are enforced by regulatory processes” (Scott and Meyer, 1994:56). “Institutional rules are backed by enforcement mechanisms” (Scott and Meyer, 1994:63). Scott points out that “whether organizations are controlled by process (institutional) controls, by output (technical) controls or by some combination of these”, can be “viewed as an attempt to focus on the [...] regulatory processes at work (Scott and Meyer, 1994:64).

Berger and Luckmann demonstrate that “institutions always have a history, of which they are the products”. They argue that “it is impossible to understand an institution adequately without an understanding of the historical process in which it was produced” (1967:54-55).

Inequalities are generated in many ways and institutions and organizations may reinforce or reduce pre-existing socioeconomic inequalities. Depending on the institutions, the pattern of gendered behavior and organizational practices is different; but it is underpinned by a clearly defined gendered social order (Lorber et al., 1991).

2.3.2 Employers and gender

In Switzerland, history shows that men and women for many years formed a business team, though the wife stayed at home, doing less valued jobs like household duties and child rearing, whereas husbands went out to do the jobs

offered by employers and had a higher status. According to Hofstede, “the wife did not share her husband’s legal status” but the “family was the smallest functional cell of society” (2005:159).

Early 19th century a small number of employers were offering privately financed insurance schemes for employees against the risks of old age, disability and death. However, with the specificity that only employees, and only as long as they were employed, enjoyed insurance coverage from their employers. The underlying pension expectations were and still are that the family’s survival and well-being for the years to come was guaranteed by the employer. One of the first companies in Switzerland to provide a pension was “Sulzer” in the machine industry who founded their own pension institution at the beginning of the 19th century.

Employers always used employment benefits to attract and retain their workforce. Thus, organizations with their specific employment policies shape the employment conditions of their employees. Organizational policy measures define employment benefits which vary considerably between employers and between employees, creating (gender) inequality in the process (Aldrich, 1999). These employment benefits may include – in addition to the regular salary – paid vacation, bonuses and supplementary insurance coverage and second pillar pension benefits going beyond the mandatory part. Some Swiss employers were offering certain benefits before they became compulsory.

It seems that employers may be deemed to giving particular consideration to their business objectives, according to the theory of the rational actor view. These business objectives are considered important guidelines for the arrangement of formal organizational structure. These organizational regulations are, according to Preisendörfer, considered as an institutional rationality and seen as accepted remedies for reaching the organizational goals (Preisendörfer, 2008: 96). Efficiency and thus success seems the most essential goal of an employer. According to Preisendörfer, efficiency within an organization is directed by the behavior of its members and steered by the formal organizational structure (2008:81).

According to the study of Meyers et al. “the conclusion [is] that policy influences employment decisions”. (1999:136). Indeed, the authors argue that [with being a

mother] the “probability of employment decreases” (1999:131) and is like a “break of employment with the subset of family policies that are predicted to facilitate continuous employment” (1999:134). The authors argue that only countries “that have made generous commitments to both types of policy come closest to a universal-breadwinner model in which government policies equalize employment opportunities between adults who do and do not have child-caregiving responsibilities. Countries that have made a partial commitment, providing generous maternity leave but lacking extensive public childcare, represent a more ambiguous compromise between the universal-breadwinner and traditional male-breadwinner models” (Meyers et al., 1999:137). It seems that “policies that increase labor market opportunities for women without affecting the gender bias in responsibility for unpaid work in the home, will yield as best, a partial form of gender equality” (Meyers et al., 1999:139).

The employer plays a leading role as concerns pension provision in the occupational pension system, all the more so as the second pillar became mandatory for a large part of the workforce in 1985. Importantly, in Switzerland employers may decide to a large extent on their own pension scheme. I argue in this thesis that second pillar legislation (LPP) encourages the employer to set up its own pension institution with its own regulations and this leads to broad divergence between second pillar scheme conditions, depending on the employers’ settings and goals. Thus, the Federal law on occupational pensions (LPP) promotes freedom of interpretation in regard to second pillar pension schemes. In particular so, as the employer participates in the pension council and shapes the pension regulations. This act may lead to inequalities between retirees and employees.

2.3.3 Two occupational pension institutions

With the introduction of the privately financed mandatory occupational pension in the 1980s together with a liberal employment market and influenced by liberalism (Bertozzi et al., 20:2005), the Swiss welfare state opted consciously for leaving a lot of room for maneuver for employers to set up their own pension scheme.

The pension institution is free to adapt the legal requirements as long as they provide conditions that satisfy at least the legal minimum. Every private

occupational pension institution establishes its own regulations regarding pension benefits and the general conditions they offer to the active insured and retirees. However, to guarantee the uniformity of the pension regulations and to ensure that the legal minimum is provided and guaranteed, offices for the supervision of occupational pensions, such as the OAK, the Federal body for supervision of occupational pension institutions (former ABV, FSIO), and cantonal and regional supervisory offices, were established. The OAK's task is to supervise the cantonal and regional offices of occupational pension institutions and other institutions active in occupational provision. The aim is to protect the capital of the active insured and retirees and avoid fraud in this field. Thus, the solvency and the cash ratio of a pension institution, as well as its pension regulations, are checked for conformity. I argue that the pension regulations of pension institutions generate gender inequality by stipulating specific rules more likely to exclude women than men from the system or even promoting different regulations for men and women. These may be the entrance threshold, the retirement age, the conversion rate, the number of contributing years or the pension cuts for early retirement. Hence, pension and capital payments differ somewhat between women and men within and between the liberal and paternal pension institutions.

In order to reveal the discrepancy between pension schemes, I have chosen two distinct types of pension institutions, revealing the unequal conditions of affiliation and their impact on pension income. We know that a typology of institutions facilitates the study by making it possible to relate causes and outcomes. Based on the idea that there are different types of organizations, organized in distinct ways with their own regulations and thus distinctively influencing the conditions of employment, whereof a part are the conditions of affiliation to a second pillar pension scheme. I argue that institutional structures reflect inequality and are likely to affect pension and capital benefits by defining clear norms in their pension regulations. Thus, institutional structures "are relevant for income redistribution" (Korpi and Palme, 1998:666).

The typology of the private pension institutions, presented below, facilitates the study of inequality on the institutional level. Furthermore, the description of the two types permits to show the effects within a pension institution in regards to gender

inequalities between the affiliated members.

The Esping-Andersen welfare state types are taken here as models to illustrate the two distinct types of pension institution presented in this study. My focus, in the usage of Esping-Andersen models, is purely analytical and intends purely to help the reader to illustrate the dichotomous types of the two analyzed pension institutions.

The paternal type in pension institutions, analyzed in this thesis, reflects values of solidarity, subsidiarity and equality in its pension regulations. Thus, the emphasis of the occupational pension benefits, promoted by the employer and the pension institution, lies on subsidiarity, equality and harmony. As we will see in the empirical part, this pension institution reduces gender inequality and enhances equality between low and high income earners, independent on gender.

The liberal pension institutions promotes values of individuality, the legal minimum is scheduled and efficiency is the goal of the pension scheme. The emphasis lies in the singularity, this means that each individual saves up for the own retirement, responsibility and economically conducted pension schemes are the rule. The empirical part will reveal that the pension fund foresees the legal minimum where appropriate and cross financing between the insured is not provided.

Table 2.5 Presentation of two ideal types

Type of institution	Values
Paternal	solidarity subsidiarity equality
Liberal	individuality legal minimum efficiency

Source: Kucera, own presentation

It appears that institutional gender regimes may create within their system inequality amongst their members. The labor market structure, at the origin of these inequalities, has been widely studied in regards to gender discrepancies. Based

on this understanding, the paternal type of pension institution, which was founded in the 1920s, incorporates paternal values and displays a different pattern of occupational pension and capital payments from the liberal type which incorporates liberal values and is less generous as it was established in the 1980s (Huber, 2002:308).

Each company is operated according to a different economic and hence capitalist environment for workers and employers. The paternal company is active in “low-tech” market segments and dominating the domestic market. This company works with a high proportion of over 50% female staff and operates production lines.

2.3.3.1 Paternal pension institution

The paternal type of pension institution exhibits strong characteristics of solidarity, subsidiarity and equality. The emphasis is on solidarity towards the employed (insured) and the retired. The breadwinner is dominant in this scheme as the employer provides for the whole family. The company and its paternal patriarchal pension institution provide for the family and for the community of their employees. The wide-spread paternal values enforcing the family structure of father, mother and children were reinforced through these types of companies and are reflected in the company values. The main breadwinner, except in wartime, was the man. Morals were based on paternal values; the employer is responsible for his employees. After retirement, the pension will be sufficient to provide for the family. In this paternal type of institution, the occupational pension was set up for a person who began working early in his life, worked full time and remained with the same company until retirement. Based on these values, the breadwinner works until the age where a full pension is paid out.

According to my research, the paternal pension institution may be further associated with organized capitalism and Fordist production methods. The ordered and controlled environment with a concentration of production sites and with a dominant bureaucratization supervising the production processes and the implication in the interior market characterize the organized capitalist systems. Part of this capitalist system is the Fordist production methods. Economy of scale, low and competitive prices, standardized low-cost and low-tech consumer goods, thus mass production methods to improve productivity best describe the Fordist type of

production of the paternal pension institution (Lash and Urry, 1987). Furthermore, the paternal type is mainly active on the domestic market in Switzerland where the protective market environment has helped to furnish constant and even generous benefits, in particular so, as Switzerland - based on protective market laws - had a rather protected domestic market until a few years ago. Protectionism meant that the economic policy restrained trade between Switzerland and other states, through tariffs on imported goods designed to discourage imports of foreign products. Thus the paternal type had to face a far less competitive market and thus fewer economic difficulties. The reason was that it was active in a protected economic environment with little competition.

2.3.3.2 Liberal pension institution

The liberal pension institution incorporates liberal values: strong individual responsibility and efficiency. This sub-system of individual and liberal values is a reflection of the company values and is subsequently reflected in the pension fund and its regulations. Normative behavior is expressed in relation to retirement age: in the liberal pension institution a person is considered to be lazy if he or she does not work until age 65 (Dahrendorf, 1961:21).

This type of pension institution was founded in "cultural new-land". Increasing female labor workforce participation has brought about a different family structure. Both parents share responsibility for looking after the children and part-time work has become increasingly important. This behavior favors not only a balanced repartition of male and female workers within a company but also individualism due to the late foundation of families. Responsibility of the employer for the worker and his family is not a primary objective. The employer provides the legally defined minimum pension contributions for each employee. The underlying pension expectations are that each employee will provide for himself and survival and well-being are the responsibility of each individual. In this context, liberal companies reflect the post-industrial era with strongly rationalized working processes and highly competitive working techniques. The requirement for strongly technology-oriented production influences the choice of highly qualified staff. The liberal company is successful in this post-paternal society as it is known for its customer-oriented production.

2.4 Conclusion

When employers set up private occupational pension institutions and regulate the conditions of affiliation of their employees to their second pillar pension scheme, they create a gendered organization with specific benefits. These conditions or benefits may be a part of the package the employer uses to attract and retain their workforce. These employment benefits may include better or worse second pillar scheme provisions for women and men, as we will see in chapter 4, the empirical part of this thesis.

The rising unemployment and stagflation of the 1970s was produced by structural causes, which led companies to search for new business options and new forms of production. In this increasingly unstable context, the liberal pension institution was established. It can therefore be associated with disorganized (Warde, 1995) or flexible (Friedman, 2007) capitalism, with post-Fordist and high-tech production methods, which became increasingly important from the early 1970s onwards. Since the 1970s this company has developed “high-tech” products which are sold on the international market where the economic environment is highly competitive. The economic activity of the liberal type pension institution is highly profit-oriented and may be described as a company whose economic activity has an impact on the level of income (Boyer and Saillard, 2002:233). Indeed, the high tech and global markets provoke much harsher conditions and require much more competitiveness compared to the low tech and domestic markets. Women in the liberal type company are generally less well educated and occupy the lowest paid jobs. The core of male workers is highly specialized. This organization has removed certain layers of bureaucracy for the highly skilled work force, including breakdown of hierarchical structures in order to create a flatter hierarchical structure and a more flexible work organization.

The empirical part of this thesis provides evidence that institutional gender regimes, like the occupational pension institutions, based on the LPP, play a dominant role in creating (gender) inequalities. Based on the LPP allowing a lot of freedom of interpretation for the pension institutions, an institution may act on the “reduction of inequality” as “institutional structures may have significant effects on redistributive processes” (Korpi and Palme, 1998:665). Furthermore, it was

emphasized by Bridgen and Meyer, that “egalitarian liberal justice requires redistributive income transfers to protect the basic liberties of all citizens”. [This is especially so, as] “it has been asserted that privatization is fundamentally inegalitarian, and therefore likely to impair the autonomy of the least advantaged” (Bridgen and Meyer, 2008: abstract).

This thesis analyses the effect of privatization of the second pillar specifically in regards to the legislation leaving a large amount of freedom of interpretation to pension institutions who therefore offer - under different schemes - a variety of pension benefits. Women and men with low salaries during their active life, interrupted careers or part-time work, depend on state benefits. The Swiss welfare state provides complementary benefits on a means-tested basis. Thus a significant section of the Swiss work force is excluded from the second pillar pension system, falling through the “safety-net”. This group of people has little opportunity to save up autonomously for an independent retirement with a decent standard of living. Hence, “in just systems, what counts is the role and scope of the public authority in framing and securing compliance with egalitarian aims and objectives” (Bridgen and Meyer, 2008: abstract). I believe that this study reveals elements confirming that public authority needs to clearly frame and secure compliance with egalitarian aims. The empirical chapter will show what may be done to “reduce inequalities” by providing more equality for all (to be) insured and retirees within the LPP.

Each of the above mentioned theoretical perspectives offers an account of gender inequality and elements for understanding the relationships between gender and organization. People behave according to their integration within a specific economic and institutional environment. Gender is constructed differently in the two different types of institution and that inequality between men and women is not equally accentuated. The study of two types of pension institution which have been analyzed as two typical case studies demonstrate that gender inequalities occur due to specific processes and mechanisms within the legal regulations of the LPP and are triggered by the written rules, the LPP and the pension regulations of private occupational pension institutions. This is so as “during [...] historical transition, conceptions of employment as a free contract between employer and worker replaced customary means of regulating working conditions, and the legal

relationship of contract [...] became the center of social organization” (Albiston, 2009:112).

3. Data and methodology

This chapter presents the data, the sample population, the methodology adopted in this thesis and the methods used to obtain plausible, reliable and valid information about the social backgrounds and behavior of the population in the study.

The choice of my particular research design was essential. The study of the origin of gender inequality due to institutional rules and regulations is little known. Thus I used a mixed method research approach, such as descriptive statistics, simulations, correlations, survey by questionnaire but also qualitative interview methods. In order to reveal the context and the complexity of the phenomenon, the study uses not only empirical research but also investigation of relationships and correlations are presented. The so-called mixed-method approach illustrates well the complexity of this research subject and demonstrates that it was most challenging and requires further research with an even more systematic and integrated approach. However, a particular experiment, with information from pension regulations of the paternal pension institution and collected data from the retirees of the liberal pension institution, demonstrates the impact of pension regulations. The study illustrates clearly that further research in this field should be undertaken while proposing first results and hints how to proceed.

The study reveals that the data and findings are consistent, however not representative. The analyzed data presents a sample within the analyzed population. The methods used to prove my hypotheses are manifold and reveal that the phenomenon of institutional gender inequality exists. Based on empirical evidence the thesis discloses that my hypotheses: institutional gender inequality occurs in the second pillar system and in particular in the occupational pension regulations of each private pension institution - can be confirmed.

The core of this research project is two-fold. On the one hand it consists of the exploitation of the MELAP dataset and on the other hand of the standardized survey conducted amongst old-age retirees of the liberal pension institution. Both datasets served primarily to analyze inequality resulting from an institutional context triggered by pension regulations and the Federal law on occupational

pension schemes (LPP) in Switzerland. Both data collections were enriched by document studies. The LPP and the pension regulations of two pension institutions as well as the explorative qualitative interviews with the heads of the pension institutions were analyzed in order to confirm the hypotheses. Thus, this thesis adopts a multi-perspective approach that questions the relationships between **economy** (the old-age benefits or pension credits accumulated by employer and employee), **politics** (the Federal law on occupational pension schemes LPP), and **history** (the origins and anchoring of the pension institution in the period it was founded).

The variety and complexity of the subject of investigation demanded the use of different research methods to obtain the necessary information.

- Case study design
- Analysis of paid-out second pillar benefits from two pension institutions (MELAP)
- Standardized survey through a structured questionnaire sent out to old-age retirees of the liberal pension institution (SICC)
- Study of pension regulations of liberal and paternal pension institution
- Study of the Federal law on occupational pension schemes (LPP)
- Interviews with experts of the liberal and paternal pension institutions

According to my analysis, the mechanism which triggers inequality can be observed in the Federal law on occupational pension schemes (LPP) as well as in the pension regulations of the two pension institutions. While using both qualitative and quantitative methods to explore the regulation and operation of pension schemes, resulting in pension inequality amongst the retiree population, the thesis is able to produce new knowledge in the field of pension inequality.

3.1 Data

The following table offers an overview of the data sources used in this study.

Table 3.1 Data sources

Name	MELAP pilot	Pension Regulations	SICC-Survey	LPP	Qualitative interviews
Character	Tax register data: complete count	Document study	Random sample	Legal documents	Expert interviews
Origin	Federal Tax Administration	Two institutions	Liberal institution	Laws	Two institutions
Years	2004 - 2007	1985 - 2007	2007	1985 - 2007	2008
Sample size	3,800 old age retirees		800 old age retirees		2 interviews

Source: Kucera, own analysis, 2012

The main data source, the MELAP pilot dataset, contains personal data from beneficiaries of five occupational pension institutions. The term MELAP stands for “second pillar pension and capital declarations database”. For each benefit paid out by a pension institution, the Swiss Federal Tax Administration (AFC) in Bern requires a tax declaration. The information provided on this declaration or data sheet is stored in the MELAP pilot database. I had access to data from five different pension institutions which had paid out benefits in the years 2004 to 2008. I chose to compare two out of the five pension institutions for the purpose of this thesis. The two chosen institutions both revealed a clear cut pattern showing that the pension institutions are distinct from each other. The divergence of the two pension institutions is described in the analysis chapters 4 and 5. The three other institutions displayed a mixed pattern of pension benefits, not suitable for the particular context of this study. Their data was not appropriate for comparison or analysis as they partially represent insurance schemes offering a mixture of benefits combining the two other types.

My second important source of information is a standardized SICC survey of the old-age beneficiaries of the liberal pension institution. I gathered data using a structured questionnaire which I sent out to the entire population of old-age retirees of the liberal pension institution. The fully structured survey questionnaire was sent out to 5'500 retirees in 2008, whereof nearly 800 responded.

My third source of information is the Federal law on occupational pension schemes (LPP) in Switzerland which I analyzed for the period from 1986 until 2007, as well as the revisions of the LPP. The pension regulations of the liberal and the paternal pension institutions are my fourth source. I studied various versions of the pension regulations of both pension institutions covering the years from 1986 to 2007.

Further evidence was provided by qualitative semi-structured personal interviews. I carried out an interview with two experts from the paternal pension institution and an interview with one expert from the liberal pension institution.

3.2 Sample population

The sample population of old-age beneficiaries of occupational pension institutions which I chose represents only a small section of the total number of all retirees affiliated to the 2,435 pension institutions in Switzerland in 2008, including 3.6 billion insured and 553,400 retirees, of which 75% represented old-age retirees. The two types of pension institutions analyzed, liberal and paternal, belong to the category of autonomous private pension institutions. These private pension institutions representing a single employer form a smaller proportion of all pension institutions, 1,000 in 2009 with approximately 2.2 billion insured employees (www.bfs.admin.ch).

Table 3.2 Number of insured and retirees in 2009

	Autonomous pension institutions	Liberal and Paternal institutions
Retirees	741,789	34,700
Active insured	2,169,534	67,000

Source: Kucera, own exploitation, FSO, Pension fund statistics, 2009

If we compare the proportion of insured and retirees in the two institutions we observe a certain disparity between the proportions of insured to retirees. While

comparing my sample population of the two types of pension institutions, revealing the proportion they represent, we conclude that although the chosen case study design is not representative with 5% of retirees and 3% of all insured, but the two cases I have chosen are significant in the Swiss pension landscape.

Table 3.3 Proportion of insured and retirees in 2009

	Liberal institution	Paternal institution	Both types in % of Swiss 2nd pillar insured
Retirees	39%	33%	5%
Active insured	61%	67%	3%

Source: Kucera, own exploitation, FSO, Pension fund statistics

In the liberal type the proportion of retirees is higher with close to 40% compared to the proportion in the paternal pension institution at 33%. The active insured of the paternal type represent 67%. Of the liberal they represent 61% of all those insured.

3.3 Methods of data collection

This sub-chapter presents the design and the methods used to test and confirm the hypotheses. A mixed methods approach seemed inevitable in this thesis due to the great challenge of identifying the origin of the production of inequality. The various sources and methods allowed special insight into the occupational pension fund system in Switzerland. A formal data collection process ensured that the data was accurate and subsequent conclusions in my findings were validated. The data collection followed a plan involving the following activities:

- Pre-collection: definition of goals, target data, definitions, methods
- Collection: data collection from various sources
- Findings: sorting and classifying the data for analysis and presentation

The process of data collection involved several steps.

Step one consisted of obtaining access to the data contained in the MELAP pilot dataset. The primary data included tax data from the MELAP pilot register. I extracted the information on all old-age retirees who received a pension or capital

payment between 1st July 2004 and 31st December 2007 from either of two distinct and apparently extreme distinct pension institutions in Switzerland.

The second step was the case study design. The two pension institutions that I purposely chose to analyze as case studies, I extracted from the MELAP pilot data set. The MELAP dataset contained information from 5 pension institutions.

The third step was the documentary study. I collected information from the two chosen pension institutions. I collected annual reports, information from websites and the pension regulations of the two pension institutions over 10 years. The pension regulations formed the basis for comparison of the retirement conditions provided by the two pension institutions. The study of the Federal law on occupational pension schemes (LPP) and the comparison of both pension schemes with the LPP and, the divergent reactions to this law, dependent on the type of the pension institution, are made apparent in this thesis. Thus, I gathered information about the functioning of the pension institutions. All empirical data I obtained was analyzed, processed and compared.

Step four consisted of semi-structured in-depth interviews with pension experts of the two pension institutions, the liberal and paternal. Further telephone exchange with experts to validate the data and findings also took place. An e-mail exchange with the pension experts allowed further verification and validation of data. Step four consisted of data collection from old-age retirees of the liberal pension institution by a standardized qualitative survey. The structured questionnaires, filled in thoroughly by close to 800 old-age retirees, provided evidence about education, profession, job status, health, income and living conditions. Step five contained in particular the secondary data collection, which I compared to the relevant observations of the empirical data. Thus, the hypotheses and empirical findings were confirmed by collected secondary data as well as official statistics in order to sustain its validity.

3.3.1 MELAP pilot register

The Swiss Federal tax administration (FTA) is setting up the MELAP register in order to record all tax declarations concerning second and third pillar pension and capital payments to individuals by occupational pension institutions. These

declarations can then be sent electronically from the Federal tax office to the cantonal tax offices in Switzerland in order to tax those who have received these provisions. The Swiss Federal Statistical Office (FSO) aims to exploit these tax declarations statistically in a few years' time. For this purpose, the MELAP database is in the process of development by the Federal Tax office. It is based on an administrative register where all tax declarations regarding pension and capital payments (second and third pillar) are stored. In order to test the functioning of the MELAP data transfer, a pilot project was established in 2004 which was called the MELAP pilot project. For this thesis I was able to exploit the MELAP pilot database.

It was thanks to the FSO and the FTA that I was able to use the tax register data from the pilot project for my thesis in order to find out more. The MELAP pilot register contains information about pension and capital payments made to insured persons and are based on tax declarations from several occupational pension institutions. After having extracted the data, I chose two distinct pension institutions from within this MELAP pilot database, and I analyzed their pension and capital payment declarations for the period from the 1st July 2004 to 31st December 2007. I extracted information for persons aged 55 and older who received an old age occupational pension or a capital payment.

The quality of the information in the MELAP dataset was excellent. Key variables like gender, date of birth, pension and capital benefits contained no blanks; from the date of birth I created the variable: age. As a result, I did not have to infer any information since the variables and the data analyzed in this study are of high quality, as I was ensuring with various data quality tests.

The information I used is based on the tax declarations of pensions or capital payments to private individuals from occupational pension funds. The information gathered in the MELAP pilot database presents the actual payments to both women and men. This data is exploited for the first time in this study and provides information on an individual level. Hence, I am able to reveal information about the occupational pension and capital payments on the individual and the institutional levels, by comparing payments from two distinct pension institutions.

Generally, a person may receive several payments, such as a pension payment, a capital payment, and a bridge pension. The latter is a complementary pension to

the second pillar and replaces the public old pension until paid out by the state. A disabled person may receive a pension for himself, his spouse and/or his child. A person who dies may leave family members who receive a provision from the deceased's insurance. The MELAP consists of one observation per person.

Variables of the MELAP database

I created one dataset per year and per pension institution. I call the two institutions liberal and paternal. I exploit the following variables, which I created on the basis of the information provided in the datasets of the two institutions:

- 1) Id-number
- 2) Capital payment (betragswert_2)
- 3) Old age pension payment (betragswert_11)
- 4) Old age bridge pension (betragswert_99)
- 5) Date of issue of tax declaration
- 6) Date of payment
- 7) Year of birth of beneficiary
- 8) Year of birth of insured

The Id-number (1) identifies the number of the tax declaration. The variable "betragswert_2" (2) represents a capital payment to an old-age retiree. The "betragswert_11" (3) is the amount of an annual pension paid out to an old-age retiree. The "betragswert_99" (4) consists of a bridge-pension. The variable "date of issue of tax declaration" (5) was useful for verifying what date the payment was made. The "date of payment" (6) was the information I used for establishing the year the amount was paid out and hence the year the person left for retirement. The "year of birth of the beneficiary" (7) was necessary to define the age of the person. The "year of birth of insured" (8) served for checking whether the beneficiary matched the insured as I chose to analyze only benefits to old-age retirees from the MELAP and not, for example, benefits to widows or orphans.

The number of new old-age retirees in the MELAP pilot database

The new old-age retirees in the MELAP pilot database consist only of the active insured who retired in a given year. Thus, every year there is a population of new retirees which are included in the MELAP database. So, in my sample population only the insured who retired between 2004 and 2007 are included. A pension

institution has a larger number of old-age retirees, consisting of the accumulation of the new retiree population for each year, as we will see in the “Survey” section.

The sample population of newly retired people from the MELAP pilot database, for the years from 2004 to 2007, amounts to 3,924 old-age retirees of which overall 53% (2,075) were women. The following table reveals that the proportion of women in the liberal pension institution amounts to 32% and in the paternal institution 55%. Furthermore, the effective numbers vary between the pension institutions, as the liberal one is far smaller with a total of 711 retirees compared to the paternal one, where the number of retirees - who left from 2004 to 2007 - is 3,213. The database contained the declarations of all retirees from January to December, with the exception of 2004, where the declarations from January to July were missing.

Table 3.4 Number of persons: MELAP database with occupational benefits

Year	Persons		Proportion of women	
	Paternal	Liberal	Paternal	Liberal
2004	445	83	53%	30%
2005	823	212	55%	31%
2006	990	222	56%	31%
2007	955	194	56%	37%
Total	3213	711	55%	32%

Source: own exploitations, Kucera, 2010, Melap pilot 2004 - 2007

While presenting the data in relation to age, we must bear in mind that early retirement in the paternal pension institution in 2004 was set at 55 years and from 2005 onwards it was set at 58 years, whilst the liberal institution stipulated an early retirement age of 60 years, with the exception that women could retire at 57 until 2001. The following table reveals the actual numbers according to age.

In the paternal pension institution the actual number of insured who retired was 423 in 2004. The biggest population was of those born in 1942. Effectively, there were 256 (60%) individuals who retired in 2004 at 62 years old. In 2007, there were over 70% born between 1944 and 1946. The biggest proportion (1945 = 40%) consisted again of the 62 year old retirees.

In the liberal pension institution the individuals born between 1939 and 1941 represented the biggest part (71%) of old-age retirees in the sample. In total there were 70 people who retired in 2004 and they were between 63 and 65 years old. And in 2007, the largest number of old-age retirees was born in 1942 and 1943. Effectively, close to 60% of this population was between 64 and 65 years old.

We observe the discrepancy between the two pension institutions in relation to the effective retirement age, revealing inequalities on the institutional level.

Table 3.5: Number of persons in the MELAP pilot database by year of birth

Paternal institution 2004: early retirement age = 55 y.			Paternal institution 2005: early retirement age = 58 y.			Paternal institution 2006: early retirement age = 58 y.			Paternal institution 2007: early retirement age = 58 y.		
Birth year	N° of obs.	Proportion	Birth year	N° of obs.	Proportion	Birth year	N° of obs.	Proportion	Birth year	N° of obs.	Proportion
1939	1	0.2%									
1940	2	0.5%	1940	11	1.2%						
1941	10	2.4%	1941	6	0.7%	1941	7	0.6%			
1942	256	60.5%	1942	94	10.6%	1942	13	1.1%	1942	12	1.0%
1943	24	5.7%	1943	448	50.6%	1943	219	18.7%	1943	31	2.7%
1944	31	7.3%	1944	119	13.4%	1944	492	41.9%	1944	219	19.1%
1945	20	4.7%	1945	80	9.0%	1945	133	11.3%	1945	455	39.7%
1946	21	5.0%	1946	64	7.2%	1946	151	12.9%	1946	130	11.3%
1947	41	9.7%	1947	64	7.2%	1947	84	7.2%	1947	112	9.8%
1948	11	2.6%				1948	74	6.3%	1948	106	9.2%
1949	6	1.4%							1949	82	7.1%
Total	423	100%	Total	886	100%	Total	1173	100%	Total	1147	100%
Liberal institution 2004: early retirement age = 58 y.			Liberal institution 2005: early retirement age = 58 y.			Liberal institution 2006: early retirement age = 58 y.			Liberal institution 2007: early retirement age = 58 y.		
Birth year	N° of obs.	Proportion	Birth year	N° of obs.	Proportion	Birth year	N° of obs.	Proportion	Birth year	N° of obs.	Proportion
1937	3	3.0%									
1938	0	0.0%	1938	5	2.0%						
1939	30	30.3%	1939	13	5.2%	1939	1	0.3%			
1940	13	13.1%	1940	71	28.5%	1940	13	4.0%	1940	7	2.4%
1941	27	27.3%	1941	63	25.3%	1941	136	41.7%	1941	11	3.8%
1942	10	10.1%	1942	50	20.1%	1942	59	18.1%	1942	95	33.1%
1943	13	13.1%	1943	29	11.6%	1943	43	13.2%	1943	77	26.8%
1944	1	1.0%	1944	4	1.6%	1944	34	10.4%	1944	47	16.4%
1945	2	2.0%	1945	6	2.4%	1945	19	5.8%	1945	17	5.9%
1946			1946	3	1.2%	1946	12	3.7%	1946	7	2.4%
1947			1947	5	2.0%	1947	3	0.9%	1947	21	7.3%
1948						1948	6	1.8%	1948	4	1.4%
1949									1949	1	0.3%
Total	99	100%	Total	249	100%	Total	326	100%	Total	287	100%

Source: MELAP pilot, own exploitation, Kucera 2012

This table presents the MELAP pilot extract providing the basis for exploitation. This constructed extract consists of old-age retirees only and excludes other beneficiaries from within the MELAP pilot database.

Data validation of the MELAP dataset

Data validation is the process of ensuring that a program operates on clean, correct and useful data. I used routines, validation rules and check routines. The aim of the data validation check is to test the data was valid, sensible, reasonable, and secure before I processed and analyzed it. With the data from the MELAP pilot dataset, containing the information from various tax declarations from the Federal

Tax Office for the years 2004 to 2007, I executed various tests. For these tests I used SAS procedures which I had programmed myself.

Missing values check

I checked the missing values and used data treatment for erroneous data which I could validate through other sources or by checking up with the experts of the pension institutions by e-mail exchange.

Coherence test

I verified whether the values were valid; I also tested whether there was coherence between the values from one year to another and between the constructed data sources and secondary data. I created rules, maximum, minimum and average values and I eliminated the outlying values. I was able to detect the outliers with the help of information from the pension experts.

Consistency tests

In addition, one of my tests ensured that the data in the corresponding fields were coherent, e.g., If Title = "Mr.", then Gender = "M."

I created a more sophisticated test using SAS procedures. I verified whether the variables sex, age and nationality of a person were correctly entered. I did this by setting up an SAS macro procedure testing the old (speaking) AVS public social security number against the information in the variables contained in the MELAP pilot register data set. The old social security number consisted of 11 digits containing the following information in a numerically coded form:

- date of birth
- gender
- first three letters of name
- nationality (Swiss or other)

Further consistency tests included gender and date of birth. I checked the gender variable and the date of birth of the beneficiary with the insured; they had to match as my dataset included only retirees who themselves received occupational old-age benefits.

I could only execute these tests while working with the confidential data at the Federal Office of Statistics as a scientific employee. Through these tests I could

not only validate the data but also confirm the high quality of the data source for my study; the matching was generally excellent. In addition, I verified that the characters provided came from valid datasets.

Check digits

Furthermore I executed several digit tests. I checked whether telephone numbers included valid digits and whether the declaration contained a valid community (postal code) and country code. I checked whether the number of digits entered matched the code for the country or area specified.

Batch total

I tested the numerical fields by adding together all records in a variable (total of sum paid out) against the sum of the independent variable values from each pension or amount paid out. Through my SAS procedure I checked the total was correct as it added the 'Total Cost' field of a number of transactions from each person together. In the MELAP dataset I verified the total amounts paid out, summing up the single payments paid out to a person according to the tax declaration information. The main variables checked in this test included the following:

- '7 Betragswert': total amount paid out to retiree (insured)
- '11 Betragswert': old age occupational pension paid out to retiree (insured)
- '2" Betragswert': old age occupational capital payment paid to retiree (insured)
- '10 Betragswert': occupational capital payment in the case of death of insured
- '13 Betragswert': occupational widow pension = widow of defunct insured
- '15 Betragswert': occupational child pension
- '16 Betragswert': occupational orphan pension = orphan of defunct insured
- '99 Betragswert': bridge pension for insured in case of early retirement

In my study, I did not exploit the declaration regarding the "WEF" variable, designating a capital payment to the insured for financing their own housing.

3.3.2 Case study design

This thesis uses a comparative case study design in order to outline institutional inequality in the Swiss occupational pension system. The research method emphasizes detailed contextual analysis of a limited number of cases. The key strength in the case study design is the integration of multiple sources and techniques in the data gathering process. I determined which evidence I needed to gather and what analysis techniques I would have to use in order to confirm my hypotheses. Due to the complexity of the second pillar context and the case study design of the two pension institutions, I decided to collect both qualitative and quantitative data.

The case study design requires meticulous preparation of the examination and the research tools. After having determined the hypotheses and having made a first test analysis of the sample populations, I selected the two cases from the MELAP pilot data set. After contacting the heads of the pension institutions, both pension institutions were happy to offer more insight into their pension schemes by accepting personal interviews and providing their pension regulations. This enabled me to gather data through multiple sources and collect data in a field where information is usually not available or to only a limited extent. In the evaluation phases of this thesis

According to my analysis, the two chosen pension institutions represent pure types, which I call liberal and paternal, and are situated at the extremes of the landscape of pension types. Both pension institutions are private pension schemes for one employer.

The third pension institution represents a mixed type which I would situate between the liberal and the paternal; this pension institution represents a public pension scheme. The mixed type, which I analyzed in a preliminary study, was purposely excluded from this thesis as I wasn't able to extract a "pure" type. The evaluation showed that the entrance threshold was equal to the liberal type but the level of pension and capital payments were like both those of the paternal and the liberal, showing that this type inhabited a mixture of both the liberal and the paternal types. Saying this, it seemed an inexpedient exercise to present the data in this study as there would have been no clear evidence confirming either case or no clear pattern

of behavior could be shown.

The fourth and fifth pension institutions within the MELAP pilot dataset were insurance schemes. This type of pension fund includes a variety of pension schemes, and in particular a variety of different employers affiliated to these pension funds. Thus, it would not have been possible to measure the direct influence of any of the employers on to a specific pension scheme. This is because the life insurers offer pension schemes to a broad and diverse clientele of employers, including companies of any sector and thus no distinct pattern of behavior would be evident, as these pension schemes are not directly influenced by one but by a variety of employers.

The two chosen examples may not be a representative sample of pension institutions. However, for heuristic purposes, I have chosen the clear-cut examples situated at the opposite extremes of the continuum (from the most “liberal” to the most “paternal” ones) in order to demonstrate the phenomenon of inequality occurring at the institutional level. The two cases are particularly interesting as they reveal that institutional differences matter. I show that the Federal law on occupational pension schemes (LPP) creates inequalities as it allows pension institutions to freely operate and set up their pension regulations as long as they meet legally defined minimal requirements due to the flexibility within the LPP.

Hybrid types are surely as common as the both extreme types analyzed. However it would produce rather blurry results not particularly useful for demonstrating the realm of possible divergence in the operation of the occupational pension schemes. Only by choosing extreme types, can I reveal extreme values of divergence between pension incomes, affiliation or exclusion and financing of the mandatory second pillar pension schemes in Switzerland.

Although I cannot draw conclusions as to how the other 2000 institutions work, this thesis uses the two antipodal types of pension institutions, in order to explore the divergent operation of occupational pension schemes, hereby revealing the potential range of conditions and benefits, which result in significant inequalities. By presenting these case studies, I show that institutional regulations are relevant for the redistribution of occupational pension benefits and that the pension regulations of a pension institution have a normative character.

3.3.3 Document study

The study of the literature within this field of research of inequality, gender regimes, institutional influence and welfare provision, the study of the pension regulations, the legislation of the Federal law on occupational pension schemes LPP was of importance for the classification and understanding of the new knowledge and the preparation of the standardized survey.

3.3.3.1 LPP, Federal law on occupational pension schemes

The legal framework, which I studied in order to confirm my thesis, included the Federal law on occupational pension schemes (LPP). I analyzed the corresponding articles in the LPP, analyzing the divergence in implementation in the pension regulations between and within the two types of pension institutions.

This law regulates which bodies may create a pension institution, constituting the active insured and the retirees; it also provides the framework for the risk insurance and the old age pension and capital credits leading – in old age – to the occupational pension and capital benefits once retired. The LPP, well known as the second pillar, complements the basic first pillar: the public old age pension, the AVS. The first and second pillars together should provide approximately 60% of the final salary before retirement, according to the Swiss Federal constitution (article 113). The public old age system (AVS) was legally established in 1948 and the occupational pension system for all employees was mandatorily established in the Constitution in 1972 and took effect in 1986.

3.3.3.2 The pension regulations

I analyzed and compared the pension regulations of two distinct pension institutions, the liberal and the paternal type. Thus, I compared numerous articles in both types of institutional pension regulations and several versions of pension regulations issued in different years 1985 until 2007. This analysis enabled me to gain an overall picture of the evolution of the occupational pension benefits over the years.

Furthermore, I analyzed the intersection of the pension regulations with the LPP minimum regulations and compared them with statistical evidence from the FSIO and the Federal Statistical Office (FSO). The main indicators of inequality were

contribution rate, retirement age, conversion rate, pension cut rate in case of early retirement and percentage of capital payment when leaving for retirement.

3.3.4 Semi-structured interviews

Qualitative research methods give us a deeper understanding of the phenomenon which I have studied and permits to draw conclusions from the results obtained by quantitative data.

The information gathered through personal semi-structured interviews aims at providing evidence of inequality between insured men and women and between the old-age retirees of two different private pension institutions in Switzerland.

In order to understand the functioning of a pension institution I gained further information by interviewing three experts of two different pension institutions. The two qualitative semi-directed interviews provided invaluable information and have given insight-information into the running of the two types of pension institution. I could record one of the interviews.

While during the other interview I was taking notes of the answers to my questions. Indeed I sent in preparation of the interviews, the clearly outlined questions to the participants. So they were prepared in advance for what they were expected to answer. The following four points represent the issues and not the actual questions. I present them here to the reader in order to give an indicative idea of how the interviews were conducted.

Here is a brief overview of the main parts of the interview guide (see for further details annex):

Interview Guide for interviews with the pension funds experts:

- 1) Social integration and social security (part A)
- 2) Retirement age and financial situation of retirees (part B)
- 3) Behavior and culture amongst employees (part C)
- 4) Corporate culture (part D)

As questions about social integration and social security produced little evidence relative to this study of inequality, I have abstained from analyzing them. The focus of the analysis lied in the study of inequality in relation to retirement age and the

financial situation of retirees, gender and structural behavior of insured (active insured) and retirees (passive insured).

Through qualitative semi-structured interviews with three experts of two pension institutions, I obtained important information about the functioning and the rules and regulations within the pension schemes and the pension institutions. Thus, the personal exploratory interviews provided invaluable information from behind-the-scenes. Furthermore, the meetings with the experts were extremely useful for understanding the functioning of pension institutions and the relationships between the three main actors of the second pillar pension system: the pension institution, the employer and the insured (employees and retirees). Hence, the interviews served not only as a follow up to the quantitative data results but allowed me to investigate further and acquire significant information about the various actors involved in the pension schemes and their functions and functioning.

In order to conduct the interviews, I had to identify the people I wanted to interview. The interviews had to be arranged a long time in advance and I had to travel in order to go and meet them. The experts limited the time for the interview to one and a half hours but were prepared to answer more questions by e-mail at a later stage. I chose an informal one-to-one meeting as well as a group session with two experts; the latter meeting was more formal than the former. I used the technique of guided interviews and asked semi-open questions so that the participants could express their own views frankly. Before the interviews I sent the interview guide (see annex) to the experts so they could prepare for the meeting and the questions. The participants allowed me either to audiotape or transcribe the discussed topics which were often highly technical. All the experts came from within the pension institutions and were extremely well informed as they had been working within the pension institutions for many years. The questions provided a basis for discussion and a variety of other topics related to this study were discussed and covered. Thus, invaluable information was gathered and I established a confidential relationship with the management which opened the door to undertaking this thesis.

During the interviews, the experts were incredibly open to answering questions about pension regulations, why certain pension regulations were established and

what legal changes made them change. Hence, these expert interviews were a way of making tacit knowledge more explicit to me and more available for this thesis. The experts were able to describe not only what was done but also why, and they provided context and explained the judgments behind the phenomena. Furthermore, the interviews provided insight and knowledge from within the pension institutions without the experts having to write it down themselves. In a short space of time we covered a lot of ground and I was able to probe deeply to ensure full understanding. These experts have unique knowledge and understanding developed over a long period of time and I got answers to any questions I asked. The excellent relationships which I established through the interviews allowed me to further gather data within the occupational pension institution. Subsequent exchanges of e-mails provided new data and made my study richer and enabled me to validate data.

3.3.5 The SICC survey

The main purpose of this survey was to gather data directly from the concerned population of old-age retirees. With this approach I ensured that the responses of the concerned regarding occupational pension benefits and living conditions are as accurate as possible. The goal of this survey was to measure (gender) inequality amongst the entire old-age retiree population of the liberal pension institution.

For this purpose I constructed a questionnaire based on secondary statistical information and in particular on the explorative personal interviews with the pension experts. Indeed, the interviews provided invaluable knowledge in preparation for the standardized survey of old-aged persons.

I sent out over 5,000 questionnaires which were sent on by the pension institution to the old-aged. This procedure ensured the anonymity of the participants. Thus, I will be able to present data from persons who retired between 1985 and 2007 and exploit not only pension income data, but also data on education and living conditions of men and women. This survey represents the first in-depth study of this kind with access to information about old-age retirees of a private pension institution and is therefore of particular interest. There are Federal Statistical Office (FSO) pension institution statistics which question the structure of pension institutions; there are also the future MELAP statistics using tax register data.

However, no in-depth survey has been undertaken amongst old-age retirees affiliated to a single private occupational pension institution where all the relevant variables have been questioned. Hence, access to pension institution data is rather restricted and so far pension institutions have been extremely reluctant to reveal or publish data on their insured and retirees.

The initial idea of the design was to conduct a survey in order to gather information on all old-age retirees of the two pension institutions at a given moment in time, which I defined as the passage to retirement in order to know more about income and living conditions just before and immediately after retirement. In order to conduct a survey of the retirees of a particular pension institution I had to get permission from the pension institution management. Once I was given permission by the management of the liberal pension institution, I had to handle the challenge of confidentiality. It was the pension institution who stepped in to help me by offering to send the questionnaires out together with the annual information sent out to all retirees. This approach – with the support of the pension institution - made the survey sincere and the support of the pension institution was clearly displayed. And most importantly, the questionnaires were returned anonymously to me. Thus, I received neither personal data nor addresses of the retirees from the pension institution.

A letter of motivation to all old-age retirees of the liberal pension institution, explaining my motivation for conducting this survey and a short introduction informed the participants about the topic of research. Furthermore, a phone number and address allowed participants to get in contact with me: this was the case for a part of the retirees. At the end of 2007 the questionnaire was sent out anonymously to over 5,000 retirees - in two languages: French and German – and was very warmly received by many participants. In a separate note and detached from the questionnaire some people manifested their interest in receiving a brief analysis of the data. For this purpose I prepared a Leporello, a brief overview of the results, with the analysis of some important indicators and sent it out to the interested people (see appendix).

The questionnaire contained different types of questions. I used a quantitative approach and essentially closed questions, in order to receive clear answers.

Purposely, I included questions which I compared with results of other surveys. The forced-choice questions made analysis of income and living conditions fare easier and represented the perfect questionnaire design for this descriptive research approach. As income is not the only yardstick for assessing the living conditions of a person, I provide an in-depth analysis of the data gathered by a survey of 5,100 retirees of which 800 responded to. The 5,100 old-age retirees represent the accumulation of all old-age retirees of the liberal pension institution.

This liberal pension institution is a particularly interesting case as it orients itself at the legally defined minimum for contributions and benefits. The liberal type of pension institution may represent a forerunner for the occupational pension politics of tomorrow to fulfil the legal minimum pension requirements while keeping the promise that with a minimal contribution to the pension plan from employer and employee, people will be well off in retirement and still have a decent pension.

Regrettably, the directors of the paternal pension institution refused to send out a questionnaire to their retired. Despite this, the results of this survey made it possible to gain in-depth insight into the income and living conditions of a large sample of old-aged with a second pillar pension in Switzerland.

Number of participants and respondent rate

Out of 5,100 persons to whom I sent out the questionnaire, 781 respondents sent the questionnaire back. Hence, the average response rate is 17 % of the entire retiree population of the liberal pension institution.

In order to validate the data, I looked at the distribution of men and women. The gender analysis served to reveal whether a bias occurred in the sample. The data shows only a minor bias. Below I present the sample figures:

Table 3.6: Number of persons in the SICC database

Participants	<= 1983	1984 - 1993	1994 - 2003	2004 - 2007	Total
Number	96	198	324	163	781
Proportion	12%	25%	41%	21%	100%
<i>Source: Kucera, own exploitation, SICC survey, 2012</i>					

The total of 781 retirees receives an old age pension from the occupational pension fund. The sample of retirees who left for retirement from 2004 to 2007 contains 163 people. Comparing this sample with the group of retirees in the liberal pension institution as I presented above, it represents 22% of 747 people who left for retirement in this period which is still an excellent overall response rate.

Below I present the number of observations; for validation of the sample I put this sample into the context of the old-age retirees of the analyzed MELAP pilot data:

Table 3.7: Respondent rate of SICC participants compared to MELAP

Year	2004	2005	2006	2007
MELAP	89	228	227	199
SICC	37	40	41	45
Respondent Rate	42%	18%	18%	23%

Source: Kucera, own exploitation, SICC survey, 2012

As we can draw from the table, the response rate is between 18 and 23%, except for the year 2004. Bearing in mind that the 2004 MELAP data consists only of persons who left for retirement from 1st July to 31st December, we can halve the response rate. Hence, we would have a response rate of 21% for the year 2004.

If we look at the proportion of women in this sample, we draw from the following table that the years 2004 and 2007 are representative compared to the MELAP pilot data:

Table 3.8: Proportion of women in liberal type

Women	2004	2005	2006	2007
MELAP	32%	18%	15%	31%
SICC	31%	32%	32%	37%

Source: Kucera, own exploitation, SICC survey, 2012

Women in the SICC survey are overrepresented in the data for 2005 and 2006. This is a direct effect of the adaptation of the retirement age of women. Indeed, as from 2005 onwards, women retire one year later than before, namely at 64. This may have a direct influence on the departure of women in the MELAP dataset. The sample of men in the SICC survey show a perfect representation for 2004 and 2007 and an under-representation for the years 2005 and 2006.

3.3.6 Secondary data

In order to validate my data and to provide an insight into many sources within this complex field, I have cited numerous secondary data sources. I have used the pension statistics from the Federal Statistical Office, the SVS of the Federal Social Insurance Office, and the income survey from the Federal Statistical Office. I used statistical evidence from the FSIO and the FSO. The collected data is compared to the Federal law on occupational pension schemes.

- 1) Pension statistics from the Swiss Federal Statistical Office (FSO)
- 2) Social Insurance statistics from the Swiss Federal Social Insurance Office
- 3) Federal law on occupational pension schemes LPP, FSIO

Information from various sources helped to establish and confirm key knowledge.

3.4 Methods of data analysis

The variety of methods of data analysis used in this thesis, the documentary analysis, the comparative analysis of two cases and the statistical analysis, allowed to analyze the subject from different angles. Indeed, I consider these methods as complementary.

Based on my hypotheses I have chosen two distinct cases and did a comparative case study between two extremes. This approach allowed me to compare the two pension institutions in view of an ideal (simulation, imputation of data in model) versus a real environment (statistical and documentary data).

The information obtained by analyzing the topic with different methods of analysis was providing more information. Using qualitative and quantitative methods with a comparative research design allows better understanding of the complex phenomenon. By using a variety of methods it becomes evident that both the

institutional context and the personal behavior are of equal importance for analyzing patterns of behaviors (Heinz, Krüger, 2001).

The data analysis revealed the divergent mechanisms within private occupational pension institutions by which inequalities are (re)produced. With the analysis of inequality between old-age retirees and women and men affiliated to occupational pension systems in Switzerland, better understanding of the rules, regulations and processes within these occupational private pension systems may be provided. The understanding of the mechanisms and regulations creating inequality is essential to enable policy makers and pension institutions to develop the occupational pension system in Switzerland towards a more equal system for employees and retirees.

The first step was the analysis of the quantitative data available in the MELAP pilot dataset. I described the data, the containing variables and information. Secondly, I structured the information in order to identify a pattern. I discovered a different pattern between the data of the liberal and the paternal pension institution. Thirdly, I examined the interrelationships between the variables, to see whether they were associated or correlated. Fourthly, I analyzed the relationships between a variety of variables. In this respect, the analysis of correlations served to validate and proof the relationships between different dimensions of inequality and the determinant of specific dimensions of inequality. The correlation coefficient is a measure of the linear relationship between two variables. It is expressed in values ranging from +1 to -1. A zero (0) indicates that there is no linear relationship between the variables. The value +1 indicates a perfect positive linear relationship, both variables increase in value in a linear rule. The value -1 indicates a perfect negative linear relationship, as one variable increases the other decreases in value, via a linear connection. In both cases, this means, that there is a close relationship between the analyzed variables. Values between 0 and 0.3 – also in their negative form – indicate a weak linear relationship. Values between 0.3 and 0.7 – also negative – indicate a moderate linear relationship. Values between 0.7 and 1.0 – also negative – indicate a strong linear relationship via a linear connection. The final step of the thesis was to answer the question whether I could refer to the population as a whole from these chosen samples. For these statistical analyses I used SAS and SPSS.

The comparative analysis of the two cases, chosen from the MELAP pilot dataset, revealed that two distinct cases of occupational pension institutions exist. In the context of this study to analyze institutional gender inequality, descriptive statistics served best to describe the population I studied and to compare the behavior of the two distinct groups (men, women, employees, retirees) of people affiliated to the two divergent pension institutions, the liberal and the paternal. According to Suter, measuring (pension) income inequalities may be done with simply presenting deciles, quintiles and percentile ratios of particular income groups (2012). Thus, for describing the population of employees and retirees of two distinct pension institutions, I presented the minimum, maximum, median, average, standard deviation, univariate and bivariate analysis, cross tables, scatterplots, graphs and correlations. While comparing the observations and data by using various measurement methods, I obtained a clear and distinct pattern of behavior which was divergent between the analyzed two cases, the liberal and the paternal pension institutions. Based on the analysis of the two case studies and by comparing their median, mean, deciles and measures of variability, such as the variance, standard deviation, distribution, the minimum, maximum and the skewness of the variables, I was able to describe the phenomenon of institutional inequality.

Furthermore, I gained new knowledge by exploring the empirical evidence of the information obtained from the SICC survey, which I sent out to 5,100 old-age retirees affiliated to the liberal pension institutions. For this purpose I used descriptive statistical methods. In regards to the exploited variables we need to distinct between the four types. The first two types are qualitative variables: these are the nominal and ordinal variables. As a nominal variable, where figures have uniquely a classifying character, I classified for example the type of household or gender. The ordinal variable reveals furthermore a ranking. Here I classified the level of education. A higher figure means that the level of education is higher. The second two variables are quantitative variables. I distinguish between two types. The first I call interval scale. I coded the variable year of birth as a quantitative interval scale variable. The second quantitative variable type is called ratio scale. Here in this study I coded income and age as ratio scale variables.

In addition to these statistical analysis, I created a model, and simulated a fictive case. The aim was to measure the impact of pension fund regulations on a distinct population. For this purpose, I imputed data obtained by the survey amongst the old-aged from the liberal pension institution, into the pension scheme of the paternal pension fund. The sample population of the liberal – the 781 participants of the SICC survey - remained in the database. I used the most determinant variables and compared hereby the situation of the persons affiliated in the liberal with those affiliated to the paternal pension institution: contribution rate, entrance threshold, retirement age, second pillar pension income and household income. Thus, specific variables of the collected data were replaced by information from the paternal pension regulations. With this procedure, I clearly identified the problem of institutional inequality between retirees, men and women, affiliated to the liberal respectively to the paternal pension institution. With the new inferred information I set up a simulation revealing the impact of the conditions of affiliation, depending on the pension regulations. The aim was to evaluate the situation that persons affiliated to the liberal pension institution meet if they had been affiliated to the paternal pension institution instead.

With this approach I was able to proof that institutional gender inequality occurred and that income from retirees affiliated to the liberal pension institution would harshly differ had they been affiliated to the paternal one.

3.5 Fieldwork and research ethics

I have chosen to study this subject in order to reveal the inequalities within the highly complex system of the occupational pension system in Switzerland. The study's focus lies on the inequality related to occupational pensions and offers an insight in retirement perspectives of men and women, depending on their choice of employer during their working lifes. A phenomenon which is relevant for insured and retirees, however, scarcely researched due to the lack of information available in this field. The pension institutions statistics published by the Federal Statistical Office offers little and only partial information about benefits from occupational pension schemes.

My research was undertaken in Switzerland in two distinct pension institutions. I exploited tax declaration data from two distinct pension institutions, which paid out

occupational capital and pension benefits between 2004 and 2007. Many things are not directly observable as research is an ongoing process. But observation would not have been an option anyway as access to these pension institutions has been incredibly difficult. In the occupational pension environment it is generally very difficult to access data, information and people. So, finding two pension institutions that voluntarily participated in this study, nearly 800 participants to reply to the survey questions and finding several pension experts to reply to questions in an interview was very challenging.

Further, I interviewed people within the pension institutions. People who gave me access to pension regulations, documents from the pension institutions, further information about the structure of insured persons and retirees. I undertook the fieldwork at various stages and over a period of several years (2007 to 2009), gathering information at different points in time and on different occasions. All those within the pension institutions and all retirees who actively participated were most helpful and supportive. "Gatekeepers" helped me to get in touch with people from the pension institutions and establish a certain level of trust with these people. These "gatekeepers" helped me to establish a relationship of trust and confidence with those people providing information and answers to my questions. I am mostly grateful to these people as without their help my thesis would not have been possible. Many participants of the SICC survey wrote letters showing their interest in this survey. They expressed their satisfaction or discontent with their lives in relation to economic and social conditions. I am extremely grateful for all these letters, e-mails, and telephone calls from various people showing their interest in my work. After exploitation of the SICC results, I sent out a brief overview of some results to approximately 50 old-age retirees, who were interested in early results of the survey. Their anonymity was always guaranteed as people sent me their addresses separately from the questionnaire.

I consider ethics in research to be highly important as those participating have given me access to information and opened up a window to information from within a pension institution which is in one of the least known fields. I would like to show my respect by not revealing their identities or the names of the companies they work for. This is in order to protect their interests in their working environment. I

believe that omitting the names of the pension institutions and of the people involved does not affect the outcome of this study. More so as many different people provided information, agreed to interviews, sent out documentation such as the pension regulations, took the time to reread questionnaires and to send these out to the retirees in order for the mailing would be entirely anonymous. I therefore had no information whatsoever about the respondents' names or addresses. As I have worked with both pension institutions over the course of a few years and with some of the people more closely, I have become quite familiar with these institutions and with some of the people. Nevertheless, I will restrict myself to expressing my personal views and taking into account the data I have obtained from the interviewees in order to carry out an objective analysis of this field. All the material and documents from other sources that I have used, text and books I have read, from which I have also drawn my own conclusions, will be referenced clearly and are presented in the bibliography.

4. Gender inequalities in two private occupational pension institutions

This chapter presents the main part of the thesis. The aim is to gain new empirical evidence in the field of institutional gender inequalities with regards to the Federal occupational pension law (LPP) and pension regulations of two distinct private occupational pension institutions. Based on the findings (gender) inequalities are detectable in the pension regulations. They reflect the reaction to and implementation of the LPP in a pension institution.

Institutional (gender) inequalities are created, enhanced or reduced through embedded institutional mechanisms as a result of the flexibility accorded to private companies for the operation of the occupational pension schemes. Thus, at the origin of inequality stands the mechanism of interpretation of and reaction to article 49 of the Federal law on occupational pension schemes (LPP). The reason for this is that each pension institution is free to elaborate its own pension regulations and has a lot of room for interpretation of the LPP with respect to the minimum legal requirements which are set up in this law.

The flexibility of pension funds is leaving a wide margin for interpretation in the context of the Federal law on occupational pension benefits which was originally set up for a full-time working breadwinner. Thus, the interpretation of the LPP, in the context of the institutional settings – through the occupational pension regulations - may be viewed as strategic mechanisms of interacting and steering the occupational pension system according to the values of an employer and its pension institution. By this, the employer is (un-) consciously guiding their employees and retirees, making them behave according to a certain retirement pattern. In the context of the pension institution this results in the fact that the pension regulations are creating, enhancing or reducing gender inequality.

The two distinct pension fund institutions, which I call liberal and paternal, provide evidence of gender inequalities in the pension fund regulations and in their pension and capital payments. I observed important differences between the liberal and the paternal types. Indeed, the causal processes lead to expect considerable divergence among the types of pension institutions and their outcomes in terms of

institutional inequality. It appears that benefits are proportionally higher in the paternal than in the liberal institution, although the income from the employer of the paternal institution is generally lower.

Furthermore, inequality was observed as benefits and form of benefits (pension and/or capital payment) vary strongly between pension institutions and retirees. The ordinary retirement age is anchored in the public old age pension law (LAVS), stipulating 64 years for women (63 until 2004) and 65 years for men. Early retirement, however, is permitted from 58 years onwards. Concretely, an employee may draw out his old age pension from the occupational pension scheme far earlier than his public old age pension. The public pension may be perceived only two years early. Thus, when comparing the pension regulations of the two types of pension institution, a strong gender related inequality between the schemes and in relation to the law (LPP) is observed. Thereof, the following table offers an overview of the pension regulations of the two types.

Table 4.1: Pension regulations of liberal and paternal pension institutions

Pension regulations by type of pension institution	Liberal	Paternal
Old age benefits		
Number of contribution years for a full old age pension	42	38
Reduction rate of pension in case of early retirement year	2%	0.15%
Partial capital payment in case of small savings	10%	10%
Capital payment (proportion to be paid out)	max. 50%	25 to 100%
Early retirement age	60	55
Postponed retirement age	67	65
Ordinary retirement age: independent on gender	65	63
Financing		
Insured		
Contribution rate risk insurance	1%	1.50%
Contribution rate for capital savings	5.5 to 8%	8%
Employer		
Contribution rate risk insurance	1%	3%
Contribution rate for capital savings	7.50%	17%
Bridge pension: replacement for AVS financed by employer	possible	100%
Organes		
Foundation board: number of members	16	21
employee delegates	8	11
employer delegates	7	10
retiree delegate	1	possible
President of foundation board	employer	employer
Vice-President of foundation board	employee	employee
<i>Source: pension regulations of liberal (2006) and paternal (2005)</i>		

The pension regulations may vary between pension funds and over the years.

Depending on the type of pension institution the pension regulations differ and have an institutional impact on pension payments. Looking at the pension regulations over the years, we observe an evolution of these inequalities created between the pension institutions. We observe that the legal regulations were integrated differently into the pension regulations of the two pension institutions and were not adopted in the same year. The paternal pension institution is more generous towards its employees; the liberal respects the minimum regulations of the occupational pension law (LPP). I argue that these differences create, enhance or reduce (gender) inequalities on the institutional level for insured and retirees.

4.1 Entrance threshold, coordinated salary: articles 2, 7, 8 LPP

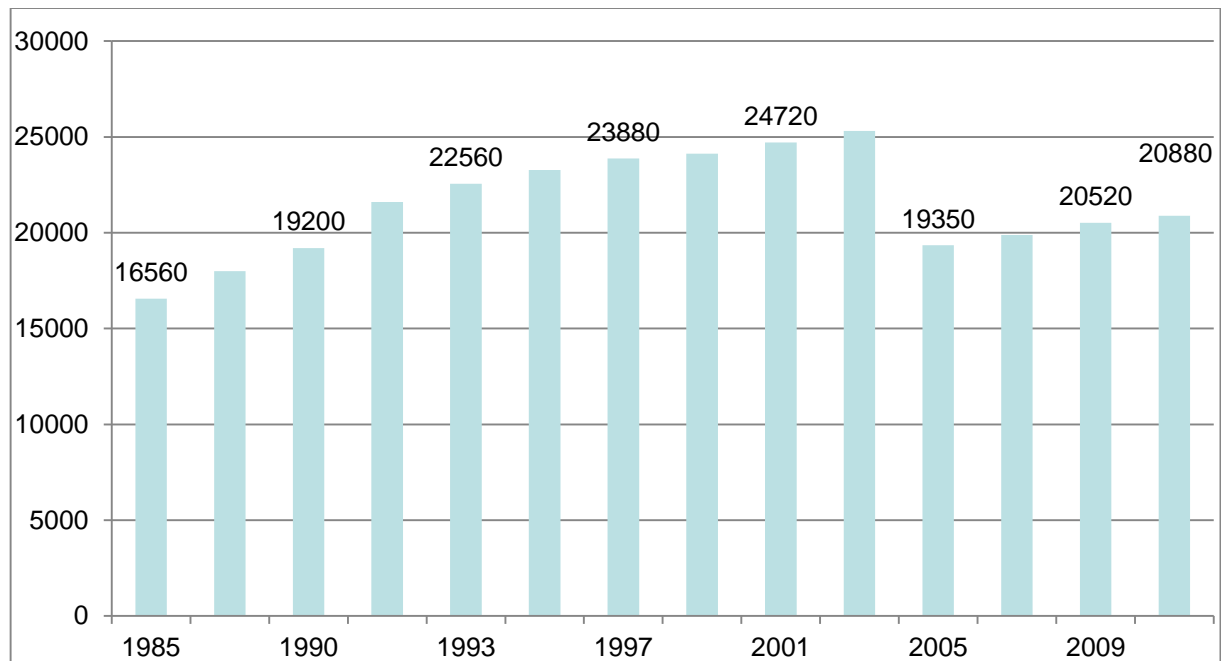
The entrance threshold is one criteria defining who is in- or excluded from a pension plan in either the liberal or paternal pension institution. According to articles 2 and 7 of the LPP the entrance threshold defines that a person be included at the income level of 20,880 Swiss francs in 2012. On a general level, since 1985 the mandatory occupational insurance has aimed to include all employees older than 17 years and earning above a certain income (entrance threshold).

The coordinated salary, article 8 of the LPP, is another criteria defining which part (amount) of the salary the contribution is calculated on. According to article 8 of the LPP, the part of the annual salary which mandatorily insured is comprised between 24,360 and 83,520 francs. Currently, the coordinated deduction (24,360 francs) amounts to 7/8 of the maximum public old age pension (AVS). This deduction is applied to every single income, independent on the level of occupation. A person who is working for two employers, working for each of them on a 50 percent basis, earning for example 40,000 francs annually, will have twice the deduction of 24,360 francs. Resulting in a far lower coordinated salary of 30,860 francs should the person work for one employer earning 80,000 francs annually, the insured salary would amount to 55,430 francs. The consequence is a lower occupational pension insurance, resulting in lower pension benefits once retired.

In general terms, if the entrance threshold would be lower than legally defined (20,880 francs), then the contribution rate would apply to a higher proportion of the salary and thus the savings towards the pension plan would be higher, accordingly.

The following graph reveals that the entrance threshold (article 2 of the LPP; 20,880 Swiss francs in 2012) has been adapted several times since its introduction in order to integrate more people with low annual earnings.

Figure 4.1 Entrance thresholds: articles 2, 7 LPP



A study published by the FSIO, carried out by Ecoplan, showed that the reduction of the entrance threshold in 2005 has enabled the integration of 150,000 women into the occupational pension system. Thus, it confirms that the reduction of the entrance threshold favors the integration of employees with small salaries.

There are pension institutions that go beyond these legal minimum requirements; they are called “over-mandatory” schemes. In legal terms, in the mandatory part, all those earning less than the threshold defined by law may be excluded. However, the pension institution is free to offer better conditions. I argue that generally women earn less than men and that they are more likely to be excluded from the occupational pension system as they often work part time and receive low salaries. The gender pay gap leads to the fact that women contribute less to their pension scheme, leading to far lower old age pensions.

The following analysis shows that the entrance threshold and the coordinated salary provoke institutional gender inequality, as the law prescribes rules which may be adapted by the pension institutions. Thus, the application of different rules

regarding the integration of employees in occupational pension schemes is at the origin of inequality. The fact that a pension institution may stipulate in the pension regulations that there is no entrance threshold, thus allowing all employees to be affiliated to their pension scheme, clearly reveals an institutional impact, creating gender inequalities. Of particular interest in this respect is the extent to which pension institutions integrate or exclude employees from their pension schemes.

4.1.1 Entrance threshold and labor market

Generally speaking, the entrance threshold is a gender neutral concept. But as women have lower incomes, due to the Swiss labor market structure, the second pillar entrance threshold creates gendered effects. The division of labor, women occupying the less well paid job, with the horizontal and vertical labor market segregation, is disadvantaging women in the second pillar system by means of the fixed entrance threshold. The problem with the entrance threshold is, that women earn on average less than men and small incomes – below 20,880 Swiss francs - are excluded from the affiliation to an occupational pension scheme. Furthermore, annual earnings below 80,000 Swiss francs approximately may not contribute fully towards a pension scheme (maximum coordinated salary according to article 8, LPP).

According to the International Labor Office (ILO), “the share of women in wage and salaried work grew during [...] ten years from 42.8 per cent in 1999 to 47.3 percent in 2009. Whereas the share of vulnerable employment decreased from 55.9 to 51.2 percent” (ILO, 2010:4), “there is a clear segregation of women in sectors that are generally known to be lower-paid” (ILO, 2010: 37).

The Federal Statistical Office (2011) has revealed that 23 percent of female labor and 13 percent of male labor in Switzerland earn up to 26,000 Swiss francs per year. For part-time female labor the entrance threshold is even more discriminating as over 35 percent of women earn only up to 26,000 Swiss francs only. Male part-time labor is not a lot better off, as just over a third earns maximum 26,000 Swiss francs per year. This phenomenon has a strong effect on pension income once retired, as a large part of women (~ a fifth) and a part of men (~ a tenth) are excluded – by means of the second pillar entrance threshold – from occupational pension benefits, as they are earning below this level (FSO, 2011).

Furthermore, the annual income of men and women differ still harshly. Standardized income (median of full time job equivalent), according to the labor survey of companies (the LSE) of the Federal Statistical Office (FSO), reveals clearly that in 1994 men earned 5,100 and women 3,900 Swiss francs monthly. This means that men with just over 60,000 and women with approximately 50,000 Swiss francs annually were not able to contribute fully to the occupational pension scheme. In 2010, according to the LSE, the picture has changed. However, the disadvantage of the system strikes still women harsher than men. With a standardized median salary of monthly 6,300 for men and 5,100 Swiss francs for women, or annually 62,000 Swiss francs for women and 76,000 for men, reveals clearly that in particular women will have a lower occupational pension than men, as they may not contribute fully towards the pension scheme. This results from article 8, LPP, which stipulates that the coordinated salary for the mandatory occupational scheme lies approximately between 20,000 and 80,000 Swiss francs.

4.1.2 Entrance threshold and inequality between two pension institutions

In addition to the effects due to the gendered labor market, there is another overlapping phenomenon. Indeed, gender inequalities are created between the pension institutions, due to the fact that article 49, LPP, allows a certain freedom of interpretation. This phenomenon, as described in my hypotheses, is an overlapping effect and is – by regulation of each pension scheme - either creating, enhancing or reducing gender inequalities produced by the labor market and the second pillar pension system.

The paternal type has a lower entrance threshold than legally defined. Thus, the paternal pension institution reduces gender inequalities. Indeed, the paternal occupational pension politics is in favor of small incomes and part-time employees accumulating pension credits more easily than legally prescribed. In the paternal type the basis of calculation favors the integration of part-time workers and low earners. It offers much better conditions than legally prescribed. The entrance threshold in the pension scheme is at 30% of gross earnings. Hence the coordinated salary, that is the deduction of 30% of the salary, which means that the insured contribute towards the pension plan for 70% of their income,

independent of the level of their salary. Theoretically, this means that if someone earns 40,000 Swiss francs a year, the person contributes for a salary of approximately 28,000 Swiss francs. Hence the entrance threshold for joining the pension scheme is not 23,000 Swiss francs - as the LPP proposes - but for this income at 12,000 Swiss francs. Therefore all employees are integrated in the pension fund, are insured and save capital towards their pension plan on 70% of their annual income. Hence the level of provision is already higher as the insured salary is far higher than legally prescribed.

The inclusion of employees below the defined entry threshold into the second pillar system further exposes the accentuated paternal provider-model and the solidarity of the company towards its employees, especially towards those with low salaries. While including those with low salaries this pension institution represents a women-friendly and part-time friendly policy.

On the other hand, we have the liberal pension institution which meets only the minimum legal requirements. As the pension expert expressed "we give to the employees what we owe them, however we have to be very prudent with the pension payments". Employees adhere to the occupational pension plan according to the legally defined the threshold of 22'800 in 2012. Employees earning less are excluded from the pension scheme. The pension expert of the liberal pension institution expressed that they care for their insured and retirees. "Our duty is to protect their capital and give it to whom it belongs", hence no solidarity and no transfer from the active to the retirees are planned. In this pension institution, the coordinated salary is the same as in the LPP. Thus, the minimum plan of the liberal pension institution meets the legal minimum according to the LPP.

Inequality occurs between the pension institutions on the institutional level because the paternal pension institution offers far better conditions of affiliation than legally defined. The paternal type includes all employees, independent of their income, in their second pillar pension scheme, whereas the liberal type includes employees at the legally defined entrance threshold only (article 2 of the LPP). Hence, the second pillar system is favoring employees affiliated to the paternal type.

4.1.3 Entrance threshold and inequality within two pension institutions

The liberal pension institution makes no difference between men and women what the threshold entrance concerns. Every employee earning above the threshold entrance stipulated by law (article 2, LPP), is affiliated to the occupational pension scheme. From that we could deduce that their concept is gender neutral. Having a closer look to that, we see that women earning 30% less on average than men. In the branch where the company is active, the standardized monthly salary for a full time job (LSE, FSO, 2010) was 5,100 Swiss francs for women whereas men earned 7,200 at the same time. This means that women would not be able to contribute full to the pension scheme, as their average annual income amounts to only 60,000 Swiss francs approximately. Thus women are losing out on contributions on a 20,000 Swiss francs gross salary yearly. Men on the contrary may contribute full on this basis towards the occupational pension scheme, as their yearly earnings amount to 86,000 Swiss francs. The consequence is that men may theoretically accumulate approximately 100,000 Swiss francs more on old age credits, as they will contribute for approximately 40 years on a coordinated salary of yearly 60,000 Swiss francs whereas women will only be able to contribute on the basis of the coordinated salary of 40,000 yearly. Gender discrimination created by the legal norm of the coordinated salary (article 8 LPP) is leading to far lower occupational pension incomes for women compared to men.

The paternal pension institution has the same rules for men and women what the threshold entrance concerns. The regulation is stipulating that the threshold entrance and the coordinated salary is set at the 30% gross salary and not at 22,880 Swiss francs (2013). This means, independent on the income level, every employee contributes to this pension scheme. Indeed, the contribution towards the pension scheme is based on 70% of the income. We can draw from this example that the paternal pension scheme is reducing inequality between men and women and it is reducing inequality in regards to the law (article 8, LPP). If we take the example of above (LSE, FSO) where we saw that women's annual standardized income is 62,200 we can conclude that women would contribute on 70% of the salary, with a contribution of 24% (8% employee, 16% employer in this company), and would lose out far less in comparison to men over 40 years of contribution.

Having a closer look, we draw from the LSE (FSO, 2010) that women earn 20% less than men in this branch. In 2010, women's annual income was just over 50,000 Swiss francs whereas men's was just over 60,000 Swiss francs. By means of setting a gender and income neutral threshold entrance at 30% of gross salary, the paternal pension institution reduces not only gender inequality but also inequality between the income categories. With this system, the paternal pension institution creates a neutral concept by integrating all employees independent on their salary and reduces (gender) inequality within their system.

Furthermore, the reactions of the two pension institutions to the reduction of the entrance threshold (LPP revision in 2005) were different. The liberal pension institution adapted its pension regulations according to the new legislation, including those employees with an annual salary of a minimum of 18,990 Swiss francs in the scheme, thus increasing their insured population. The paternal pension institution did not adapt its pension regulations as - according to their pension regulations - all employees were already included independent of their level of income. We draw from this that each LPP revision triggers an unequal reaction creating further inequality between the affiliated, i.e. the insured and old-age retirees, of a pension institution.

In conclusion to that we can say that the paternal pension institution reduces gender inequality in regards to pension, as the scheme integrates all employees, independent on their income, stipulating a threshold entrance of 30% of their income. Indeed, the gender discrimination occurring in article 8 LPP is abolished in the paternal institution by integrating and enlarging the insurance cover and the possibility to save for old age to each employee. The paternal pension institution has found with this system a way to be gender neutral and integrating men and women independently on their salary in their occupational pension system.

Whereas the liberal pension institution triggers gender inequality, enhances it, as women generally earn 30% less in this branch. With their far lower income than men, and due to the threshold entrance (article 8, LPP) they are contributing only on 40,000 Swiss francs instead of 60,000 Swiss francs, as we have seen above.

Thus, gender inequality occurs within the pension institution, if the threshold entrance according to article 8, LPP, is respected.

4.2 Contribution rate and pension credits: article 16 of the LPP

According to article 16 of the LPP a minimum contribution rate, depending on age, of between 7% and 18% must be paid in jointly by employee and employer. Article 16 of the LPP proposes contribution rates which are based on the initial golden rule; to obtain savings corresponding to 500% of the last coordinated salary. Thus, the legal minimum contribution rate represents the proportion of income which must be diverted into a pension account for the employee. This is the amount which the employer and the employee must pay into a pension plan in order to accumulate occupational pension capital. The mathematical formula for contribution rates over the years is as follows:

$$10*7\% + 10*10\% + 10*15\% + 10*18\% = 500\%$$

At first glance the so called golden rule rate seems to be a gender neutral concept. However, if we take a closer look we can distinguish different factors creating inequality between men and women.

Indeed there are overlapping reasons for gender inequality, first the segregated labor market, second institutional gender inequality due to the LPP and the pension regulations of private occupational pension schemes and thirdly due to unpaid work during child rearing while staying at home.

4.2.1 Pension credits and the labor market

Although contribution rates in both pension institutions are equal for men and women, it appears that there is no gender equality. Resulting from the Swiss labor market structure, an equal contribution rate creates gendered effects. This is based on the fact that women and men do not have equal incomes due to structural effects on the labor market and/or prevalent part-time work of women. In addition to that, women are disadvantaged as their coordinated salary is generally far lower than men's and secondly, due to maternity leaves and unpaid work for child rearing at home, women lose out on important contributions at a time where men continue to accumulate old age credits. Women often give up work for child rearing. Throughout this time they will not be able to contribute towards a pension scheme. Hence, depending on the number of contributing years they miss out on, they lose more or less savings towards their pension plan. If we assume that a woman takes

a family break from 35 to 40 years of age, she loses out on 5 years' worth of savings on old age credits. Do women continue to contribute towards a second pillar pension plan as part-time workers, they lose out even more pension credits. For example, for a woman working in a 60 % job in the personal service sector, earning a monthly salary of 3,574 Swiss francs or of 46,400 Swiss francs annually, the contribution to her pension scheme would be based on approximately 25,000 Swiss francs. In a mandatory system with the lowest contribution rates, i.e. 16% jointly from employer and employee, a woman would save approximately 4,000 Swiss francs a year. In particular, women may miss out on contributing at all if their annual salary does not qualify to join the pension scheme; this is the case if a woman does not earn above the threshold entrance of 22,800 Swiss francs. Thus, women are losing out on important contributions for accumulating capital towards their future occupational old age pension. The problem is that "a job in social and economic theory is commonly held to be filled only by a disembodied worker who exists only for the work" (Acker, 1990:149). Hence, only a person working full time until the age of retirement will accumulate the necessary credits for a decent second pillar pension.

The contribution rate is based on the coordinated salary, which represents the gross annual income minus a coordinated deduction. In 2010, the contribution was based on a coordinated salary which is between 20,520 and 80,520 Swiss francs. Thus, the savings depend directly on a person's income. However, each pension institution is free to offer better conditions, taking into consideration that the overall contribution must be at least 14%. The fact that contribution rates vary between pension institutions leads to inequality amongst employees at an institutional level. Furthermore, that an equal contribution rate is applied on the coordinated salary (article 8 LPP) independent on the income and not taking into account that women or part-time workers are structurally disadvantaged hereby – leads to gender inequality due to an unequal pension income once retired.

4.2.2 Pension credits and inequality between two pension institutions

In the paternal type, employees, independent of age and gender, contribute a rate of 8% to the pension fund, and the employer contributes double this rate to the occupational pension plan. According to a pension fund expert, this is based on

great solidarity amongst the employees and from the employers towards employees. This type of pension institution aims to reward its employees for their corporate loyalty based on the company's paternal values. The employer feels responsible for workers and employees feel bound to the company. Pension fund regulations have only changed slightly over the years and employees are rewarded for their loyalty to the employer. The experts in the paternal pension institution expressed that they do not let the retired down; if they are in need, they will be helped. The experts expressed that no changes were planned for the near future. However, in times of financial crisis, the employer may not continue this practice and future generations could be disadvantaged.

Table 4.2 Contribution rate and total of pension credits

"liberal"	nr of years	employer	employee	Credits
25 to 34 years	10	7.5%	5.5%	130
35 to 39 years	5	7.5%	6.0%	68
40 to 44 years	5	7.5%	6.5%	70
45 to 49 years	5	7.5%	7.0%	73
50 to 54 years	5	7.5%	7.5%	75
55 to 65 years	11	7.5%	8.0%	171
Total	41	308	278	586
<hr/>				
"paternal"	nr of years	employer	employee	Credits
25 to 63 years	38	16.0%	8.0%	912
Total	38	608	304	912
<hr/>				
<i>Source: pension regulations of liberal (2006) and paternal (2005)</i>				

In the liberal type, the pension fund regulations stipulate the legal minimum contribution rates; every employee contributes half of the input towards his own occupational pension plan. The employer contributes the other half of the payment, which represents the legal minimum. In this company, individualism is an important element for survival and comes before solidarity. Younger employees contribute less to the pension plan than older ones, as proposed by the legal body. According to the pension regulations of the liberal pension institution, employees contribute between 5.5% and 8% depending on the age of the insured and the employer contributes 7.5% towards their pension plan. Accumulation of pension credits is directly linked to the contribution. According to Article 16 of the LPP the minimum

old age credits are 7% for persons aged 25 to 34, 10% for a 35 to 44 year old, 15% for insured aged 45 to 54 and 18% for those age 55 to 65. Looking more closely at the total accumulated pension credits and the total contributing years, we see that the pension institutions do not precisely apply article 16 of the LPP and this reveals a rather unequal picture.

In the liberal pension institution the employer contributes a total of 308 pension credits whereas in the paternal pension institution the employer contributes a total of 608 – very close to double. The insured in the liberal pension institution contribute 278 credits over 41 years whereas the insured in the paternal type contribute a total of 304 credits over 38 years. Although these pension credits seem to be a theoretical figure, they are directly relevant for the total capital which can be accumulated for old age occupational capital and pension benefits.

I conclude that the total number of pension credits in the liberal type with 586 credits for 41 contributing years is far lower than the total number of pension credits at 912 which can be accumulated in the paternal type over 38 years. Thus, the insured in the paternal type accumulate over a third more than in the liberal type.

In the liberal type the contribution rate increases with age, which is favorable for women having children, as the lowest contribution rates are to be found between 25 and 39 years. The paternal type, however, proposes the same contribution rate for the entire working life span, hence women lose out on important contribution years.

The employer of the paternal scheme pays in double the employees' contribution towards the pension plan. According to the expert the goal is that people manage the passage between employment and retirement without difficulty.

So, the analysis reveals an accentuated difference between the liberal and the paternal type.

4.2.3 Pension credits and inequality within two pension institutions

In the liberal type, inequality arises where incomes differ, as small earners - in particular part-time employees - receive less than full-time employees. This will be even more accentuated for women as they generally earn less than men in this branch and women therefore accumulate less capital. As we have seen the

contribution rate in the liberal amount to 14%, however only for persons attaining the threshold entrance according to article 2, LPP (20,880 Swiss francs in 2012).

According to the BESTA statistics (FSO, 2012), 5% of women work part-time less than 50%, and 30% of female workers less than 90%. On the other hand, men in the liberal company work to 5% just below 90%.

If we recall that in 2010, women's annual income was just over 50,000 Swiss francs whereas men's was just over 60,000 Swiss francs in this branch, then we see the drawback for women. The 5% women working less than 50% would earn probably just below the threshold entrance. The 30% of part-time female workers would probably contribute on a gross income of approximately 20,000 Swiss francs whereas men would be able to save 14% contributions towards their old age credits on the gross annual salary of 40,000 Swiss francs, with the exception of 5% of men working 90% and thus contribute only on just over 30,000 Swiss francs. Gender inequality becomes apparent within the liberal pension institution while reflecting the labor market context. The analysis makes it clear that there is an overlapping labor market effect; however, the study of the phenomenon reveals also that the liberal pension institution reinforces the gender effect.

4.3 Contribution period: article 10 of the LPP

The number of contribution years strongly influences the level of the pension. The longer contributions are paid into a scheme, the higher the pension level will be.

The number of contribution years stipulated in the pension regulations defines how many years a person must contribute to the pension fund for in order to receive a full old age pension. The total number of contributing years required in order to receive a full pension differs between the pension schemes, depending on the pension regulations.

Furthermore, there is a disadvantage for women, resulting from the fact that only full contribution years, 38 in the paternal and 42 in the liberal, give the right for receiving a full pension. Indeed, persons with shorter working lives have a shorter contribution period and thus a reduced pension. This is in particular to the detriment of those women with interrupted careers. In addition to that, women lose out on one year of contributions as they are leaving the labor market early, due to the

legal ordinary retirement age stipulated at 64. This means that women's pension credits towards the pension scheme are only paid in until 64 and not 65 like for men. Thus persons with interrupted careers - not attaining the 38 or 42 years contribution period - will receive a reduced pension (see also sub-chapter 4.7).

4.3.1 Contribution period and labor market

The number of contribution years for men and women is very often quite distinct. As we have seen, women far more often have interrupted careers and thus far fewer contribution years. Thus, the labor market creates inequality in regards to the possible numbers of contributing years towards the second pillar pension scheme. This is in particular so as the occupational pension is a privately financed pension fund, where contributions are paid in by employer and employee, that is when a person is active.

The years where a woman stays home for child rearing, she has no possibility to contribute towards a second pillar. Although, if she has a husband paying into an occupational pension scheme, he has to give half of it to his wife (should they divorce). Problematic is that her husband's part may not be paid in into a women's own occupational pension scheme, once she is taking up work again, after a baby break. Thus, although a women legally owns half of her husband's old age credits, she will not be able to have paid "her share" out except in case of a divorce or once her husband retires (she lives from his pension) or in case of his death.

In addition to that, working in the paternal company – even with a lower salary in the low skill segments – will furnish a comparatively higher pension income after less contributing years (38 years) than if working in the liberal type (42 years), even though salaries are generally higher in this high tech environment. This is so as the pension credits paid in by the employer in the paternal pension scheme is far higher compared to those paid in by the employer of the liberal type.

This observation displays clearly the interactive effect of the labor market, the branch (and income) and the pension regulations, confirming hereby the institutional impact on pension payments. Thus, the labor market, the LPP and the pension regulations are strongly interacting, hereby creating, enhancing or reducing gender inequality.

4.3.2 Contribution period and inequality between two pension institutions

In the liberal pension institution employees need to contribute for at least 42 years in order to receive a full pension. In the paternal pension institution – according to the pension regulations – the number of contribution years is only 38 years for a full pension.

Furthermore, employees affiliated to the paternal institution retire at 63 and leave the labor market with an unreduced public pension and - if they have 38 contribution years, an unreduced second pillar pension. Furthermore, employees affiliated to the paternal pension institution receive a bridge pension when retiring at 63. The paternal institution is financing the old age public pension – as a bridge pension - fully for each employee for 1 or 2 years. This means that employees affiliated to the liberal pension type have to work four more years for a full pension compared to those affiliated to the paternal type. The analysis reveals that although the contribution period in both pension institutions are equal for men and women, there are gender inequalities as the overlapping effect of the labor market, the legal rules regarding the ordinary retirement age of women (64) and men (65) as well as the pension regulations interfere strongly.

4.3.3 Contribution period and inequality within two pension institutions

We have seen that contribution years are equal for men and women in the liberal pension institution. The same observation was made in regards to the paternal institution, the number of contribution years are the same for men and women.

However, in the paternal pension institution, the bridge pension, replacing the public old age pension, is paid to men for two years (until 65), whereas women receive the bridge pension for only one year, until 64. There is gender inequality in respect of the number of contribution years, resulting in lower pension credits paid in for fewer years to women than men.

In the liberal pension institution women and men are equal in this regard. Indeed, women and men must work until the age of 65 in order to receive a full pension. As a result of this rule, women's contributions towards the pension scheme may be equal to men's and the employer pays in the same period for women and men.

According to the pension expert of the liberal pension institution, a minimum of contributions years of 42 must be maintained in order to avoid financial difficulties in the future.

It appears that there is a strong gender inequality in the paternal type to the detriment of women, resulting from a legal rule, the ordinary retirement age, and stipulated in the pension regulations. Thus gender inequality is enhanced in this respect by the paternal institution. On the other hand, the liberal type is reducing gender inequality as men and women alike are obliged to contribute until the age of 65 and thus women have longer contribution periods than initially foreseen by law.

The analysis demonstrates that the overlapping effects of the labor market structure, the retirement age stipulated in the LPP and the pension regulations, hereby fixing the end of contributions to be paid into the pension schemes, are creating, enhancing and reducing gender inequality within pension institutions.

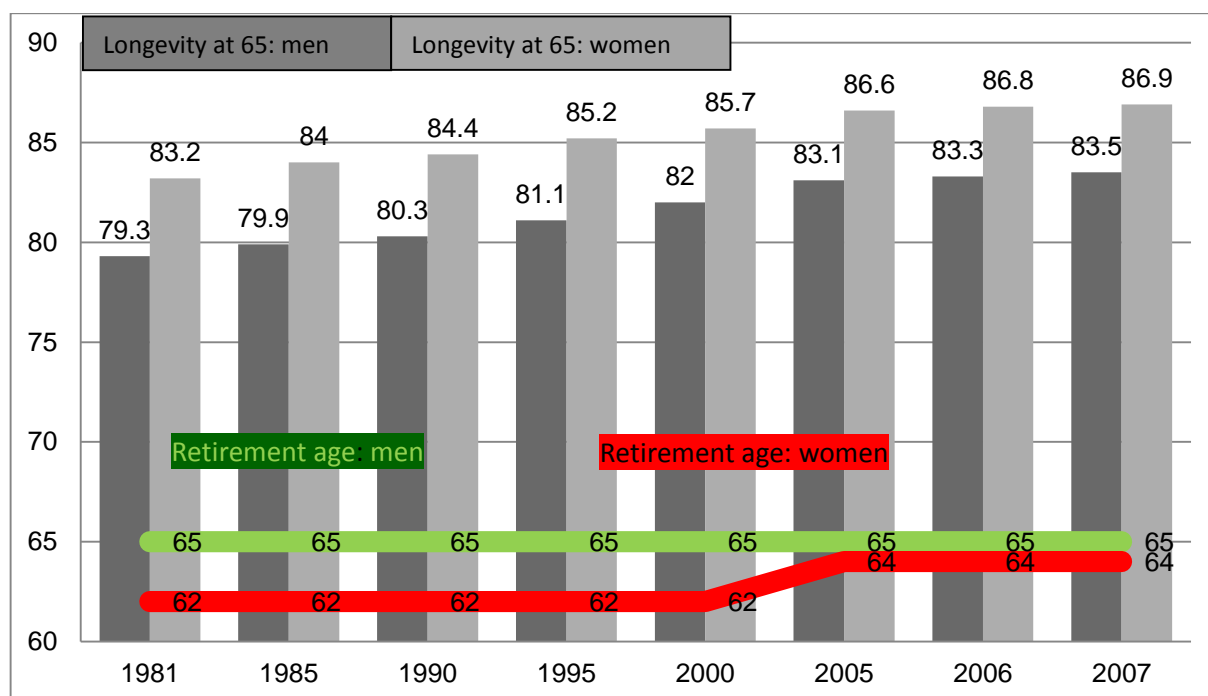
4.4 Retirement age: article 13 of the LPP

The retirement age stipulated in article 13 of the LPP represents the age where an old age pension is due; the legal retirement age according to the LPP stipulates 64 years for women (until 2004 it was 63) and 65 for men. The ordinary retirement (article 13 of the LPP) age may be decisive as to whether a person receives a full or a reduced pension. A pension institution may offer early retirement; this right maybe stipulated in the pension regulations. Depending on these regulations, the age of retirement may differ from one pension institution to another and for men and women.

4.4.1 Retirement age and labor market

As we can draw from the following figure, the ordinary retirement age for receiving old age benefits from the AVS was initially fixed for both women and men at 65 in 1948. In 1957, it was lowered for women to 63 and in 1964 to 62. However, it was raised again to 63 in 2001 and to 64 in 2005. The legal retirement age marks the end of mandatory contribution to the AVS/AHV and represents the key to receiving the state old age pension in Switzerland.

Figure 4.2 Ordinary retirement age according to the LAVS, and longevity



Source: Kucera, own exploitations based on information from pension regulations and FSO, 2012

Depending on the economic situation, family status or health condition of a person, on the LPP, the pension regulations or on the labor market situation, a person may retire early, at the ordinary retirement age or chose a late retirement.

4.4.2 Retirement age and inequality between two pension institutions

Gender inequality occurs between the two analyzed pension institutions as the retirement age is not equal. Indeed, each pension institution is free to offer better retirement conditions. There is a difference between the pension institutions in regards to early, ordinary and late retirement, creating inequality between the insured affiliated to different pension schemes and within a same generation.

Table 4.3: Retirement age according to pension regulations

	Retirement	2002	2005	2006	2007	2008
Paternal	Early	55	55	55	55	58
	Ordinary	63	63	63	63	63
	Late	65	65	65	65	65
Liberal	Early	60	60	60	60	60
	Ordinary	63	63	63	63	63
	Late	67	67	67	67	67

Source: Kucera, own exploitations, according to pension regulations from liberal and paternal type

Thus, retirement age depends strongly on the employer as it is fixed in the pension regulations of a pension institution. The determination of the ordinary retirement age in the pension regulations has a great impact on whether a pension is reduced or not and to what extent as we will see later in this chapter.

4.4.2.1 Ordinary retirement

According to article 13 of the LPP, the occupational pension should be paid out at the legally defined retirement age for receiving a public old age pension (AVS). The legal ordinary retirement age marks the end of mandatory contribution to the AVS and represents the key to receiving the state old age pension in Switzerland. Gender inequality in relation to retirement age began in 1957 when the originally established legal retirement age of 65 years for women and men was lowered for women only to 63 years (1964 reduced to 62; 2001 raised to 63; 2005 raised to 64). Thus, gender inequality occurs as the legally defined ordinary retirement age is not equal for men and women nor between the different retiree cohorts.

The LPP stipulates that the retirement age may vary between pension institutions. It may be lower than the legally defined retirement age, promoting an earlier “ordinary retirement age” in the pension regulations or it may be higher, fostering postponed retirement, creating inequality on the institutional level. This is the case for both pension institutions. In the liberal type the “ordinary retirement age” is 65 years and in the paternal type it is 63 years: in both pension schemes it is independent of gender. This can be perceived as a forerunner for the equal retirement age for both sexes.

4.4.2.2 Early retirement

Women and men may retire early receiving their public old age pension (the AVS) up to two years before the legal retirement age. However, the pension is reduced by 6.8% for men and women, with an exception for women born up until 1947; their reduction rate is only 3.4%. Thus, men are disadvantaged as they receive their public old age pension later than women and with a reduced rate.

In the LPP the early retirement age is set at 58 years. However, the pension institution may offer a different early retirement age. Hence, early retirement can cause inequality on the institutional level between retirees of different pension

institutions, as those in the liberal type receive a full occupational pension only when retiring at the age of 65 and those working in the paternal type can already claim a full pension at 63. In the paternal type, people generally retire early compared to the legal retirement age. In the paternal pension institution early retirement was set at 55 until 2004 and from 2005 at 58 years for both women and men. Women and men in the liberal company may leave for retirement from 60 years of age. This condition is equal for both women and men.

The early retirement reduction rate in the paternal pension institution was set at 1.8% per early retirement year. Inequality between women and men arises as men could only retire 10 years or 8 years respectively, before their legal retirement age, whereas women could only leave 8 years early until 2004 and 6 years early as from 2005 onwards. This means that men can benefit to a far larger extent than women from generous retirement conditions than women in the paternal company. In the liberal pension institution, the lifelong pension is reduced by 2% per early retirement year.

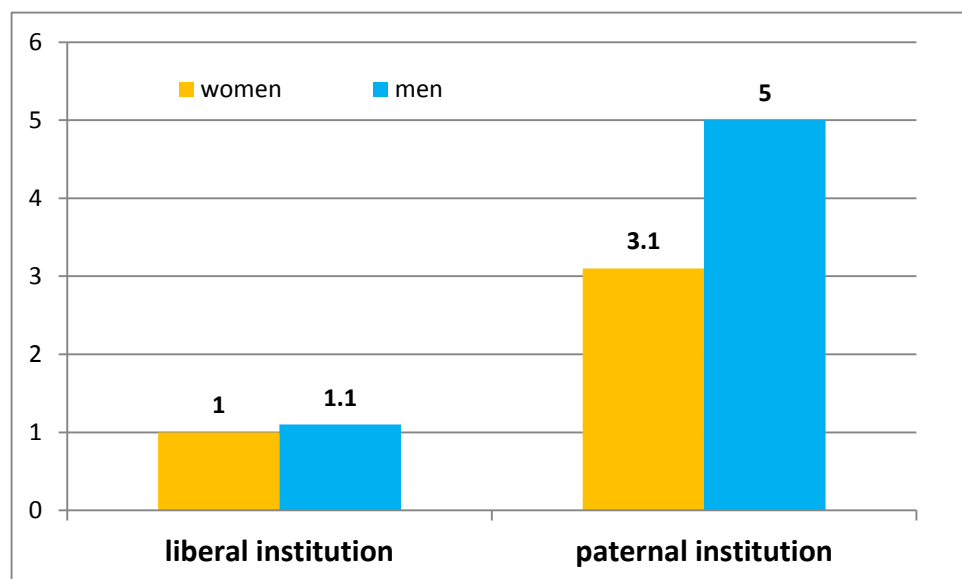
In the liberal pension institution women could retire 5 years early until 2004 and 4 years early from 2005 onwards – in comparison to their legal retirement age. Men may retire 5 years early. Although, women are preferentially treated in relation to early retirement age, they are still losing out on annually 2% of their accumulated capital, if retiring between 60 and 64 years. In an interview with a pension expert from the liberal pension institution, I learnt that the bridge pension may be financed by the employer, by a union or it may be self-financed through higher contributions accumulated as extra credits. In any case in the liberal type, people are expected to work until the ordinary retirement age of 65, as someone leaving for early retirement is considered to be "a lazy person", expressed by the pension expert.

Early retirement rate

The early retirement rate is the average number of years a person leaves early for retirement compared to the legal retirement age. The average early retirement rate is more divergent between men and women in the paternal pension institution and less accentuated in the liberal pension institution. This can be explained by the pension regulation in the liberal pension institution stating that women and men both have far more accentuated pension cuts in the case of early retirement.

Contrary to that, in the paternal pension institution women and men may retire without pension cuts at 63.

Figure 4.3 Average numbers of years of early retirement, 2004



Source: Kucera, own exploitations, MELAP pilot data from liberal and paternal type

In the liberal pension institution women and men generally leave one year early in spite of pension cuts. In the paternal type men leave on average 5 years early and women 3 years early (2004). Compared to the ordinary retirement age, this means that women and men left on average at 60 years of age in the paternal type and in the liberal, both women and men at 64 years.

If we take a look at the population of retirees of the liberal type, at samples calculated over different periods, we see that the average retirement age has risen since 1983 and is 64 years for men and 62.1 years for women, calculated for the years 2004 to 2007. As law has changed, women could retire at 62 until 2000 and at 64 between 2001 and 2004.

Thus, analyzing the sample by cohorts leaving for retirement, the table shows a steadily rising average retirement age for men until 2003 and a slight down-trend in the years 2004 – 2007. This may be explained as the company – in the years of crisis and instead of letting off people – proposed early retirement for men just before retirement. Indeed, the economic and dotcom crisis led to restructuration in larger and smaller companies and provided thus early retirement plans for the generation just before retirement.

Table 4.4: Average age of retirement of retirees of the liberal type (SICC)

	until 1983	1984-1993	1994-2003	2004-2007
Average age of retirement	60.8	62.8	63.0	62.9
Men	60.5	63.7	64.0	63.8
Women	61.1	61.9	61.9	62.1

Source: Kucera, own exploitations, SICC survey

For women the rising retirement age may be explained by the legally defined rising ordinary retirement age, as we have seen above. This trend for retiring later is confirmed by a study from the FSIO in 2012. This tendency suggests that people leave early for retirement only when pension regulations or the law allow.

4.4.2.3 Late retirement

The Federal Council aims to equalize the legal retirement age for women and men. The reason is the greater longevity of today's generations which engender longer pension payments from the accumulated pension capital. In a study about Retirement in the context of demographic evolution (FSIO, 2012), mandated by the Federal Social Insurance Office, interviewees stated that they would favor the harmonization of the retirement age between women and men and between the second and the first pillar.

For the occupational pension system, the LPP proposes that the pension institution regulate late retirement for their employees according to article 10 of the LPP.

In the paternal pension institution, late retirement is allowed until the age of 65 for both women and men. Beyond this age, the company will not allow employees to continue working. As this pension institution has stipulated the ordinary retirement age at 63 years for both women and men, an increase of 1.8% of the annual pension is already effective when retiring at 64, double this when retiring at 65. Thus, in the paternal type "there is not really an option to work beyond the ordinary retirement age" according to the pension expert. "Though, there are exceptions,

but only if the person cannot be replaced immediately, which was the case for a specialist in our company. But other than that, late retirement is not fostered”.

In the liberal type however people are expected to work at least until the ordinary retirement age, which is 65, and the company fosters postponed retirement. Hence, if someone wants to stay on working beyond the retirement age, they can. Late retirement in the liberal pension institution is possible up to 67 years for men and women.

4.4.3 Retirement age and inequality within two pension institutions

The retirement age in both pension institutions is equal for men and women. Furthermore, in both pension institutions the postponed or late retirement age is equal for women and men. The paternal pension institution offers an ordinary retirement age of 63 for both women and men. Those women and men affiliated to the liberal pension institution leave the labor market at 65. There is no obvious gender inequality detectable within the two pension institutions.

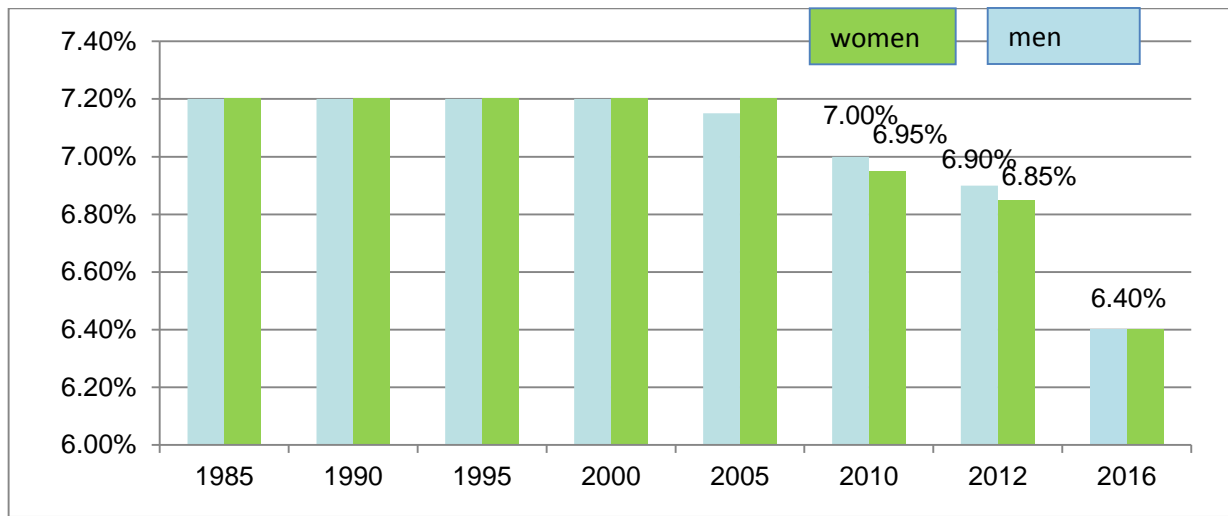
4.5 Conversion rate: article 14 of the LPP

The legal minimum conversion rate is defined in the LPP. Article 14 of the LPP stipulates that the old age pension is calculated as a proportion of the total capital accumulated through the contributions of the employee and the employer. The Federal Council fixes and submits the conversion rate to parliament for approval. For persons retiring in 2012 the rate is 6.85% for women and 6.90% for men (2012). Based on parliamentary debates, the government proposed to reduce the minimum conversion rate for future old-age retiree generation; this was highly disputed by the population. Nevertheless, the proposed reduction of the minimum conversion rate was submitted for vote to the Swiss population in spring 2010. The Swiss population rejected the proposal. With the planned old age pension reform 2020, the Federal Councilor Berset proposes to reduce the conversion rate and fixing it in article 14 of the LPP at 6.0% for men and women.

4.5.1 Conversion rate and labor market

The following graph demonstrates the reduction of the conversion rate until 2012 since the introduction of the LPP in 1985. Furthermore, the figure displays the first project of the Federal Council to lower the conversion rate to 6.4% in 2016.

Figure 4.4 Conversion rate: reduction project



Source: FSIO documents, Kucera, own exploitations

It appears that even this rate would be too high for paying lifelong pensions due to the fact that retirees receive their old age pension for approximately 20 years on average. Or, life expectancy has risen since the introduction of the LPP in 1985.

Inequality arises where the annuity may differ harshly between the old-age retirees from different generations. For example, for an accumulated occupational pension capital of 100,000 Swiss francs a women retiring in 2005 received a pension of 7,200 Swiss francs per annum. If a women retires today with a conversion rate of 6.8%, then the annuity is only 6,800 Swiss francs. Thus, the concept of the minimum conversion rate creates inequality between the generations and between men and women as the rate is neither equal for each generation nor the same for both sexes. Actually, men encounter a double disadvantage. Firstly, their conversion rate is lower than women's and secondly, they have a shorter life expectancy and will receive their pension on average for fewer years than women.

4.5.2 Conversion rate and inequality between two pension institutions

Generally we could say that there is equality between men and women in both the liberal and the paternal institutions as the same rates are applied.

Inequality occurs between the two pension institutions as the contribution period is 4 years longer for employees affiliated to the liberal pension institution. Indeed, those affiliated to the paternal type accumulate for shorter period (38 years) and

are forced out of the labor market early (63 years) with less time to save up for retirement. Indeed, the conversion rate, applied on a lower accumulated capital may lead to gender inequality.

Again, this analysis shows that there are overlapping effects from different gender regimes, the labor market (with its structural effects), the welfare state with the LPP, and the institutional pension regulations. Depending on the various effects, gender inequality is enhanced or reduced.

4.5.3 Conversion rate and inequality within two pension institutions

There is no obvious gender difference between the conversion rate of women and men in both the liberal and paternal pension institution. However, the structural effect of the labor market interferes strongly in this context. Indeed, the lower income or part-time salaries of women leads to the fact that women accumulate far lower pension credits over the years. Women are disadvantaged as they are not able to keep up with contributions toward their occupational pension schemes, so they accumulate less second pillar capital and lose out on pension income.

The conversion rate, applied to less capital - far lower capital savings for women compared to men – results in strong gender inequality.

4.6 Form of old age benefits: article 37 of the LPP

The private pension institution may pay the accumulated capital in the form of a single capital payment, a so-called lump-sum, if the pension represents less than 10 percent of the public old age pension (article 37, alinea 3 of the LPP). Or, the insured person may ask for a quarter (25%) of their occupational benefits in the form of a capital payment (article 37 alinea 2 of the LPP). Therefore the private occupational pension institution may stipulate in their pension regulations that the pension be replaced by a capital payment (article 37, alinea 4 of the LPP).

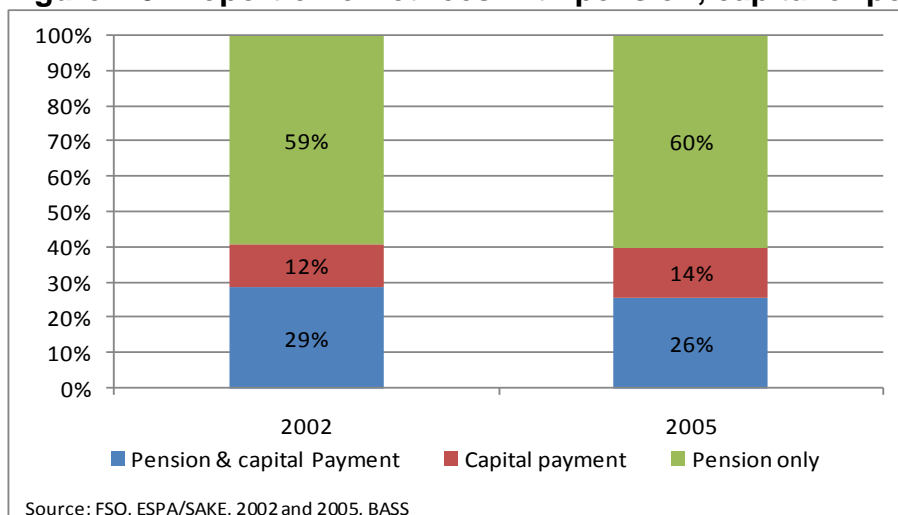
According to article 37 of the LPP, there are three options for withdrawing the occupational pension capital. A person may choose to take the benefits out as a

1. Life-long pension
2. Life-long reduced pension and a lump sum
3. Single capital payment (lump sum)

The right to obtain at least a quarter of the pension benefits in the form of a lump sum is all the more surprising as the main aim of the second pillar (article 37 of the LPP), as a general rule, is to pay a lifelong old age pension as a complement to the public old age pension (AVS). Experience has shown that pension institutions voluntarily pay out a lump sum. This practice was established in the revision of the LPP in 2005. The revised article 37 of the LPP followed an already established practice and fulfills a need of a large proportion (40% in 2005) of insured persons leaving for retirement. However, it does not meet the initial aim of the LPP, to pay out the savings as a lifelong pension hereby guaranteeing a regular complementary income.

The Federal Statistical office FSO, based on data from the Swiss Labor survey, published the proportions of women and men with second pillar pensions and/or capital payments. According to this report by the FSO in 2005 on security in old age, over 60% of retirees took a pension only, whereas only 12% (2002) and 14% (2005) of retirees opted for a lump sum. Over a quarter (29%: 2002; 26%:2005) of the people opted for a mixed form: pension and capital payment. This confirms that approximately 40% of all retirees take a lump sum, some with a pension.

Figure 4.5 Proportion of retirees with pension, capital or pension & capital



Article 113 of the Swiss Federal Constitution stipulates that together with the first pillar (the public old age pension), the second pillar should maintain the pre-retirement standard of living, after retirement. The goal of the legislative body in 1985 was that the first and second pillars together should provide approximately 60% of the last salary before retirement. However, as inequality arises at the level

of the pension institution, the median pension or capital payment differs harshly and the goal of the legislator is often not met, in particular in regards to women.

According to article 15 of the LPP, the accumulated occupational old age capital must consist of all contributions from the employer and employee as well as the interest accrued over the contribution period. Thus, the accumulated old age savings depend on a) the credits accumulated by the contributions and b) the interest rates on the capital. Concretely, the amount of the contributions to an occupational pension scheme depends on the income of a person - as the contribution represents a diverted proportion of the salary - on the contribution rates which were paid in by the employee and employer over the working life of a person and the entrance threshold for contributing to the pension. These constitute three important factors triggering gender inequality in occupational pensions, two of them being related to the pension regulations of a pension institution and the third one related to the labor market.

4.6.1 Form of old age benefits and labor market

Income inequality is a fact, as we have seen in the chapter about the labor market. Women's earnings represent a far lower part than men's. In Switzerland, women still earn approximately 20% less than men (FSO, 2013). This income inequality is confirmed in other countries according to a study from Meyers et al. revealing that "women's share of total labor-market earnings" represent only 27% in Germany (Meyers et al., 1999:226). "Among working-age adults, women's share of earned income is lowest in Spain, where women take home only one-fifth of their nation's earnings, and highest in Finland, where women claim two-fifths of all earned income" (Meyers et al., 1999:227). It seems that "high levels of economic dependency within the family are evident" (Meyers et al., 1999:235). This picture is also very dominantly present once women and men are retired.

Indeed, the form of benefits, that means whether a capital payment instead of a pension has been taken out, may have an impact on the income once retired. Although, the LPP proposes that in general the benefits of the second pillar are paid out in form of a pension. The law leaves a certain freedom, if the retiree wishes, he/she may ask the pension institution to pay out at least a quarter of the old age capital in form of a lump sum. Furthermore, pension institutions may

propose in their pension regulations that the insured may take out a higher proportion in form of a lump sum or the regulations may stipulate that small sums are in any case being paid out as a lump sum and not in form of a pension.

In recent years, the impact of the labor market on the type of occupational pension benefits seems to be more and more prevalent. Depending on the economic down or upturn retirees withdraw to a larger extent the old age benefits in form of capital and to a lesser extent a lifelong pension. Capital instead of a pension is taken out when the economic situation seems deteriorating and pensions seem no longer guaranteed. However, recent figures of the Federal Social Insurance Office (FSO, 2013) reveal that a rising number of retirees have opted for a capital payment in recent years.

The consequences of taking out a lump sum instead of a lifelong pension can become problematic at a later stage when retirees who have consumed the full amount of their occupational capital are left with no financial resources. In former years, this was even more challenging as early retirement was allowed at 58 years. Pension institutions were reporting former employees as they were coming back to their old employer wanting to work again just before retirement in order to save up again for retirement, as they had consumed all their old age capital even before 65.

The following overview of the average annuity for all retirees shows the financial situation for old-age retirees in Switzerland in general terms. The occupational pension institution statistics of the FSO reveal an unequal picture of the financial situations. Looking at retirees with an old age pension in Switzerland we see that women receive a far lower proportion of the occupational pension benefits than men. The sums paid to women represent a small fraction of those paid out to men as the following table reveals.

Table 4.5 Old age occupational capital and pension benefits in Switzerland

Benefits in billion SFr.		2004	2005	2006	2007
Women	Pension	2,561	2,902	3,097	3,328
	Capital	592	418	627	856
Men	Pension	11,263	11,816	12,254	12,944
	Capital	2,338	2,534	3,170	4,060
Source: Statistics on occupational pensions, FSO, Neuchatel					
Average benefit in SFr.		2004	2005	2006	2007
Women	Pension	17,382	18,810	18,929	19,080
	Capital	81,904	90,988	83,790	85,978
Men	Pension	35,104	35,706	36,172	36,519
	Capital	167,779	175,436	173,746	198,825
Source: Statistics on occupational pensions, FSO, Neuchatel					

In 2007 the old age capital benefits paid out to men represented a sum of 4 billion Swiss francs, whereas in the same year women received only of 850 billion Swiss francs of second pillar old age capital benefits which represents only 21% of men's. Looking at pension payments for the same year, men's old age pensions amounted to 12,9 billion Swiss francs, whereas women received only 3.3 billion Swiss francs, and representing 26% of men's pension income from the second pillar.

The average benefits reveal an equally great disadvantage for women in this system. In 2007 the average old age pension for women was 19,080 Swiss francs and compared to men's at 36,519 Swiss francs, this means that women received half of men's second pillar pension income. Looking at the average lump sum, we see that the average for men of 198,825 Swiss francs represents more than double women's average of 85,978 Swiss francs. However, putting these figures in the context of couple households, we ought to bear in mind that a large number of women receive second pillar benefits through their partner or husband and are insured through them, based on articles 18 to 26 of the LPP. In the light of the quickly rising divorce rates and the instability of marriages these figures may be important to be analyzed in regards to old age benefits. According to the Federal Statistical Office, the divorce rate in 2012 was 43%. The proportion of persons being divorced after 5 years has reached its peak in 1991 with 12% (FSO, 2010).

There may well be a growing population of women, having worked part-time all their lives, being divorced once retired and are in need to claim complementary benefits from the state. This picture has been confirmed by a study of Sainsbury, revealing that in particular women depend more and more “on the income of a breadwinner or on welfare state transfer” (Sainsbury, 1999:32). Thus, the Swiss welfare state is challenged as those in needs will come back to the state and claim subsistence aid. Indeed, age retirees in need have the right to claim complementary benefits from the public first pillar (AVS) which was established in 1966 in order to guarantee old age retirees a decent living.

This phenomenon may be enhanced by the fact that in case of a divorce, women may receive a large part of the second pillar capital savings of their husband. They may also use up this money if they are not working. Thus, inequality occurs between insured as the second pillar system makes possible to consume the savings while taking out the capital, before retirement in the form of a lump sum and then to go back to the welfare state asking for complementary benefits to the public pension.

Thus, the above information reveals clearly the importance of new welfare state policies for today’s generation and in view of women’s and men’s equal economic and social progress.

4.6.2 Form of old age benefit: inequality between two institutions

The option which form of benefits is promoted varies between pension institutions generating inequality amongst the insured and retirees due to divergent pension regulations. Based on Article 37, alinea 4 of the LPP, a private occupational pension institution may stipulate in their pension regulations that the pension be replaced by a capital payment. The result is that each of the pension institutions proposes a different practice.

The liberal pension institution, according to their pension regulations in 2007, offers to pay out a maximum of 50% of the capital. In the paternal type, people may take out 25%, 50% or 100% of the accumulated capital. Both schemes offer to pay out the total amount of the capital if it amounts to less than 10% of the public old age pension (AVS). Inequality between old-age retirees from the liberal and the

paternal institutions is strongly accentuated. In the liberal pension institution the maximum capital option is 50%. In the paternal, there are more options and the full capital (100%) can be taken out. Hence, at the end of working life the paternal company offers a “free choice” of how to obtain the benefits, whereas the liberal adopts the legal rules stipulating that the occupational pension benefits should be taken out primarily in the form of a lifelong pension according to the legislation (article 37 of the LPP). The insured tend to behave according to the institutional norms and values and do as prescribed in the pension regulations.

In 2007, the paternal type had just over two thirds of retirees (67%) receiving their occupational benefits in the form of a lifelong pension. Women (68%) are more likely to take a pension only and a smaller proportion of men (63%) opt for a pension only. The paternal institution offers the option of withdrawing 100% of the occupational benefits in the form of a unique capital payment. However, the pension expert expressed that “there is the fear that we would create cases of people being dependent on social assistance later on. People took out their old age savings in the form of capital and leave Switzerland. They went on a long trip and bought a house for their step-son. When they came back bankrupt, they asked if they could come back and work again”. According to the pension expert, it is the responsibility of the pension institution to protect these people. “We still offer the right to take out a 100% capital payment, and today we have about 1’000 cases taking this option. Another fifth (18%) of employees takes 25% of their benefits in form of a lump sum and the rest as a pension. The expert points out that small capital payments are usually paid out to people with short employment careers in the company or to women who worked part-time and who have a husband with a generous pension scheme.

The liberal type reveals a slightly higher percentage of retirees (70%) withdrawing their occupational benefits in the form of pension only in 2007. In fact, 75% of all women receive a pension compared to only 63% of men.

4.6.3 Form of old age benefit: inequality within pension institutions

There is a large difference between the form of benefits drawn out by women and men within each of the two analyzed pension institutions.

In the liberal pension institution, women receive overall 49.6% of their last income before retirement in the form of a pension whilst men's pensions amount on average to only 48.6% of their last salary. In the paternal pension institution women's pensions amount on average to 61.1% and men's to 64.5% of their last income before retirement (2007). Women are better off in the liberal type compared to men, however, in the paternal pension institution women are disadvantaged. The institutional factors creating inequality: the entrance threshold in particular (by excluding those earning below 20,880 Swiss francs in 2012), the contribution rate, and the contributions paid into the pension scheme by employer and employee are determinant in building up the occupational pension capital.

According to the SICC survey data of the liberal pension institution, covering a sample of nearly 800 old-age retirees who retired between 1985 and 2007, 56% of the retirees took out their occupational benefits in the form of pension only. Men were more likely (61%) to take this option than women (50%). And 28% of all old-age retirees took the mixed form of benefits. The amount for men with pension only, matches the amount of the SICC survey. The values for pension and capital payments, however, are slightly lower – especially for women.

Table 4.6 Form of benefit: capital, pension, mixed benefits in 2004

SICC survey	2004	Women	Men
Pension only	56%	50%	61%
Mixed benefits: Pension & Capital	28%	35%	24%
MELAP pilot (both types)			
Capital only	15%	15%	15%

Kucera, own exploitations, 2004, MELAP and SICC

Pension benefits in 2004: divergent benefits between the two institutions

The median and the average pension in the two institutions are divergent. The empirical data from 2004 shows an accentuated difference between the median pensions of retirees depending on the type of pension institution.

Table 4.7 Level of occupational old-age pension and capital payments 2004

2004 Paternal	Pension only	AVS bridge	Capital only	Pension, AVS bridge & capital		
Average	20,736	11,496	27,895	26,064	14,906	105,331
Median	14,496	12,060	21,322	17,532	16,092	62,590

2004 Liberal	Pension only	AVS bridge	Capital only	Pension & capital	
Average	29,663		31,850	21,273	100,915
Median	32,472		7,919	15,936	96,240

Kucera, own exploitations, MELAP pilot, 2004

For retirees who opted for a pension only in the paternal pension institution, the median pension (14,500 Swiss francs) was far lower in 2004 than the median in the liberal type (32,500 Swiss francs). In the paternal pension institution old-age retirees received an additional bridge pension (AVS-replacement pension) financed by the employer. The median pension in 2004 was 12,000 Swiss francs for the old-age retirees of the two types of pension institution who opted for a pension only, so we observe accentuated inequality. Retirees opting for a lump sum in the liberal pension institution received a median capital payment of 7,900 Swiss francs which represents a third of what retirees of the paternal type (21,200 Swiss francs) received in 2004. This reveals institutional inequality between the two pension institutions.

If we look at retirees who opted in 2004 for a pension *and* a capital payment, we see that the median pension of 16,000 Swiss francs and the median capital payment of 92,000 Swiss francs are lower in the liberal than in the paternal type at 17,500 Swiss francs (pension) and 62,600 Swiss francs (pension and capital payment respectively), disclosing a definite inequality at the institutional level.

The liberal company reveals a much less accentuated difference between the average pensions for women and men. The average pension for women was 55% of men's in 2004 and 53% in 2005. The median offers a similar picture of the gender gap: in 2004 the median pension for women was 44% of men's. If we take into account that Swiss old-age retirees receive a median income of 52,100 Swiss

francs, of which 20% represents the occupational pension (10,420 Swiss francs), women and men are both well rewarded (Wanner, 2008). It can be concluded that the pension income gap between retirees in the liberal and the paternal institutions vary strongly.

Pension benefits in 2007

Pension benefits are the direct result of the capital accumulated during the working life of a person. It is evident that the income as such has also an influence on the level of the pension benefit. This means that a person may have a low income but still have a decent second pillar pension in retirement. Concretely, as we have seen, is the pension institution responsible for defining the entrance threshold and the second pillar contributions.

It appears that the double contribution of the paternal institution towards the pension scheme and the lower entrance threshold have a positive impact on the second pillar pension payments of retirees. This is in particular so in regards to women. As we have seen, the paternal pension institution includes all employees independent of their income on a 30% income basis. Furthermore, the double contribution (16%) of the paternal employee towards the pension scheme helps in particular small earners to build up their pension credits more easily. It appears that women have – despite their lower salaries in the paternal type far higher pension incomes in comparison to women affiliated to the liberal type. This observation is confirmed in the following empirical section. Indeed, we observe a strong discrepancy between the pension benefits of retirees of both pension institutions who took out pensions-only in 2007. The median pension was far higher in the liberal type (26,400 Swiss francs) than in the paternal type (15,300 Swiss francs). Looking at the mixed benefits, we observe that the median capital payment was far higher in the liberal (155,000 Swiss francs) than in the paternal type (84,000 Swiss francs). And the retirees of the liberal type with a lump sum only received a median payment of 13,000 Swiss francs whereas in the paternal type the same population received a median capital payment of 35,900 Sfr.

Table 4.8: Median benefits in 2007: pension and capital payments

Median Capital	paternal	liberal	paternal	liberal
	pension & capital		capital only	
All	83,870	155,054	35,883	13,081
Women	41,838	156,388	36,092	6,480
Men	105,197	153,720	35,588	15,367
Median Pension	paternal	liberal	paternal	liberal
	pension & capital		pension only	
All	20,052	15,678	15,348	26,376
Women	9,804	14,532	10,392	16,080
Men	24,000	17,580	27,552	34,284

Source: MELAP pilot, own exploitations, Kucera, 2012

The median capital-only payment between 2004 (paternal: 20,000 Swiss francs, liberal: 8,000 Swiss francs) and 2007 (paternal: 36,000 Swiss francs, liberal: 13,000 Swiss francs) has increased quite sharply. However, the pension only payments paid out in 2004 and 2007 were equal in the paternal type and very close in the liberal pension institution. In 2004 the paternal paid out a median capital of 15,000 Swiss francs and the liberal 32,000 Swiss francs. In 2007 the paternal paid out a median of 15,000 and the liberal of 26,000 Swiss francs. Inequalities between the two pension institutions is rather accentuated in regard to these benefits.

4.6.3.1 Pension only

Average pension of retirees with pension only

According to the Federal Statistical Office FSO, old-age retirees with a pension only received an average annuity of 33,400 Swiss francs in 2005, paid out by autonomous pension institutions in 2005, according to own calculations based on the pension institution Statistics (FSO, 2005). In the liberal pension institution, the average annuity for men (35,200 Swiss francs) in 2007 was double what it was for women (18,400 Swiss francs). In the paternal type, women received an average annuity (12,700 Swiss francs) of approximately 40% of men's at 30,900 Sfr.

Table 4.9: Average occupational pension: liberal and paternal institutions

2007	Liberal		Paternal	
	men	Sfr. 35,227	100%	Sfr. 30,936
women	Sfr. 18,474	52%	Sfr. 12,768	41%

Source: Kucera, own exploitations 2013, MELAP pilot data from liberal and paternal type

Following from unequal capital savings, the average annuity differs harshly between women and men. The beneficiaries with the option “pension only” reveals that women benefit from a far lower pension than men. On one hand this gender inequality reflects women’s lower occupational benefits due to structural determinants such as income inequality and part-time employment and as women often lack of contributing years due to educational or household duties. On the other hand, women are disadvantaged in regards to pension credits, as they are often excluded from the system, earning less than the entrance threshold of 20,880 Swiss francs (2012). Inequality results from article 2 and 7 of the LPP and the pension regulations, which has been demonstrated in this study. The paternal institution includes all employees in the pension scheme independent of their salary which is not the case of the liberal type.

Median and quartiles: retirees with pension only

At the lower quartile the divergence between annuities for men and women is even more accentuated. The lower quartile pension for women amounts to only 6,000 Swiss francs, whereas for men it is 19,000 Swiss francs. The median annuity for women amounts 10,000 Swiss francs, representing approximately a third of men’s with 28,000 Swiss francs. At the upper quartile annuities for women amount to 17,000 Swiss francs, representing 44% of men’s at 39,000 Swiss francs.

Table 4.10: Annual old age occupational pension: both pension institutions

2004 to 2007	Lower Quartile		Median		Upper Quartile	
	men	19,680	100%	27,788	100%	39,732
women	6,624	34%	10,776	37%	17,352	44%

Source: Kucera, own exploitations 2013, MELAP pilot data from liberal and paternal type

4.6.3.2 Mixed benefits: pension and capital payment

According to the FSO, retirees with mixed benefits, capital payment and pension, received an average annuity of 27,000 Swiss francs and an average capital payment of 138,000 Swiss francs in 2005. This figure represents average pension and capital payments actually made to persons affiliated to autonomous pension institutions in 2005 (Pension Institution Statistics, FSO, 2005). Women with a mixed benefit of capital and pension payments received an average annuity of 11,000 Swiss francs and an average capital payment of 58,000 Swiss francs. Men in the same category received an average lump sum of 150,000 Swiss francs, and an average annuity of 33,000 Swiss francs. Women received approximately 40% of the average capital paid to men. If this capital was converted into a pension, the average pension for women would amount to 350 Swiss francs a month and for men to 890 Swiss francs. On average, people with mixed benefits would receive 600 Swiss francs a month more if they took out their occupational pension benefits exclusively in the form of a pension. Gender inequality remains a structural problem as the occupational pension system is not redistributive and women's – generally smaller - capital is converted at almost the same conversion rate as men's, based on article 14, LPP.

Table 4.11: Mixed benefits: both pension institutions

Mixed benefits: liberal and paternal 2004 - 2007				
		<i>Swiss francs</i>	<i>Annuity*</i>	<i>Pension**</i>
Women	capital	58,330	4,200	350
	pension	11,294	11,295	941
Men	capital	150,901	10,714	893
	pension	33,836	33,837	2,820
Both	capital	112,579	8,049	671
	pension	24,505	24,506	2,042
*Annuity: calculated with a conversion rate of 7.1%(men)/7.2%(women)				
**Monthly pension: calculated from annuity (12 months)				
Source: own exploitations of MELAP pilot data, Kucera				

Retirees from both pension institutions who chose mixed options – capital and pension - received an average monthly pension of 2,042 Swiss francs. If they had

taken out all of their benefits in the form of a pension then the monthly pension would have amounted to 2,713 Swiss francs.

Comparing these benefits with those for women, we observe that women receive an average monthly pension of 941 Swiss francs. If taken out only as pension payments, the monthly sum would come to 1,291 Swiss francs. This means that women receive 35% of the men's average (3,713 Swiss francs.). Gender inequality is dominant as men's occupational pension benefits are far higher than women's. This phenomenon puts women at a disadvantage in general terms once they are retired. Institutional gender inequality clearly appears here due to the Federal law on occupational pension schemes (LPP) and differing pension regulations, as women may not save as much capital, because of the entrance threshold excluding or restricting savings from small earners - thus, women miss out on pension credits when they interrupt their careers for child rearing.

Median and quartiles: retirees with mixed benefits

The median capital payment for beneficiaries with a pension and capital payment is far lower for women than for men. Between 2004 and 2007 the median capital payment for women varied from 30,000 and 50,000 Swiss francs and for men from 90,000 to about 130,000 Swiss francs. Gender differences between men and women with mixed benefits are strongly accentuated at the lower quartile, the median and the upper quartile.

The lower quartile payment for women was 30,000 and for men it was 70,000 Swiss francs (2004 to 2007). The median for women of 40,000 Swiss francs was about a third of that for men (110,000 Swiss francs). The upper quartile for women was 80,000 Swiss francs, whereas men in the same category received more than double that (190,000 Swiss francs).

Furthermore, the annuity for women was far lower than for men; this represented by the lower quartile of 6,000 compared to 17,000 Swiss francs for men. The median annual pension for women at 9,000 Swiss francs was just over a third of that for men at 25,000 Swiss francs. The upper quartile for annuities for women amounted to 15,000 and for men to 37,000 Swiss francs. The category of mixed benefits reveals accentuated gender inequality, with women at a disadvantage.

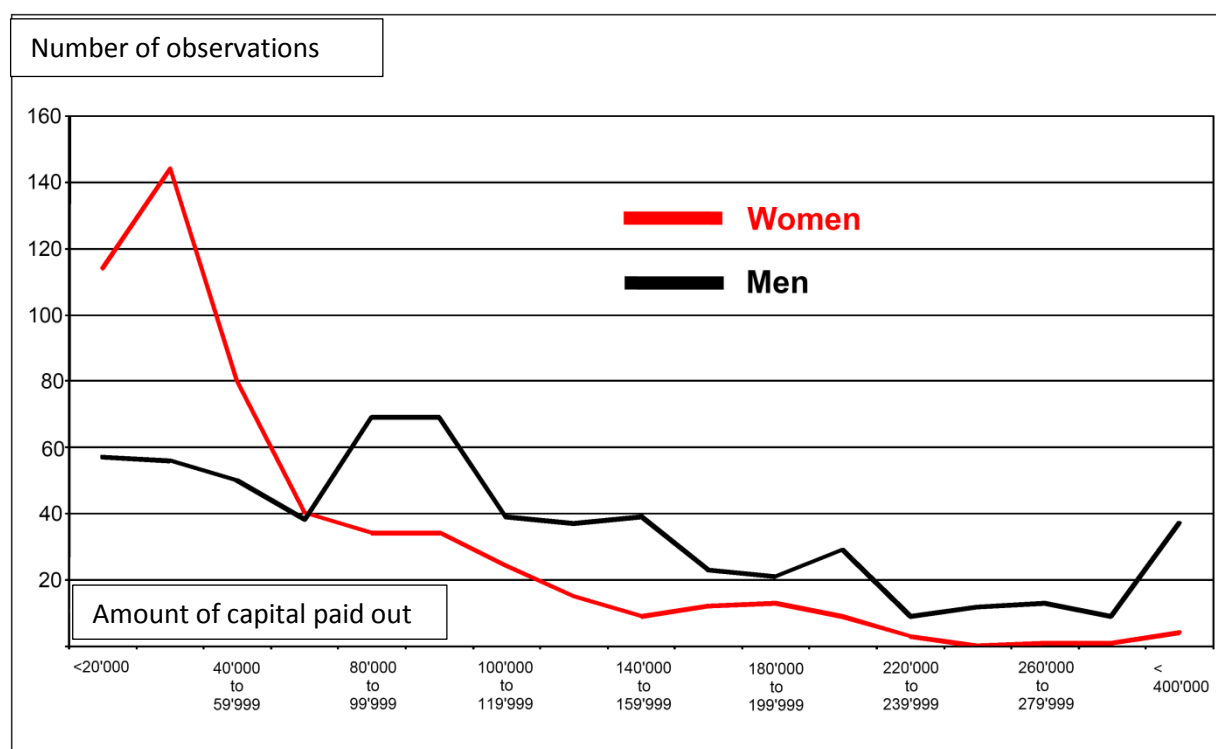
4.6.3.3 Capital benefits: retirees with a lump sum only

According to article 37, al. 3 of the LPP, the occupational benefits may be paid out in form of a lump sum if - paid out as a pension, they would add to less than 10% of the minimum public old age pension (AVS). And, alinea 4 of article 37 stipulates that pension institutions may allow for the capital to be paid out as a lump sum, even though the amount would be higher than 10% of the public old age pension (AVS).

Distribution of capital benefits

The following chart makes it evident that capital payments are not equally distributed. Women's benefits (red line) are most commonly up to 40,000 Swiss francs. Capital payments to men (black line) are most frequently around 100,000 Swiss francs.

Figure 4.6: Distribution of capital payments 2004 to 2007: sums in Swiss francs paid out to women and men: the two pension institutions



Source: Kucera, own exploitations 2013, MELAP pilot data from liberal and paternal type

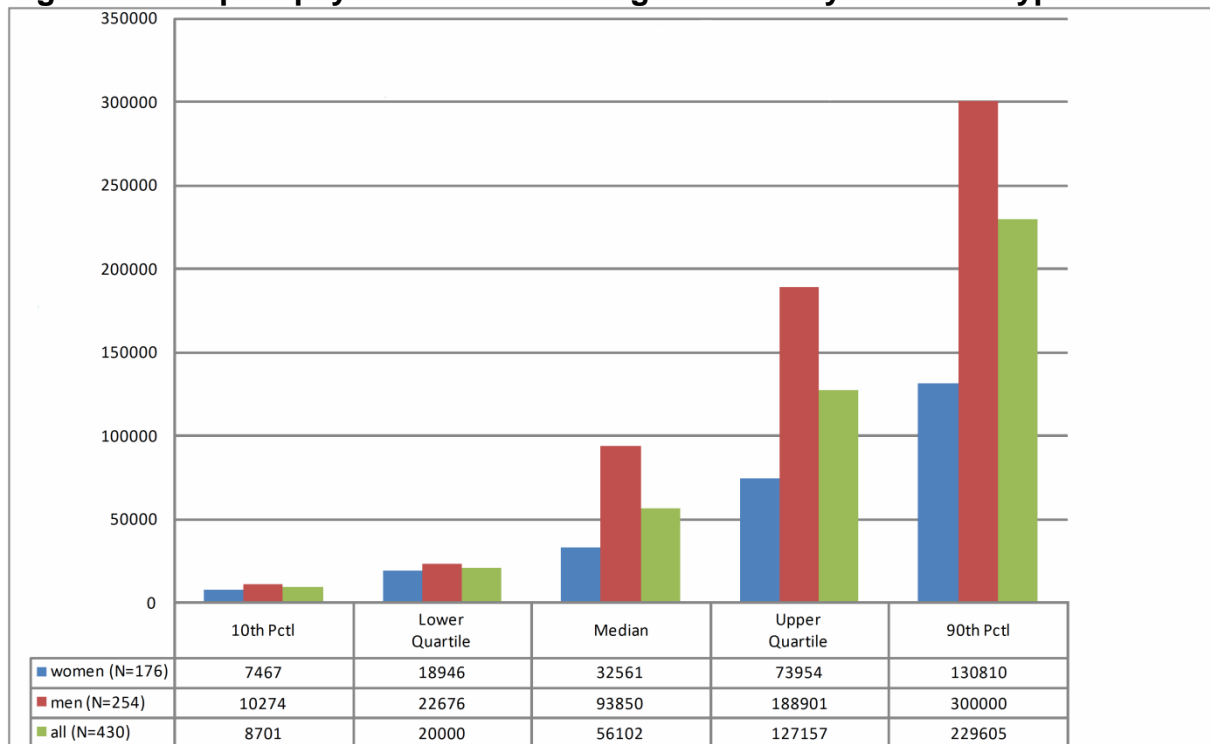
Men receive for the majority between 80,000 and 100,000 Swiss francs, whereas women receive between 20,000 and 40,000 Swiss francs. The distribution graph reveals clear and distinct gender inequality due to unequal distribution of capital

benefits from occupational pension schemes.

Median and quartiles: retirees with capital payment only

If we look at the median for 64 to 70 year olds, we see that the median for men at 93,850 Swiss francs is far higher than for women at 32,561 Swiss francs. The upper quartile for men (189,000 Swiss francs) represents more than double that for women (74,000 Swiss francs). As does the 90th percentile for men (300,000 Swiss francs) compared to women (131,000 Swiss francs).

Figure 4.7: Capital payments in SFr. for aged 64 to 70 years: both types



Source: Kucera, own exploitations 2012, MELAP pilot data from liberal and paternal type

We draw from the graph that men are by a long way those with the highest portion in all distributional categories and women are far below the median for men and women together. The upper quartile reveals even more clearly the discrepancy between capital benefits for men and women. For men's capital benefits it is 188'00 Swiss francs, whereas for women in the same category it is 73'000 Swiss francs in the same category. Capital benefits for women in the 90th percentile amount to 130,000 Swiss francs whereas men receive 300,000 Swiss francs in this category. Gender inequality is most accentuated where women receive a median capital payment of 32,000, whereas the median for men is 93,000 Swiss francs.

Average capital payment: retirees with capital payment only

Based on the FSO statistics for pension institutions in 2005, close to a fifth of retirees opted for a lump sum and the average amount was 160,200 Swiss francs. These figures represent the average capital payments actually paid out by all autonomous pension institutions in 2005, according to own calculations based on the pension institution statistics (FSO, 2005). We observe generally low savings in the liberal pension institution of those people with a lump sum only. This leads us to conclude that moderate savings in a pension scheme are often the reason behind opting for a capital payment only. With low savings, the lifelong pension would be low and pension institutions prefer to pay out a “lump sum” in these cases instead of a pension. Gender inequality arises as women’s annuity would amount to half of that for men. The capital calculated as a monthly pension would be of 300 Swiss francs for women and approximately 600 Swiss francs for men.

Table 4.12: Theoretical pension based on capital payments: both types

Capital only: liberal and paternal pension institutions in 2005			
	<i>Swiss francs</i>	<i>Annuity*</i>	<i>Pension**</i>
Women	63,119	4,545	379
Men	109,682	7,787	649
Both	103,030	7,367	614

*Annuity: calculated with a conversion rate of 7.1% (men) and 7.2% (women)

**Monthly pension: calculated from annuity (12 months)

Source: own exploitations based on Melap pilot data, Kucera 2012

We draw from above table that there has not been an increase in the number of capital payments since 2004. People are still drawing out the same average amounts and over the years retiree behavior seems not to have changed. The average capital payment to women of 60,000 Swiss francs in the form of a “lump sum” makes sense as the administrative costs for the pension institutions would exceed the value of the pension payment. For men, with an average capital payment of 100,000 Swiss francs, the pension question is also an issue. The cost for the pension institution to administrate the monthly pension payments is calculated at approximately 500 Swiss francs per person.

4.7 Pension reduction rate

The pension reduction rate is applied when a person leaves early for retirement, reducing the annuity in the case of early retirement.

The reduction rate applied on the annuity differs strongly between the two types of pension institutions.

4.7.1 Pension reduction rate and labor market

The Federal Social Insurance Office recommends applying a ~ 6% pension cut per year of early retirement. This would mean that a retiree leaving for retirement at 60 would actually lose one third of their yearly pension payments or their capital benefits. The consequence of this is that both pension institutions pay out higher lifelong benefits to each of the retirees, than necessary according to the legal recommendations.

The labor market impacts on that insofar as women have to retire at 63, 64 respectively. This means theoretically, that the pension institution may apply a pension reduction rate even though women have the right to exit the labor market and claim a public old age pension. Thus, the labor market drives women to stop working and retiring, early compared to men, and therefore having to live with a lower pension as they have accumulated less pension credits for old age.

Depending on each pension institution, this may have a different impact on the pension level, as the scheme may provide better retirement conditions than legally defined.

4.7.2 Pension reduction rate and inequality: two pension institutions

Early retirement for employees in the paternal type is possible at 58 with a slight reduction in pension payments. According to a pension fund expert, early retirement is seen as a reward after a long period of employee loyalty and is fostered for the benefit of the employees and their families. If a person retires early, that is from 58 to 62 years old, their pension will be reduced by 1.8% per early retirement year. If a person retires at 60 it means that the life-long pension is reduced by 5.4%. In comparison, a person affiliated to the liberal type and retirees at 60 years will lose out on 10% of the occupational pension benefits.

Table 4.13 Early retirement pension cuts

<i>age</i>	<i>paternal</i>	<i>liberal</i>	<i>FSIO</i>
64	1.80%	-2.0%	-6.4%
63	0%	-4.0%	-12.5%
62	-1.80%	-6.0%	-18.2%
61	-3.60%	-8.0%	-23.7%
60	-5.40%	-10.0%	-28.9%

source: pension regulations; Kucera

source: FSIO

The result is that accentuated inequality on the level of the pension institution occurs as these divergent pension cuts are regulated in the pension regulations. The early retirement rules in the pension regulations of each pension institution therefore create strong inequality between persons affiliated to different pension schemes.

4.7.3 Pension reduction rate and inequality within two institutions

There is no difference between the pension reduction rate of women and men in both the liberal and paternal pension institution. Indeed, the paternal pension institution neither enhances nor reduces gender inequality in this respect.

The liberal pension institution applies a reduction rate if women leave according to the legal retirement age, at 64 years. This leads to inequality between men and women, as men leave legally at 65 years. We observe in this context an overlapping effect of the labor market, not prepared to employ women until 65, the Swiss welfare state while stipulating the legal retirement age at 64 for women. Indeed, we can conclude that the liberal pension institution is reducing the gendered effect of the labor market and the Swiss welfare state proposing to employ and include women in the pension scheme until the age of 65.

4.8 Pension income and gender inequality

The labor market, as we have seen in the former chapters, is one of the important determinate of pension income. Besides the income from work, the Federal law on occupational pension schemes (LPP) and the pension regulation of a private occupational pension institution is at the origin of pension inequality. Thus, post-retirement gender inequality occurs due to the fact that women's pension income is still trailing men's. We may observe a persistent gender pension gap.

The second pillar system in Switzerland is not built for today's generation of couples, splitting up or divorcing, leaving behind a wife not having contributed equally as her partner or husband. While splitting up, women have the right to claim half of the partner's occupational pension savings; however, the amount is not paid into a pension scheme and leaves women with little security for their old age in regard to occupational pension income.

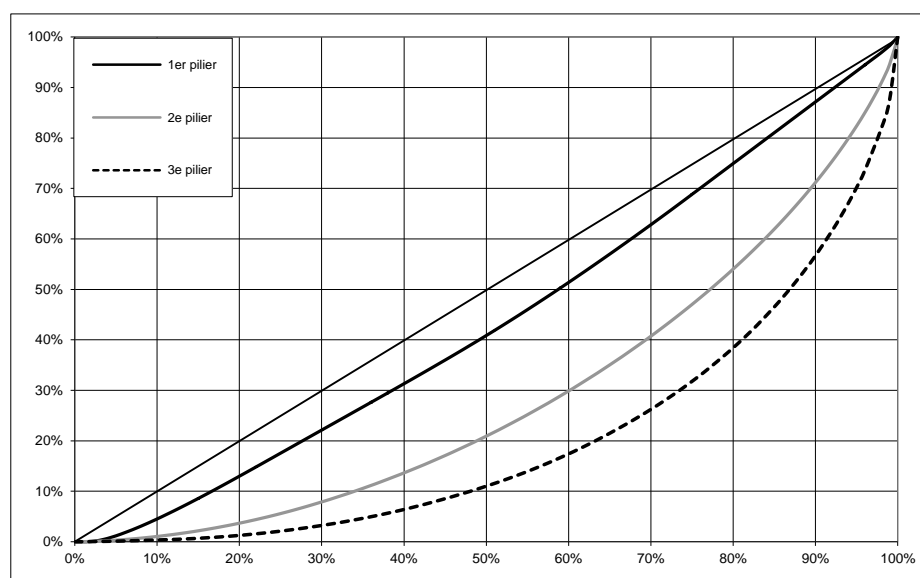
4.8.1 Pension income and labor market

The following presentation of the Lorenz Curve is one of the most efficient methods to reveal the disparity between the pensions of the first, second and third pillars. The following figure results from the exploitation of data from the tax declaration of 2006, carried out by Wanner in 2008 (University of Geneva). The study was mandated by the Federal Social Insurance Office (FSIO) and contained fiscal data from the following cantons: Aargau, Berne, Basel, Neuchâtel, Nidwald, St. Gall, Wallis and Tessin) for the years 2003, 2005, 2006). According to Wanner, retirees have a variable income, depending on the family status. "The median of single men is about 46,000 Swiss francs, 38,000 Swiss francs of single women and 71,000 Swiss francs of couples" (Wanner et al., 2008: 29).

We can draw from the following figure that the more the state relies on private solutions, or here in this case, on the privately financed second pillar pension schemes and the private third pillar, the more the state creates inequality.

This distribution makes it clear that public pensions are the most equally distributed. Pensions from the 2nd and 3rd pillars are very unequally distributed.

Figure 4.8 Lorenz curve of 1st, 2nd, 3rd pillar benefits: retirees in 2006



Source: Wanner et al., 2008

The horizontal axis represents the percentage of income compared to the percentage of the population, on the vertical axis.

The Lorenz curve reveals the income distribution from the public pension (first pillar, AVS), the occupational pension (second pillar, LPP) and the private third pillar. Income from the public pension appears to be distributed rather equally. There were 30 percent of the population which received 38 percent from the first pillar (AVS) in 2006. For the second pillar pension benefits (LPP), the picture is different: 30 percent of the population received 60 percent of the occupational pension benefits. The inequality is even more accentuated if we look at the third pillar benefits. Indeed, 30 percent of the population received 75 percent of the paid out third pillar benefits in 2006.

As the SAKE study of the FSO reveals that only about half of the old-age retirees between 65 and 70 years old receive a pension. However, according to Bianchi (2011) the larger part of women does not receive an occupational pension.

These observations reveal clearly that women are disadvantaged in the second pillar system in regards to access and benefits.

4.8.2 Income inequality within the two pension institutions

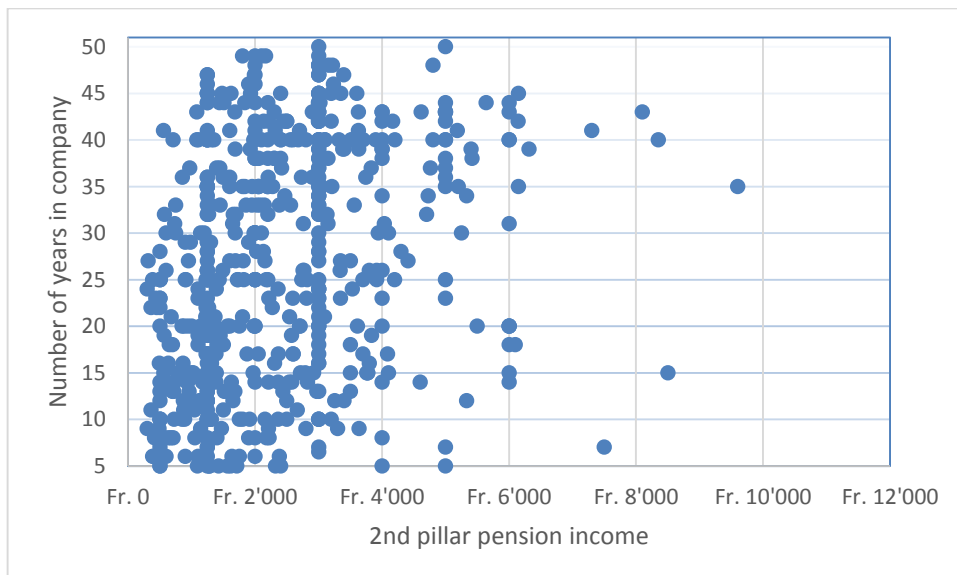
The following graph shows firstly, the distribution of income from second pillar pensions from the liberal pension institution (SICC) and secondly, the impact of the number of years of employment in a company on pension income from the second pillar.

At the horizontal axis the value of the pension income from the second pillar indicates the amount of the old age pension a person receives. The axis indicates the values from 0 to 10,000 Swiss francs of a monthly pension income.

The vertical axis indicates the number of years a person was working for the same company. Thus the loyalty a person showed towards its employer.

The scatter plot illustrates that there are very few people with a monthly pension income above 6,000 Swiss francs. Nevertheless the scatter plot reveals a slightly raising curve from the left bottom angle toward the right upper angle. This indicates that the longer a person works for the same employer and is affiliated to the same pension institution, the higher the pension income will be.

Figure 4.9 Distribution of second pillar pension income in the liberal type



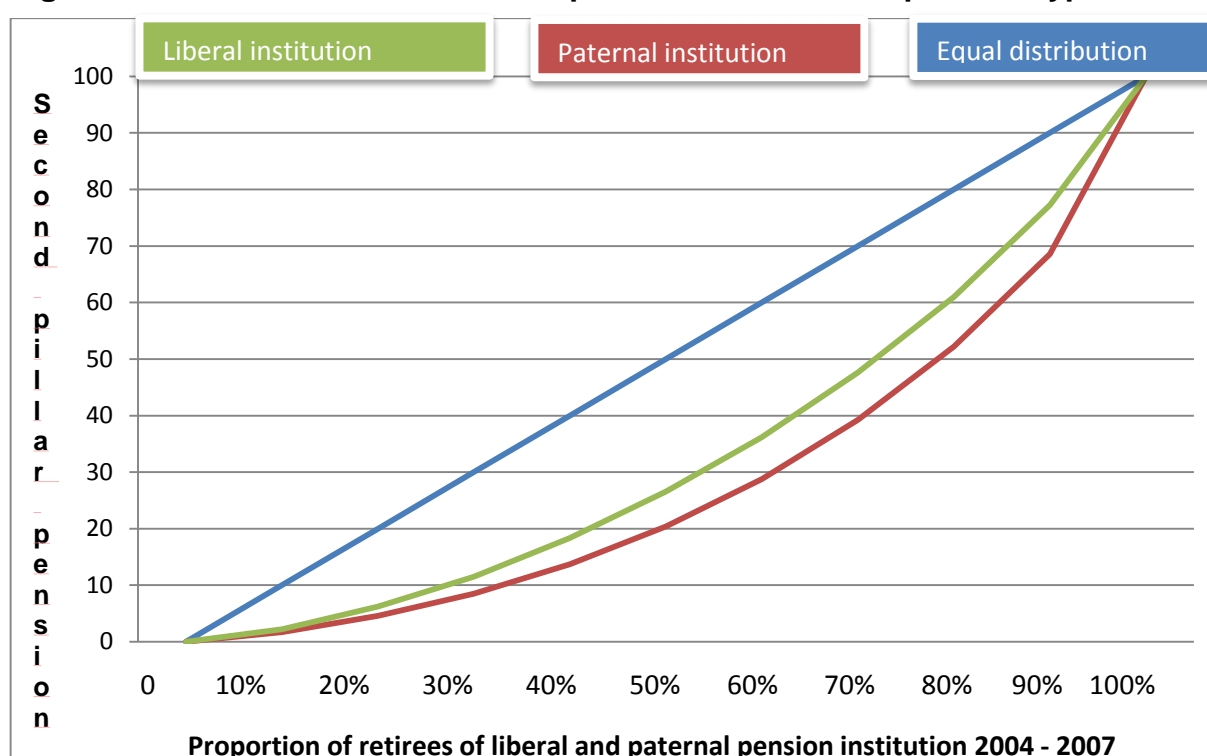
Source: Kucera, own exploitations 2012, MELAP pilot data from liberal pension

Obviously, it pays to work for a longer period in the liberal type and for the same employer as this then means receiving a higher pension income from the second pillar.

4.8.3 Income inequality between the two pension institutions

The following Lorenz curve displaying the income distribution between the liberal and paternal pension institution is a clear indicator of pension inequality. The graphical representation of the cumulative distribution of the empirical data of pension income demonstrates inequality between and within the pension institutions. The graph shows which proportion of retirees get what proportion of the total income from second pillar. The proportion of retirees is plotted on the x-axis and the pension income on the y-axis.

Figure 4.10 Lorenz curve for second pillar from liberal and paternal type



Source: Kucera, own exploitations 2012, MELAP pilot data from liberal and paternal type

The figure reveals that the distribution of income from occupational pensions is more equally distributed between retirees of the liberal pension scheme. Indeed, inequality is more accentuated between retirees of the paternal pension institution.

Based on the SICC survey, women's annual average pension is about 15,000 Swiss francs and the income from the occupational pension for men is around 27,000 Swiss francs in 2007. Hence, the occupational old age pensions for women amount to approximately half of men's. Based on the analysis of the MELAP pilot data we see the following picture:

Table 4.14 Average occupational pension old age retirees 2004 and 2007

Average occupational pension	2004		2007	
	women	men	women	men
MELAP pilot	17,827	32,134	17,875	33,413
SICC survey	17,208	28,596	15,403	26,871

Source: Kucera, own exploitations 2012, MELAP pilot data from liberal and paternal type and SICC survey: liberal type

The survey data is validated by the results from the MELAP pilot data. Women receive on average an annuity of approximately 17,800 Swiss francs; men have a far higher second pillar income (32,134 Swiss francs) than women. Their income from the second pillar is nearly double that of women.

If we analyze those retirees who took out a pension only, and not the mixed form of pension and capital payments, we observe a slight difference. Indeed those people who took out their capital savings in the form of a pension only receive a slightly higher annuity compared to those who took out pension and capital. The following table is a comparison of the pension-only beneficiaries from the liberal and paternal pension institution. The relational picture between the annuities for men and women remains distinctly unequal. And the divergence between pensions received from the liberal and the paternal institutions also remains unequal. Although the paternal pension institution reduces inequality with its pension regulations – including women and men independent of their salary – there is a particularly unequal picture of annuities between men and women ((30,940 and 12,770 Swiss francs respectively). The liberal type pays out less divergent pensions to men and women (35,230 and 18,470 Swiss francs respectively).

Table 4.15 Average annuity “pension only”: liberal and paternal institutions

Average annuity 2007	Liberal		Paternal	
Men	35,227	100%	30,936	100%
Women	18,474	52%	12,768	41%

Source: Own exploitations MELAP 2007, Kucera, 2012

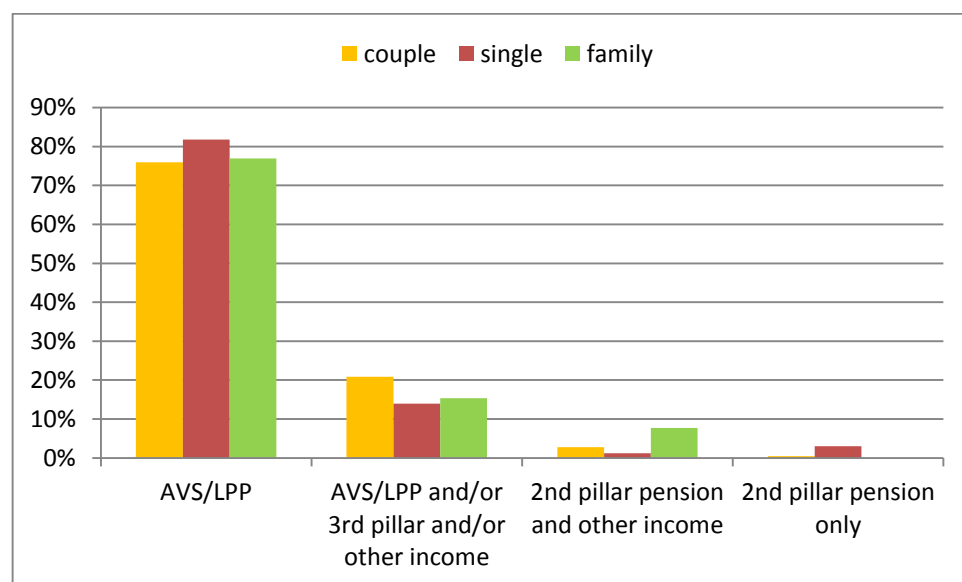
Source: Kucera, own exploitations 2012, MELAP pilot data from liberal and paternal type

The average annuity reveals a notable pension inequality between women and men and between retirees affiliated to different institutions. It results that women receive on average 40% (paternal) or 50% (liberal) of the average annuity for men.

The household income for retirees of the SICC survey reveals further details about the income of retirees. Indeed, it presents the total household income, consisting of all the different income sources of the household and not only of the retiree. Thus, I am able to present the data on household income in relation to different household types. The characterization of the household is an important indicator in determining the sources of income people have once retired. Furthermore, the survey demonstrates the place the second pillar occupies and the role it plays in income composition.

The following graph illustrates that a large part of old-age retirees' depend on income from different sources and only a small proportion depend solely on the second pillar.

Figure 4.11 Income sources by household type: retirees from liberal type



Source: Kucera, own exploitations 2012, SICC survey: liberal type

Over three-quarters of the survey participants replied that they depend on the public old age pension and the second pillar pension. Whereas in couple households (353 persons) and in family households three-quarters (10 persons) live on first and second pillar income only, in single-person households this is the case in 82% of cases (135 persons). In single-person households (23 persons) and in family households (2 persons) approximately 15% live on several sources, such as first, second and/or third and/or other income. In family households the phenomenon of several income sources is widespread at over 20% (97 persons).

Income from work represents an important income source for a portion of the old-age retiree population. For some people, it is a necessity to continue working. In the category “other income” this most often refers to income from work. This is confirmed by a new study from the Federal Social Insurance Office (FSIO, 2012) stating that over a third of the population continues to work beyond the ordinary retirement age. However, the main income sources are clearly first and second pillar pensions, as the following table illustrates.

Table 4.16 Income sources by household type: retirees from liberal type

Income sources by household type (SICC)	couple	single	family
AVS/LPP	353	135	10
AVS/LPP and/or Third pillar and/or other income	97	23	2
Second pillar pension and other income	13	2	1
Second pillar pension only	2	5	0

Source: Kucera, own exploitations 2012, SICC survey: liberal type

The following table shows the average monthly income of retirees from liberal type, based on the survey data.

Table 4.17 Household income by gender: retirees from liberal type (SICC)

<u>Household income</u>	<u>Average</u>	<u>Variance</u>
Men	5,474	2,300
Women	3,784	1,783
Total	5,050	2,301

Source: Own exploitations SICC survey, N: men: 490, women:164, Kucera 2012

The average household income of participants' differ harshly between men (5,474 Swiss francs) and women (3,784 Swiss francs). Among men, the variance is far greater (2,300 Swiss francs) than among women (1,783 Swiss francs).

An analysis of fiscal data showed that the median income of retirees in 2008 was 52,100 Swiss francs. This income comes from the second pillar pension or capital

benefits (20 %), from the public pension (AVS: 40 %), from capital resources (30 %) and only 10 % from work (Wanner, 2008).

Table 4.18 Income of retirees: information resulting from tax declarations

Median annual income	1st pillar	2nd pillar	Income from fortune	Income from work
52,100 Sfr.	40%	20%	30%	10%

Source: Fiscal register data, Wanner Philippe, University of Geneva, CHSS 3/2008

Based on the SICC data, we can assume that couple households most probably receive the maximum couple public pension. And we can confirm that women live on average on less income than men, despite the fact that a woman with a partner benefits from a second income.

4.9 Scenario / simulation: Impact of pension fund regulations

This empirical section aims to confirm the hypotheses that the flexibility accorded to private companies in the operation of the occupational pension schemes results in significant inequalities and confirms that the pension income – based on the Federal law on occupational pension schemes, the LPP, and the pension regulations’ - varies strongly between the pension institutions.

This sub-chapter provides a simulation of the conditions of affiliation and its impact on the pension payment. Based on collected data from the retirees of the liberal pension institution, I created a fictional scenario. The purpose of this simulation was to predict the effect of a changing institutional environment on the retirement conditions of the old-aged. With this I evaluated the situation of persons affiliated to the liberal pension institution as if they had been affiliated to the paternal one instead.

I constructed a dataset based on theoretically created parameters drawn from the pension regulations of the paternal institution with a limited number of clearly defined variables which I inferred into the database of the SICC database, in order to transfer the liberal environment into a paternal one. Counterfactuals are obtained by applying the pension regulations of the paternal pension institution to persons insured with the liberal type.

For this purpose I simulated the entrance threshold, the contribution rate, the second pillar pension income and the retirement age, by imputing the values of the paternal pension regulations into the data set of the retirees of the liberal pension institution. Based on the SICC data set, this scenario pursues the question: what would the old age pension benefits of retirees be, had they been affiliated to a paternal instead of to a liberal pension institution?

The following analysis confirms that women employed in the liberal type, are disadvantaged in regards to occupational pension benefits. Women occupy the lower paid and the less valued jobs. This gender inequality is reinforced by the occupational pension system in Switzerland. Indeed, the second pillar system seems inappropriate for those with small incomes. It creates gender inequality. In the strict sense, the Federal law on occupational pension schemes (LPP) and the pension regulations are creating (gender) inequality through the partial exclusion of a considerable portion of the active population, in particular women. It appears that the flexibility accorded to private pension institutions for operating the LPP, in the liberal type, enhances gender inequality.

The idea of this simulation was to extend my conclusions from the analysis of the SICC Survey. Although this experiment provides a very limited insight into the possible divergences between the pension institutions, it provides important information about the origins of the phenomenon of institutional gender inequality. The outcome of this experiment clearly displays that institutions matter.

4.9.1 Simulation with entrance threshold: articles 2, 7 of the LPP

The following scenario regarding an imputed entrance threshold reveals to what extent employees affiliated to the liberal pension institution would be better off if they were affiliated to the pension system of the paternal pension institution.

As we have seen, the paternal pension institution strongly favors low income categories, as the scheme integrates all employees independent on their salary. This is the reason why up to an income of around 6,000 Swiss francs, people affiliated to this scheme have a great advantage as their insured income is higher compared to those affiliated to the liberal type. Interestingly, for persons earning around 7,000 Swiss francs or more the system of the liberal pension institution

seems better. However, as we have seen it is not only the insured income that is determinant but even more important are the contributions, that is the diverted capital, based on the contribution rates, which strongly determine the pension income at the end of a working life.

Table 4.19 Insured incomes: liberal and paternal scenario

Income from work		Insured income		
<i>monthly</i>	<i>yearly</i>	<i>Liberal</i>	<i>Paternal</i>	<i>Difference</i>
1,000	13,000	not insured	9,100	9,100
2,000	26,000	1,640	18,200	16,560
3,000	39,000	14,640	27,300	12,660
4,000	52,000	27,640	36,400	8,760
5,000	65,000	40,640	45,500	4,860
6,000	78,000	53,640	54,600	960
7,000	91,000	66,640	63,700	-2,940
8,000	104,000	79,640	72,800	-6,840
9,000	117,000	92,640	81,900	-10,740
10,000	130,000	105,640	91,000	-14,640
11,000	143,000	118,640	100,100	-18,540
12,000	156,000	131,640	109,200	-22,440

Source: own exploitation based on data from SICC, survey, Kucera 2012

From above table we may resume that, from 655 persons in the dataset, 476 persons from the liberal pension institution would have been able to contribute more capital towards the pension scheme if they had been affiliated to the paternal pension institution.

In total, there would have been 1,657,550 Swiss francs more in assets which would have been insured under the scheme with the paternal institution and thus available for pension income of employees once retired.

The conclusion is that there is strong inequality between the two pension schemes, being affiliated to the liberal pension institution means that in particular persons with low salaries are highly disadvantages as they lose out on pension credits over the years, contributed by both the employee and employer. The consequence is that (gender) inequality between the pension schemes are triggered by the definition of the legal threshold entrance of the LPP, resulting in lower pension benefits for the old-aged affiliated to the liberal pension institution.

4.9.2 Simulation with the contribution rate: article 16 of the LPP

Above we have seen, that for those insured with the liberal pension institution, the contribution rate from employee and employer amounts to 14%, if looked at independent of age. Compared to that, employee and employer of the paternal pension institution contribute 24% of the salary to their pension scheme. Based on the pension regulations, a person affiliated to the liberal pension institution accumulates fewer pension credits over their working life and thus, their annuity will be lower. However, both pension schemes provide more than the legal minimum according to the golden rule established by the legislator in the 1980's with a total of 500%.

Taking a closer look, we see that the divergent contribution rate is based on the fact that the employer of the paternal pension institution contributes 16%, and the employee 8%, whereas the employer of the liberal pension institution contributes 7%, and the employee, depending on age, between 5.5% and 8%. This provokes not only a large difference concerning income in regards to fringe benefits during the working life of a person, as the paternal type is far more generous than the liberal one; but it makes in particular a large difference when it comes to pension income.

This example illustrates clearly that the pension institution and their pension regulations are determinant factors for income once retired. Thus, affiliated to a paternal pension scheme the contribution is on average 10% higher compared to the liberal type. Surprisingly, in this context, there is no gender inequality detectable as contribution rates are equal both for men and women. However, inequality is strongly accentuated between the pension institutions.

4.9.3 Simulation of pension income

I also simulated the second pillar pension income by imputing the values of the paternal pension regulations into the SICC data set. Assuming that the conversion rate or replacement rate is the same in both schemes, that the benefits regarding the over-mandatory part are close to equal in the liberal and the paternal type, then we theoretically calculate the pension as if a person was insured with the paternal instead of with the liberal pension institution. We already know that employees

accumulate in total 586 credits for a full pension, whereas in the paternal they would accumulate a total of 912.

This simulation reveals that theoretically, the unequal credits saved over the years lead to the fact that persons insured with the liberal type would have a proportionally lower occupational pension at the end of their working lives.

The following table shows that the minimum income as well as the maximum income would be very divergent in the two pension schemes. It illustrates that persons affiliated to the paternal type instead of being insured with the liberal pension institution, would receive far higher old age pensions.

Table 4.20 Median, minimum, maximum, average pension: liberal, paternal

Pension income in Sfr.	Median	Minimum	Maximum	Average
« Liberal » - SICC survey	2,000	300	9,600	2,320
« Paternal scenario »	3,113	514	16,457	3,976

N=655; Source: own exploitations SICC survey, own simulation, Kucera 2012

It can be concluded that inequality occurs between persons affiliated to different pension institutions and arises where the contribution rate is divergent.

Concretely, if a person was affiliated to the paternal pension institution then the median pension from the occupational pension scheme would have been 3,113 Swiss francs a month, which is 1,113 Swiss francs more than if the retiree were instead affiliated to the liberal pension institution. In addition, the average occupational pension of a retiree affiliated to the paternal type would be 1,556 Swiss francs higher.

Table 4.21 Pension income by gender: liberal and paternal scenario

	Average pension		Standard deviation	
	liberal	paternal	liberal	paternal
Men	2,629	4,091	1,490	2,318
Women	1,410	2,194	964	1,501

Source: own exploitations SICC, Kucera 2012; N= 655 women; N=489 men;

Analyzing gender differences between the schemes, the difference between the averages is far more accentuated in the paternal between women and men with nearly double the pension income for men (4,091 Swiss francs). However, between

men in different types the standard deviation is far stronger - 2,318 Swiss francs in the paternal compared to 1,490 Swiss francs in the liberal. The average pension for women - if affiliated to the paternal instead of to the liberal - would have been 784 Swiss francs higher. Gender inequality and inequality between the pension institutions is hereby clearly demonstrated. As the income in the liberal type is higher of women compared to the income of women in the paternal type, the paternal pension institution reduces gender inequality, by integrating all employees independent on their income into the second pillar pension scheme. Furthermore, the paternal scheme integrates all employees on a 30% income basis, thus smaller salaries are having a great advantage what concerns pension credits. In addition to that, another great advantage is that the employer contributes the double of the pension credits towards the pension scheme. The liberal type excludes all employees not earning a legally defined entrance threshold, which is actually approximately 20,000 Swiss francs annually (FSIO, 2012). Thus, women in this scheme are clearly disadvantaged as they work often part-time and earn on average less than men.

4.10 Conclusion and verification of my hypotheses

The study illustrates that gender regimes, such as the work place, the welfare state, with the Federal law on occupational pensions (LPP) and organizations such as occupational pension institutions create gender inequality on the institutional level.

The study demonstrates that although the labor market, while determining the income of a person, is an important factor for pension income, there is another factor influencing the level of old age pensions. The analysis displays clearly that the affiliation of an employee to a specific type of pension institution is most important as the pension regulations are strongly determinant for the level of second pillar benefits. It appears that the Federal law on occupational pension schemes (LPP) leaving each pension institution a great freedom of interpretation contributes to creating gender inequality.

Thus, the empirical findings in this chapter confirm the hypotheses that each occupational pension institution reproduces, enhances or reduces gender inequality at the institutional level by incorporating their own norms in their pension regulations as they offer better or worse conditions than legally defined. The

analysis confirms that gender inequalities occur within and between two distinct types of private occupational pension institutions in Switzerland.

In the liberal type, *the entrance threshold* is fixed according to the legal requirements – at the level of 22,880 Swiss francs (2012). In the paternal type however, the threshold of entrance is set at 30% of the salary and all employees independent on their salary are included in the scheme. This means that the small earners in the liberal pension institution are excluded from the scheme, only becoming insured when they earn more than the legally defined entrance threshold.

The most interesting observation is that the freedom of implementation of the Federal law on occupational pension schemes (LPP) has led to a particular phenomenon, as the paternal organization, paying generally lower salaries, integrates all employees in their occupational pension schemes, irrespective of their income. Plainly speaking, the paternal pension institution abolishes the entrance threshold. Thus, the freedom for interpretation creates institutional and gender inequality resulting in lower benefits for affiliated employees of the liberal pension institution, despite their higher incomes. The paternal type favors the inclusion of women in the occupational pension plan by applying an entrance threshold for the pension scheme of 30% of the net income. This type employs a large proportion of women (51%) and hence has constructed a pension scheme to suit their employees, allowing the inclusion of low paid women workers and part-time employees, of which they have many. Thus part-time work and low income does not lead to exclusion from the occupational pension system. There is a sense of solidarity in this system where the high income groups participate in financing the low income groups. We could call this corporate responsibility, caring for the low income employees and not diverting social groups into complementary benefits systems. The consequence for the low-earners concerned is that they will to a far lesser extent depend on complementary benefits from the state once retired. This specific regulation in the paternal pension institution allows us to see that even those with low salaries - mainly women and part-time workers - are treated equally in the pension system.

The contribution rate, in other words the amount the employer and employee

contribute towards the pension plan influences strongly the capital savings of each employee. In the liberal pension institution the employees and employer contribute together a total of between 12.5% and 15.5% of the salary as pension benefits, depending on age. In the paternal pension institution the employees and employer however, accumulate a total of 24%, independent of their age group. These divergent contribution rates lead to a different overall accumulation of pension benefits (see section 4.2 contribution rate). Furthermore, the system of the second pillar as such focuses on the breadwinner model. There is no compensation in the occupational pension system for having spent time raising children instead of working. The so-called educational credits can only be accumulated in the public old age insurance (AVS) for bringing up children until the youngest child is 16 years old.

The contribution period, or in other words, the number of years an employee needs to contribute in order to receive a full pension depends on the pension regulations. When the contribution period is shorter, then the old age pension is reduced accordingly. The employees of the liberal pension institution – in order to have a full pension – need to have accumulated a total of 42 years. In the paternal institution the employees need only to contribute 38 years for a full pension.

The retirement age is two to years higher in the liberal type. This is clearly due to the pension regulations stipulating an ordinary retirement age of 65 for employees affiliated to the liberal and 63 for employees affiliated to the paternal pension institution. Retiring early means a reduced pension, as we have seen in section 4.7, that a pension reduction rate is applied for employees leaving the labor market early.

The conversion rate is based on a defined method of calculation of the pension benefits. Indeed, the conversion rate is not the only defining parameter for the pension income once retired. The conversion rate is – according to these reflections – only one parameter to take into account when adapting the second pillar in order to make it more accessible (including all employees) and more equal by insisting on the equal application of legal prescriptions – not leaving it up to the pension institutions.

The form of the old age benefit means that there are three options for withdrawing the occupational pension capital at retirement. The choice for a pension, a mixed benefit with pension and capital or a lump sum only depends not only on the total savings of a person. Indeed, newly retirees of the liberal pension institution may take out a maximum of 50% of the old age capital as a lump sum. The paternal type offers to take out up to 100% of the capital savings. Inequality between the pension institutions appear due to their pension regulations.

The pension reduction rate is applied to capital savings of a person who leaves early for retirement. Pension cuts when retiring early are far more accentuated in the liberal pension institution compared to the paternal type. While a retiree leaving at 60 years loses 10% of their occupational benefits in the liberal type, a retiree affiliated to the paternal type loses only 5%. This inequality occurs at the level of the institution as it is regulated in the pension regulations. In addition to that, both pension institutions provoke inequality between generations in the long term, as they pay out higher lifelong benefits to their retirees than according to the legal recommendations. The risk of this is that too much capital is paid out to retirees leaving early and the capital of future generations is used up. We could talk about a transfer from younger towards older retiree generations.

The pension income as such is also dependent on gender, as we have seen in the analysis of this chapter. Indeed, the distribution of capital payments (see section 4.6) reveals clearly that women's lump sums are most commonly up to 40,000 Swiss francs whereas men receive most frequently capital payments around 100,000 Swiss francs. In addition to this structural impact of the labor market, there is a pension income difference, depending on the affiliation to a liberal or paternal pension institution. Indeed, depending on the income during the working life and thus the contribution paid in by the employer on this salary, the pension income from the second pillar may vary strongly. Thus, the conditions of affiliation are determinant for the pension income once retired, and the LPP, due to the flexibility accorded to the pension institutions to implement the LPP in their pension regulations, is leading to inequality between the employees of the two types of pension institutions.

The scenario, where I simulated the impact of the pension fund regulations of the

paternal pension institution on the conditions of affiliation of employees or retirees from the liberal type, confirms the hypotheses that gender inequalities occur due to the institutional settings. It illustrates that institutional (gender) inequalities are created through embedded institutional mechanisms as a result of the flexibility accorded to private companies for the operation of the occupational pension schemes. The simulation demonstrates the impact of the pension regulations, with the fictive contribution rates, simulating the entrance threshold and the contribution rates, it illustrates that a person's second pillar pension benefits will be higher or lower depending on their affiliation to a liberal or paternal pension institution. The Lorenz curve confirms the unequal distribution between the pension schemes of the liberal and the paternal institutions and it shows the unequal distribution amongst retirees within the same pension institutions.

Thus, the simulation of a theoretical paternal environment for persons affiliated to the liberal pension institution reveals interesting information and proves that pension regulations create inequality amongst old-age retirees in regards to their pension income. Pension regulations are determinant for the pension income once retired. This is the case even though both pension institutions set up "gender-neutral" pension regulations. The liberal and the paternal pension institutions stipulate the same retirement age for women and for men. The liberal type stipulates an equal retirement age of 65 years, whereas the paternal type proposes the same retirement age of 63 for both women and men.

Furthermore, this simulation illustrates that statutory sameness does not necessarily mean that everybody receives the same benefits. Apparently, it is not necessarily true that there is no gender inequality when everybody is treated in the same way. Inequality, as we have seen in this thesis is generated in many ways. Indeed, institutional inequalities often reinforce pre-existing socioeconomic inequalities or more generally the broader gender order from gender regimes as we have seen in above analysis.

The analyzed income sources by household type from the liberal pension institution (SICC) reveal that over three-quarters of the survey participants depend on the public old age pension and the second pillar pension only - 76% to 82%. The household income for retirees of the SICC reveals further details about the

inequality between women and men regarding the average income of retirees. Men (5,474 Swiss francs) are strongly advantaged compared to women (3,784 Swiss francs).

The Lorenz curve displays that the distribution of income from occupational pensions is more equally between retirees of the liberal pension scheme. In other words, inequality is more accentuated between retirees of the paternal pension institution. This is astonishing as the paternal pension institution makes every effort to reduce pension inequality while allowing affiliation to their pension scheme for all employees, independent of their income.

The generalization of the results, based on a comparison of two distinct pension institutions, is possible to a limited extent. The collected material represents a sample and is not representative in a statistical sense. The study reveals divergent conditions of affiliation to different pension institutions and for men and women in regard to the mandatory occupational pension plan leading to inequality amongst employees, old-age retirees and between men and women. The phenomenon triggered off by the interpretation of the LPP is creating, enhancing or reducing gender inequalities occurring in the pension institution.

The comparative study of the two cases, the paternal and liberal pension institutions, allows to illustrate two extremes in the landscape of the types of pension institutions. The validation of the results by comparison with secondary statistics and the simulation of the data reveal that the observed phenomenon and the presented hypotheses may be trusted.

5. Final conclusion and outlook

The thesis set out to explore whether there is something wrong with the second pillar in Switzerland and what causes gender inequalities in occupational pension income. It has analyzed the most relevant mechanism deployed by private occupational pension institutions to implement the Federal law on occupational pension schemes (LPP) into their pension regulations. The study illustrates that these issues deserve both academic and political attention as occupational pension institutions produce, enhance or reduce (gender) inequalities by their embedded institutional mechanisms and their organizational settings. By doing this, I confirm the theory that gender regimes create gender inequalities and may reproduce the broader gender order.

The study provides relevant information in a field where little investigation has been made so far. Importantly, it exposes the inherent structural problems of an occupational pension system which was constructed specifically for serving the then-presumed full-time male worker based on the breadwinner model. This research also has implications for social policy-makers and practitioners, and the study proposes options for actions in order to reduce gender inequalities within the second pillar pension system and to adapt it in order to respond to the needs of diversified contemporary workers.

5.1 Key empirical findings

The primary hypotheses was that gender inequalities in occupational pensions can be expected to increase in the liberal-type pension institution and to decrease in the paternal type. The secondary hypotheses was that gender inequalities occur within pension institutions due to institutional mechanisms. This study supports both hypotheses. Below are the key results of the study relating to each of these hypotheses.

The present study focuses on the effects of the mechanisms and processes introduced within the second pillar pension system in Switzerland that make (gender) inequalities possible. Within this framework, institutional inequality was examined within two types of private pension institutions, the liberal and the

paternal, and measured by the following parameters.

The empirical part of the study demonstrates that the example paternal pension institution, by means of measures or conditions of affiliation and retirement, reduces overall gender-based inequalities pre-existent in the labor market or in the Federal law on occupational pension schemes (LPP). The paternal institution offsets the gendered effects linked to the earning threshold, contribution rate and the conversion rate. The liberal pension institutions, by means of measures and conditions, generally enhances gender inequalities pre-existent in the labor market or in the LPP by choosing to endorse statutory minimums and gear its benefits to a universal retirement age of 65.

5.1.1 Entrance threshold: articles 2 and 7 of the LPP

In the liberal type of pension institution, the entrance threshold lies – in accordance with the legal requirements – at 22,880 Swiss francs (2013). In spite of this legally defined threshold, the paternal pension institution includes all employees with a lower entrance threshold set at 30 percent of annual income. So employees working for the paternal type are all affiliated to the second pillar pension scheme, regardless of their salary.

This means we see gender inequalities occurring between the pension institutions as many women (as well as other employees with salaries under 22,880 Swiss francs in 2013) enrolled in the liberal pension institution are excluded from the occupational pension scheme.

Therefore inequalities can be seen to occur within the very structure of the liberal pension institution as the lowest earners are excluded from the second pillar pension system. The pension institution is hereby reproducing inequality inherent to the LPP.

5.1.2 Contribution rate: article 16 of the LPP

The study showed how inequality is produced over the years of accumulating pension credits in a pension scheme. On the one hand employees affiliated to a liberal pension institution accumulate together with the employer a total of between 12.5 and 15.5 percent pension credits, depending on their age. On the other hand, employees affiliated to a paternal pension institution accumulate a total of 24

percent - together with their employer - and regardless of their age.

The universal coverage of all employees and the far higher contribution rates in the paternal institution lead to a far greater total of pension credits over the years compared to employees of the liberal type. By doing this, the paternal pension institution is reducing gender inequality occurring in the LPP whereas the liberal type is reproducing it.

Gender inequality also appears within an institution where the contribution rate increases over the years. This occurs as women commonly have interrupted careers for childrearing responsibilities, a crucial period for accumulating pension credits. A constant contribution rate would allow women to have equal possibilities for accumulating credits over their working lives, regardless of when they take maternity leave or interrupt their careers.

5.1.3 Number of contribution years

When affiliated to a liberal pension institution a person contributes for 42 years in order to receive an unreduced pension. Affiliated to a paternal type, an employee needs only to contribute for 38 years for a full pension. So it is obviously an advantage to belong to the paternal institution rather than to the liberal.

In both institutions, however, women with generally interrupted careers are disadvantaged in so far as they often would have to work beyond the legal retirement age to achieve the 38 (paternal) respectively 42 (liberal) contribution years for a full pension. Consequently, women often end up with a reduced old age pension and are far more dependent on the complementary benefits paid out by the public pension.

5.1.4 Retirement age: article 13 of the LPP

The legal retirement age is set at 63 years (2004; changed to 64 in 2010) for women and 65 for men. This retirement age, with men leaving later than women, is unequal between men and women. Inequality appears between the two private pension institutions as the retirement age for women in the liberal system is 65 and in the paternal it is 63. So, pension inequality occurs due to the different interpretations of the Federal law on occupational pension schemes (LPP).

5.1.5 Conversion rate: article 14 of the LPP

The conversion rate serves to calculate the annuity, based on the total capital savings. Although the conversion rate is not a unique defining parameter for the pension income, it represents the determinant for the level of the old age pension.

Gender inequality occurs when the conversion rate for men and women is not equal. For the year 2013 the Federal Social Insurance Office published a conversion rate of 6.85% for men and 6.8% for women, to be applied to the legal LPP minimum capital.

5.1.6 Pension and capital benefits: article 37 of the LPP

The empirical analysis revealed that in the liberal pension institution the maximum capital pay-out option is 50 percent. In the paternal institution, there are more options and the full capital (100 percent) can be taken out. Nevertheless, in the paternal type over two thirds of retirees (67 percent) take out their occupational benefits in the form of a lifelong pension. Women (68 percent), to a slightly larger extent than men (63 percent), opt for a pension only. The liberal pension institution has a higher percentage of retirees (70 percent) with pension only. Women, (at 75 percent), receive a pension to a slightly higher extent than men (63 percent). This is because different pension institutions may propose divergent rules to allow taking out a higher or lower proportion of capital in the form of a lump sum.

The consequences of taking out a lump sum instead of a lifelong pension may be that retirees who have consumed the full amount of their old age capital at an early stage of their retirement are left with no remaining financial resources. This is even more problematic as early retirement (with reduced pension) is still allowed at 58 years.

5.1.7 Pension reduction rate for early retirement

Pension cuts for early retirement are far more accentuated in the liberal pension institution than in the paternal type. Whereas a retiree leaving at the age of 60 loses 10 percent of their occupational benefits in the liberal type; an old-age retiree affiliated to a paternal pension institution loses only 5 percent when leaving the labor market at the same age. These rules are stipulated in the pension regulations of each pension institution. The consequence of the divergent application of the

lifelong pension reduction rate is that the pension level can vary strongly between old-age retirees, and may in particular disadvantaging women, depending on the pension institution to which they are affiliated.

5.2 Potential implications for social policy

The Swiss Federal government, under the auspices of the Federal Councilor Alain Berset, is leading the way in the reform of the old age pension system 2020.

This reform occurs in a contemporary pension environment in which not only women but also men have increasingly interrupted careers and/or work part-time and face therefore difficulties to accumulate the necessary capital for a decent (occupational) old age pension. Accordingly, when adapting the second pillar system, any pending policy measures must take into consideration that men's and women's working patterns in contemporary society have changed since the introduction of the LPP, and that the government and pension institutions need to responsively adapt conditions of affiliation accordingly. With my empirical results as a basis for argument, I would suggest the following policy changes in the review of the second pillar pension system.

5.2.1 Freedom of interpretation: articles 49 and 50 of the LPP

Limit the freedom of interpretation of the Federal law on occupational pension schemes (article 49 of the LPP), thereby reducing inequalities in the conditions of affiliation between the pension schemes. This would reduce the likelihood of benefits varying to an extent where beneficiaries are unequally treated. As a consequence, article 50 of the LPP could be abolished and it would no longer be possible to freely set up the determinants of benefits.

5.2.2 Age of affiliation: article 7 of the LPP

Standardize the age of affiliation at 18 years, to harmonize the public pension (AVS) and the occupational pension scheme (LPP). This would be a great advantage for employees at the lower end of the income scale. By beginning to save for retirement at the age of 18 in both schemes, the most deprived workers, starting their career often immediately after obligatory schooling at 15 or 16 years of those finishing their apprenticeship at 18 or 19 years, could save up more old age capital for their retirement. To do this, article 7 of the LPP should be adapted

so that all workers contribute towards old age insurance from their 18th birthday onwards.

This measure would boost the second pillar capital savings of a part of the poorer working population between age 18 and 25. This is so as these persons often start with nearly the same salary at 18 years as they can count on when they are 60. This measure may be particularly interesting as salaries of this working class are not increasing notably between the beginning and the end of their careers.

5.2.3 Entrance threshold: articles 2 and 7 of the LPP

The current second pillar system in Switzerland is a system designed for the middle and higher income classes and excludes those at the bottom scale of income. The system discriminates against part-time workers and therefore, in particular women not earning enough to adhere to the pension scheme due to the entrance threshold or having interrupted careers. The abrogation of the entrance threshold would eliminate (gender) inequality as employees were to be insured and affiliated to the second pillar pension system independent of their salary.

Articles 2 and 7 of the LPP regulating the entrance threshold and the coordinated salary have been adapted on several occasions since the instauration of the LPP. Despite the many attempts of a variety of political actors to adapt and enlarge the circle of employees, including those having only short-time engagements (3 months), the decision to abolish the entrance threshold has never been taken.

Today, this topic deserves even more attention as a growing population of part-time employees, and of workers with interrupted careers, will lose out on pension income once retired. For these groups of persons there is a strong need to secure and improve the old age benefits. Even though the building up of the old age capital may be much slower by low income persons, it still grows over time until retirement and could represent an important supplementary income for those earners at the lower end of the scale.

5.2.4 Coordinated salary: article 8 of the LPP

The calculation of a coordinated salary is another disadvantage for low earners. If the coordinated salary was abolished or extended to the full salary up to 80,000 francs, a large portion of women or generally those workers earning below the

entrance threshold would be able to accumulate greater pension credits and could then improve their second pillar pension considerably.

5.2.5 The contribution rate: article 16 of the LPP

The harmonization of the contribution rate aims at creating equality between insured persons affiliated with different pension schemes. All employees should be able to save the same proportion of their income towards a pension scheme. Currently, article 16 of the LPP stipulates that the pension credits are accumulated according to a class system based on age. While for young employees until 34 years old the contribution rate amounts to 7% of the insured income, the rate goes up to 18% for persons aged older than 54. Inequality between persons occurs as every pension institution may set up a different rule.

Concretely, article 16 of the LPP could be modified to propose a constant contribution rate throughout the worker's active life which would eradicate inequality between generations and between men and women, in particular those with interrupted careers at certain periods of their working life.

5.2.6 Retirement age: article 13 of the LPP

The harmonization of the retirement age between men and women is a measure which would help to eradicate inequality in regards to pension benefits, as both sexes would have the possibility to contribute for the same period of time, until retirement.

5.2.7 Conversion rate: article 14 of the LPP

The much-discussed and debated conversion rate raises many questions. The constant rise in life expectancy of retirees threatens the pension institution in regards to the conversion rates.

It should be made transparent to the insured employees and the pension institutions by the government that the accumulated pension credits have to last for a clearly defined number of years, according to the life expectancy of each cohort, and be calculated on this basis, the moment a person retires. Although this means clearly that the capital has to last for more years for future generations, this doesn't imply that the paid out provision is lower than the accumulated second

pillar savings. The constituted second pillar old age savings assets could be converted to an annual old age pension on the basis of a conversion factor defined on the basis of the life expectancy of each retiree cohort. Thus, an adequate actuarial base has to be provided for this purpose and for the insured population of each pension institution in order to guarantee their annuities.

5.2.8 Pension and capital benefits: article 37 of the LPP

In order to reach equality in this context, a first step could be to adapt article 37 of the LPP so that capital payments are available only to a very limited extent. Thus, the rule that occupational benefits must mandatorily be paid out in the form of a lifelong old age pension should be adopted. Or else, the capital payment may only be paid out as a defined percentage of the total of the accumulated capital. This could include a capital payment if the total savings amount to less than 10 percent of the minimum public old age pension or if the capital is higher than that a maximum of 25 percent could be paid out in the form of a lump sum.

5.2.9 Pension reduction rate in case of early retirement

The observed divergence amongst the pension regulations in regards to pension cuts in case of early retirement reveals clearly the importance of stronger regulation in this context. It is not in question that pension benefits are reduced in case of early retirement. However, inequalities are rather accentuated as the rate of reduction varies from 0 percent (paternal at 63 years) to several percent in the liberal type at the same age. The pension reduction rate is even more accentuated in the public old age insurance (AVS). Thus this thesis proposes that the pension cut rate is harmonized between the AVS and the LPP and between the regulations of the pension institutions.

5.3 Conclusion

The study illustrates that, independent on the labor market mechanisms, the affiliation of an employee to a specific type of pension institution is most important. Based on two case studies, the thesis confirms the hypotheses and demonstrates that the implementation of the LPP, allowing the employer and pension institution to adapt the rules according to their values, can create divergent effects. By the implementation of the LPP into their pension regulations, a pension institution may enhance or reduce (pre) existing (gender) inequalities within or between pension schemes by incorporating their own norms in their pension regulations, hereby offering better conditions than legally defined. The thesis shows that pension fund regulations are of crucial importance. Although statistically not representative, the two case studies reveal clearly the divergent implementation of the LPP.

The findings from this research suggest that there is a correlation between pension inequality and the flexibility accorded to private companies in the operation of their occupational pension schemes. The results reveal that this phenomenon of gender inequality observed in the occupational pension institutions and produced by the Federal law on occupational pension schemes (LPP) is independent of labor market conditions and the welfare state. The thesis finally provides insight into the functioning of and the mechanisms within the LPP and suggests propositions how to improve the second pillar pension system in regard to gender inequality. It demonstrates the need to act in order to smooth out gender inequality in the future by adapting or abrogating some articles of the LPP and thus regulating the LPP more equally and more harmoniously as outlined by the propositions for action.

The study reveals a clear need for further research on this topic in order to prepare the occupational pension system in Switzerland for the future. It makes apparent that more analytical efforts would be required in order to estimate the overall impact of pension funds on gender inequalities, particularly regarding the financial impact. Further research could also address whether gender inequalities are more or less accentuated in companies or economic sectors where women are over-represented. Furthermore, a field of interest would be why gender inequalities persist although women are increasingly full-time working and having higher earnings, especially those with higher education. In addition, research could be

most revealing in the context of whether gender inequalities are more dominant before or after retirement. The study is relevant for scholars as it systematically presents data and results from research about how pension institutions shape their pension regulations based on the flexibility accorded to them in the operation of the occupational pension schemes. In this regard, pension institutions have been largely unobserved by researchers interested in this field.

Article 8 of the Federal Constitution stipulates clearly that women and men have equal rights. The Federal law on Gender Equality (Leg), article 3, promotes equality in regards to working conditions. Nevertheless, the pay gap amounts to 18 % (FSO, 2014), and even worse, the second pillar pension gap is as high as 37 % (FSIO, 2015). Measures should be taken so that expected amounts of private old age pensions are no longer lacking. More awareness of the outlined problem is required to set up social policy measures in order to increase the occupational pension savings of women. Or, on a general level, financial education of children and adults, in particular with the focus on lifelong savings for old age, is needed for a better understanding on the long term.

Last but not least, the second pillar pension is a system which has been built up during over a century, although it became only mandatory in 1985. The system represents a triple relationship between employer, employee and the pension institutions and is guided by the LPP. It represents hereby a great opportunity to accommodate needs of employer, employees and retirees as it allows each type of pension institution a large freedom of interpretation. With the re-emergence of the debate as to whether pre-funded pensions may be regarded as superior to pay-as-you-go pensions or whether the public system in Switzerland is more adapted to secure old age pensions, it is high time in Switzerland to open the debate.

Federal law about the occupational old age, survivors and disability insurance (LPP): *article 1 purpose:* ¹ The occupational provision contains all measures on a collective basis, which permit the elderly, the survivors and the disabled in case of an insurance case (old age, death or disability) together with benefits from the federal old age, survivors and disability insurance (AVS/AI), the continuation of the accustomed standard of living in an appropriate way.

Annex I: Bibliography

Acker, Joan (1990) Hierarchies, Jobs, Bodies: A theory of gendered organizations, *Gender and Society* 4

Acker, Joan (1992) *Gendering Organisational Theory* in Mills, Albert J. and Tancred, Peta (eds), SAGE publications, London.

Acker, Joan (2006) Inequality Regimes: Gender, Class, and Race in Organizations, *Gender Camp; Society* 2006; 20; 441, SAGE publications, London

Albert, Michel (1991) cited in Nollert, Michael (2007) *The Welfare State in Sonderfall Schweiz*, Buch AG

Albiston, Catherine (2009) Institutional Inequality, SSRN, Social Science Research Network, *Wisconsin Law Review*, Vol. 2009, No 5, 2009

Aldrich, Howard and Ruef, Martin (1999) *Organizations Evolving*, Sage Publications, London

Alvesson, Mats and Due Billing, Yvonne (2009) *Understanding Gender and Organizations*, Sage Publications, London

Berclaz, Michel and Füglistner, Katharina (2003) The contentious politics of unemployment in Europe, National Template for Switzerland, www.leeds.ac.uk

Berger, Peter L., Luckmann, Thomas (1967) *The social construction of reality*, Anchor Books Edition, New York.

Bertozzi, Fabio, Bonoli, Giuliano, (2005) *La réforme de l'Etat social en Suisse*, Collection Le savoir suisse

Bertozzi, Fabio, Bonoli, Giuliano (2007) cited in Bridgen, Paul and Meyer, Traute (2007) *The British pension system and social inclusion*, Edward Elgar, Cheltenham

Bertschy, Kathrin, Marti, Michael, Walker, Philipp, Baeriswyl, Annick (2014) Institutional doing gender: How politics impact on gender (in-)equality, Special Issue 2014 of the *Swiss Journal of Sociology*

Bettio, Francesca, Tinio, Platon and Betti, Gianni (2013) *ENECE report*, European Commission, Belgium

Bianchi, Doris (2011) *Finanzielle Situation der Rentnerinnen und Rentner*

www.sgb.ch

Bonoli, Giuliano (2000) *The politics of Pension Reforms*, Cambridge University Press

Bonoli Giuliano (2000) *European Welfare Futures: Towards a Theory of Retrenchment* Polity Press.

Bonoli Giuliano and Sarfati Hedva (2002) *Labour Market and Social protection Reforms in International Perspective*. Ashgate.

Bonoli, Giuliano, Bertozzi, Fabio (2004) *Les nouveaux défis de l'Etat social*, Bonoli and Bertozzi, Lausanne/Bern

Bonoli, Giuliano et al. (2005) *The politics of new social policies in The Welfare State Reader*, Polity Press

Bonoli Giuliano and Toshimitsu Shinkawa (2006) *Ageing and Pension Reform Around the World: Evidence from Eleven countries*. Edward Elgar Publishing.

Bonoli, Giuliano (2009) cited in Immergut, Ellen and Andersen, Karen and Schulze, Isabelle (2009) *The handbook of West European Pension Politics*, Oxford University Press

Boyer Robert and Yves Saillard (2002) *Regulation theory, the state of the art*, Routledge, Taylor and Francis, England

Bridgen, Paul and Meyer, Traute (2008) *Class, Gender and Chance: The Social Division of Welfare and Occupational Pensions in the UK*; *Aging and Society* N° 28

Bridgen, Paul and Meyer, Traute (2007) *The British pension system and social inclusion*, Edward Elgar, Cheltenham

Bridgen, Paul, Meyer, Traute (2008) *Social Rights, Social Justice and Pension Outcomes in Four Multi-Pillar Systems*

Bridgen, Paul and Meyer, Traute (2009) *The politics of occupational pension reform in Britain and the Netherlands: the power of market discipline in liberal and corporatist regimes*. *West European Politics*, 32, (3), 586-610. (doi:10.1080/01402380902779105).

Bühlmann, Felix, Farago, Peter, Höpflinger, François, Joye, Dominique, Levy,

René, Perrig-Chiello, Pasqualina, Suter, Christian, Schmid Botkine, Céline, 2012, Sozialbericht 2012: Fokus Generationen, Seismo Verlag

Bussemaker, Jet and van Kersbergen, Kees (1994) cited in Sainsbury Diane (1999) Gender and Welfare State Regimes, Oxford University Press

Clark, Gordon L., Whiteside, Noel (2003) Pension Security in the 21st Century, Oxford University Press

Clémence, A. (2001) Solidarité sociale : des principes aux institutions in Carigiet E. and Fragnière J.P. (2001) Hat das Frei-Säulen-Konzept eine Zukunft? Editions Réalités Sociales

Connell, Raewyn (2002) Gender division, Blackwell Publishers, Cambridge Polity Press

Crettaz, Eric, Bonoli, Giuliano (2013) Worlds of working poverty: National variations of mechanisms in Fraser et al. Working Poverty in Europe Palgrave Mc Millan Basingstoke

Dahrendorf, Ralf (2002) Die Krisen der Demokratie, Becksche Reihe, Germany

Dahrendorf, Ralf (1994) Liberale und andere, Deutsche Verlagsanstalt, Germany

Dahrendorf, Ralf in Leisering, Lutz, Leibfried, Stephan (1999) Time and Poverty in Western Welfare States, Cambridge University Press, U.K.

Dahrendorf, Ralf (1961) Über den Ursprung der Ungleichheit unter den Menschen, Buchdruckerei Eugen Göbel, Tübingen, Germany

Department of Social and Family Affairs (2010) cited in Duvvury and Price (2012)

Douglas, Mary (1986) How Intitutions Think, Syracuse University Press

Duvvury, Nata and Price (2012) Pension System fails many women

Eberle, Thomas S., Imhof, Kurt (2007) Sonderfall Schweiz, Seismo Verlag, Zürich, Switzerland

EGB, Eidgenössisches Gleichstellungsbüro Schweiz, (2011), www.ebg.admin.ch

European Commission on gender inequality (2013) Strategy for equality between women and men 2010-2015, http://ec.europa.eu/justice/gender-equality/index_en.htm

Ecoplan (2010) Auswirkungen der Herabsetzung der Eintrittsschwelle in der 1. BVG-Revision, Auftraggeber und Herausgeber: Bundesamt für Sozialversicherungen BSV

Esping-Andersen, Gosta (2000) Social Foundations of Postindustrial Economics, Oxford University Press

Esping-Andersen, Gosta (1993) Changing Classes: Stratification and Mobility in Postindustrial Society. London: Sage.

Esping-Andersen, Gosta (1990) The three worlds of welfare capitalism, Cambridge University Press

European Union (2013) Tackling the gender pay gap in the European Union http://ec.europa.eu/justice/gender-equality/document/index_en.htm#h2-7

Federal Commission for Women's Issues (FCWI), Switzerland; www.ekf.admin.ch/themen/00503/index.html?lang=en

FSO, Federal Statistical Office, Switzerland, www.bfs.admin.ch

FSO, Federal Statistical Office, Switzerland (2012) www.bfs.admin.ch/bfs/portal/en/index/themen/01/06/blank/key/04/04.html

FSIO, Federal Social Insurance Office (2014) Meaning and objectives of occupational pension funds, www.bsv.admin.ch

FSIO, Federal Social Insurance Office (2013) Organization and financing of occupational pension funds, www.bsv.admin.ch

FSIO, Federal Social Insurance Office (2012) Leitlinien für eine umfassende Reform der 1. Und 2. Säule, Switzerland, www.bsv.admin.ch

FSIO, Federal Social Insurance Office (2012) Altersrücktritt im Kontext der demografischen Entwicklung, mandated by the FSIO to Infrac: Trageser, Judith, Hammer, Stephan, Fliedner, Juliane, Switzerland

FSIO, Federal Statistical Office, Switzerland (2012) Mutterschaftsversicherung = Maternity Insurance, mandated by the FSIO to Dr. Aepli, Basel

FSIO, Federal Social Insurance Office (2011) Bericht des Bundesrates zuhanden der Bundesversammlung über die Zukunft der 2. Säule, Switzerland, www.bsv.admin.ch

FSIO, Federal Social Insurance Office (2011) Vermögensverwaltungskosten in der 2. Säule mandated by the FSIO to C-alm, St. Gallen

FSIO, Federal Social Insurance Office (2010) Prévoyance professionnelle : adaptation du taux de conversion minimal – Votation populaire fédérale du 7 mars 2010, www.bsv.admin.ch/dokumentation/gesetzgebung

FSIO, Wanner, Philippe (2012) University of Geneva, Article published in CHSS 3/2008, Data from the fiscal cantonal register, mandated by the FSIO, Switzerland

FSIO, Federal Social Insurance Office (2010), CHSS, Social Security Revue, 2/2010, p. 89-92, FSIO, Berne

FSIO, Federal Social Insurance Office, [svs_2007_d.pdf](#) / www.bsv.admin.ch

FSO, Federal Statistical Office, Switzerland (2009) Report on gender inequality, www.bfs.admin.ch

FSO, Federal Statistical Office (2005) Statistics on Pension Institutions, Switzerland, www.bfs.admin.ch

FSO, Federal Statistical Office Switzerland (2015, forthcoming) Gender Pension Gap in der Schweiz, Geschlechtsspezifische Unterschiede bei den Altersrenten, University of Applied Sciences Berne, Fluder, Robert, Salzgeber, Renate, Von gunten, Luzius, Kessler, Dorian, Fankhauser Regine

Halford Susan, Savage Mike (2010) Reconceptualising Digital Inequality / Information, Communication and Society, Published in Information, Communication and Society (13,7)

Halford, Susan, Leonard, Pauline (2006) Negotiating Gendered Identities at Work: Place, Space and Time. Palgrave, London

Halford, Susan, Leonard, Pauline (2001) Gender, Power and Organizations, McMillan Press

Halford, Susan, Savage Mike, Witz Anne (1997) Gender, Careers and Organisations: Current Developments in Banking, Nursing and Local Government, Macmillan, London.

Halford, Susan (1992) Feminist change in a patriarchal organization: the experience of women's initiatives in local government and implications for feminist

perspectives on state institutions in Gender and Bureaucracy, Blackwell Publisher, Oxford, England.

Hofstede, Geert (2005) Cultures and Organizations: Software of the Mind, McGrawHill Publishing, New York.

Hornung, Daniel (2011) Verwaltungskosten der 2. Säule in Vorsorgeeinrichtungen und Unternehmen (Berichtnummer 4/11); commissioned by the Federal Social Insurance Office, Switzerland

Huber, Evelyne (2002) Models of Capitalism. The Pennsylvania State University Press. California.

Huber, Evelyne, Stephens, John D. (2005) Welfare States and the Economy in The Handbook of Economic sociology, Russel Sage Foundation and Princeton University Press

Hyde Mark and John Dixon (2006) The Privatization of Mandatory Retirement Income Protection: International Perspectives

Immergut, Ellen and Andersen, Karen and Schulze, Isabelle (2009) The handbook of West European Pension Politics, Oxford University Press

ILO, International Labor Office (2010) Women in labor markets: measuring progress and identifying challenges, ILO, Geneva

IMF, International Monetary Fund (2013) IMF Standards for Data Dissemination, www.imf.org

Kanter in Acker, Joan (1990) Hierarchies, Jobs, Bodies: A theory of gendered organizations, Gender and Society 4

Kaeser, Laure (2013) The evolution of Swiss retirement policy, as seen by sociologists: www.lives-nccr.ch

Korpi, Walter and Palme, Joakim (1998) The Paradox of Redistribution and Strategies of Equality: Welfare State Institutions, Inequality and Poverty in the Western Countries

Kreckel, Reinhard (2004) Politische Soziologie sozialer Ungleichheit, Campus Verlag, Frankfurt, Germany

Kucera, Jacqueline (2003) Is performance at the individual workplace gendered, University of Southampton

Levy René, Dominique Joye, Olivier Guye, Vincent Kaufmann (1997) Soziale Ungleichheit, Seismo Zürich

Lorber, Judith, Farrell, Susan (1991) The social construction of gender, Newbury Park

Lash, Scott and Urry, John (1987) The end of organized capitalism, Polity Press, Cambridge

Lévy, René, Joye, Dominique, Guye, Olivier, Kaufmann, Vincent (1997) Tous égaux? De la stratification aux représentations, Seismo Verlag, Zurich, Switzerland

Leisering Lutz and Stephan Leibfried (1995) Time and Poverty in Western Welfare States, Suhrkamp Verlag

LFS, Swiss Labor Force Survey, (2004) Swiss Federal Statistical Office, Switzerland

Marx, Karl (1993) Capital Volume 1: A Critique of Political Economy

Marx, Karl (1993) Capital Volume 2: A Critique of Political Economy

Marx, Karl (1993) Capital Volume 3: A Critique of Political Economy

McDowell, Linda (1999) Capital Culture: Gender at work in the city, Blackwell Oxford

Merrien, François-Xavier (2000) L'Etat Providence cited in Berclaz, Michel and Füglistler, Katharina (2003) The contentious politics of unemployment in Europe, National Template for Switzerland

Meyer, Traute and Bridgen, Paul (2012), Business, regulation and welfare politics in liberal capitalism. Policy & Politics, 40, (10), 387-403.

Meyers, Marcia K., Gornick, Janet C., Ross, Katherin E. (1999) Public childcare, parental leave and employment in Sainsbury, Diane, Gender and welfare state regimes, Oxford University Press

Nollert, Michael (2007) in Eberle, Thomas S., Imhof, Kurt (2007) Sonderfall Schweiz, Seismo Verlag, Zürich, Switzerland

OECD, Pensions at a Glance, 2008, www.oecd.org

OECD, Pensions Outlook, 2012, www.oecd.org

Orloff, Ann Shola (1996) Gender and the Welfare State, Institute for Research on Poverty, Discussion paper no. 1082-96, University of Wisconsin-Madison

Palier, B. (2003) Facing the Pension Crisis in Clark, Gordon L., Whiteside, Noel (2003) Pension Security in the 21st Century, Oxford University Press

Preisendörfer, Peter (2008) Organisationssoziologie, VS Verlag für Sozialwissenschaften

Sainsbury Diane (1999) Gender and Welfare State Regimes, Oxford University Press

Savage, Mike and Witz, Anne (1992) Gender and Bureaucracy, Blackwell Publisher, Oxford, England

Scott and Meyer (1994) Institutional Theory

Seco, State Secretariat for Economic Affairs, Switzerland, 2011 www.secon.admin.ch

Segalman, Ralph and Marsland, David (1989); cited in Hyde Mark and John Dixon (2006) The Privatization of Mandatory Retirement Income Protection: International Perspectives

Shaver, Sheila (1993) The Welfare State and Gender cited in Sainsbury Diane (1999) Gender and Welfare State Regimes, Oxford University Press

Palme, Joakim (1990) in Clark, Gordon L., Whiteside, Noel (2003) Pension Security in the 21st Century, Oxford University Press

Stamm, Hanspeter, Lamprecht, Markus, Nef, Rolf, Joye, Dominique, Suter, Christian (2001) Die Wahrnehmung der sozialen Ungleichheit in der Schweiz, National Fund project (5004-54350)

Substitute Occupationnel Pension Institution (2014), Berne, Switzerland; <http://www.chaeis.net>

Suter, Christian (2010) Inequality beyond globalization, Economic Changes, Social Transformations, and the dynamics of Inequality, World Society Foundation,

University of Zurich, Switzerland

Suter, Christian (2006) Trends in gender segregation by field of work in higher education, *Women in scientific careers: unleashing the potential*, OECD, 2006

Suter, Christian in Hyde, Mark, Dixon, John, Drover, Glenn (2006) *The privatization of mandatory retirement income protection*, The Edwin Mellen Press, Ltd, Lewiston, New York, USA

Suter Christian, Perrenoud Sylvie, Levy René, Kuhn Ursina, Joye Dominique, Gazareth Pascale (2008) *The Swiss social report*, Seismo Verlag, Switzerland

Suter, Christian, cited in Michalos Alex C. (ed; 2014) *Encyclopedia of Quality of Life Research*, Heidelberg: Springer

Suter Christian, Levy René (2002) *Swiss Journal of Sociology*, 28 (3), 2002, 581

Swiss Federal Statistical Office: www.bfs.admin.ch

Titmuss (1958) cited in Bridgen, Paul and Meyer, Traute (2008) *Class, Gender and Chance: The Social Division of Welfare and Occupational Pensions in the UK; Aging and Society* N° 28

Van Kersbergen, Kees (1995), cited in Huber and Stephens (2005) *Welfare States and the Economy in The Handbook of Economic sociology*, Russel Sage Foundation and Princeton University Press

Van Riel, Bart, Hemerijck, Anton, Visser, Jelle (2003) *Ageing PAYP and Funding in Clark, Gordon L., Whiteside, Noel (2003) Pension Security in the 21st Century*, Oxford University Press

Vic, George, Taylor-Gooby, Peter (1996) *European Welfare Policy. Squaring the Welfare Circle*. Macmillan Press Ltd.

Walby, Sylvia (2004) *The European Union and Gender Equality: Emergent Varieties of Gender Regime*, *Social Politics*, Volume 11, Number 1, Oxford University Press

Walby, Sylvia (1986) *Patriarchy at Work*. Polity Press, Oxford.

Walby, Sylvia, Gottfried, Heidi, Gottschall, Karin, Osawa, Mari (2007) *Gendering the knowledge economy*, Palgrave

Wanner, Philippe (2008) University of Geneva, Article published in CHSS 3/2008, Data from the fiscal cantonal register, mandated by the FSIO, Switzerland

Warde, Alan (1995 2nd edition) The Future of Work, in James Andersen and Marilyn

Weber, Max (1962) Basic Concepts in Sociology, Citadel press Books, New York.

Weber, Max (1968) Economy and Society cited in Halford, Susan, Leonard, Pauline (2001) Gender, Power and Organizations, McMillan Press

Weber, Max (1964) Theory of social and Economic Organisation, Free press, New York.

World Economic Forum WEF (2007) WEF; www.Weforum.org

www.chaeis.net; Substitute Occupational Benefit Institution, Switzerland

www.ebg.admin.ch; Federal Office for Gender Equality FOGE, Switzerland

www.oak-bv.admin.ch OAK, Swiss supervising board

Rechsteiner, Rudolf (2014) www.rechsteiner-basel.ch

Annex II: The MELAP pilot dataset variables

My main quantitative data source was the MELAP pilot dataset.

I used frequency analysis and exploited the variables in cross tables. Thus I analyzed the quantification according to frequency according to specific categories. The variables I used served as categories. Thus the variable with the date where the benefit was perceived was transferred into the category of “age of retirement” and sub-categories of early retirement, late retirement and ordinary retirement. This transformation enabled me to disclose what kind of benefits (and how many) persons claim at what average or median age. This kind of analysis offers on one hand quantitative and on the other hand qualitative information about the type of person, type of benefit and affiliation to the type of pension institution.

I used the following main variables in order to analyze the phenomenon of inequality:

- 1) age of retirement (early, late, ordinary)
- 2) retirement spread (calculated variable)
- 3) second pillar capital payment (type of payment)
- 4) second pillar capital and pension payment (calculated variable - type of payment)
- 5) second pillar pension payment (type of payment)
- 6) Average, median, quartiles of amounts (calculated variable) of pension and capital payments
- 7) Date of payments (defined period of examination)
- 8) Gender of insured and beneficiary
- 9) Date of payment
- 10) Year of birth of beneficiary
- 11) Year of birth of insured
- 12) Gender of person receiving benefits

The information gathered through these key variables provided the main information for revealing inequality between insured men and women in pension institutions and between retirees of the two different types of pension institutions.

Annex III: The SICC Survey

The questionnaire I constructed for the SICC survey consists of a large part of closed questions. In order to assess the relationship between two variables, which I analyze in the empirical section of this thesis, I used different types of variables.

Two types are qualitative variables: the nominal and the ordinal. In the case of ordinal variables, I ranked for example respondents educational levels from basic education to University degree. There is another type called nominal variable which I used for the household type. And for gender, I used a quantitative variable, as I coded women as 0 and men as 1.

In the SICC survey, the variables and types of variables are the following:

Table 3.11 Survey variables	type of variable
Income source (AVS, second pillar, other income):	nominal
Household type	nominal
Gender	quantitative
Income (pension, annuity, other income in Swiss francs)	quantitative
Health condition in general	ordinal
Chronic illness	nominal
Limited in activities of daily live	ordinal
Health status (1 to 5)	ordinal
Age	quantitative
Level of education (1 to 5)	ordinal

I used only closed questions as I needed clear quantitatively exploitable data was appropriate for generating specific results for my thesis. In this part I did frequency analysis, analysis of variance, and analysis of average and median and coherence tests with other data sources. In total I exploited 781 questionnaires.

Annex IV: The Leporello

Résultats préliminaires de l'étude SICC

«Le revenu à la retraite & les conditions de vie»

La prévoyance professionnelle des personnes à la retraite



Un grand MERCI aux nombreux participants !

Tout d'abord un grand MERCI à vous !

Le nombre de personnes qui ont rempli et renvoyé le questionnaire ce présente ainsi :

Nombre de participants	Retraite jusqu'à 1983	Retraite 1984 à 1993	Retraite 1994 à 2003	Retraite 2004 à 2007	Total
Nombre	96	198	324	163	781
Taux	12%	25%	41%	21%	100%

C'est un excellent taux de participation et je vous remercie chaleureusement !

Le revenu à la retraite

Le tableau suivant montre les sources principales de revenus qui sont l'AVS et la prévoyance professionnelle.

Suivant les réponses des participants le revenu se présente ainsi :

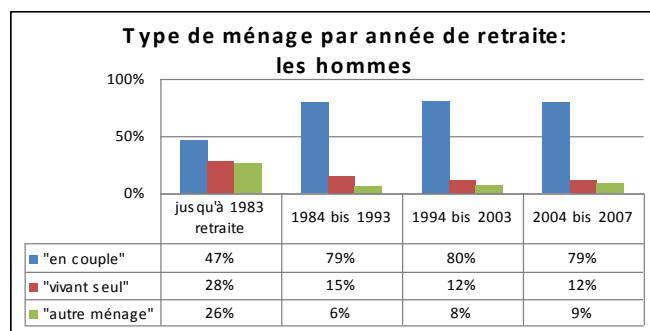
revenu annuel moyen	2004		2007	
	2e pilier	AVS	2e pilier	AVS
femmes	17'208	21'516	15'403	21'096
hommes	28'596	22'095	26'871	21'895
total	22'902	21'805	21'137	21'495

D'autres études révèlent des chiffres similaires.

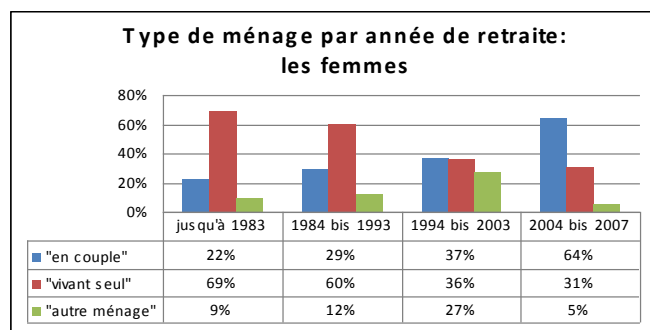
Conditions de vie à la retraite

Les graphiques suivants montrent les résultats groupés par années de retraite.

Selon vos réponses, les hommes vivent principalement en couple.



Les femmes - par contre - vivent plutôt dans un ménage à une personne. Ceci d'avantage à partir de 77 ans quand ce phénomène est d'autant plus répandu.

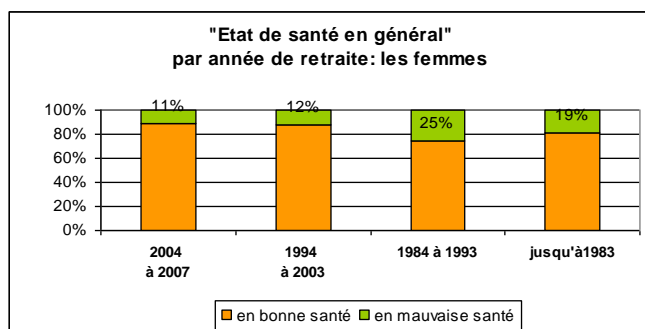


Ceci avec l'exception des « jeunes femmes à la retraite » qui révèlent un image inverse (2004 à 2007).

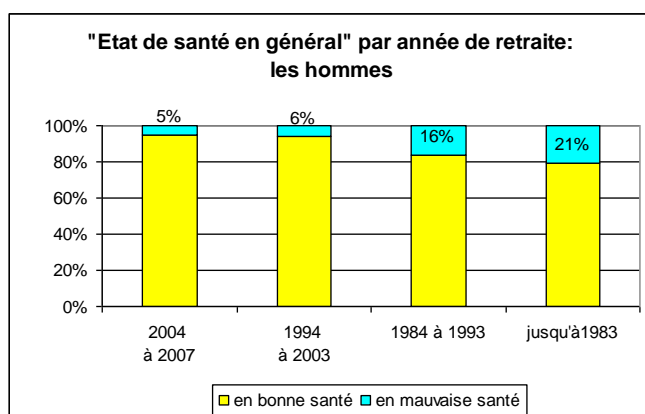
La santé à la retraite

Les personnes à la retraite sont généralement en bonne santé. Les graphiques suivantes montrent une légère tendance à une détérioration de la santé avec l'âge croissant.

Selon les femmes qui ont participé à cette étude, l'état de santé en général est ainsi :



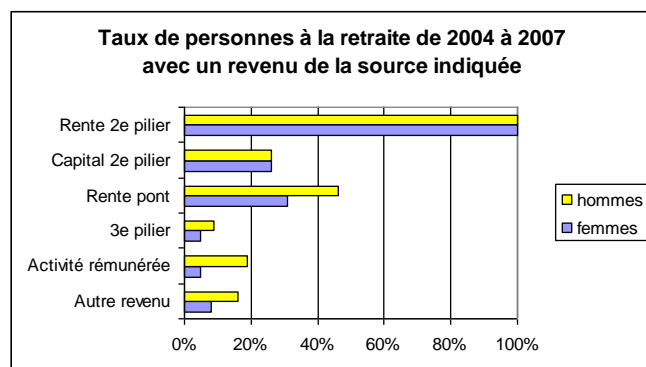
L'état de santé en général des hommes qui ont participé à cette étude se montre ainsi :



Avec l'âge croissant le taux de personnes en bonne santé diminue.

Rentes et capital 2^e pilier

A l'âge de la retraite et selon le règlement de la caisse de pension une personne peut retirer son capital de la prévoyance professionnelle en forme de a) rente, b) rente et capital ou c) uniquement en forme de capital. La graphique montre le taux de personnes à la retraite avec leurs sources de revenu:



Dans cet échantillon toutes les personnes reçoivent une rente de la prévoyance professionnelle. Parmi ceux qui reçoivent une rente de deuxième pilier, il y a 26 % de femmes et 26 % d'hommes qui reçoivent également du capital quand ils sont partis à la retraite.

Comme nous le montre cette graphique, les personnes à la retraite vivent de divers revenus. Ce sont 31 % des femmes et 46 % des hommes qui ont reçu une rente de pont.

Une autre source de revenu dans les premières années de la retraite représente l'activité rémunérée au-delà de la retraite afin d'améliorer leur revenu.

L'âge de la retraite

Les personnes qui ont participé à cette étude sont parties à la retraite en moyenne à :

T.1.0	jusqu'à 1983	1984-1993	1994-2003	2004-2007
Age moyenne de la retraite	61.2	62.7	63.2	63.2
Homme	61.3	62.7	63.2	64.1
Femme	61.3	62.7	63.2	62.3

Selon ce tableau l'âge moyen de la retraite est légèrement en hausse.

Pour les hommes l'âge légal de retraite est resté inchangé à 65 ans depuis son instauration en 1948. Pour les femmes l'âge légal de retraite était baissé, pour ensuite être remonté à 64 ans.

Adresse de contact :

Je vous remercie d'avoir participé à cette étude qui inclut les informations des rentiers de la caisse de pension à laquelle vous êtes affilié. Votre contribution est très appréciée et me permet de conclure mon doctorat.

Si vous désirez savoir plus, vous pouvez me contacter :

Jacqueline Kucera

Doctorante en Sociologie

Université de Neuchâtel

Case postale 583

2001 Neuchâtel

Annex V : The interview Guide

Expertengespräche mit der Leitung der Pensionskasse

Interviewleitfaden

„Einfluss auf die Renten- und Kapitalauszahlungen der beruflichen Vorsorge“

Dissertationsprojekt von Jacqueline Kucera

Doktorat in Soziologie

Universität Neuenburg

Leitung der These: Prof. Dr. Christian Suter

2002 Neuenburg

Interviewleitfaden Expertengespräche

Einleitung (5 Minuten)

Vorstellung des Interviewers und dieser Studie sowie Dank und Anonymität zusichern

Ziel des Interviews: Der Einfluss der Unternehmenskultur des Unternehmens auf die Pensionierung.

Vorgehen des Interviews erklären: Expertengespräch

Fragen zu den Interviewpartnern (5 Minuten)

Stellung und Funktion in der Pensionskassenleitung

Stellung und Funktion in der Abteilung

Wie lange sind Sie bereits in der Pensionskasse?

Wie lange sind Sie bereits in dieser Abteilung / Funktion?

Wie lange sind Sie bereits in der Pensionskassenleitung?

Können Sie mir kurz Ihre Haupt-Aufgabe umschreiben?

Welches sind für Sie die Ziele und Strategien der Pensionskasse?

Werden diese Ziele und Strategien den Pensionskassenversicherten mitgeteilt?

Geschichten / Feste / Ausflüge (5 Minuten)

Haben Sie Anekdote, die spontan erzählt werden kann?

Beschreibung der letzten Feierlichkeiten (Abteilungsfeste)

Wichtige Anlässe / Feste in der Vergangenheit

Ausflüge / Feste, die in der näheren Zukunft geplant sind

Gibt es regelmäßige Firmenanlässe um mit den Mitarbeitern zu feiern?

Werden Pensionierungen von (langjährigen) Mitarbeitern gefeiert?

Werden Erfolge oder Jubiläumsfeiern des Unternehmens gemeinsam gefeiert?

Gibt es eine jährliche Endjahresfeier für alle Mitarbeiter der Firma?

Werden Beförderungen am Arbeitsplatz gefeiert?

Unternehmenskultur (D)

Was ist die Geschichte dieser Pensionskasse? Was sind die Werte, Normen, Grundeinstellungen?

Vision, Mission dieser Pensionskasse?

Wird langjährige Firmentreue von langjährigen Mitarbeitern mit Dienstaltersgeschenken belohnt?

Wenn ja, nach wie vielen Jahren?

Kann ein vorzeitiger Rücktritt in den Ruhestand ein Dienstaltersgeschenk sein? Wenn ja, nach wie vielen Jahren?

Glauben Sie, dass Männer und Frauen in Ihrem Unternehmen unterschiedliche Kulturen pflegen? Wie äussert sich dies konkret?

Besetzen Männer und Frauen in Ihrer Pensionskasse bzw. in den angeschlossenen Unternehmen unterschiedliche Rollen? (Männerarbeit / Frauenarbeit, Führungsrolle, Positionen, etc.)

Glauben Sie, dass Männer und Frauen an sie gestellte Anforderungen unterschiedlich erfüllen?

Werden Frauen und Männer unterschiedlich gefördert oder weitergebildet in Ihrem Unternehmen? (Bereichsbezogen, Arbeitsbezogen, Führungsbezogen)

Verhaltenskultur der Mitarbeiter (A/C)

Was sind für die Pensionskasse und für die angeschlossenen Unternehmen gängige Arbeitshistorien (langjährige Mitarbeiter sind sehr verbreitet: 30 Dienstjahre in der Firma ist alltäglich)?

Der Aufstieg in der Firma läuft über Dienstalter oder über Fachliches Wissen?

Sind Beziehungen zwischen den Mitarbeitern innerhalb der Firma wichtig für eine bestimmte Position zu erhalten?

Gibt es institutionalisierte Kaffeepausen für die Mitarbeiter? (Wie häufig?)

Gehen Mitarbeiter in der Gruppe oder eher alleine zur Kaffeepause?

Vereinstätigkeit innerhalb der Firma für aktive Versicherte / für Pensionierte?

Freizeitaktivitäten durch die Firma organisiert für aktive Versicherte / für Pensionierte?

Pflegt die Pensionskasse weiterhin Kontakt mit den Personen im Ruhestand? Handelt es sich um institutionalisierte Kontakte?

Ruhestandsalter und finanzielle Situation (B)

Welches sind mögliche Gründe einer Frühpensionierung?

Welches ist der früheste mögliche Zeitpunkt einer Frühpensionierung?

Gibt es generelle Überbrückungsrenten für Frühpensionierte? Werden diese von der Pensionskasse, der Unternehmung oder aus einem separaten (Branchen-) Fonds gespiesen?

Inwiefern entspricht das Einkommensniveau vor Ruhestand demjenigen im Ruhestand? In % beziffert? Welches sind die Einkommenskomponenten? (AHV, Überbrückungsrente, 2. Säule)

Entspricht die Rente – zusammen mit der Überbrückungsrente - dem Einkommen vor der Pensionierung? Oder ist die Überbrückungsrente variabel je nach Dienstaltersjahren?

Kann eine Überbrückungsrente als Kapitalabfindung ausbezahlt werden?

Ist das effektive Ruhestandsalter abhängig vom Beruf und besteht ein Sicherheitsfonds für Risikoberufe?

Ist Arbeiten trotz Pensionierung bei Ihrer Unternehmung grundsätzlich möglich?

Fragen zu den Veränderungen der Pensionskassenreglemente (E)

Gründe für die Änderung des reglementarischen Ruhestandsalters

Kommunikation an die Versicherten der Pensionskasse?

Probleme beim Übergang zum neuen Reglement für direkt betroffene Versicherte, welche kurz vor dem Ruhestand stehen?

Klima (Kultur) vor, während und nach der Änderung der Reglemente

Haben Sie das Gefühl, dass die Unternehmenskultur durch diese Änderung der reglementarischen Richtlinien verändert wurde?

Treten Versicherte heute gegenüber von früher eher früher oder später in den Ruhestand?

Generell in Ihrer Firma, gibt es eine Tendenz, dass die Mitarbeiter die Firma möglichst früh verlassen oder arbeiten sie eher möglichst lange? (Klafft das effektive Ruhestandsalter weit auseinander vom gesetzlichen Ruhestandsalter?)

Abschluss des Gesprächs

Dank und Vertiefung des Expertengesprächs (wie weiter).