Gender Gap in Preferences for Defined Contribution Pensions in Japan

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Abstract

Using a survey data collected by the Japan Institute of Life Insurance in 2002, this study finds a significant gender gap in DC pension knowledge among workers employed at small- to medium-sized private firms in Japan. Even with similar DC knowledge, however, men and women reveal different preferences for DC pensions, indicating that their perceptional responses may widely differ from actual behaviors. Apart from the knowledge gap, the result shows evidence of the Prince Charming Syndrome among female employees as a significant source of the gender gap in DC participation rates. Among corporate pension covered employees the gender difference in the efficacy of DC portability is a more significant gap-generating factor. DC tax advantage is particularly favored by pension covered female employees over male counterparts, reducing the DC preference gap. No similar evidence is found for employees with no corporate pension coverage.