

RESEARCH REPORT

Lifetime Employment-Related Costs to Women of Providing Family Care

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Executive Summary

Many women spend significant time providing essential care to children and adults with care needs. These caregiving activities often impose substantial economic costs on caregivers. Many caregivers must curtail their employment or stop work altogether to accommodate their care responsibilities. Declines in work hours reduce their earnings while they provide care and thus limit the subsequent retirement income they receive from Social Security and employment-based retirement plans, which depends on past earnings. Reduced employment can also slow caregivers' wage growth, especially for those who take lower-paying jobs or miss out on promotions because of their caregiving obligations. Thus, the economic cost of family care can persist long after caregiving activities end.

In this report, we use dynamic microsimulation techniques to project the lifetime employment-related costs of providing unpaid family care by women born between 1981 and 1985 who ever have biological children or stepchildren. We consider the care that a woman provides to her own children or stepchildren under age 18 who live with her and the care that she provides at ages 51 and older to her parents, parents-in-law, and spouses (including unmarried partners) with care needs. We estimate the lifetime employment-related cost of providing care as the earnings lost each year because of caregiving activities, summed over a lifetime, plus the related lifetime loss of retirement income from Social Security and employment-based retirement plans. Earnings losses generally reduce future retirement income.

Key Findings

Our simulations indicate that many mothers experience significant employment-related caregiving costs over their lifetimes. We report our estimates in inflation-adjusted 2021 dollars.

- The employment-related costs for mothers of providing unpaid care to minor children and parents, parents-in-law, and spouses (including unmarried partners) with care needs average \$295,000 over a lifetime.
- Lifetime earnings lost because of caregiving average \$237,000, 15 percent of what we project mothers would earn, on average, if they did not provide any family care. Lost earnings account for 80 percent of our total estimate of lifetime employment-related caregiving costs. The remaining 20 percent of lifetime costs results from lost retirement income from Social Security and employment-based retirement plans, which average \$58,000 over a lifetime.

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- Lifetime caregiving costs are distributed unevenly across the population. When our simulations measure costs as lost dollars, we find that costs are especially high for mothers with multiple children, who generally provide more unpaid care than mothers with only one child, and for well-educated mothers, who generally earn higher wages than less-educated mothers. Lifetime costs average \$420,000 for college-educated mothers, \$202,000 for mothers who completed high school but not did not attend college, and \$122,000 for mothers who did not complete high school.
- When we measure lost earnings as a share of lifetime earnings, we find that lifetime caregiving-related earning losses are especially high for less-educated mothers and Hispanic mothers. Lifetime caregiving-related earning losses represent 26 percent of potential earnings for mothers who did not complete high school and 19 percent of potential earnings for Hispanic mothers. Both groups tend to have more children than other women, and they also face other challenges that make balancing caregiving and employment difficult. Many Hispanic and less-educated workers are employed in jobs that offer little flexibility, for example, and many do not earn enough to afford paid childcare. These results underscore the importance of affordable childcare for mothers who work for pay.
- Although Black mothers incur lower employment-related care costs on average than other groups, the losses they experience can often lead to economic hardship because many Black workers earn relatively low wages. Care-related employment losses may contribute to the high old-age poverty rates experienced by Black and Hispanic adults and adults with limited education.
- We find that mothers incur lower employment-related caregiving costs over a lifetime when providing care to parents, parents-in-law, and spouses (including unmarried partners) than when providing care to minor children because relatively few women reduce their employment to provide adult care. Lifetime costs for providing care to these adults average \$43,000, only 15 percent of our estimate of average total lifetime care costs.
- Forgone earnings and subsequent retirement income are only some of the costs experienced by family caregivers. Out-of-pocket expenses incurred by caregivers, including spending on paid childcare, summer camps, and other supervised activities for children when school is not in session, supplemental paid care for older adults with care needs, and home modifications to accommodate people with disabilities, are often substantial. Caregiving activities are often stressful, taking a physical and emotional toll and forcing many caregivers to sacrifice much of their leisure time. True equity requires looking beyond purely monetary considerations to

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include caregivers' available leisure and self-care time and the distribution of chore burdens within a household.

Methods

We compute the lifetime employment-related cost of family care by comparing outcomes under a baseline simulation and an alternative counterfactual simulation, both of which are generated by the Dynamic Simulation of Income Model 4 (DYNASIM4), Urban Institute's dynamic microsimulation model. Our baseline simulation projects women's lifetime employment and earnings under the assumption that when they provide family care, they reduce their work hours at a rate consistent with recent empirical evidence. In our counterfactual simulation, we project how much mothers would work and earn over a lifetime and how much subsequent retirement income they would receive when we eliminate the negative relationship between caregiving activities and annual earnings in our projections.

The estimated employment-related cost of providing care equals lifetime earnings, Social Security retirement payments, and payments from employment-based retirement plans received under the counterfactual simulation, minus lifetime earnings, Social Security payments, and retirement plan payments received under the baseline scenario. When computing care costs, we subtract projected employee contributions to employer-sponsored retirement plans and the employee portion of Social Security and Medicare payroll taxes because these payments reduce the amount workers can spend or save each year.

We restrict our analysis to women born between 1981 and 1985 who will ever have children. We exclude women who never have children because on average the lifetime economic cost of caring for children far exceeds the cost of caring for adults with care needs. We also exclude men because fathers are much less likely than mothers to reduce their labor supply to care for children. Our analysis focuses on members of the 1981 to 1985 birth cohort, who are now in their late thirties and early forties, because most women in this generation have already completed their childbearing and they have significant employment experience, making our projections for this group less speculative than they would be for younger cohorts.

Data limitations prevent us from including adult care recipients other than parents, parents-in-law, and spouses (including unmarried partners), or adult care provided before age 51. Because most people who provide adult care are older than 50, our age restriction on adult caregivers is unlikely to lead us to understate substantially the cost of such care.

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