PRIVATIZATION HURTS WOMEN

Women constitute the majority of elderly Social Security beneficiaries. Approximately 60 percent of Social Security recipients age 65 and older, and roughly 72 percent of beneficiaries age 85 and older are women. Women rely heavily on Social Security as a source of income in old age – 27 percent of women age 65 and older count on Social Security for 90 percent of their income. Yet, Social Security privatization would undermine many of the features of the program that benefit women the most.

- Women, on average, earn less than men, meaning that they count on Social Security's progressive benefit structure to ensure that they have an adequate income in retirement. (The progressive benefit structure means that lower earners have a higher proportion of their pre-retirement earnings replaced by Social Security than higher-earning workers.)

- Women are less likely to be covered by an employer-sponsored pension plan. Hence, Social Security comprises a larger portion of their total retirement income.

- Since women lose an average of 14 years of earnings due to time out of the workforce (to raise children or to care for ailing parents or spouses), and since women generally have a higher incidence of part-time employment, they have less opportunity to save for retirement.

- Women live 6 to 8 years longer than men do, so they must make retirement savings stretch over longer periods of time. Consequently, women depend on Social Security's life-long benefits, which are fully protected against inflation.

- Individual account balances and the annual benefits they yield are the direct result of a deposit into an individual account and any return on the investment. Because women earn less and spend less time in the workforce, they would have less to deposit. Because women live longer in retirement, they would have to stretch out the payments from their accounts over more years. In short, women would have to live on smaller benefits from smaller accounts.

- No privatization proposal can prevent individual account balances from being eroded by inflation. This is particularly devastating for women, who have less money to retire on and need to make their money last longer. Social Security resolves this problem by adjusting benefits each year through an automatic cost-of-living adjustment (COLA) that is tied to the annual increase in the Consumer Price Index, the official measure of inflation.