

*The American Association of University Women strongly supports strengthening retirement benefits and programs, including pension improvements and protecting Social Security from privatization.*

The Social Security system is more than just a retirement program. It is one of the most successful anti-poverty programs in our nation's history. It provides benefits to children, disabled workers, surviving spouses, and retirees.

### The Gender Gap and Retirement

Women who work full time earn 77 cents on average for every dollar men earn. This gap is found throughout the economy, even when controlling for factors known to affect earnings such as education and training, parenthood, and hours worked. College-educated women still earn 7 percent less than men one year out of college, even when they have the same major and occupation as their male counterparts.<sup>1</sup>

Continuing pay inequity results in women having fewer savings, lower Social Security benefits, and lower (if any) pension benefits, leaving them on an unequal retirement footing.

### Retirement Insecurity

Women's retirement insecurity is in part because many women do not have private savings to rely on. Among workers participating in an employment-based retirement plan in 2010, female wage and salary workers ages 21–64 participated in a retirement plan at a lower level than males did, and only half of all workers participated in a private plan.<sup>2</sup>

Many women work in industries or occupations that do not offer 401(k)s or other defined contribution plans. For example, women are twice as likely to work on a part-time basis as men.<sup>3</sup> Currently, the Social Security benefit

formula cannot make up for the substantial amount of time some women are out of the workforce or that women are unlikely to be able to make pension or retirement savings investments during their displacement.<sup>4</sup>

### Social Security

Because women live longer, they depend on Social Security's guaranteed, inflation-adjusted lifetime benefits for more years than do men:

**Social Security supports millions of older women — more than half would fall into poverty without these benefits.<sup>5</sup>**

- Forty-eight percent of all non-married (divorced, widowed, or never married) women age 65 and older get 90 percent or more of their income from Social Security.<sup>6</sup>
- In 2008, 23 percent of women over the age of 65 relied on Social Security for all of their income.<sup>7</sup>

Yet Social Security is not perfect. Women still bear a disproportionate burden of caregiving responsibilities, which can take them out of the paid workforce to care for children and aging parents.

### Improving Retirement Security for Women

Many women cobble together retirement benefits from a number of sources, and even then are left to rely on the benefits of their spouse, other public assistance programs, or live in poverty.

Although Social Security needs reform, the system is not broken. The most recent Social Security trustees' report shows that the system can pay all scheduled benefits through 2033.<sup>8</sup>

One possible reform to strengthen the system is lifting the payroll tax cap, putting the wealthiest Americans on equal footing with everyone else.<sup>9</sup> The Chief Actuary of the Social Security Administration has projected that applying the payroll tax to income above \$250,000 will extend the full solvency of Social Security for the next 75 years,<sup>10</sup> protecting the benefits of millions of Americans.

Another potential reform is a caregiver credit, which would give Social Security credits to men and women who step away from paid work to provide family care. This would help alleviate the resulting shortfall in Social Security benefits.

## Additional Resources

*Frequently Asked Questions.*

Social Security Administration

<http://ssa-custhelp.ssa.gov/app/>

*Graduating to a Pay Gap.*

American Association of University Women

<http://www.aauw.org/research/graduating-to-a-pay-gap/>

*Women and Retirement Security.*

American Association of University Women

<http://www.aauw.org/resource/aauws-position-on-women-and-retirement-security/>

*AAUW advances equity for women and girls through advocacy, education, and research. Since 1881, AAUW has been one of the nation's leading voices promoting education and equity for women and girls. AAUW has a nationwide network of more than 165,000 members and supporters across the United States, as well as 1,000 local branches and 800 college and university partners.*

---

<sup>1</sup> American Association of University Women. (October 2012). *Graduating to a Pay Gap*. Retrieved May 3, 2013, from [www.aauw.org/research/graduating-to-a-pay-gap/](http://www.aauw.org/research/graduating-to-a-pay-gap/)

<sup>2</sup> Employment Benefit Research Institute. (November 2012). *Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2011*. Retrieved December 19, 2012, from [www.ebri.org/pdf/briefspdf/EBRI\\_IB\\_11-2012\\_No378\\_RetParticip.pdf](http://www.ebri.org/pdf/briefspdf/EBRI_IB_11-2012_No378_RetParticip.pdf)

<sup>3</sup> U.S. Department of Labor, Bureau of Labor Statistics. (October 2012). *Highlights of Women's Earnings in 2011*. Retrieved May 7, 2013, from [www.bls.gov/cps/cpswom2011.pdf](http://www.bls.gov/cps/cpswom2011.pdf)

<sup>4</sup> Economic Policy Institute. (May 2005). *Social Security: Frequently Asked Questions*. Retrieved January 14, 2011, from [epi.3cdn.net/4f894bf3eec6822dec\\_a5m6brb5d.pdf](http://epi.3cdn.net/4f894bf3eec6822dec_a5m6brb5d.pdf)

<sup>5</sup> U.S. Congress Joint Economic Committee. (October 2010). *Social Security Provides Economic Security to Women*. Retrieved January 14, 2011, from [jec.senate.gov/public/?a=Files.Serve&File\\_id=d0036901-2da3-4387-b77f-d33aff6f7f](http://jec.senate.gov/public/?a=Files.Serve&File_id=d0036901-2da3-4387-b77f-d33aff6f7f)

<sup>6</sup> Social Security Administration. (January 2012). *Social Security is Important to Women*. Retrieved December 19, 2012, from [www.ssa.gov/pressoffice/factsheets/women.htm](http://www.ssa.gov/pressoffice/factsheets/women.htm)

<sup>7</sup> Institute for Women's Policy Research. (2003). *Gender and Economic Security in Retirement*. Retrieved January 14, 2011, from [www.iwpr.org/publications/pubs/gender-and-economic-security-in-retirement](http://www.iwpr.org/publications/pubs/gender-and-economic-security-in-retirement)

<sup>8</sup> Social Security and Medicare Boards of Trustees. (2012). *A Summary of the 2012 Annual Report: Social Security and Medicare Boards of Trustees*. Retrieved June 6, 2013, from [www.ssa.gov/oact/tr/2013/tr2013.pdf](http://www.ssa.gov/oact/tr/2013/tr2013.pdf)

<sup>9</sup> Social Security Administration. (February 6, 2013). *Social Security and Medicare Tax Rates; Maximum Taxable Earnings*. Retrieved April 23, 2013, from [ssa-custhelp.ssa.gov/app/answers/detail/a\\_id/240/~social-security-and-medicare-tax-rates%3B-maximum-taxable-earnings](http://ssa-custhelp.ssa.gov/app/answers/detail/a_id/240/~social-security-and-medicare-tax-rates%3B-maximum-taxable-earnings)

<sup>10</sup> Social Security Administration, Office of Chief Actuary. (September 7, 2011). *Letter to Senator Sanders*. Retrieved December 19, 2012, from [www.ssa.gov/oact/solvency/BSanders\\_20110907.pdf](http://www.ssa.gov/oact/solvency/BSanders_20110907.pdf)