

Gendered Economic Disparities Post-Divorce

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How Do Women Fare Post-Divorce?

Income Decline

- Post-divorce, women's family income declined by roughly 50% (from data gathered 1979-2018) as compared to men whose income declined by roughly 25%.

Standard of Living

- The standard of living for women declined by 45% following divorce, while the drop for men was at 21% (2004-2014 Health and Retirement Study).



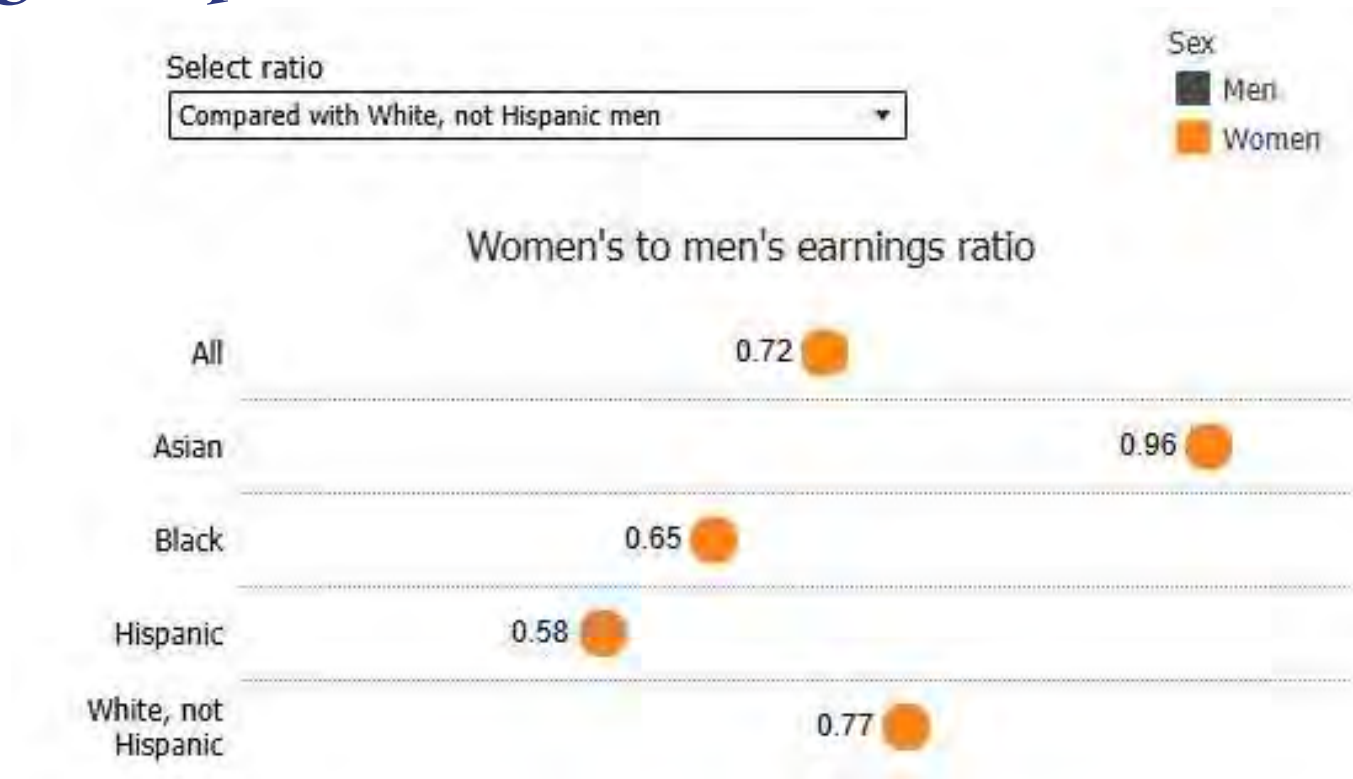
	Men		Women	
	Predisruption	Postdisruption	Predisruption	Postdisruption
Median Personal Income				
Black	\$42,459	\$41,062	\$28,567	\$31,588
Hispanic	\$44,810	\$49,390	\$27,663	\$31,911
White	\$54,750	\$54,850	\$26,258	\$36,934
Median Family Income				
Black	\$62,086	\$43,367	\$61,803	\$32,508
Hispanic	\$67,786	\$53,004	\$68,258	\$35,184
White	\$80,031	\$58,370	\$81,915	\$40,411
Median Income-to-Needs				
Black	2.56	2.74	2.30	1.40
Hispanic	2.54	3.09	2.52	1.57
White	3.27	3.65	3.36	2.08
Percent in Poverty				
Black	13%	15%	14%	35%
Hispanic	12%	16%	15%	32%
White	8%	9%	7%	23%

Economic Wellbeing Before and After Marital Disruption, by Gender and Race/Ethnicity 1979-2018

The Wage Gap



The Wage Gap



Key Terms

- The Motherhood Penalty
- Fatherhood Premium
- The price of being female

Caregiving & Its Financial Consequences

If a 26-year-old woman who earns \$30,000 takes off 5 years to care for her children, she loses \$482,000 over the course of her career.

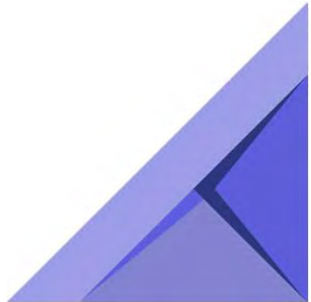
If she took off 10 years, she forfeits

\$826,000.

Caregiving & Its Financial Consequences

Aging Parents

- 28% of women who have an aging parent, spouse, or partner consider themselves caregivers, compared with 23% of men.
- Men and women caring for an aging parent are equally likely to say that caregiving has **positively impacted** their relationship with their parent.
 - However, women are more likely to say it has **negatively impacted** their emotional well-being (47% vs. 30% of men) and their physical health (38% vs. 26% of men).



Caregiving During COVID

- ❑ In the month of August-September 2020, 865,000 women left the labor force in 2020 after being previously employed as compared to 216,000 men. Women attributed more than one-half of labor exits to caregiving (due to school disruptions and the need for childcare).
- ❑ All working women with children under age 6 and women with children ages 6-12 who worked low-wage jobs were **more likely** to exit the labor force during COVID.
Those who retained their jobs reported difficulties working from home while juggling childcare, supervising education, and caregiving for other family members.



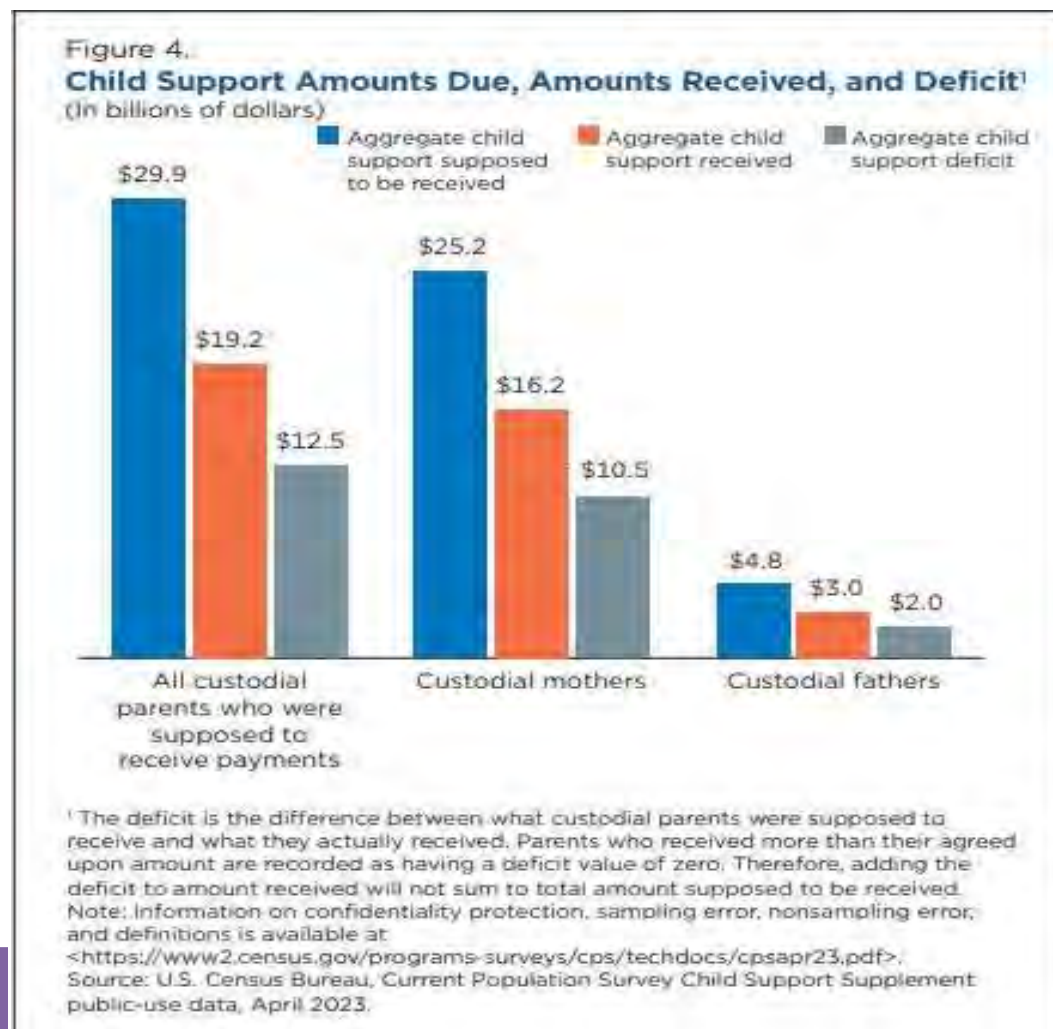
Child Support & Alimony

Who receives child support and alimony?

- 41% of 13.9 million custodial parents have a court order or informal agreement to receive financial support from the noncustodial parent in the U.S. (2022)
- However, 24.5% (1.1 million) of custodial parents who were supposed to receive payments did not receive any.
 - A higher proportion of those who did not receive payments were of Hispanic origin.
 - Custodial parents were supposed to receive \$29.9 billion in 2022, but only received **\$19.2 billion.**

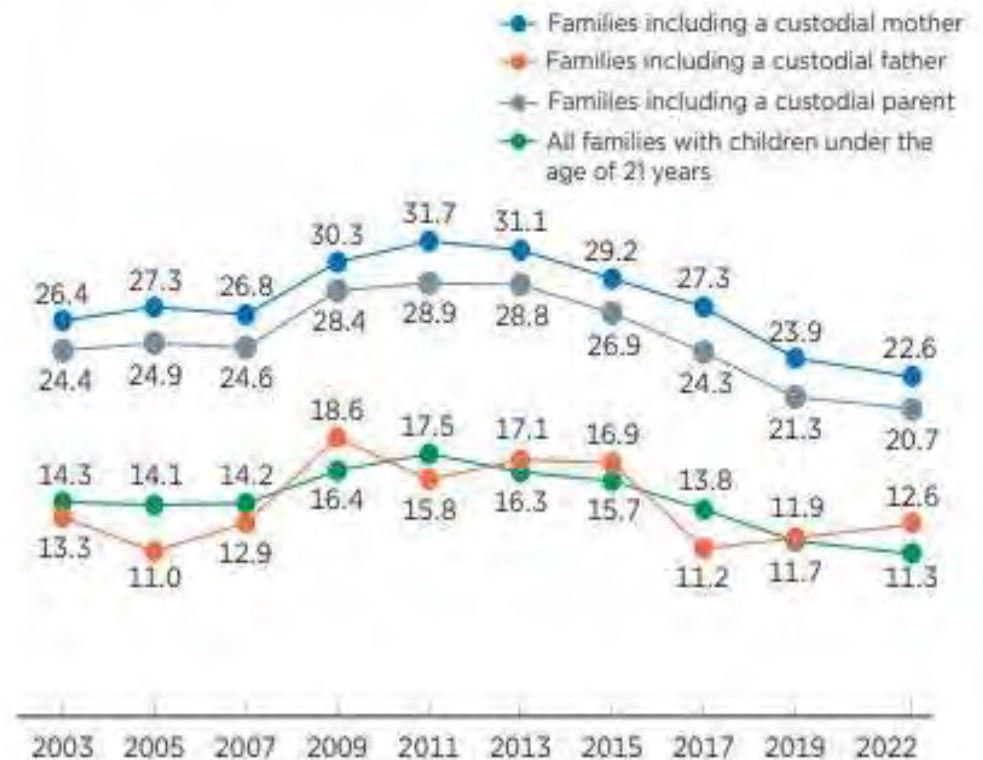


Child Support Amounts Due, Amounts Received, and Deficit (in billions of U.S. Dollars)



Poverty Status of Families by Custodial Status, 2002-2022

Figure 7.
Poverty Status of Families by Custodial Status: 2003-2022^{1, 2, 3}
(In percent)



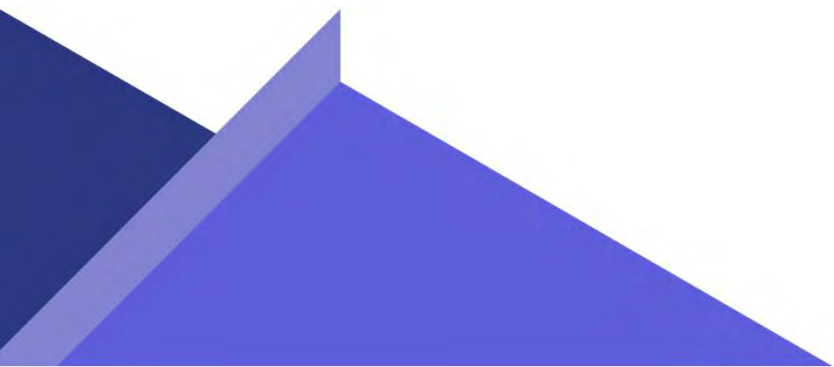
Grey Divorce

What is Grey Divorce?

- Grey divorce is the fastest growing segment of divorces, accounting for 1 in 3 U.S. divorces.
 - In 2022, 15.2% of older adults were divorced, compared to 5.2% in 1990.

Grey Divorce and Social Security

- 44% of women voters age 50+ do not have a retirement savings account or pension.
- Two-thirds of women 65+ will be financially-dependent on Social Security after divorce.
 - For divorced women, the average Social Security payment was \$875 in 2015 – less than half that of men.



Gender and Retirement

- Women only have 70% of the retirement savings that men have.
- The median 401K account balance for women was 65% lower than men in 2022.

The Gender Gap in Retirement Savings

(Fig. 1) For women, lower contributions mean less savings

	Men	Women	Gap
Contribution*	\$9,578	\$5,421	-43%
Savings [†]	\$62,040	\$21,638	-65%
Confidence [‡]	37%	22%	-40%

Source: T. Rowe Price Retirement Savings and Spending Study, 2022.

* Estimated annual 401(k) contribution (median expected contribution % x median personal income).

[†] Median 401(k) balance.

[‡] How confident are you about retirement (on a scale of 0 to 10)? Percentages based on top 3 boxes, those who rated their confidence levels at 8, 9, and 10.

[†] Participants in the survey self-identified their gender. For the purposes of this research, we use the term woman to refer to an adult who lives and identifies as a female and the term man to refer to an adult who lives and identifies as a male.

Gender and Economics

Student Debt Among Women

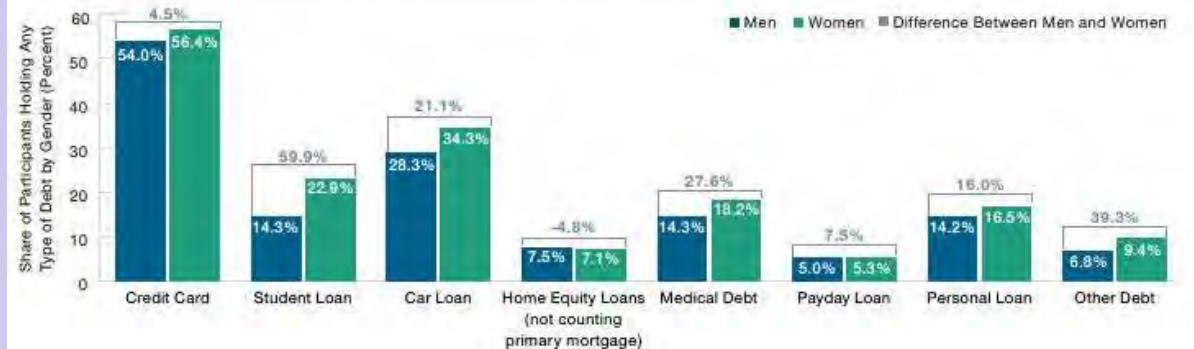
- 14% of men and 23% of women reported that they have student loan debt - a difference of 60%.

Net Worth

- 1 in 4 female workers has a negative net worth (calculated by total investible assets plus home equity minus debt).
- In comparison, just over 1 in 10 men reported a negative net worth.

More Women Held Debt in Almost Every Category

(Fig. 8) Significantly more women than men had outstanding student loans



Conclusion

Women suffer financially post-divorce compared to their male spouses.

- ❑ Reason 1: Wage gap (the price of being female) which is now exacerbated by student loans.
- ❑ Reason 2: The Motherhood Penalty/Fatherhood premium which includes COVID caretaking and caretaking parents.
- ❑ Reason 3: Studies show that approximately 25% of parents who get great orders may not be able to enforce those orders, so they have less available income.

Of all women, those women having “grey-divorces” will, statistically, fare the worse.

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