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***“I’ve never been able to work a full-time job since I became a mom. I have a 14-year-old, a 6-year-old, and a 1-year-old. I work during my kids’ school schedule because I can’t work outside of that. And last year I was out of work with pregnancy complications and had to live off my savings.”***

—CHRISTINE, MOTHER OF THREE, AGE 39

## Failing to Invest in Care Robs Women and LGBTQIA+ People of Retirement Security

BY VERONICA FAISON, LAURA NAREFSKY, AND HANNAH OPPERMANN

Women and LGBTQIA+ people are at greater risk of economic insecurity throughout their lives, especially women and LGBTQIA+ people facing multiple forms of discrimination. After a lifetime of disparities at every turn—whether at school, at work, providing care for loved ones, or facing inequitable access to health care and inadequate investments in their well-being—[older women](#) and [LGBTQ+ people](#) are less likely to have accumulated the savings and benefits they need for a secure and dignified retirement. Indeed, many simply cannot afford to retire.

Understanding the multiple, overlapping factors that hinder women and LGBTQIA+ people from achieving a secure retirement is key to designing solutions to the retirement crisis they face. This fact sheet focuses on the impact of caregiving on retirement security.

At some point in our lives, we all need care. Many people with disabilities are unable to access the care they need to participate in the labor force, undermining their economic security throughout their lives, including during retirement. And, if they are able to find care, older people may be forced to spend down their retirement savings to pay for the care they need.

Providing care—for children, seniors, and people with disabilities—is part of daily reality for millions of people across the country. But without the supports they need, unpaid family caregivers—who are [predominantly women, and disproportionately Black women, Latinas, and other women of color](#)—too often lose earnings or are pushed out of the labor force altogether. And early childhood educators, home health care workers, and many other professional caregivers are often paid poverty level wages for the essential support they provide. Lower earnings not only jeopardize caregivers' economic security throughout their lives but also reduces their retirement savings and income—putting their future retirement security at risk.

## **Paid Family and Medical Leave**

- Nearly [three-quarters of workers](#) in the United States lack access to paid family leave through their employers (such as paid time away from work to, for example, care for a family member with a serious health condition or a new baby), and [nearly six in 10 workers](#) don't receive paid medical leave to address their own serious health conditions through an employer-provided short-term disability program. For people working in low-paid and part-time jobs—among [whom women](#) and LGBTQIA+ people are overrepresented—access is even more limited. Many workplace policies [do not include chosen family members](#), which can constrain LGBTQIA+ people from taking leave. Some workers have access to unpaid, job-protected leave through the Family and Medical Leave Act (FMLA), but strict eligibility requirements—including employer size thresholds, hours worked requirements, and job tenure minimums—mean that millions of workers never qualify for FMLA leave.
- Without paid leave, workers may find that they are unable to manage both caregiving responsibilities and paid work—[forcing them out](#) of the labor force. In a 2020 survey of caregivers age 18 and older who cared for another adult in the previous year, [one in 10 working caregivers](#) reported having to retire or leave a job entirely for reasons related to the care they provide, including needing more time to care and not receiving paid time off.
- Taking time out of work hurts women's earnings even when they choose to return to the labor force. One study found that taking just one year off work [reduced women's earnings over the next 15 years by 39%](#). By contrast, providing paid family and medical leave can increase women's ability to [stay attached to the labor force](#), meaning they can continue working to [support themselves and their families and save for retirement](#).

## **Child Care**

- The difficulty of finding and affording child care affects women's and LGBTQIA+ people's economic security throughout their lives, including their ability to save for retirement. At the time in their lives when saving would have the greatest impact on their long-term financial security, many [women cannot afford to put money aside for retirement](#) (and forfeit the corresponding employer contributions and growth) because of the high cost of child care, or they have to leave the labor force altogether because of the lack of affordable child care. Unfortunately, when women cannot save early in their careers, they have less time for their savings to grow—[impacting their future retirement](#).

- Child care has been one of the fastest-growing expenses for families, [outpacing increases in both the overall price index and median family income between 1990 and 2019](#). In 39 states and the District of Columbia, the average annual price of child care for an infant in a center [exceeds annual, in-state university tuition](#). The Child Care and Development Block Grant (CCDBG), the main federal program that provides assistance to help families afford care, is vastly underfunded and insufficient. For example, in 2020, just [one in six](#) children who were eligible for subsidy under federal law received it. Most families are left to bear child care costs on their own, [impacting low-income families](#) the most, since these expenses take up a larger share of their income.
- Many families cannot even find child care, whether they can afford it or not—one study shows that across 19 states and the District of Columbia, there is only [enough licensed child care to serve 23% of infants and toddlers](#).

**“With my daughter having autism and my parents only getting older, I believe that I will have to take care of all of them in the future. I think, if I’m their caregiver, I’m going to need more money for retirement, because I may not be able to work again.”**

—CHRISTINE

- Though these high prices affect parents of any gender, women and LGBTQIA+ people tend to bear the consequences of child care interruptions. Without child care, [more mothers than fathers](#) miss work or reduce work hours. [In 2021, fewer women](#) in opposite-sex married couples with children under age 6 were working compared with those whose children were school-aged, while men’s employment rates vary by less than 1 percentage point with the age of their children. And nearly half (48%) of prime-age women who are not in the labor force cite caring for children full time as the primary reason they are not working, [compared with just 5% of prime-age men](#).
- Between 2021 and 2022, [LGBT adults with child care challenges were more likely](#) to take unpaid leave, lose their job, leave their job, and not look for a job than their non-LGBT counterparts. In opposite-sex married couples with children under age 6, fewer women were working [in 2021](#) compared with those whose children were school-aged, while men’s employment rates varied by less than 1 percentage point with the age of their children. Between 2021 and 2022, [LGBT adults with child care challenges were more likely](#) to take unpaid leave, lose their job, leave their job, and not look for a job than their non-LGBT counterparts.
- Investing in high-quality, affordable child care for everyone who needs it would [result in net income increases](#)—through decreasing the amounts paid for child care and increasing lifetime earnings, retirement savings, and future Social Security benefits—allowing women and LGBTQIA+ people to have a more secure retirement. It would also give child care workers, [who are predominantly women and paid poverty-level wages](#), more retirement income and savings.

## Aging and Disability Care

- [Many caregivers](#) will struggle to afford support in caring for their loved ones who are aging and/or living with disabilities—and will also struggle to afford care for themselves when they need it most. Medicare and most private health insurance plans rarely cover long-term home-based care, and even people who qualify for home- and community-based services (HCBS) through Medicaid often have to navigate complex processes and years-long waiting lists before they can access the care they need.
- Our lack of caregiving infrastructure pushes many unpaid caregivers into financial precarity throughout their working lives, especially women of color, who are [overrepresented in low-paying jobs](#) and face particularly large wage and wealth gaps. In order to support their aging and disabled

loved ones, over three in four [family caregivers \(78%\) have out of pocket caregiving expenses](#)—and spend more than a quarter of their income on caregiving activities. Annually, caregivers spend an [average of \\$7,242 out of pocket each year](#) on expenses like payments to medical providers and hospitals, rent or mortgage payments for care recipients' housing, and prescriptions. Caregivers may especially struggle to meet these expenses if they have had to take time off or leave the workforce, even temporarily. The financial strain of unpaid caregiving can cause caregivers to [delay retirement](#).

- The lack of adequate public funding for aging and disability care puts caregivers in a double bind. It is also nearly impossible for caregivers to bear the costs of [receiving care themselves](#), especially the [home- and community-based care \(HCBS\) that people typically prefer over institutionalized care](#). About [one-third \(33%\)](#) of caregivers are disabled, and [41%](#) of caregivers report having two or more chronic diseases. These numbers are even higher for caregivers who are 65 years old or older. Additionally, [one-third](#) of unpaid caregiving is done by older women (55 years old and older) who may already be paying for their own care-related expenses, like care worker support or prescription drug costs. The median annual cost of care can range anywhere [from \\$62,400 to \\$288,288](#)—far more than even higher-income families can afford, and especially out of reach for many women and LGBTQIA+ caregivers, who typically have lower incomes. This can further strain caregivers' limited incomes and savings in retirement.

## Professional Caregivers

- The low wages paid to professional care providers—including child care workers and direct care workers—who are also overwhelmingly women and disproportionately women of color, make it harder for them to make ends meet for themselves and their families. Early educators remain some of the lowest paid workers in the country, [earning a nationwide median wage of just \\$14.60 per hour](#), compared with \$23.11 median hourly wage for all occupations nationwide. Between 2019 and 2022, median real hourly wages for child care workers [grew by only 3.1%](#)—that's lower than the wage growth rate for many other low-paid jobs, including retail and food service jobs. The median wage for direct care workers was just [\\$16.12 in 2023](#).
- Both child and home health care workers are [unlikely to receive nonwage benefits](#), such as employer-sponsored health care coverage, paid leave, and retirement benefits. As a result of low pay and lack of on-the-job benefits, the child care, paid leave, and home and community-based services these workers need for their own families is out of reach—as is a secure retirement.

Because of caregiving and other interconnected and compounding disparities throughout their lives, [older women](#) and LGBTQIA+ people experience significant economic and health insecurity. Older women are substantially more likely than older men to have incomes below the poverty line—and poverty rates are especially high for many older women of color and [older LGBT people](#).

But it doesn't have to be this way. We can change our systems and policies to ensure that all women and LGBTQIA+ people, especially those facing multiple forms of discrimination, can live with dignity and security in retirement. Designing policy solutions that address the multiple, intersecting inequities in their lives is the only way forward out of the retirement crisis.



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