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WHY RETIREMENT, SOCIAL SECURITY, AND AGE DISCRIMINATION POLICIES
NEED TO CONSIDER THE INTERSECTIONAL EXPERIENCES OF OLDER WOMEN

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Why Retirement, Social Security, and Age Discrimination Policies Need to Consider the Intersectional Experiences of Older Women

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ABSTRACT

We provide an overview of research that indicates that older women face unique challenges and opportunities with respect to work, retirement, Social Security, and age discrimination law. We present estimates of poverty by age and sex, showing that poverty increases with age for women due to older women often outliving their spouses and becoming widowed. We discuss research that shows that women benefit more than men from working longer. We then note that older women face intersectional discrimination that can unfortunately be a barrier to older women working longer. We detail how older women often “fall between the cracks” of the Age Discrimination in Employment Act and Title VII of the Civil Rights Act and are thus not well protected against this intersectional discrimination. As a final example of how women face different circumstances, we summarize research on how older women were differentially negatively impacted by the elimination of Social Security’s Retirement Earnings.

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Introduction

Population aging makes retirement security a critical issue. Unfortunately, retirement security is deteriorating over time, and there is a significant amount of income inequality in retirement (Poterba, 2014). Recent cuts to Social Security (e.g., the increase in the Full Retirement Age (FRA), the age when workers can retire with full benefits) partly drive the erosion in retirement security, and similar cuts may be forthcoming. Extending work lives into older ages is thus increasingly important to improve retirement security (Button, 2020).

However, retirement security is significantly worse for older women, compared to older men, as older women face higher rates of poverty, especially at older ages. Figure 1 shows that poverty rates for older men are relatively consistent by age, ranging from 7.1% to 8.1%. For women, poverty rates start at 8.4% for ages 65 to 69 (compared to 7.1% for men) and rise to 13.5% for ages 80 and older (compared to 8.1% for men).

[Figure 1 about here]

In this report, we document trends and policies that contribute to the increased poverty faced by older women. We hope our examples of how older women face different experiences make a clear case for considering the impacts on older women, specifically, when setting policy.

Economic Challenges and Opportunities Facing Older Women

Single and Widowed Older Women Face Increased Poverty

Figure 2 presents poverty rates for older women by age and marital status. The poverty rate by marital status is relatively stable across ages, but poverty rates are always highest for older women who are not married or widowed (11.6 to 16.0%), followed by widowed (7.7 to 16.0%), and married (3.5 to 5.3%). This means that the rising poverty rates for older women by age, compared to older men (Figure 1) are largely due to older women increasingly becoming widowed

as they age - an unfortunately common occurrence as women often outlive their spouses. More specifically, if the marital status were held constant between ages 65 to 69 and ages 85 and older, the change in age increases poverty for older women by 2.6 percentage points. The remaining 3.0 percentage point increase in poverty is a result of changes in marital status composition, namely from older women becoming widowed.¹¹

[Figure 2 about here]

Older Women Benefit More from Working Longer but Are Less Likely to Do So

Working longer is an important way for older workers to improve their retirement security; however, working longer helps women significantly more than it helps men. Spouses tend to retire at the same time (Maestas, 2018), which usually means that, in different-sex couples, women retire around when their (often older) husbands retire. Maestas (2018) argues that this earlier retirement of older women is counterintuitive since women live longer and often have shorter work histories due to raising children or other responsibilities at home. These factors would otherwise suggest that women should retire at *older* ages than men.

As detailed in Maestas (2018), this early retirement negatively affects their retirement security, and the benefits of correcting this by working longer are much larger for older women than for older men. A key reason for this is that married women are more likely to experience their peak earnings years just before they retire, which means they can increase their Social Security benefit entitlements significantly more by working longer. The benefits are so lucrative that, if older women worked until age 70, this would "...be sufficient to offset early gaps in their earnings records and would place women on par with men in terms of lifetime benefits." (Maestas, 2018) (p. 57)

Intersectional Discrimination Makes It Harder for Older Women to Work Longer

A common way that older individuals work longer is by taking “bridge” or “partial retirement” jobs before transitioning to complete retirement (Johnson, Kawachi, & Lewis, 2009). “Retirees” also often leave retirement to take jobs before retiring again (Maestas, 2010). Hiring discrimination can, therefore, be a major barrier to many older workers, especially women, who seek to extend their work lives with bridge jobs.

Significant research documents age discrimination in employment (Neumark, Burn, Button, & Chehras, 2019). Evidence of this comes in many forms: self-reported discrimination (e.g., Johnson & Neumark, 1997), surveys documenting ageist stereotypes held by employers or the public (discussed in Burn et al. 2020), evidence of disparities in employment outcomes (e.g., Neumark & Button, 2014), vignette experiments that document bias in fictional scenarios posed to employers (e.g., von Borm, Burn, & Baert, 2019), and evidence from audit field experiments (e.g., Neumark, Burn, & Button, 2019).

The strongest evidence comes from audit field experiments – resume-correspondence studies - which estimate age discrimination in hiring decisions made by actual employers. In these studies, researchers apply for real jobs with sets of realistic applicants such as one applicant who is older and one who is younger (with age signaled through the year of high school graduation). Researchers then compare callbacks – interview offers or other positive treatment – by age. Differences by age in callbacks isolate discrimination since applicants are on-average identical other than age.

Resume-correspondence studies of age discrimination almost always found significant hiring discrimination against older workers across many different occupations and in many different countries (see Neumark et al., (2019) for a summary). The most useful evidence comes from Neumark, Burn, & Button (2019)’s study of age discrimination in hiring in bridge jobs. They

sent over 40,000 applications to jobs in four common bridge job occupations (administrative assistant, retail sales, janitor, and security) in twelve cities in the United States. They used resumes of younger (ages 29-31), middle-aged (49-51), and older (64-66) workers. These resumes were either on-average the same by age, or had more work experience for the older applicants, to reflect the reality of older workers having more experience. Figure 3 presents the main results.

[Figure 3 about here]

There are three key results from Neumark, Burn, & Button (2019). First, there is significant discrimination against older workers in all occupations studied, except for security guards. Second, there is stronger evidence of discrimination against older applicants near retirement ages (64–66) than middle-aged workers (49–51). Third, age discrimination is intersectional. Older women usually experienced age discrimination at earlier ages (age 49-51) than older men. Older women also faced age discrimination at a higher intensity. In retail sales, the drop in the callback rate moving from young (age 29-31) to older (64-66) is higher for older women (a 36% drop) than for men (a 30% drop). Discrimination against older women is most severe for administrative assistant jobs, where women aged 64-66 had only about half as many callbacks as women aged 29-31.

There are several reasons why women face more age discrimination than men, and we summarize a few important ones. An easy explanation is animus, or what economists call “taste-based” discrimination, where employers simply do not like older women, perceive that their employees do not like working with them, or that customers do not like interacting with them. Double-standards about age, gender, and attractiveness may also fuel discrimination, as many believe that physical appearance declines faster with age for women (Deutsch, Zelenski, & Clark, 1986). Attractiveness may matter for many bridge jobs, such as retail sales, where there is often interpersonal contact.

Ageist stereotypes may also explain age discrimination, although it is unclear from the research if ageist stereotypes impact older women more than older men. Using the resume and callback data from Neumark, Burn, & Button (2019)'s resume experiment, Burn et al. (2020) find that language related to age stereotypes about health, personality, and skills predict age discrimination against older men. For women, only age stereotypes about personality predict discrimination. On the other hand, van Borm, Burn, & Baert (2019) find in their vignette experiment that employers punished older female applicants more for having worse perceived skills with technology. The perceived differences in technological skills between older and younger applicants in their study explains 20% of the total effect of age on an applicant's interview chances for women, but only 15% for men. The employers in their study also perceived older women to be less adaptable, compared to younger women, with these perceptions of adaptability explaining 15% of the total effect of age on interview chances for women, but only 9% for men.

Finally, another reason why older women may face more age discrimination is that age discrimination laws fail to protect older women from intersectional discrimination. With little "bite" to discrimination laws, intersectional discrimination could be more rampant.

Older Women “Fall Between the Cracks” in Employment Discrimination Law

In the United States, the primary employment discrimination laws are Title VII of the Civil Rights Act in 1964 (“Title VII”) (covering race, sex, national origin, and religion), the Age Discrimination in Employment Act in 1967 (ADEA) (age), and the Americans with Disabilities Act of 1990 (ADA) (disability). When women experience sex discrimination, they can file lawsuits under Title VII, and when older individuals experience age discrimination, they can file lawsuits under the ADEA.

However, when older women experience intersectional discrimination based on sex and age (“age-plus-sex” or “sex-plus-age,” see McLaughlin, 2019), their legal options are limited, because courts, in general, do not recognize older women’s intersectional discrimination.¹¹¹ The main rationale behind this limitation is that neither a federal appeals court nor the Supreme Court has recognized older women’s intersectional discrimination as a cause of action in the past under the ADEA. Recent developments potentially make it even harder for older women to make intersectional discrimination claims. In *Gross v. FBL Financial Services* in 2009, the U.S. Supreme Court heightened the distinction between the ADEA and Title VII, and therefore, the future of protecting workers against intersectional discrimination is uncertain.

The legal quirk of the ADEA not covering intersectional discrimination against older women is associated with worse employment outcomes for older women. McLaughlin (2020) compares differences in the impact of the ADEA and state-level age discrimination laws on labor market outcomes for older men and older women. Using the variations in the enactment of state age discrimination laws and the covered age ranges, she finds that the ADEA and state age discrimination laws were far less effective in boosting employment and reducing retirement for older women compared to older men.

Social Security Policies Affect Older Women Differently: An Example from the Retirement

Earnings Test

Older women, especially the single and widowed, are more likely to be living in poverty than older men (Figures 1 and 2). One reason for the sex differential in poverty rates may be the reduction in Social Security benefits due to claiming before the FRA. Women generally outlive men and are more likely to be reliant on survivors' benefits that are based on their husbands' benefit amounts. Because women are more reliant on survivor benefits, policies that incentivize claiming

benefits at an early age, which lowers benefits in perpetuity, may have an especially negative effect on older women.

One policy which encourages the earlier claiming of Social Security benefits is the reduction or removal of the Retirement Earnings Test (RET). In effect, the RET is a forced savings mechanism. If older individuals claim Social Security benefits before the FRA, then some of their Social Security benefits are withheld if their earnings exceed a certain amount.^{lvii} These withheld benefits are later returned as higher benefits later.^{lviii} Survey evidence, however, suggests that most individuals are aware of that benefits are withheld as a result of the RET, while unaware of the offsetting benefit increases in the future (Liebman & Luttmer, 2015).

Because individuals misunderstand the RET and believe their withheld benefits are lost forever, eliminating the RET can encourage increased labor supply among older workers (e.g., Gelber, Jones, Sacks, & Song, 2020). However, because individuals can receive their entire Social Security benefit while working, eliminating the RET also encourages individuals to claim benefits at an earlier age (Figinski, 2013; Figinski & Neumark, 2018; Song & Manchester, 2007).

The reduction in Social Security benefits associated with earlier claiming because of the elimination of the RET dominates the increases in earnings and whatever effect those higher earnings had on income from savings, increasing poverty at older ages. The existing evidence suggests that eliminating the RET increases the likelihood that women will have low incomes in their mid-70s and older (Figinski & Neumark, 2018). Specifically, women aged 75 and 76 are more likely relative to the RET not being eliminated to have incomes below 150% of the poverty line (approximately \$18,400 in 2019 for a one-person household) or below 200% (approximately \$24,500). The effects on women are particularly salient because women, on average, live longer than men and tend to marry older spouses, and for these reasons may be more reliant on Social

Security income. This differential effect of eliminating the RET on older women is but one example of how Social Security policies can affect older women differently.

Conclusion

Population aging makes poverty at old age, which differentially affects women, increasingly urgent. As we detailed in this paper, older women face different circumstances, and retirement and age discrimination policies affect them differently. Policymakers should consider the intersectionality of aging and sex when determining policy.

Beyond age and sex intersectionality, other sources of intersectionality are also relevant. Black women, for example, do not work as long as white women (Lahey, 2018), making extending the work lives of older black women even more important. Older women of color may face three different types of intersectional discrimination with age: race/ethnicity and age, sex and age, or race/ethnicity *and* sex *and* age. Since race, ethnicity, and nationality also fall under Title VII, the same “falling between the cracks” concerns arise (Delaney & Lahey, 2019). Similarly, there is also intersectionality with disability (Neumark, Song, & Button, 2017), and disability also falls under a separate statute (the ADA). Intersectionality with sexual orientation and gender identity may also be important. For example, poverty is more common for older women in same-sex couples compared to different-sex couples (MAP & SAGE, 2010). Thus, considering age and sex intersectionality alone may not be sufficient.

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Figures

Figure 1. Percent in Poverty, by Age and Sex

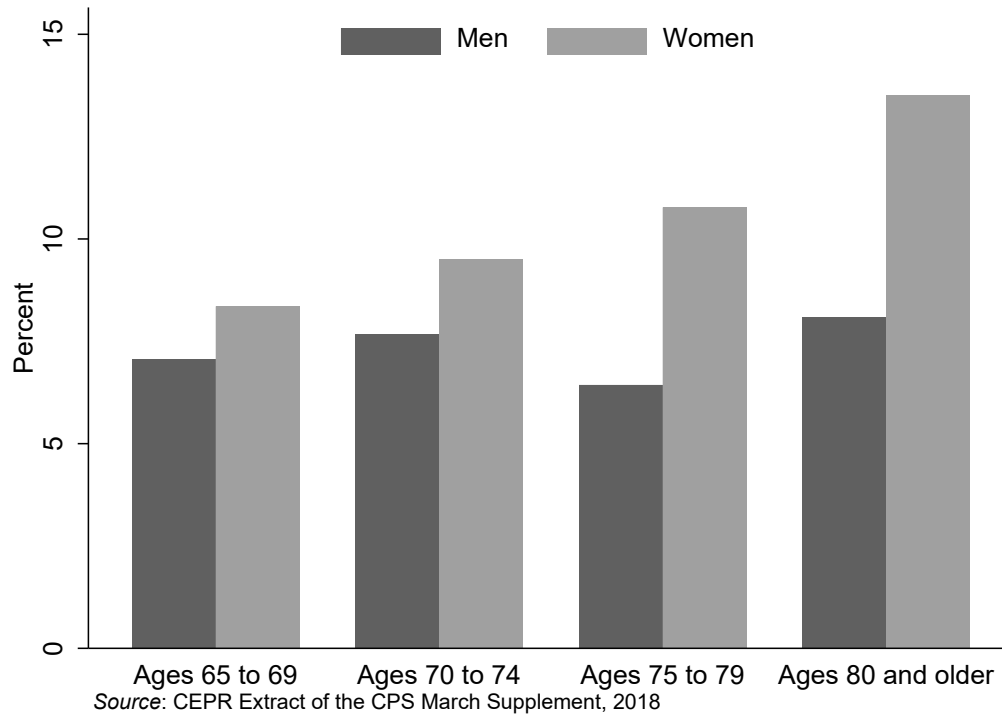


Figure 2. Percent of Older Women in Poverty, by Age and Marital Status

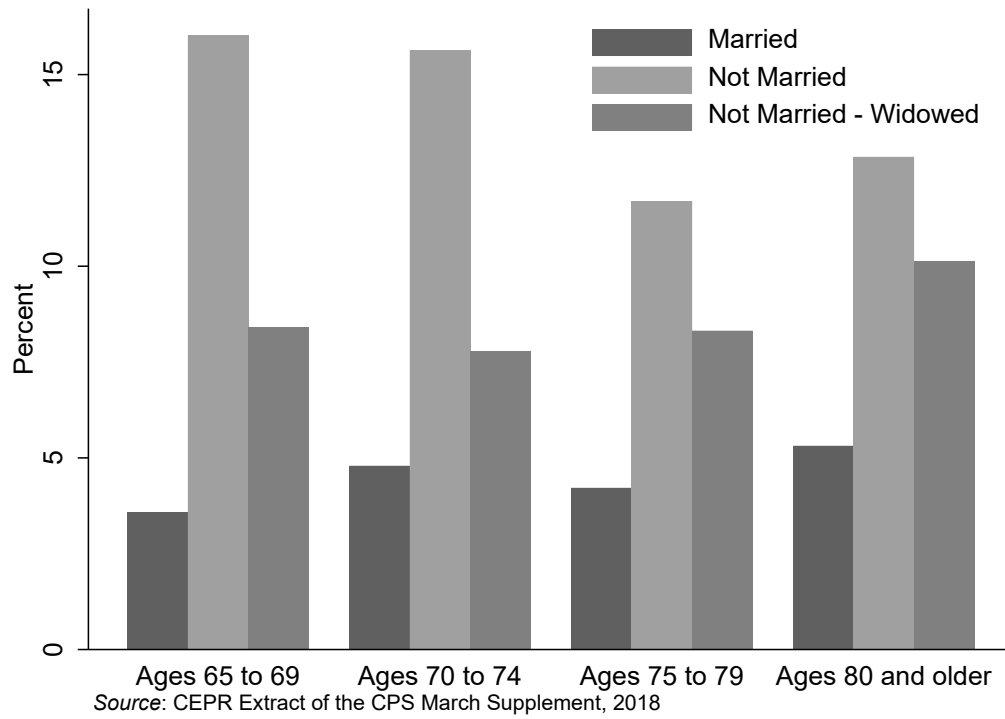
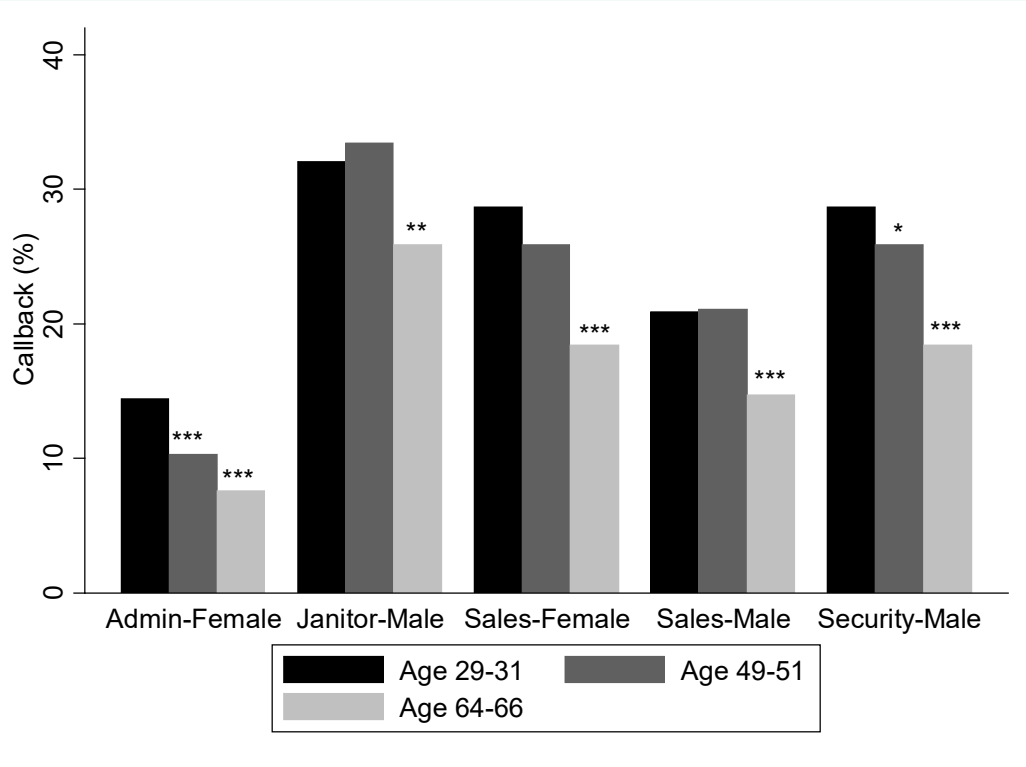


Figure 3. Callback Rates from Neumark, Burn, and Button (2019)



Notes: We report the callback rates, by age, gender, and occupation, reported in Neumark, Burn, & Button (2019). The significance of the difference between applicants aged 29-31 and those aged 49-51 or 64-66 are indicated with asterisks (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$). Differences which are not significant are not indicated. For administrative assistant positions, only female applicants were sent, and for janitor and security guard positions, only men were sent. Retail sales positions received both male and female sets of applicants. Callbacks occurred when an employer positively indicated they wished to speak to a candidate about the job.

^{iv} Calculated by taking the distribution of marital status – married (61 percent), single (20 percent), and widowed (19 percent) – of those ages 65 to 69 and applying the poverty rates of each marital status of those ages 85 and older to the distribution.

^{vii} In *Thomas v. Mississippi State Personnel Board*, 674 F. Supp. 198 (N.D. Miss. 1987), *Murdock v. B.F. Goodrich*, 1992 Ohio App. LEXIS 6611 (Dec. 30, 1992), and *Sherman v. American Cyanamid Company*, 1999 U.S. App. LEXIS 21086 (6th Cir. 1999), courts refused to accept older women’s intersectional discrimination claims. In rare occasions, courts in favor of older women being a subgroup of protected classes (see, e.g., *Arnett v. Aspin*, 846 F.Supp. 1234, 1238 (E.D. Pa. 1994).

^{viii} As of 2019, the RET applied to beneficiaries younger than the FRA, or age 66 for beneficiaries reaching the FRA in 2019. For beneficiaries aged 62 to 65, their benefits are reduced by \$1 for every \$2 earned above the threshold amount of \$17,640. Individuals turning age 66 in 2019 faced a threshold of \$46,920 and a reduction of \$1 for every \$3 earned over that threshold during the months before reaching age 66.

^{ix} Future benefits are increased by essentially adding the number of months benefits are withheld because of the RET to the individual's age at claiming, increasing the benefit amount in perpetuity. Moreover, earnings above the threshold can increase future benefit amounts if those earnings are greater than the lowest earnings used to calculate the individual's Social Security benefits.