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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft	Remarks on Social Security. Draft 10/09/98 10:30 am. Annotated at top. Personal. [partial] (1 page)	10/09/98	P6/b(6)

COLLECTION:

Clinton Presidential Records
Speechwriting
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FOLDER TITLE:

Women & Retirement Security 10/27/98 [3]

2006-0467-F
vz206

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
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b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

PRESIDENT CLINTON TAKES NEW STEPS TO IMPROVE RETIREMENT SECURITY FOR WOMEN

1) **JOINT AND 3/4 SURVIVOR ANNUITY OPTION.** Currently defined benefit plans are required to offer only a joint and 50 percent survivor annuity option, under which the pension benefit to the surviving spouse is reduced by 50 percent if the participant/ex-employee dies first. Many couples would likely prefer an option that provides a relatively smaller benefit to the couple while both are alive but a larger benefit to the surviving spouse (non-participant).

- Under the President's proposal, plans would have to offer an option that provides a survivor benefit equal to at least 75 percent of the benefit the couple received while both were alive.
- Participants would not be required to elect this option.

A couple could still choose a single life annuity (under which the benefit ends when the participant dies) or a joint and 50 percent survivor annuity -- provided their plan continues to make the joint and 50 percent option available.

- This proposal should have a disproportionately positive impact on women, given their longer life spans and the related concentration of elderly poverty among women.

more recent?

In 1996 the poverty rate for women 65 and over was 13.6 percent, compared to 6.8 percent for men 65 and over and 13.7 percent for all persons. For women 75 and over the poverty rate was even higher, 16.3 percent as opposed to 8.5 percent for men

2) **Counting FMLA time toward pension vesting and participation requirements.** This proposal would allow workers to count toward pension vesting and participation requirements time taken off under the Family and Medical Leave Act (FMLA).

Background: Currently employee contributions to, for example, 401(k) plans are immediately vested. Employer matching contributions, however, are subject to the general vesting requirements applicable to defined benefit pension plans: 5 years for cliff vesting, under which a worker is either fully vested or not vested at all, and 7 years for graded vesting, under which vesting is phased in starting after year 3 and ending after year 7. If employer matching or other contributions vest after 5 years, an employee who switches jobs after four years loses all of those employer contributions. The vesting requirement has a disproportionately adverse impact on female employees, who tend to have shorter job tenure.

Individuals generally must work 1,000 hours in a year for that year to count toward the 5-year (cliff) or 3-7 year (graded) vesting thresholds.

- This measure would ensure that workers do not lose a year of vesting solely because of time taken under FMLA due to, for example, illness or childbirth.

Loss of a year of vesting can be critical, since under current law ___ percent of workers leave their jobs before becoming vested in their employer's pension plan(s).

What % of ♀ vs. ♂?

DRAFT

WOMEN AND RETIREMENT SECURITY

DRAFT

OCTOBER 23, 1998

I. BASIC FACTS ON WOMEN AND RETIREMENT

- **Women Have Lower Income in Retirement than Men Do.** In 1994[update], median income for elderly unmarried women was $10,130, compared with $25,352 for elderly married couples, and $13,224 for eldery unmarried men.

- **Poverty Rates among Unmarried Women Remain High.** The poverty rate among Americans age 65 and over has fallen from 35.2 percent in 1959 to 10.5 percent today. However, the poverty rate among unmarried women is around 20 percent.

POVERTY RATES OF THE FEMALE POPULATION 65 AND OVER BY MARITAL STATUS, 1997			
Married (including separated)	**Divorced**	**Widowed**	**Never Married**
5.4%	22.2%	17.9%	20.0%

- **Social Security Is Particularly Important to Women.** Elderly unmarried women -- including widows -- get 51 percent of their total income from Social Security. Unmarried elderly men get 39 percent, while elderly married couples get 36 percent of their income from Social Security.

SOURCES OF INCOME FOR PERSONS 65 AND OLDER (PERCENT OF TOTAL INCOME)					
	Social Security	**Pensions**	**Income from Assets**	**Earnings**	**Other**
Unmarried women	51%				
Unmarried men	39				
Married couples	36				
All elderly	40	18	18	20	4

II. SOCIAL SECURITY AND WOMEN

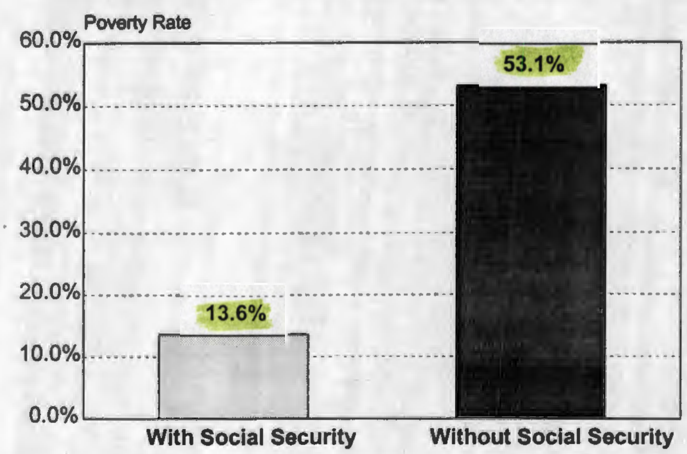
- **Most Social Security Recipients Are Women.** Women represent 60 percent of all aged Social Security recipients (women are 18.9 million of the 31.7 million aged beneficiaries). Because women live longer, on average, than men, women make up 72 percent of all beneficiaries age 85 and above.

[Chart: Women as share of SS beneficiaries by age]

- **For Many Elderly Women, Social Security Is Their Only Source of Income.** For 25 percent of unmarried women (widowed, divorced, never married), Social Security is their only source of income. **[ADD NUMBERS FOR MEN AND COUPLES.]**

- **Without Social Security, the Poverty Rate among Elderly Women Would Be More Than 50 Percent.** The poverty rate among elderly women is 13.6 percent. Without Social Security it would be 53.1 percent. (For men the rate is 6.8 percent, without Social Security it would be 40.8 percent).[1] **[DO THEY HAVE THESE NUMBERS FOR ELDERLY WIDOWS. I know the poverty rate is 19.2 percent, but w/o SS I bet it is almost 70 or 75 percent!]**

Without Social Security, More than Half of Elderly Women Would Be in Poverty



Source: Social Security Administration

- **Social Security's Tax and Benefit Provisions Are Gender-Neutral.** However, because women on average have *lower lifetime earnings* and *higher life expectancies* than men, the program affects women differently than it does men. In addition, because women have less income in retirement from non-Social Security sources than men do, women are more dependent on Social Security.

- **Women Have Lower Lifetime Earnings than Men**. For three reasons, women -- on average -- have smaller Social Security benefits than men (see Box I for more details). First, women are more likely to take time out of the labor force for child raising or other care giving responsibilities. Second, women who work, are more likely to work part-time. And third, average earnings for women are lower than those for men, even for comparable hours of work.

- **Women Live Longer than Men.** A woman who is 65-years old today can expect to live to 85, while a 65-year old man can expect to live to 81. This gap is expected to persist into the future. Because women live longer, they depend on Social Security for more years.

LIFE EXPECTANCY AT AGE 65		
Year Turning Age 65	**Male**	**Female**
1940	77.0	78.7
1998	81.2	84.8
2030	82.7	86.1

- **Women Reach Retirement with Smaller Pensions and Other Assets than Men Do.** Only 27 percent of women aged 65 or older were receiving their own pensions in 1994 (either as a retired worker or a survivor), compared with 47 percent of men. Section IV describes issues related to women and pensions in more detail.

Box #1:
Why Women Receive Smaller Social Security Benefits than Men Do

Social Security benefits for retired workers are based on the worker's average earnings over his or her lifetime and average benefits for women are lower than those for men. However, because retirees are also eligible for benefits based on the earnings of their present or former spouse, many women receive higher benefits than they would receive based solely on their own earnings. In addition, because women live longer than men, they receive benefits for more years; so the total value of benefits received over the lifetime by a women can be higher than that of a man who receives greater monthly benefits.

- **Women Take More Years out of the Labor Force than Men Do.** Of workers retiring in 1996, the median women had worked 27 years over her lifetime, while the median man had worked 39 years [CHECK THIS NUMBER].

- **Women Are More Likely to Work Part-Time than Men Are.** In the third quarter of 1998, 25.8 percent of female workers worked part-time, compared with 10.6 percent of male workers. Women represented 67.5 percent of all part-time workers.

- **Full-Time Female Workers Earn Less than Full-Time Male Workers.** The median earnings of full-time, year-round women workers in 1997 was $24,973, compared to $33,674 for men, or 74 percent of men's earnings.

- **Average Social Security Benefits for Elderly Men Are Higher than Those for Elderly Women.** The average Social Security benefits for beneficiaries ages 65 and above was $842 for men and $633 for women in December 1996. That means that the average female benefit was 75.3 percent of the average male benefit.

- **Without Spousal Benefit, The Average Social Security Benefit of Elderly Women Would Be Even Lower.** The average benefit that a woman is entitled to based only on her own earnings record is 63 **[CHECK]** percent of the average benefit a man is entitled to on his earnings record. Thus, without spouse benefits, women's Social Security checks would be even further below those of men.

- **However, Women Receive Benefits for More Years.** A woman who received $633 a month from age 65 to age 85 would receive benefits worth $113,224 over her lifetime, while a man who received benefits of $842 a month from age 65 to age 81 would receive benefits of $120,621. In this example, the woman receives benefits that are 94 percent of those of the man even though her monthly benefit was 25% lower than his.

Ways in Which the Current Social Security System Helps Women

The current Social Security system has a number of features that are particularly important to women.

- **Social Security Provides an Inflation-Protected Benefit That Lasts as Long as You Live.** Because women tend to live longer than men, they are in greater danger of outliving their other sources of retirement income; but it is impossible to outlive one's Social Security benefit. In addition, the cost of living protection in Social Security is more valuable the longer a person lives; therefore, this feature of the program is particularly valuable to women.

- **The Progressive Benefit Formula Provides a Higher Replacement Rate for Workers with Lower Earnings.** Since women tend to have lower earnings than men, they receive worker benefits that are a higher fraction of their lifetime earnings. Social Security replaces **X** percent of average earnings for women compared with **Y** percent for men.

- **Social Security Provides Extra Benefits to Spouses with Low Lifetime Earnings.** Women are more likely than men to take time out of the labor force for child rearing, and, on average, have lower earnings when they work than men do. This means that the Social Security benefit they are entitled to -- based on their own earnings history -- can be small. But Social Security provides a spousal benefit that helps many women, even if they did not work at all. A spouse receives a benefit equal to the larger of the benefit she is entitled to based on her own earnings, and one-half of the benefit received by her husband. Currently, 63 percent of female Social Security beneficiaries age 65 and over receive benefits based on their husband's earnings record. (Only 1.2 percent of male Social Security beneficiaries receive benefits based on their wives' earnings record).

- **Social Security Provides Benefits for Widows.** Social Security pays an aged widow a benefit equal to either the benefit she receives as a worker or the benefit of her deceased spouse, whichever is higher. 72 percent of elderly widows receive benefits based on the earnings of their deceased spouse.

- **Social Security Provides Benefits to Parents.** Social Security provides benefits to parents of children under 16 if the other parent is retired, becomes disabled, or dies; women represent 98 percent of recipients receiving benefits as parents with a child in their care. **[NEED MORE ON SURVIVOR'S AND DISABILITY AND WOMEN]**

- **Women Receive A Higher Rate of Return Than Men.** Even though women, on average, receive smaller monthly benefits than men do, women receive a much higher rate of return on their OASDI taxes than men do.

Will Social Security Continue to Be as Important for Women in the Future?

As younger cohorts of women reach retirement, more and more female beneficiaries will receive benefits based upon their own earnings records. Nonetheless, the average benefit received by women is expected to remain below that of men, and a significant share of women will continue to receive benefits based on their spouse's earnings record. Most projections have women continuing to outlive men by a significant amount.

- **Labor Force Participation Rates among Women Have Risen Dramatically.** In the future, women will reach retirement with much more substantial earnings histories than in the past. (Male labor force participation has been falling due largely to earlier retirement).

AGE-ADJUSTED LABOR FORCE PARTICIPATION RATES		
	Male	**Female**
1950	85.0	32.0
1975	79.2	45.6
2000	75.0	59.9
2025	73.6	60.4
2050	73.4	60.2
2075	73.3	60.1

- **More Women Will Receive Benefits Based Solely On Their Own Earnings History.** The percentage of women receiving benefits based solely on their own earnings history is expected to rise from 36 percent today to 60 percent in 2060. However, this means that 40 percent of women will continue to receive benefits based on their husband's earnings.

- **Average Women Benefits Based On Own Earnings Record Will Rise.** The average monthly benefit for retired female workers based on their own earnings record which is currently 63 percent **[CHECK]** of the average for men will rise to 68 percent. **[Fix this fact. Need to handle zeros correctly]**

- **Most Projections Indicate That Women Will Continue to Live Longer than Men.** For example, the difference in life expectancy at age 65 between men and women will fall only slightly under Social Security Administration projections from a gap of 3.6 years today to 3.4 years in 2030. Thus, in the future women will continue to depend on Social Security for more years than men will.

II. Challenges for the Current System

Poverty Rates Remain High Among Elderly Women

- **Poverty Rates Among the Elderly Have Fallen Dramatically Due Largely to Expansions in Social Security.** The poverty rate among Americans age 65 and over has fallen from 35.2 percent in 1959 to 15.2 percent in 1979 and 10.5 percent today. This but... compares with an overall poverty rate of 13.3 percent.

- **Poverty Rates among Widowed, Divorced, and Never Married Women Remain High.**

Poverty Rates of the Population 65 and Over by Sex and Marital Status, 1997				
	Married (including separated)	**Divorced**	**Widowed**	**Never Married**
Male	5.4%	14.7%	11.1%	21.6%
Female	5.4%	22.2%	17.9%	20.0%

- **[WHAT ARE THESE NUMBERS?]** 43 percent of women 65+ are married, 45 percent are widowed, 7 percent are divorced, and 5 percent are never married.

- **[NEED TO EXPLAIN WHY THIS NUMBER IS IMPORTANT]** There are also a substantial number of relatively young widows, though the number is falling. 13 percent of 60-year old women are widows, as are more than one-quarter of women 65-67. **[UPDATE TO 1997]**

- **[NEED TO EXPLAIN WHY THIS NUMBER IS IMPORTANT]** Divorced women are a growing share of the elderly population, accounting for 7.1 percent of this group in 1997 and only 2.2 percent in 1969. Among women approaching old age (55-64 years old), 14.4 percent were divorced in 1997.

- **Poverty Rates Are Particularly High among Minority Populations:**

Poverty Rates of the Population 65 and Over by Sex and Race/Ethnicity, 1997			
	White	**Black**	**Hispanic**
Male	6.0	22.2	23.6
Female	11.7	28.9	26.2
All	9.3	26.3	26.2

Reasons Why Poverty Rates Are Higher Among Widows than Among Married Women

policy answers this

- **Declines in Social Security Benefits at Widowhood.** Widow benefits are 50 percent to 67 percent of benefits for a married couple. The official poverty thresholds imply that a widow needs 79 percent of a couple's income to maintain her pre-widowhood consumption level. Thus, women who are in couples just above the poverty line, can fall below the line when they become widowed. Empirical studies suggest that this factor can explain as much as half of the excess in poverty among widows.[2] It is worth noting that the recent National Academy of Sciences study of poverty measures concluded that the poverty threshold for a single person should be 62 percent of that for a married couple.[3] Using this definition of poverty the gap in poverty rates between married and single women would narrow.

- **Pre-Widowhood Differences in Economic Status.** Poorer husbands do not live as long as richer husbands. Therefore, at a given age, women who are widowed are more likely to have been poor throughout their lives than are the women whose husbands have not yet died. Empirical studies conclude that this fact explains around one-third of the difference in poverty rates between married women and widows.[4]

- **Declines in Pension Income at Widowhood.** Research using data from the 1970s indicates that reductions in pension income explain roughly 15 percent of the falls into poverty that occur with widowhood. However, these data predate the Retirement Equity Act of 1984 which was designed to encourage the choice of a pension with survivorship rights.[5]

- **Declines in Income from Other Assets at Widowhood.** Some assets may be bequeathed to people other than the widow when the widow's spouse dies. One study implies that reduction in other asset income is responsible for roughly 10 percent of the difference in poverty rates.[6] However, another study found little change in bequeathable wealth following widowhood.[7]

Tradeoffs Between Rewarding Work at Home and Rewarding Work in the Labor Market

- **Social Security Provides Benefits to "Stay-at-Home Moms".** A spouse is eligible to receive a Social Security benefit that is 50 percent of her husband's benefit while her husband is alive, and a benefit that is 100 percent of her husband's benefit after he dies. These benefits are usually justified as rewarding women for work done at the home and as a way to ensure that all Americans have an adequate retirement income, even those with little labor market experience.

- **There Are No Simple Solutions to the Tradeoffs Created by Spouse Benefits.** Some people argue that spouse benefits are unfair because working moms can end up with benefits that are no larger than stay-at-home moms. Others point out that two families with identical earnings can end up with different Social Security benefits depending on the division of earnings between the two spouses. There are no simple solutions to the tradeoffs created by spouse benefits. Reducing (or eliminating) spouse benefits would limit these perceived inequities, at the cost of adversely impacting stay-at-home moms.

IV. WOMEN AND PENSIONS

Social Security is only one leg of the three-legged retirement stool. Pensions and savings provide resources for retirement as well. For elderly married couples, these other sources of income account for 64 percent of total income. For elderly unmarried females, these other sources account for 49 percent of total income.

Among Current Retirees, Women Have Much Less Pension Coverage Than Men

- **One-Quarter of Elderly Women Received Pension Income.** Only 27 percent of women aged 65 or older were receiving their own pensions in 1994 (either worker or survivor benefits), compared to 47 percent of men.

- **Women Who Worked In the Private-Sector Are Less Likely To Have Pension.** Only 31 percent of women aged 65 or older (and 55 percent of men) who worked in the private sector reported pension benefits. This compares to 66 percent of elderly women (and 75 percent of elderly men) who worked in the public sector reported pension benefits.

Among Current Full-Time Workers, Women's Pension Coverage is Almost Equal to Men's.

- **Coverage Has Increased for Women in Full-Time Jobs.** The pension coverage of women in full-time private-sector jobs increased from 38 percent to 48 percent from 1972 to 1993, while men's coverage fell from 54 percent to 51 percent over the same time period. When public-sector full-time workers are included, the gender gap disappears completely. In 1993, 56 percent of men and women (who worked full-time) were covered by a pension on their current jobs.

Overall Women Will Likely Continue to Have Significantly Lower Pension Assets than Men

- **Women Are More Likely to Work Part-Time or Be Out of the Labor Force.** Pension coverage rates for part-time workers is roughly one-quarter the rate for full-time workers. A recent study found that of women aged 51-62 who worked at some point between 1982 and 1992, 31 percent had a defined benefit pension from a current or past job and 28 percent had a defined contribution pension from a current or past job. In comparison, 54 percent of men had defined benefit pensions and 38 percent had defined contribution pensions.[8]

- **Even When Women Have Pensions, They Are Worth Less, On Average, Than Those of Men.** This same study also found that the median amount of pension wealth for a women with a defined benefit pension was $60,655, compared with $133,626 for men, and the median amount of pension wealth for women with a defined contribution pension was $47,972, compared with $79,339 for men.

- **Even in Younger Cohorts, Women Have Smaller Pension Assets.** For example, among women between 18 and 44 years of age, the median amount in their defined contribution pension plan was $4,000, compared with $7,000 for men.

[DATA ON OTHER ASSETS -- EXHAUSTING OF SAVINGS FOR EXAMPLE]

Encouraging Joint and Survivor Pensions

- The Retirement Equity Act (REA) of 1984 required written spousal consent to receive a single life annuity rather than a joint and survivor annuity.

- Between 1985 and 1988-89, the percent of married men choosing a joint and survivor option increased by 15 percentage points, from 65 percent in 1985 to 80 percent in 1988-89. **[CHECK THAT THIS IS REALLY A BEFORE AND AFTER COMPARISON]**

V. WOMEN AND SOCIAL SECURITY REFORM

As discussions of Social Security reform continue, it will be important to study the impacts of comprehensive reform proposals on women. Because women are particularly dependent on Social Security for their retirement needs and because unmarried women are at a great risk of poverty, one goal of Social Security reform should be that it enhance, not weaken, women's retirement security. The design of reforms must take into account, not only the current characteristics of elderly women, but also the changes in their needs that are likely to come about in the 21st century as more women with long work histories reach retirement. In addition, reforms should consider the entire range of sources of retirement income available to women and how Social Security can best fit into the overall retirement security package.

ENDNOTES

1. These calculations make the assumption that other income would not change if Social Security were not available.

2. Need citation.

3. Need citation.

4. Need citation.

5. Need citation.

6. Need citation.

7. Need citation.

8. Need citation.

Remarks on Breast Cancer
10/21/98

And above all, the next Congress must be the Congress that acts to save Social Security.

This year we had a series of bipartisan forums around the country on how to reform Social Security to meet the burdens that will be there when the baby boomers retire and we'll only have about two people working for every one person drawing Social Security. We're going to have a national conference in December. We were successful in saving the surplus until we could consider the cost in future years of reforming Social Security.

Social Security lifted a generation of elderly Americans from poverty. Today, even though most Americans have other sources of income who draw Social Security, fully one half of our seniors would be in poverty without it. So here at the White House on Friday we will talk about the vital importance of Social Security, especially to women, who have fewer pensions and smaller savings.

If we want to keep this commitment as strong for our children as it was for our parents, and if we want to see the baby boomers retire in dignity without imposing unfair burdens on our children and their ability to raise our grandchildren, we must act now.

I must say, I was disappointed a couple of days ago that the Senate Majority Leader said he may not now want to join me in reforming Social Security next year. If we don't, then there will be more pressure to squander this money on tax cuts or spending programs. I think that is unhelpful. We know that we can make modest changes now that have a huge impact down the road, in much the way that modest investments in research now have a huge impact down the road on health care. And I believe this is an issue which really binds the American people not only across generations, but across political parties. None of us -- none of us -- wants to leave a legacy of burdening our children to support our retirement or risking that those of us who -- unlike me, won't have a good pension -- will face an undignified and impoverished old age just because the demographics are changing in America. So we need progress, not partisanship, on Social Security.

Now, there are 436 days left in this millennium. It can -- it should -- be a time when we redouble our efforts to honor our parents, to strengthen our nation, to prepare for our children's future, and to honor the tenacity and courage that those of you here have shown every day in dealing with this great challenge.

Joshua S. Gottheimer
10/22/98 08:48:21 AM

Record Type: Record

To: Jeffrey A. Shesol/WHO/EOP

cc:
Subject: soc sec

jeff, yesterday's meeting was pretty much a rehash of the other ones, but there were a few interesting points worth noting:

1. **Order**
a) **vpotus** *[5 min* -- will briefly introduce potus and the panelists w/out stealing the thunder of their testimonials];

b) **potus** will give a *10 min* lecture on soc sec w/ the possibility of using charts/graphs [they will be available];
NOTE: potus and vpotus will deliver introduction from podium

c) **testimonials** from the panelists for c. *2 min each*
- we will have the names/stories of panelists later today, but they've pretty much settled on the following group listed below

d) **potus/ vpotus** will alternate asking the panelists follow up questions (these will be scripted by the nec)

e) **potus** will conclude

f) **front row**: Alexis Herman, Kitty Higgins (dep sec labor) and Ken Apvil (sp? - soc. sec. commissioner), others TBD

g) in all likeliness, there will *not be a briefing* following the event (as originally planned)

2. **Panelists**
a) **student**: from Howard U; 20 yrs old, orig from OK city, mom died when she was young, and consequently she received survivor benefits; grandmother also receives social security
b) **survivor**: from FL; husband had stroke and couldn't work for 15 yrs (he then passed away); she collected disability
c) **retiree**: 72 yrs old, local, 1 daughter who had polio, survivor benefits after husband died
d) **pink collar worker**: 30, from Seattle, has 1 child, received survivor benefits after husband died
e) **last panelists** -- undecided

I think that's it for now. Josh

DRAFT

Women and Retirement Security

DRAFT

Prepared by the National Economic Council
October 23, 1998

Of the course of this year, the Administration, Congress, and other interested parties have engaged Americans in national debate about ways to strengthen Social Security for the 21st century. President Clinton and Vice President Gore attended three bipartisan Social Security forums convened by the AARP and the Concord Coalition, and the President and Vice President hosted a conference on private retirement savings in July. One issue that arose repeatedly throughout this process was the relationship between Social Security and women's retirement security. The purpose of this report is to inform the national debate by presenting some of the key facts and issues about women and their Social Security benefits and pensions.

I. Basic Facts on Women and Retirement

- **Women Have Lower Income in Retirement than Men Do.** In 1996, median income for elderly unmarried women (widowed, divorced, and never married) was $10,483, compared with $13,733 for elderly unmarried men and $27,944 for elderly married couples.

- **Poverty Rates Among Elderly Women Are Higher Than Rates Among Men.** The poverty rate among Americans age 65 and over has fallen from 35.2 percent in 1959 to 10.5 percent today.[1] The poverty rate among married elderly woman is lower than the overall elderly rate, and the poverty rate for unmarried elderly woman is significantly higher -- about 20 percent.

Poverty Rates of the Female Population 65 and Over by Marital Status, 1997[2]

All Elderly Women	Married (including separated)	Divorced	Widowed	Never Married
13.1%	5.4%	22.2%	17.9%	20.0%

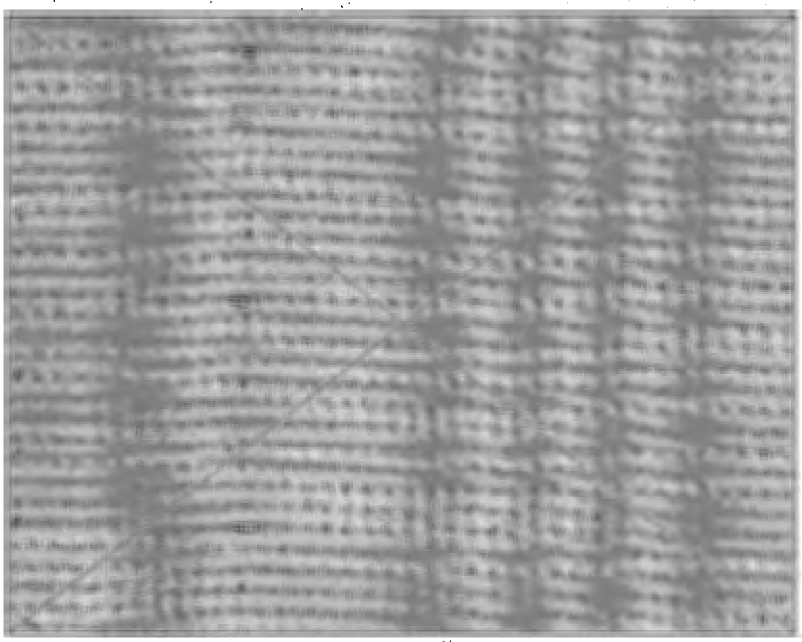
- **60 Percent of Elderly Women Are Unmarried.** The poverty rate among unmarried women is particularly important because 60 percent of elderly women are either widowed (45 percent), divorced (7 percent), or never married (5 percent). In contrast, only 27 percent of elderly men are unmarried.

- **Social Security Is Particularly Important to Women.** Elderly unmarried women -- including widows -- get 51 percent of their total income from Social Security. Unmarried elderly men get 39 percent, while elderly married couples get 36 percent of their income from Social Security.[3]

Sources of Income for Persons 65 and Over, 1996 (percent of total income)					
	Social Security	Pensions	Income from Assets	Earnings	Other
Unmarried women	51%	15%	20%	10%	4%
Unmarried men	39	22	16	19	4
Married couples	36	20	18	25	1
All elderly	40	18	18	20	4

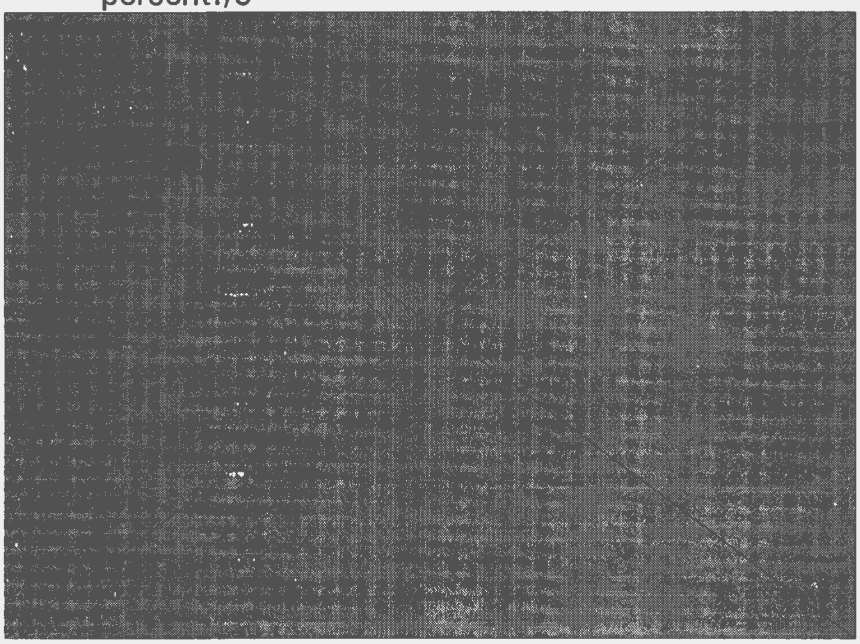
II. Social Security and Women

- **Most Social Security Recipients Are Women.** Women represent 60 percent of all elderly Social Security recipients (women are 18.9 million of the 31.7 million aged beneficiaries). Because women live longer, on average, than men, women make up 72 percent of all beneficiaries age 85 and above.4



- **For Many Elderly Women, Social Security Is Their Only Source of Income.** For 25 percent of unmarried women (widowed, divorced, never married), Social Security is their only source of income. Social Security is the only source of income for 9 percent of married couples and 20 percent of unmarried men.

- **Excluding Social Security Benefits, the Poverty Rate among Elderly Women Would Be More Than 50 Percent.** In 1996, the poverty rate among elderly women was 13.6 percent. Without Social Security benefits it would have been 53.1 percent. For elderly widows the poverty rate was 19.2 percent; without Social Security benefits it would have been 60 percent. (For elderly men the rate is 6.8 percent, without Social Security it would be 40.8 percent.)5



Why Social Security Has A Differential Impact on Women

- **Social Security's Tax and Benefit Provisions Are Gender-Neutral.** Social Security's rules and benefit formulas do not differ according to sex. However, because women on average have *lower lifetime earnings* and *higher life expectancies* than men, the program affects women differently than it does men. In addition, because women have less income in retirement from non-Social Security sources than men do, women are more dependent on Social Security than men are.

- **Women Have Lower Monthly Social Security Benefits Due to Lower Lifetime Earnings than Men.** Women -- on average -- receive smaller Social Security benefits than men do. The average monthly benefit for beneficiaries ages 65 and above was $842 for men and $633 for women in December 1996. This means that the average female benefit was 75.3 percent of the average male benefit. Women receive smaller benefit checks because, on average, they have lower *lifetime* earnings than men do:

    - **Women Take More Years Out of the Labor Force than Men Do.** Women are more likely to take time out of the labor force for child raising or other care giving responsibilities. Of workers retiring in 1996, the median woman had worked 27 years over her lifetime, while the median man had worked 39 years.6

    - **Women Who Work Are More Likely to Work Part-time.** In the third quarter of 1998, 25.8 percent of female workers worked part-time, compared with 10.6 percent of male workers. Women represented 67.5% of all part-time workers.7

    - **Full-time Female Workers Earn Less than Full-time Male Workers.** The median earnings of full-time year-round women workers in 1997 was

$24,973, compared to $33,674 for men -- that means that the median woman earns 74 percent of the median man's earnings.8

- **Women Live Longer than Men.** A woman who is 65 years old today can expect to live to 85, while a 65 year old man can expect to live to 81.9 This gap is expected to persist into the future. Because women live longer, they depend on Social Security for more years, and become increasingly dependent on Social Security with age.

Expected Total Lifetime for Persons Age 65		
Year Turning Age 65	**Male**	**Female**
1940	77.0	78.7
1998	81.2	84.8
2030	82.7	86.1

- **Women Reach Retirement with Smaller Pensions and Other Assets than Men Do.** Only 30 percent of women aged 65 or older were receiving their own pensions in 1994 (either as a retired worker or a survivor), compared with 48 percent of men. Section IV describes issues related to women and pensions in more detail.

Ways in Which the Current Social Security System Helps Women

The current Social Security system has a number of features that are particularly important to women.

- **Social Security Provides an Inflation-Protected Benefit That Lasts as Long as You Live.** Although women receive lower average Social Security benefits than men do, women tend to live longer than men and to receive benefits for more years. In addition, because women live longer, they are in greater danger of outliving their other sources of retirement income; but it is impossible to outlive one's Social Security benefit. Furthermore, the cost of living protection in Social Security is more valuable the longer a person lives; therefore, this feature of the program is particularly valuable to women.

- **The Progressive Benefit Formula Provides a Higher Replacement Rate for Workers with Lower Earnings.** Since women tend to have lower earnings than men, they receive worker benefits that are a higher fraction of their lifetime earnings. For the median female retiree, Social Security replaces **X** percent of average lifetime earnings, compared with **Y** percent for the median male.10

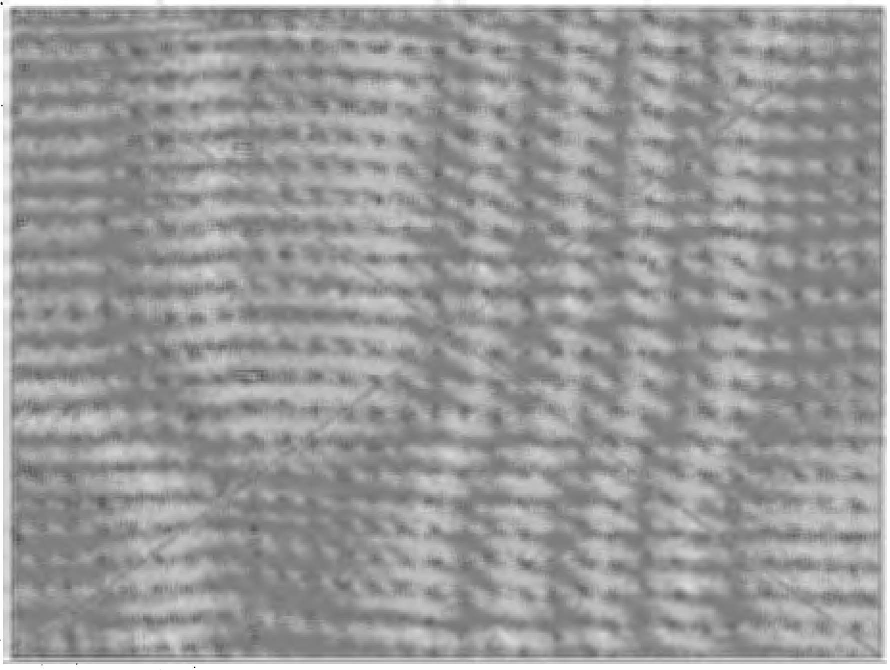
- **Social Security Provides Extra Benefits to Spouses with Low Lifetime**

Earnings. Women are more likely than men to take time out of the labor force for child rearing, and, on average, have lower earnings when they work than men do. This means that the Social Security benefit they are entitled to -- based on their own earnings history -- can be small. But Social Security provides a spousal benefit that helps many women, even if they did not work at all. A spouse receives a benefit equal to the larger of the benefit she is entitled to based on her own earnings or one-half of the benefit received by her husband. Currently, 64 percent of female Social Security beneficiaries age 65 and over receive benefits based on their husband's earnings record. (Only 1.2 percent of male Social Security beneficiaries receive benefits based on their wife's earnings record). While the average full benefit a women is entitled to based on her own earnings record is only 62 percent of that of men, the average benefit received by women is 75 percent of that of men.11

- **Social Security Provides Benefits for Widows.** Social Security pays an elderly widow a benefit equal to either the benefit she receives as a worker or the benefit of her deceased spouse, whichever is higher. Nearly three quarters -- 74 percent -- of elderly widows receive benefits based on the earnings of their deceased spouse.

- **Social Security Provides Benefits to Spouses with Young Children.** Social Security provides benefits to spouses of any age who care for children under 16 if the worker (other spouse) is retired, becomes disabled, or dies; women represent 98 percent of recipients receiving benefits as spouses with a child in their care.

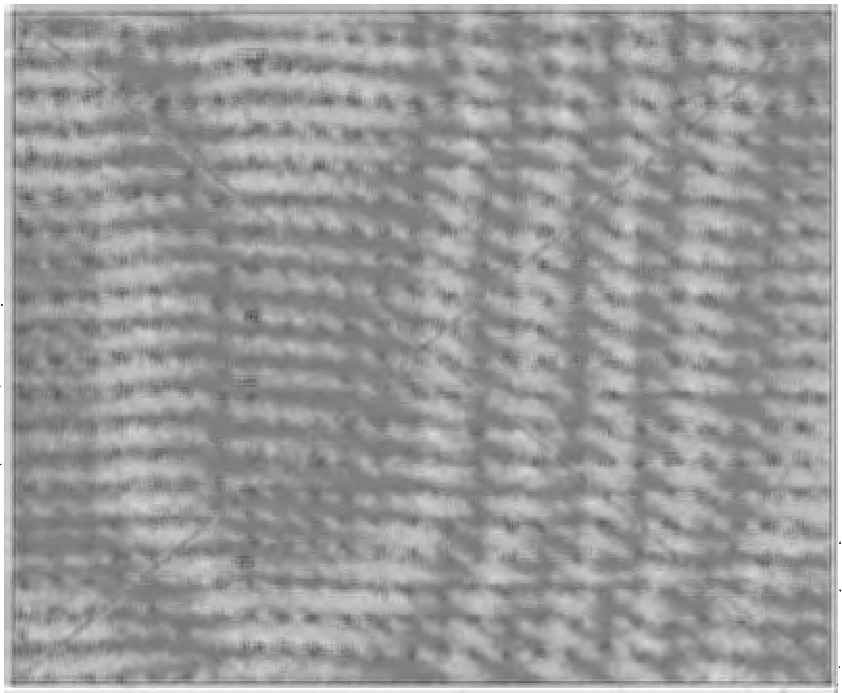
  - **Nearly One-Third of Social Security Beneficiaries Are Either Disabled or Survivors (or Their Dependents).** Nearly one-third of Social Security's 44 million beneficiaries are either disabled or survivors (or their dependents). This includes 3.8 million children who receive benefits, with 1.9 million as survivors of deceased parents, 1.4 million as children of disabled workers, and 0.4 million as children of retired workers. Disability insurance (in case an individual becomes disabled and can't work) and survivors' insurance is equivalent, for the average young family with two children, to an insurance policy of about $300,000 ($600,000 in total).



Will Social Security Continue to Be as Important for Women in the Future?

As younger cohorts of women reach retirement, more and more female beneficiaries will receive benefits based upon their own earnings records. Nonetheless, the average benefit received by women is expected to remain below that of men, and a significant share of women will continue to receive benefits based on their spouse's earnings record.

- **Labor Force Participation Rates among Women Have Risen Dramatically.** In the future, women will reach retirement with much more substantial earnings histories than in the past. (Male labor force participation has been falling due largely to earlier retirement).



- **More Women Will Receive Benefits Based Solely On Their Own Earnings History.** The percentage of women receiving benefits based solely on their own earnings history is expected to rise from 37 percent today to 60 percent in 2060. However, this means that 40 percent of women will continue to receive benefits based on their husband's earnings.12

- **Average Benefits Based On Own Earnings Record Will Rise Relative to Men.** The average full monthly benefit for retired female workers based on their own earnings record, which is currently 62 percent of the average for men, will rise to 67 percent in 2050.13

- **Projections Indicate That Women Will Continue to Live Longer than Men.** The difference in life expectancy at age 65 between men and women will fall only slightly under Social Security Administration projections from a gap of 3.6 years today to 3.4 years in 2030. Thus, in the future, women will continue to depend on Social Security for more years than men will.14

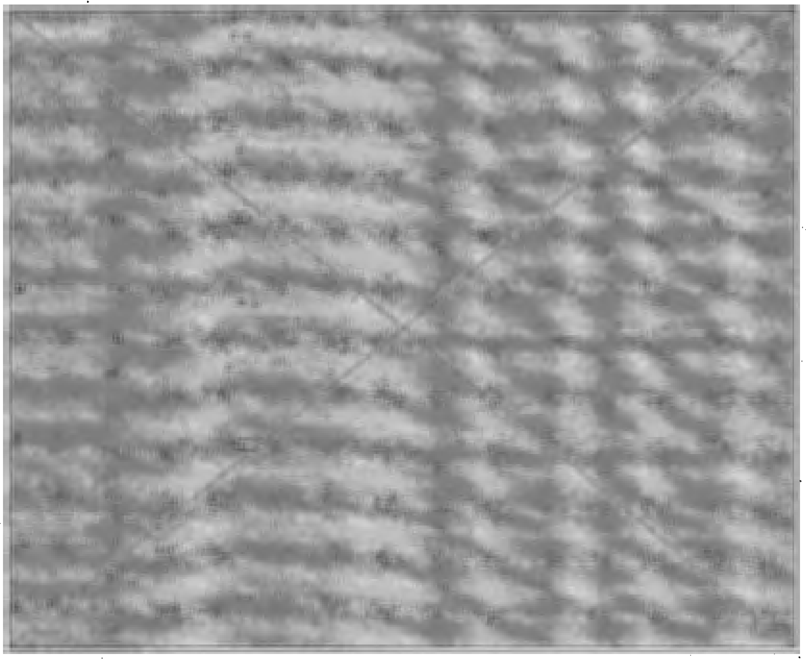
III. Challenges for the Current System

Poverty Rates Remain High Among Elderly Women

- **Poverty Rates Among the Elderly Have Fallen Dramatically, Due Largely to Social Security.** The poverty rate among Americans age 65 and over has fallen from 35.2 percent in 1959 to 15.2 percent in 1979 and 10.5 percent today. This compares with an overall poverty rate of 13.3 percent.

- **Poverty Rates among Widowed, Divorced, and Never Married Women Remain High.** The poverty rate for all elderly women was 13.1 percent in 1997, compared to a 7.0 percent rate for all elderly men. For both divorced and widowed women, poverty rates are significantly higher than men: the poverty rate is 22.2 percent for divorced women and 14.7 percent for divorced men and the poverty rate is 17.9 percent for widowed women and 11.1 percent for widowed men. Married persons had a poverty rate of only 5.4 percent.

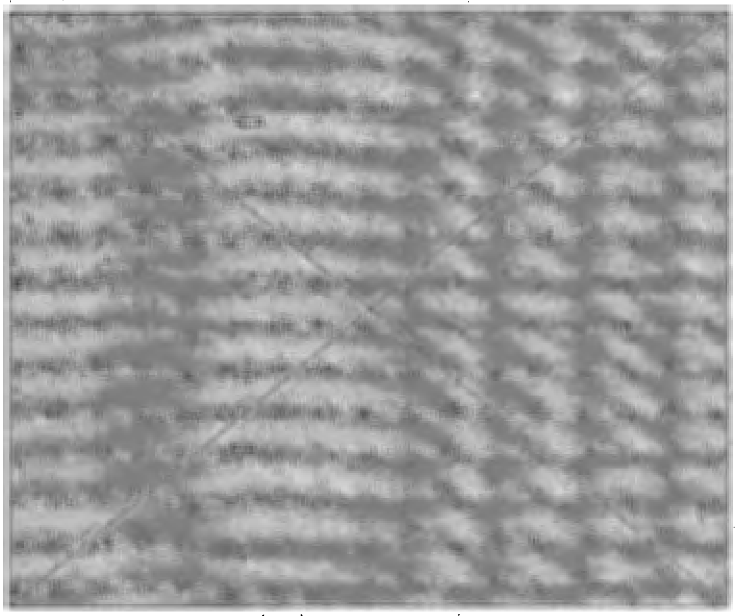
- **Widows Make Up A Large Fraction of Elderly Women.** Of women 65 and over, 45 percent of women are widowed, 43 percent are married, 7 percent are divorced, and 5 percent are never married. This means that the high poverty rate among widows and other unmarried women is particularly important.



- **There Are Also a Substantial Number of Relatively Young Widows, Though the Number Is Falling.** Of 60 year old women, 13 percent are widows. This percentage rises to more than one-quarter of women aged 65 to 67. Because husbands in low-income families tend to die at younger ages than husbands in higher-income families, these early widows are often poor.

- **Divorced Women Are a Growing Share of the Elderly Population.** In 1997, 7.1 percent of elderly women were divorced -- this compares with only 2.2 percent in 1969. Among women approaching retirement (55-64 years old), 14.4 percent were divorced in 1997. Since divorced women have higher poverty rates than other women, this trend could lead to higher poverty rates for women in the future.

- **Poverty Rates Are Particularly High among Minority Populations:**



Reasons Why Poverty Rates Are Higher Among Widows than Among Married Women

- **Declines in Social Security Benefits at Widowhood.** Widow benefits vary from 50 to 67 percent of benefits for a married couple. The official poverty thresholds imply that a widow needs 79 percent of a couple's income to maintain her pre-widowhood consumption level. Thus, women who are in couples just above the poverty line, can fall below the line when they become widowed. Empirical studies suggest that this factor can explain as much as half of the excess in poverty among widows.15

- **Pre-Widowhood Differences in Economic Status.** Poorer husbands typically do not live as long as richer husbands. Therefore, at a given age, women who are widowed are more likely to have been poor throughout their lives than are the women whose husbands have not yet died. Empirical studies conclude that this fact explains around one third of the difference in poverty rates between married women and widows.16

- **Declines in Pension Income at Widowhood.** Research using data from the 1970s indicates that roughly 15 percent of the falls into poverty that occur with widowhood can be explained by the loss of the husband's pension income. However, these data predate the Retirement Equity Act of 1984 which was designed to encourage the choice of a pension with survivorship rights.17

- **Declines in Income from Other Assets at Widowhood.** Some assets may be bequeathed to people other than the widow when the widow's spouse dies. One study implies that reduction in other asset income is responsible for roughly 10 percent of the difference in poverty rates.18 However, another study found little change in non-pension financial wealth following widowhood.19

Issues Concerning Benefits for Spouses who Work in the Home and Benefits Based on Paid Employment

- **Spousal Benefit Ensures Adequate Retirement Income.** A woman is eligible to receive a Social Security benefit that is 50 percent of her husband's benefit while her husband is alive, and a benefit that is 100 percent of her husband's benefit after he dies. These benefits reward women for work done in the home and ensure that all Americans have an adequate retirement income, even those with little paid employment. However, some people argue that spouse benefits are unfair because women with many years of paid employment can end up with benefits that are no larger than stay-at-home moms, and others point out that two families with identical total earnings can end up with different Social Security benefits depending on the division of the earnings between the two spouses.

IV. Women and Pensions

Social Security provides the foundation for retirement. Pensions and savings provide important resources for retirement as well. For elderly married couples, these other sources of income account for 64 percent of total income. For elderly unmarried females, these other sources account for 49 percent of total income.

Among Current Retirees, Women Have Much Less Pension Coverage Than Men

- **Women Are Less Likely To Have A Pension.** Only 30 percent of all women aged 65 or older were receiving a pension in 1994 (either worker or survivor benefits), compared to 48 percent of men.

- **Higher Pension Coverage Among Public-Sector Workers.** Only 31 percent of women aged 65 or older (and 55 percent of men) who had worked in the private sector reported pension benefits, compared to 66 percent (75 percent of men) of public sector retirees.

- **Pensions Received by Women Are Worth Less than Those Received by Men.** Among new private sector pension annuity recipients in 1993-94, the median annual benefit for women was $4,800, or only half of the median benefit of $9,600 received by men. The median pre-retirement wage replacement rate of annuity benefits was 20 percent for women, compared to 30 percent for men. Among lump sum pension recipients in 1993-94 who were age 40 and over, the median lump sum distribution was $5,000 for women and $14,475 for men.

- **Among Women Approaching Retirement, Pension Wealth Is Much Smaller.** Single women had average pension wealth that was 34 percent of the single men's average. Among married people, the gender gap was even larger, with the women's average being only 25 percent of men's. These estimates include both private and public sector workers with and without pensions.

401(k) Plan Takeup Rates

- **Women Are Less Likely To Takeup 401(k) Option When Offered.** Among private wage and salary workers offered a 401(k) plan in 1993, the overall participation rate was 62 percent for women and 70 percent for men. The lower takeup rate among women results primarily from their lower average wage levels.

- **Lower Takeup Is Entirely Explained By Lower Earnings.** The takeup rate is highly correlated with earnings. For example, while only 39 percent of workers earning less than $15,000 per year participate in a 401(k) plan when offered, 90 percent of workers earning $75,000 or more enroll in a 401(k) plan when offered. Because men, on average, earn more than women, their overall takeup rates in 401(k) plans are higher. However, when wages are held constant the takeup rate for women is generally equal to or greater than that of men. Among workers earning less than $15,000 in 1993 the takeup rate was 41 percent for women compared to 35 percent for men. For workers earning from $30,000 to $40,000 the takeup rate was 75 percent for women and 72 percent for men.

Among Workers, Women's Pension Coverage Depends on Work Status

- **Overall, Fewer Women Have Pensions Through Work.** For all female workers, 27 million (40 percent) had a pension plan through work in 1997. For all male workers, 34 million (44 percent) had an employment based pension in 1997.

- **In Full-time Jobs, Women Are Equally Likely To Have Pension Coverage.** Twenty five years ago, pension coverage for women in full-time jobs was only 70 percent of the rate for men. Today, the coverage rates are nearly identical. In 1997, 50 percent of women in full-time jobs had pension coverage, compared with 49 percent of men.

- **Coverage Significantly Lower for Part-time Workers.** Coverage is significantly lower for women who work full-time. In 1997, 15 percent of women working part-time were covered by pensions versus 50 percent working full-time.

- **Women Are More Likely to Work Part-time or Be Out of the Labor Force than Men.** In 1997, 75 percent of men were in the labor force, versus 60 percent of women. In addition, over one-fourth of working women were part-time, compared with one-tenth of men.

- **Women Who Work Part-time Are Less Likely To Work For Firms With Pension Plans.** In 1997, of the 48 million workers employed full-time, 30 million (63 percent) worked for a firm with a plan. Among the 20 million women employed part-time in 1997, only 7 million (36 percent) worked for a firm sponsoring a pension plan.

- **Women Who Work Part-time Are Less Likely to Participate in Pension Plan.** Among women employed by firms sponsoring pension plans, those employed on a part-time basis are far less likely to participate in the plan, primarily because plans often exclude employees working less than 1,000 hours per year. Of the 30 million full-time women workers in 1997 employed with firms with plans, 24 million (80 percent) participated in the plan. Of the 7 million part-time women workers employed by firms with plans, only 3 million (41 percent) participated in the plan.

- **Vesting Rate is Higher for Women Who Work Full-time.** For women participating in a pension plan the vesting rate is higher for those who work full-time, particularly for those with less than five years of service. In 1993, 64 percent of women with less than five years of service who were employed full-time in private sector jobs reported that they were vested, compared to 56 percent of women employed part-time. A total of 325,000 women with less than five-years of pension service in a part-time job did not report that they were vested.

ENDNOTES

THE WHITE HOUSE

Office of the Press Secretary
(Kansas City, Missouri)

For Immediate Release April 7, 1998

ADDRESS BY THE PRESIDENT
TO A NATIONAL FORUM ON SOCIAL SECURITY

Penn Valley Community College
Kansas City, Missouri

11:25 A.M. CDT

THE PRESIDENT: Thank you very much, ladies and gentlemen. Good morning. Thank you, Governor Carnahan, for your leadership on so many areas and your friendship. I'd like to thank the leaders of this fine institution for welcoming us here and for the mission they perform every day. I thank Senators Kerrey and Santorum for their concern, longstanding, for Social Security reform and their presence here, and Representatives Hulshof and Pomeroy, who are participating in the program, and Representative McCarthy, and also Representative David Dreier from California, who is a native of Kansas City, who are here.

I thank the members of our administration who have come who will be participating: the Director of the Office of Management and Budget, Frank Raines; the Deputy Secretary of the Treasury, Larry Summers; the Director of the National Economic Council, Gene Sperling; and the Administrator of Social Security, Ken Apfel.

Attorney General Nixon, Treasurer Graeber, Insurance Commissioner Sebelius, thank you all for being here. Mayor Cleaver, thank you for hosting us. I don't know if Mayor Marinovich is here or not, but if she is, hello. (Laughter.)

I'd also like to thank the leaders of the AARP, including Horace Deets, and the leaders of the Concord Coalition, including Martha Phillips, for their hosting of this forum. The AARP has long been a leading voice for the elderly, the Concord Coalition long a leading voice for fiscal responsibility over the long run, and their willingness to work together is very important. I'd also like to thank the Speaker of the House, the Senate Majority Leader, and the House and Senate Democratic leaders for nominating and being represented here today by the members of Congress who are on the program.

As the Governor said, this is a good time for America and a time of great hope. Our economy is the strongest in a generation. Many of our social problems are on the mend. Our leadership in the world is unrivalled. Within the next year, we will have a balanced budget. And where once there were deficits projected as far as the eye can see, we now have projected surpluses as far as the eye can see -- a trillion dollars' worth over the next decade.

But this sunlit moment is not a time to rest. Instead, it is a rare opportunity to prepare our nation for the challenges and the opportunities of the 21st century -- or in the words of the old saying, to fix the roof while the sun is shining. In the coming century, the aging of our society will present both great challenges and great opportunities. I hope to live to be one of those people and so, to me, it's a high-class problem.

But because a higher percentage of our people will be both older and retired, perhaps our greatest opportunity and our greatest obligation at this moment is to save Social Security. In the State of the Union address, I called on Congress to set aside every penny of any surplus until we had dealt with Social Security first. Both parties in both chambers of Congress have joined in this call. That is the good news.

obligation

Today we turn to the business at hand -- building public awareness of the nature and scope of the problem, and building public consensus for the best changes. Clearly, we will strengthen Social Security and reform it only if we reach across lines of party, philosophy, and generation. And that is one reason for the broad representation of age groups in this audience today. We have to have open minds and generous spirits. And we all have to be willing to listen and to learn.

For too long, politicians have called Social Security the "third rail" of American politics. That's Washington language for, it's above serious debate. This year we must prove them wrong. This conference, with its wide participation, is a good start. On the political calendar, 1998 is an election year. But on the Social Security calendar, we must resolve to make it an education year, when we come to grips with the problems of the system and come together to find the answers.

"third rail"

This issues is complicated, so we need the best ideas -- whatever their source. The issue is controversial, so we have to have a national consensus on both the nature of the problem and the direction we must take.

That's why I've asked all the members of Congress to also host town hall meetings in their own districts. I'll be talking with several of them by satellite later today. And we'll hold more additional forums like this one around the country. In December, there will be a White House Conference on Social Security. In January, I intend to convene the leaders of Congress to draft a plan to save it. With this effort we can forge a national consensus, and we must.

WH conf

For 60 years, Social Security has meant more than an ID number on a tax form, more than even a monthly check in the mail. It reflects our deepest values, the duties we owe to our parents, to each other, to our children and grandchildren, to those who misfortune strikes, to our ideals as one America.

meaning of Soc Sec

Missouri's native son, Mark Twain, once said, "I've come loaded with statistics, for I've noticed a man can't prove anything without statistics." So I thought we would begin today with a few statistics. Today, as the first chart shows, 44 million Americans depend upon Social Security, and for two-thirds of our senior citizens it is the main source of income. For 18 percent of our seniors it is the only source of income.

stats on those affected

But Social Security is more than just a retirement program. Today you can see that more than one in three of the beneficiaries are not retirees. They are children and spouses of working people who die in their prime. They are men and women who become disabled, or their children.

disabled, etc.

So Social Security is also a life insurance policy, and a disability policy, as well as a rock-solid guarantee of support and old age. That is why we have to act with care as we make needed repairs to the program occasioned by the huge growth in retirees.

Since its enactment over 60 years ago, Social Security has changed the face of America. When President Roosevelt signed the bill creating the Social Security system, most seniors in America were poor. A typical elderly person sent a letter to FDR begging him to eliminate "the stark terror of penniless old age." Since then, the elderly poverty rate has dropped sharply. You can look here and see that in 1959 the poverty rate was over 35 percent for retirees. In 1979, it had dropped to 15.2 percent. In 1996, the poverty rate is down below 11 percent.

Now, there's something else I want to say about this. Even though most seniors need other sources of income in addition to Social Security to maintain a comfortable lifestyle: if Social Security did not exist, today half of all American retirees would be living in poverty -- 60 percent of all women. Fifteen million American seniors have been lifted out of poverty through the Social Security system.

Lifts out of pov.

Today the system is sound, but the demographic crisis looming is clear. The baby boomers -- 76 million of us -- are now looking ahead to their retirement. And people, clearly, are living longer, so that by 2030, there will be twice as many elderly as there are today.

demo trends

All these trends will impose heavy strains on the system. Let's look at the next chart here. You can see that in 1960, which wasn't so long ago, there were over five people working for every person drawing Social Security. In 1997, last year, there were over three people -- 3.3 people -- working for every person drawing. But by 2030, because of the increasing average age, if present birthrates and immigration rates and retirement rates continue, there will be only two people working for every person drawing Social Security.

Now, here's the bottom line. The Social Security Trust Fund is sufficient to pay all the obligations of Social Security -- both retirement and disability -- until 2029, after which it will no longer cover those obligations. Payroll contributions will only be enough to cover 75 cents on the dollar of current benefits.

If we act now, we can ensure strong retirement benefits for the baby boom generation without placing an undue burden on our children and grandchildren. And we can do it, if we act now, with changes that will be far simpler and easier than if we wait until the problem is closer at hand. For example, a $100 billion of the budget surplus, if used for Social Security, would add a year or more to the solvency of the Trust Fund with no other changes being made. Other changes, which could be made, can be phased in over time, and keep in mind, small changes decided on now can have huge impacts 30 years from now.

So how should we judge the proposals to change the Social Security system? Here are principles that I believe we should follow, and they're on the next chart here. I believe, first of all, we have to reform Social Security in a way that strengthens and protects a guarantee for the 21st century. We should not abandon a basic program that has been one of the greatest successes in our country's history.

5 principles
1) keep guarantee

Second, we should maintain universality and fairness. For half a century, this has been a progressive guarantee for citizens; we have to keep it that way. It was not until 1985 that the poverty rate among seniors was lower than the poverty rate for the population of America as a whole. It is an astonishing achievement of our society that it is now so much lower, and we should not give it up.

2) universal + fair

Third, Social Security must provide a benefit that people can count on. Regardless of the ups and downs of the economy or the financial markets, we have to provide a solid and dependable foundation of retirement security.

3) dependability

Fourth, Social Security must continue to provide financial

4) prot. non-retirees (disabled)

security for disabled and low income beneficiaries. We can never forget the one in three Social Security beneficiaries who are not retirees.

And fifth, anything we do to strengthen Social Security now must maintain our hard-won fiscal discipline. It is the source of much of the prosperity we enjoy today.

5) maintain fiscal discipline

Now, these are the principles that will guide me as we work to forge a consensus. I hope they're ones that all of you can also embrace. This national effort will call on the best of our people. It will require us to rise above partisanship. It will require us to plan for the future, to consider new ideas, to engage in what President Roosevelt once called "bold, persistent experimentation." It will remind us that there are some challenges that we can only meet as one nation acting through our national government, just as there are others we can better meet as individuals, families, communities.

This is also a challenge for every generation. To the older Americans here today, let me say, you have nothing to worry about. For you Social Security is as strong as every. To the younger people here today who may believe that you will never see a Social Security check -- indeed, I saw a poll which purported to be serious that said that Americans in their twenties thought it was more likely they would see a U.F.O. than that they would every draw Social Security. (Laughter.) That skepticism may have been well founded in the past, but just as we put our fiscal house in order, we can and must put Social Security in order.

And above all, to my fellow baby boomers, let me say that none of us wants our own retirement to be a burden to our children and to their efforts to raise our grandchildren. It would be unconscionable if we failed to act, and act now, as one nation renewing the ties that bind us across the generations.

Thank you very much. (Applause.)

END 11:39 A.M. CDT

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P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

MW: I know you're crashing on the 2:30 statement but I wanted to make sure I'm on the right track before I go much further.

Draft 10/09/98 10:30am
Jeff Shesol

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[001]

11:30

PRESIDENT WILLIAM J. CLINTON
REMARKS ON SOCIAL SECURITY
MIAMI, FLORIDA
October 13, 1998

Two weeks ago, I had the privilege to announce an important victory for the American people: we have brought order to our fiscal house. We have put an end to three decades of deficits and begun a new era of balanced budgets, budget surpluses, and fiscal responsibility. We have turned red ink to black, and in impressive fashion: the projected $70 billion surplus I announced on September 30 is the largest in history, and, as a percentage of our economy, is the largest since the postwar boom of the 1950s.

We have all worked hard for this moment. When I first ran for President and I called for a balanced budget -- and even when I submitted that balanced budget to Congress -- we could not have predicted a surplus of this magnitude. The surplus is the product of the hard-working Americans who drive the most powerful economic engine in a generation; and it is the product of hard choices by lawmakers who put our nation's long-term economic interests above their own short-term political gain. It is an achievement in which we can all rightly take pride.

we bal budget not only for Am econ ren... But also for opp to do something for kids...

We also know that success should not foster complacency or carelessness. In my State of the Union Address this year, I stated quite clearly that balancing the budget for the first time in 30 years ~~would not be enough.~~ Achieving the first surplus in 30 years would not be enough. Our achievements will not be complete until we have saved Social Security for the 21st Century. That is why I said I would reject any attempt to spend any surplus until we have saved Social Security first.

I knew, when I said that, that members of Congress would soon be facing re-election. I knew there would be some who preferred the short-term political gain of a tax plan to the hard work of saving Social Security first. I knew there would be demands to drain billions from the surplus -- even before it appeared in the books, even before the black ink had dried. In recent weeks, the Republican majority made a regrettable, last-ditch attempt to pass a tax plan that spent the surplus. I told them in no uncertain terms: I would veto any attempt to spend the surplus before saving Social Security first. I am pleased to say that their attempt failed. This is a victory for fiscal discipline and for future generations.

Again, we cannot rest on this achievement. We cannot say our work is done until we . . .

MW: to come will be announcement of White House Conference on Social Security in December and a paragraph or two on this: "The Congress you elect this November will be the Congress that shapes Social Security for the 21st Century."

Draft 10/09/98 2:30pm
Jeff Shesol

PRESIDENT WILLIAM J. CLINTON
REMARKS ON SOCIAL SECURITY
MIAMI, FLORIDA
October 13, 1998

Two weeks ago, I had the privilege to announce an important victory for the American people: we have brought order to our fiscal house. We have put an end to three decades of deficits and begun a new era of balanced budgets, budget surpluses, and fiscal responsibility. We have turned red ink to black, and in impressive fashion: the projected $70 billion surplus I announced on September 30 is the largest in history, and, as a percentage of our economy, is the largest since the postwar boom of the 1950s.

We have all worked hard for this moment. When I first ran for President and I called for a balanced budget -- and even when I submitted that balanced budget to Congress -- we could not have predicted a surplus of this magnitude. The surplus is the product of the hard-working Americans who drive the most powerful economic engine in a generation; and it is the product of hard choices by lawmakers who put our nation's long-term economic interests above their own short-term political gain. It is an achievement in which we can all rightly take pride.

We also know that success should not foster complacency. We have balanced the budget for the first time in 30 years not only to create this American economic renaissance. We have balanced the budget also for the opportunity to do something meaningful for our children and our grandchildren: to save Social Security for the 21st Century. That is why, in my State of the Union Address this year, I said I would reject any attempt to spend any surplus until we have saved Social Security first.

in May

I knew, when I said that, that members of Congress would soon be facing re-election. I knew there would be some who preferred the short-term political gain of a tax plan to the hard work of saving Social Security first. I knew there would be demands to drain billions from the surplus -- even before it appeared in the books, even before the black ink had dried. In recent weeks, the Republican ~~majority in~~ Congress made a regrettable, last-ditch attempt to pass a tax plan that spent the surplus. I told them in no uncertain terms: I would veto any attempt to spend the surplus before saving Social Security first. I am heartened to say that their attempt failed. We have won a victory for fiscal discipline and for future generations of Americans.

formal

As you may remember when they tried to shut govt down

precisely

We have saved the surplus. Now, we must determine how to save Social Security itself. Today, I am announcing that the White House will host

MW: to come will be announcement of White House Conference on Social Security in December and a paragraph or two on this: "The Congress you elect this November will be the Congress that shapes Social Security for the 21st Century."

Draft 10/21/98 4:30pm
Jeff Shesol

PRESIDENT WILLIAM J. CLINTON
REMARKS ON RETIREMENT SECURITY FOR WOMEN
THE WHITE HOUSE
October 23, 1998

Six years ago, when I became President, I dedicated my administration to a fulfilling a new vision of government. At heart it is a simple vision: I have always believed that our government can live within its means, and, at the same time, invest in our people. I think the experience of the past six years show us this was the right path -- leading us into a new realm of prosperity, a new American economic renaissance. These are prosperous and productive times for the American people: Opportunity is abundant. Communities are getting stronger. Families are more secure.

Today I want to talk about some ways we can strengthen that feeling of security for all Americans -- particularly women in their retirement years. On this front, we have some work to do. And we are in an unprecedented position to get it done. Just this month, I had the privilege to announce an important victory for the American people: we have brought order to our fiscal house. We have put an end to three decades of deficits and begun a new era of fiscal dsicipline, balanced budgets, and a record budget surplus. We have turned red ink to black, and in impressive fashion: the projected $70 billion surplus is the largest in history, and, as a percentage of our economy, is the largest since the postwar boom of the 1950s.

We have all worked hard for this moment. The surplus is the product of the hard-working Americans who drive the most powerful economic engine in a generation; and it is the product of hard choices by lawmakers who put our nation's long-term economic interests above their own short-term political gain. It is an achievement in which we can all rightly take pride.

We also know that success should not foster complacency. We have balanced the budget for the first time in 30 years not only for our own prosperity, not only to create this American economic renaissance. We have balanced the budget for the chance to do something meaningful for our children and our grandchildren: to save Social Security for the 21st Century.

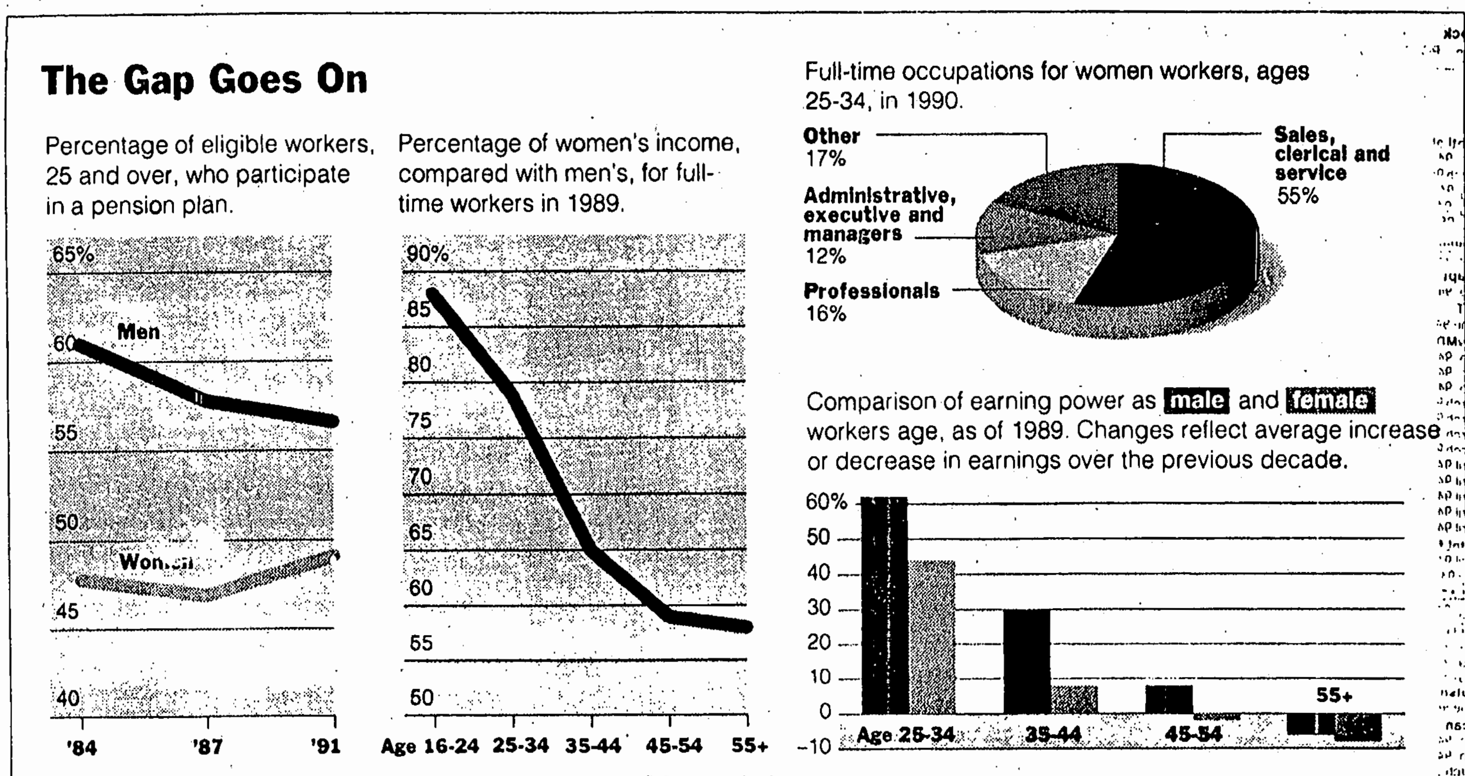
Social Security, as you know, means more than an ID number or a monthly check. It is a sacred trust among generations; between parents and children and grandparents and grandchildren; between those at work and those in retirement; between the able-bodied and the disabled. It is our obligation to one another and to our deepest values as Americans. It is and must remain a rock-solid guarantee.

That is why, in my State of the Union Address this year, I said I would reject any attempt to spend any surplus until we have saved Social Security first. I knew then, when I said that, that members of Congress would soon be facing re-election. I knew there would be some in the majority who preferred the short-term political gain of a tax plan to the hard work of saving

Social Security first. I knew there would be demands to drain billions from the surplus -- even before it appeared in the books, even before the black ink had dried. In recent weeks, Republicans in Congress made a regrettable, last-ditch attempt to pass a tax plan that spent the surplus. I told them in no uncertain terms: I would veto any attempt to spend the surplus before saving Social Security first.

I am heartened to say that we turned back the congressional majority; we overcame their ardent attachment to a tax plan that would have squandered the surplus. We have won a victory for fiscal discipline and for future generations of Americans.

We have saved the surplus.



Sources: Bureau of Labor Statistics; Older Women's League; Employee Benefit Research Institute

The New York Times

At Work/Barbara Presley Noble

Old Age Is No Place for Sissies

For women, a bit of good pension news obscures the bleak prospects many face.

First in a series of articles on women and pensions.

NOMINALLY, there was good news from a report on pension coverage released late last year. The Employee Benefit Research Institute in Washington reported that the decline in coverage, which appeared in the mid- to late-1980's to be occurring at roughly the speed of light, especially for participants in traditional defined-benefit plans, had flattened. The increasing number of women in the labor force covered by pensions — up 3 percentage points, to 66.7 percent in 1991 from 63.7 in 1987 — helped stop the decline. Coverage of men continued to drop slightly, to 68.5 percent in 1991 from 69.8 percent in 1987.

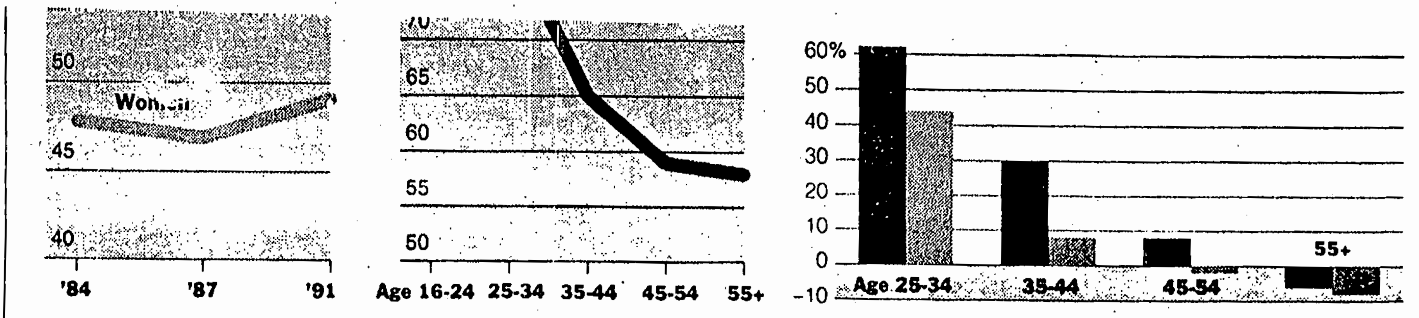
In fact, the rise in women's coverage continues a trend that began in the 1980's, even while men's coverage was dropping dramatically as "good jobs," with hefty wages and benefits, vaporized in the contracting manufacturing sector. "I would hypothesize that has to do with the continuing integration of in their early 30's and younger, who are benefiting from the expanded occupational opportunities of the last two decades, the great mass of women are still only a man or a misstep away from penury in retirement. That group includes people who have little in common except their gender: younger working women without college degrees or high school diplomas; middle-aged women who worked outside the home intermittently to balance their responsibilities to children and, perhaps, to elderly parents, and older women who may never have worked outside the home. What they do share is a gender-based tendency to longevity — and to outlive their retirement income.

Financial planners talk about the three-legged stool of retirement income: Social Security, investments and savings and pensions. A few sobering facts derived from several sources, including the Labor Department, the Pension Rights Center in Washington and analyses of current population survey data by the Older Women's League, a Washington-based advocacy organization, reveal that for women, the stool has very short and uneven legs:

- Three-quarters of the elderly poor are female, though they represent just half the 65-and-over population.
- The median income — Social Security, pensions, investments but not assets — for men 65 and over was $14,183 in 1990. For were widows in 1990. The median income for white women in that group was $9,366, $5,938 for black women. Three-quarters of all adults 45 and over living alone in 1989 were female.
- The one of five women aged 65 and over who had pension income in 1990 received an average of $4,915.

NONE of these numbers should inspire confidence in many women over 45, or, for that matter, lower-wage workers in general. "There may not be retirement, people will have so little in savings, so little in employer contributions and so little in Social Security," said Cindy Hounsell, a lawyer at the Pension Rights Center. "You will need to continue working, if you're lucky enough not to be disabled."

And, though more women are entitled to pension coverage by virtue of their employment, there is still a wide gap between men and women in participation and vesting rates, the measures of who takes advantage of pension opportunities and who is on the job long enough to realize the income. Despite their gains in opportunities, women have been and are still more likely than men to work in low-paying, sex-segregated jobs without pension coverage. "It gets down to



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In fact, the rise in women's coverage continues a trend that began in the 1980's, even while men's coverage was dropping dramatically as "good jobs," with hefty wages and benefits, vaporized in the contracting manufacturing sector. "I would hypothesize that has to do with the continuing integration of females into the mainstream work force," said Paul Yakoboski, the report's author. "More are entering as college graduates at higher levels that tend to be covered. They used to be at the lower-skill level, where you don't find much coverage, male or female."

But while the trend bodes well for the future of well-educated female workers now in their early 30's and younger, who are benefiting from the expanded occupational opportunities of the last two decades, the great mass of women are still only a man or a misstep away from penury in retirement. That group includes people who have little in common except their gender: younger working women without college degrees or high school diplomas; middle-aged women who worked outside the home intermittently to balance their responsibilities to children and, perhaps, to elderly parents, and older women who may never have worked outside the home. What they do share is a gender-based tendency to longevity — and to outlive their retirement income.

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- Three-quarters of the elderly poor are female, though they represent just half the 65-and-over population.
- The median income — Social Security, pensions, investments but not assets — for men 65 and over was $14,183 in 1990. For women in the same age group, it was $8,044.
- The median real benefits of first-time male recipients of pensions rose 6 percent between 1978 and 1989. For women, it dropped 17 percent, thus dragging their median benefits down to 37 percent of men's in 1989, from 47 percent in 1978.
- Nearly half of the 65-plus group of women were widows in 1990. The median income for white women in that group was $9,366, $5,938 for black women. Three-quarters of all adults 45 and over living alone in 1989 were female.
- The one of five women aged 65 and over who had pension income in 1990 received an average of $4,915.

NONE of these numbers should inspire confidence in many women over 45, or, for that matter, lower-wage workers in general. "There may not be retirement, people will have so little in savings, so little in employer contributions and so little in Social Security," said Cindy Hounsell, a lawyer at the Pension Rights Center. "You will need to continue working, if you're lucky enough not to be disabled."

And, though more women are entitled to pension coverage by virtue of their employment, there is still a wide gap between men and women in participation and vesting rates, the measures of who takes advantage of pension opportunities and who is on the job long enough to realize the income. Despite their gains in opportunities, women have been and are still more likely than men to work in low-paying, sex-segregated jobs without pension coverage. "It gets down to whether you have access, and whether you can afford it," said Lou Glasse, president of the Older Women's League.

Ms. Glasse pointed out that the growth in popularity of "defined contribution," or 401(k)-type coverage, requiring employee contributions, has generally not worked to the advantage of low- and middle-income employees. "Lower-wage workers are less likely to be able to participate," she said. "Lower-wage workers tend to be women."

Moreover, to double the whammy, a survey released last week offers evidence for the perception that women tend to be more conservative — or less confident — in planning for retirement. Research by Yankelovich Partners for Fidelity Investments indicates that women are much more worried about their ability to save for retirement, are in fact less likely to have substantial retirement assets and are more likely to expect to work in "retirement." They also are less likely to express satisfaction with their knowledge of retirement planning, though given the facts for women, they may just be in an appropriate state of denial.

An Unequal Shift of the Burden

THE increasing inclination of employers to shift the burden of retirement planning and saving from themselves to their employees will almost certainly have a disproportionate effect on women. The growth of 401(k) plans, for example, mainly benefits higher-paid employees. In 1991, only 11 percent of workers earning less than $21,000, a category dominated by women, were offered the opportunity to join plans, according to information provided by the Older Women's League.

The employer's idea may be to allow individuals more control over their retirement benefits and the degree of risk they assume. But women consistently rate themselves lower than men in investment knowledge and savvy. Whether that's true or simply a problem of self-image, the practical consequences may well be that women invest more conservatively than they need to. Come age 65, they will have an average of 19 hyperthrifty retirement years to ponder what might have been.

Joshua S. Gottheimer
10/19/98 09:20:48 AM

Record Type: Record

To: Jeffrey A. Shesol/WHO/EOP

cc:
Subject: notes fri's soc sec mtg.

Recap/ highlights of ann lewis' meeting on friday:

- **Name**: Women and Retirement Security Roundtable

- **Message**: 2 pension proposals -- both disproportionally benefit women
  1) time off w/ FMLA counts toward pension: 1st time women get credit if take time off w/ families
  2) report on women retirement trends

  NOTE: Orszag will give you further details on both

- **Goal**: reach as many women as possible (through outreach, satellite, etc.)

- **Event**: *remarks and roundtable*.
  - POTUS will do 10 min. of intro (teaching style on soc sec -- graphs, charts, etc) then go to roundtable discussion
  - Roundtable:
    1. POTUS,
    2. VPOTUS (T),
    3. Student
    4. Current insurance user,
    5. Former FMLA user who has since returned to work,
    6. Pink-collar woman (i.e. secretary, waitress -- someone w/ fleeting benefits), retiree.
    7. Front row: , Sec. Labor and Soc Sec Administrator

- Location: east room, audience 160-170.