

The Women's March: A Spotlight Shined Anew on Income Inequality

Just one day after Donald J. Trump was sworn in as the nation's 45th president, more than two million people across the country and around the globe (hundreds of thousands in Washington D.C. alone) took to the streets in peaceful marches for numerous social, cultural, environmental, and economic causes.

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While most of the marchers were women, a sizeable portion were men who wanted to be part of the history-making day. As evidenced by the vast array of homemade signs they carried, marchers were moved to action by myriad causes, among them economic equality for women.

That's not to say that progress toward income equality has not been made over the years. As early as 1963, laws such as the Equal Pay Act, which states that "employers may not pay unequal wages to men and women who perform jobs that require substantially equal skill, effort, and responsibility," have been on the books.¹ But fast-forward nearly half a century, and working women still face a gender-based wage gap.

When combined with factors such as longevity and family caregiving, the gender wage gap can influence women's long-term financial well-being, particularly their retirement security. While it's true that most U.S. workers are facing a retirement savings shortfall, for women, the effect is compounded: Lower pay translates into reduced Social Security benefits, smaller pensions, and less retirement savings.

The Retirement Gap

You needn't look far to find evidence of the gender retirement gap. Consider the following facts:

Many women will need to make their retirement nest eggs last longer than men's. According to the latest data from the U.S. Department of Health and Human Services' Centers for Disease Control, females who have reached the age of 65 can, on average, expect to live another 20.5 years. Similarly, 65-year-old men, on average, live another 18 years.²

The gender wage gap has a ripple effect over a woman's entire career. The National Women's Law Center has found that a woman starting her career now will lose more than \$430,480 over a 40-year career; for Latinas, this wage gap could total \$1,007,080 over a career, and for an African American woman, the total wage deficit could reach \$877,480.³ Put another way, a woman would have to work 51 years to earn what a man earns in 40 years.³

Family caregiving causes career interruptions that can have significant monetary consequences over time. Research conducted by the AARP revealed that family caregivers who are at least 50 years old and leave the workforce to care for a parent forgo, on average, \$304,000 in salary and benefits over their lifetimes.⁴

The retirement income gap is very real. The average annual Social Security benefit for women age 65 and older was \$13,150 in 2014, compared with \$17,106 for men, according to Social Security Administration data.⁵ Research shows that women also are less likely to have access to an employer-sponsored defined benefit pension plan and have accumulated about a third fewer assets in defined contribution retirement accounts than their male counterparts.⁶

Beating the Odds

Despite these challenges, many women retire with enough money to relax and enjoy their later years. Here's how they do it:

- Saving as much as they can: This year you can save up to \$18,000 in an employer-sponsored retirement plan, plus a \$6,000 "catch-up" contribution if you are age 50 or older (and your plan allows). Your contributions are made on pretax income, which means you're paying taxes on a lower amount.
- Becoming educated about other sources of retirement income. No matter how committed you are to saving, chances are your employer-sponsored plan won't provide all of the money you'll need once you retire. Find out as much as you can about Social Security -- and strategies for optimizing your benefits -- as well as IRAs and other investments that can help fill in the gaps.⁷
- Make the connection between life expectancy and income needs. Even if you already have a healthy nest egg, it's important to continue saving because you could end up spending 20 or 30 years in retirement, which means you'll have to save that much more.

Regardless of your personal challenges -- or who occupies the White House -- you can take charge of your financial future starting today.

¹U.S. Equal Employment Opportunity Commission, ["Facts About Equal Pay and Compensation Discrimination."](#)

²U.S. Department of Health and Human Services, Centers for Disease Control, National Center for Health Statistics, ["Health, United States, 2015."](#) Table 15: Life expectancy at birth, at age 65, and at age 75, by sex, race, and Hispanic origin: United States, selected years 1900-2014, May 2016.

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³The National Women's Law Center, "[Wage Gap Costs Women More Than \\$430,000 Over a Career, NWLC Analysis Shows](#)," April 4, 2016.

⁴AARP, "[Understanding the Impact of Family Caregiving on Work](#)," Fact Sheet 271, October, 2012.

⁵Social Security Administration, "[Fact Sheet: Social Security Is Important to Women](#)," November 2016.

⁶National Institute on Retirement Security, "[Shortchanged in Retirement: Continuing Challenges to Women's Financial Future](#)," March 2016.

⁷Distributions from a traditional IRA will generally be subject to taxation upon withdrawal at then-current ordinary income tax rates. Distributions taken prior to age 59½ may be subject to an additional 10% federal tax.