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Equal Pay Day 2014: Earnings, Income and Retirement Security for Women

April 8th is Equal Pay Day, a day that highlights the continuing need to ensure fair pay for women in the workforce. Women have made significant strides in the workforce in recent years but, on average, still have lower wages than men. Estimates vary, but most show that women who work full time earn between 77 and 82 cents for every dollar men earn.¹ Much of this disparity is due to differences in education and occupation, but even after accounting for those and other measureable factors, women still make less than men.²

Lower average wages impact women throughout their lives, and they can greatly affect women's retirement security. On average, women receive lower Social Security payments than men, have smaller private savings and receive less income from pension plans.³ For women who work part time at points in their careers or take time out of the workforce to care for children or aging parents, the discrepancies can be even more pronounced. These realities are particularly troubling because women often need greater resources to support themselves in retirement: women live longer than men, typically spend more on medical care and are more likely to enter a nursing home.⁴

This report examines recent trends in women's earnings and retirement savings. It also discusses policy options to help more women achieve financial security in retirement, including ways to increase women's earning potential and ensure women receive fair pay.

THE U.S. CONGRESS JOINT ECONOMIC COMMITTEE DEMOCRATIC STAFF
Senator Amy Klobuchar, Vice Chair

Families Depend on Women's Earnings

Women's earnings have become increasingly important to families' financial security. Two-thirds of families rely all or in part on a mother's income, and in more than one-third of families the mother is the primary earner.⁵ Still, data show that women take home less pay on average than men.⁶

According to the Bureau of Labor Statistics, the median weekly earnings of women working full-time are \$706, compared with median earnings of \$860 per week for men (**Table 1**).⁷ Education, industry, occupation and experience all play a role in the difference in earnings. For example, women of all ages are more likely to be employed in lower-paying industries such as health care and education, and across industries, they tend to be employed in lower-paying occupations.⁸ But even after taking those and other measurable factors into account, women still earn less than men.⁹

Women's Wages and Retirement Income

Lower average wages translate into lower lifetime earnings for women, with significant implications for their financial security in retirement. Among women ages 65 and older, annual median income from all sources is roughly \$11,000 less than among men in the same age group (**Figure 1**).¹⁰

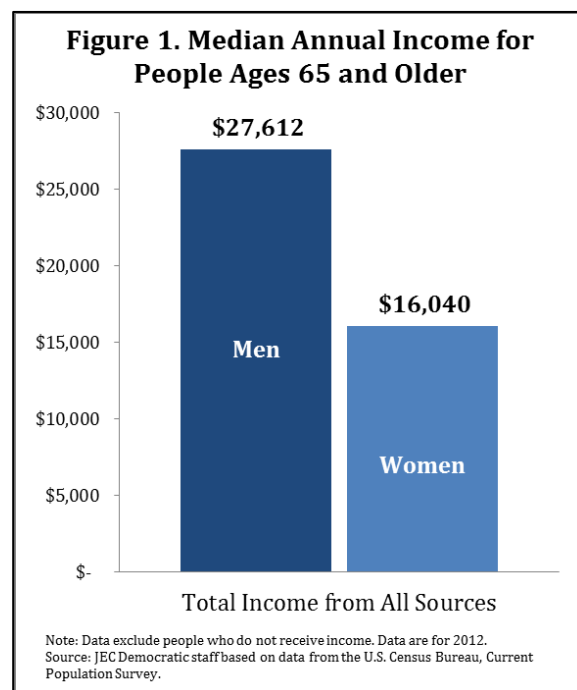
Social Security: Social Security retirement benefits are based on a worker's earnings over his or her career. Because women earn less than men on average, their Social Security benefits also tend to be smaller. The average weekly benefit for female retirees is 78 percent of what it is for male retirees (**Table 1**).¹¹

Traditional Pensions: Women are less likely to receive income from a traditional pension plan, and among those who do, their income is smaller. Payments from these plans are typically calculated based on a worker's tenure and salary during peak-earnings years and provide a life-long stream of income. Women's median income from company or union pensions is 53 percent of men's median income from those sources. Women also receive smaller distributions from federal, state and local government pension plans.¹²

Private Savings: Lower earnings also affect the ability of women to contribute to defined contribution retirement plans (such as a 401(k), 403(b) or employee stock ownership plan).¹³ Income from those sources is based on a person's contributions and may include matching contributions from an employer. Women are less able to take advantage of these and other means of saving for retirement, and they may outlive their savings.¹⁴

Challenges for Older Women in the Workforce

Many women remain in or return to the labor force after they have reached retirement age. Roughly eight million women 60 years or older are working, including 3.4 million women who are at least 65.¹⁵ However, the discrepancy between women's and men's earnings widens with age, increasing from 12 percent for workers under age 25 up to 26 percent for women 65 years and over (**Figure 2**).¹⁶

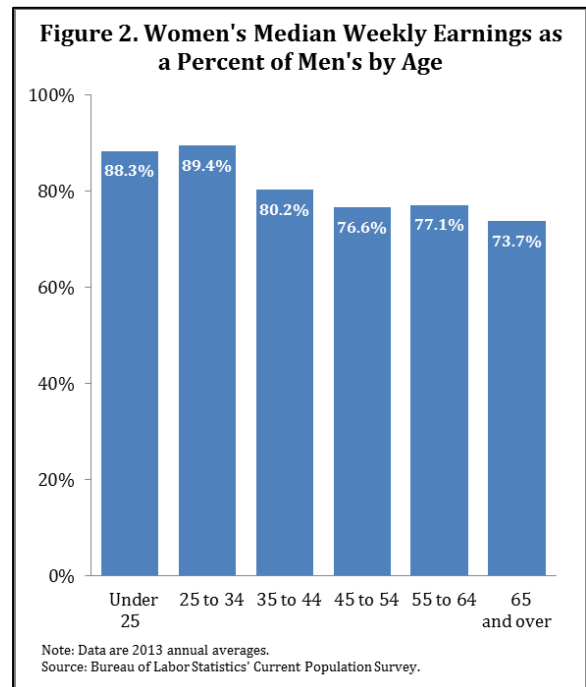


There are a number of possible explanations for the increased pay discrepancy faced by older women. For example, women at later stages in their careers are more likely to have left the workforce temporarily or worked part time at some point in their professional lives, often to raise children.¹⁷

The “Sandwich Generation”

Many women of the Baby Boomer Generation are also members of the so-called “Sandwich Generation”—sandwiched between the dual responsibilities of caring for children and aging parents. Two-thirds of caregivers are women, and many take time out of the paid workforce to do so.¹⁸

The flexibility of part-time work can be an attractive option for many women balancing work and family demands, but that flexibility may come at a cost. Roughly two-thirds of part-time workers are women,¹⁹ and part-time workers often face an earnings penalty when compared to their full-time counterparts. They are also less likely to qualify for employer-sponsored retirement plans.²⁰



Helping Women Receive Fair Wages and Solidify Their Retirement Security

Targeted policies that help women boost their wages and earning potential could help women financially, both during their working years and in retirement.

Encouraging more women to enter higher-paying, historically male-dominated fields such as science, technology, engineering and math (STEM) can be an important part of the solution. According to some studies, STEM occupations tend to pay men and women more equally,²¹ yet women continue to be underrepresented in these fields, partly due to factors such as a lack of peer mentorship. To ensure more women are exposed to opportunities in STEM early on, the Innovate America Act (S. 1777) would add 100 new STEM high schools throughout the United States.²² To increase the participation of women and underrepresented minorities in STEM fields, the Women and Minorities in STEM Booster Act (S. 288) would require the National Science Foundation to award competitive grants to colleges and nonprofit organizations for programs in these areas.²³

Policies that encourage employers to adopt flexible work schedules could have a significant impact for women balancing work outside the home with caregiving responsibilities. To help ease the financial strain on family caregivers, the Americans Giving Care to Elders (or AGE) Act (S. 1485) would provide a tax credit of up to \$6,000.²⁴

Finally, Congress can take steps to ensure women are earning a fair wage by passing the Paycheck Fairness Act (S. 84).²⁵ This bill would protect women who inquire about pay within their workplace from retaliation. It would also establish training programs to help women negotiate wages while increasing penalties for employers that pay men and women different wages for the same work.

For data sources, please see the expanded version of this report on Vice Chair Klobuchar's website: www.jec.senate.gov/public.

Table 1. Women's Earnings and Social Security Benefits by State

2013	Earnings for All Full-Time Workers		Earnings for Older Full-Time Workers		Social Security Benefits	
	Women's Median Weekly Earnings (16 and older)	As a Percent of Men's Earnings (16 and older)	Women's Median Weekly Earnings (50 and older)	As a Percent of Men's Earnings (50 and older)	Average Weekly Benefit of Female Retirees	As Percent of Male Retirees' Average Weekly Benefit
United States	\$706	82.1%	\$766	76.4%	\$268	77.8%
Alabama	\$633	77.2%	\$726	74.9%	\$257	75.9%
Alaska	\$760	74.0%	-	-	\$247	76.8%
Arizona	\$702	82.8%	\$753	72.1%	\$271	78.3%
Arkansas	\$607	86.1%	\$647	83.1%	\$251	77.8%
California	\$772	89.4%	\$899	85.7%	\$267	81.0%
Colorado	\$762	77.9%	\$897	77.5%	\$258	75.5%
Connecticut	\$894	80.8%	\$991	79.0%	\$291	77.5%
Delaware	\$728	82.4%	-	-	\$284	77.8%
District of Columbia	\$1,100	90.8%	-	-	\$260	86.0%
Florida	\$679	83.2%	\$747	79.2%	\$265	78.7%
Georgia	\$677	81.6%	\$755	79.8%	\$261	76.5%
Hawaii	\$727	84.2%	\$741	74.0%	\$276	84.8%
Idaho	\$649	87.6%	\$744	80.6%	\$251	74.8%
Illinois	\$727	81.6%	\$797	71.2%	\$271	77.3%
Indiana	\$650	78.3%	\$659	72.2%	\$275	75.9%
Iowa	\$671	77.9%	\$730	71.7%	\$260	75.4%
Kansas	\$653	79.1%	\$705	70.9%	\$270	76.4%
Kentucky	\$610	81.4%	\$651	74.4%	\$249	76.2%
Louisiana	\$591	73.1%	\$603	64.4%	\$235	72.3%
Maine	\$684	85.3%	\$732	76.2%	\$243	76.3%
Maryland	\$870	86.0%	\$994	81.2%	\$281	80.1%
Massachusetts	\$900	81.2%	\$940	73.4%	\$269	77.3%
Michigan	\$720	81.5%	\$774	79.7%	\$281	76.6%
Minnesota	\$790	82.6%	\$856	79.6%	\$268	76.3%
Mississippi	\$593	80.2%	\$627	69.0%	\$250	77.4%
Missouri	\$665	78.1%	\$700	69.7%	\$258	76.0%
Montana	\$594	76.3%	-	-	\$247	76.6%
Nebraska	\$668	83.4%	\$692	77.4%	\$259	76.1%
Nevada	\$649	87.1%	\$734	75.5%	\$265	79.4%
New Hampshire	\$788	82.4%	\$881	81.6%	\$274	75.7%
New Jersey	\$789	79.5%	\$816	68.5%	\$299	79.7%
New Mexico	\$646	78.1%	\$855	76.5%	\$251	79.4%
New York	\$758	83.3%	\$811	79.1%	\$286	81.5%
North Carolina	\$635	82.7%	\$722	73.8%	\$266	77.9%
North Dakota	\$692	76.6%	-	-	\$242	75.0%
Ohio	\$680	82.7%	\$724	74.8%	\$256	74.4%
Oklahoma	\$591	78.2%	\$652	74.2%	\$258	78.0%
Oregon	\$705	80.8%	\$759	75.4%	\$265	77.6%
Pennsylvania	\$701	79.7%	\$740	77.4%	\$272	76.8%
Rhode Island	\$756	79.2%	\$835	76.7%	\$270	77.7%
South Carolina	\$622	79.2%	\$630	74.2%	\$264	76.2%
South Dakota	\$602	79.8%	-	-	\$243	75.4%
Tennessee	\$629	84.4%	\$690	82.8%	\$262	76.9%
Texas	\$629	78.6%	\$711	74.9%	\$255	76.3%
Utah	\$642	74.3%	\$745	71.4%	\$257	72.5%
Vermont	\$745	91.3%	-	-	\$266	78.3%
Virginia	\$808	83.2%	\$901	79.7%	\$270	77.7%
Washington	\$764	79.3%	\$882	84.3%	\$275	77.4%
West Virginia	\$633	74.7%	\$679	75.6%	\$256	76.6%
Wisconsin	\$697	81.9%	\$734	74.1%	\$269	76.1%
Wyoming	\$671	68.6%	-	-	\$257	74.1%

Note: (-) Data are not available due to small sample sizes.

Source: JEC Democratic staff based on data provided by the Bureau of Labor Statistics (from the Current Population Survey) and the Social Security Administration (converted to a weekly benefit). The U.S. Census Bureau estimates women's earnings to be 76.5 percent of men's in 2012, based on annual earnings data from the CPS Annual Social and Economic Supplement. The Census Bureau does not publish state-level estimates from that source. BLS's estimate of women's earnings as a share of men's based on weekly earnings is larger because it includes seasonal and other workers who may not have been employed for the full year.

Sources:

- ¹ The U.S. Census Bureau publishes estimates of men's and women's earnings using data from two surveys. Using data from the Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC), women's median earnings were 76.5 percent of men's earnings. Using data from the American Community Survey (ACS) 1-year estimates, women's earnings were 78.8 percent of men's. Both of these estimates are based on the annual earnings of wage and salary workers 16 years and older who worked full time, year round in 2012. The Bureau of Labor Statistics also publishes estimates of men's and women's earnings. Using data collected in the monthly CPS on the median weekly earnings for full-time workers, women's earnings were 82.1 percent of men's earnings in 2013. Data are available at <http://www.bls.gov/cps/cpsaat37.pdf> (BLS 2012 and 2013 data); <http://www.census.gov/prod/2013pubs/p60-245.pdf> (ASEC: 2012 data are shown in Table A-4); and http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_1YR_S2002&prodType=table (ACS 1-year estimates: 2012 data are shown in Table S2002).
- ² Benjamin Collins and Jody Feder, *Pay Equity: Legislative and Legal Developments*, Report for Congress RL31867 (Congressional Research Service, November 22, 2013).
- ³ Employee Benefits Research Institute (EBRI), "Table 7.4: Sources of Income of the Older Population: Number and Percentage of Individuals, Mean Income and Median Income by Gender 2011," Median Income Distribution by Source, Age 65+.
- ⁴ Mikki D. Waid, *Fact Sheet: An Uphill Climb: Women Face Greater Obstacles to Retirement Security* (AARP Public Policy Institute, April 2013), http://www.aarp.org/content/dam/aarp/research/public_policy_institute/econ_sec/2013/uphill-climb-women-face-greater-obstacles-retirement-security-AARP-ppi-econ-sec.pdf.
- ⁵ JEC Democratic Staff, *Mother's Day 2013: The Importance of Mothers for Family Economic Security* (May 2013), http://www.jec.senate.gov/public/?a=Files.Serve&File_id=89d4243c-64db-47b3-a6df-083e53ac8948.
- ⁶ Benjamin Collins and Jody Feder, *Pay Equity: Legislative and Legal Developments*, Report for Congress RL31867 (Congressional Research Service, November 22, 2013).
- ⁷ U.S. Census Bureau, *Income, Poverty and Health Insurance Coverage in the United States: 2012*, "Table A-4: Number and Real Median Earnings of Total Workers and Full-Time, Year-Round Workers by Sex and Female-to-Male Earnings Ratio: 1960 to 2012" (September 2013). (Based on data from Current Population Survey 2013 Annual Social and Economic Supplement.)
- ⁸ JEC Democratic Staff, *Large Gender Pay Gap for Older Workers Threatens Economic Security of Older Women* (December 2010), http://www.jec.senate.gov/public/?a=Files.Serve&File_id=052c0f10-0c6b-4578-9dc4-0e14e9abdd7d; and American Association of University Women (AAUW), *The Simple Truth about the Gender Pay Gap 2014 Edition* (March 2014).
- ⁹ Benjamin Collins and Jody Feder, *Pay Equity: Legislative and Legal Developments*, Report for Congress RL31867 (Congressional Research Service, November 22, 2013).
- ¹⁰ JEC Democratic staff calculations based on data from the U.S. Census Bureau, "PINC-08: Source of Income in 2012 - People 15 Years Old and Over, by Income of Specified Type in 2012, Age, Race, Hispanic Origin, and Sex," 65 Years and Over, All Races, http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc08_000.htm.
- ¹¹ JEC Democratic staff calculations based on data from the Social Security Administration, "Table 5.J3: Retired Workers: Number and Total Monthly Benefits for Retired Workers Aged 65 or Older, by State or Other Area and Sex, December 2013." (Average weekly benefit for a female retiree is \$268, compared to \$344 for a male retiree.)
- ¹² JEC Democratic staff calculations based on data from the U.S. Census Bureau, "PINC-08: Source of Income in 2012 - People 15 Years Old and Over, by Income of Specified Type in 2012, Age, Race, Hispanic Origin, and Sex," 65 Years and Over, All Races, http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc08_000.htm.
- ¹³ U.S. Department of Labor, "Retirement Plans, Benefits & Savings" (March 27, 2014), <http://www.dol.gov/dol/topic/retirement/typesofplans.htm>.
- ¹⁴ Testimony of Barbara D. Bovbjerg, Managing Director, Education, Workforce, and Income, Government Accountability Office, before the Special Committee on Aging, U.S. Senate, *Retirement Security: Older Women Remain at Risk*, GAO-12-825-T (July 25, 2012), <http://www.gao.gov/products/GAO-12-825T>.
- ¹⁵ JEC Democratic staff calculations based on data from the Bureau of Labor Statistics, "Table 3: Employment Status of the Civilian Noninstitutional Population by Age, Sex, and Race," 2013 Annual Averages as of March 31, 2014, <http://www.bls.gov/cps/cpsaat03.htm>.

¹⁶ JEC Democratic staff calculations based on data from the Bureau of Labor Statistics, “Table A-1: Usual Weekly Earnings of Employed Full-time Wage and Salary Workers by Age, Sex, Race, and Hispanic or Latino Ethnicity and Non-Hispanic ethnicity,” 2013 Annual Averages.

¹⁷ JEC Democratic Staff, *Large Gender Pay Gap for Older Workers Threatens Economic Security of Older Women* (December 2010), http://www.jec.senate.gov/public/?a=Files.Serve&File_id=052c0f10-0c6b-4578-9dc4-0e14e9abdd7d; and American Association of University Women (AAUW), *The Simple Truth about the Gender Pay Gap 2014 Edition* (March 2014).

¹⁸ Mikki D. Waid, *Fact Sheet: An Uphill Climb: Women Face Greater Obstacles to Retirement Security* (AARP Public Policy Institute, April 2013), http://www.aarp.org/content/dam/aarp/research/public_policy_institute/econ_sec/2013/uphill-climb-women-face-greater-obstacles-retirement-security-AARP-ppi-econ-sec.pdf.

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²⁰ JEC Democratic Staff, *The Earnings Penalty for Part-Time Work: An Obstacle to Equal Pay* (April 20, 2010), http://www.jec.senate.gov/public/?a=Files.Serve&File_id=74203874-3821-44e4-b369-4efbe14d8745.

²¹ U.S. Department of Commerce, Economics and Statistics Administration, *Women in STEM: A Gender Gap to Innovation*, Issue Brief #04-11 (August 2011), <http://www.esa.doc.gov/sites/default/files/reports/documents/womeninstemagaptoinnovation8311.pdf>; and Christianne Corbett, “The Pay Gap in STEM Fields” (blog entry, March 31, 2011), <http://www.nature.com/scitable/forums/women-in-science/the-pay-gap-in-stem-fields-19116412>.

²² Information on legislation is available at the Legislative Information System (LIS) of the U.S. Congress at www.lis.gov.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.