

### OVERVIEW

- While research has investigated the short- and medium-term consequences of having children on mothers' earnings, less is known about the long-term effects of childbearing/childrearing on mothers' income in later life.
- To understand why the financial situation of many women in Europe remains precarious in later life, it is essential to investigate how family histories, career histories and social policy interact. We investigate whether the length of maternity-related work interruptions is associated with income inequalities among mothers at a later age.
- The analysis indicates that while short work interruptions are not negatively associated with mothers' absolute and relative earned income in later life - with the latter being the women's share of total household income - long work interruptions and a failure to return to work have a large impact on women's long-term economic wellbeing. The effect is more marked in countries where decommodification through family and pension policies is limited.
- Long-term effects of job interruptions on mothers' income should be included in a broader reasoning about present and future challenges posed to welfare states. Ensuring adequate economic support to older mothers in later life through a correct calibration of family and pension policies is a task that welfare states cannot avoid.
- To prevent future mothers' poverty and income inequalities, welfare state should support the decommodification of citizens by expanding family policies – in particular child care and paid parental leave - and increasing flexibility in the pension system.

### Research findings

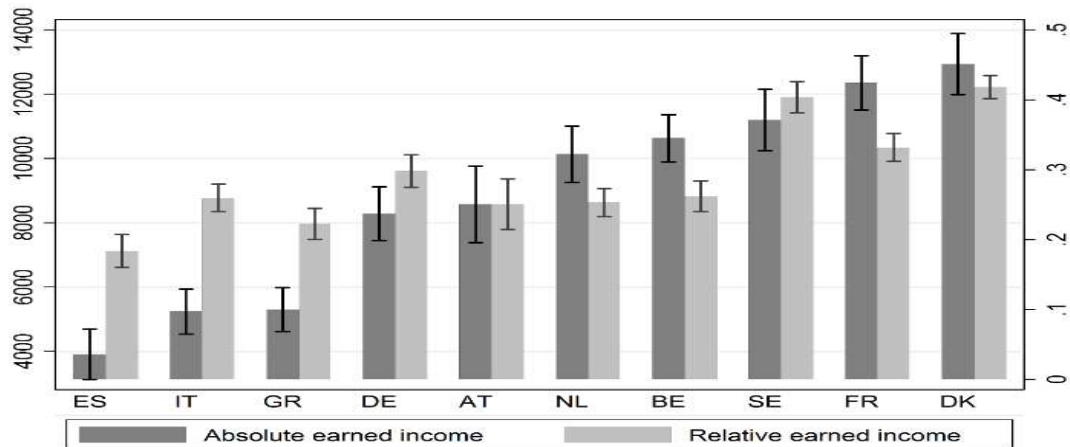
We took a comparative approach to studying income inequalities among mothers in later life (average age 65). Considering that work interruptions for childbearing and childrearing are known to have negative consequences on women's labour force participation and therefore on their earnings, savings and pensions, we tested the extent to which absence from work due to childbearing and childrearing impacts mothers' absolute earned income and the women's share of total household income at an older age. Moreover, we tested whether family policies and pension systems mitigate the relationship between work interruptions and income.

The analysis is based on data from the Survey of Health, Ageing and Retirement in Europe (SHARE), rounds two (2006-7), four (2011-12) and five (2013), combined with the retrospective wave of the survey (round three, 2008-2009), and concerns ten European countries: Austria, Belgium, Denmark, France, Germany, Greece, Italy, the Netherlands, Spain and Sweden. The absolute and relative earned income values found through our model reflect well-known cross-national differences in

maternal earnings: mothers in southern Europe (Greece, Spain and Italy) are the ones who have the lowest levels of earned income, followed by mothers in the continental group (Germany and Austria, followed at a distance by the Netherlands and Belgium). Older mothers do considerably better in Sweden, France and Denmark. The results for relative income also mirror previous findings: mothers' share of earned income is below the ideal line of 0.50 in all the countries, but it is closest to equality in the two northern European countries (Sweden and Denmark). It is particularly low in Greece (0.18) and Spain (0.22).

In all the countries considered it is longer work interruptions, that is of one year or more, or a failure to return to work completely that have the largest impact on mothers' long-term economic wellbeing. However, there are some important exceptions to this general rule: mothers in Sweden and Denmark, in fact, are largely unaffected by the length of work interruptions, both in absolute and in relative terms.

Predicted values of absolute and relative earned income by country with 95% confidence intervals



## Policy Implications

In EU countries, women dominate the oldest age cohort, and are highly exposed to poverty risks. Family policies, such as the duration of maternity and parental leave and the relative level of remuneration, childcare availability, legislation regarding job protection and cultural norms regarding childrearing practices, all contribute to women’s decisions regarding work interruptions.

In addition, differences in pension arrangements in the countries analysed are crucial for

understanding the long-term effects of job interruptions.

The above results show that the negative effect of work interruptions will be more modest in countries where the welfare state effectively decommodifies its citizens. Indeed, our findings suggest that countries with mixed or low support – in terms of pension schemes or maternity leave – partially fail to limit mothers’ long-term income penalties.

## Policy Recommendations

Long-term effects of job interruptions on mothers’ income should not be considered only as a product of individual historical legacies, but should be included in a broader reasoning about present and future challenges posed to welfare states.

Considering that women are both ‘passive’ beneficiaries of social benefits and ‘active’ pivotal elements in intergenerational families, ensuring adequate economic support to older mothers in later life through a correct calibration of family and pension policies is a task that welfare states cannot avoid.

A more gender equal approach should be introduced in paid parental leave policies by strengthening maternity leaves and by extending paternity leaves, as well as ensuring a high coverage of quality child-care for 0-2-year-old babies.

Limiting the entry barriers for workers with fragmented careers would ensure more flexibility of pension systems, reducing women income inequalities in later life.

## Further reading

“How long is too long? Long-term effects of maternity-related job interruptions on mothers’ income in 10 European countries”, by Giulia M. Dotti Sani, Matteo Luppi, CIRCLE Working Paper n. 1, December 2017.