

Can Knowledge Empower Women to Save More for Retirement?

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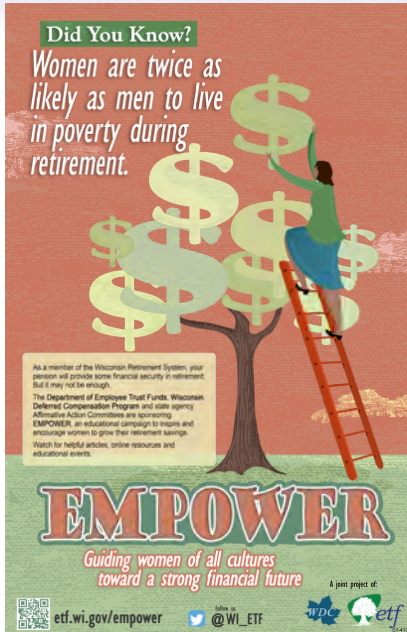
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Women save less for retirement

- Lower earnings when employed, lower labor supply, spend more on healthcare, borrow more for education
(Goldin 2014; Dieleman et al. 2016; AAUW 2017)
- Lower Social Security and DB wealth
(GAO 2007; Papke et al. 2008)
- Lower DC saving rates, take less investment risk
(especially public-sector workers, Copeland 2014; our data)
- Not necessarily solved by intra-household sharing
 - Longer life spans, including longer periods single (Munnell 2004)
 - Lower financial literacy approaching retirement
(Lusardi and Mitchell 2008; Bucher-Koenen et al. 2016)

Financial literacy

- Potentially easier to change than occupation choice, equal pay, labor supply, education, and health
- Still difficult to change
(Lusardi and Mitchell 2007, 2014; Fernandes et al. 2014)
- General workplace financial ed more effective for women
 - Planning to save (Clark et al. 2006)
 - Actual saving behavior (Collins and Urban 2016)
- What if education efforts were targeted to women?



Did You Know?
Women are twice as likely as men to live in poverty during retirement.

As a member of the Wisconsin Retirement System, your pension will provide some financial security in retirement. But it may not be enough.

The Department of Employee Trust Funds, Wisconsin Deferred Compensation Program and state agency Affirmative Action Committees are sponsoring EMPOWER, an educational campaign to inspire and encourage women to grow their retirement savings.

Watch for helpful articles, online resources and educational events.

EMPOWER

Guiding women of all cultures toward a strong financial future

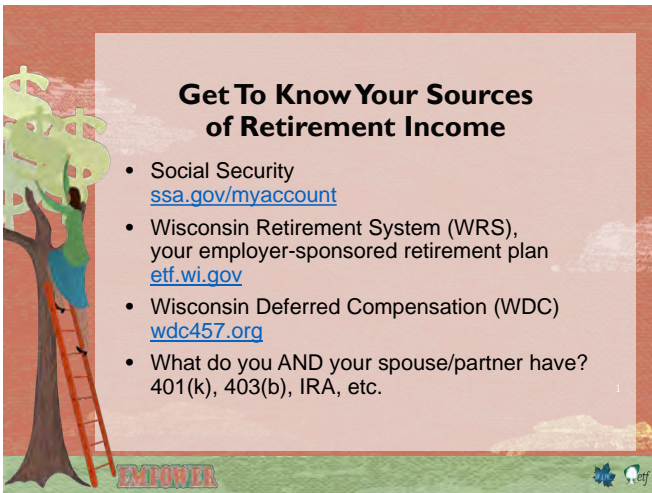
A joint project of

etf.wi.gov/empower

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An illustration on the left side of the slide shows a person in a green shirt and blue pants climbing a wooden ladder. The ladder is leaning against a tree whose branches are shaped like large green dollar signs. The background is a light brownish-orange gradient with some faint clouds. At the bottom left, the word 'EMPOWER' is written in a stylized, colorful font. At the bottom right, there are two small logos: a blue star and a white circle with the letters 'etf' inside.

Get To Know Your Sources of Retirement Income

- Social Security
ssa.gov/myaccount
- Wisconsin Retirement System (WRS), your employer-sponsored retirement plan
etf.wi.gov
- Wisconsin Deferred Compensation (WDC)
wdc457.org
- What do you AND your spouse/partner have? 401(k), 403(b), IRA, etc.

1

Evaluating EMPOWER

- Estimate impact on retirement savings
- Administrative data
 - 31,000 state workers, 49 months
 - Contribution: actual behavior at high frequency, long period, separate types of public employee savings
- Empirical strategy using rollout
 - Offered to 20 large central agencies
 - Take-up choice made by agency rep, all implemented Apr 2015
 - Contrast men/women, pre/post, across agencies
 - Contribution: weak assumptions for identification
- Preview: small increases in deferred-compensation savings

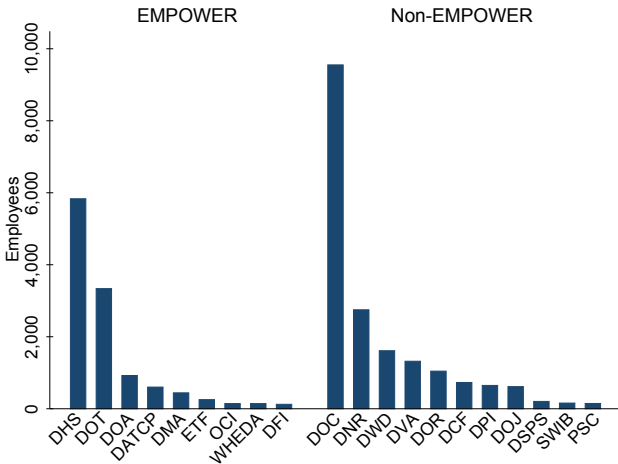
EMPOWER details

- Multi-media campaign
 - Periodic emails with links to info, videos, webinars
 - Optional brownbag events
 - 3-8 months long
- Content
 - Gender differences, challenges for women
 - Planning, saving, investing
- Possible results
 - Motivation, knowledge, empowerment
 - Simple form to join or increase savings

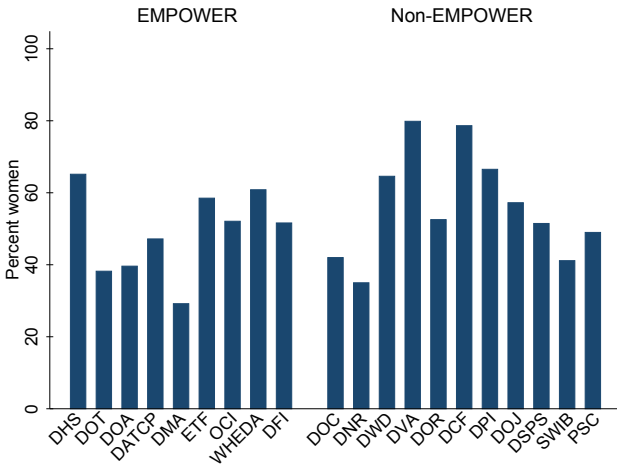
Wisconsin state employees

- Required to contribute 6.6% of earnings to pension
- Wisconsin Deferred Compensation (WDC)
 - 457 plan, like a public-sector 401(k)
 - No penalty for early withdrawal
 - Yearly maximum \$18,000, higher for older, not coordinated with 401(k)
 - 47% of employees participate, save median 1.6% of earnings

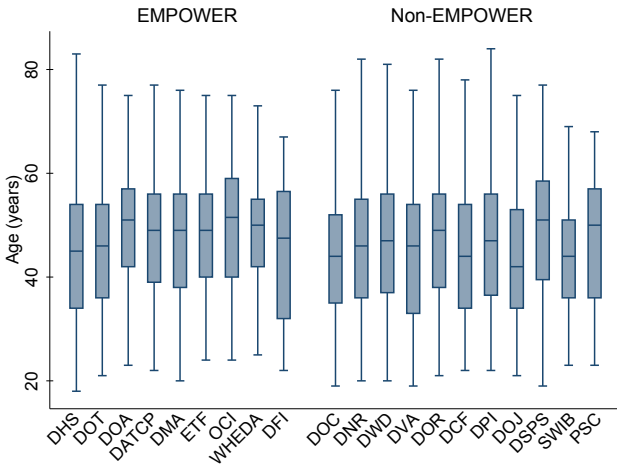
State agencies



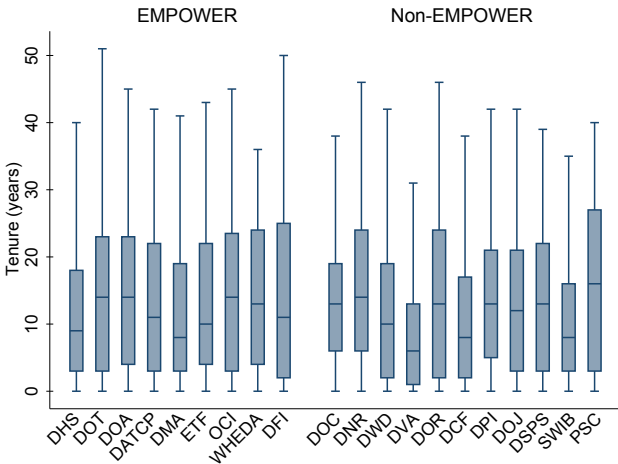
State agencies



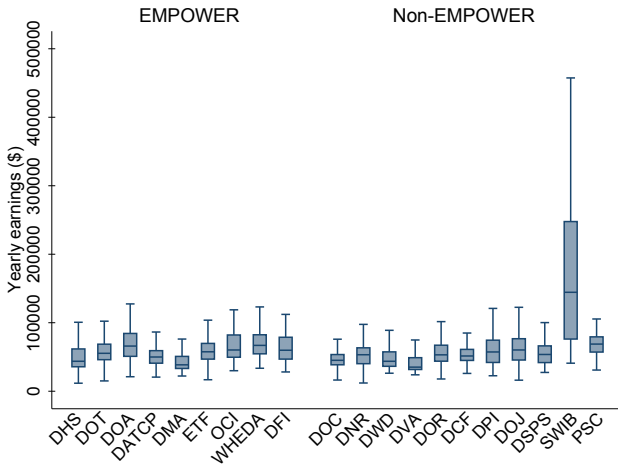
State agencies



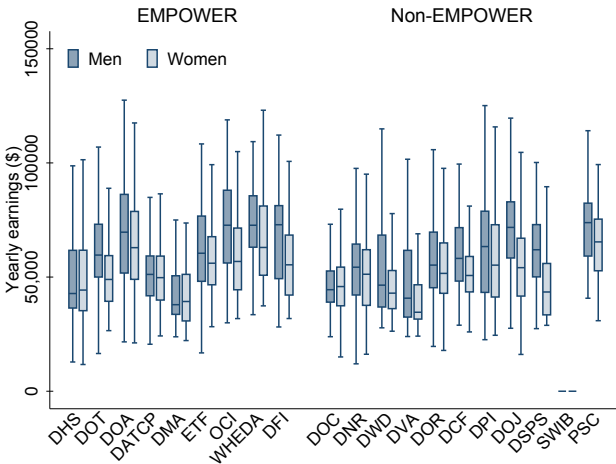
State agencies



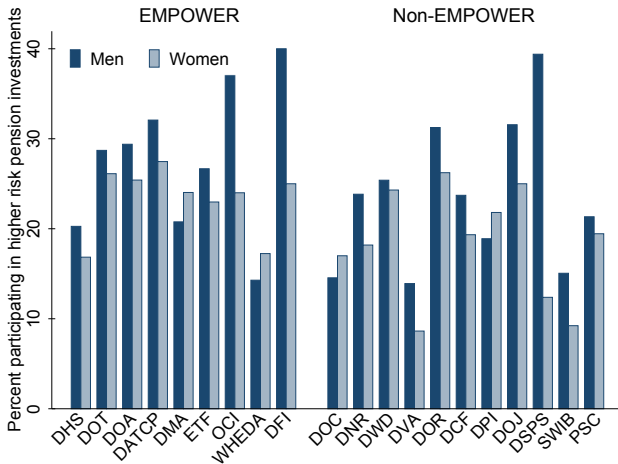
State agencies



Gender gaps



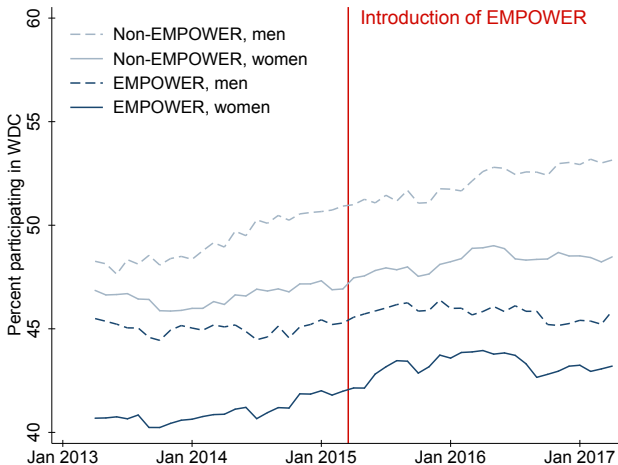
Gender gaps



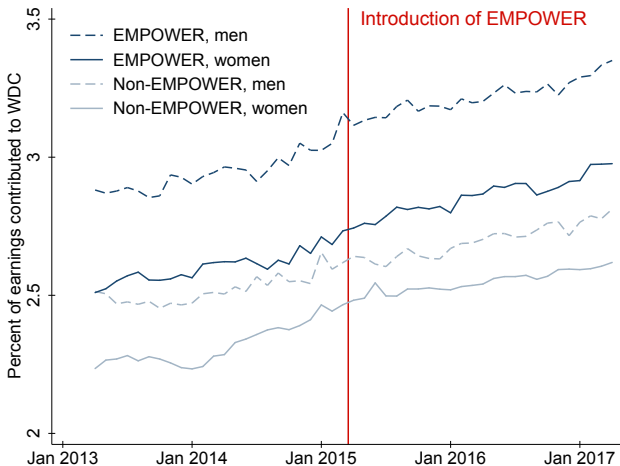
Triple-difference strategy

- Target population: women at EMPOWER agencies
- Comparison groups: men, before EMPOWER, other agencies
- Key assumption: parallel progression of gender gaps absent program
 - Policy endogeneity unlikely
 - Use long panel data to view trends

Extensive margin: participation



Intensive margin: contribution rates among pre-participants



Regression adjustments

Specification	Participation (%)		Contribution (% of earnings)	
	Coef.	(SE)	Coef.	(SE)
Triple-difference	2.64	** (1.05)	-0.027	(0.055)
+ Controls + agency, month FE	2.45	** (1.01)	-0.041	(0.050)
+ Agency linear time trends	1.43	(1.12)	-0.036	(0.056)
+ Person FE (no switchers)	0.09	(0.34)	-0.063	*(0.034)
All of the above, men only (DD)	0.67	** (0.25)	0.038	(0.026)
All of the above, women only	1.06	*** (0.31)	0.020	** (0.008)

Standard errors clustered by agency.

* $p < 0.10$ ** $p < 0.05$ *** $p < 0.01$

Financial ed has potential to increase savings

- Appears to encourage participation in savings
- Effect somewhat explained by trends
- Limitation: cannot observe effects on other household finances
- Important magnitude relative to:
 - General null effects for financial ed
 - Gender gaps, closed by one third to one half
 - Low-touch, low-cost program

Thank you!

Thanks to Wisconsin ETF for data and cooperation
Look for updates at drewmanderson.com
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