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# Rethinking Retirement Policy in Massachusetts

Ellen A. Bruce
*University of Massachusetts Boston*, ellen.bruce@umb.edu

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*Women are significantly poorer than men in old age. One major cause of women's disproportional poverty is retirement income policy that bases pensions and savings incentives on earned income. This paper describes the structure of our retirement policies and argues that some policies should be implemented that are not associated with earned income as a way to both support women's caregiving roles and insure their economic well-being in* old age.

Women have a greater chance of being poor in old age than men. They enter retirement with fewer assets, less pension income, and lower Social Security benefits. Because they have a longer life expectancy, their savings must last longer and their income will probably be eroded by inflation. All of these factors tend to reduce their income in their later years. Women also have a greater risk of chronic disability than men, which means their health and long-term care expenses are greater. Older women in Massachusetts face all of these challenges. The challenge that Massachusetts policy makers face is how to reduce these risks. What policies can the state implement that will enable all older persons, but women in particular, to live with more economic security in their later years?

How well someone does in retirement is a combination of their retirement income (Social Security, pensions, annuities, IRAs, and so on), savings, insurance (health and long-term care), and their expenses. Women do poorly compared to men on most of these fronts, primarily because most retirement income is based on lifetime earnings. Since women's wages are lower than men's and their work histories are shorter, their lifetime earnings are less. An initial decision for policy makers is whether policies should encourage women to adopt work patterns closer to men's as a way to increase their retirement income, or whether retirement policy should separate the calculations of benefits from prior earnings. While women's wages should be equal to those of men doing similar work and barriers to jobs should be

*Ellen A. Bruce is a lawyer, an associate professor of Gerontology, and director of the Pension Action Center at the Gerontology Department of the McCormack Graduate School, University of Massachusetts Boston.*

eliminated, women provide a valuable service to society in their roles as unpaid caregivers for children, the disabled, and frail family members. Policy makers **could** encourage and reward those roles if retirement income were not based solely on paid work.

## Older Women's Economic Disadvantages

The poverty rate for people over age sixty-five in Massachusetts is 8.9 percent. Couples over age sixty-five are relatively well off with a poverty rate around 4 percent.[1] But singles and especially women are much worse off. Also, as people age they are economically more vulnerable; people over eighty-five are poorer than younger elders.

According to the 2000 U.S. Census, unmarried women over the age of sixty-five in Massachusetts have poverty rates of 14 percent compared to single men with poverty rates of 11 percent. If you look at single women and single men at or below 150 percent of poverty, rates increase to 31 percent for single women and 25 percent for single men.[2] In short, a sizable proportion of single older men and women in Massachusetts are living in or very close to poverty. Policy makers should be concerned about all older single persons, but since single women over sixty-five make up a much larger proportion of the over sixty-five population in Massachusetts than single men (37 percent vs. 12 percent), this article addresses the causes of older women's economic insecurity.

Women's economic disadvantages stem from two sources: they are paid less and they spend less time in the paid workforce. It is generally agreed that women earn less than men after holding constant other variables.[3] How much less is in dispute, but it is commonly asserted that women earn 77 cents for every dollar a man earns.[4] This gender earning difference increases with age. Women in their twenties earn salaries closer to their male counterparts than do older women.[5] Since many private and public pensions are weighted toward earnings in the years closest to retirement, this greater differential is important.

Women spend less time in the paid workforce than men, primarily because of women's care-giving responsibilities for both children and elderly disabled relatives. In 2005, women had a labor force participation rate of 59.3 percent compared to men's participation rate of 73.3 percent.[6] When they are in the workforce, women are more often working part-time. In 2005, 25.2 percent of working women were employed part time as compared to 10.7 percent of working men.[7]

The result: when it comes to retire, women have fewer retirement resources (Social Security or Pensions or IRAs) than men, and they have greater potential expenses. Their longer life expectancy means that their money must last longer. Women also have a greater likelihood than men of needing long-term care[8] which can be financially catastrophic.

Social Security, Massachusetts public pensions, and private pensions all base their benefit calculations on past work history and salary. Social Security's formula and its benefits, however, are structured in a manner that is more beneficial for women than the other two.

## Social Security

Social Security, like private pensions, uses wages as a base for determining a worker's benefits. The result is what you would expect: The average Social Security retiree benefit for a woman is $826/month compared to $1,077/month for a man.[9] Although Social Security has several features that benefit women's lifetime patterns of work, it is still based on a formula that averages the amount of money earned during each year over a thirty-five-year work history. If someone was not in the workforce for thirty-five years or did not pay into Social Security, a zero is placed in the no-earning year, bringing down the amount of the benefit. People who work fewer years and earn less have lower Social Security benefits.

Two aspects of Social Security mitigate the effect of basing retirement income on work and wages. First, the Social Security benefit formula is weighted toward lower income workers, so that first $656/month of earnings counts more toward your benefit than subsequent earnings. This formula results in people in the very low income brackets having their benefits replace up to 57 percent of their pre-retirement income, while workers at the higher income brackets have a benefit that replaces only 33 percent of their pre-retirement income.[10] Thus, while people with higher earnings will receive higher Social Security benefits, people with lower earnings will receive a higher percentage of their prior earnings. In this way, the Social Security benefit formula is progressive. The second design element of Social Security the helps women in old age is that the program offers a 50 percent benefit to the spouse of the worker as well as a benefit for the worker. Therefore, when a man retires and is entitled to $1000/month from Social Security, his wife will be entitled to at least $500/month. The spousal benefit is unusual in that the wife is entitled to it while the husband is living and the husband's benefit is not reduced because his wife receives the benefit. This hypothetical couple will receive $1500/month. If the wife has an earning record of her own, she cannot receive both her own retirement benefit and the spousal benefit from her husband's work, but she will receive the greater amount. So if she is entitled to $300/month on her own work history she will receive that and an additional $200/month as a spouse. In this way, Social Security is supporting wives of workers in addition to retirees.

Widows and widowers are also entitled to a benefit from the retiree's work. In the example above, the wife would receive $1,000/month on the death of her husband. The survivor is entitled to the worker's benefits but does not continue to get the spousal benefit. Thus a couple with Social Security income in the above example will have $1,500 a month to live on, but if the husband dies, the wife will have only $1,000 a month.

A third provision of Social Security serves women's longer life expectancy. Social Security pays a cost-of-living adjustment on the full amount of the benefit each year, therefore the benefit is not eroded by inflation as are most other monthly retirement benefits. These Social Security plan design elements, (spousal benefits, Cost of Living Adjustments [COLAs], and weighting benefits toward low-income workers), blunt the economic disadvantages women typically have entering retirement, even though the formula is based on wages and work history.

Two provisions of Social Security work against women in Massachusetts who work for a public entity. The public pension offset provision of the Social Security law reduces the amount a public employee may receive from their spouse's Social Security by a portion of their own public pension. The result may be that the public employee will not collect anything under their spouses' Social Security. For example, a woman who has worked as a school teacher, contributed to the Massachusetts Teachers Retirement System, and earned a public pension of $1,000 a month will have her entitlement to her spousal benefits from her husband's Social Security reduced by two-thirds of her public pension. If her husband's Social Security benefit is $1,500/month, her spousal benefits would be $750/month without the offset. Once the offset is applied (two-thirds of $1000 or $666) her spousal benefit will be only $84 ($750 – $666 = $84). If her teacher's pension is $1,500/month she will receive no spousal benefit as the offset (two-thirds of $1,500 or $999) will entirely eliminate the spousal benefit of $750. A second provision, the Windfall Elimination Provision, reduces the amount of the public employee's Social Security benefit earned from previous work. These two provisions are a result of Massachusetts public employees not **contributing to** Social Security. These provisions are not well known and because of them women who are retiring often find they have less income in retirement than they had anticipated.

## Private Pensions

Private pensions are structured very differently from Social Security. There are two basic forms of private pension, the defined benefit plan and the defined contribution plan. The defined benefit plan is the traditional pension plan where the company is responsible for funding the plan and making investments, and provides retirees with a monthly income over their lifetime. The defined contribution plan is what most people think of as a 401(k) plan. The company contributes a set amount to the worker's retirement each year the worker is employed with the company, but does not guarantee any monthly benefit. Typically the benefit is paid in the form of a lump sum and often can be rolled over into another retirement account if the worker leaves before retiring. Often employees must contribute a portion of their wages in order to receive the employer match.

Neither structure has provided particularly well for older men or women. Only 44 percent of retirees age 65 and older had any income from an employer-sponsored pension plan in 1998. Women were less likely than men to have pension income from either their work or their spouses' work; 56 percent of men had pension income compared to 36 percent of women.[11] In addition, women's income from pensions is less than men's. The median monthly pension receipt for men in 1998 was $700, for women it was $346.

The future of pensions as a source of income is very much in flux. Over the past twenty years there has been a dramatic shift from defined benefit plans to defined contribution plans in the private sector. In 1983, 62 percent of workers with pension coverage had only defined benefit plans compared to 12 percent who had defined contribution plans, and 26 percent had both. By 2004, only 20 percent of workers with pension coverage had only defined benefit plans, 63 percent had only defined contribution plans, and 17 percent had both.[12] Therefore, among workers with pension coverage, those with defined benefit plan coverage dropped from 88 percent to 37 percent in that twenty year period while workers with defined contribution plan coverage increased from 38 percent to 90 percent in the same period.

The implications of this dramatic shift are not yet known but there are some indications that are worrisome. First, there has not been an increase in the number of individuals participating in private pension plans.[13] In a defined benefit plan, anyone who was covered by a pension plan automatically participated. This was in large part because defined benefit plans did not typically have employee matches so the employee did not have to make any decision. In most defined contribution plans, employees are required to contribute to the plan in order to receive the employer contribution; if they don't contribute, they are not in the plan. Thus, although more companies are offering pension plans, a smaller percentage of employees are participating, resulting in somewhat stable participation rates. In 2004, only 44 percent of working women and 48 percent of working men participated in a pension plan.[14] The participation rate for women has increased slightly and the rate for men has decreased some.

Two other concerns about the trend toward defined contribution plans is the amount of money being accumulated in retirement accounts and the form that money is taken at retirement. Women have accumulated much less in these accounts than men. Bajtelsmit and Jianakoplos found that in 1998 women had lessened the gap in accumulated savings in defined contribution balances from 40 percent of men's balances in 1989 to 44 percent in 1998.[15] While this is good news, it shows that women are still very far behind and this data includes only women with defined contribution plans.

How money is taken out of the pension plan at retirement is also of concern for women. A lump sum payment may be spent before death, leaving the women without adequate income in her later years. To avoid that risk, a woman can purchase an annuity on the private market, but in Massachusetts she will have to pay more than a man pays for the same monthly benefit. But if the pension plan pays the annuity, it can not pay more in benefits to a man than to a woman because federal law prohibits it.[16] The sale of annuities is regulated by state law and only one state, Montana, prohibits the differential pricing of annuities based on sex. Therefore, it is in a woman's interest to have the plan pay the annuity instead of buying one on the private market. Purchasing through the plan would also save on marketing costs associated with the sale of private annuities. The downside of annuities, whether paid by the plan or purchased privately, is that they typically do not increase in later years and thus are eroded by inflation over time. An annuity bought by a women at age sixty-five will have less than half the purchasing power when she reaches age eighty-five.

Private pensions have some protections for spouses. First, federal law requires that defined benefit plans and any defined contribution plan that offers benefits in the form of an annuity must have the wife's agreement in writing if the pension is not taken in the form of a 50 percent joint and survivor annuity. This protection involved the wife in the decision of whether the benefit should continue if the husband died before the wife. Unlike Social Security, the decision to elect a survivor benefit for the worker's spouse reduces the amount of a pension benefit the worker will receive during his/her lifetime. Therefore, including the spouse in the decision is important as he or she will have the most to loose if the worker dies before the spouse and a joint and survivor annuity is not chosen. The percentage of married men electing a joint and survivor benefit increased from 41 percent to 71 percent between 1975, when federal law made the joint and survivor option the default election form, and 1994.[17] With the advent of defined contribution plans that pay benefits only in a lump sum, this protection for wives is eliminated.

Federal law also provides protection for divorced spouses. Upon divorce, the court may divide a husband's pension and issue a Qualified Domestic

Relations Order (QDRO), which will allow the pension plan to pay the ex-spouse her portion of the pension directly. With the growth in defined contribution plans, this protection will become less important because individual accounts can more easily be divided. The ability of married couples or divorcing couples to divide pension money between them is an important tool in protecting the economic security of the women. To the degree that pension money and tax policy ties retirement money to the wage earner, the non-wage earner or lower-wage earner partner will be at a disadvantage in retirement.

## State Pension System

The Massachusetts public pension system is structured very differently than Social Security and most private pensions. Public employees in Massachusetts, unlike many other states, do not participate in the Social Security system and as such the public pension system plays the role of both Social Security and private pensions for the workers in the system. The protections the Social Security system offers women do not extend to the working women and spouses of workers in the Massachusetts public sector. Most notably, a spouse of a Massachusetts retiree is not entitled to receive any portion of the retiree's pension during the retiree's lifetime. A wife would only be entitled to a pension from her husband's work if he elected upon retirement to take Option C which would give him less in his monthly pension but would provide his wife with two-thirds of his pension upon his death.[18] A public employee who does not choose a joint and survivor option (which the employee can do without the wife's consent) risks leaving her with no support upon his death. If she did not work, she would have no Social Security, no pension from her husband's work, and no pension in her own right because of a lack of a work history. Such a woman might apply for federal and state support in the form of Supplemental Security Income (SSI) if she had no savings, leaving her in poverty.

The state pension system has some features that are very beneficial and some that are harmful to state workers. One element that hits women particularly hard is the vesting provisions. Employees are required to have ten years of full-time work before being eligible for any pension. Part-time work is credited on a pro rata basis so a part-time worker could take up to twenty years before being eligible to receive a pension. These vesting requirements are unusually restrictive and work to deny benefits to many employees in the state system.[19]

For full-time, full career employees, the public system in Massachusetts is relatively generous. An employee can earn a benefit equal to 80 percent of her final three-year average salary if she has worked in the system for a long time. An 80 percent benefit is considered a good benefit by most financial planners. Massachusetts also provides for regular cost-of-living increases on the first $12,000 of yearly benefits so there is some (but not total) inflation protection.[20] For most retirees, this COLA is less generous than the Social Security benefit that it replaces. Social Security's average yearly benefit for a retiree in June 2006 was $12,086. Thus, beneficiaries in the Social Security system who have retirement benefits above the average are earning a COLA on more of their benefits than state workers receiving above the average Social Security. For a couple whose average yearly Social Security benefit is $18,090, the state COLA is much less generous.[21]

## Theory vs. Reality

How well different retirement programs provide for the elderly remains a question of importance. Social Security with its guaranteed benefits and cost-of-living protection is credited with lifting many elders out of poverty, especially women.[22] The state pension system helps a small set of older women but fails many more because of weak spousal protections, partial COLA protection, and long vesting requirements.

In theory, defined contribution plans could hold promise for women. Under 401(k) plans, the vesting time is shorter, allowing workers with shorter job tenure, like many women, a chance to accumulate some retirement wealth. Defined contribution plans are also easily portable, allowing individuals to move their pension plans when they change jobs. The individual accounts offered by defined contribution plans also can continue to increase in value, making contributions made early in one's career more valuable than an entitlement under a defined benefit plan. This flexibility could work to women's benefit if they work before having a family and can save for retirement at that time. And, importantly, small employers are more likely to offer a defined contribution plan, providing the potential of greater private pension plan coverage. These elements have helped women somewhat as seen in the increase in pension coverage of women in recent years.

After almost thirty years of experience with 401(k) plans, however, retirement security has yet to be reached and women may be further behind.[23] Younger workers are less likely to participate than older workers. Low-income workers contribute less than higher income workers. And most problematic, 45 percent of participants in 2004 cashed out their 401(k) balances when they left their jobs, instead of rolling over the balance to an IRA.[24] This cash out is done mainly by younger workers and by those with small accounts but it causes the loss of retirement income. An analysis done by Munnell and Sunden indicates that the promise of large account balances accumulating by age sixty-five has yet to become a reality. For many, such balances never will be a reality. Munnell and Sunden took a hypothetical worker with earnings of $58,000 at retirement who had contributed 6 percent of salary to a plan to which the employer was contributing 3 percent to and compared the hypothetical worker's account balance to the actual 401(k)/IRA balances of those aged 45–54. Had they contributed and invested as expected their account balance would have been $169,300 but the average actual account balance was $49,000, very substantially less.

There are many reasons people do not participate in defined contribution plans; most notably, they need all of their pay check to make ends meet. They could also be saving money for major expenses prior to retirement such as a house or education. Other reasons include not understanding or mistrusting the plan, fear of losing money, and inertia. One easy way to increase participation would be to not require a match from the employee, but instead have the plan fully funded by the employer as the defined benefit plans were.

Women's history of accumulating large amounts of savings is not particularly good although some research has shown that women are doing a better job in saving before retirement than ten years ago. Bajtelsmit and Jianakoplos found in an examination of the Survey of Consumer Finances that women's average accumulated defined contribution balances measured in constant 1998 dollars, increased from $16,372 in 1989 to $25,020 in 1998. These amounts, however, are still much lower than men's, which were $41,149 in 1989 and $57,239 in 1998. Women's IRA accounts were also smaller than men's in 1998, $26,307 compared to $56,429.25

The benefits in defined contribution plans are usually paid out in the form of a lump sum, allowing the retiree to invest some of the money so that it can continue to grow and keep up with inflation. If some is used to buy an annuity to protect against the risk of outliving the retirement savings and some is invested to keep up with inflation, a 401(k) savings plan holds the promise of providing retirement income that is both guaranteed for life and can grow with inflation. In addition to small account balances, women face several other obstacles in reaching this ideal. When buying an annuity in Massachusetts, and most other states, because women's life expectancy is longer, women are charged more than men for the same coverage.

Although defined contribution plans present some advantages for women: they are portable and they can increase in value over a lifetime, they are still based on a work history and how much you make. As long as women work less in the paid workforce and are paid less, they will continue to have smaller retirement accounts. Unless we develop retirement income policies that are not based on earned income, women will continue to have less in retirement than men.

## Federal Reforms

As discussed above, there are very few retirement vehicles that are not based on earned income. Two approaches that are not tied to earned income could be used. First, government might subsidize retirement savings of low-income people or people who have been out of the workforce to provide caregiving and thus have short or no careers in the paid workforce, thereby using tax dollars to create savings in addition to encouraging savings as we do now. Second, governmental policy might create mechanisms for retirement income of married couples to be equally divided between them. The first approach would require either new tax dollars or a shift of the tax dollars presently used to encourage savings of those participating in pension plans. The second approach is more mechanical and merely shifts the retirement benefits between the members of a couple.

To some degree, we do the first. The Social Security spousal benefit is an example of a benefit for a spouse based on the working spouse's work. The Social Security benefits are available for spouses without reducing the worker's benefits, and therefore are a subsidy to the non-working spouse. Widow's benefits and joint and survivor benefits, which are available only upon the death of the retired worker, are also examples of shifting worker's retirement benefits to support the worker's spouse. This approach, however, benefits only spouses or dependents of a worker and relies on the worker earning enough retirement benefits to share.

Other reforms are needed to address the retirement security of single mothers and low-wage workers. Currently, a saver credit provides a tax credit to low-wage workers who contribute to an IRA. This credit is more valuable to low- and moderate-income workers than the tax deduction for contributions to IRAs. Of course, in order to receive the tax credit, one must have enough disposable income to contribute to an IRA. Many people cannot take advantage of the credit because of a lack of disposable income. If the credit were made into a refundable credit, much like the earned income tax credit, more low-income workers could take advantage of it. The proposal to have the saver credit converted to a refundable credit has been debated since it was first established by the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), however, the most recent federal pension reform package, the Pension Protection Act of 2006, made the saver credit permanent without making it a refundable credit.

Those who are out of the workforce due to caregiving responsibilities for children or the disabled often need additional help as well. Caregiving credits have long been suggested for Social Security but never implemented.[26] With Social Security facing a projected deficit by mid-century, it is unlikely that reforms that cost the trust fund money will be seriously considered. The government could, however, institute caregiving credits to individual retirement accounts for people out of the workforce performing full-time caregiving. These credits would be similar to the earned income tax credit but would be for caregiving, not earned income.

Mechanisms that would help married couples divide retirement savings include changes in how federal tax policy treats private pensions. Individual pension plans are in the name of the working spouses and thus owned by them. The Internal Revenue Code allows working individuals to "roll-over" their 401(k)s into an IRA when they leave the employment of the company that sponsored the 401(k), however, it does not allow the 401(k) or any portion of it to be rolled over to a spouse's IRA. If it did, couples could equalize their retirement accounts, allowing women to accumulate more retirement savings in their names even though it is the husband who has earned the retirement money. At present, the tax-free roll-over option is only available if one spouse is deceased or under a divorce decree.[27]

Allowing couples to divide pension accounts is one way to ensure more equality in the financial decision-making of married couples. The Retirement Equity Act of 1984 provided for some joint decision-making when it required that a spouse sign a waiver if the working spouse elected a pension distribution in any form other than a joint and survivor benefit. Implicit in that law, was the non-working spouse's interest in the retirement benefits of the working spouse. Involving the spouse in the decision seemed to have increased the election of joint and survivor options by married men. In the years from 1980 to 1984 60 percent of married men elected a joint and survivor benefit whereas, in 1993–94, 71 percent elected the option.[28]

The requirement that a spouse waive entitlement to a joint and survivor benefit is of less importance today than it was in the 1980s when the law was passed because of changes in the private pension landscape. Today, more companies are offering defined contribution plans and fewer plans are offering benefits in the form of an annuity. If the benefit is not offered in an annuity form, the waiver requirement does not apply. The requirement to have a spouse sign off on the distribution of a lump sum as well as the election of a joint and survivor annuity would extend the joint decision-making to all plan distribution decisions. If the law allowed roll-over distributions to spouses, a non-working spouse could accumulate retirement savings along with the working spouse. To make this a non-taxable event, the non-participant spouse would have to be able to accept her half of the distribution in an IRA. Such a provision would also benefit couples whose plan is covered by the joint and survivor waiver provision but who want to roll over the money for other reasons, such as better investment options or consolidating retirement savings.[29]

The second group of reforms discussed above would benefit married women only if the couple has enough money to divide between husband and wife. These reforms do not target the low-income women who are at most risk. Some combination of governmental supports for caregivers' retirement and more equal division of couples' retirement assets should be considered. All of these ideas have the goal of creating retirement wealth for women even when they are out of the workforce. Breaking the connection between paid work and retirement policy must be considered if we continue to rely on unpaid caregivers for our children, the disabled, and frail elders.

## The Role for State Policy Makers

Although the federal government, to the exclusion of state and local governments, regulates most private pensions there is still a role for state government in ensuring that citizens have adequate income in retirement. State government regulates the securities industry and the insurance industry, both of which are central in retirement savings. As more and more retirement plans move to individual accounts and people roll over their accounts to IRAs when they change jobs, the management and investment of that money will involve more ordinary people in the investment world. Education of investors, disclosure of fees, and protection against conflict of interest are all areas where the state can be proactive to insure that retirees don't lose their savings. In particular, targeting financial education for women has been an area that several states, including Massachusetts, have undertaken.

With their power to regulate insurance, states can influence the retirement products that are offered. As discussed above, annuities are an important vehicle for retirees, especially women, as they guarantee a steady stream of income until death. But annuities are expensive. Encouraging less expensive and more flexible products could result in more people using annuities. Requiring insurance companies to use unisex life-expectancy tables would also reduce the cost to women.

One of the most innovative suggestions for state involvement has come from the Economic Opportunity Institute in Washington State. They have proposed that states create statewide pension systems that small employers and individuals can participate in voluntarily. In such a pooled system, small employers and individuals who have high expenses could reduce their costs substantially. Also, employees could change jobs and still continue to accumulate credit toward a lifetime benefit. Under such a scheme, a state might subsidize (or match the savings of) low-income workers to encourage savings on their part.

Finally, Massachusetts could and should reform the public pension system. The general structure has not changed since it was codified in the 1940s. But the work force and its needs have changed radically; most notably the workforce is now more mobile. A system that assumes a lifetime career service shortchanges many employees. Specific reforms that would help women in the system include lowering the vesting requirement and expanding the COLA provisions. Adding protections for spouses of state and local workers would also help the women in this state who are married to public employees.

### Conclusion

Many initiatives have been proposed for reforming pension at both the state and the federal level. Most recently, Congress passed the Pension Protection Act of 2006, which aimed at increasing participation rates and ensuring adequate funding of defined benefit pension plans. But neither the changes Congress made nor the current trend in private pensions promise help for women who are out of the workforce or have low wages. This paper suggests that unless retirement income policy is expanded beyond consideration of what one earns over a lifetime, caregivers (typically women) will always be poorer (and potentially very poor) in retirement. Several reforms have been suggested to relieve some of the inequities women face. Others help low-income workers, more than a majority of which are women. Some of the reforms are small in nature and effect, others challenge the concept of basing retirement on work history. For women to see substantial improvement in the disproportionate poverty in old age that they face, policy makers must start questioning the broad assumptions upon which our current policy is based.

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28. U.S. Dept. of Labor, Retirement Benefits of American Workers,101.
29. Currently, if a plan participant spouse leaves a job and wants to roll over his 401(k) to an IRA, the spouse must decide to waiver her right to the joint and survivor option or block the roll-over. Allowing a split roll over would give her another option.