

## Answer to the Public Consultation: “Access to affordable and high-quality long-term care Long-term care”



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## Introduction

MMM wishes to draw the European Commission's attention to the **affordability of long-term care**, especially for women. Gender pension gaps (GPG) today reflect the substantial gender gaps driven by inequalities accumulated in the labour market: gaps in remuneration, working hours and years of employment of women. Household and caring duties relating to children and older relatives fall mostly upon women who, as a result, experience more career interruptions and hold part-time jobs more often than men. Therefore, the GPG is almost never simply a question of pension system design. Its explanation is unlikely to just point to any one specific feature or parameter of the pension system. Typically pension systems accumulate inequalities that occur over a person's lifetime.

## MMM's position

While women are primary providers of long-term care, they are also the least likely to be able to afford long-term care due to economic gender inequalities. Unpaid care work done by mothers within their families is a major resource for society. Without recognition of this, mothers of retirement age are exposed to a higher risk of poverty because they reduced their working time or dropped out of the labour market for caring activities with a direct consequence on their contribution to social security.

Part-time work is not always a choice: in certain sectors e.g. care and education where women are predominant, employers offer only part-time positions, and these women therefore suffer in their pension from this part-time barrier. Additionally, it also happens that women decide to reduce their working hours to respond to unpaid care work needs of their relatives. It is therefore necessary to ensure that part-time work is revalued on the one hand, and on the other, that women and men making this decision for family care have access to a minimum pension.

Pension systems should have a redistributive effect and reflect the fact that unpaid care is a collective responsibility. As such, MMM calls on Member States to introduce "care credits" to the benefit of both women and men and to fairly take these credits into account in pension entitlements. MMM believes that care credits should be as gender neutral as possible: they should also be given to fathers who interrupt or reduce work in order to provide care to their family member in need. Some countries have already introduced such innovative measures with care credits and the like:

- France offers an increase in pension for French women who have had children. Having children gives them the right to additional quarters of pension insurance. As such, 4 quarters per child born or adopted before 2010 are automatically granted to the mother in return for the impact on her working life of maternity or adoption. A further 4 quarters are also automatically granted to the mother in consideration of the child's education during the 4 years following the birth or adoption.
- In Germany, having a child gives one parent a credit of one pension point annually for three years. Similarly in Estonia, care credits are given based on the nationwide average income again. Both options result in a much higher pension entitlement for low earners throughout the credit period.

- In the UK, any recognised family members, such as grandparents, who care for a child under 12 while the parents are at work can accumulate care credits towards their pension.

One could even imagine going beyond the family sphere: with the ageing of the population and the expected rise in care needs for the elderly, pension care credits should also be given to any person who has to stop or reduce work in order to take care of a sick, disabled or elderly relative, friend, neighbour... Such compensation can be an incentive for caregivers and beneficial for the person being taken care of and the State: home care is much cheaper than institutional care, and in most cases, it is the preferred option of the person being cared for.

MMM also praises new **innovative projects of intergenerational cohousing** in which housing costs can be shared among people living under the same roof, and in which the elderly can support younger generations with children, and vice-versa. In the light of increasing EU cross-border migration, community housing helps prevent loneliness and creates new social bonds within society.

The older person does this primarily out of the motivation to support and relieve families. They enjoy dealing with children and may rarely see their own grandchildren due to physical distance. Furthermore, they want to pursue a meaningful task and pass on their knowledge to others. All three generations benefit from this service by providing all parties with a feeling of belonging and preventing isolation not only of the older generation but also of the family itself. This new constellation has positive effects on the wellbeing of the community at large.

In the OECD 's report "[Towards Improved Retirement Savings Outcomes for Women](#)", published on March 10, 2021, key actions are outlined for policy makers to take, to reduce the gender pension gap thanks to retirement savings arrangements. Some of them include:

- Increase the availability of retirement saving plans in sectors predominantly employing women
- Relax eligibility requirements so more women are able to participate
- Implement automatic enrolment and provide financial incentives for women to join and save in plans

Women must be supported for themselves of course, but also because they are responsible for other family members and it is necessary to do everything possible to break the intergenerational transmission of precarity and the dramatic impact that has on long-term care.

### Recommendations

- Redefining "work" as a holistic concept combining both paid and unpaid work
- Considering unpaid care work as essential work giving access to social rights (e.g., access to social security, education, and training)
- Introducing "care credits" to offset breaks from employment taken in order to provide informal care to family members and periods of formal care leave, such as maternity, paternity and parental leave, and to count those credits towards pension entitlements fairly

- Reform Member States' systems for survivor's pensions and widow's pensions in order not to penalise unmarried women and study the effects of different systems providing survivor's pensions in light of the high rates of divorce, the incidence of poverty among non-married couples and the social exclusion of older women
- Consider women's longer life expectancies in the design of the options to provide long-term care