

# The Glass Ceiling of Retirement

## Women Disproportionately Impacted by Retirement Crisis

### The Retirement Crisis.

Workers are not saving enough for their retirement. It's a topic headlining magazine articles and political agendas. It's one of the most prominent issues facing a majority of today's workers and retirees. While we hear a lot about the effect of the crisis on these groups, we rarely discuss the one sector of this population that is, arguably, the most disproportionately affected.

### Women.

#### Lower Wages

It is no secret that women generally make less than their male counterparts in comparable employment positions. According to a 2014 Bureau of Labor Statistics' report, women made, on average, 18% less than men in 2013.<sup>1</sup> While this statistic has increased significantly over the past few decades, a major inequality remains.

In 2013, women in full-time positions made approximately **82%** of what men earned.

#### Less Time in the Workforce

In addition to earning less than men for the same work, women are more likely to spend less time in the workforce. According to the Social Security Administration, women leave traditional employment for an average of 12 years to serve as a caregiver, likely caring for children and/or elderly relatives.<sup>2</sup> Full-time caregivers are typically not bringing in any income or contributing to a retirement account or personal savings, however some may seek part-time employment.

#### The Overall Effect on Women

**12 years**  
The average length of time that female caregivers leave the workforce

Lack of retirement savings for women is a snowball effect. Lower wages and less time in the workforce lead to less current income, lower personal savings, and reduced retirement plan contributions. In addition, Social Security benefits are affected. Social Security benefits are calculated, in part, by averaging the 35 years in which the beneficiary had the highest earnings. Someone who temporarily leaves the traditional workforce to serve as a caregiver may not have 35 years of employment at retirement, which can lessen their Social

Security benefit. As a result, these disparities lead to less income for women to fuel their golden years.

While these statistics portray the "average" woman, each situation is different. In today's world, there are more female breadwinners and females in high-ranking positions than ever before. However, there are also more single or divorced women with marriage rates

**\$12,857**  
The average annual Social Security benefit for a woman age 65 and older

<sup>1</sup> U.S. Bureau of Labor Statistics. BLS Reports. *Highlights of women's earnings in 2013*. Report 1051. December 2014. Pgs. 1-2.

<sup>2</sup> Sweetland Edwards, Haley. *The Next Social Security Crisis*. Time Magazine. 3 August 2015. Pgs. 48-52.

declining each year in the United States. Approximately 1 out of every 3 baby boomer women is either divorced or never married. Roughly half of all elderly women depend on Social Security as their sole source of income compared to less than one fourth of married couples. For the year 2013, men age 65 and older received, on average, \$16,590 in total Social Security benefits. Comparatively, women in the same age range received an average of \$12,857 for the year.<sup>3</sup> This data is harrowing, but it illustrates how critical it is for women to not only plan for the future of their family but for their retirement future as well.

### *The Solution*

Unfortunately, women bear the brunt of the retirement crisis; however, they do not have to stand idly by. Women should take an active role in their retirement planning. Understanding the basics of investing will help anyone, male or female, better comprehend what steps to take to build a successful retirement future.

Currently, on average, women make less than men. As previously discussed, this creates a snowball effect, eventually leading to less retirement income. However, this wage gap is shrinking with time and women have the tools to more quickly shrink the wage gap. Numerous studies show that women are much less likely to negotiate their salary than men. Job specific salary information is readily available and competitive salaries can be achieved.

Lessening the wage gap, a vital step in turning around the retirement savings disparity, can lead to women having increased personal savings and retirement accounts. Additionally, elevated earnings will increase future Social Security benefits. But women aren't the only benefactors. When the wage gap is closed, women will not only be able to save more money to fuel their retirement, but also to spend more to fuel the economy.

As Sallie Krawcheck, owner of Ellevest Network, explains, *"It's not a question of whether we can afford to make the changes to get women more fully economically engaged - it's a question of whether we as a country can afford not to."*<sup>4</sup>

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<sup>3</sup> Sweetland Edwards, Haley. The Next Social Security Crisis. Time Magazine. 3 August 2015. Pgs. 48-52.

<sup>4</sup> Sallie Krawcheck. Why the retirement savings crisis is also a women's crisis. The Washington Post. 24 April 2015.