

WOMEN LACK SUFFICIENT WEALTH TO ACHIEVE ECONOMIC STABILITY

Women own, on average, only 32 cents for every \$1 owned by a man.¹ Women of color have even less. With only \$200 and \$100 in median wealth, African American and Latina women, respectively, own less than one cent for every \$1 owned by a white man.² So while Americans are right to advocate for narrowing the gender wage gap, these figures demand that we address another gap that threatens women's economic security: the gender *wealth* gap.

FACT: Too many women lack access to wealth.

Women are highly over-represented in the 10 largest low-wage jobs.³ Today, 57% of women participate in the paid workforce,⁴ but their participation isn't evenly distributed across all sectors.

They dominate in low-wage work fields, comprising 95% of childcare workers, nearly 90% of home health aides and housekeepers, and a variety of other hourly and low-wage positions.⁵

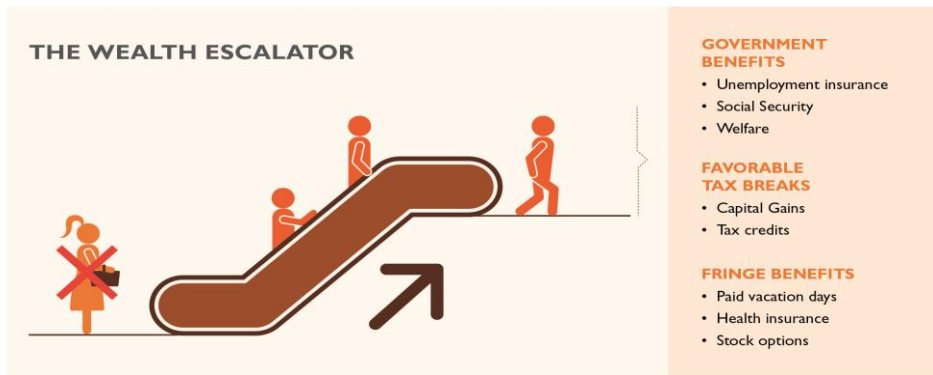
NUMBERS TO KNOW

Women own 32 cents for every \$1 men own.

Women are 80% more likely than men to live in poverty upon retirement.

Low-wage working mothers' income decreases 7% for each child.

Source: Asset Funders Network (2015); National Institute on Retirement Security (2016); Third Way (2014)



Source: Asset Funders Network, 2015

Low-wage jobs don't provide the benefits that enable low-wage workers to save. In low-wage sectors, an employee working full-time at the federal minimum wage earns only \$15,000 annually⁶ and doesn't have access to what sociologist Mariko Chang calls the

"wealth escalator." Comprised of employer-provided fringe benefits, favorable tax breaks and government benefits, the wealth escalator enables people to transform income into wealth quicker than by saving alone.⁷ Across the workforce, only 38% of women are granted sick leave and only 12% have paid family leave.⁸ In higher paid and salaried positions, flexible work schedules slightly make up for a lack of those vital benefits, but that isn't the case for low-wage workers. Because their schedules are usually highly inflexible, low-wage workers must forego wages or risk being fired if they're sick or need to care for a family member.

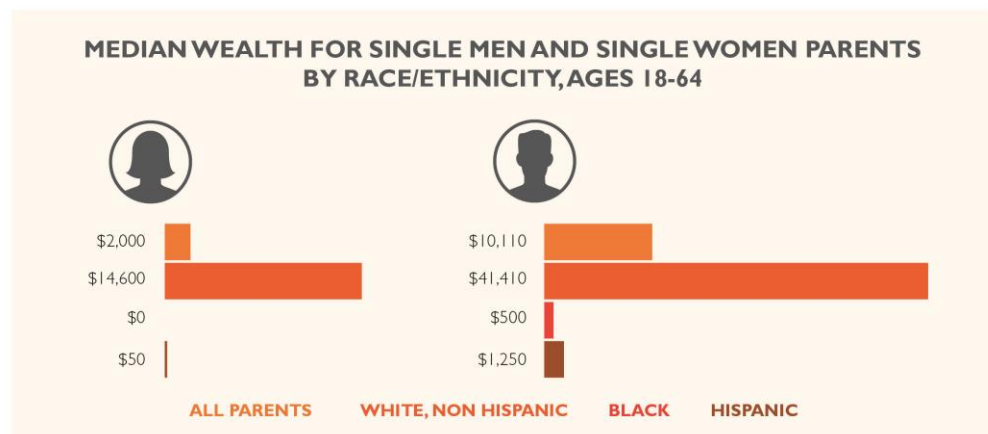
FACT: Women are penalized for their marital status, motherhood and caregiving responsibilities.

Marriage helps create wealth. Because wealthier people can more easily afford to marry, and because of the wealth advantages of marriage, married women hold more wealth than single women.⁹ Of all single women (never-married, divorced or widowed), never-married women have the least amount of wealth -- just \$1,000.¹⁰ For African-American women, who are less likely to marry and more likely to be single mothers, the wealth disparities are severe. African-American mothers hold a median of \$0 in wealth.¹¹

Women's second shift at home hinders their ability to build wealth. Sixty-one percent of caretakers nationwide are women.¹² Arlie Hochschild coined this extra work the *second shift*,¹³ which includes primary responsibility for daily housework and childrearing. When this work is factored in, women take on an average of two additional weeks (consisting of 24 hour days) in unpaid work every year.¹⁴ Because of those responsibilities, women spend an average of 12 years out of the paid workforce.¹⁵

Mothers face a "motherhood wealth tax" at work.¹⁶ Regardless of race, many mothers are effectively penalized by a motherhood wealth tax, which results in lower wages for every child. For instance, low-wage working mothers see their wages decrease 7% per child.¹⁷ That's one reason mothers usually have less wealth, owning just 20% as many assets as fathers.¹⁸ The motherhood wealth tax is especially burdensome for single mothers,

nearly 40% of whom live below the poverty line.¹⁹ And African-American mothers are particularly vulnerable. Roughly one-third of all African-American households are headed by a single woman parent, who, at the median, holds \$0 in wealth.²⁰



Source: Asset Funders Network, 2015

FACT: Women's debt cripples them from growing wealth.

Women are disproportionately targeted by the financial sector. Suparna Bhaskaran's report, *Pinklining*, demonstrates how women's wealth is effectively transferred to the financial industry because of predatory practices. High-cost loans for education, housing and basic living expenses leave women trapped financially, unable to build assets, while simultaneously incurring more debt.

Women carry more debt than men. At the median, women carry 177% more debt than men, and they are more likely to be burdened by every type of debt, including credit card, mortgage, vehicle and education debt.²¹ In fact, the wealth gap grows exponentially as education increases because women take on more debt for education, live on lower wages, and thus have to allocate a higher percentage of their income to pay off student loans each month. Predatory practices, coupled with women's lower earnings, affects their ability to build wealth across the board. For every \$1 that women earn, they owe 41 cents in debt (compared to the 23 cents that men owe).²²

Women have more debt, but they don't have as many assets as men. Women are as likely as men to own the most common types of financial assets, but the median value for each of those assets is lower and is continually crippled by women's debt.²³ Because of that, women owe 33 cents in debt for every \$1 they own in assets.²⁴

FACT: Poverty impedes women's ability to build wealth.

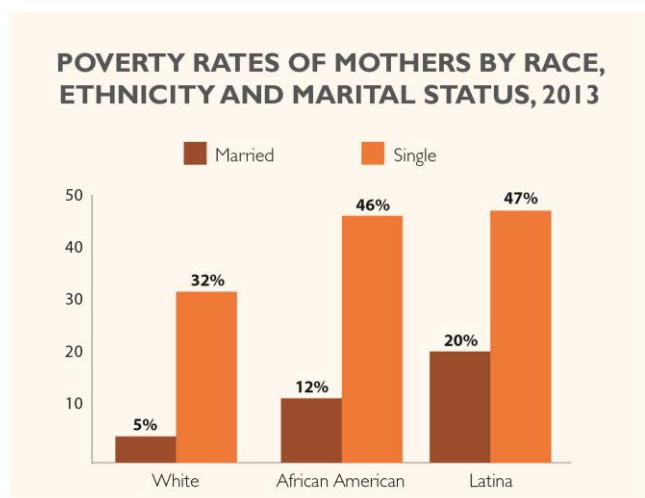
More women live in poverty than men. The federal poverty line sits at \$24,250 for a household of four.²⁵ As of 2014, more than one in seven women (14.7%) fell below that line, compared to 10.9% of men.²⁶ The situation is even worse for women of color, with roughly 25% of African-American and Latina women living in poverty.²⁷

Single mothers of color are more likely to be impoverished. Roughly 31% of all single women live in poverty.²⁸ But the situation is particularly acute for African-American and Latina women who are less likely to marry and more likely to be single mothers and heads of their household, even if they are married.²⁹ Because they contend with both a gender and racial income and wealth gap, almost half of African-American and Latina female-headed households with children live in poverty.³⁰

Grave wealth disparities follow women into retirement. Lower earnings and lower wealth holdings in earlier stages of life have a direct impact on women's security in retirement. Women are 80% more likely than men to be impoverished when they retire.³¹ Poverty rates worsen as women age – women age 75-79 are three times more likely than their male counterparts to be impoverished.³²

U.S. government assistance programs often perpetuate women's poverty. As of 2015, 85% of people enrolled in Temporary Assistance to Needy Families (TANF) were women and many were single mothers.³³ Individuals on TANF and other welfare programs must qualify for assistance with a certain income level and asset limit. While all recipients are subject to these guidelines, regardless of gender, women dominate welfare rolls and are therefore disproportionately affected by the policies. Many government assistance programs, consequently, force women to spend down their assets to qualify for assistance, effectively punishing them for any savings they do have and making it harder to climb out of poverty.

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- ³ Suparna Bhaskaran, *Pinklining: How Wall Street's Predatory Products Pillage Women's Wealth, Opportunities & Futures* (Newark, NJ: New Jersey Communities United, 2016), 9.
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- ⁶ *Underpaid and Overloaded: Women in Low-Wage Jobs* (Washington, DC: National Women's Law Center, 2014), http://www.nwlc.org/sites/default/files/pdfs/final_nwlc_lowwagereport2014.pdf.
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- ⁸ Bhaskaran, *Pinklining*, 9.
- ⁹ Chang, *Women and Wealth*, 8.
- ¹⁰ *Ibid.*
- ¹¹ *Ibid.*
- ¹² *And... The Pay Gap's Connected to the Retirement Gap!* (Washington, DC: Women's Institute for a Secure Retirement, 2015), <http://www.wiserwomen.org/index.php%3Fid%3D266%26page%3Dpay-gap-retirement-gap>.
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- ¹⁵ *The Pay Gap's Connected to the Retirement Gap*, 2.
- ¹⁶ Chang, *Women and Wealth*, 8.
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- ³² Budig, *The Fatherhood Bonus & The Motherhood Penalty*, 15.
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