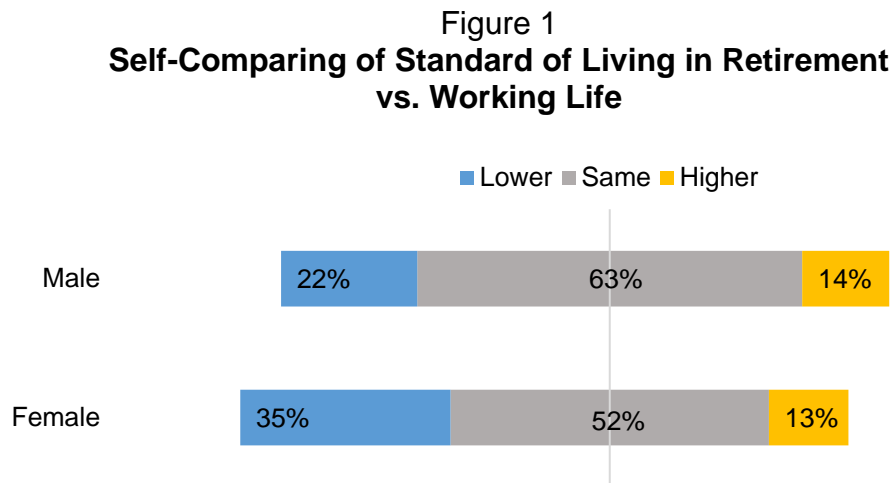


Identifying the Root Causes of Gender Disparities in Retirement

An important finding in the Employee Benefit Research Institute's (EBRI) recent *Issue Brief* "[Retirees in Profile: Evaluating Five Distinct Lifestyles in Retirement](#)" that is worth further exploration is the large discrepancy between the lifestyle of male and female retirees. Namely, across many metrics, including financial assets, annual income, and standard of living, women reported a decidedly worse situation in retirement than their male counterparts.¹

EBRI was able to fund the development of this research thanks to a generous grant from the RRF Foundation for Aging.

Specifically, while 1 in 5 male survey respondents reported their standard of living in retirement as being lower than that of their working life, more than a third of female respondents did so (Figure 1).



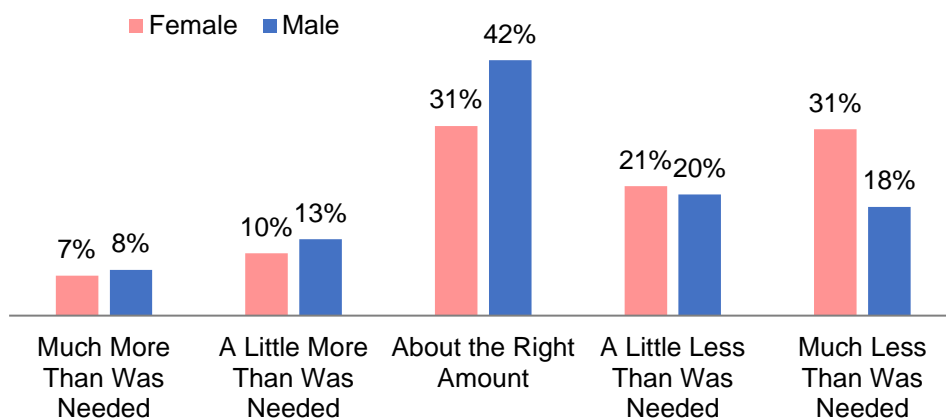
Source: EBRI's Spending in Retirement Survey.

Correspondingly, the survey found that women are less likely than men to think they have the right amount saved for retirement. Thirty-one percent of women vs. 42 percent of men responded this way. At the same time, nearly a

¹ The survey on which the *Issue Brief* was based featured 2,000 retired households aged 62 to 75 and with fewer than \$1 million in financial assets.

third of female respondents believed they have saved *much less* than needed, compared with 18 percent of male respondents (Figure 2).

Figure 2
Self-Reported Status of Retirement Saving Amount

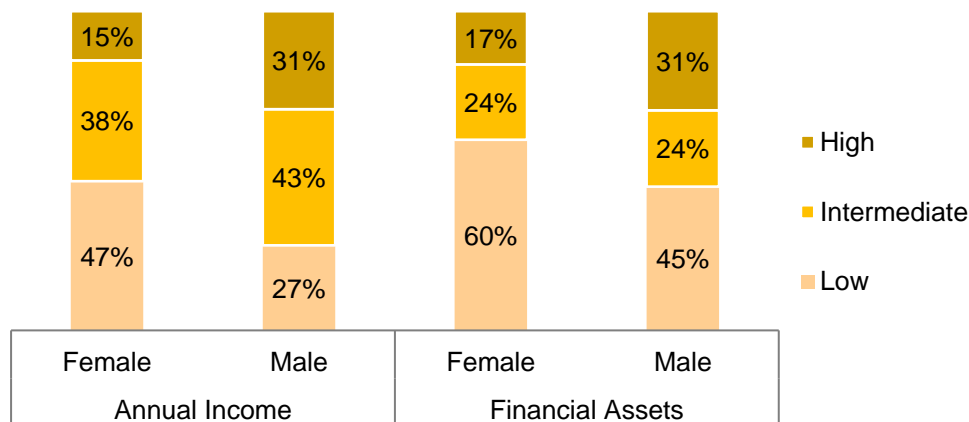


Source: EBRI's Spending in Retirement Survey.

These disparities in retirement savings and satisfaction can be attributed to many interconnected causes, some of which are evident in the survey responses.

Earnings: Women report low levels of income and financial assets² far more often than men.³ Nearly half of female respondents reported low annual income (defined as less than \$40,000) compared with just over a quarter of male respondents. Six in ten female retirees reported low financial assets (defined as \$99,000 or less), vs. less than half of male retirees. Meanwhile, a third of men in the survey reported high levels of income (defined as \$100,000 and over annually) and financial assets (defined as more than \$320,000), compared with 15 and 17 percent of the female respondents, respectively (Figure 3).

Figure 3
Annual Income and Financial Assets

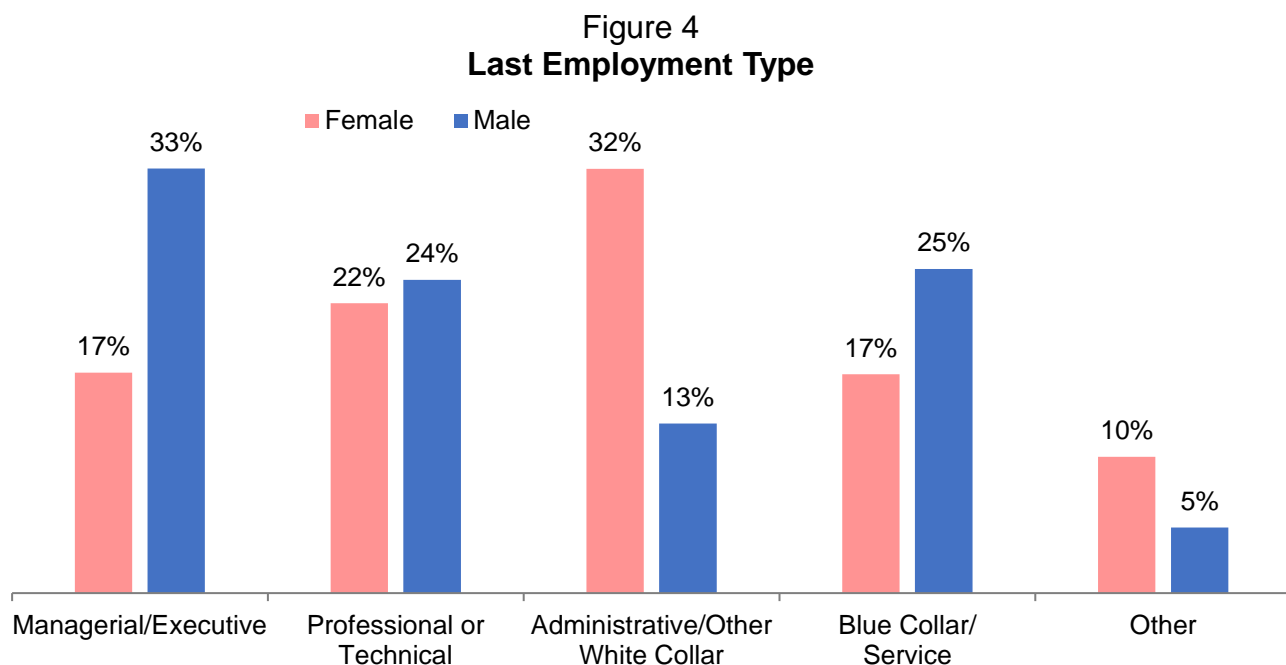


Source: EBRI's Spending in Retirement Survey.

² High annual income is defined as \$100,000 or more; intermediate is \$40,000 to \$100,000; low is less than \$40,000 annually. High financial assets is defined as more than \$320,000; intermediate is \$99,000 to \$320,000; low is \$99,000 or less.

³ Self-reported total income in 2019, and self-reported approximate value of respondents' household financial assets, defined as sum of the value of stocks and mutual funds; checking, savings, and money market accounts; certificates of deposit (CDs), government savings bonds, Treasury bills, and bonds and bond funds; and other savings.

In addition to being [paid less](#) for the same job as men, women also are less likely to achieve the highest-ranking jobs within their organization — contributing to their lower savings and income in retirement. According to Figure 4, half as many retired women reported their last occupation as being managerial or executive⁴ vs. men (17 and 33 percent, respectively).



Source: EBRI's Spending in Retirement Survey.

Caregiving: Further, several studies⁵ have shown that caregiving can have a significant economic impact on those providing care by reducing their working hours, forcing them out of the work force early, and reducing their Social Security benefits and private pensions. According to the EBRI retiree survey, female retirees were significantly more likely to report providing care (now or in the past) to someone with a disability or chronic illness inside or outside their household than men (36 vs. 23 percent). Women's greater role in providing care is further likely to negatively impact their own retirement situation.

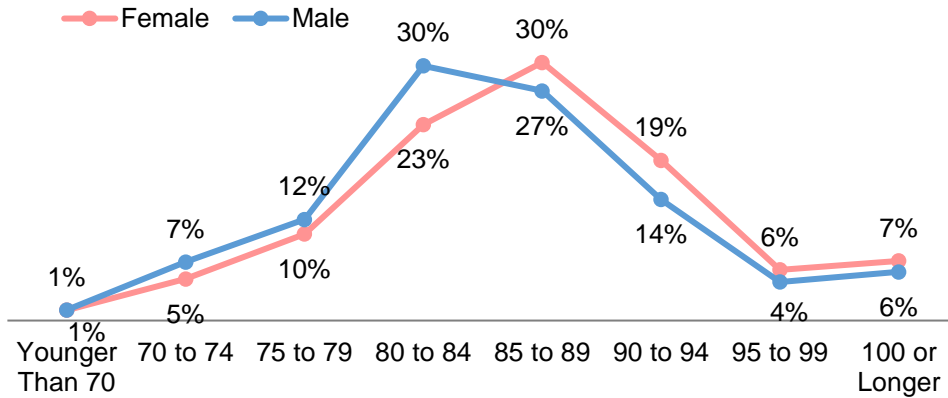
Life Expectancy and Marital Status: Finally, it is well documented that women are more likely to live longer in retirement than men. According to the latest [estimates](#), the average life expectancy of women at the age of 65 is 2.6 years longer than men (20.4 vs. 17.8 years). Consistent with this, the women surveyed by EBRI recognized their life expectancy would be longer than their male counterparts (Figure 5). This means they should actually

⁴ Defined in the survey as executive, senior manager, mid-level manager, or lower-level manager.

⁵ MetLife Mature Market Institute, "[Caregiving Costs to Working Caregivers](#)," June 2011; AARP Public Policy Institute, "[Caregiving in the US](#)," June 2015; United States Government Accountability Office, "[Retirement Security: Some Parental and Spousal Caregivers Face Financial Risks](#)," May 2019.

have greater assets than men in order to pay for their additional years in retirement — and yet they have fewer assets.

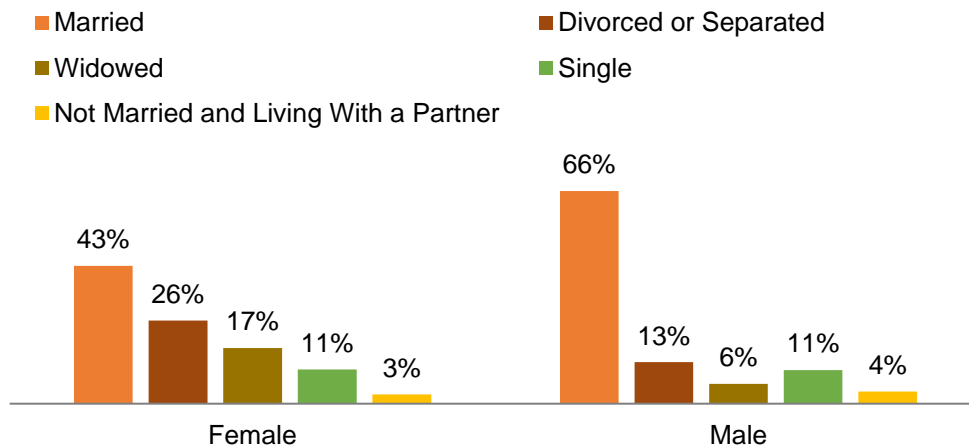
Figure 5
Perceived Life Expectancy
 Percentage of Respondents



Source: EBRI's Spending in Retirement Survey.

The life expectancy gap also indicates that women are more likely to survive their partners. As shown in Figure 6, among survey respondents, women were three times more likely to be widowed than men. As a result, women are likely surviving on fewer Social Security benefits. In addition, the health care — including caregiving — costs of the deceased spouse may also negatively affect the financial resources of the household.

Figure 6
Marital Status



Source: EBRI's Spending in Retirement Survey.

The survey also found that women were twice as likely to be separated or divorced as men (26 vs. 13 percent), which is consistent with other [analysis](#) showing that, compared with men, women are less likely to remarry at older ages. EBRI's [findings](#) derived from the same survey show that an unmarried status is associated with poor retirement outcomes. Furthermore, [research](#) has shown that women have a greater chance of becoming disabled at an older age on account of their lifespan being longer than men's. This puts them at an increased disadvantage as far as medical and long-term-care costs are concerned. Yet, without a spouse available to provide caregiving when required, retired women's likelihood of requiring paid assistance increases.

These findings underscore that despite significant improvements in women's labor force participation over the past decades, gender inequality remains a persistent issue in many aspects of women's working lives, including retirement security. Policy changes that are sensitive to women's unique retirement needs can help narrow the gap.

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which include a broad range of public, private, for-profit, and nonprofit organizations. For more information go to www.ebri.org or connect with us on [Twitter](#) or [LinkedIn](#).

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