



Social Security Matters to Working Women

Social Security privatization will especially hurt women, who make up 60 percent of all Social Security recipients and are less likely than men to have pensions or substantial savings. Social Security keeps 42 percent of unmarried older women out of poverty.

Privatization plans to replace guaranteed benefits with risky private accounts would fatally undermine Social Security, cut benefits drastically, most likely raise workers' retirement age—and saddle our children with \$2 trillion in debt.

Social Security is Important to Women

Social Security is the main retirement income for women. Women make up 58 percent of all Social Security beneficiaries aged 65 and older. A quarter of these older women depend on the program as their only income. Without Social Security, more than half of all older women would be living in poverty.

Women are less likely to have pensions or substantial savings. Only 30 percent of all older women receive income from a pension, compared with 47 percent of men—and our pensions are much smaller. In 2002, half of all older women received a private pension of less than \$5,600 per year compared with \$10,340 for older men.

Women benefit from Social Security's progressive benefit formula. Women face wage discrimination in the workplace and tend to be paid less than men—24 cents less than every dollar men earn. Women are also more likely than men to be in temporary or part-time jobs, and interrupt their careers to care for children and elderly parents. As a result, women earn less than men during their working lives. A recent study found that, over a 15-year span, women's earnings are *38 percent* of men's. Social Security's progressive benefit formula—in which workers with low lifetime earnings get benefits that replace a higher percentage of their earnings—helps women.

Social Security provides a defined income that is guaranteed. Regardless of how long you live, the benefit cannot run out or be spent before you die.

There's a Lot at Stake with Privatization

Privatized accounts are based entirely on an individual's savings, which hurts women in particular. For example, if a working mother takes time off to care for a child, she forgoes not only her earnings but also the ability to put funds into her privatized account. When she retires, she will have much less in her privatized account. And since privatized accounts don't have a progressive benefit formula, she'll have much less to live off or her retirement income may run out.

As part of the plan, the Bush administration is also proposing a new formula that would reduce guaranteed benefits below current levels. Privatizing Social Security would cut guaranteed benefits by 40 percent even for workers who don't choose private accounts. The average retiree would lose \$152,000 in retirement benefits. Privatized accounts won't make up for the benefit cuts. For people who choose private accounts, the government would take back 50 cents in retirement benefits for every \$1 in their accounts. That's on top of the 40 percent benefit cut. Since women often have little retirement income other than Social Security, cuts in benefits would be especially devastating.

Working women need policies that make our retirement more secure and less risky. We work hard to make ends meet and balance work and family. Let's make sure our retirements aren't shortchanged. For facts sheets and fliers on Social Security, visit the **AFL-CIO Social Security website** at www.aflcio.org/socialsecurity. Join the **AFL-CIO Working Women network** at www.unionvoice.org/aflcio_workingwomen.