

How caregiving costs women their retirement security

What women need is richer context about the implications of financial decisions and what they are truly trading. January 13, 2023 By Joanne Cleaver



For most women, caregiving and saving for retirement are on a head-on collision course.

Nearly half of family elder caregivers forfeit their own financial security to address the immediate needs of aging loved ones, according to the [National Partnership for Women and Families](#). It reports that a woman in her 50s — today's Gen Xers — who gives up her career for eldercare also gives up \$324,000 in earnings and savings.

[Research](#) released in December by Goldman Sachs reads like an incident report: 63% of Gen Xers and 79% of millennials expect caregiving and associated financial demands to undermine their own progress toward retirement goals. And 55% of Gen Xers and 72% of millennials predict that they will lose earnings and career momentum due to caregiving.

[Caregiving](#) is one of the biggest drags on building retirement security and one of the least understood.

“There is really the need for advisors to recognize that women are not intentionally sidelining their financial security and financial success, but making a human decision to choose family, life and values and the price paid, women don't often see, because they're tackling today,” said Jennifer Huisling, vice president at Goldman Sachs Personal.

When faced with urgent and unavoidable caregiving needs, women step up to help and step back or out of their careers.

This implacable expectation is crystallized in a cliché often aimed at caregivers, especially when they are weary, frustrated and fearful for the implications of taking care: “You do it not because of who they are, but because of who you are.”

Liz O’Donnell has had about enough of that platitude. She is the founder of **Working Daughter**, an online community and resource for working women who care for elderly loved ones.

“Society makes it sound like we’re lucky to give back,” she said, even when it’s at the cost of women’s financial stability. While starting a family typically is planned (for professional women, at least), elder caregiving often erupts unexpectedly and is unaccompanied by workplace benefits or structured support for caregivers, she said.

COLLATERAL DAMAGE

The retirements of midlife women are **caregiving** collateral damage. The Goldman Sachs report found that 43% of respondents had taken time away from work for caregiving; 64% had either paused saving for retirement or drew down their savings. (Respondents were of all genders.)

“We don’t want you to sacrifice what you want most, because of how you feel now and what life costs you today, and what it might cost you in the future,” said Huisking. “The small decisions add up.”

It’s only going to get worse. People are living longer, with chronic conditions eroding their health, O’Donnell said. “We’re only just starting the conversation about the implications of elder caregiving for the family caregivers.”

Financial advisors will find the pool of potential **midlife women** clients draining if they aren’t part of the solution. Huisking pointed out that financial wellness programs and consulting could be an early intervention for women in their 20s and 30s so they can envision ways to carry through their own financial goals while raising families and then helping elderly loved ones.

The baby will only be a baby for a year, so mom steps out of the workforce. That year stretches to five, and by the time the kindergartener runs into their classroom, mom faces a daunting reentry to work. She likely cannot pick up where she left off, but will restart at lower level of pay and responsibility.

Lecturing women about the virtues of compound interest is futile if the choice is between a soft-focus number that purportedly assures retirement income versus today’s preschool tuition bill or the pressing need to renovate a parent’s home for accessible living. What women need is richer context about the implications of financial decisions and what they are truly trading.