

**JOINT INFORMATIONAL HEARING**  
**of the**  
**ASSEMBLY COMMITTEE ON HUMAN SERVICES**

**Jim Beall, Jr. Chair**

**and**

**ASSEMBLY COMMITTEE ON AGING AND LONG-TERM CARE**

**Mariko Yamada, Chair**

**Friday, December 9, 2011**  
**Ronald Reagan State Building, Auditorium**  
**300 South Spring Street**  
**Los Angeles, CA 90013**

**Fiscal Forecast for Older Women:**  
**POOR**

**ISSUE PAPER**

It is a disturbing fact that older women face some of the greatest challenges achieving economic security late in life. Decades of research, data, studies, reports and findings tell us that there are several well-known causes for why older women struggle financially, including:

- A longer life expectancy;
- Foregone earnings and Social Security benefits due to caregiving;
- Continued gender pay disparity;
- Aging alone (e.g. not remarrying); and,
- Women's attitudes and behaviors toward money.

Arguably, cycles that impact a woman's economic security late in life begin early in life. Marginalization of women, gender stereotyping for professional roles and careers, gender

discrimination, sexual harassment, caregiving, and the impact of child bearing and child rearing all work against a woman's ability to secure a dignified and independent late-in-life lifestyle.

While women have made economic strides over the last decade by enhancing their earning power and increasing their participation in the workforce, there still exist acute economic disparities between men and women, suggesting that additional work is yet to be done. It is well known that this disparity impacts older women planning for their economic security. But, what has been proposed, and what has been done to reverse this trend? As the baby-boom generation ages, and a much larger and more empowered cohort of women find themselves facing an inclement fiscal forecast, what strategies and policies exist to enhance the economic independence of today's older California women, as well as those of the generations to come? Answering these questions is the focus of this hearing.

### ***Aging***

California is home to the largest number of seniors in the nation and this population is expanding at a pace unprecedented in history. The California Department of Finance's Demographic Research Unit estimates that California's 65+ population will grow by 43 percent, from 4.4 million in 2010 to 6.35 million by 2020. Then, the 65+ cohort will grow another 39 percent, to 8.83 million by 2030; and then by an additional 21 percent to an astounding 10.5 million Californians over the age of 65 by 2040. Even more graphic is the proportion of the population who are 65+, which will transform our social landscape. Today roughly one in ten people are 65 or older. By 2040, roughly one in five people will be 65 or older.

Among various factors contributing to a disproportionate number of older women living in poverty is life expectancy. Because women's life expectancy is longer than men's, they are more likely to outlive their resources and slip into poverty. Though women comprise roughly half of the general population, by age 65 their proportion increases to about 57%. In the 85+ group, women outnumber men nearly two-to-one (64%/36%).

According to the U.S. Census Bureau (Bureau), at age 65, a woman can anticipate an additional 19.9 years of life expectancy. Men, on the other hand, can anticipate 17.2. Though longer life spans are a remarkable achievement for a society, the gift of additional years of life may not be so comfortable for older women.

### ***Poverty***

Recent reports by the Bureau cite that the number of Americans living below the official poverty line is the highest since the Bureau began tracking such statistics nearly 53 years ago. The Bureau reports that the number of Americans living below the poverty line last year reached 15.1 percent of the population. In California, that number was 16.3 percent. According to the Elder Economic Security Standard Index, a tool that measures the basic needs of a person ages 65 and

older, over half (54%) of the older women in California living alone, and more than a quarter (27%) of those living with others, such as spouses, struggle to make ends meet. It is within the intersection of historical economic disparity and the incidence of poverty among the elderly that older women find themselves in a stormy statistical double jeopardy. Even more confounding is the bleak outlook for elderly women of color.

For older people, Social Security has proven to be a substantial stop-gap mechanism to reduce poverty. According to the Bureau, since 1959 when statistics were first compiled, the poverty rate for older Americans dropped from 35.2 percent to roughly 9.7 percent. Nonetheless, closer scrutiny reveals that the poverty rate among older women is 10.7 percent, while the rate for older men is only 6.6 percent. Drilling deeper, marital status offers a revealing glimpse at a root cause of impoverishment. In the year 1999 when comparisons were last made by the Bureau, the data demonstrated that divorced women, and women who never married, were four to five times (20.4%, 18.9%) as likely to face impoverishment after reaching the age of 65, than women who remained married (4.3%).

### ***Caregiving***

Caregiving is the leading reason why women spend less time in the work force than men. Caring for children, or elderly and disabled family members, falls disproportionately upon women, which consequently causes breaks from employment that diminishes retirement benefits. In California, according to the Family Caregiver Alliance, (a California-based think tank on caregiving), 75% of caregivers are women with an average age of 51--an age when most other people are entering the highest income earning phase of their careers. Besides the financial pressures of caregiving, caregivers also endure costly legal quandaries, problems with their own health, emotional turmoil and depression, all at a time in their lives when their non-caregiving (typically male) counterparts are peaking in their income earning potential. Women are also less likely to receive pension income and have lower net capital worth. Older women of color, in particular, tend to be the least economically secure cohort in our society, and most involved in caregiving.

### ***Financial planning***

As discussed previously, older women encounter extra risks to their retirement than men. With these extra risks, it begs the question of whether or not women are aware of them and whether they are taking action. This question was recently addressed in a study performed by the MetLife Mature Market Institute in conjunction with the Scripps Gerontology Center of Miami University. The study revealed that there exists a "perilous paradox" of women's retirement and their response to their own economic security. The study found that women in general have greater concerns about their retirement security but do less than needed to plan for adequately addressing those concerns. It could be argued that it is self-evident that women who are caring for their children and/or elders and perhaps working outside the home as well have little time to

manage the complexities of planning for their retirement. However, there are additional, less obvious reasons for this lack of planning.

For example, the study suggests that women do not have the confidence to plan for their retirement due to lack of experience. According to the study this is because only one-third of the participants reported that they are most responsible for the financial health of their household and retirement planning. Additionally, the study reports that women are less likely to use Internet tools for items such as retirement calculators to assist them with their financial planning, had less of an understanding of their retirement income and expenses than men, and were less likely than men to "do the math" required to calculate their retirement needs. With this lack of basic financial literacy, coupled with the other challenges, it is no wonder that older women find themselves in a perilous paradox.

### ***Solutions***

With this knowledge in hand, how can policy makers, program planners, the policy development community in general, and older women themselves respond? What strategies can be deployed to change attitudes toward policies that impact women and their efforts to secure themselves economically, late in life, against seemingly insurmountable forces? How can cycles that have long contributed to financial insecurity of older women be broken and reversed? With all the accumulated knowledge demonstrating that women face a far greater degree of uncertainty and economic insecurity late in life, have there been no efforts to resolve these inequities, or at least stop feeding the cycles that contribute to this alarming late-life disparity?

### ***Today's Hearing***

Today's hearing will focus on three primary topics:

- Why do women in particular struggle to save for retirement?
- What are the known remedies to reverse or stop the cycles that contribute to the continued economic oppression of women in general, and older women specifically?
- What innovative and common sense strategies can be efficiently deployed to curb inadvertent trends that contribute, at the policy development level, to financial insecurity for older women?

One innovation is a catalogue of guiding principles that could help policy makers avoid further contributions to the erosion of financial stability and independence for older women as they work through the myriad proposed programmatic and policy choices before them. Additional budget reductions, safety net cuts, pension reform and other considerations have the potential to either further contribute to the cyclone of financial insecurity among older women, or to brighten an otherwise bleak forecast.