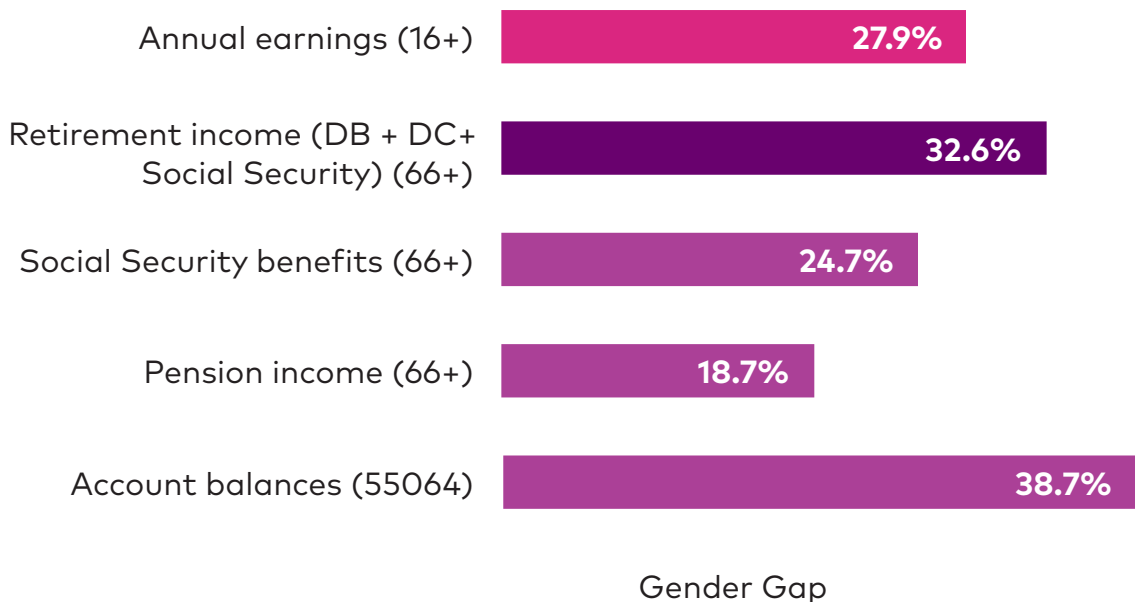


The Retirement Income Gap Leaves Women Aged 65+ at Higher Risk of Poverty than Men

At 32.6 percent, the gender gap in retirement income—the sum of pension and Social Security income—was 4.0 percent larger than the 28.0 percent gender gap in median earnings in 2021. Women's account balances are the main driver of this gap. The retirement account balance gap for women aged 55–64 was 38.7 percent, while the Social Security benefits gap was 24.7 percent, and the pension income gap was 18.7 percent (Figure 1). The role of pensions and the Social Security progressive formula are equalizers of the retirement gap. Additionally, women are more likely than men to rely on Social Security as their primary or sole source of retirement income.¹

Figure 1. Gender Gap in Median Retirement Income and Median Annual Earnings, 2021

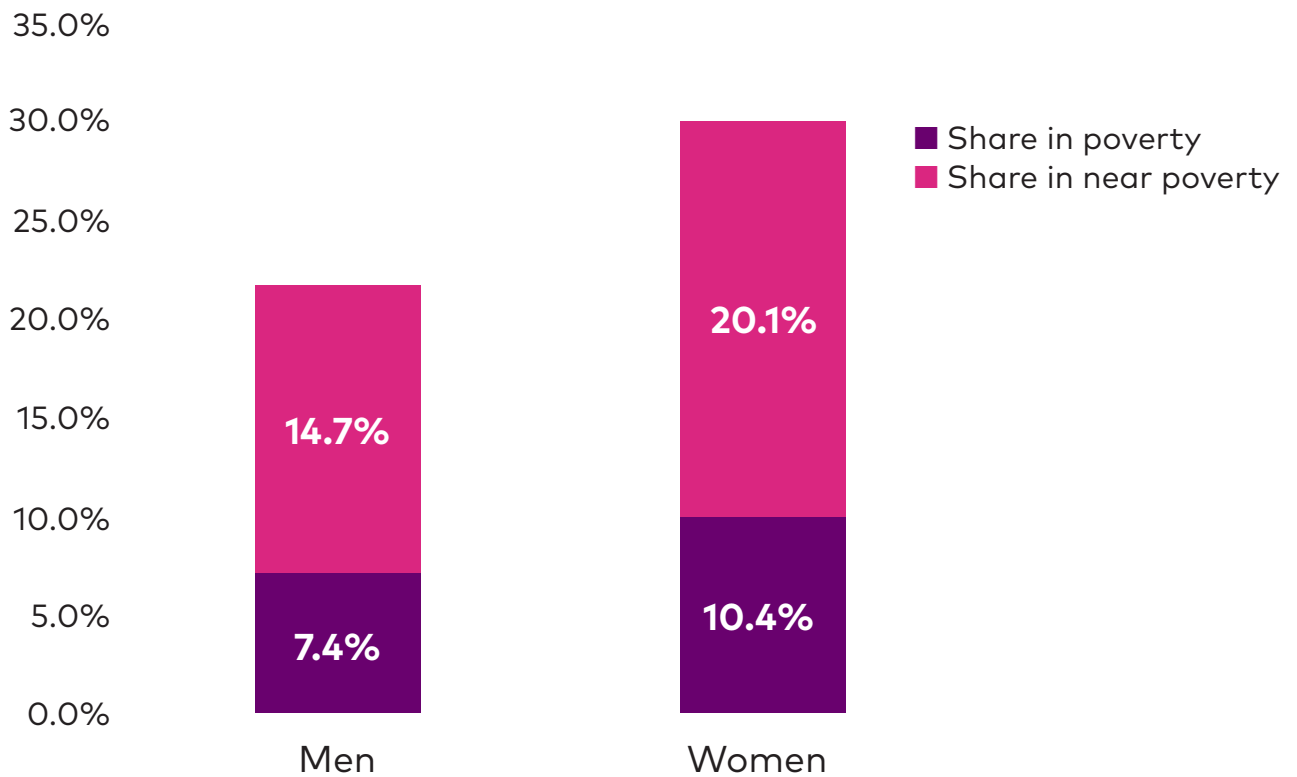


Source: Calculations by Siavash Radpour (SCEPA) and Martha Susana Jaimes (IWPR) based on data from the U.S. Census Bureau Survey of Income and Program Participation (SIPP) for FY 2022 as part of the forthcoming *Retirement Security and Old-Age Poverty among Women* report.

Notes: All gaps are calculated using the medians for women and men. The median is the midpoint of the income distribution at which 50 percent earn more and 50 percent earn less. The gender gap is the inverse of the gender earnings or income ratio, calculated as 100 minus the ratio. Account balances are the person-level sum of the value of retirement accounts, including IRA and Keogh accounts, 401(k), 403(b), 503(b), and Thrift Savings Plan accounts as of the last day of the reference period, conditional on being higher than \$1,000. Pension income includes any income from a defined benefit (DB) or defined contribution (DC) scheme. Social Security income is based on monthly benefits received from January to December. Samples for annual earnings, Social Security benefits, pension income, and retirement account balances are limited to those with non-zero values. Sampling weights used.

Labor market inequalities increase women’s risk of living in poverty. Women have lower earnings than men when they are employed, and they are more likely to reduce their work hours, interrupt their employment, or leave the workforce due to (unpaid) caregiving activities.² This has a negative effect on their earnings, as well as on their retirement income and savings, leading to gender gaps that contribute to women’s comparatively higher risk of poverty at older ages (65+). By age 65, 10.4 percent of women live in poverty, compared to 7.4 percent of men, and 20.1 percent of women live near the poverty line, compared to 14.7 percent of men (Figure 2).

Figure 2. Poverty and Near-Poverty at Age 65+, by Gender



Source: Calculations by Siavash Radpour (SCEPA) and Martha Susana Jaimes (IWPR) based on data from the U.S. Census Bureau Survey of Income and Program Participation (SIPP) for FY 2022 as part of the forthcoming *Retirement Security and Old-Age Poverty among Women* report.

Notes: Poverty is defined as individuals living in households with less than 100% of the income-to-poverty ratio, and near-poverty as households with income below 200% of the income-to-poverty ratio.

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NOTES

1. According to the Social Security Administration, 46% of unmarried women over 65 receiving benefits rely on Social Security for nearly all (90% or more) of their income. <https://www.ssa.gov/news/press/factsheets/women-alt.pdf>
2. Richard W. Johnson, Karen E. Smith, and Barbara A. Butrica, "Lifetime employment-related costs to women of providing family care" (Washington DC: Urban Institute, 2023). https://www.dol.gov/sites/dolgov/files/WB/Mothers-Families-Work/Lifetime-caregiving-costs_508.pdf