



REASONS SOCIAL SECURITY PRIVATIZATION *PARTICULARLY HARMS WOMEN*

OVERVIEW

Social Security was established nearly 70 years ago to provide a critical safety net to protect our most vulnerable citizens. Now, citing a fictitious “crisis,” President Bush wants to overhaul Social Security and change the way benefits are calculated and distributed, including having workers invest part of their contributions into private accounts. These proposals will severely undermine the Social Security safety net and disproportionately harm women and minorities. Social Security – the guaranteed foundation for most seniors’ retirement – must be strengthened, not whittled away.

Shortcomings in the retirement system already cause substantial harm to women. Women are disadvantaged by the fact that they:

- Earn less than men.
- Are concentrated in the low-wage work force.
- Have shorter work histories due to caregiving responsibilities.
- Are less likely to work in jobs that offer pension plans.
- Are less likely to have the resources needed to save for retirement or invest in defined contribution plans (such as 401Ks).
- Are likely to live longer.
- Are more likely to deplete their resources caring for a spouse.
- Are more likely than men to live in poverty and rely solely on Social Security in old age. In fact, motherhood is the single biggest risk factor for poverty in old age in the United States.

UNDERMINING A CRITICAL SAFETY NET

The Social Security reform plan that President Bush is promoting would exacerbate those problems by diverting one-third of a worker’s Social Security contributions to private accounts. The result would be lower guaranteed benefits for ALL future retirees, regardless of whether they open individual private accounts. Lower benefits would cause great harm to women, who are much more likely than men to depend on Social Security’s guaranteed benefits to avoid poverty.

Women rely on Social Security more than men. Reducing guaranteed benefits will force more older women into poverty.

- Women are 60 percent of Social Security beneficiaries.

- Women are less likely than men to have private pension plans that can supplement Social Security when they retire. Only 38 percent of women have private pension plans compared with 57 percent of men.
- Women who do have pension plans typically have smaller pension plans than men because they earn less per hour, may work part-time, and/or spend more time out of the work force due to caregiving responsibilities.
- Over half of all women 65 and older would be poor without Social Security.
- Two-thirds of widowed, divorced and unmarried senior women depend on Social Security to avoid poverty.
- Social Security is the only source of income for one of every four unmarried senior women over 75 years of age.

Women live longer than men and private accounts do not provide a life-long guaranteed benefit.

- Women, on average, outlive men by four years. In fact, women make up nearly 75 percent of beneficiaries over 85 years old. Personal funds are riskier and more likely to be depleted before death for women than men, leaving women at risk when their need for security is greatest.

Women have less money to save in private accounts than men.

- Women historically earn far less than men – about 76 cents for every dollar earned by a man – so they will have less money to invest in a private account and therefore fewer benefits to rely on when they retire.
- There is a 12-year difference in the median number of employment years between men (44 years) and women (32 years) because women often take time away from the workforce or reduce their hours due to their role as caregivers. Privatization will limit the amount of money they can invest in a private account and lead to fewer benefits when they retire.
- Social Security's progressive benefits protect part-time and/or low-wage workers, many of whom are women.
- As many as 14 million- 30% of all beneficiaries - receive some benefit based on their spouse's work record and almost all are women.

Social Security is much more than retirement. Social Security replaces lost income for workers and their spouses and children when a worker becomes disabled, dies, or retires.

- Only half of Social Security's benefits go to retired workers; Social Security provides a lifeline for many families after the untimely death or disability of a parent or spouse.
- Social Security provides the equivalent of a \$400,000 life insurance policy and a \$350,000 disability insurance policy for young working parents with two children under the age of 18.
- Children depend on Social Security for economic stability: about 5.4 million children under age 18 receive Social Security benefits.

- While only 12 percent of the U.S. population, African Americans make up almost 18 percent of those receiving Social Security disability benefits and 22 percent of children receiving Social Security survivor benefits.