March 5, 2014

RETIREMENT SECURITY

Trends in Marriage, Work, and Pensions May Increase Vulnerability for Some Retirees

What GAO Found

The decline in marriage, rise in women’s labor force participation, and transition away from defined benefit (DB) plans to defined contribution (DC) plans have resulted in changes in the types of retirement benefits households receive and increased vulnerabilities for some. Since the 1960s, the percentage of unmarried and single-parent families has risen dramatically, especially among low-income, less-educated individuals, and some minorities. At the same time, the percentage of married women entering the labor force has increased. The decline in marriage and rise in women’s labor force participation have affected the types of Social Security benefits households receive, with fewer women receiving spousal benefits today than in the past. In addition, the shift away from DB to DC plans has increased financial vulnerabilities for some due to the fact that DC plans typically offer fewer spousal protections. DC plans also place greater responsibility on households to make decisions and manage their pension and financial assets so they have income throughout retirement. As shown in the figure below, despite Social Security’s role in reducing poverty among seniors, poverty remains high among certain groups of seniors, such as minorities and unmarried women. These vulnerable populations are more likely to be adversely affected by these trends and may need assistance in old age.

Estimated Poverty Rates by Demographic Categories in 2012 for Individuals Age 65 and Over

Note: The category “White” refers to people who are white only, non-Hispanic. “Black” refers to people who are black only, non-Hispanic. “Asian” refers to people who are either Asian only, Pacific Islander only or Asian and Pacific Islander, and are non-Hispanic. Hispanic people may be any race. Percentage estimates for poverty rates have margins of error ranging from 0.6 to 8.6 percentage points. See the hearing statement for more information on confidence levels and the data.

View GAO-14-272T. For more information, contact Barbara Bovbjerg at (202) 512-7215 or bovbjergb@gao.gov