



Highlights of [GAO-12-699](#), a report to the Chairman, Special Committee on Aging, U.S. Senate

Why GAO Did This Study

Elderly women, who comprise a growing portion of the U.S. population, have historically been at greater risk of living in poverty than elderly men. Several factors contribute to the higher rate of poverty among elderly women including their tendency to have lower lifetime earnings, take time out of the workforce to care for family members, and outlive their spouses. Other factors could affect older women's financial insecurity. These include the economic downturn and changing trends in pension plan offerings. In light of these circumstances, GAO was asked to examine (1) how women's access to and participation in employer-sponsored retirement plans compare to men's and how they have changed over time, (2) how women's retirement income compares to men's and how the composition of their income—the proportion of income coming from different sources—changed with economic conditions and trends in pension design, (3) how later-in-life events affect women's retirement income security, and (4) what policy options are available to help increase women's retirement income security. To answer these questions, GAO analyzed data from two nationally representative surveys, conducted a broad literature review, and interviewed a range of experts in the area of retirement security.

GAO is making no recommendations. GAO received technical comments on a draft of this report from the Department of Labor, the Department of the Treasury and the Social Security Administration, and incorporated them, as appropriate.

View [GAO-12-699](#). For more information, contact Charles Jeszeck at (202) 512-7215 or jeszeck@gao.gov.

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RETIREMENT SECURITY

Women Still Face Challenges

What GAO Found

Over the last decade, working women's access to and participation in employer-sponsored retirement plans have improved relative to men. Indeed, from 1998 to 2009, women surpassed men in their likelihood of working for an employer that offered a pension plan, largely because the proportion of men covered by a plan declined. Furthermore, as employers have continued to terminate their defined benefit (DB) plans and have switched to defined contribution (DC) plans, the proportion of women who worked for employers that offered a DC plan increased. Correspondingly, women's participation rates in DC plans increased slightly over this same period while men's participation fell, thereby narrowing the participation difference between men and women to 1 percentage point. At the same time, however, women contributed to their DC plans at lower levels than men.

Although the composition of income for women age 65 and over did not vary greatly over the period—despite changes in the economy and pension system—women continued to have less retirement income on average and live in higher rates of poverty than men in that age group. The composition of women's income varied only slightly, in part, because their main income sources—Social Security and DB benefits—were shielded from fluctuations in the market. Women, especially widows and those age 80 and over, depended on Social Security benefits for a larger percentage of their income than men. For example, in 2010, 16 percent of women age 65 and over depended solely on Social Security for income compared to 12 percent of men. At the same time, the share of household income women received from earnings increased over the period, but was consistently lower than for men. Moreover, women's median income was approximately 25 percent lower than men's over the last decade, and the poverty rate for women in this age group was nearly two times higher than men's in 2010.

For women approaching or in retirement, becoming divorced, widowed or unemployed had detrimental effects on their income security. Moreover, divorce and widowhood had more pronounced effects for women than for men. For example, women's household income, on average, fell by 41 percent with divorce, almost twice the size of the decline that men experienced. For widowhood, women's household income fell by 37 percent—while men's declined by only 22 percent. Unemployment also had a detrimental effect on income security, though the effects were similar for women and men; household assets and income fell by 7 to 9 percent.

A range of existing policy options could address some of the income security challenges women face in retirement. For example, some would expand existing tax incentives to save for retirement while others would improve access to annuities. All of these options have advantages and disadvantages that would need to be evaluated prior to implementation. For example, increasing Social Security benefits for widows could provide additional income for women who have few options to increase their retirement savings. However, increasing benefits would also increase costs to the Social Security program and have implications for its long-term solvency.