

A conversation about women's retirement inequities



with **Maria Freese**
NCPSSM Policy Advisor

Q: Why do women today have less retirement security than men?



It starts with the fact that women are paid less. Women *still earn 82% of what men make*, so they are less likely to have disposable income to save for retirement. Also, the types of employment available to women factor into their retirement challenges. More women work in service jobs, which pay less and are often part-time, meaning they do not receive employer-provided retirement benefits. And because women live longer than men, their retirement savings are stretched over a longer period of time - and often run out. Another big factor: women take more time out of the workforce in order to care for family, further reducing their retirement income.

Q: Why are women's average Social Security benefits lower than men's?



Social Security benefits are calculated based on lifetime earnings. In general, the higher a worker's wages, the bigger their Social Security checks (though the formula is progressive, so that the lowest-income workers receive higher benefits in relationship to their lifetime earnings). Because women typically earn less than men over the course of a lifetime, their Social Security benefits are often lower. It also reduces the annual cost-of-living adjustments (COLAs) that women receive based on monthly benefit amounts.



Q: If nothing changes, will women's retirement inequities worsen?



The good news is that the gender pay gap has been slowly shrinking. A decade ago it was 77%. Now it's 82%. That's progress. But workplace and hiring bias continues to disadvantage women. We are still confronting what we refer to as 'mommy channels,' where women are steered into service jobs with less pay than what men earn for comparable work, little job security, and few benefits such as health care coverage or access to retirement plans. When you combine that with rapidly rising living costs for retirees, you can see how women still face considerable financial hurdles in retirement. Until we can transform this type of employment bias based on gender, requirement equity will continue to be an elusive goal.

Q: What are some of the special retirement equity issues confronting women of color?



Women of color face the same types of challenges as white women do, but the challenges are even more deeply-rooted and severe. While women as a whole earn 82 cents on the dollar compared to men, black women earn only 63 cents, and Latinas 55 cents. To better understand what that means, the average Latina woman would need to work almost 2 years to earn the same income that a white man doing comparable work would earn in a single year.

These pay gaps translate directly into even lower retirement savings (and Social Security benefits) for women of color. Also, black women and Latinas are even more likely than white women to work in part-time service jobs --- often more than one in order to make ends meet --- that don't offer living wages or retirement benefits. And just as there is a 'mommy track' where many women are steered toward lower-paying work with fewer benefits, racial and ethnic discrimination tends to push women of color away from higher-paying professions.



In fact, women of color are over-represented in lower-paying service jobs and under-represented in more remunerative fields. For instance, Latinas make up only 1% of the workforce in engineering and computing... two of the highest paying STEM fields.

Q: How can we remedy this problem, starting now?



Besides striving to reduce gender bias and racial discrimination in employment --- which is a long-term project --- we could start by increasing the minimum wage. Most minimum wage earners are women. If we raise the federal minimum wage to \$15 an hour, as President Biden has proposed, women's pay will rise. That will help women earn more and save more. The President also wants to increase Social Security benefits for survivors (predominantly women) who have lost a spouse - and boost benefits for retirees over 85 (again, most of whom are women). These two groups of beneficiaries are always in the most danger of falling into poverty, so the President's plan would go a long way toward eliminating some of the financial peril facing elderly women.

Q: Is there any particular legislation that gives you hope on this issue?



Yes. One of them is the Paycheck Fairness Act, introduced in the House by Rep. Rosa DeLauro and in the Senate by Senator Patty Murray, which would help eliminate the gender wage gap and increase employer accountability for pay discrimination. I've already mentioned President Biden's proposals to boost Social Security benefits, some of which overlap with Rep. John Larson's Social Security 2100 Act. Larson's bill would give all retirees an across-the-board benefit increase, as well as boosting minimum benefits for workers on the lowest end of the pay scale. It would also put into place a more accurate formula for calculating Social Security COLAs, which would help women - and all retirees - better cope with inflation.

In past sessions of Congress, Democrats in the House and Senate introduced legislation offering caregiver credits for workers who stay at home to care for dependent family members. This would increase their Social Security benefits, effectively eliminating the penalty for taking time out of work to care for loved ones.



Q: Why do we pay tribute to Eleanor Roosevelt and hold her up as a role model in regards to this issue, in your opinion?



Eleanor Roosevelt was a key figure in so many of the social reform movements of the 20th century: the Progressive movement, the women's movement, the New Deal. She was a huge champion of Social Security, which was enacted by her husband, President Franklin D. Roosevelt (thanks, in no small part, to the first woman Secretary of Labor, Frances Perkins). As Eleanor's grandson, James Roosevelt, Jr., told us, "She was aware that women face historic economic challenges that needed to be addressed." Eleanor Roosevelt urged women to become more engaged in wielding the levers of power, resulting in better jobs and higher pay. I can't think of a first lady who did that much for women in her time than Eleanor did.

Maria Freese is an attorney with 17 years of legislative experience on Capitol Hill and almost two decades in the non-profit sector advocating for clients before members of Congress in areas of health, retirement, pension and tax policy. Ms. Freese previously served as Director of Government Relations and Policy for the National Committee to Preserve Social Security and Medicare. She later was a partner in a boutique lobbying firm and taught political science courses at Trinity Washington University. She currently serves as a policy advisor to the National Committee.



Eleanor Roosevelt

1884-1962

"She spoke about the importance of women being vocal and being heard. She was a strong supporter of Social Security, which my grandfather, Franklin Roosevelt, signed into law. But she was aware that women face historic economic challenges that need to be addressed."

*- James Roosevelt, Jr.
Eleanor's grandson*