



Wider Opportunities for Women

Elder Economic Security Initiative Weekly Update – February 8, 2008

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On the Hill

Economic Stimulus Package Headed to the President

After more than a week of partisan jockeying, the Senate passed an economic stimulus bill Thursday that modestly expanded eligibility for rebate checks. The House later approved the package and it now is headed to the President, who is expected to sign it into law. Senate Democrats fell one vote short on Wednesday in their attempt to advance a more ambitious proposal, which included an extension of unemployment benefits and renewable energy tax breaks and added \$1 billion for extra low-income home heating assistance. Key provisions of the legislation (HR 5140) now awaiting the President's signature include:

- **Workers who earned at least \$3,000 in qualifying income (such as wages, Social Security benefits, and disability payments) during 2007, but paid little or no income tax, would qualify for checks of \$300 for individuals or \$600 for couples filing joint tax returns. This will get needed funds to seniors relying solely upon Social Security income to make ends meet.**
- Workers and others who paid taxes last year on wages or investment income would receive checks of up to \$600 for individuals and \$1,200 for couples. Payments would phase out beginning with individuals with more than \$75,000 in adjusted gross income and couples with more than \$150,000.
- Anyone qualifying for a check would receive an additional \$300 for each dependent child under 17.
- Undocumented workers do not qualify for rebates.
- Business tax breaks targeting investment expenditures.

- Temporarily boosts the size of mortgage loans that the Federal Housing Administration could insure and that Fannie Mae and Freddie Mac could purchase.

Protecting Pensions When Companies Enter Bankruptcy

Legislation giving workers and retirees new protections when their companies go into bankruptcy has been introduced into Congress – “Protecting Employees and Retirees Act of 2007”. This legislation would allow victims of fraud in 401(k) savings plans and workers whose pension benefits are not fully guaranteed by the Pension Benefit Guaranty Corporation to file claims if their companies are in bankruptcy. The legislation would also require companies to terminate pensions for their executives when they terminate the pensions of their rank-and-file employees. We will keep you apprised of legislative activity related to this bill,

Next Week in Congress

The House Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies will hold a hearing on Wednesday, February 13th, on the implications of economic trends for workers, families and families . . . In addition, Rep. Stark, Chair of the Ways and Means Subcommittee on Health will be holding a hearing on the proposed Medicare and Medicaid cuts found in the President’s Budget. The Senate Aging Committee will also hold a hearing on foreclosure prevention scams and older citizens.

In the Administration

EEOC Ruling Allows Employers to Cut Health Benefits for Older Retirees

This week, the Equal Employment Opportunity Commission has ruled that employers can reduce health insurance benefits for Medicare-eligible retirees age 65 and older without violating federal age discrimination law. The ruling isn't without controversy - the AFL-CIO takes the position that the EEOC ruling is necessary in order to preserve health benefits for younger retirees. AARP and the National Legislative Retiree Network have strongly protested the ruling as being unlawful and unfair to older retirees.

Administration unveils 2009 budget

President Bush unveiled a \$3.1 trillion fiscal 2009 budget on Monday that calls on Congress to continue robust spending increases for defense but proposes cuts or minimal growth for a variety of domestic programs. The reaction from Congress was not enthusiastic. Senate Majority Leader Harry Reid (D, NV) said President Bush would have minimal leverage this year to push his budget priorities. In particular, President Bush’s proposal to allow for only a 0.3 percent increase (far below inflation) in discretionary spending outside of the national security area already has provoked opposition on the Hill. Overall, the proposed fiscal 2009 spending calls for \$549.6 billion in non-emergency discretionary spending for defense and other national security programs, which is 8.2 percent more than for fiscal 2008 but seeks just

a 0.3 percent increase for the rest of the discretionary budget. The President asked Congress to eliminate or reduce 151 programs to save \$18 billion in discretionary spending.

The Bush administration's plan to slice **Medicaid by \$1.8 billion next year** and more **than \$18 billion over five years will cause serious hardship to millions of Americans especially elders who rely on the nation's only health insurance program which provides assistance with long-term care needs.** An additional \$14.7 billion in five-year cuts would come from new or already proposed regulations. The administration is seeking rules to stop payments from Medicaid for case managers for abused and neglected children, disallow payments for school transportation for children with disabilities, eliminate payments for graduate medical education, and prohibit states from serving families with incomes of 300 percent of the poverty line. That would allow states to decide who is eligible for Medicaid, effectively removing many people who would otherwise be uninsured and who struggle to pay high medical expenses. In addition to denying care to vulnerable people, these rules deprive states of much-needed funds as the recession shrinks revenues.

Once again, President Bush targeted federal job training programs as part of his cuts. For the department, which is dominated by mandatory spending for unemployment benefits, Bush proposed \$53.1 billion in total funding, \$10.5 billion of which would be discretionary. That is one percent less than Bush requested for fiscal 2008 and 7.8 percent less than Congress appropriated. The President called for cuts of \$1 billion from job training programs that form the core of the 1998 Workforce Investment Act. The budget calls for these programs to be consolidated into a state block grants that would provide job seekers up to \$6,000 over two years for training. The budget also proposes to reduce funding by 33 percent for a program that provides part-time community service jobs for low-income adults 55 and older. Prospects are slim that the Congress will go along with this. Another program slated for elimination is the Agriculture Department's Commodity Supplemental Food Program, a nutrition program for pregnant women, children and elderly, which President Bush has said is duplicative of other programs.

Democrats in both chambers will outline their fiscal 2009 budget proposals in early March.

Resources

Experience Works Outstanding Older Worker Award

Experience Works, the nation's largest training and employment organization for mature workers, is searching for Indiana's outstanding older worker. Experience Works Prime Time Awards program is part of Experience Works' national effort to raise awareness of the contributions made by older individuals and to break down barriers associated with the hiring of all older workers. Outstanding older workers from

every state, the District of Columbia, and Puerto Rico will be honored in Washington, D.C., and in their home states for their contributions to the workforce and local communities.

Nominees or applicants must be 65 years of age or older, currently employed, and working at least 20 hours each week for pay. The honoree must be willing and able to travel to Washington, D.C., the week of Sept. 22-26 for the Prime Time Award events. The visit will include meetings with congressional representatives, a tour of the city's landmarks, and the awards banquet and ceremony. Honorees have an opportunity to meet, share their stories, and celebrate their accomplishments.

Family, friends or colleagues can send in a nomination, or older workers can self nominate. The deadline for nominations is June 1. For more information, visit the Experience Works website:

http://www.experienceworks.org/site/PageServer?pagename=State_PrimeTime2007_main

Social Security for Women

Information regarding Social Security from the U.S. government tailored for women can be found at <http://www.socialsecurity.gov/women/>. This website contains quick facts and also downloadable materials.

In the News

Women should be aware of basic federal benefits

By Kenneth Hess

Guest commentary: Green Bay Press-Gazette

All Americans need to understand at least the basics of the Social Security program. For women, there are reasons it can be especially important.

Here's why:

- Women tend to live longer than men, which means they are more likely than men to get Social Security survivors benefits;
- Women probably will have a greater financial need for Social Security retirement benefits and collect them for a longer period of time since they live longer
- Women are more likely to be affected by some Social Security provisions than men, such as changing their surnames after marriage or divorce.

So Social Security has two ways for women to conveniently get information about Social Security that directly addresses their needs.

Women will find our special Web page on women's issues helpful. The Web page is titled "For Women" and can be found at www.socialsecurity.gov/women.

On the left side of the page is a listing of "roles" that a woman may play in life, such as working woman, beneficiary, bride, new mother, divorced spouse, caregiver and widow. When you click on any one of these roles, you are taken to Social Security information that would be of interest to you. For example, "new mother" leads you to links on getting a Social Security number for your newborn, benefits for children and more.

On the right side of the Web page is a listing of Social Security programs — retirement, survivors and disability — as well as links to the Supplemental Security Income (SSI) and Medicare programs. And in the center of the "For Women" Web page are links to such topics as "Don't Outlive Your Retirement Savings."

This link is one that many working women will find particularly helpful because it takes them to Social Security's financial planning Web site at www.socialsecurity.gov/planners. They can use the calculators there to test different retirement ages or different scenarios for future earnings amounts. It also provides some detailed financial information about how marriage, widowhood, divorce, self-employment, government jobs, and other life or career events can affect Social Security. And it includes a link to a non-Social Security worksheet that will help visitors decide how much they need to save and invest for a comfortable retirement.

In addition, Social Security offers a booklet titled "Social Security: What Every Woman Should Know." This 24-page publication is a handy reference tool for any woman who needs a basic understanding of how the Social Security retirement, survivors and disability programs work. It also includes information for women on what to keep in mind about the Social Security program if they become widowed or divorced. And it addresses other Social Security issues that a woman may encounter, such as how to change her name, get Social Security numbers for her child(ren), and ensure Social Security coverage if she is self-employed or a household worker.

Free copies of the "What Every Woman Should Know" booklet can be printed by visiting our Web site at www.socialsecurity.gov/pubs/10127.html or can be ordered by calling our toll-free number at (800) 772-1213 (TTY 1-800-325-0778). I will send you a copy if you e-mail me your address at my e-mail address.

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Social Security Barely Keeping Retirees Afloat

By Ann Gowans, Columbiatribune.com

Published Monday, February 4, 2008

I have recently been acting as a consultant to several older women, two of whom are skirting the edge of poverty as they try to live in the increasingly expensive world around them. Food costs more with every trip to the market. Clothing must be purchased from vendors of used clothing, and utilities and housing upkeep are taking a greater and greater percentage of their income.

Although some women have planned, been lucky, inherited or late-life married, so they have sufficient and stable retirement income, the sad fact is that for many women, the financial picture for retirement is very bleak. Many don't fully understand that Social Security will be the most consistent and important part of their income because they tend to overestimate what they will receive from pensions and investments.

Impoverishment in the United States remains a significant issue for older women, even though all folks 65 and older are in better financial shape than they were before the program was enacted. The poverty rates for older black women and female Hispanic elders are about double the level for all older women in the United States, and those without Social Security and living in poverty or near poverty would be even more vulnerable. As to the SSI benefit, the federal Supplemental Security Income has never raised recipients above the poverty threshold. Social Security is far more successful at reducing poverty for older people. Social Security is important for women because it is one program that goes from job to job with the worker, provides steady income that lasts for the life of the retiree and is adjusted to keep pace with the cost of living.

Social Security now is the dominant income source for older Americans, benefiting about 90 percent of those 65 or older, including workers and spouses of workers. Not only do most older women receive benefits, they depend upon them. Eighty-one percent of unmarried men and 87 percent of widowed, divorced and never-married women count on this source for at least half their income, and more than two-thirds of elders depend on Social Security for an even larger portion. For one in three unmarried older women, Social Security is the only source of income.

More women are in the paid labor force today than 20 years ago, and the gender gap in wages is narrowing. But women remain concentrated in low-paying jobs and are more likely than men to experience periods out of the work force. As a result, women are less likely to qualify for a retirement savings program or receive a pension. In contrast, most women working in the paid labor force and women working for their families will qualify to receive Social Security retirement benefits.

Social Security now faces financial challenges associated with an aging society, and the program will require some changes to ensure that it remains strong for future generations. Everyone should save for retirement and participate in whatever pension plans might be available to them, but no one really believes Social Security can do it all. We should understand that a strong, reliable Social Security program forms the basis of economic security for both women and men as they age. It is clearly the best income protection program for the greatest number of people. Without its guarantees, all but the wealthy would experience perceptible reductions in their economic well-being.

Industry Should Reach Out to Women

Investment News
February 4, 2008

Research shows that women are more vulnerable to poverty in old age than men for several reasons, including their longer life spans, shorter and interrupted working careers, and lower earnings.

Another contributor to vulnerability may be a lack of retirement planning, which seems related to women's levels of financial literacy.

A study by Annamaria Lusardi of Dartmouth College in Hanover, N.H., and Olivia S. Mitchell of the Wharton School of the University of Pennsylvania in Philadelphia showed that older women have a lower level of financial literacy than the older population as a whole.

In fact, the study, which was reported in a National Bureau of Economic Research working paper, showed a relatively low level of financial literacy among a sample of women 50 and older.

By contrast, the research also showed that women who are financially literate are more likely to devise a retirement saving plan.

The implication is that financial planners and advisers may have an important role in helping improve the retirement income levels of women approaching the last 15 years of their working lives.

The industry could do so by offering them seminars about the basics of finance and investing. These seminars, the authors suggested, should be tailored to particular situations and needs, as "one-size-fits-all programs are unlikely to successfully address saving shortfalls among different groups."

To gauge the disparity in knowledge, the study asked 785 women three very simple financial questions.

In the first, women were asked about a \$100 savings account earning 2% interest.

Would the amount in the account at the end of five years be more than \$102, exactly \$102, or less than \$102?

Just 61.9% of the women gave the correct answer.

The results were similar for the other equally simple questions.

The study also showed that less than one-third of the respondents had ever attempted to figure out how much their households would need to save for retirement; only 58.5% of those who had made the calculation actually had developed a retirement savings plan. Just 17.4% of the group said they always or mostly were able to stick to a plan.

However, the researchers found that there was a strong positive correlation between those who answered the financial-literacy questions correctly and success at developing and sticking to a financial plan.

The researchers found strong evidence that "literacy causes planning, not the reverse."

The message is clear: The financial planning and investment advisory community could make a large contribution toward the financial well-being of older women by providing basic financial education. The material covered should include concepts such as compound interest, inflation, the cost of credit and the basics of investing in stocks, bonds and mutual funds.

This will involve reaching out to groups where these women are found, such as women's service organizations, charities, and churches and synagogues.

While this should be done for altruistic reasons, there also may be a payback. The best prospects for advisers are likely to be financially literate women who recognize their need for advice.

Supreme Court Age-Bias Ruling Win, Lose or Draw for Older Workers?

John Rossheim, Monster Senior Contributing Writer, The Examiner

Feb 5, 2008

BALTIMORE (Map, News) - Thanks to a recent US Supreme Court decision on a landmark age-bias case, workers can sue employers whose policies discriminate on the basis of age -- even if the policy isn't discriminatory on its face. At the same time, the decision says employers can prevail in defending those same suits simply by demonstrating a legitimate business reason for the policies that have the effect of treating older workers less favorably.

That's the potentially confusing fallout of *Smith vs. City of Jackson, Mississippi*. The case tests the application of the Age Discrimination in Employment Act of 1967 (ADEA), which protects workers older than 40.

Something for Both Sides

Although the net effect of the decision isn't clear, advocates on both sides see a kind of victory for workers.

"This is a huge decision for older workers," says Laurie McCann, senior attorney for AARP Litigation Foundation, the Washington, DC-based legal arm of the lobby group for older Americans. The high court's decision puts employers on notice that they must look out for potential age bias in all their policies, she explains.

Corporations generally are unhappy with the decision. "We were very disappointed that the court created a new way to sue your employer," says Ann Reesman, general counsel for the Equal Employment Advisory Council, which represents more than 300 large private employers.

'Disparate Impact' Hard to Prove

Still, most in the business community aren't deeply concerned with the net effects of *Smith vs. City of Jackson, Mississippi*. "The decision will create some increase in ADEA suits, but not a really significant one," says Robert Costagliola, labor and employment counsel for the National Chamber Litigation Center of the US Chamber of Commerce in Washington, DC. "The large proportion of these cases will get dismissed."

McCann concurs. "On a practical basis, we know it's going to be very difficult to prevail with disparate impact," she says.

This difficulty is born out in the dual nature of the majority opinion. The Supreme Court ruled 5-3 that workers can sue if they can prove an employer policy had even an unintentional negative impact, particularly on older employees. But in the case at hand, the court ruled 8-0 against the Jackson workers, because the city had a legitimate reason -- a competitive recruitment environment -- for creating pay policies that gave larger-percentage pay increases to workers with less seniority, who also tend to be younger.

Will Employers Be More Cautious?

Large employers will increase their vigilance against the potentially discriminatory effects of their policies and actions, some legal experts say. But many management attorneys minimize the need for change. "I don't think there's any reason that employers need to stand up and say, 'I'm going to have to do things really differently,'" says Gregg Lemley, a partner in the St. Louis office of Bryan Cave.

Still, worker advocates are hopeful that the potential legal liability this decision has created will change employer behavior. "This will make companies look more closely at layoff decisions" to determine how they might affect different age groups of workers, says Janet Hill, president of the National Employment Lawyers Association, which advocates for employee rights. "Small employers are less likely to have thought about this." The ADEA applies to companies with 20 or more employees.

What Is a 'Reasonable' Policy?

To mount a successful defense of a disparate-impact case under ADEA, "all the employer needs is any reasonable factor for the policy in question, not a business necessity for it," says Reesman.

"Once the employer posits a factor other than age for implementing a policy, the burden of proof shifts to the employee to show that it's not a reasonable factor," says Lemley.

Much will depend upon federal courts' future interpretations of what constitutes a reasonable factor for instituting an employment policy that has a disparate impact on older workers. "This is where the battleground will be: What's the 'reasonable' standard, [and] how will we make sure the barrier isn't set too low?" says McCann.

Wider Opportunities for Women

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