



CHANGE IS POSSIBLE. CHANGE IS HAPPENING.

May 21, 2013

Testimony in Support of HB3436 to the Joint Committee on Ways and Means Subcommittee on General Government

Dear Chairs Steiner-Hayward and Smith and Committee Members,

My name is Lili Hoag and I'm the Policy Director of Family Forward Oregon. We advocate on economic security issues that impact women and families in Oregon.

Financial security in retirement is a significant issue for the women we advocate for and with. In the United States, motherhood is the leading predictor of poverty in old age. This is because mothers face wage and promotion penalties due to their caregiving responsibilities. Women are also more likely to work in part-time jobs that do not offer benefits, such as a retirement savings plan. They are also more likely to leave the workforce to raise children or care for a family member, and these gaps in workforce participation lead to lost wages in the short-term and lost investment in Social Security and other retirement programs in the long term. You can see how this financial insecurity compounds over time.

This has, of course, a historical context. Women traditionally relied on male partners for a retirement plan - they worked in the home and men's work used to supply a stable pension. In the last 50 years, the landscape of work has changed, as has healthcare, childcare, and retirement planning. Women now make up half of the workforce- and are the primary breadwinners in four out of ten households.<sup>1</sup>

But women aren't reaping the rewards of that hard work in retirement. In fact, a woman's total retirement assets, both in and out of the workplace, average less than 70 percent of a man's comparable savings.<sup>2</sup> Women are also more reliant on Social Security benefits to keep them out of poverty because they live longer, earn less and are less likely to have a pension and other supplemental retirement income than men.<sup>3</sup>

<sup>1</sup> Boushey, Heather and Ann O'Leary. 'Our Working Nation: How Working Women Are Reshaping America's Families and Economy and What It Means for Policymakers'. Center for American Progress. March 2010. Washington, DC.

<sup>2</sup> ING Retirement Research Institute "What About Women (and Retirement)". Accessed July 2012: [http://ing.us/sites/ing.us.rri/files/what\\_about\\_women\\_white\\_paper.pdf](http://ing.us/sites/ing.us.rri/files/what_about_women_white_paper.pdf).

<sup>3</sup> U.S. Social Security Administration. (2008, December). Annual Statistical Supplement to the Social Security Bulletin 2009. (Table 5.A6 — Number and average monthly benefit, by age, sex, type of benefit, and race, p. 5.27). Retrieved 24 May 2011, from <http://www.ssa.gov/policy/docs/statcomps/supplement/2009/supplement09.pdf>



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It is time to start the critical conversation about the ever-increasing number of women who are retiring into poverty. Given that 57.3 percent of retired people are women, this is no small concern. In Oregon alone, eight in ten of the poorest quartile of retirees are women.<sup>4</sup> Women who retire into poverty are less likely to be able to afford basic healthcare, staples like food and heating, and suffer serious health issues as a result. This issue becomes more acute as women continue to live longer: over half of women age 75 or older live alone and almost half of those are living at or near the federal poverty line.

The Oregon Retirement Savings Investment Board would have the opportunity to come up with a plan that is flexible, portable and easy to use- something that would greatly benefit the women of Oregon. This bill offers a unique opportunity to move this vital conversation forward.

Women in our state need a retirement plan that is available through the workplace, that can be carried from job-to-job without penalty, and that they can contribute to even when they are not working (unlike Social Security)- during those crucial child rearing years that can so often be the difference between a comfortable retirement or one of poverty.

We know that part of making saving for retirement more accessible is providing a cost-effective and easy to use option for those people who are not just financially poor, but also time poor. Women, especially poor women, are less likely to have the time to access the best advice and information on retirement plans. They are also less likely to choose those plans with the highest returns; if women were able to save through an insured and easily accessible system, some links to poverty in old age could be broken. This is something we have the power to help women across the state to change.

As our population ages and people live longer, the need for accessible, secure retirement savings options becomes increasingly urgent for Oregon women, their families, and for the state itself. We need to develop proactive solutions to reducing poverty in old age, and this bill constitutes the beginning of a much needed course of action.

Thank you.

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<sup>4</sup> Gould, Elise and Douglas Hall. 'Oregon Retirement Security How are retirement needs being met now and in the future?'. Economic Policy Institute. January 2012. Washington, DC.