

OVERCOMING BARRIERS to RETIREMENT SECURITY for WOMEN THE ROLE OF SOCIAL SECURITY

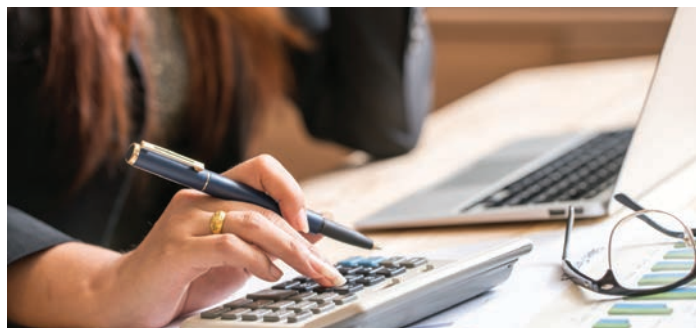
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SUMMARY

The share of women working today is near an all-time high. While their earnings and projected retirement income have grown compared to previous generations of women, a significant gender gap still exists. At the same time, women continue to bear most of the responsibility of caregiving, and many must juggle the demands of work and caring for a child or adult loved one. Moreover, more women today are either never married or divorced, meaning they have to handle these responsibilities on their own. These challenges make it harder for women to sustain adequate earnings and save for retirement.

Social Security has proven to be the most effective vehicle for women to achieve retirement security. Provisions that increase benefits for low earners, caregivers, and older seniors, or modernize benefits for certain marital statuses such as the divorced and survivors, would address some of the challenges that particularly affect women. However, they would be available on a gender-neutral basis and would benefit other vulnerable groups, including people of color. (To close the projected long-term shortfall and expand benefits, increased Social Security revenue would be necessary. For a review of revenue-raising options, which are beyond the scope of this brief, see the Academy report: *Fixing Social Security: Adequate Benefits, Adequate Financing*.¹)

Despite decades of economic gains, achieving financial security in retirement remains a challenge for many women. While a much larger share of women is in paid employment today, their earnings remain a fraction of men's. Moreover, women still do most of the caregiving. Juggling work and caregiving responsibilities can negatively affect women's job prospects and earnings.



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Women not only tend to reach retirement with fewer resources than men, but also typically must stretch their resources over a longer lifespan and contend with larger medical expenses, as well as the loss of a spouse.

Changes in family structure can pose additional challenges to women's retirement security. More women have never been married or are divorced, which leaves more mothers fulfilling the role of sole breadwinner for their families. As married couples have become more reliant on two incomes during their working lives, the loss of income and depletion of assets at the death of a spouse leave many widows even more economically vulnerable.

Women not only tend to reach retirement with fewer resources than men, but also typically must stretch their resources over a longer lifespan and contend with larger medical expenses, as well as the loss of a spouse. This brief focuses on the key challenges women face in achieving a secure retirement and outlines how Social Security—women's main and most reliable source of retirement income—could be reformed to help overcome these barriers.

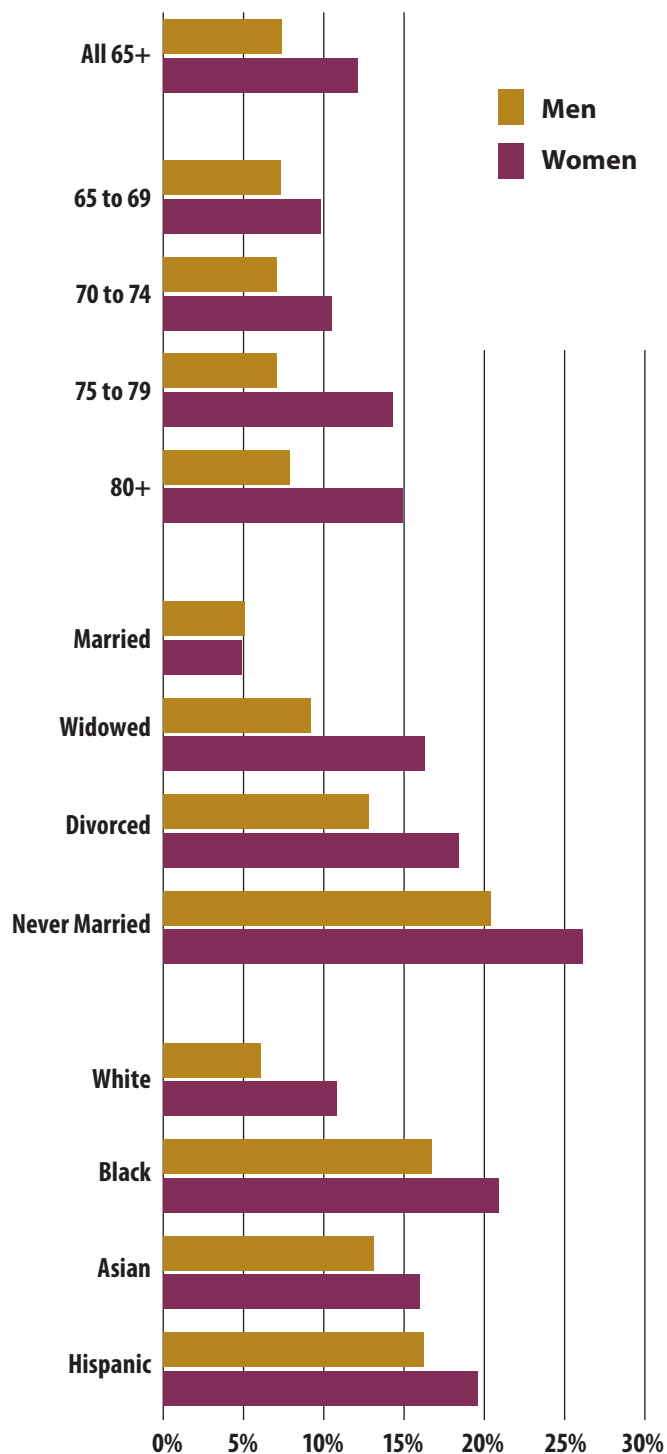
Women are at greater risk of poverty in retirement than their male counterparts

One in 10 seniors—4.6 million people 65 and older—lives in poverty.² And two out of three poor seniors are women.³ As Figure 1 shows, women 65 and older are more likely to be poor than their male counterparts.

Older women tend to be poorer than men both overall and by age, marital status (except for married women), race, and ethnicity. Gender is thus a significant factor in elderly poverty, although it is not the only one; for example, poverty rates for men (and women) of color are higher than rates for white women.

Figure 1 is based on data using the Census Bureau's official poverty measure. The Census Bureau has developed an updated and more comprehensive measure of poverty, the Supplemental Poverty Measure (SPM),⁴ which shows a substantially higher poverty rate for people 65 and older:

**Figure 1:
Poverty Rates for Men and Women,
Age 65 and Over**



Source: SSA, Income of the Population 55 and Older 2014 (2016), Tables 11.1 and 11.2.

14.4% compared to 10.0%.⁵ However, an analysis of poverty rates using the SPM shows a similar pattern: women 65 and older are more likely to be poor than their male counterparts, overall and by age, marital status, race, and ethnicity.⁶

Social Security is critical to women's retirement security

The classic metaphor for retirement security is a three-legged stool: Social Security, pensions, and savings. But that approach is not currently viable for most Americans. Most workers do not have access to an employer-based retirement plan, and those who do are likely to be in a plan that does not provide secure income for a lifetime.

Social Security is the main source of retirement income for most seniors. It will be even more important in the future with the steady disappearance of defined benefit pensions and decades of wage stagnation, which is making it hard for workers to save for retirement through a 401(k) or Individual Retirement Account (IRA). Women are more reliant than men on income from Social Security, especially

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as they age, because they have fewer other sources of retirement income than men. Today, 27% of women 65 or older rely on Social Security for 90% or more of their income, compared to 21% of men.⁷

Several features of Social Security are especially valuable for women. Social Security provides secure and predictable retirement benefits that can't be outlived and are adjusted annually for inflation. Benefits are not subject to the ups and downs of the stock market or at risk of depletion prior to reaching retirement. Social Security is virtually universal, covering low-paid, part-time, self-employed, and temporary workers. It uses a progressive benefit formula that helps lower earners. And Social Security provides retirement benefits to spouses, surviving spouses, and divorced



spouses, as well as disability and life insurance protection for families.

There are four challenges to achieving a secure retirement that women particularly face. While Social Security alone cannot overcome these challenges, it could do a better job of addressing them with targeted reforms.

Challenge #1: The persistent gender wage gap makes it harder for women to prepare for a secure retirement

Women, especially mothers, have dramatically increased their work in the paid labor force in the past half century, making their earnings more important to their families than ever before. The gap between women's and men's earnings is smaller than it was 50 years ago; however, in the past decade, progress in narrowing the gender wage gap has stalled.

The gender wage gap results in smaller pensions and retirement savings

In 1963, when the Equal Pay Act was passed, a woman working full time, year-round typically was paid 59 cents for every \$1 paid to her male counterpart. In 2014, she was paid 79 cents—but over the past decade, the wage gap narrowed by just two cents.⁸

The wage gap is even worse for many women of color. In 2014, a black woman working full time, year-round was

Among those with IRAs, the median account balance for men is 42% higher than the account balance for women

typically paid 61 cents to every \$1 paid to a white, non-Hispanic male. A Latina working full time, year-round, typically made 55 cents to every \$1 paid to a white, non-Hispanic male.⁹

The wage gap persists even though women's educational attainments and work experience continue to grow. Between 1972 and 2012, women's labor force participation increased from 44% to 58%. Women of different racial and ethnic backgrounds have similar rates of labor force participation today, ranging from a high of 59.8% for black women to 56.5% for Asian women.¹⁰ Women have earned the majority of post-secondary degrees, overall and by race and ethnicity, for more than a decade.¹¹ Yet women on average earn less than men at every education level and in nearly every occupation.¹² Women, especially women of color, are still overrepresented in low-wage jobs.¹³ And the jobs expected to see the most growth over the next decade are primarily in low-wage, female-dominated occupations.¹⁴

Overall, women and men who work for wages and salaries participate in employer-based retirement plans at nearly the same rates. But fewer than half of female (45.5%) and male (46.0%) wage and salary workers ages 21 to 64 participate in an employer-based retirement plan.¹⁵ And

because women typically have lower earnings than men, their account balances are smaller. Among those with IRAs, the median account balance for men is 42% higher than the account balance for women (\$43,449 vs. \$30,660).¹⁶ The disparity is greater for workers near retirement; the median balance for men ages 60–64 is 57% higher than for comparable women (\$79,581 vs. \$50,667).¹⁷

Lower earnings also mean lower Social Security benefits

A worker's Social Security benefits are based on the average of the 35 highest years of earnings. The benefit formula is progressive, meaning low earners receive a larger percentage of their pre-retirement earnings as benefits than higher earners. However, workers with higher career-average earnings receive higher benefits. For example, a worker with low career-average earnings (about \$20,800) would receive a benefit of about \$12,050, or 58% of pre-retirement income. A worker with medium average earnings (about \$46,300) would receive a benefit of about \$19,900, or 43% of pre-retirement earnings.¹⁸

Women's average Social Security benefits are lower than men's. The average monthly Social Security benefit received by all women 65 and older is \$1,156 (\$13,872 annually), 77% of the \$1,503 average monthly benefit for men 65 and older (\$18,036 annually).¹⁹ And women are twice as likely as men to receive a benefit that provides less than a poverty-level income: 38% of retired female workers, compared to 18% of retired male workers, receive benefits below \$950 a month (\$11,400 annually).²⁰

The increase in women's earnings means that in the future, more women will receive benefits based on their own work histories, and their benefits as workers will be higher than those of past generations of women. But a large gender gap will continue to exist.

How could Social Security address the retirement security challenge posed by women's lower earnings?²¹

The adequacy of Social Security benefits for women and other groups of workers with low lifetime earnings could be improved by reforming the Special Minimum Benefit and/or improving the basic benefit formula for lower-income workers, as described below.





Reform the Special Minimum Benefit

Social Security has an alternative benefit formula, the Special Minimum Benefit (SMB), which was intended to mitigate the inadequacy of benefits for long-term workers with low earnings. Instead of being based on average career earnings, like the regular benefit formula, the SMB is based on the number of “years of coverage” earned by the worker.

However, the current SMB provides little help to low earners. The SMB has very stringent eligibility requirements. In 2016, to qualify for one year of coverage toward the SMB, a worker must earn \$13,230, compared to \$5,040 to earn one year (four quarters) of coverage under the regular formula. A woman working 35 hours a week, 50 weeks a year, at the federal minimum wage of \$7.25 would not be credited with a year of coverage toward the SMB—and many low-wage jobs do not even provide such steady employment. Low-wage workers tend to have fewer work years because of the instability of the low-wage labor market.²² Those workers who assume caregiving responsibilities also have fewer work years. Moreover, even workers who qualify for the maximum SMB would receive a benefit well below the federal poverty threshold.²³

Improving the regular benefit formula for low earners would increase the retirement security of workers with low lifetime earnings, who are disproportionately female.

The SMB has become virtually meaningless. There have been no new SMB beneficiaries since 1998, except for a small number subject to the Windfall Elimination Provision, a special category of individuals receiving a pension based on employment not covered by Social Security.²⁴ This is because the SMB is indexed only to price inflation, while initial benefits under the regular formula are indexed to wages, which grow faster than inflation.

The following policy options would render the SMB more effective in fulfilling its goal of increasing the adequacy of Social Security benefits for long-term, low-wage workers:

- Increase the maximum value of the benefit to 125% of the federal poverty level for an individual with 30 years of credit.
- Reduce the earnings needed to earn one “year of coverage” toward the SMB to the same amount required for regular Social Security credits, and allow workers to earn partial credit, as they can under the regular Social Security formula.
- Provide up to 5 years of credit toward the SMB for years in which a worker was caring for a young child or dependent adult.
- Index initial benefits to wage growth, the way regular benefits are indexed.²⁵

Even a reformed SMB may be insufficient, however, to lift many women with shorter careers of low earnings out of poverty. A complementary approach to reducing poverty among older women would involve changes to the Supplemental Security Income (SSI) program—a means-tested program intended to provide a basic income floor to poor seniors as well as poor adults and children with disabilities.²⁶

Improve the regular benefit formula for low earners

Improving the regular benefit formula for low earners would increase the retirement security of workers with

low lifetime earnings, who are disproportionately female. The first step in calculating an individual's benefit is to determine his or her career average monthly earnings (Average Indexed Monthly Earnings, or AIME), adjusted for wage inflation. Next, the benefit formula is applied to determine the Primary Insurance Amount (PIA)—the benefit an individual would receive if he or she began receiving benefits at the Full Retirement Age. The formula is progressive: the PIA is the sum of 90% of his or her career average monthly earnings up to \$856 (the first bend point in 2016); 32% of the amount between \$857 and \$5,157 (the second bend point); and 15% of average earnings above \$5,157, up to the taxable maximum of \$9,875 monthly.²⁷

The following policy options could increase the adequacy of regular Social Security benefits for low earners:

- Increase the PIA factor above the current 90% that is applied to the portion of career average monthly earnings below the first bend point. This would increase benefits for all beneficiaries, but workers with the lowest average earnings (including women and people of color) would see the largest percentage increase. For example, Christina had 35 years of earnings at about half the average wage (\$20,837, or \$1,736 monthly, indexed). Under current law, her monthly Social Security benefit would be \$1,050. If the first PIA factor were increased to 93%, she would see her benefit rise to \$1,075, an increase of 2.3%.²⁸

- Raise the first bend point so that more earnings are multiplied by the first PIA factor (currently 90%). This would increase benefits for all individuals with career average monthly earnings above \$856 in 2016. Using the example of Christina again: If the first bend point were raised by 15%, she would see her monthly benefit increase from \$1,050 to \$1,120, an increase of 6.7%.²⁹

Challenge #2: Women's retirement security is reduced by caregiving

Although women have dramatically increased their work in the paid labor force over the past 50 years, they still shoulder most of the responsibilities of caring for children, elders, and other loved ones. The increase in labor force

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participation has been most dramatic for women taking care of young children. In 1976, 34% of mothers with children under age three were in the labor force; by 2012, this share had nearly doubled to 61% (down from a peak of 62% in 1998).³⁰

Mothers are now the sole or primary breadwinner in 41% of families with children under 18, and co-breadwinners (contributing 25% to 49% of earnings) in another 22%.³¹ Yet women still do most of the work inside the home. The latest time-use survey by the U.S. Department of Labor shows that women spend more than twice as much time as men caring for household members, and more than 1.5 times as much time maintaining the household.³²

Because of caregiving responsibilities, women are more likely than men to take time out of the paid workforce, working part time or leaving the workforce temporarily or permanently. Their reasons vary. For some, the choice is entirely voluntary. Others are constrained by the high cost of child care, especially for infants and toddlers,³³ and the lack of leave. Uncontrollable schedules in many jobs—especially the low-wage jobs predominantly held by women—is another factor driving many caregivers partly or fully out of the workforce.³⁴



The United States is one of the few wealthy nations that does not provide pension credits to individuals who take time out of the paid workforce for the socially and economically vital work of caregiving.

Women are more likely than men to work part time—and they pay a price for doing so

Although a large majority of employed women work full time, employed women are twice as likely to work part time as employed men (25% vs. 12%).³⁵ Employed mothers of children under three are more than four times as likely to work part time as employed fathers of such children (27% vs. 6%).³⁶

Part-time workers earn less than full-time workers—and not just because they work fewer hours. Part-time workers are three times as likely as full-time workers to hold jobs with a low hourly wage. In most occupations, part-time workers are paid less than full-time workers doing the same job.³⁷ Part-time workers also are far less likely to have access to benefits such as paid sick leave, health insurance, and retirement plans.³⁸

Women are more likely than men to leave the workforce to care for family members

Women remain far more likely than men to leave the workforce to take care of home or family. In 2015, 15% of women ages 25–54 reported that they were not employed during the previous year to take care of home or family. Just 1% of men ages 25–54 reported that they were not employed for that reason.³⁹

Single mothers face particular challenges as primary breadwinners and caregivers

About four in 10 single-mother families live in poverty (39%), compared to about one in 12 married-couple families (8%),⁴⁰ and the economic struggles of single mothers do not end when their children are grown. Women who spent at least 10 years as a single mother were 55% more likely to be poor at ages 65 to 74 than married mothers of similar education and ethnicity,⁴¹ primarily because they generally earned low wages during their working lives and lack financial support from spouses.⁴²



Providing care to older individuals as well as children affects women's employment

Six in 10 caregivers of people 50 and older are women.⁴³ On average, caregivers of individuals 50 and older spend 24 hours a week providing care; more than one in five (22%) spend more than 40 hours a week.⁴⁴ These caregiving responsibilities affect their employment, earnings, retirement savings, and Social Security benefits.⁴⁵

How could Social Security improve retirement security for caregivers?

Provide earnings credits for caregiving

The United States is one of the few wealthy nations that does not provide pension credits to individuals who take time out of the paid workforce for the socially and economically vital work of caregiving.⁴⁶ The only way Social Security currently provides support to caregivers is indirectly, through spousal benefits. But many single parents and other caregivers do not qualify for spousal benefits.

Modest Social Security earnings credits could be made available in the regular benefit formula to workers with low or no earnings when they are providing care to a young child, older disabled child, or other dependent relative.

- If earnings in a given year were below a certain amount (for example, 50% of the average wage that year), the worker would be credited with additional earnings to bring her or his earnings up to 50% of the average wage, with a reasonable phase-out earnings range. For example, using the case of Christina, what if she had had 30 years (rather than 35 in the example above) of earnings at about half the average wage each year (\$20,837, indexed), and 5 years of zero earnings when she was raising her children? Under current law (without caregiving credits), her monthly benefit would be about \$967. With 5 years of caregiving credits equal to half the average wage, her benefit would grow to about \$1,050, an increase of 8.6%.⁴⁷ Caregiving credits would affect someone with a career of low earnings much more than someone with a career of high earnings. Someone earning the taxable maximum (\$118,500 in 2016) each year would receive a 1.6% benefit increase from the credits. Workers could be eligible for up to five years of such credits.



Challenge #3: Women are more likely to be single and heads of households, making it difficult to achieve and maintain retirement security

Over the past 50 years, women's family lives have changed as well as their work lives. Between 1970 and 2015, the percentage of women who are married decreased from 62% to 51%, while the percentage of women who were never married or are divorced increased from 26% to 40%.⁴⁸ During that same time period, the proportion of families headed by single mothers more than doubled from 12% to 26%.⁴⁹ The decline in marriage has been greatest for some groups that are already at higher risk for poverty, including people with less education, lower incomes, and black women.⁵⁰ These trends will increase retirement insecurity for many women.

In one important respect, however, Social Security has kept up with changing marriage patterns. Following Supreme Court decisions that held that same-sex couples have a constitutional right to marry, Social Security benefits have been extended to same-sex married couples in every state.⁵¹

Fewer women will qualify for Social Security spousal benefits

Workers earn Social Security benefits for their spouse that can be worth up to 50% of the worker's benefit, and up to 100% of the deceased worker's benefit for a surviving spouse. However, these spousal benefits are not available to individuals who have never married or who are divorced with a marriage that lasted under 10 years. Changes in marriage trends mean that fewer women will potentially qualify for these benefits. This is particularly true for black women. In 2009, about 34% of black women ages 50–59 did not have marital histories that would make them eligible for spousal benefits, compared to 17% of Hispanic women and 14% of non-Hispanic white women in the same age group.⁵²

Traditional spousal benefits were not designed for today's dual-earning couples

Although the share of women with marital histories that will qualify them for spousal and survivor benefits is declining, most women will still qualify for such benefits. Survivor benefits will continue to be important for many older women's economic security. An estimated two-thirds of Gen-X wives will outlive their husbands and have lower lifetime earnings, making them eligible for a survivor benefit.⁵³

Under the current benefit structure, the surviving spouse of a single-earner couple will receive a benefit that is 67% of the couple's combined benefits, assuming both spouses claimed benefits at their Full Retirement Age. The surviving spouse of a couple with equal lifetime earnings will receive a benefit that is 50% of their combined benefits.⁵⁴ While the cost of maintaining a household declines when there is only one person to support, it does not fall by half, or even by a third. Using the Census Bureau's poverty thresholds as a guide, a one-person elderly household needs 79% of the income of a two-person household to maintain the same standard of living.⁵⁵

How could Social Security address the challenges brought about by changing family structures?

Social Security reforms that increase benefits for low earners and caregivers, discussed earlier, would provide significant help to never-married and divorced women who headed their households during their working years. The following provisions would address other challenges resulting from changes in women's marital and work histories.

Reduce the marriage duration required for divorced spouse benefits

Eligibility for benefits as a divorced spouse requires that the marriage have lasted for at least 10 years. But many divorced women do not meet that requirement. As of 2009, both the typical first marriage that ended in divorce, and the typical second marriage for women who remarried that ended in divorce, lasted only eight years.⁵⁶

To reduce the poverty rate among older divorced spouses, which, as Figure 1 showed, is higher than that for widows (18.4% vs. 16.3%), a reformed divorced spouse benefit could:

- Allow divorced spouses and divorced surviving spouses married five to nine years to receive a partial benefit based on the former spouse's work record.

Improve benefits for surviving spouses of dual-earner couples

Benefits for surviving spouses could be made more adequate and equitable for low- and moderate-income



dual-earner couples.⁵⁷ Surviving spouses could receive the higher of the current law widow(er)'s benefit or a new alternative benefit that would:

- Provide a benefit equal to 75% of the sum of the spouses' combined worker benefits.
- Target the benefit improvement to low- and moderate-income couples by capping the alternative benefit, for example, at the benefit a worker with lifelong average earnings would receive, namely about \$1,600 a month.

For example, Anna's worker benefit is \$800 a month, and her husband Joe's is \$1,200. As a widow, Anna's benefit under current law would be \$1,200. This proposal would increase her widow's benefit to \$1,500 a month ($.75 \times [\$1,200 + \$800]$). A couple with higher career earnings may not benefit from this provision. For example, Maria's worker benefit is \$1,500 a month, and her husband DeAngelo's is \$2,000. As a widow, Maria's benefit under current law would be \$2,000. Under this proposal, she would still receive \$2,000, because in her case, the alternative formula ($.75 \times [\$1,500 + \$2,000]$) would yield a benefit amount (\$2,625) higher than the proposal's cap (the benefit of a worker with lifelong average earnings, about \$1,600 a month).

Challenge #4: Women's longer life expectancy means they are likely to have greater retirement needs than men but fewer resources to meet them

Women need to prepare for more years in retirement

The average life expectancy at age 65 for women overall is longer than that for men (20.3 years vs. 17.8 years). In fact, the average life expectancy at age 65 for black women (19.4 years) and Hispanic women (22 years) is longer than that for white, non-Hispanic men (17.8 years).⁵⁸ In addition, to adequately plan for retirement, people need to consider the possibility that they may live longer than average. Nearly four in 10 women and three in 10 men who have reached 65 can expect to live past their 90th birthday.⁵⁹

The longer life expectancies of women mean they are more likely to face higher medical expenses and need long-term care

Older women are more likely than older men to experience multiple chronic health conditions and functional limitations, and as a result to need long-term care.⁶⁰ Seven

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in 10 (72%) Medicare beneficiaries living in long-term care facilities are women.⁶¹ Women's greater need for long-term care is in part because of their longer lives and in part because they are more likely to live alone; older women are over three times more likely than men to be widowed (44% vs. 14%) and twice as likely to live alone (38% vs. 19%). Women 65 and older have higher out-of-pocket medical expenses than comparable men—a double financial burden because of their typically lower incomes.⁶²

How could Social Security address the challenges women face because of their longer life expectancies?

Because Social Security retirement benefits last for life and are adjusted annually for inflation, they already provide important protections for women, who tend to live longer than men. Even so, the risk of poverty increases with age, especially for women, as Figure 1 showed. Provisions that increase benefits for older seniors, or better maintain their purchasing power over the long term, would be particularly helpful to women. Such policy options include the following:

Increase benefits for vulnerable older seniors

Life expectancy differs by income, education, and race, as well as by gender. Within genders, individuals of higher socio-economic status tend to live longer.⁶³ To maintain the progressivity of Social Security, benefits could:

- Be modestly and gradually increased for long-term beneficiaries, starting around age 80 for seniors and 18 years after eligibility for people with disabilities;
- Be targeted to individuals with lower benefits;
- Provide an increase of the same amount for all retirees in the same cohort, rather than a percentage of the individual's benefit.

Base Social Security's Cost of Living Adjustment on seniors' living costs

Social Security provides an automatic annual cost-of-living adjustment (COLA) to prevent inflation from eroding the value of benefits more and more over time. This protection is especially important to women, who are 71% of beneficiaries age 90 and older.⁶⁴ However, the Consumer Price Index that Social Security uses to determine the COLA (the CPI-W) is based on the spending patterns of urban

wage earners. Their consumption patterns are different from those of seniors, who spend twice as large a share of their budgets on health care as the general population.⁶⁵

An alternative measure of inflation developed by the Bureau of Labor Statistics, the Consumer Price Index for the Elderly (CPI-E), takes account of the consumption patterns

of older individuals. When health care costs rise much more rapidly than the costs of other goods and services—as they did between 1983 and 2002 and have recently begun to do again—basing the Social Security COLA on the CPI-E (or a similar index designed to measure the spending patterns of the elderly) ensures that the value of Social Security benefits keeps pace with the cost of living.⁶⁶

CONCLUSION

The share of women working today is near an all-time high. While their earnings and projected retirement incomes have grown compared to previous generations of women, a significant gender gap still exists. At the same time, women continue to bear most of the responsibility of caregiving, and many have to juggle the demands of work and taking care of a child or adult loved one. To compound this struggle, more women are handling these duties on their own, as more are either never married or divorced. These challenges put a strain on women's ability to work and earn a decent living, making it difficult to achieve economic security in old age.

Social Security has proven to be the most effective vehicle for the achievement of retirement security for most women. Enhancing Social Security benefits would be an effective strategy for improving women's retirement security—especially for women 75 or older, who face a significantly greater risk of poverty than their male counterparts. Expanding benefits would require increasing system revenue beyond what is necessary to close the projected long-term shortfall.⁶⁷ Provisions that increase benefits for low earners, caregivers, or older seniors, or modernize benefits for certain marital statuses such as the divorced and survivors, would address the challenges that women particularly face. But they would be available on a gender-neutral basis and would benefit other economically vulnerable groups, including people of color and people with disabilities.⁶⁸

Considering the barriers women face, however, relying on Social Security alone to enhance women's retirement security would be incomplete. A comprehensive effort to increase women's retirement security would need to address a broader range of issues—reducing inequalities in pay and opportunities that exist before workers reach retirement age; helping parents stay in the workforce; improving pension coverage; strengthening protections against disability, unemployment, and other financial risks; and improving the affordability of long-term services and supports.⁶⁹

ENDNOTES

- 1 Reno and Lavery, 2009.
- 2 DeNavas-Watt and Proctor, 2015.
- 3 In 2014, 1.5 million men and 3.1 million women 65 and older were poor (U.S. Census Bureau, 2015a).
- 4 The SPM counts sources of income not counted under the official measure, including non-cash benefits such as food stamps and after-tax benefits such as the Earned Income Tax Credit; takes account of certain expenses, such as out-of-pocket medical expenses; and uses an updated measure of need (Short, 2015).
- 5 Short, 2015: Table 2. The main reason the SPM shows a higher poverty rate for seniors is that the SPM takes account of out-of-pocket medical expenses, which are particularly high for seniors.
- 6 Morrissey, 2016.
- 7 Social Security Administration (SSA), 2016a: Table 9B1.
- 8 The median woman earned 77 cents to the median man's \$1 in 2004 (National Women's Law Center, 2015a).
- 9 National Women's Law Center, 2015b.
- 10 U.S. Department of Labor (DOL), 2016a.
- 11 U.S. Department of Education, 2012.
- 12 Scheider and Gould, 2016; Hegewisch and Ellis, 2015.
- 13 Robbins and Vogtman, 2016.
- 14 Ibid.
- 15 Copeland, 2014a: Figure 22.
- 16 Author's calculations from Copeland, 2014b: Figure 9. IRA balances include amounts rolled over from 401(k)-type accounts.
- 17 Ibid.
- 18 SSA, 2015. Benefits are in 2015 dollars for workers retiring at their Full Retirement Age.
- 19 SSA, 2016b: Table 5.A16. This figure includes individuals receiving benefits as retired workers, spouses, surviving spouses, and disabled workers.
- 20 SSA, 2016b: Table 5.B9. The poverty threshold is \$11,367 annually, or \$947/month, for a single individual 65 or older.
- 21 These and the other options draw on proposals that have been advanced by advocates, researchers, and policy makers. Most are part of broader plans that also include proposals for increasing revenues to strengthen Social Security's financing as well as pay for the improvements. This brief does not review options for raising revenues or options for improving Social Security disability insurance benefits.
- 22 Favreault, 2008.
- 23 Ibid.
- 24 Springsteen, Whitman, and Shoffner, 2014.
- 25 Ibid.
- 26 Center on Budget and Policy Priorities, 2014.
- 27 There is a maximum amount of earnings on which workers pay Social Security tax. The maximum taxable amount is adjusted each year. For 2016, it is \$118,500 (\$9,875 monthly).
- 28 This example assumes that Christina was born in 1950, reached 62 in 2012 (year of first eligibility), and claimed benefits at her Full Retirement Age in 2016. The average wage in 2010 was \$41,673.83; half the average wage was \$20,836.92. Because the example assumes that Christina's earnings equaled half the average wage each year she worked, it is not necessary to index each year's earnings. Her Average Indexed Monthly Earnings (AIME) are \$1,736.41 (\$20,836.92/12). Under current law, her Primary Insurance Amount using the 2012 bend points would be calculated as 90% of AIME up to \$767, plus 32% of the amount between \$768 and \$4,624, yielding a PIA of \$1,000.51/month; after COLAs for 2012 through 2015, her benefit in 2016 would be \$1,050.34/month. If the first PIA factor were increased to 93%, her PIA would be 93% of AIME up to \$767, plus 32% of the amount between \$768 and \$4,624, yielding a PIA of \$1,023.52; after COLAs for 2012 through 2015, her monthly benefit in 2016 would be \$1,074.50.
- 29 For Christina, the bend points from 2012 are determinant. If the first bend point for 2012 were increased by 15%, from \$767 to \$882, Christina's PIA would be \$1,067.24 (90% of AIME up to \$882, and 32% of the amount between \$883 and her AIME of \$1,736.41). With COLAs for 2012 through 2015, her monthly benefit in 2016 would be \$1,120.39.
- 30 DOL, 2016b.
- 31 Glynn, 2014.
- 32 DOL, 2016c: Table A-1.
- 33 Gould and Cooke, 2015.
- 34 Vogtman and Schulman, 2016.
- 35 DOL, 2015.
- 36 DOL, 2016d.
- 37 Morrison and Robbins, 2015.
- 38 Ibid.
- 39 Author's calculations from Flood et al., 2015. The Integrated Public Use Microdata Series (IPUMS-USA) consists of more than fifty high-precision samples of the American population drawn from fifteen federal censuses and from the American Community Surveys of 2000-present. These samples, which draw on every surviving census from 1850-present, and the 2000-present ACS samples collectively constitute one of the richest sources of quantitative information on long-term changes in the American population.
- 40 U.S. Census Bureau, 2015b.
- 41 Sass, 2016, citing Richard Johnson and Melissa Favreault, 2004, "Economic Status in Later Life Among Women Who Raised Children Outside of Marriage," *Journal of Gerontology* 59B(6): S315-S323.
- 42 Johnson, 2003.
- 43 AARP Public Policy Institute and National Alliance for Caregiving, 2015, p.1.
- 44 Ibid, p. 2.
- 45 Ibid, p. 3.
- 46 OECD, 2015: Table 3.1.
- 47 Without caregiving credits, Christina's PIA would be \$921/month; with COLAs for 2012 through 2015, her benefit in 2016 would be \$966.90/month. With 5 years of caregiving credits, her AIME would be \$1,736.41 ((\$20,836.92 x 35/35)/12). Her PIA would be \$1,000.51/month; with COLAs, her benefit would be \$1,050.34.
- 48 U.S. Census Bureau, 2016a: Table MS-1.
- 49 U.S. Census Bureau, 2016b: Table FM-2.
- 50 Government Accountability Office (GAO), 2014, p. 16.
- 51 SSA, 2016c.
- 52 SSA, 2013.
- 53 Sass, 2016, citing Barbara Butrica and Karen Smith, 2012, "The Impact of Changes in Couples' Earnings on Married Women's Social Security Benefits," *Social Security Bulletin* 72(1): 1-9.
- 54 A surviving spouse can receive the higher of his or her benefit, or the deceased spouse's benefit, not both. In a single-earner couple, when both are alive, the spouse receives 50% of the working spouse's benefit and the worker receives 100%, for combined household benefits of 150%. The surviving spouse receives 100% of the worker's benefit, reducing the single-earner household's Social Security income to 67% of their combined benefit (100/150). In a couple with two equal earners, when both are alive, each receives 100% of their worker benefits, for combined household benefits of 200%. The surviving spouse receives one benefit, reducing this household's Social Security income to 50% of their combined benefit (100/200).

- 55 Author's calculations based on U.S. Census Bureau (2015c) poverty thresholds for an individual 65 and older (\$11,367) and a two-person household with a householder 65 and older (\$14,326).
- 56 Kreider and Ellis, 2011: Table 8.
- 57 Entmacher, 2008.
- 58 Centers for Disease Control, 2015: Table A.
- 59 Reno, Tucker, and Walker, 2014.
- 60 Kaiser Family Foundation, 2013.
- 61 Ibid.
- 62 Ibid.
- 63 Sanzenbacher et al., 2016.
- 64 Authors' calculations from SSA, 2016b: Table 5.A10.
- 65 Munnell and Chen, 2015.
- 66 Ibid.
- 67 Veghte and Schreur, 2016.
- 68 A set of recommendations for improving Social Security for seniors of color is substantially similar to the recommendations in this paper. See Commission to Modernize Social Security, *Plan for a New Future: The Impact of Social Security Reform on People of Color* (Oct. 2011), available at http://www.insightcced.org/New_Future_Social_Security_Commission_Report_Final.pdf.
- 69 Go to www.nasi.org (the website of the National Academy of Social Insurance) for briefs and study panel reports on several of these topics.

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