

RETIREMENT AND SOCIAL SECURITY

EQUITABLE WORK AND WAGES

Federal Policy Solutions to Advance Gender Equity | February 2025

OVERVIEW

Amidst a rapidly aging population, the United States faces an impending retirement crisis unless critical, targeted policy interventions are enacted. Between 2010 and 2020, the population aged 65 and over expanded by 38.6 percent, reaching **55.8 million** people, according to the Census Bureau—a growth primarily driven by the aging Baby Boomer generation and **declining birth rates**. By 2033, the population of individuals aged 65 and over in the United States is projected to reach approximately **73.1 million**. This demographic shift presents significant challenges for public policy, including a contracting workforce, heightened demand for health care and social services, and—most importantly—increased pressure on the retirement system, mainly on Social Security.

The aging population also highlights a significant gender issue: women's higher exposure to poverty in old age due to retirement insecurity. In the US, life expectancy reveals stark gender disparities, with women typically outliving men by

several years. As of 2022, **data** from the Centers for Disease Control indicate that men's life expectancy at birth was 74.8 years, with women expected to live approximately 5.4 years longer, reaching a life expectancy of 80.2. More importantly, women's life expectancy once they reach 62—the earliest retirement age—is three years higher than men's: In 2024, women, on average, are expected to live 22 more years past the age of 62, while men, on average, will live 19 more years.

Women's longer lifespans make them more vulnerable to lifetime income disparities, especially because women typically earn less than men, which directly impacts their ability to save for retirement. They are also more likely to take time off from work, leading to career breaks that reduce their overall earnings and limit their contributions to retirement savings. These factors, combined with a higher life expectancy, lead to a greater incidence of poverty for women at older ages (65+).

Women's longer life expectancy, combined with their lower overall earnings and limited contributions to retirement savings, lead to a **greater incidence of poverty for women at older ages (65+)**.

In the face of this retirement insecurity, Social Security is women's most reliable retirement income source. The progressive benefit formula and cost of living adjustments are especially helpful for low-lifetime earners, among whom women are overrepresented. Additionally, Social Security provides crucial survivor and spousal benefits, extending coverage to women who did not participate in the labor force.

These features make Social Security the most vital program for alleviating women's poverty. However, Social Security's Old-Age and Survivors Insurance (OASI) trust fund is at risk of insolvency, with recent projections indicating a depletion of resources by 2033, when continuing program income will only be sufficient to pay 79 percent of scheduled benefits.

WHAT THE RESEARCH SAYS

- **By age 65, IWPR research finds that 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.** Women reach retirement age with far less savings, less accumulated wealth, and fewer assets than men, making them more dependent on retirement income sources. However, these are often insufficient, leading to higher poverty incidence.
- **The gender gap in retirement income is 32.6 percent.** This gap is higher than the annual earnings gap of 27.9 percent and is mainly driven by a higher gap in retirement account balances, which, at 38.7 percent, reflects women's lower capacity to save into retirement accounts.
- **Women tend to live longer than men, increasing the duration of their retirement and the risk of outliving their savings.** Lower retirement account savings, lower Social Security wealth, and higher life expectancy lead to insufficient resources in retirement, which prevent women from keeping up with pre-retirement living standards.

In 2021, Social Security lifted **10.4M** women aged 65 and over out of poverty.

- **Women depend more on Social Security as their primary source of income in retirement.** Among Social Security beneficiaries aged 65 and older, 37 percent of men and 42 percent of women receive 50 percent or more of their income from Social Security.
- **In 2021, Social Security lifted 10.4 million women aged 65 and over out of poverty** as measured by the Supplemental Poverty Measure, according to research from the National Women's Law Center. This included nearly 1.3 million older Black women, 885,000 older Latinas, 329,000 older Asian women, and 7.8 million older White, non-Hispanic women.
- **If the trust funds are allowed to become exhausted in the 2030s, beneficiaries would face reductions of around 20 percent in their benefits,** according to reporting from the Social Security Administration. Cutting Social Security benefits would disproportionately harm vulnerable populations, especially women and women of color.



WHY IT MATTERS

Women's lack of retirement security results from several interrelated factors, including the compounding effect of the gender pay gap and part-time work, career breaks, or withdrawal from the labor force due to caring responsibilities. These factors undermine women's ability to save into retirement accounts—401(k), 403(b), or 503(b) accounts—and lead to lower lifetime contributions to Social Security.

However, even with these challenges, the Social Security program's benefits structure has made it the bedrock of many women's retirement income, thanks partly to design features that expand coverage to spouses based on the higher earner's contributions. For example, Social Security offers auxiliary benefits such as survivor and spousal benefits, which are vital for women who may have spent significant portions of their lives out of the workforce providing unpaid care. Auxiliary benefits ensure that a married or divorced woman is eligible for a benefit at least equal to half the benefit owed to her living spouse or former spouse—or at least equal to the full benefit owed to a deceased spouse or former spouse, assuming she begins receiving benefits at the full retirement age. These program features help mitigate the negative impact of lifetime earnings gaps and prevent poverty among older women.

In the face of retirement insecurity due to lower access to employer-sponsored retirement accounts and inadequate retirement savings, Social Security is the most reliable source of income for women, particularly unmarried women and Black, Hispanic/Latina, and Native women. However, other groups of women, including never-married women and caregivers—who

are disproportionately Black and Latina women—do not benefit equally from program features like the auxiliary benefits. This is why it is critical for policymakers to seek options to reform the program to incorporate a benefit formula that recognizes unpaid caregiving and prevents these caregivers from being penalized both when they provide care by not being paid and when they retire by not having access to Social Security benefits.

In addition to necessary changes to the benefits calculation, policymakers must address the long-term financial sustainability of the Social Security program. The Social Security trust funds are projected to be depleted by 2033, which would result in an immediate 11 percent reduction in benefits if no action is taken. This would leave many more women and their families without enough financial resources to stay out of poverty.

Policymakers should also look to improve the Supplemental Security Income (SSI) program, which is administered by Social Security. Over seven million people rely on SSI, which provides benefits to individuals with limited income who are blind, 65 or older, or have a qualifying disability. SSI benefits are currently set below the poverty line, and over a third of elderly SSI recipients have no other income.

The Social Security trust funds are projected to be depleted by 2033, which would result in an immediate **11% reduction** in benefits if no action is taken.





POLICY SOLUTIONS

Improve the solvency of the Social Security trust funds. One way to do this is to raise the Social Security tax earnings cap, also known as the maximum taxable earnings, which is the highest amount of income subject to Social Security tax. For 2025, this cap is set at \$176,100. The Social Security tax cap covers approximately 82.1 percent of all US earnings. This means that 83 percent of total earnings are subject to Social Security taxes, while earnings above the cap (\$176,100) are not taxed for Social Security purposes. As inequality has grown in the past decades, the tax earnings cap has undermined revenue growth, contributing to the shortfall of the Social Security trust funds. At the same time, people earning above the cap pay a lower percentage of their income in payroll taxes compared to those earning below the cap, making contributions regressive. According to the Social Security Administration, raising the cap would eliminate 73 percent of the projected shortfall.

Expand Social Security benefits for all current and future beneficiaries. This includes both initiatives to provide an across-the-board increase, and policies that improve

the formula for calculating cost-of-living increases to ensure that seniors get increased COLAs that reflect the reality of their costs. Policymakers should also look to increase SSI benefits.

Expand Social Security to recognize unpaid care, for example, by implementing caregiver credits to improve the adequacy of Social Security benefits. Caregiver credits could be particularly important for caregivers who withdraw from the labor force or interrupt their careers to provide unpaid care. Caregiver credits can be earned and accounted for as contributions during the time spent out of the workforce caring for dependent children or sick or older adults. These credits would significantly benefit unmarried caregivers who rely only on their own Social Security contributions and do not benefit from other auxiliary benefits such as spousal, divorced, or survivor benefits.

Include a gender lens in discussions about Social Security expansion. Data clearly show disparities and challenges faced by different genders during retirement. Women have lower retirement wealth and live longer,



increasing their reliance on Social Security in old age. Social Security's expansion must ensure that benefits are adequate and accessible for all genders to mitigate existing inequalities and promote a fairer, more inclusive social safety net in old age.

Protect older women in the workplace, including against discrimination. Many older women who do remain in the workforce face significant challenges and barriers to getting and keeping jobs. They may experience discrimination, a lack of training or advancement opportunities, poor job quality, job displacement, and financial hardship. The Center for American Progress has **published** a full set of recommendations for promoting the rights of older women in the workplace.

Address the pay gap and other workplace inequities that contribute toward women's lower savings and decreased financial security in retirement. In addition to pay inequities, women are more likely to take time out of the workforce, including for care responsibilities, lowering their potential retirement assets and income. Among other options, policymakers should consider solutions to narrow the **pay gap**, provide all workers with access to **paid leave**, and invest in the **care** economy.



KEY LEGISLATION

Social Security Expansion Act:

Legislation to extend the solvency of Social Security by eliminating the earnings cap on Social Security taxes and to expand Social Security benefits for all current and new beneficiaries. The bill includes numerous other improvements to the program, including an increase in cost-of-living adjustments.

Supplemental Security Income (SSI) Restoration Act: A bill to improve SSI through an updated claims process, increased minimum benefits, and expanded resource and asset limits.