

Conclusion

Social Security is a progressive system that is completely portable, and it includes guaranteed lifetime benefits for eligible recipients as well as their spouses—all important elements for women, regardless of race or ethnicity. The reality is that young or old, poor or not, Social Security is there for *all* women, and today in America, *all* women depend on Social Security. Across the generations, it has been there as a constant source of needed retirement income. It has been there for grandmothers, mothers, sisters, and daughters, and it must continue to be there, as millions of older women depend on this program for their livelihood. It is the cornerstone of their retirement income, it is their insurance against disability and the death of a spouse, it is their guarantee, and it is their earned right.

¹ U.S. Administration on Aging, *A Profile of Older Americans: 2001*, February 2002.

² Social Security Administration, *How Does Social Security Benefit Women?*, March 1998.

³ U.S. Administration on Aging, *Older Women—Older Americans Month 2000: In the New Century... the Future is Aging*, May 2000.

⁴ Center on Budget and Policy Priorities, "Social Security Reform and Women of Color," Presentation by Kilolo Kijakazi, February 2000.

⁵ Social Security Administration, Office of Policy, *Income of the Population 55 or Older*, 1998.

⁶ U.S. Bureau of the Census, *Current Population Survey*, March 2001.

⁷ National Committee on Pay Equity, *Wage Gaps: Minority Women*, October 2001.

⁸ National Alliance for Caregiving, *Family Caregiving in the U.S.: Findings from a National Survey*, 1997.

⁹ U.S. Administration on Aging, *Caregiver Diversity—Older Americans Month*, May 2001.

¹⁰ Metlife Mature Market Institute, *The Metlife Juggling Act Study: Balancing Caregiving with Work and the Costs Involved*, 1999.

¹¹ *Ibid.*

¹² Social Security Administration, Office of Policy, *Women and Retirement Security*, October 1998.

¹³ Social Security Administration, *Social Security is Important to African Americans*, March 2001.

¹⁴ U.S. Administration on Aging, May 2000.

¹⁵ Kijakazi, February 2000.

¹⁶ Social Security Administration, Office of Policy, *Income of the Population 55 or Older*, 1998.

¹⁷ U.S. Bureau of the Census, March 2001.

¹⁸ National Committee on Pay Equity, October 2001.

¹⁹ U.S. Administration on Aging, *Serving Our Hispanic American Elders*, May 2001.

²⁰ Metlife Mature Market Institute, 1999.

²¹ U.S. Administration on Aging, *Serving Our Hispanic American Elders*, May 2001.

²² *Ibid.*

²³ OWL, *Women, Work, and Pensions: Improving the Odds for a Secure Retirement*, Mother's Day Report, May 1998.

²⁴ *Ibid.*

²⁵ Social Security Administration, Office of Policy, *Women and Retirement Security*, October 1998.

²⁶ U.S. Bureau of the Census, *The Asian and Pacific Islander Population in the United States*, September 2000.

²⁷ U.S. Bureau of the Census, March 2001.

²⁸ American Association of University Women, *Social Security: AAUW Principles for Reform*, April 2000.

²⁹ U.S. Administration on Aging, *Serving Our Asian American and Pacific Islander Elders*, May 2001.

³⁰ *Ibid.*

³¹ Social Security Administration, *Social Security is Important to Asian Americans*, Fact Sheet, March 2001.



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- ◆ For an overview of women and Social Security, see Primer I: Women's Realities and Retirement Consequences.
- ◆ To read about reforms to Social Security, see Primer III: Women's Stake in the Social Security Debate.
- ◆ For tips on preparing for your own retirement, see Primer IV: Strategies for a Secure Retirement.

The Color of Money



Primer II

Retirement Security & Women of Diverse Communities

As America ages, it is becoming increasingly diverse. By 2030, adults over 65 years of age will account for 20 percent of the U.S. population (compared with 12 percent today), and minorities will account for 25 percent of older Americans (compared with 16 percent today).¹ Representing the majority of older adults, women are the face of an aging population made up of diverse communities, each confronting unique challenges and facing different realities.

But one thing is always the same: all older women rely on Social Security. Women represent 60 percent of all Social Security recipients at age 65 and 72 percent of all recipients by age 85.² Across all boundaries, women rely on this important program as a critical lifeline, a source of steady income they can count on and an insurance against disability and death they desperately need. (For background information on how Social Security works for women and families, please see Primer I.)



African American Women

For African American women, growing older in America often means becoming poorer. The work and life patterns of African American women often come together to create a dismal picture in old age. Older African American women are three times more likely to be living in poverty than white women, which equates to a 30 percent poverty rate.³

African American women depend on Social Security. Without it, the poverty rate for older African American women would more than double, reaching 66 percent.⁴ Social Security provides the bulk of retirement income for most African American women, but this is especially true for unmarried African American women who face a triple threat: their race, gender, and marital status. Social Security is the *only* source of income for 40 percent of older unmarried African American women, while 57 percent of unmarried African American women rely on Social Security for 90 percent or more of their income.⁵

Why is this? African American women's dependence on Social Security begins with the realities that shape women's lives early on: the reality of the wage gap, the reality of caregiving, and the reality of flexible jobs that offer few benefits, especially pensions.

1. *African American women earn less.* The economic chasm that is apparent between women and men during their work lives grows much larger during retirement. African American women experience some of the most severe pay inequities: they earn only 64 percent of what a white man earns, compared with 72 percent for white women.⁶ Over a thirty-five year career, that's \$420,000 less to save or invest for retirement.⁷

2. *Caregiving impacts African American women's retirement security.* The common denominator of all forms of caregiving is that women

do the vast majority of the work—nearly three-quarters of informal caregivers to seniors are women.⁸ Race makes a difference when it comes to informal caregiving, too. More than half of African American caregivers find themselves “sandwiched” between caring for an older person and a younger person, compared with 20 to 40 percent of the general population.⁹ Because of caregiving, African American women often take more flexible, lower-waged jobs with few benefits, or stop working altogether. In fact, women spend an average of 14 years out of the workforce for family caregiving, which further diminishes their earning power even beyond the impact of the wage gap. As a result of caregiving, African American women lose an average of \$550,000 in lifetime wage wealth.¹⁰

3. *Most African American 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. Like all women, African American women are about half as likely as men to receive pension income, and when they do, the benefit is only about half that of the benefit men receive.¹¹ African American women are also less likely than white women to receive an annuity, and they receive less from lump sum distributions (from retirement plans when they leave a job) than white women do. When it comes to savings, African American women's lower wages prevent them from preparing adequately for retirement. Only 25 percent of African American women have income from savings or assets, making Social Security a much-needed lifeline.¹²

Social Security addresses the needs of African American women. Because African American women earn much less and are consequently less likely to have savings, they are especially dependent on the progressive benefit formula of the Social Security system, which returns a greater percentage of earnings to lower-wage workers. The disability and survivors' Social Security benefits are critical, because African Americans have lower life expectancies and therefore rely disproportionately on these benefits. African Americans account for 12 percent of the general population, yet African Americans make up 17 percent of disabled workers receiving benefits, and 22 percent of all children receiving Social Security survivor benefits.¹³

Latinas

Race and ethnicity, family arrangements, and economic resources are major influences on the quality of older women's lives. For Latinas, these influences often translate into poverty. Twenty-five percent of Latinas over age 65 are living in poverty.¹⁴

Latinas depend on Social Security. Without it, 61 percent of Latinas over age 65 would be poor.¹⁵ Social Security is the *only* source of income for 40 percent of older unmarried Latinas, and 58 percent of unmarried Latinas over 65 rely on Social Security for 90 percent or more of their income.¹⁶

Why is this? Latinas' dependence on Social Security begins with the realities that shape women's lives early on: the reality of the wage gap, the reality of caregiving, and the reality of flexible jobs that offer few benefits, especially pensions.

1. *Latinas earn the least.* Latinas experience the worst pay inequities: they only earn only 52 percent of what white men earn.¹⁷ Over a thirty-year career, that's \$510,000 less to save or invest.¹⁸ This enormous wage gap has severe implications for a Latina's retirement security, leaving her even more dependent on Social Security.

2. *Caregiving impacts Latinas' retirement security.* The typical Latino/a caregiver is a 40-year-old woman.¹⁹ Like all women, Latinas spend a significant portion of their life caring for others, and they lose an average of \$550,000 in lifetime wage wealth because of it.²⁰ Twenty-seven percent of Latino/a households provide informal caregiving to a friend or relative, compared with 23 percent of all households. More than 52 percent of older Latino/as receive care from adult children, compared with smaller percentages of African Americans and white older Americans.²¹ Women of all races and ethnicities juggle their jobs and caregiving roles, but this is especially true for Latinas because they are more likely to be caring for more than one person. More than half of all Latino/a caregivers also have a child age 18 or younger living at home.²²

3. *Most Latinas don't have income from pensions or savings.* On average, women are half as likely as men to have income in retirement from a pension. In rates of pension coverage, which don't always translate into income in retirement, Latinas fare the worst, with 26 percent of Latinas having pension coverage, compared with 39 percent of both African American and white women.²³ Latinas are also much less likely to have an annuity.²⁴ And because Latinas earn less, they save less, too. Only 33 percent of Latinas have retirement income from savings or assets.²⁵ You can't save what you don't earn.

Social Security addresses the needs of Latinas. Because Latinas earn less, are able to save less, and are much less likely to have pension income, they depend most on the progressive, guaranteed benefit Social Security provides. And because Latinas live about two years longer than white women and four years longer than African American women, they count on the assured lifetime benefit and the cost-of-living protections Social Security provides.

Asian American Women

(Author's note: OWL was disappointed to find scarce public research on Asian American women's rates of pension coverage, retirement income, and savings/assets. It is critical that government and private researchers look closely at such data and break it down by both gender and race.)

Asian American women* depend on Social Security. Thirteen percent of Asian American women over age 65 are poor.²⁶ Like all women, Asian American women need Social Security as a guaranteed, lifetime benefit. It is there for them as a constant source of income and security in old age, and because Asian American women are prone to poverty, they especially depend on this program.

1. *The wage gap also affects Asian American women.* Asian American women earn 80 percent of what white men earn.²⁷ And, like all women, the pay gap only increases as they age. Over a lifetime, the wage gap adds up to about \$250,000 less in earnings for an Asian American woman to invest in her retirement.²⁸

2. *Caregiving impacts Asian American women's health and retirement security.* The typical Asian American caregiver is a 39-year-old female who works either full- or part-time.²⁹ For Asian American women, caregiving can have a great impact on their overall well-being, as they are less likely to seek respite (services that allow you to take a brief break from caregiving) than other women. Asian American caregivers are the least likely of all population groups to seek professional assistance for coping with the stress of caregiving.³⁰

Social Security responds to the needs of Asian American women. Because of their lower wages, Asian American women count on the progressive benefit formula Social Security provides. Asian American women also depend on Social Security's lifetime promise of a guaranteed benefit adjusted for inflation. Because they live three years longer than the majority of women, Asian American women absolutely need Social Security's guarantee of a steady source of income in old age. As the Asian American population grows from 4 percent today to 9 percent in 2050, their stake in the future of Social Security will only increase.³¹

* The data that apply to Asian American women includes Pacific Islanders. The Pacific Islander group includes people of Micronesian, Polynesian (Native Hawaiians, Samoans, Tongans, and Tahitians), and Melanesian descent. The Asian American group also includes Chinese, Japanese, Filipino, Asian Indians, and Koreans.

THE COLOR OF MONEY: RETIREMENT FOR WOMEN OF DIVERSE COMMUNITIES IS A public education and media campaign designed to build greater understanding of America's retirement system and women's stake in the discussion to reform it.

The campaign specifically encourages dialogues with African American women and Latinas about their significant vulnerability to retirement insecurity. Funded by the Retirement Research Foundation, this project will work with OWL chapters to hold community conversations across the country to address retirement security issues facing African American women and Latinas, with a special emphasis on younger women.

All older women rely on Social Security.