LARGE GENDER PAY GAP FOR OLDER WORKERS THREATENS ECONOMIC SECURITY OF OLDER WOMEN

Much is often made about the significant narrowing of the gender pay gap over the past three decades. However, in 2009, full-time working women 50 and older earned roughly two-thirds of full-time working men the same age – a gap that is often overlooked because of the improvement in the overall statistics. This sizable gender pay gap threatens the retirement security of our country's older women and families that depend on their earnings for their well-being.

The wage gap is larger for older workers than for younger workers. In 2009, women 50 and older working full-time earned only 68 percent of their male counterparts' earnings, leaving a 32 percent gap (see chart and table). For full-time workers 16 and older, women's median weekly earnings were 80 percent of their male counterparts, leaving a 20 percent gap between women's and men's earnings. According to the Bureau of Labor Statistics, the gender wage gap for workers ages 45-54 years narrowed between 1979 and 2009. For workers 65 and older the gap was essentially flat over that period, despite some fluctuations.[1]

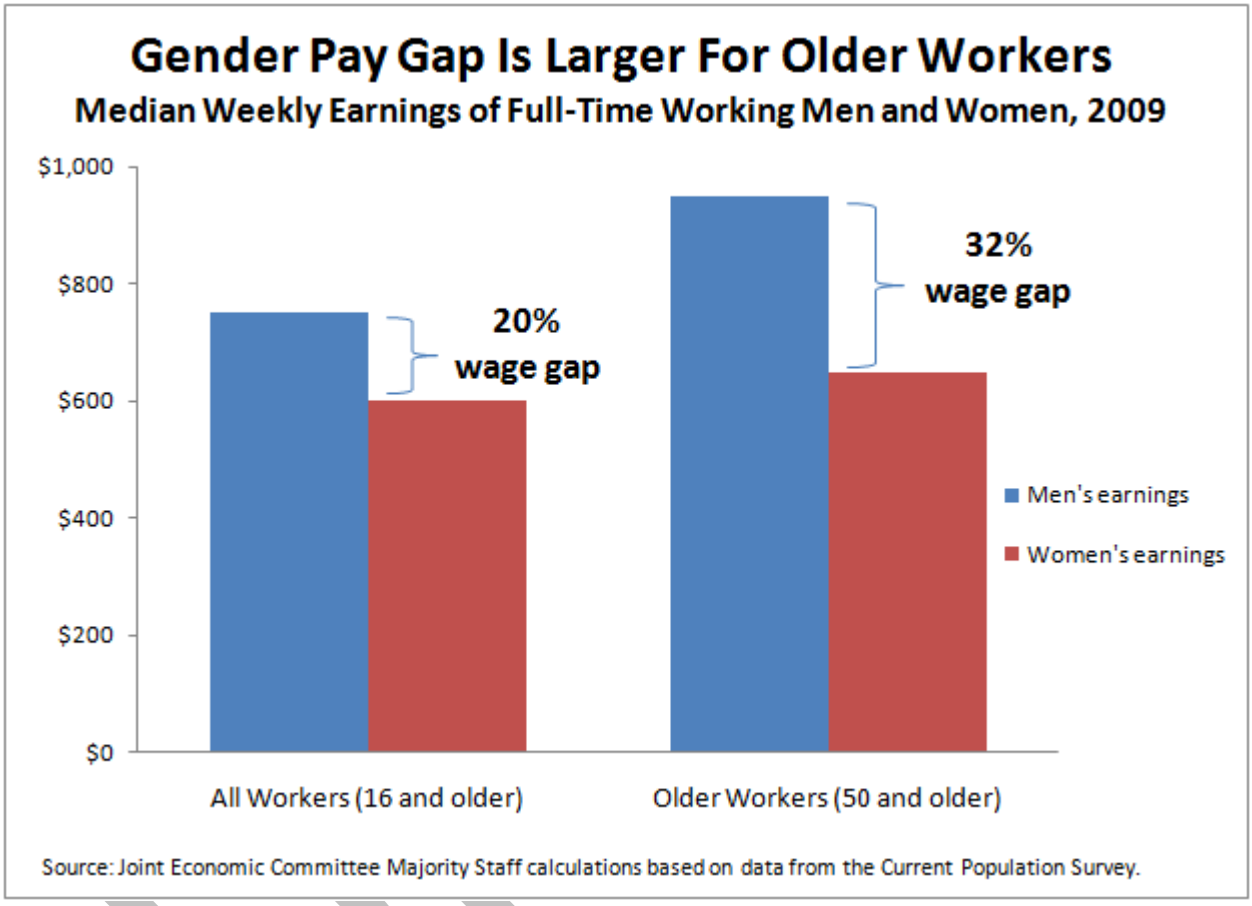
Employment patterns, including industry, occupation and career interruptions, affect the gender pay gap. Researchers have documented several sources of the greater earnings disparity for older men and women. First, women have historically been more likely to be employed in lower-paying industries such as the health care and education industries which are dominated by female employees.[2] In addition, across industries, women tend to be employed in lower-paying occupations. For example, 23 percent of women working full-time in 2009 were employed in office and administrative support occupations, compared to only 7 percent of men working full-time.[3] Although these trends have lessened over time, occupational segregation has repercussions for women's economic security. Jobs traditionally held by women have long been undervalued by society and are therefore paid less than jobs typically held by men. A lifetime of lower earnings leaves older women more likely to live in poverty than men. Additionally, women are more likely than men to work part-time or temporarily exit the labor force at some point during their careers, often to raise children. Such interruptions over one's career can result in lower earnings growth over time.[4]

Persistent discrimination over the course of women's careers would exacerbate the gender wage gap in older workers. A 2003 report by the Government Accountability Office[5] examining the gender pay gap found that the difference between men's and women's earnings could be largely explained by measurable differences in factors including education, industry, occupation, and work patterns. However, a portion of the wage gap remained unexplained and could be caused by persistent gender-based discrimination, or by other difficult-to-measure reasons. Discrimination-based wage differences early in women's careers would be compounded over time and could explain the larger pay gap for older women.

Addressing the gender wage gap for older workers is critical for women's retirement security. Families depend on women's earnings for economic security, including during retirement. The gap between women's and men's earnings translates into lower income for women in retirement. Lower earnings over a woman's career would result in smaller private savings to

DRAFT

draw upon in retirement, smaller contributions to employer-sponsored retirement plans, smaller Social Security benefits, and smaller paychecks for those women who continue to work later in life. Furthermore, a steep increase in the number of female-headed households in the late 1980s means that a larger number of women are preparing to enter retirement without a spouse's income to rely on.[6] In 2009, 5.7 million older women without a spouse were in the labor force.[7]



[1] Bureau of Labor Statistics. *Highlights of Women's Earnings in 2009*. June 2010.
[2] See Joint Economic Committee. *Women and the Economy 2010: 25 Years of Progress But Challenges Remain*. August 2010.
[3] Bureau of Labor Statistics. *Highlights of Women's Earnings in 2009*. June 2010. Table 2.
[4] CONSAD Research Corporation. *An Analysis of the Reasons for the Disparity in Wages Between Men and Women: Final Report.* Prepared for U.S. Department of Labor, Employment Standards Administration. January 12, 2009. http://www.consad.com/content/reports/Gender%20Wage%20Gap%20Final%20Report.pdf
[5] Government Accountability Office. Women's Earnings: Work Pattern Partially Explain Difference between Men's and Women's Earnings. October 2003.
[6] See Joint Economic Committee. *Women and the Economy 2010: 25 Years of Progress But Challenges Remain*. August 2010.
[7] Bureau of Labor Statistics. Current Population Survey. 2009 Annual Averages.