Opportunity cost of the gender gap in pensions and retirement savings

EXECUTIVE SUMMARY
September 2025

The **gender pensions gap** is one of the clearest, most enduring manifestations of structural inequality between men and women in Spain. The gap doesn't simply emerge in retirement: it is the accumulation of a lifetime of work-based, economic and social disadvantages.

This report is the eighteenth in the ClosinGap series of case studies, updating the pioneering 2019 analysis of the **cost of the gender pensions gap**. This report, however, goes much further: it broadens the scope, offering **a comprehensive overview of the financial well-being of older adults in Spain**, including state pensions and private income, accumulated wealth, and the costs associated with dependency.

Drawing from individualised fiscal microdata from the Household Panel of the Institute for Fiscal Studies (IEF) plus administrative data from Social Security, this study accurately quantifies the economic inequalities between women and men in retirement. It also estimates the total economic impact these gaps have on society as a whole, and reveals the discrepancy between disposable income and the cost of dependency.

What is the added value of this study compared to other reports?

Extensive literature on the gender gap in pensions and retirement savings analyses causes from various perspectives. However, this report offers an updated and distinctive viewpoint, examining five key contributions:

- **Focus on financial well-being in retirement:** including state and private income, accumulated wealth, and the costs of dependency, offering a multidimensional view of retirement.
- **Use of individual microdata:** for the first time, it offers an analysis of the gender gap in private savings and personal wealth, overcoming the limitations of studies based on household data.
- **Regulatory and demographic update:** the study incorporates reforms to the state pension system, the promotion of simplified workplace pension schemes, the gender gap supplement, and the implications of an ageing population.
- **Quantifying the economic impact of the gender gap:** inequality is translated in terms of GDP, employment, and tax revenue, highlighting its social cost to the economy.
- **Proactive perspective:** the report concludes with recommendations aimed at reducing the gap through public policy and clear business actions, promoting a more equitable and sustainable pension system.

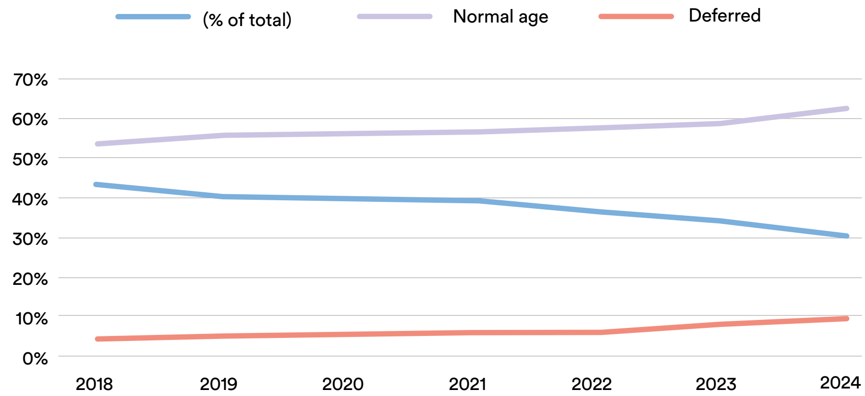
Significant regulatory and social changes in recent years warrant an updated diagnosis of the gender gap in state pensions and retirement savings

Regulatory and social changes since 2019: implications for the gender gap

Since the previous report was published in 2019, several significant reforms have been made to the pension system. Such reforms aim to strengthen sustainability, improve benefits and adapt the system effectively to the ageing population. While significant improvements have been introduced, their impact on narrowing the gender gap remains limited.

- Act 21/2021 guaranteed an annual CPI-linked **revaluation** of pensions, **eliminated the sustainability factor** and introduced **greater flexibility** in pension calculations, specifically benefiting people with fragmented careers, many of whom are women.
- Act 12/2022 **promoted simplified workplace pension plans,** aiming to extend the second pillar of the pension system. The roll-out of this is still in its infancy however, and it omits specific measures to reduce the gap in coverage between women and men.
- Royal Decree-Law 2/2023 strengthened **the system's progressivity, raising the maximum contribution base and minimum pensions.** It also increased the gender gap supplement by 10%, although this remains insufficient to offset accumulated inequalities.
- Lastly, Royal Decree-Law 11/2024 introduced **new incentives to encourage flexible and deferred retirement, making it easier to work while drawing on a pension.** However, many women face barriers to access these measures due to shorter careers or assuming unpaid caring responsibilities.

Figure 1. Composition of retirement registrations by type *(% of total)*

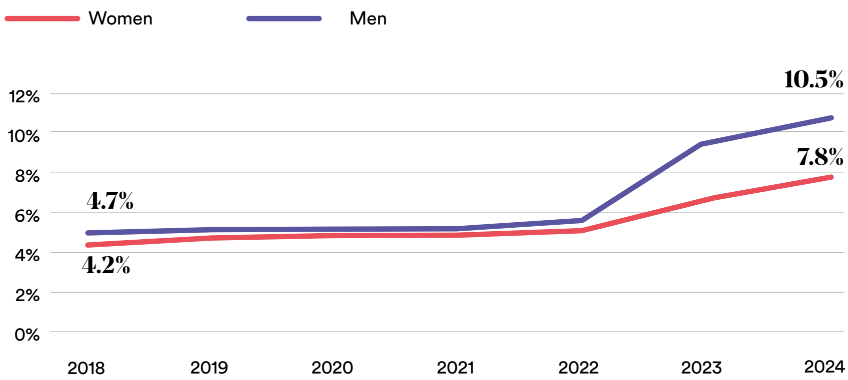


Source: Afi based on Social Security, INE, Ministry of Labour, Migration and Social Security.

These reforms are already having a visible impact on retirement behaviour. **The average retirement age in Spain has risen from 64.2 years in 2018 to 65.2 in 2024, surpassing the age-65 threshold for the first time.** There has also been a significant decline in early retirement, falling from 43% to 29.6% of total retirements in 2024. At the same time, deferred retirement has increased from 4.5% to 9.3% over the same period.

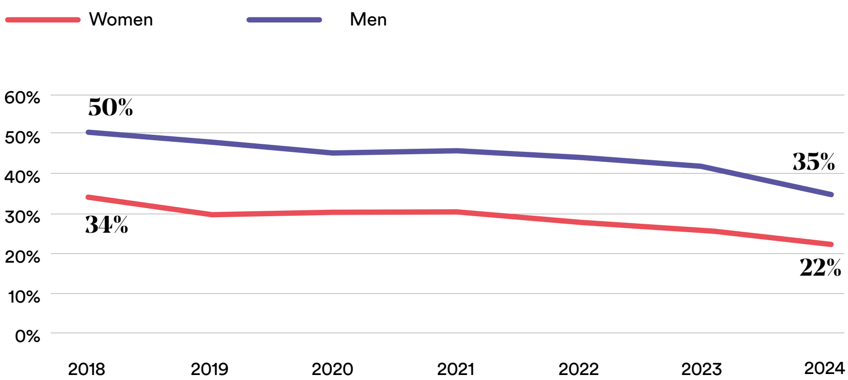
However, **the changes in deferred retirement show an unequal distribution between women and men.** In 2024, 10.5% of new pensions granted to men corresponded to deferred retirement, compared to 7.8% for women. A number of factors may provide an explanation, including: the **greater difficulties women face in meeting the minimum years of contributions required to access the incentive,** as well as the need to take earlier retirement from work due to caring responsibilities.

Figure 2. Percentage of women and men who opt for deferred retirement



Source: Afi based on Social Security, INE, Ministry of Labour, Migration and Social Security.

Figure 3. Percentage of women and men who opt for early retirement



Source: Afi based on Social Security, INE, Ministry of Labour, Migration and Social Security.

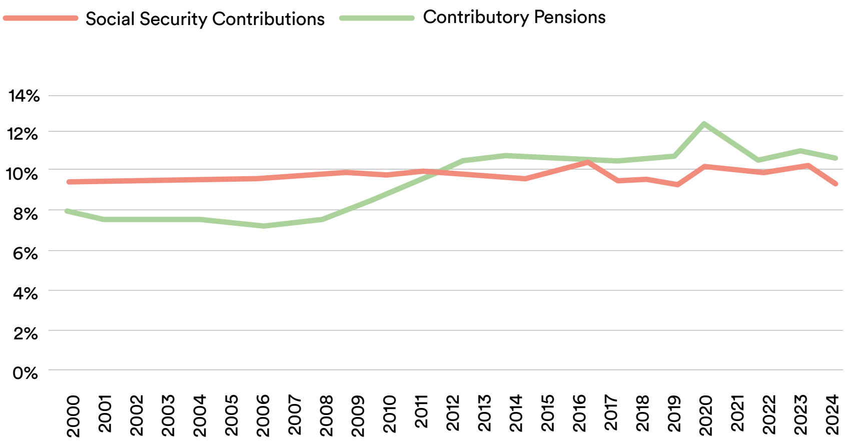
A pension system under stress: financial sustainability and gender equity at stake

Added to the recent reforms is an increasingly challenging demographic reality: the ageing population. While the average retirement age has surpassed 65 for the first time, the **economic dependency ratio** – the ratio of the population under 16 or over 64 to the working-age population – **already stood at 53%, it is estimated to reach 69% in the next 20 years.** This growth is largely due to the retirement of so-called *baby boomers.*

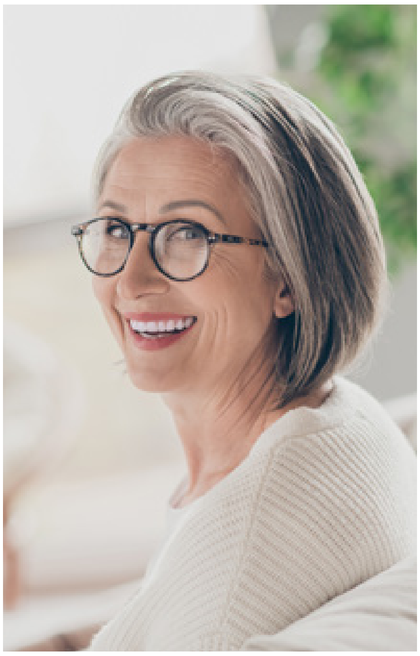
In 2024, **spending on contributory pensions** amounted to €169.583 billion, representing 10.6% of GDP and **surpassing social security contributions**, standing at 9.5% of GDP. This imbalance reflects growing financial pressure on the state pension system.

1 Consequence of the aforementioned pension reforms, added to the continued impact of the 2011 pension reform that gradually raised the statutory retirement age to 67.

Figure 4. Income from contributions and expenditure on contributory pensions *(% GDP)*



Source: Afi based on Social Security, INE, Ministry of Labour, Migration and Social Security.



Spain's support for the pension system is still based almost exclusively on the first pillar (state). The development of complementary systems – workplace pension schemes (second pillar) and individual savings (third pillar) – remains limited. In 2024, just 11.2% of the population had some form of private or collective savings mechanism for retirement.

In this context, organisations such as **the OECD have raised concerns about the financial sustainability of the Spanish pension system,** recommending a review of its institutional architecture to i) actively promote retirement planning and pension savings; ii) diversify retirement income sources; iii) strengthen intergenerational and gender equity in access to a decent retirement.

Women have lower access to retirement pensions and higher dependence on widow's or non-contributory pensions

The gender gap in retirement income

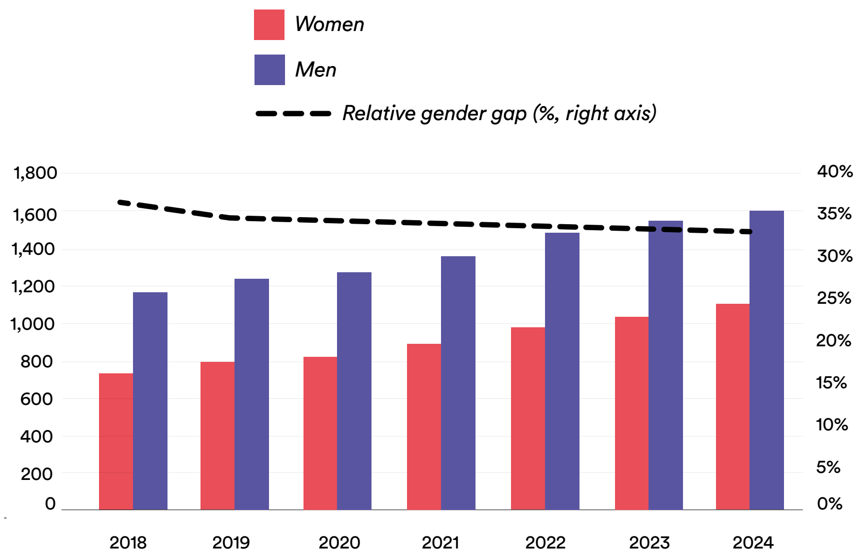
Despite roughly equal participation in the state pension system (49.6% women and 50.4% men), **significant and persistent differences exist in the type and amount of benefits they receive.**

In 2024, only 57% of female pensioners received a retirement pension, compared to 82% of men. Meanwhile, three out of ten older women were beneficiaries of a widow's pension – with a mere 1% of men receiving the same. This distribution reflects **women's often more fragmented** career paths, as well as a **lower accumulation of contributory rights throughout their professional lives.**

In terms of the figures, women receive, on average, a contributory pension of

€1,100 per month, compared to men receiving €1,600. This equates to €510 less per month, representing a relative gap of 31.9%. Although the gap has narrowed compared to 2018 (when it stood at 35.8%), the absolute difference has widened, reflecting unsatisfactory progress.

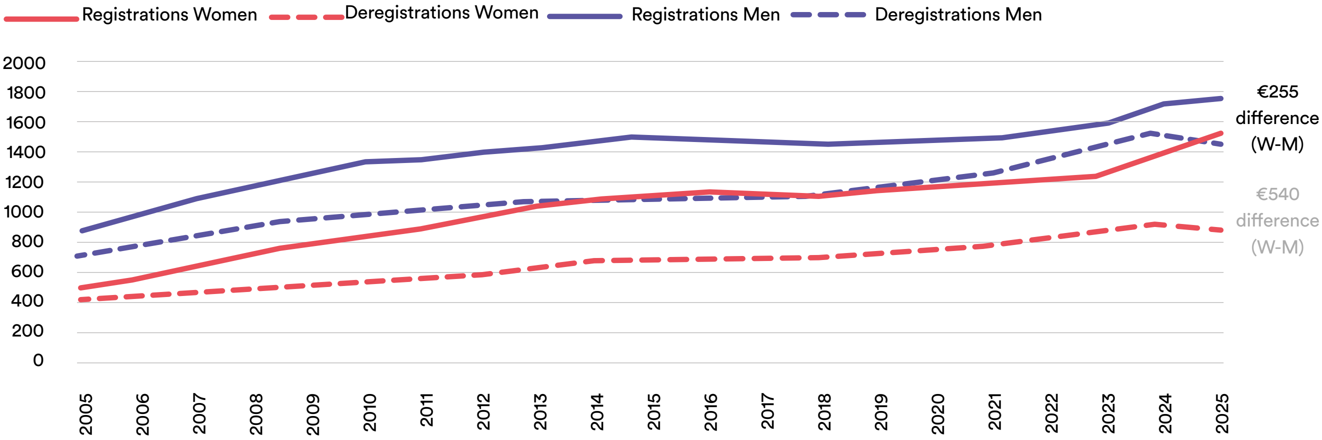
Figure 5. Average amount received according to contributory pension type *(weighted average, euros per month, left axis)* and relative gap between women and men *(gender gap as % of average male pension, right axis)*



Source: Afi through INSS pension statistics.

Women joining the pension system today have more solid career paths than previous generations, translating into higher pensions in retirement and lower dependence on widow's pensions. **However, the gap persists:** the difference between pensions registered for men and women in 2024 still amounts to €255 per month.

Figure 6. Average contributory retirement pension in registrations and deregistrations by gender *(euros per month)*, 2005-2025



Source: Afi through INSS pension statistics.

Women's historically lower participation in the labour market continues to be one of the main determinants of this gap. In 2024, the women's employment rate remains 10 percentage points below the men's. Other structural factors also come into play:

- On average, women contribute three years less.
- The pay gap remains at around 20%.

Until these gaps are closed, women will continue to face reduced access to adequate pensions on retirement.

As a result, women still represent the majority of those receiving non-contributory or welfare pensions. In 2024, 72% of non-contributory retirement pensions and 83% of welfare pensions were received by women.

Taken together, these figures demonstrate the persistence of women's economic vulnerability in retirement along with their dependence on state support. This is a clear symptom of the inadequate protection provided by their employment and contribution histories.

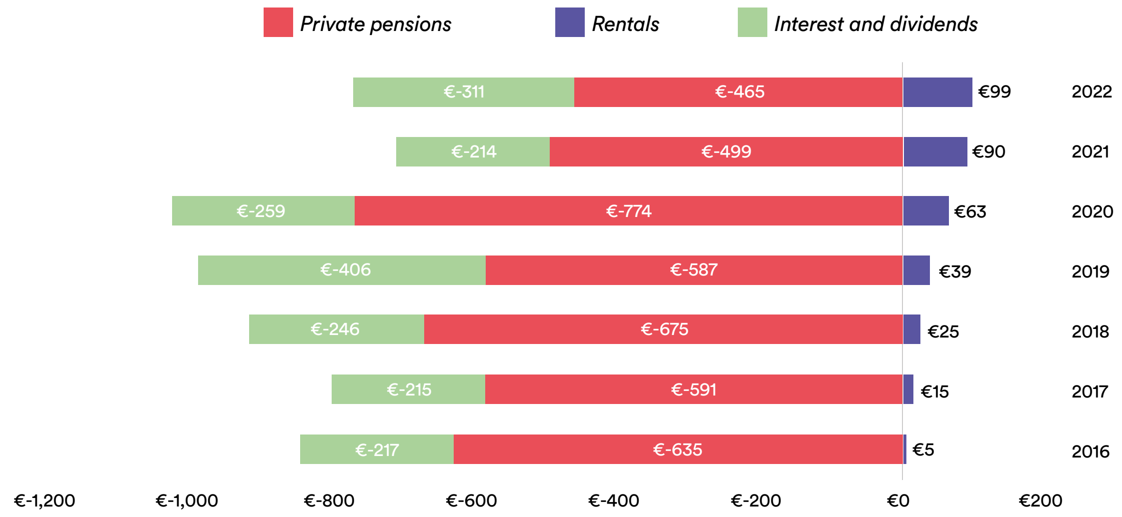
The gender private income gap is wider in income from pension plan withdrawals (460 euros) and capital income (310 euros), but non-existent in rental income

The overall gender private income gap reached €680 in 2022, but clear and significant differences existed based on the private income category. In terms of rental income, the gender gap is non-existent and, in fact, slightly in favour of women. Meanwhile, income from interest and dividends, as well as income from private pension plan withdrawals, revealed significant gender gaps.

This gender private income gap has shifted substantially since 2016. Initially, the gap grew rapidly between 2016 and 2020, driven exclusively by a sharp increase in the gender gap in income from pension plan withdrawals, rising from €635 per person in 2016 to €774 in 2020. In 2021 and 2022, however, this quickly reversed.

On the one hand, the rental income gender gap showed positive growth, partially offsetting the gender gap in other private income categories. In addition, the gender gap in private income from pension plan withdrawals narrowed rapidly, from €774 in 2020 to €465 in 2022.

Figure 7. Per capita gender gap in private income among the population aged 67 and over, 2016-2022 *(euros)*



Source: Afi from the Household Panel.

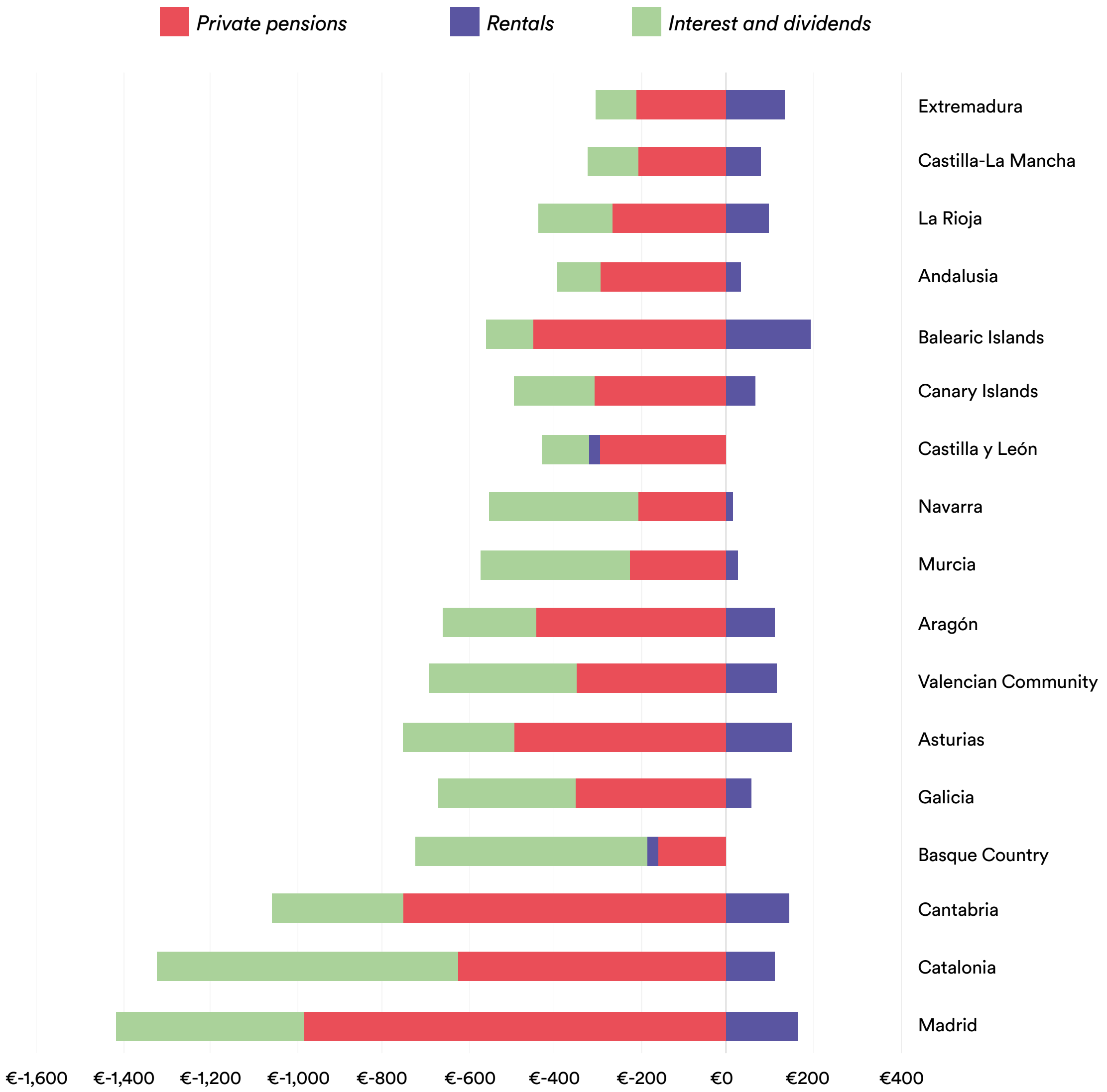
Madrid and Catalonia show the largest private income gender gaps, reaching in excess of €1,200 per person: almost double the national average

Regional differences in the gender private income gap reflect significant variations across territories in two of the three categories of private income: interest and dividends, and income from private pension plan withdrawals. In contrast, the gender rental income gap shows only small regional differences.

Among all the autonomous communities, Madrid, Catalonia, and Cantabria show particularly significant gender gaps in income derived from pension plan withdrawals, ranging from €1,000 in Madrid to €630 in Catalonia. These figures are much higher than in other autonomous communities, where the gender gap in the private income category typically ranges from €300 to €400 per person.

Regional differences in interest and dividend income are also noteworthy, concentrated in Madrid (€430), Catalonia (€700), and the Basque Country (€540). The national average in this income category is a €310 gender gap. This is consistent with the distribution of capital income, which tends to be concentrated in regions with taxpayers with greater economic power.

Figure 8. Per capita gender private income gap among autonomous communities, 2022 *(euros)*



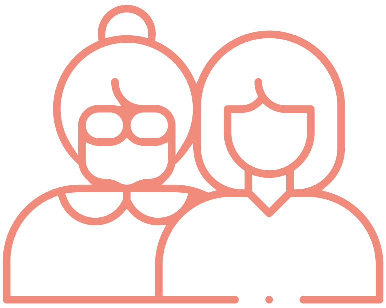
Source: Afi from the Household Panel.

The gender gap in public pensions and private income costs the Spanish economy 1.8% of GDP and almost half a million jobs per year

The impact of the gender gap in retirement income is not limited to older women's financial autonomy: **it affects the entire Spanish economy.** The reduced purchasing power, resulting from lower pensions and reduced access to supplementary income, has a negative multiplier effect on employment, output and tax revenue.

In 2024, **the estimated total economic impact was 28.5 billion euros** in terms of Gross Added Value (GAV), representing **1.8% of national GDP**. In terms of employment, the decreased economic activity translates into **the non-creation of nearly 500,000 jobs,** equivalent to **2.3% of Spain's total employed** population.

Furthermore, the inequality **also affects government revenue.** Lower pension spending and the associated lower consumption bring a **reduction in personal income tax and VAT revenue.** In total, the State would have failed to receive around **4.9 billion euros annually, 1.9% of the total collected** across both taxes.



There is still a significant gender net worth gap between men and women over the age of 67, although it has narrowed in recent years

Measuring the gender wealth gap: an aggregated reflection of gender inequalities over the course of a working life

Measuring the gender gap in wealth and net worth has traditionally been challenging for two key reasons: **the limited availability of gender-disaggregated data** and the **household-based approach to analysis** that conceals inequalities between members. While household-level analysis offers methodological advantages, it makes it impossible to accurately gather gender inequality data in terms of accumulated assets and liabilities throughout life.

For the first time, this analysis incorporates fiscal microdata provided by the Institute of Fiscal Studies (IEF), allowing us to address this issue in greater depth and at a level of disaggregation, focusing on **the causes and characteristics of the wealth gap** among the retirement-age population in Spain in recent years.

The importance of this gap stems from the fact that the **net worth individuals accumulate over their working lives** forms a foundation for generating additional income on top of the state pension in retirement. Therefore, studying inequality across the various types of assets and liabilities in the population aged over 67 **is equivalent to understanding the determinants of the previously documented gap in private income**.

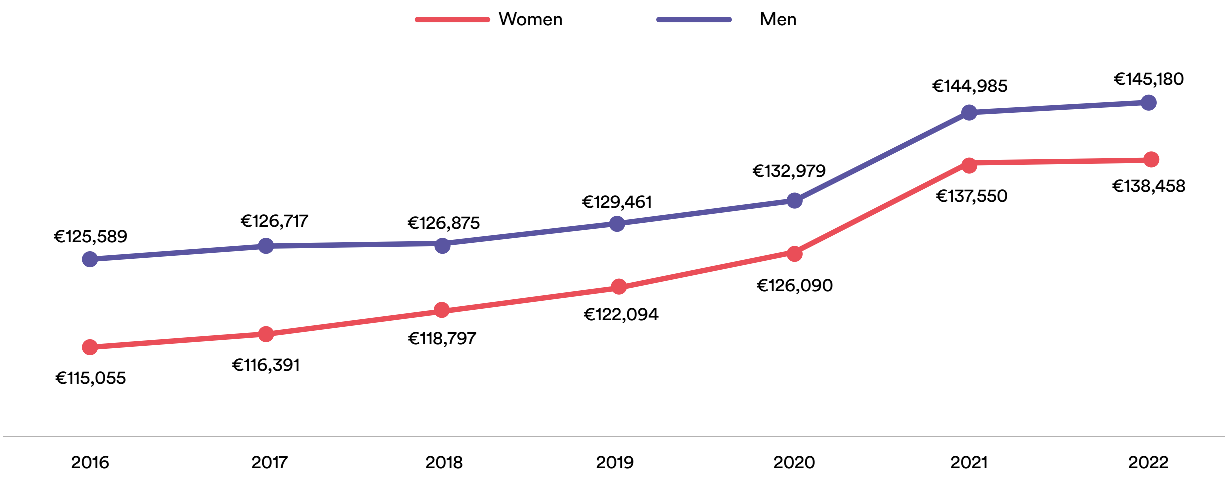
In recent years, **the gender net worth gap** – understood as the total value of assets minus liabilities – has **significantly reduced**, but it remains significant. In 2016, the per capita income gap between men and women over 67 reached €10,530. In 2022, the latest year of data available, this gap stood at €6,700 per person.

The reduction is mainly due to a **strong increase in women's average net worth** which has grown by **20% between 2016 and 2022,** compared to more modest growth of **15.6% among men in the same period.**

The gender net worth gap originates from **inequalities in asset accumulation throughout working life,** which in 2022 amounted to **around €9,000 per capita.** Meanwhile, the differences in debt levels are smaller and slightly in favour of women, reducing the final wealth gap by about **€2,250 per person.**

Figure 9. Average net worth per person in the retirement-age population, 2016-2022

(euros)



Source: Afi from the Household Panel.

Significant differences exist in the gender net worth gap according to age group and autonomous community. In 2022, the gap reached €22,000 per capita among individuals aged over 87, while it was much less significant in the initial retirement ages: €1,110 euros for ages 67 to 72.

By region, the Balearic Islands, Canary Islands, and Andalusia had the greatest wealth gaps between women and men, averaging almost €15,000 per person.

Together with an overall narrowing of the gender net worth gap since 2016, **significant changes can be seen in composition by asset type.** One of the most notable is the **sharp narrowing of the gap in property assets,** from €9,500 euros in 2016 – 75% of the total gap that year – to €2,400 euros in 2022: just 27% of the current total.

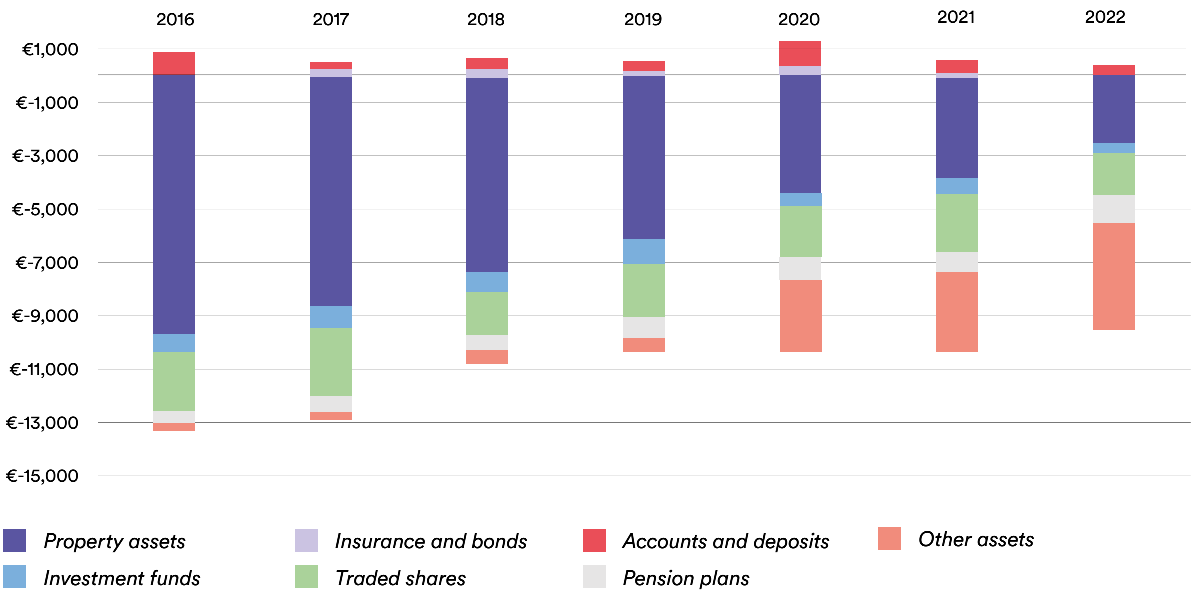
However, **other more concerning trends in other asset types have been observed over the same period.** For example, the gender gap in **ownership of pension plan assets** has widened significantly, increasing from €300 per person in 2016 to nearly €1,250 in 2022. The shifting gender gap in other more complex financial assets (such as **investment funds and traded shares)** demonstrates a **narrowing** since 2016, but this has happened at a substantially slower pace in comparison with the gap in property assets.

An analysis of the gender wealth gap by age group shows significant differences in composition by asset type. While among the older population – aged over 87 – the gender gap in accounts, deposits and housing accounts for the majority of the wealth gap, the same components for ages 67 to 77 are less significant, and even slightly in favour of women.

In contrast, the majority of the wealth gender gap among the newly retired population is composed of significant gender gaps in pension plans (€2,200), traded shares (€1,200), investment funds (€640), and other assets (€4,070).

Figure 10. Gender wealth gap per person by asset type in ages over 67, 2016-2022

(euros)



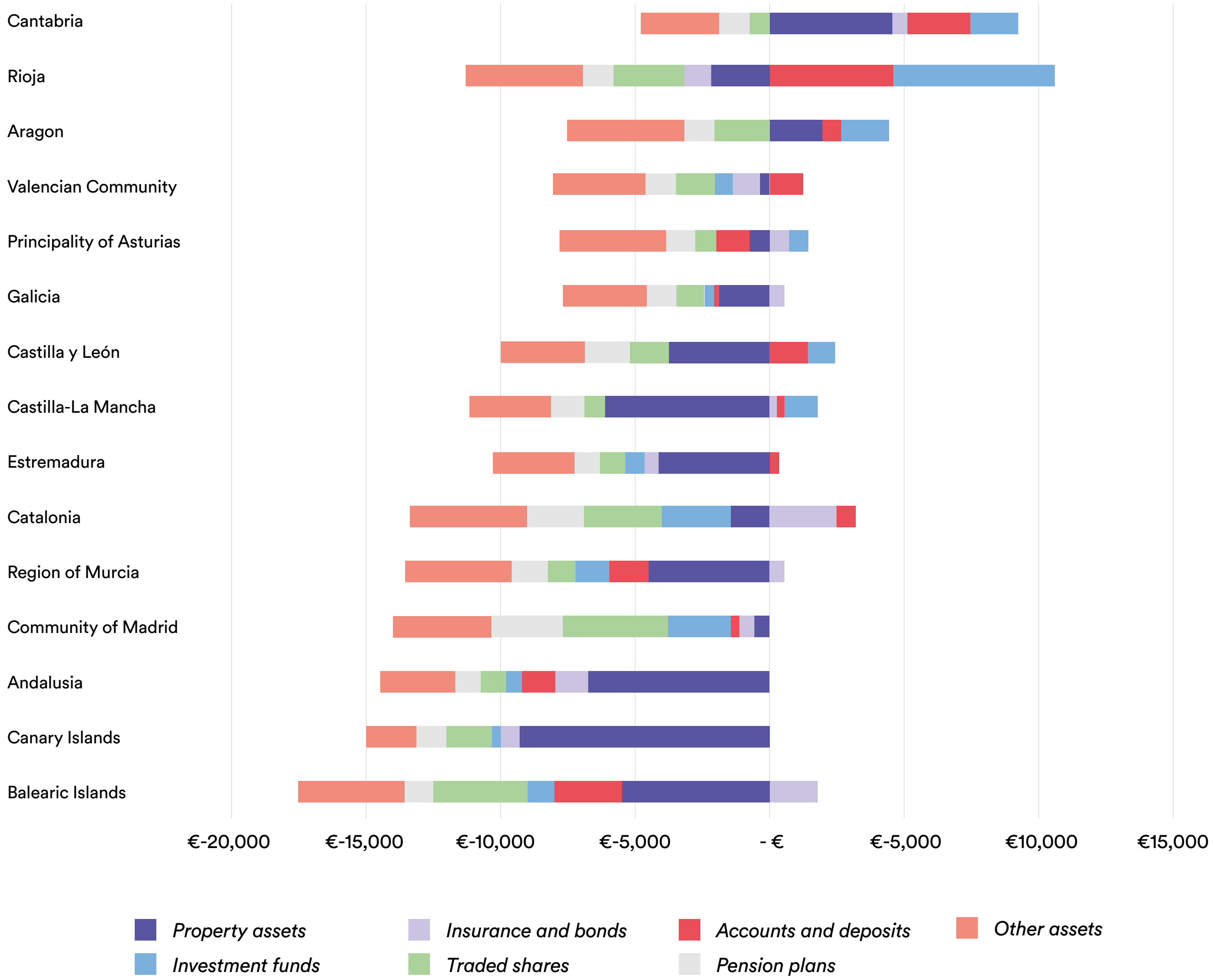
Source: Afi from the Household Panel.

As with the gender net worth gap, there are **significant differences in the gender wealth gap between autonomous communities.** While regions such as **Cantabria, La Rioja and Aragon** have practically closed the gap, others such as **the Balearic Islands, Canary Islands and Andalusia** continue to see **inequalities close to €15,000 per person.** To a large extent, these regional differences **can be explained by the weighting of housing in asset composition.** In communities with the smallest gap, inequality in property assets is minimal, or even slightly in favour of women. On the contrary, the regions with a larger gap have a **higher concentration of property assets in male hands.** For example:

- In the **Balearic Islands, Canary Islands and Andalusia,** the gap in property assets reaches **€5,400 to €9,300 euros per person**, driving the total wealth gap higher than the national average.
- **Castilla-La Mancha** is an exception, with a high property gap despite a more modest level of wealth.

Figure 11. Per capita gender gap by asset type and autonomous community, 2022

(euros)



Source: Afi from the Household Panel.

In contrast, the gender gap in other types of financial assets – such as pension plans, traded stocks, or investment funds – shows much less regional disparity. The only regions that clearly deviate from the average in quoted shares are Madrid, Catalonia, and the Balearic Islands, where this asset type has a greater relative weight in total assets.

Extensive margin versus intensive margin: explaining wealth inequality between women and men

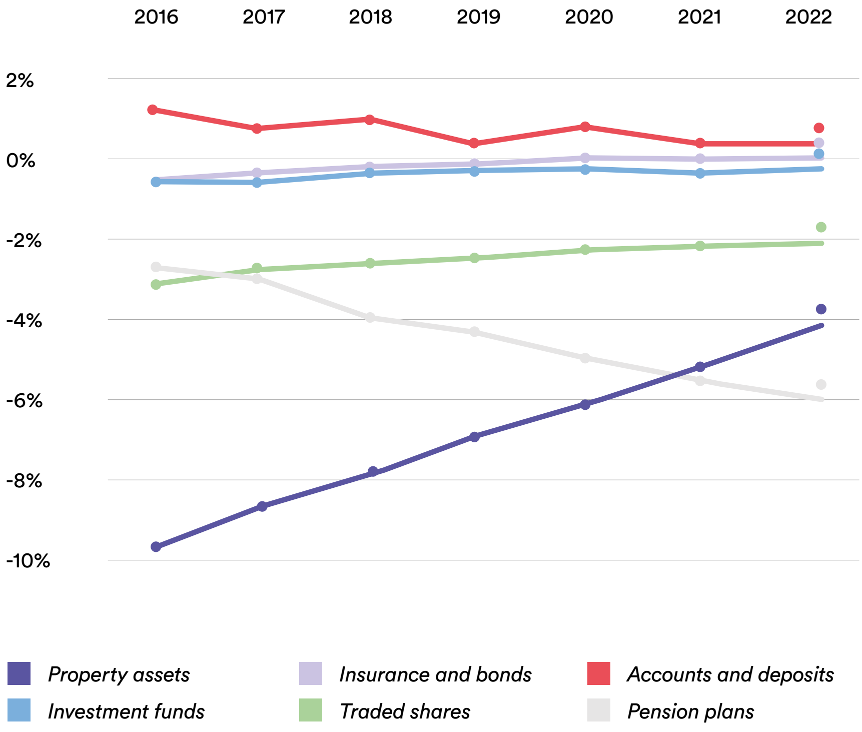
The gender wealth gap can be analysed from the perspective of two components:

- **Extensive margin:** differences in the percentage of men and women owning a particular asset.
- **Intensive margin:** differences in the average value of the asset among those who own it.

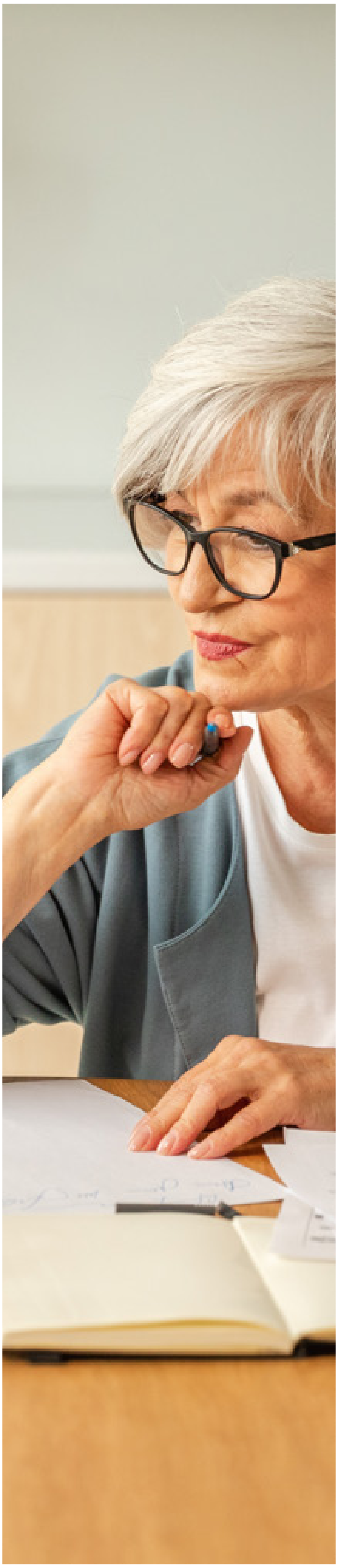
In the case of **housing**, the gender gap is almost entirely an **extensive margin: this is not because men own more valuable homes, but because a lower percentage of women own their own homes.** This gap was 4% in 2022, a significant narrowing of the 9% recorded in 2016. This improvement largely explains the overall narrowing of the gender wealth gap in recent years.

In contrast, **other asset types demonstrate more concerning developments.** The pension plan ownership gap has increased from 3% to 6% between 2016 and 2022. **While inequality in share and investment fund ownership has also improved, the shift has been more subtle,** and it remains a persistent source of wealth inequality between men and women.

Figure 12. Gender ownership gap by asset type, 2016-2022 *(percentage of ownership)*



Source: Afi from the Household Panel.



Gender inequality in retirement is not limited to income. It also manifests in living conditions in older age, especially in terms of access to care in situations of dependency. **Women suffer a double penalty** in this regard**: they live longer than men, but in poorer health and with fewer economic resources to cope.**

In 2022, life expectancy at birth was 85.8 years for women and 80.3 years for men. However, if we consider years lived in good health, the difference is smaller: women enjoy a healthy life of 81.2 years on average, compared to 77.45 years for men.

The increased life expectancy and incidence of life-limiting illness among **older women**, combined with their lower income, are reflected in women's **overrepresentation as beneficiaries of the government's System for Autonomy and Care for Dependency (SAAD).** From the age of 80, one in three women is in a recognised dependent position – a proportion that rises to 40% if pending applications are included – compared to 25% of men.

As pressure increases on the sustainability of the state system, **it is essential that citizens plan in advance for the risk of dependency,** with the aim of having sufficient income to cover the costs of personal care.

These costs increase considerably with age:

- From €5,800 per year for ages 65 to 69.
- Up to more than €23,000 per year from the age of 80.

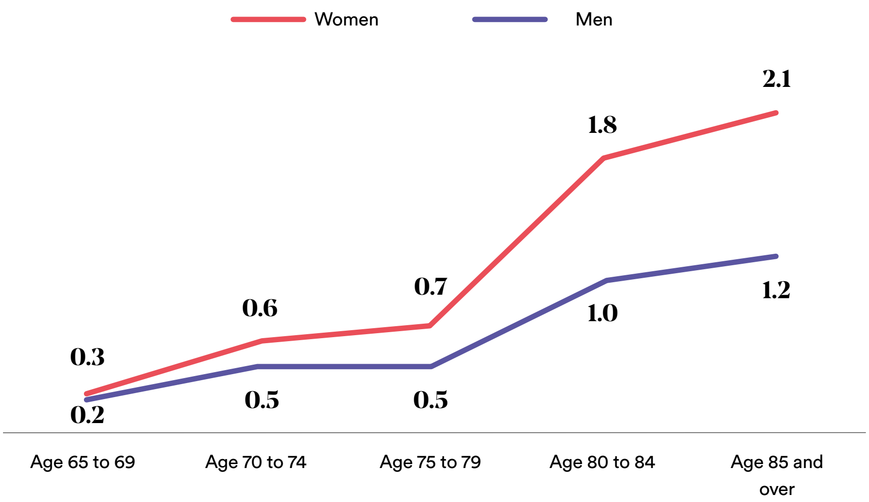
While the cost is the same for both sexes, women receive lower pensions, making it harder to meet this cost with their own resources. From the age of 80, the cost of dependency is 1.8 times the average state pension for women. Men, on the other hand, can cover these costs with their pension until at least age 85.

In addition, **many older women could not cover this difference – even by drawing on their assets.** In ages 85 and over, 80% of men have sufficient liquid assets to cover the additional costs of pensions and care. This percentage drops to 60% among women, due to lower pensions and a historically low level of retirement savings.

Dependency and gender: longer lives and fewer resources

In summary, **women face stronger pressure to supplement their state pension with other sources of income or savings to cover the costs associated with dependency. And they have fewer resources to do so:** shorter career paths with more career breaks and lower wages mean lower pensions and a decreased capacity to save over the course of their lives.

Figure 13. Economic cost of dependency by gender, 2024 *(number of times the average state retirement pension exceeds the average cost of dependency)*



Source: Afi based on statistical information from the System for Autonomy and Care for Dependency (SAAD), Ministry of Social Security and INE.

The gender gap in pensions and retirement savings is neither isolated nor temporary: it is the cumulative result of structural inequalities that women experience throughout their working lives. This report shows that in spite of progress over recent decades, the gaps in access to – and amounts of – pensions and retirement savings between men and women remain significant.

The number of women accessing contributory pensions on retirement is lower, they receive lower average amounts, and they have greater dependence on widow's or non-contributory pensions. These differences are not down to chance. They are a reflection of career paths marked by lower activity rates, shorter hours, breaks taken for caregiving, and a higher concentration of women in lower-paid sectors.

Furthermore, it has been shown that **this gap** in retirement income has a negative impact on the economy: it reduces consumption, limits tax revenue and weakens job growth, generating a significant opportunity cost for the country as a whole. **Estimated at 28.5 billion euros of ungenerated added value and half a million uncreated jobs,** the financial impact shows that closing the gender gap is not only a matter of justice, but also of **economic efficiency.**

In terms of wealth, this study includes fiscal microdata for the first time, demonstrating how older women accumulate less net wealth than men. Although this gap has narrowed slightly in recent years thanks to new cohorts entering the labour market, **significant inequalities in asset ownership** – determining financial autonomy in retirement – persist.

The report also addresses the differential impact of **dependency. Women, who live longer but in poorer health, have higher personal care needs and fewer resources to cope with them.** This situation creates a gap in economic sustainability in the final stages of life, requiring decisive, cross-cutting political action.

Proposals for action

1. Strengthen the state pension system with a focus on gender.

Improving mechanisms to compensate for gaps in care contributions, consolidating the gender gap supplement, revaluing minimum pensions, and incentivising women to retire later would all contribute to reducing the inequalities accumulated throughout their working lives.

2. Promote gender equality in the labour market.

Reducing the maternity pay penalty, expanding the provision of public childcare services, and facilitating women's access to positions of responsibility would help close the gaps in activity, contribution, and salary that affect future pensions.

3. Encourage women's pension savings.

Improving financial education from a gender perspective, making pension plans more flexible for small savers, and facilitating access to asset ownership would all contribute to improving women's ability to save for retirement.

4. Improve care for dependents, which affects women more due to their increased life expectancy.

Ensuring adequate and equitable coverage, reducing waiting times, and bolstering the System for Autonomy and Care for Dependency would alleviate the financial pressure on older women in dependent positions.

5. Monitor and evaluate the impact of reforms from a gender perspective.

Incorporating a gender perspective into the full cycle of public policies, publishing disaggregated data, harmonising information systems, and conducting independent evaluations will facilitate rigorous monitoring of progress towards a more equitable system.

ClosinGap

1. What is ClosinGap?

ClosinGap is a Spanish non-profit association that was created to promote **economic growth from a gender equality perspective**.

Formed by 14 large companies (Merck, MAPFRE, Repsol, BMW Group, Mahou San Miguel, PwC, CaixaBank, Grupo Social ONCE, KREAB, Fundación CEOE, Telefónica, Redeia, Herbert Smith Freehills Kramer Spain and Enagás) united by the goal of accelerating the transformation in favour of equal opportunities for women and men and achieving the Sustainable Development Goals using a three-pronged strategy:

- Promoting knowledge and debate on inequality from an economic perspective.
- Serving as a source of innovative initiatives connected to the economy and women.
- Acting as a driver of social and economic transformation through initiatives that help to close these gaps.

2. What kind of work are we doing?

The Association publishes detailed reports on the impact on Spanish GDP of the persistence of different gender gaps in various areas such as health, pensions, work-life balance, information technologies, consumption, leisure, positions of power, employment, disability, mobility or tourism, among others, in addition to developing other common actions.

3. What are our objectives?

- To promote social transformation from the business realm in the area of women and the economy, in close collaboration with the public and private sectors.

To generate knowledge and spark debate, to become a source of innovation, as well as a driving force and agent of change.

4. Find out more about us

For more information, go to www.closingap.com or our LinkedIn (@ClosinGap) and Instagram (@ClosinGap_) accounts.

More information at

www.closingap.com

or our LinkedIn (@ClosinGap)

and Instagram accounts (@ClosinGap_).