



CHANGE IS POSSIBLE. CHANGE IS HAPPENING.

March 9, 2014
Testimony in support of SB 615

Dear Chair Dembrow and members of the committee,

My name is Andrea Paluso and I'm the Executive Director of Family Forward Oregon and the Co-Chair of the Fair Shot for All Coalition. 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 make up over two-thirds of all minimum wage workers and experience poverty at higher rates than men. Women are 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 experience gaps in workforce participation, which can 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 or co-breadwinners in two out of three households.**¹

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.² Women are also more reliant on Social Security benefits to keep them out of poverty because they live longer, earn less throughout their lives and are less likely to have a pension and other supplemental retirement income than men.³ However, they are also more likely to have lower Social Security benefits in old age due to time out of the workforce spent raising kids and caring for other family members.

¹ 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.

² 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.

³ 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.**⁴ 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.

Women in our state need a retirement plan that is easily available through their workplace, that can be carried from job to job without financial 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 women living in poverty, are less likely to have the time to access the best advice and information on retirement plans. They need access to straightforward information about how to invest often-limited resources with the best possible long-term impact, and the assurance that their investments will be protected and will grow over time and not be whittled away by penalties and fees. If women were able to save through an insured, high-quality 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. As I hope I've made clear, women's needs regarding retirement savings deserve special consideration given their unique responsibilities, financial realities and experiences. We need to develop proactive solutions to reducing poverty among women in old age, and SB 615 constitutes the beginning of a much-needed course of action.

Thank you.

⁴ 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.