

# Retirement Security for Working Women: How Pensions Keep Older Women Out of Poverty



## Gender Discrimination Undermines Retirement Security

- Pay inequity continues to corrode based on race. For every dollar paid to a white man for the same job:<sup>1</sup>
  - » White women earn 79 cents.
  - » Black women earn 63 cents.
  - » Native American women earn 60 cents.
  - » Latinas earn 55 cents.
  - » Asian American and Pacific Islander earn 52 cents.
- This pay inequity erodes women's Social Security and employer-sponsored retirement benefits.
- According to recent data, women had a median retirement income that was just 83% that of men's.<sup>2</sup>

## In Retirement, Women Are Forced To Do More With Less

- Women are more likely than men to live in poverty in their retirement.
- Women often miss years of pay due to caregiving responsibilities, reducing their retirement earnings.
- Women average \$88,393 in their 401(k) balance, versus men averaging \$131,045 in their 401(k)s.<sup>3</sup>
- The poverty rate for women aged 65 and older was 10%—3% higher than the rate for men.<sup>4</sup>
- Women retiring at age 65 are expected to live about three years longer than men and are more likely to live alone in old age.<sup>5</sup>

## Public Pensions Provide Women With Retirement Security

- Women make up more than 60% of the state and local government workforce, which includes professions like nursing and teaching.<sup>6</sup>
- By guaranteeing retirement income, public pensions provide economic security for millions of older women.
- Pension plans consistently outperform 401(k)-style plans, offering the most benefit for the least cost to the government.
- Pension benefits are based on salary *and* years of service, so women are not penalized twice for being paid less.

## Politicians Pushing 401(k)s Threaten Women's Retirement Security

- Some politicians are trying to replace pensions with risky 401(k)-style plans that enrich Wall Street at the expense of working families.
- 401(k) plans often charge high fees that send taxpayer money to Wall Street instead of retirees.
- 401(k)s put workers' retirement savings at the mercy of the market; workers could enter retirement with no savings at all.
- 401(k)s increase the chance that retirees—especially women—will outlive their savings and fall into poverty.

<sup>1</sup> National Partnership for Women & Families. (2021, March). *Quantifying America's Gender Wage Gap by Race/Ethnicity*. <https://www.nationalpartnership.org/our-work/resources/economic-justice/fair-pay/quantifying-americas-gender-wage-gap.pdf>.

<sup>2</sup> Bond, T., Saad-Lessler, J., & Weller, C.E. (2020). *Still Shortchanged: An Update on Women's Retirement Preparedness*. National Institute on Retirement Security. <https://www.nirsonline.org/wp-content/uploads/2020/04/Still-Shortchanged-Final.pdf>.

<sup>3</sup> Kneuen, L. (2021, March 15). The average 401(k) balance by age, income level, gender, and industry. *Business Insider*. <https://www.businessinsider.com/personal-finance/average-401k-balance>.

<sup>4</sup> Fins, A. (2020, December). *National Snapshot: Poverty among Women & Families, 2020*. National Women's Law Center. <https://nwlc.org/wp-content/uploads/2020/12/PovertySnapshot2020.pdf>.

<sup>5</sup> US Department of Labor. (2019, September). *Women and Retirement Savings*. <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebbsa/our-activities/resource-center/publications/women-and-retirement-savings.pdf>.

<sup>6</sup> Cooper, D., & Wolfe, J. (2020, July 9). *Cuts to the state and local public sector will disproportionately harm women and Black workers*. Economic Policy Institute. <https://www.epi.org/blog/cuts-to-the-state-and-local-public-sector-will-disproportionately-harm-women-and-black-workers/>.