

**Statement of Senator Herb Kohl – March 15, 2006**

“Bridging the Gender Gap: Eliminating Retirement Income Disparity for Women”

Thank you, Mr. Chairman, for holding this important hearing. As we will hear today, women tend to receive less income during their retirement years than men – in fact, they get only about 53 percent of what men receive. The poverty rate for single women of retirement age is a staggering 17 percent. That is simply unacceptable.

Retirement security is often thought of as a “three-legged stool” – Social Security, employer pensions, and private saving. But it’s clear that for too many women facing retirement, that stool is shaky. We must strengthen all three legs, and also promote a fourth leg – the opportunity to continue working past traditional retirement age for those who need to do so.

Social Security is the foundation of retirement security for everyone, especially women. In fact, it is the only source of income for over one-quarter of single elderly women. Social Security provides a guaranteed benefit – even more important now that individuals are bearing more risk in defined contribution plans. Furthermore, Social Security benefits are protected from inflation and guaranteed to last a lifetime; this is especially important for women, who on average live about 5 years longer than men. And finally, Social Security is progressive – it replaces a larger share of earnings for low-earners, and women tend to earn less than men. Social Security is a lifesaver for many women, and we must protect and strengthen it.

But because Social Security was never meant to be the sole support after retirement, we must also strengthen employer pensions and private saving. Women are more likely to work part-time and therefore are less likely to be covered by a pension plan. Women are also increasingly at risk of outliving their savings, because unlike traditional pensions, few defined contribution plans offer to pay out benefits as an annuity – an income stream that is guaranteed to last a lifetime.

We should encourage 401(k) plans to offer an annuity payout, and encourage participants to choose this option. In addition, we should extend and expand the Saver’s Credit so we can help lower-income people, many of whom are women, better save for retirement.

Even with such improvements, many baby boomers will choose to work longer. Some will work to stay healthy and productive, and some will work because they need to build more savings for a comfortable retirement. This new “fourth leg” of the retirement stool – continued work past traditional retirement age – will be especially important for women, who tend to live longer than men.

Yet for several reasons, older women are less likely to participate in the labor force today, making saving for retirement more difficult. First, women are more likely to seek part-time and flexible work schedules – and companies are less likely to provide pension plans for part-time workers. Second, many are responsible for caring for elderly or disabled relatives. Caregiving reduces their earnings, Social Security benefits, and pension benefits – on average, a total loss of \$659,139 over a lifetime.

I have introduced legislation that would address these barriers and expand the time older workers have to work, save, and secure a more comfortable retirement. The bill would provide tax incentives for businesses to hire and retain older workers, offer them part-time and flextime opportunities, and include them in the company’s pension and health insurance plans. It also seeks to ease the burden on caregivers – who more often tend to be women – by giving a tax credit to workers for the care of their senior family members.

We face an enormous challenge, but if we work together for common sense reform and encourage businesses to adopt best practices, we can ensure that all four legs of the retirement stool – including the opportunity to work – stand firm for women. I look forward to continuing that effort in our dialogue today.