

An Uphill Climb: Women Face Greater Obstacles to Retirement Security

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Preparing for an adequate retirement is more of a challenge for women than it is for men. Women are more likely to live alone, tend to live longer than men, and are at greater risk of outliving some sources of retirement income, making it more difficult for women to meet their retirement needs. This fact sheet highlights major economic and demographic challenges that impact women's retirement security.

- 1. Women need to prepare for more years in retirement and are more likely to spend years living alone.** A 65-year-old woman can expect to live 2 years longer than a 65-year-old man (21 more years compared to 19 years).¹ In 2011, more than 60 percent of individuals aged 80 and older were women.² Because women live longer, they are more likely to be single and depend on one income at older ages: in 2012, only 45 percent of women aged 65 and older were married compared to 75 percent of men.³
- 2. Women earn less.** In 2012, full-time working women aged 55 and older had median earnings that were 76 percent of older men's median earnings.⁴
- 3. Women spend more time out of the workforce caring for family members.** The majority (67 percent) of caregivers are women,⁵ and, as a result of caregiving, it is estimated that women have 12 fewer years in the paid workforce over their lifetimes.⁶
- 4. Women are less likely to participate in pension plans.** Employed women are more likely to work part time (fewer than 35 hours per week) than employed men (27 percent vs. 11 percent in 2011).⁷
- 5. Women typically spend more on medical care.** In 2007, median out-of-pocket spending was \$3,319 for women compared to \$2,948 for men, despite the fact that women are more likely to have supplemental insurance such as Medicare Advantage or Medigap insurance (93 percent of women have supplemental insurance compared to 87 percent of men).⁸
- 6. Women's lower work earnings lead to lower Social Security benefits in retirement.** In 2012, the average annual retirement benefit for women was more than 20 percent lower than men's (\$13,233 compared to \$17,005).¹⁰
- 7. Women aged 65 and older depend on Social Security for a larger share of their retirement income.** In 2011, 26 percent of women in this age group relied on Social Security for 90 percent or more of their family income compared to 20 percent of older men.¹¹

8. **Women tend to have lower retirement income than men.** In 2010, women’s median retirement income was 59 percent that of men’s (a median of \$15,072 in total income compared to \$25,704 for men).¹²
 9. **Women are more likely to enter a nursing home, a significant expense in retirement.** More than 70 percent of nursing home residents are women, whose average age at admission was 80 years old. The cost of staying in a nursing home can be prohibitive. In 2006, the average annual cost of a private room in a nursing home was \$75,000 and a shared room almost \$67,000.¹³
 10. **Women are more likely to live in poverty in old age.** The poverty rate for women aged 65 and older, in 2011, was 10.7 percent—4.5 percentage points higher than the poverty rate for men 65 and older (6.2 percent).¹⁴
- In sum, women are less financially secure than men during their working lives and as they approach retirement. They have lower earnings, are less likely to participate in a pension plan, and incur higher medical costs. On average, this translates into lower income in retirement than men are likely to have. Because of these difficulties, women must plan even more carefully to ensure a comfortable retirement.

Endnotes

¹ Social Security Administration. *The 2012 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*. Table V.A4.—Cohort Life Expectancy, 2012 intermediate estimate at age 65. (<http://www.ssa.gov/OACT/TR/2012/lr5a4.html>)

² United States Census Bureau. *The Older Population in the United States: 2011*. Table 1. (<http://www.census.gov/population/age/data/2011.html>)

³ Bureau of the Census. *The Statistical Abstract of the United States*. Table 57. Marital Status of the Population by Sex and Age: 2010. (<http://www.census.gov/compendia/statab/2012/tables/12s0057.pdf>)

⁴ Bureau of Labor Statistics. “Median usual weekly earnings, employed full time, wage and salary workers, 55 years and over.” In 2012, women aged 55 and older and working full time had median weekly earnings of \$752 compared to \$987 for men.

⁵ National Alliance for Caregiving in Collaboration with AARP. *Caregiving in the U.S.: A Focused Look at Those Caring for the 50+*. November 2009. (http://assets.aarp.org/rgcenter/il/caregiving_09.pdf)

⁶ Cindy Hounsell. *The Female Factor 2008: Why Women Are at Greater Financial Risk in Retirement and How Annuities Can Help* (Washington, D.C.: Americans for Secure Retirement, 2008). (http://paycheckforlife.org/uploads/ASR-white_paper_FINAL.pdf)

⁷ Bureau of Labor Statistics. *Women in the Labor Force: A Databook*. Report 1040. (<http://www.bls.gov/cps/wlf-databook-2012.pdf>)

⁸ United States Government Accountability Office. *Retirement Security: Women Still Face Challenges*. July 2012, GAO-12-699. (<http://www.gao.gov/assets/600/592726.pdf>)

⁹ Claire Noel-Miller, PhD. *Medicare Beneficiaries’ Out-of-Pocket Spending for Health Care*, AARP Insight on the Issues 65, May 2012. In addition to Medicare Advantage and Medigap insurance, supplemental insurance can include Medicaid, other public insurance, or employer-related insurance. (http://www.aarp.org/content/dam/aarp/research/public_policy_institute/health/medicare-beneficiaries-out-of-pocket-spending-AARP-ppi-health.pdf)

¹⁰ Social Security Administration. “Number in current payment status and average monthly amount, by sex of beneficiary.” (<http://www.ssa.gov/cgi-bin/currentpay.cgi>)

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¹¹ Selena Caldera. *Social Security: A Key Retirement Resource for Women*. AARP Public Policy Institute. Fact Sheet 251. March, 2012. (http://www.aarp.org/content/dam/aarp/research/public_policy_institute/econ_sec/2012/Social-Security-Key-Retirement-Resource-for-Women-fs-251-AARP-ppi-econ-sec.pdf)

¹² U.S. Census Bureau. *Annual Social and Economic Supplement, PINC-02*. (women: http://www.census.gov/hhes/www/cpstables/032011/perinc/new02_054.htm) (men: http://www.census.gov/hhes/www/cpstables/032011/perinc/new02_030.htm). The Annual Social Economic Supplement asks individuals the amount of money income received in the prior calendar year. For a detailed explanation of what is included in income, see page 29 of Carmen DeNaveas-Walt et al. *Income, Poverty, and Health Insurance Coverage in the United States: 2011*. “Current Population Reports,” pp. 60–243. (<http://www.census.gov/prod/2012pubs/p60-243.pdf>)

¹³ Ari Houser. *Women & Long-Term Care*. AARP Public Policy Institute analysis of data from the 2004 National Nursing Home Survey. April 2007. (http://assets.aarp.org/rgcenter/il/fs77r_ltc.pdf)

¹⁴ U.S. Bureau of the Census, *Current Population Survey, Annual Social and Economic Supplements. Historical Poverty Tables – People*. Table 7. Poverty, by Sex. (<http://www.census.gov/hhes/www/poverty/data/historical/people.html>)

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