Social Security and the Changing Economic Role of Women

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IWPR Mission Statement

The Institute for Women's Policy Research conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies.
Women’s Contribution to the Economy

Two Halves of Women’s Lives

Work for Pay

Family Care
The Care Economy

Women are following care work out of the home into the marketplace.

AND

Women continue to do the majority of care work still done at home.
Women are voting with their feet and moving into paid employment.

Labor Force Participation for Women and Men Aged 16 and Over 1978 to 2008

Each cohort of women works more than the one before.


Women’s and men’s Pay is becoming more equal...


Note: For men and women aged 15 and older.
But, it is not there yet. The wage gap grows with age.

Source: US Census Bureau 2008
Boomers worked more than their moms, married less.

- Boomer women worked twice as much as their moms.
- Got more education, earned more.
- Married less, divorced more, had fewer children, had children outside of marriage.
Non-marriage is especially high for Black women.

Women are much more likely to be alone in old age than men.

Population of Married and Unmarried Women and Men, 2000
(Aged 85 and Older)

Women
- Unmarried 85% (2,383,491,000)
- Married 19% (573,694,000)

Men
- Unmarried 44% (525,875,000)
- Married 56% (677,501,000)

Source: US Census Bureau 2002
How does Social Security, our near-universal retirement system take care of older women?

Positive Aspects:
- Covers everyone who worked at least 10 years at $4,360 per year.
- Provides benefits to wives whether they worked for pay or not, former wives (provided they had a ten-year marriage), and widows.
- Fully adjusted for inflation (especially important for long-lived women).
- Returns more to lower earning than higher earning workers (redistributive).
Some Disadvantages for Women in Social Security

- Based on 35 years of earnings; non-earning years are averaged in as zeroes.
- Unmarried women who did caregiving have no access to spousal benefits.
- There are no benefits for caregiving outside of marriage.
Disadvantages, cont’d.

- A married, retired worker must choose between own benefit and spousal benefit.
- Since the typical woman earns 38% of what the typical man earns over a lifetime, these 2 benefits come out about the same and the typical working wife who paid into the system gets no additional benefits compared with the homemaker. She is dually entitled, but her benefits don’t increase.
Women’s eligibility as workers has remained the same for 50 years. Because more women work, more are dually entitled; fewer women are eligible solely because of marriage.

**Women’s Entitlement Status, 1960-2006**
*(All women aged 62 and older, December 2007)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Dependents Only</th>
<th>Dually Entitled</th>
<th>Workers Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>39%</td>
<td>4%</td>
<td>57%</td>
</tr>
<tr>
<td>1970</td>
<td>40%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>1980</td>
<td>57%</td>
<td>30%</td>
<td>4%</td>
</tr>
<tr>
<td>1990</td>
<td>60%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>70%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>80%</td>
<td>30%</td>
<td></td>
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</tbody>
</table>

Source: Social Security Administration 2007
Women continue to experience retirement insecurity.

- Women are working more, but their share of Social Security benefits is not increasing.
- Older women’s poverty may increase as non-marriage increases.
- Women’s increased work may NOT compensate for their decreased marriage and reduced access to men’s income.
Potential Solutions for Improving Social Security for Women

- Higher minimum benefits for low-income women (decrease poverty).
- EITC-type tax credit for older workers à la Canada (decrease poverty).
- Treat dual-earners better (increase equity).
- Develop a caregiving credit for Social Security (reduce poverty and increase equity).
What a Caregiving Credit Could Look Like

- Provide an earnings credit for every year with a child under 6 (available to both parents and/or non-married partners)

- Example: Parents of young children would receive an earnings credit of at least $15,000 per year even if they earned nothing.

- Reward work effort so that earners have somewhat more $ on their record than non-earners.

<table>
<thead>
<tr>
<th>Earnings</th>
<th>Credit + Earn.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$15,000</td>
</tr>
<tr>
<td>$7,500</td>
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<tr>
<td>$10,000</td>
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<td>$15,000</td>
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<td>$30,000</td>
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</tbody>
</table>
We need to improve Social Security for Women to:

- Account for women’s increased work effort
- Account for caregiving outside marriage and new family structures
- Increase benefits for vulnerable women who live alone
- Strengthen Social Security and increase benefits for women, not cut back on Social Security just as economic insecurity is increasing.