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“I want to have enough income coming in so that I’m able to live sufficiently. Not being able to work and not having money coming in is my biggest fear.”

—CHRISTINE, MOTHER OF THREE, AGE 39

Social Security and Tax-Preferred Retirement Savings Policies Disadvantage Women and LGBTQIA+ People

BY COURTNEY ANDERSON AND AMY MATSUI

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 how women and LGBTQIA+ people are disadvantaged in preparing for retirement under the tax and Social Security systems because they are both premised on employment.

Social Security

- Social Security is the foundation of women's retirement security. **Women made up** over 55 percent of Social Security beneficiaries ages 62 and older and 63 percent of beneficiaries ages 85 and older at the end of December 2023. Social Security's retirement benefits are lifelong monthly payments that are adjusted for inflation every year. This lifetime retirement income is especially important for women because they have **fewer retirement savings**, on average, and tend to **live longer than men**.
- However, while women have historically relied more on income from Social Security in retirement than men have, they, on average, **receive lower retirement benefits** than men. **LGBTQIA+ people** have also faced particular challenges with the Social Security system.
- Although Social Security's rules are gender-neutral, Social Security benefits are based on an individual's earnings and employment history. Because women and LGBTQIA+ people on average have lower earnings, compared to men, they are disadvantaged by the Social Security system. For example, women working full time, year-round are typically **paid only 84 cents** for every dollar paid to their male counterparts, and pay disparities are even larger for many groups of women of color. Compared to white, non-Hispanic men, the **wage gap translates into a lifetime loss** over a 40-year career of \$1,019,200 for Black women, \$1,282,800 for Latinas, and \$1,202,200 for Indigenous women. Women in the LGBTQIA+ community working full-time are **paid 87 cents** for every dollar that all workers are paid, with wider pay gaps for nonbinary and transgender people and LGBTQIA+ women of color.
- **Occupational segregation** and overrepresentation in **poorly paid work** also lowers the earnings upon which women and LGBTQIA+ people's Social Security retirement benefits are based.
- Social Security uses the average earnings of 35 years of work history to calculate a worker's retirement benefits. Time spent out of the workforce results in lower earnings and thus lower Social Security benefits. Women are **more likely** to take time out of the workforce, compared to men. Care responsibilities especially impact whether and how much women and LGBTQIA+ people work over the course of their careers. **Less than half of mothers** have more than 35 years of work, compared to 60 percent



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“I want to have a good foundation for retirement. Even though it's hard, I want to try and save so I can have that future for myself.”

—CHRISTINE



of women without children and 63 percent of fathers. LGBTQIA+ people are somewhat more likely to assume caregiving responsibilities for adults (such as aging parents, a partner, and for other chosen family), with **one in five** LGBT people providing care for another adult, compared to one in six non-LGBT people. As a result, women and LGBTQIA+ people who work less because of caregiving responsibilities may end up with lower Social Security benefits.

Tax-Preferred Retirement Savings

- The other major source of women's retirement income is from employer-provided retirement benefits. Employers may offer retirement savings (defined contribution) plans or traditional pension (defined benefit) plans to their employees. Under defined contribution plans, which are much more common than defined benefit plans, employees can put some of their salary into a savings account, such as a 401k. The tax code favors retirement savings, by exempting either contributions or withdrawals from taxation. Individuals can also save for retirement in Individual Retirement Accounts (IRAs), which offer similar tax benefits, if they are not able to save with an employer.
- As with Social Security, however, women and LGBTQIA+ people are disadvantaged because tax-favored retirement saving is most often connected to paid work. Employers are not required to offer retirement benefits, and women **are overrepresented** in poorly paid jobs where such benefits are uncommon. Women are **more likely** to work part time or have gaps in employment, often because of caregiving responsibilities, which limits their ability to save for retirement at work.
- Moreover, even when women have retirement savings plans, they are more likely to need every penny of their income to make ends meet now and cannot put money aside for their future retirement. This is especially true for women facing multiple forms of discrimination.

- As a result, women, and especially women of color, are likely to have fewer [retirement savings](#) and [receive less income](#) from their savings than men do. This is problematic because these savings are needed to supplement lower average Social Security benefits. In fact, women need more, rather than fewer, savings to stretch through retirement because women have [higher life expectancies](#) and [higher or unmet health needs](#) compared to men. LGBTQ people are [less likely to be confident](#) that they will have enough for a comfortable retirement across all income levels.

Because of how retirement benefits are structured 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.