

Laurie's Speech for Cato

April 9, 2002

Good Morning, I am Laurie Young, and as the Executive Director of OWL, the voice of midlife and older women, I am pleased to be here this morning to participate in the crucial debate regarding Social Security and women. OWL is the only national grassroots membership organization to focus solely on issues unique to women as we age. OWL members represent many of the women we'll be discussing here today—midlife and older women who are from all walks of life, yet have many things in common, including their reliance on and commitment to Social Security. These women have sent me here today to tell the truth about Social Security and women.

Social Security is an insurance program designed to protect Americans from the threat of poverty at all ages, whether young and old. For decades, it has served as bedrock financial support for retirees, disabled persons, widows, their families and children, keeping millions from impoverishment. Social Security is a valuable community program, based on a strong contract of mutual support and mutual gain. It is rooted in a simple but profound American tradition of social insurance, whereby *everyone* pays and *everyone* benefits. For so many Americans, Social Security is nothing less than a foundation of security, offering the most valuable insurance against poverty from disability and death and the most steady and reliable source of income in retirement.

Social Security is also a women's program. As the majority of beneficiaries and the majority of those who depend most on its progressive, lifetime benefits, women have a unique stake in the future of Social Security. Since we live longer than men and are more likely to be poor in old age, we rely on the steadfast protections Social Security provides most of all.

We know that while Social Security was never meant to be the sole financial support in retirement—it has become a lifeline for many of us in retirement. Social Security is supposed to be just one leg of the three-legged stool of retirement funding: Social Security, pensions, and personal savings/investments. Often women end up disproportionately dependent on just the Social Security leg for security. In fact, it's often the **only** security older women have. **Without Social Security's monthly benefits, more than half of older women would fall into poverty.**

So why do women end up with such a lopsided stool? I ask you to consider these facts.

1. **Women earn less.** Almost 40 years after the Equal Pay Act was passed, women still earn only 73 percent of what men earn for the same work. The pay gap only increases with age. For workers ages 45-54 (a peak earning period), women's earnings are only 71 percent of men's, and among workers ages 55-64, women earn only 68 percent of what men earn. And it's much worse for women of color. African American women earn only 64 percent and Latinas earn an astounding 52 percent of what white men earn. This wage gap ensures that the average woman will consistently have a lower retirement income

than the average man. Over a lifetime, the wage gap adds up to about \$250,000 less in earnings for a woman to invest in her retirement. ***You can't save what you don't earn!***

2. *Women are America's caregivers, and we pay for it in retirement.* As with many other facets of life, **gender** makes a difference when it comes to informal caregiving. The common denominator of all forms of caregiving, both paid and unpaid, is that women do the vast majority of the work. Nearly three-quarters of informal caregivers to seniors are women. Caregiving can be an economic disaster for women and is one of the largest barriers to our retirement security. Because of caregiving, women often take more flexible, lower-waged jobs with few benefits, or stop working altogether. In fact, women on average, spend from 11 to 14 years out of the workforce for family caregiving. This diminishes their earning power even beyond the impact of the wage gap. As a result of caregiving, women lose an average of \$550,000 in lifetime wage wealth and about \$2,100 annually in already desperately needed Social Security payments.

3. *Most women don't have income from pensions or savings.* The flexible work that allows women to be caregivers is usually low-waged with few benefits, especially pensions. Women make up about two-thirds of the part-time labor force and change jobs more frequently than men, making vesting in a pension more difficult. Women are about half as likely as men to receive pension income in retirement, and when they do, the benefit is only about half that of the benefit men receive. When it comes to savings, women don't fare well in general. Women's lower wages prevent them from preparing adequately for retirement. **Let me repeat, you can't save what you don't earn, and the impact of wage discrimination doesn't end when the job does.** Women retiring during the next 20 years will have less than one-third the income necessary to retire comfortably. While many women don't save for retirement, women of color suffer even greater income losses. Only 25 percent of African American and 33 percent of Latinas have income from savings or assets.

4. *Women live longer.* Women live an average of six years longer than men. A longer life expectancy affects all aspects of an older woman's life, especially in relation to retirement income. Marital status, for example, is one of the most important factors in determining economic independence and support in old age. Almost 60 percent of older women are single—45 percent are widowed, 9 percent are divorced or separated, and 5 percent never married. In contrast, only 27 percent of older men are unmarried. Older women are three times more likely to lose their spouse than men, and this rate only increases as women age. More significantly, more than half of elderly widows now living in poverty were not poor before the death of their husbands. The longer women live, the harder it becomes to financially support their growing needs. As women age, it becomes more difficult to afford rising medical costs, care services, and other necessities, especially when any acquired assets start to run out. The one thing that won't run out is Social Security. **For women, the fact that Social Security is a guaranteed, lifetime benefit with its cost of living adjustments is critical.**

The result? Women are poorer than men in old age. At any age, women are more likely to live in poverty than men, but this is especially true for women as we age. As

women get older, we often get poorer. With a poverty rate of 12 percent (compared to 7 percent for men), women over age 65 account for more than 70 percent of older adults living in poverty. Women of color fare the worst in retirement. Twenty percent of Latinas and 26 percent of African American women over age 65 live in poverty, compared to 11 percent of white women. Women are most vulnerable to poverty in retirement. It is during this time, then, that they most rely on the stability of a guaranteed source of income—their Social Security check.

The financial problems women often face in old age are extensions of the problems and choices we confronted earlier in our lives. Race and ethnicity, family arrangements and responsibilities, and financial opportunities are major influences on the quality of older women's lives. Women's poor economic status is also a glaring product of a retirement system that fails to respect our life patterns. One leg of a stool is not enough to balance on in retirement.

If we want to make older women's lives more financially secure, we need to talk about private pensions, pay equity and caregiving realities. Let's turn our attention to these problems, instead of trying to undermine the one leg of the stool that does work for women: Social Security.

That said, OWL has long known that the Social Security program is not without flaws. OWL has several suggestions for improving Social Security so that it better reflects the realities of older women's lives. Privatizing Social Security, however, does nothing to improve the system for women, and, in fact, would have a devastating impact on American women. Because of our work and life patterns, women would start off with much less to invest in any individual account, would lose the often desperately-needed cost-of-living adjustments, and would face the reality of outliving their assets. Women only stand to lose with privatization, and so do the vast majority of Americans, as it would only dismantle the very aspects of Social Security that all people count on. Privatization ignores the social insurance tradition of Social Security, it ignores the national commitment of insuring all Americans against life's risks, and it only threatens the overall vitality of this critical program.