Gender and Racial Inequities in Retirement Resources

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ABSTRACT. Two waves of a Social Security Beneficiary survey were analyzed to consider differences in the retirement resources of women and men based on marital status and race/ethnicity. Despite increased workforce participation the economic situation of single women, including white women, worsened over time. A bifurcation in retirement resources was found, with men relying more on private income sources and women depending more on Social Security. Current retirement policies based on privatization will continue to adversely impact women who work at low-paying jobs, receive lower wages, and live longer than men. [Article copies available for a fee from The Haworth Document Delivery Service: 1-800-HAWORTH. E-mail address: <getinfo@haworthpressinc.com> Website: <http://www.HaworthPress.com> © 2002 by The Haworth Press, Inc. All rights reserved.]

KEYWORDS. Retirement, gender, racial, economic inequality
INTRODUCTION

Seven million women departed from the labor force between 1988-98, and 11 million are projected to leave between 1998-2008 (Fullerton, 1999). Because people live longer, they spend more time in retirement. For example, in 1940, the average man spent nine years in retirement, about 15 percent of his life span, but by 1990 this increased to at least 14 years of retirement, which is more than 20 percent of the average man’s lifetime (U.S. House Select Committee on Aging, 1992). Men may elect to spend less time in the workforce; the percentage of men over the age of 65 who work has declined from 26.8 percent in 1970 to 17.3 percent in 2000. However, older women’s labor force participation rates have remained relatively stable during this time (from 9.7 percent in 1970 to 9.0 percent in 2000) (U.S. Census Bureau, 2000; Bureau of Labor Statistics, 2000).

Women aged 55 to 64 increased their rate of participation in the labor force from 27 percent in 1950 to 52 percent in 1999 (Purcell, 2000). As the baby boomers age, these percentages will rise. Twenty-one million women will enter the labor force between 1998-2008, and women will represent 47.5 percent of the labor force by the end of this period. Retired women will become increasingly prevalent as increasing numbers of young and middle-aged women work and retire based on their own work histories rather than on their husband’s.

Despite advances in women’s work histories, they continue to earn less than men and are more likely to work at jobs without pensions. In 1999, while 20 percent of men aged 55 to 64 and 46 percent of men over 65 received a pension, only 12 percent of the women in the 55 to 64 age group and 29 percent of the women over the age of 65 received one, according to Purcell (2000). Richardson and Kilty (1997) found that retired women consistently reported fewer total retirement resources, including pensions and venturesome investments, than retired men even after taking into account women’s career patterns and number of years worked.

In the current study, we compare women’s and men’s retirement resources within the context of relevant variables, specifically, marital status and ethnicity, over a 10-year period. Although many researchers have examined older women’s income, few have focused on retired women, specifically, women who worked continuously or long enough to receive retirement benefits based on their own work histories. As we note, this group represents a rapidly growing population. Our findings analyze current retirement inequities that have implications for what
working women today will face when they retire. The large samples from the Social Security Administration’s 1982 New Beneficiary Study (NBS) and from the 1991 New Beneficiary Follow-up (NBF) allow for comparisons of retirees over a decade.

Previous investigations have identified several factors that affect an older person’s retirement resources. Among these variables are an individual’s gender, marital status, and ethnic background.

Gender Differences

Researchers consistently find gender differences in older persons’ incomes. For example, the median income of men over the age of 65 was $18,166 in 1998 compared to $10,504 among women in this age group (U.S Census Bureau, 2000). In 1998, 13 percent of women compared to 7.2 percent of men over the age of 65 fell below the poverty line (Social Security Administration, 2000). With age, the gap widens: 17.5 percent of women vs. 7.6 percent of men over the age of 85 were poor. When considering one’s marital status and ethnic background the income disparities become more obvious.

Gender and Marital Status

The median income for married persons over the age of 65 was $30,176 in 1998 but among non-married persons at this age it was $12,015 (Social Security Administration, 2000). An unmarried status is, apparently, a liability for both sexes. Eighty percent of unmarried households have incomes lower than the bottom 40 percent of married households (O’Rand and Henretta, 1999).

When both gender and marital status are considered, economic inequities worsen. The median income among non-married men over age 65 was $14,496 in 1999 while among non-married women it was only $11,382. Twenty-three percent of non-married white women over the age of 65 fell below the poverty line and 35 percent were below 125 percent of the poverty line. Among non-married white men these figures were much lower; 14.9 percent and 25.8 percent, respectively (Social Security Administration, 2000). Even within the non-married group, differences emerge. Ozawa (1998) found, for example, that while widowhood negatively affected women’s income, especially after 10 years in retirement, the greatest income disparities occurred between married and separated or divorced women. The latter were the most economically impoverished women.
Gender, Marital Status, and Ethnicity

Non-married minority persons, especially blacks and Hispanics, are particularly vulnerable. The median income among non-married black women and non-married Hispanic women over the age of 65 in 1998 was $7,629 and $6,954, respectively (Social Security Administration, 2000). Fifty-four percent of non-married black women and 61 percent of non-married Hispanic women over the age of 65 had incomes below the poverty line (Social Security Administration, 2000). In a comparison of black and white elderly, Ozawa (2000) found that while white men benefited from more education and better jobs, black men and black women accrued few advantages from these achievements. Similarly, while lifetime earnings helped the incomes of both older white men and older black women, the lifetime earnings of older white women and older black men hardly mattered. Ozawa and Kim (2001) showed how the lower longevity rates of blacks negatively impacted their lifetime benefits from Social Security. They found that although black workers received disproportionately larger monthly benefits than white workers relative to lifetime earnings, when considering lifetime benefits blacks got less of their money’s worth compared to whites.

CONCEPTUAL FRAMEWORK

Experts have proposed various theories to explain income inequities among older persons, but the status maintenance and cumulative advantage hypotheses have received the most recent attention (O’Rand, 1999). According to proponents of the status maintenance hypothesis, people maintain continuity in resources after retirement; earlier economic advantages continue as people age. Those with high incomes presumably prepare better for retirement than those without resources to invest. Some researchers, e.g., Henretta and Campbell (1976) and Richardson and Kilty (1989, 1992), have found support for this hypothesis especially among men and some professional women.

According to those who favor the cumulative advantage perspective, over time economic inequities increase. Those with resources accumulate more while those without gain less. For example, although more women work full-time than in the past, relative to older men, these women will receive lower retirement benefits because they continue to work at jobs that pay less, they live longer, and they take more time off from work to care for children and other relatives. Findings from Crys-
tal and Shea’s (1990) as well as Easterlin et al.’s (1993) research, based on cross-sectional analyses, support the cumulative advantage hypothesis.

The Gini Coefficient is one measure of economic inequality. This coefficient measures the magnitude of inequality; coefficients within cohorts consistently increase with age. In an analysis that compared the Gini coefficients between non-elderly and elderly households between 1967 and 1997, Rubin et al. (2000) found that income inequities among those 65 and over declined between 1967 and 1987, but rose again between 1987 and 1997. Despite intermittent fluctuations, Gini coefficients were always higher among elderly persons. Rubin et al. (2000) also found that unlike their younger counterparts, impoverished elderly persons rarely improved their status. With age, poverty becomes increasingly intractable.

Retirement inequities are also reflected in the “bifurcated structure” of social welfare pensions systems that provide public supports for the poor and private benefits for the wealthy (O’Rand, 1988). While many women rely on Social Security, men more often count on income from private pensions, real estate, and other lucrative retirement investments. In 1997, Social Security reduced the poverty rate from 53 percent to 15 percent for older women and from 41 percent to eight percent for older men (Smeeding, Estes, and Glasse, 1999). According to Smeeding, Estes, and Glasse (1999), over 40 percent of unmarried women rely on Social Security for 90 percent of their income. The percentage of women who rely on Social Security rises with age. It is higher among women living alone, and increases as overall income declines.

Gerontologists have become increasingly sensitized to the importance of considering diversity in their research on aging (see McMullin, 2000; Calasanti, 1996). Yet, they have reluctantly applied diversity variables in their investigations. According to Calasanti and Jazicek (1993), researchers must address the interlocking nature of gender, class, and ethnic/racial relations if they hope to understand social inequality, especially economic inequality. These views are consistent with Browne’s that “an epistemology of women must acknowledge the interconnections between ageism and all forms of oppression” (Browne, 1998, p. 263) and Garner’s (1999) that a feminist gerontological perspective should include advocacy and social changes, and “eliminate biases” when conducting research.
In this study we focus on two questions:

1. Do differences in retirement resources by gender, ethnicity, and marital status increase over time?
2. Do interaction effects between gender, ethnicity, and marital status affect post-retirement income?

We used longitudinal data collected in 1982 and 1991 by the Social Security Administration, and compared married and unmarried persons as well as whites, blacks and Hispanics. We focused on men and women who were eligible for retirement benefits based on their own work histories.

METHOD

We obtained data from the 1982 New Beneficiary Survey and the 1991 New Beneficiary Follow-up Survey. The original data were collected from a cross-section of new SSA beneficiaries from October to December 1982. It included 18,599 cases representing four categories of old-age, survivors, and disability insurance (OASDI) beneficiaries: (a) retired workers, (b) disabled workers, (c) wives, divorced wives, widows, and divorced widows, (d) workers aged 65 who were eligible for but who had not collected benefits. Because we focused on retirees, we selected only retired workers. This group consisted of 5,307 men and 4,212 women. Thirty percent were “early retirees” (i.e., age 62 to 64), 9.1 percent retired at the customary age of 65 (the age for “full” old age benefits in 1982), 52.4 percent were 66 to 70 years old, and 8.1 percent were over age 70 when they began to collect benefits. The mean age of these retirees was 66.6 years (SD = 2.43). The follow-up survey was conducted between November 1990 and July 1992 and included surviving individuals and spouses. The response rate was 87.5 percent (Ozawa and Lum, 1998). In 1991, the sample was comprised of 6,239 retirees. Table 1 displays gender, marital status and race for the 1982 and 1991 retirees sample.

Not surprisingly, this cohort included more retired men than retired women. The number of widows increased substantially between the first and second surveys. Only 40.6 percent of the women were married compared to 78.8 percent of the men ($\chi^2 = 951.101, df = 1, p < .0001$). Because the numbers of Asian Americans and Native Americans were small, we focused on whites (N = 5,411, 88.7 percent), blacks (N = 522, 8.6 percent), and Hispanics (N = 169, 2.7 percent).
Independent and Control Variables

We employed three independent variables: gender, race/ethnicity (coded as white/black/Hispanic), and marital status (coded as married/not married). Portions of our analysis included a within-subjects factor to test both the significance of change from 1982 to 1991, and the interactions between the within-subject factor and gender, race and marital status.

In an effort to control for additional influences on retirement income we included the following covariates: respondent’s age, a Likert type rating of current physical health status, and a dummy variable indicating the loss of a marital partner between the 1982 and 1991 data collection. Prior research has identified the significance of each upon income.

Dependent Variables

Although the survey included numerous economic indices, we used total quarterly retirement income to address the first research question and quarterly social security income along with quarterly retirement income to answer the second research question. Dollar figures for both time periods were expressed as 1991 dollars to adjust for inflation since 1982.
Design and Analysis

To answer the first research question we used a repeated measures analysis of covariance that included three between-subjects factors, three covariates, and a within-subjects factor. The three between-subjects variables were gender, race/ethnicity, and marital status. As noted earlier, the within-subjects factor tested the significance of changes from the 1991 income and 1982 income adjusted to 1991 dollars. We also included the three covariates of age, health, and loss of a marital partner.

We conducted two separate analyses of covariance for Social Security and retirement income to examine the second research question. These analyses included the same three between-subjects variables of gender, race/ethnicity, and marital status. These analyses also included the three covariates described earlier along with a fourth covariate, the respondent’s 1982 Social Security income and retirement income, respectively.

RESULTS

Income Change Over Time

The first analysis examined how retirees’ income changed over time. In an effort to identify the factors related to changes from 1981 to 1991 we conducted a repeated measures analysis of covariance. For each group we also obtained and report the estimated mean quarterly income, which are adjusted for the three covariates.

All three covariates were significant. For loss of marital partner, $F(1, 5753) = 45.24, p < .001$; for health, $F(1, 5753) = 140.66, p < .001$; and for age, $F(1, 5753) = 246.88, p < .001$.

Among the independent variables, gender was the only between-subjects variable that was not statistically significant. Race/ethnicity was significant: $F(2, 5753) = 446.166, p < .001$. The estimated mean quarterly income for whites was $5,115, which was substantially higher than either Hispanics ($3,189) or blacks ($3,091). The estimated income for Hispanics was 62 percent of whites while that of blacks was 60 percent of whites.

There was also a significant difference between persons who were currently married and those who were not currently married: $F(1, 5753) = 51.21, p < .001$. The estimated quarterly mean income for per-
sons who were not currently married ($2,691) was 55 percent of that for persons who were currently married ($4,906).

The within-subjects factor, representing income change from 1982 to 1991, was also significant: F (1, 5753) = 15.96, p < .001. Quarterly income in 1982, adjusted to 1991 dollars, was $3,722, and rose to $3,875 in 1991.

Although gender was not a significant main effect, it interacted with marital status: F (1, 5753) = 5.68, p = .017. Not married women averaged $2,198 in contrast to married women who averaged $5,146, while not married men averaged $3,184 and married men took in about $4,665. When we controlled for inflation, we found no significant interactions between the within-subject factor and any of the three independent variables.

Factors Affecting Post-Retirement Income

Quarterly Social Security Income. The first dependent variable for this analysis was 1991 quarterly Social Security income. Our analysis now included four covariates because we added 1982 Social Security income as well as loss of marital partner, age, and health. All four covariates were significant: for 1982 quarterly Social Security income, F (1, 5752) = 1605.08, p < .001; for loss of a marital partner, F (1, 5752) = 1389.93, p < .001; for age, F (1, 5752) = 840.07, p < .001; and for health, F (1, 5752) = 61.14, p < .001. As before, we interpreted the results for the independent variables and their interactions based on covariate-adjusted means.

Only one main effect–race/ethnicity–was significant: F (2, 5752) = 30.35, p = .024. Both Hispanics ($2,534) and blacks ($2,360) lagged behind the mean for whites ($2,800). The difference was less than it was for total income (Hispanics averaged 90 percent and blacks 84 percent, respectively, of white income). Although Social Security is a public pension, it is based on one’s earnings and the number of years worked.

Two significant interactions emerged. Gender again interacted with marital status: F (1, 5752) = 12.10, p < .001. Married women were in households where quarterly Social Security income averaged $3,130 compared to $1,970 for the not married women. The gap between married and not married women ($1,160) was substantially higher than the gap between married and not married men ($864) whose quarterly incomes were $3,012 for married men and $2,148 for not married men.

The interaction between race and marital status was also significant: F (2, 5752) = 35.10, p = .029. The estimated mean quarterly Social Secu-
rity income for the married Hispanics was $3,092 while that amount for the not married Hispanics was $1,976. Estimated quarterly Social Security income was $2,802 for the married blacks and $1,918 for the not married blacks; and $3,317 for the married whites and $2,283 for the not married whites. Although married whites earned the most, marriage benefited Hispanic retirees the most and black retirees the least.

Quarterly Retirement Income. All four covariates were significantly related to quarterly retirement income. For 1982 quarterly retirement income, $F(1, 5752) = 1072.38, p < .001; for loss of marital partner, $F(1, 5752) = 117.44, p < .001; for age, $F(1, 5752) = 137.08, p < .001; and for health, $F(1, 5752) = 59.82, p < .001.

There were no significant main effects for any of the three independent variables. Only one interaction, between gender and marital status, was significant: $F(1, 5752) = 5.12, p = .034$. Married men had an average quarterly retirement income of $5,207 while not married men averaged $4,330 in quarterly retirement income. The mean quarterly retirement income was $5,454 among married women and $3,367 among married men. Once again, marital status impacted women’s retirement income more than men’s.

Percentage of Retirement Income Due to Social Security. The last dependent variable focused on percentage of retirement income due to social security. Seventy-four percent of retirees’ income came from Social Security in this sample. Among the two covariates, specifically loss of marital partner and health, only health was significant: $F(1, 5756) = 155.56, p < .001$. No main effects were significant although the interaction between gender and race/ethnicity was significant: $F(2, 5756) = 3.48, p = .031$. Among men, the mean percentage of income from Social Security was 83 percent for Hispanics, 74 percent for blacks, and 64 percent for whites. Among women it was 77 percent for Hispanics, 78 percent for blacks, and 70 percent for whites.

**DISCUSSION**

Despite more women in the workforce, women continue to benefit economically from marriage. Although no main effects for gender emerged, we found significant interaction effects between gender and marital status and between gender and race/ethnicity. The most impoverished persons were unmarried women, including white unmarried women. Their situation worsened over time.
Figure 1 displays a plot of the 1991 mean quarterly income against the percentage of income change for each group from 1982 to 1991. A status in the upper right quadrant of the plot represents the most desirable outcome; a relatively large change from 1982 to 1991 and a higher 1991 quarterly income. Married white persons and single white males occupy that location. Almost exclusively, single females occupy the lower left quadrant, the most negative outcome.

Our results corroborated Ozawa’s findings that the economic status of widows deteriorated from 1982 to 1991 and that the divorced or separated women, who were also unable to improve their status during this period, remained the poorest. Never married women, who more often worked continuously compared to divorced or separated women, benefited from their time in the workforce. Future cohorts of women who work full-time and take less time off to care for children and aging parents may demonstrate different patterns. Bifurcation in retirement resources also continued with men relying more on private income sources and women depending on income from Social Security. White men had the lowest percentage of retirement income from Social Secu-
rity. Hispanic men and Hispanic women as well as black women had the highest percentage of income from Social Security.

The relative status of each group stabilized, confirming the status maintenance hypothesis, but the findings also support the cumulative advantage hypothesis. The most impoverished in 1982—Hispanic, black, and white single females—had the smallest increases in income (15.2 percent, 17.6 percent and 24.9 percent, respectively) from 1982 to 1991. This contrasts with the most affluent groups—white married men and white married women—who gained by 39.3 percent and 39 percent, respectively. The income gap between the married and unmarried rose from $1081 in 1982 to $1490 in 1991, and women’s retirement income dropped relative to men’s. In 1982 women’s retirement income was 77 percent of men’s compared to 73 percent in 1991. Total income changed from 79 percent in 1982 to 72 percent in 1991, and total asset income for women was 71 percent of men’s in 1982, but only 55 percent in 1991. Women, apparently, fall deeper and deeper into poverty as they age.

The results from this study corroborate other studies that demonstrate a link between a woman’s economic situation earlier in life to her financial status in old age. Choudhury and Leonesio (1997) found that most poor older women had low incomes in mid-life and that the impact of adverse life events late in life, such as widowhood and divorce, was mediated by a woman’s financial situation prior to the event. Because the oldest woman in their sample was 69, these researchers were unable to follow the women into their 70s and 80s. Our findings show that marital status continues to influence older women’s economic resources as they age.

Increases in the divorce rate, greater longevity, and privatization trends will exacerbate these disparities. The percentage of divorced women will increase from six percent to 19 percent by 2020, according to Smeeding et al. (1999). Increased longevity will result in longer retirements, and privatization will accentuate gender biases that already exist in private savings, real estate investments, and other retirement resources. As long as women continue to spend more years out of the labor force caring for children and aging relatives, work at low-paying jobs, receive lower wages, and live longer than men, retirement policies based on privatization will adversely impact older women’s economic status.

Several experts have proposed changes that would decrease some of these inequities. They include eradicating gender and ethnic differences in wages that are discriminatory, paying women who work in female-dominated professions comparable wages to those employed in male-dominated occupations, compensating women who take time off from paid work for care giving, eliminating discriminatory pension pol-
icities, and modifying Social Security (Richardson, 1999; Older Women’s League, 2000). Some suggest targeting benefits to the most vulnerable older women, especially divorced women and women over the age of 80, while others argue for universal increases in minimum benefits. Choudhury et al. (2001) analyzed three proposals to change Social Security. They included (1) an increase in survivor benefits and a reduction in spousal benefits; (2) re-defining minimum benefits; and (3) a five percent increase in benefits of persons aged 80 or older. Option one would lower poverty rates for elderly widowed beneficiaries, but at the expense of divorced-spouse beneficiaries who would be adversely affected by the reduction in spousal benefits. Option two targets the most impoverished, specifically workers in low-paying jobs, but the impact is small. “Benefits earmarked for the poor are indeed likely to be poor benefits,” according to Shaver (1998). Finally, option three, aimed at those over the age of 80, only helps non-married widows and non-married retired workers, and by very little.

In whatever manner retirement policies are changed, researchers must consider the effects of proposed changes on the most vulnerable older women. They must address the projected increases in single and older minority women and the growing income disparities between these groups and older whites. Many elderly persons continue to remain poor despite economic improvements for some older adults. In addition, they must evaluate how proposals will impact older women over time and within the context of medical and long-term care expenditures that all older women inevitably face. We need new proposals that take into account the multiple roles that many women occupy throughout their lives, the economic liabilities of motherhood on women’s careers and work histories, and their involvement in unpaid labor that results in so many women working 80 hours a week at work and then at home. Such proposals would be consistent with feminist gerontological views that recommend closer attention to the interconnections between work and family roles, public and private, and between gender and age. The diversity and complexity among older cohorts should not deter us from developing retirement policies that are just and more equitable for women and minorities.

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RECEIVED: 07/18/01
ACCEPTED: 08/27/01