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The Interplay between Women's Life Course Work Patterns and Financial Planning for Later Life*

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RÉSUMÉ

Pour bien comprendre le rapport existant entre les régimes de travail des femmes pendant leur tracé de vie et la façon dont elles planifient leurs finances en vue de la vieillesse, nous avons étudié les données tirées d'entrevues semi-structurées réalisées auprès de retraitées ($n = 28$) âgées de 59 à 92 ans. La majorité d'entre elles avaient interrompu leur carrière professionnelle à un moment donné, pendant 14 ans en moyenne et essentiellement pour élever leurs enfants. Nous avons découvert que la préparation financière et la sécurité du revenu au troisième âge dépendent des régimes de travail adoptés par les femmes pendant leur tracé de vie. Toutefois, chacun étant aussi maître de sa destinée, nombre des femmes sondées avaient décidé d'acquérir des connaissances financières quelle que soit leur situation professionnelle. Nous avons également demandé aux participantes quels conseils de planification financière elles souhaitaient donner aux futures générations d'aînées, leurs conseils sont les suivants : faire des économies; éviter de s'endetter; préserver son autonomie financière; et planifier à long terme.

ABSTRACT

In order to gain a comprehensive understanding of the interplay between women's life course work patterns and their financial planning for later life, we examined data from semi-structured interviews with retired women ($n = 28$) aged 59 to 92. The majority of women disrupted their careers at some point in time, for an average of 14 years, primarily for the sake of child-rearing responsibilities. We found that financial preparedness and income security in later life are structured by women's life course work patterns. However, individuals also have the ability to shape their own lives and many of the women took the initiative to acquire financial knowledge irrespective of their work situation. Financial-planning advice that participants gave to future generations of older women was also explored and centred on the importance of saving, avoiding debt, maintaining financial independence, and planning ahead.

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Introduction

Canadian women have been entering the paid labour force in large numbers for several decades. In 2002, 78 per cent of Canadian women aged 25 to 54 were in paid employment (Statistics Canada, 2003). However, "women's work patterns still do not approximate the 'standard' male career trajectory upon which the pension system is built" (McDonald, 1997, p. 577). Women are receiving less pay and fewer benefits, including pensions, than are men and are more likely to be working in part-time or non-standard jobs. Many women who are currently retired disrupted their careers for lengthy periods of time to raise their children. Do these disruptions in women's life course work patterns influence their financial planning for later life? Women with disruptions in their paid work often find themselves at a financial disadvantage in later life, due to the structure of retirement benefits in many workplaces (McDonald, 1997; McMullin & Marshall, 1999). Thus, women are not only at a disadvantage throughout their working careers due to differences in pay and benefits, but a structure of inequality is also reproduced for them in retirement.

With the aging of the Canadian population, the financial well-being of women in later life is a growing concern. However, there is limited qualitative research that examines the relationship between women's work trajectories and their financial planning for later life. Studies that have explored financial planning for later life have generally been quantitative in nature and have neglected a detailed investigation of women's work histories. In this paper, we first discuss the theoretical perspective that guided our life course research. Next, we explore the literature on women's work histories and financial planning for later life. Our data analysis focuses on how life course work patterns vary and how work disruptions structure financial knowledge and financial preparedness (see Hershey & Mowen, 2000), as well as income security in later life. In addition, we discuss the financial-planning advice given by the women in our study to future generations of older women.

Theoretical Perspective

The survey instrument used and the data analysis performed in this paper were both guided by the life course perspective. This approach considers the importance of examining aging as a life-long process that occurs from birth to death and accounts for the importance of social structure, while also placing emphasis on the ability of individuals to shape their own lives (Marshall, 1996). According to Bengtson, Burgess, and Parrott (1997), researchers using the life course perspective focus their analyses on the following four key areas:

(1) the dynamic, contextual, and processual nature of aging; (2) age-related transitions and life trajectories; (3) how aging is related to and shaped by social contexts, cultural meanings, and social structural location; and (4) how time, period, and cohort shape the aging process for individuals, as well as for social groups (p. S79).

Thus, no single stage of life can be understood without first exploring circumstances leading up to this stage.

According to McDonald (1997), "life course theorists suggest that work, both inside and outside of the family over the life span, lays the cornerstone of the foundation for economic well-being in old age" (p. 559). Thus, her research on retired widows used the life course perspective to illustrate how circumstances throughout one's life contribute to poverty in old age. Specifically, she found that 49 per cent of widows live below the low-income cut-off for Canadians. While this research focused solely on widows, the important role that work history plays in helping us understand old age poverty was clearly demonstrated.

In discussing areas of conflict in relation to pensions, Marshall (1997) emphasizes the significance of using a life course perspective to examine the effect of structural characteristics, such as gender, throughout an individual's personal history, specifically in relation to income security in later life. The timing and duration of paid work play a role in determining poverty in later life, particularly for women (McLaughlin & Jensen, 2000). Women with disruptions in their paid work will be less prepared financially in later life, due to the reduced length of time that they are able to contribute to company pensions and personal savings. Thus, a more complete picture of poor older women can only be drawn once their life course work patterns are taken into account.

Women's Life Course Work Patterns

As our research was guided by the life course perspective, we use the term *life course work patterns* to reflect the importance of examining work, both paid and unpaid, *throughout* the life course. We also feel that this conceptualization recognizes the interconnectedness of paid and unpaid work that is often neglected in research on work histories, as unpaid work (such as child rearing) can often lead to disruptions in paid work.

In order to examine variations in life course work patterns, we reviewed various conceptualizations of employment patterns in the literature (see, e.g., Hakim, 1996; Kempeneers & Lelievre, 1993; Ollenburg, Grana, & Moore, 1989). There is no consensus with respect to classifying women's employment pat-

terns. We use the three employment patterns developed by Hakim (1996) to reflect our notion of life course work patterns. The first is *continuous employment*, which she refers to as the stereotypical male profile. This pattern consists of maintaining continuous employment from the time an individual leaves formal education until the time he or she retires. The second is the *homemaker career*, a type Hakim (1996) defines as the stereotypical female pattern. In this career, an individual either has one short period of continuous employment after completing education, which is never resumed after marriage or childbirth, or the individual chooses to work in the home after leaving education. The third pattern is *discontinuous or intermittent* employment. Expanding on Hakim's (1996) classification system, we include some additional criteria defined by Kempeneers and Lelievre (1993) in our data analysis. More specifically, in discussing the characteristics of women with discontinuous paid work patterns, they separated women who had career disruptions that lasted longer than 1 year from those with shorter interruptions. Those with shorter disruptions were placed in the continuous work category. As was the case with Hakim's (1996) findings, we anticipate that the discontinuous life course pattern of paid work will be the dominant one for the retired women in our sample. In addition, it is expected that women with this life course pattern will be less prepared financially for later life.

Retirement Planning

Financial planning for later life is increasing in importance. People are living longer, which has led to an increase in the number of years for which they need to be financially prepared. Unfortunately, people generally do not think about planning or are not able to plan for later life until they reach middle age (Anderson, Yaojun, Bechhofer, McCrone, & Stewart, 2000). Further, while individuals control their own financial planning to some extent, this planning is also shaped by gender and life course work patterns. Research has shown that women are less prepared financially for their retirement than men (Glass & Kilpatrick, 1998a; Glass & Kilpatrick, 1998b; Perkins, 1995; Richardson, 1990). As a result of these structural factors, we are interested in how life course work patterns influence financial knowledge, financial preparedness, and income security in later life.

Research Questions

The primary purpose of this paper is to understand whether women's life course work patterns influence their financial planning for later life. Additional fac-

tors that are critical to understanding this relationship are also explored. Thus, the following four research questions guide this analysis:

1. How do life course work patterns vary among the currently retired women in our study? What accounts for these patterns?
2. How do life course work patterns influence financial knowledge and financial preparedness for later life?
3. How do life course work patterns influence income security in later life?
4. What financial-planning advice do these retired women provide to future generations of older women?

Research Methods

As mentioned previously, the majority of research in the area of women's work histories and financial planning for later life has been quantitative in nature and has not examined work histories from a life course approach. In order to address this gap in the literature, we conducted qualitative interviews that were guided by a life course perspective. We also used this approach because qualitative methodologies allow for subjective meanings and interpretations to be revealed to the researcher in a way that is often not possible through quantitative approaches (George, 1990).

The data used in this paper were drawn from the qualitative survey Preparations for Independence and Financial Security in Later Life. This survey, which was carried out as part of the Social and Economic Dimensions of an Aging Population (SEDAP) research program, contained four separate questionnaires. These instruments were designed to obtain information regarding demographics (Questionnaire 1), life course patterns (Questionnaire 2), and planning for later life (Questionnaire 3 and Questionnaire 4 for those retired and not retired, respectively). The format for Questionnaire 1 was structured, while the remaining three questionnaires were semi-structured. Two face-to-face interviews, lasting from 30 minutes to 3 hours each, were completed with all participants in the years 2000 and 2001. The first interview used both Questionnaire 1 and Questionnaire 2, and the second interview used Questionnaire 3 or Questionnaire 4, depending on whether the participant was retired. These interviews were audiotaped and later transcribed. A convenience sample of 51 men and women over the age of 45 in the Hamilton and Toronto areas was used. However, the sampling strategy was designed to include individuals who varied by sex, age, marital status, income, and retirement status.¹ This variation made the sample more diversified and allowed us to gain valuable insights from individuals in various demographic sectors.

However, due to the qualitative nature of this study and convenience sample used, the sample is not intended to be representative of all Canadians and thus generalizations cannot be made.

The analysis in this paper is based on the interviews conducted with retired women from the above sample. We use the demographic information from Questionnaire 1 and the section concerning work experience from Questionnaire 2 in order to determine the life course work patterns for the women involved in this study. Data from Questionnaire 2 were used to construct life course charts for each participant that not only depicted each woman's work pattern but also illustrated it in relation to her educational history, marital and family history, spouse's work pattern (if applicable), residential history, and income variations (see Figures 1–4).² Therefore, life course work patterns (i.e., discontinuous, continuous, and homemaker career) were created after reviewing the literature, analysing the life course charts, and examining the section concerning work experience from Questionnaire 2. How life course work patterns influence women's financial planning for later life was examined using Questionnaire 3, as only retired women were included in the present analysis. The transcribed interviews were read and analysed for themes that emerged from the interviews and from

the literature in relation to work patterns and financial planning. More specifically, these themes related to financial knowledge, financial preparedness, income security in retirement, and financial-planning advice given to future generations of older women. Once these themes were developed, codes for each theme were created that were entered into the qualitative analytical software program NUD*IST (Non-Numerical Unstructured Data Indexing Searching and Theorizing).

Of the 51 participants involved in the Preparations for Independence and Financial Security in Later Life project, 28 were retired women. These women were between the ages of 59 and 92 (see Table 1). Four women were *never married*, 6 women were *married*, 7 were *divorced or separated*, 4 were *re-married*, and 7 were *widowed*. Therefore, the majority of women were not married at the time of the interviews. With respect to family- and/or personal-income categories,³ 9 women had incomes of CAN\$19,999 or less, 7 had incomes between \$20,000 and \$39,999, 9 had incomes between \$40,000 and \$59,999, and 3 had incomes between \$60,000 and \$79,999. None of the women had incomes of \$80,000 or higher.

Table 1: Sample characteristics

Sample Characteristics	<i>n</i> = 28
Age	59–92
Mean Age	72
Marital Status	
Never Married	4
Married	6
Divorced / Separated	7
Remarried	4
Widowed	7
Family and/or Personal Income Level	
CAN\$19,999 or less	9
\$20,000–39,999	7
\$40,000–59,999	9
\$60,000–79,999	3
\$80,000 or more	0
Age at Retirement	43–81
Mean Age at Retirement	61
Life Course Work Patterns	
Continuous	6
Discontinuous	21
Homemaker Career	1

Figure 1: Life course patterns—Example from a woman with a homemaker career pattern

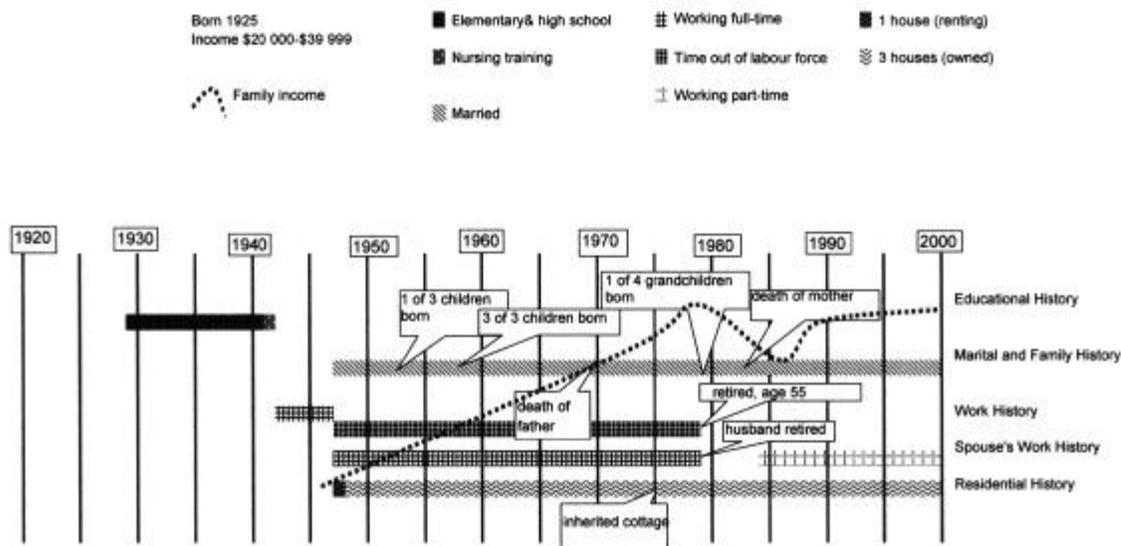


Figure 2: Life course patterns—Example from a woman with no disruptions in her paid work

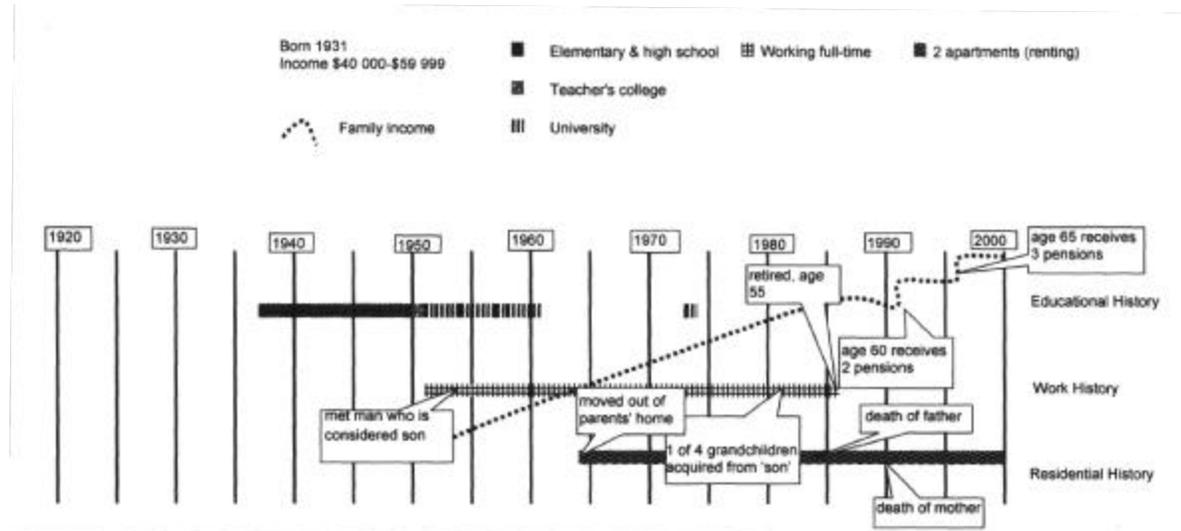


Figure 3: Life course patterns—Example from a woman with one disruption in her paid work

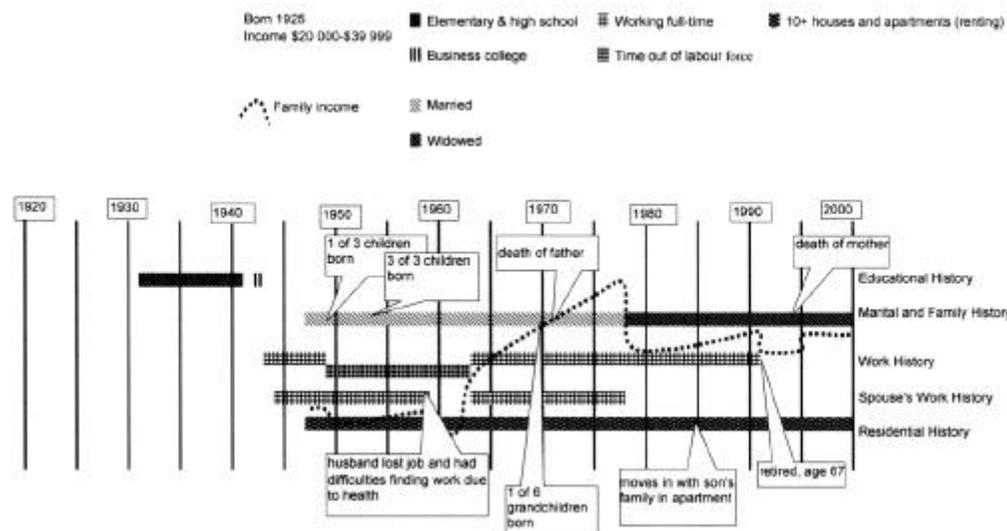
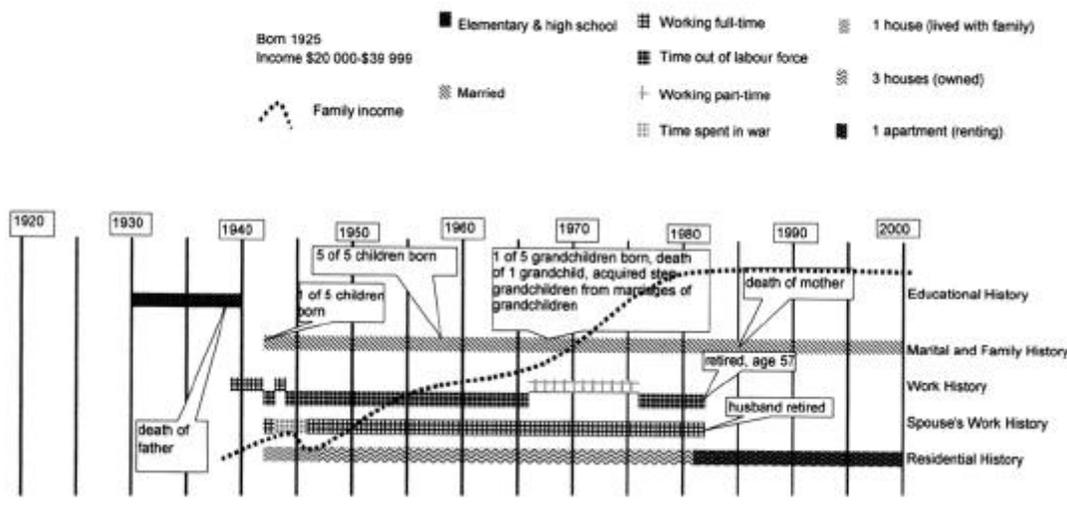


Figure 4: Life course patterns—Example from a woman with multiple disruptions in her paid work

Results and Discussion

1. How do life course work patterns vary among the currently retired women in our study? What accounts for these patterns?

In order to understand how the life course work patterns varied among the retired women (mean age 72) in our sample, we examined the life course charts constructed from the interview data mentioned earlier. Examples of the various life course work patterns can be seen in Figures 1 to 4. The first life course chart used as an example was created for a woman with a homemaker career pattern. The second life course chart is from a woman who worked continuously throughout her life course. The third life course chart is an example from a woman who disrupted her paid work only once, when her daughter was born. The last life course chart is from a woman who disrupted her paid working career several times throughout her life course. The life course charts revealed that the discontinuous life course pattern of work was the most prevalent, characterizing 21 of the 28 retired women in our sample (see Table 1). Six of the women worked continuously throughout their careers,⁴ while only 1 woman had had a homemaker career. Due to the fact that our sample contained only 1 woman with a homemaker career, analyses in this paper will focus on the differences between discontinuous and continuous life course work patterns.

Turning to the number of work disruptions and length of work disruptions, the women who disrupted their work did so between one and three times throughout their careers (see Table 2). Seventeen of the women only disrupted their careers once, while 3 women disrupted their careers twice and 1 woman disrupted her career three times. The length of career

disruption for these women ranged from 2 years to 24 years. As noted previously, disruptions that lasted less than 1 year were not included in the discontinuous work category. The mean length of career disruption for these women was 14 years. The women with disruptions in their life course work patterns had between one and six children, which likely caused the large variation in the length of work disruption. The women in our sample left paid employment for long periods of time in order to remain at home until their children were in their teenage years.

Not surprisingly, the majority of women disrupted their careers to raise their children (see Table 2). According to some of these women:

I left [work] in April because I was expecting the birth of our first son. At age 26 I became a homemaker for 23 years. I stayed at home with the children because it was best for them, and I could do so.

I was home. Oh, you didn't go to work if you had a family; you didn't work in those days.

A minority of the women reported that they did not disrupt their careers by choice. In these cases, it was the husband's choice that they stay home and raise their children:

My husband didn't ever really want me to work; he wanted me to stay home with the children.

Don't forget, you're looking at an old fashioned ... the man, the European husband that I was married to after all had control of the money. My own thoughts on that could not be in force today. So then I stayed home and then I didn't go back to work.

Table 2: Characteristics of women with discontinuous life course work patterns

Characteristics of Discontinuous Patterns	<i>n</i> = 21
Number of Work Disruptions	1–3
Women with One Disruption	17
Women with Two Disruptions	3
Women with Three Disruptions	1
Length of Work Disruptions	2–24 years
Mean Length of Work Disruption	14 years
Reasons for Work Disruptions ^a	
Marriage	1
Child Rearing	19
Health (trying to get pregnant)	1
Volunteer Work	1
Termination	2
Geographical Move	2

a Reasons for work disruptions noted above are per work disruption, not per individual

In other cases, women were forced to disrupt their careers due to involuntary termination. According to one of these women:

They got rid of me because I was pregnant with my second...and when I told my boss—'look I'm pregnant again but I'm willing to stay'—in those days it was unheard of...and they fired me because I was pregnant.

A few women disrupted their careers due to geographical moves. Less common reasons for work disruption were marriage, health, and volunteer work. For example, one woman left work for health reasons, more specifically, due to stress and trying to conceive a baby:

I wasn't getting pregnant and we were hoping, so rather than having me pressured going to work every day, I retired in '65 and in '67 he was born.

Whether women re-enter the workforce in the same employment status as before their disruption is an area worthy of investigation. Research indicates that many married women choose to re-enter the workforce part-time after having children, due to a heightened focus on non-market activities (Hakim, 1997). However, the notion of *choice* is somewhat questionable, as women are generally constrained by their family and work responsibilities (Walsh, 1999). In our research, we wanted to understand whether women

switched to part-time employment and why they made this "choice". While all of the women in this study who worked discontinuously returned to paid employment at some point in time, only 8 of the 21 women who worked discontinuously returned to full-time work. One of these women was forced to return to full-time work following 24 years out of the workforce raising her children, due to financial hardships experienced after her husband's death. When asked when she started to work again, she responded,

When my husband died in 1965 ... I worked for the Board of Education for 18 years after my husband died.

Two other women went back to paid employment following many years of working at home due to the financial loss associated with divorce or separation:

I just became a stay-home mom with the kids. And then when I divorced, I was 42 ... I went back into the workforce.

I stayed home with him until ... I had to go back to work in January of '76 because his father left in late October of '75.

The remaining 13 women who worked discontinuously had variations in their employment statuses. Half of these women, after variable periods of raising their children, re-entered the workforce part-time. Other women, who worked full-time before disrupting their careers, returned to work full- or part-time.

These findings suggest that most women who have discontinuous life course work patterns switch to part-time work (to some degree) following workforce re-entry. While the majority of women returned to the paid labour force only part-time due to time constraints, some of the women indicated that a change to part-time work was a choice made once time constraints were lifted. The following illustrations provide support for each of these reasons, respectively:

I was a freelance photographer after I was married because you could raise a family and do photography at the same time.

I went back to work when my youngest was 16 ... basically, just to get out of the house ... 4 days a week.

These findings provide support for the notion that changes in employment status are often a result of what Walsh (1999) refers to as a *constrained choice*. Further, similar to our findings, Walsh (1999) also emphasizes that employment status is a complex issue that fluctuates over a woman's life course. Thus, while some changes in employment status may be voluntarily chosen at certain points in time when demands are lifted, other changes remain constrained by family responsibilities.

Regardless of the reason for changes in employment status following workforce re-entry, deficiencies in retirement income were found for women who switched to part-time work. In fact, the majority of women who worked full-time prior to disrupting their careers and only part-time following the disruption were in the lowest family- and/or personal-income category (CAN\$19,999 or less) in their retirement years. The other 2 women with this employment status were in the second lowest income category (\$20,000–\$39,999) in retirement. One could speculate that if they had chosen or been able to return to full-time employment following their work disruptions, they might have been more financially secure in their later years.

2. How do life course work patterns influence financial knowledge and financial preparedness for later life?

Various responses given in the interviews were analysed with specific themes in mind, first developed by Hershey and Mowen (2000). The themes that we were interested in for our study were financial knowledge and financial preparedness. For the first concept, *financial knowledge*, an individual's knowledge was rated as *low* or *high*. This rating was dependent on their knowing where to find information, on their confidence in their ability to find this information, on the number of articles they had read on the subject, on

their use of a financial advisor, or on their attendance at retirement planning courses. For example, according to two women with low financial knowledge,

I don't know ... I have no idea. It comes into the bank, I spend it as I have always spent it, and it's enough ... That's all that concerns me.

I had no idea how much the elder people got ... I guess I didn't think enough about it.

For these women, the notion of obtaining knowledge to plan for their retirement was meaningless. They indicated that they did not consider financial issues before they retired, and some of them (as the first quotation illustrates) continued to know little about their finances.

On the other hand, many of the women in our study were considered to have high financial knowledge. For example,

I knew what I wanted, how much money I had, and that was it ... So I knew I would be all right ... I knew I would have my teacher's pension and the Canada pension ... I took my Canadian pension when I retired ... I went to a couple of meetings that we had at the Board of Education for people retiring.

Way back when we first got married we became interested [in stocks]. We knew you would never get rich with your brawn; you got to use your brains. The first stock we bought, we lost our shirt on it, so then we decided we better learn about stocks ... You go and take in lectures and stuff like that ... and read.

For this group of women, having the financial knowledge to plan ahead for their retirement was quite meaningful and having this knowledge allowed them to feel in control of their future economic well-being.

The second concept we analysed was *financial preparedness* for retirement. This concept was defined in relation to individuals' ability to save enough money to retire comfortably or their understanding of the amount of money needed to meet retirement expenditures. Participants were classified as having *low* or *high* financial preparedness. According to two women with *low* financial preparedness,

I don't have any now [savings] ... I don't have any; I just have my pension, that's all now ... I could kick myself for a lot of things now, because I didn't really plan ... I was foolish with it [her money], like lending it to my kids. Not having any money is the worst thing. You should always plan from the start, that's for sure.

We didn't really do much planning at all. We didn't discuss finances because he [her husband] felt that it was his area ... Maybe the problem was I wasn't fully aware or not—it isn't lack of knowl-

edge I think, it was not a priority ... Really, I have to admit there was little or no preparation.

These women, irrespective of their financial knowledge, were not adequately prepared for their retirement. Having financial knowledge did not guarantee that they were able to save enough money to retire comfortably, which caused them great disappointment. Many of them also regretted their "decision" not to plan ahead; thus, upon reflection, later life was a time for regret and disappointment.

Individuals with high financial preparedness made comments similar to the following when asked about how much money their sources of income would provide them in retirement,

I hadn't sat down to the nitty gritty, but I knew they [sources of income] were there ... It multiplies and escalates. It depends on the, you know, percent on what things are paying. And then it depends on what kind of a deal when you roll it over, because now you have to take your RRSP stuff at age 69 ... it depends on how the markets are.

He [her husband] figured out how much we would need to live on once he retired. And he figured out how much assets—net worth—we had to have for us to generate that income, or not necessarily income, but so that you could draw out that much each year. And once we'd got that much, he retired ... He figured out how much we would need to live on for each year and how much investment we would require to produce that, so that it would last 'til he got to like 100 ... Once he gets to 100, if it works out, we'll have nothing left, if we manage to spend it all in the year.

Women who were classified as highly prepared for their retirement felt very much in control of their finances throughout their entire life course. Thus, they not only anticipated the amount of money that they would need to retire comfortably, but they also were able to save this amount of money effectively. This provided the women with a greater sense of control over their destinies and an overall feeling of well-being as they entered their retirement years.

In relation to life course work patterns, the majority of women who worked continuously had high financial knowledge concerning how much various sources of income would provide them in retirement and were highly prepared for their retirement. The majority of women who worked discontinuously had low financial knowledge and all of them were classified as having low financial preparedness. Therefore, women who disrupted their careers had little financial knowledge and were not financially prepared for their retirement.

According to Hershey and Mowen (2000) individuals' perceptions concerning financial knowledge are positively related to their views on financial preparedness. In other words, individuals who are well informed about their finances are more likely to be prepared for their later life. When analysing these two central concepts with life course work patterns in mind, we found support for this argument for women who worked continuously. The majority of these women who had high financial knowledge also had high financial preparedness for their later years. However, the relationship was not the same for women who worked discontinuously. These women, even where they had high financial knowledge, were generally not prepared for retirement. This finding could suggest that, even when women who disrupt their careers are knowledgeable in terms of finances in general, they may not have the financial resources or time to set aside money for their retirement. Richardson (1990) argues that women with disruptions in their paid work are less able to achieve the same pension benefits and level of wages as women without disruptions, which leads to lower financial preparedness for retirement. In the next section, we will explore the income security in retirement of these women in order to assess whether women with disruptions in life course work patterns are, in fact, less prepared financially for later life.

3. How do life course work patterns influence income security in later life?

The data indicate that all 28 women in this study had made some financial preparations for their retirement, although their income security in later life varied. More specifically, the sources of income they had in later life, their main source of income in retirement, and their family- and/or personal-income level in retirement varied by life course work patterns. The majority of women who worked continuously contributed to Registered Retirement Savings Plans (RRSPs), while only some of the women who worked discontinuously were able to make contributions to RRSPs. Many of the women in our study discussed the importance of investing in RRSPs and made sure that they were completely informed about investing and re-investing in them. According to one woman who worked continuously:

I'm living on RRSPs as well now. I have to cash them in—well, not cash them—I have to re-invest them at ... I take a certain amount so we juggle the money around.

Another two women who worked discontinuously, when asked why they decided to invest in RRSPs, replied,

Saving taxes and it was easier to put a little bit away than to put a whole big bunch. It was easier

to pay bi-monthly and at the end of the year invest it ... because I didn't make a big salary so I couldn't put a whole lot away all at once. But sometimes I borrowed the money to put in the RRSP and then paid it off during the year.

It [RRSPs] was one way of saving for that day down the road.

On the other hand, 3 of the women interviewed, who worked discontinuously, made specific reference to the fact that they were not fond of RRSPs or generally chose not to invest in them:

RRSPs are a sucker's game as far as I'm concerned ... No RRSPs. They get carried away with selling those to people ... You can tell them you met somebody that doesn't think they're very smart ... You can always manage your own money better than anybody else can.

With the RRSPs, you had to pay a lump sum and all the tax on them when you cashed them in, and we figured the better deal was Canada Savings Bonds because you can cash them in whenever you want ... We started out with RRSPs and then went to Canada Savings Bonds.

I figured I had the money in the house ... I didn't buy very many [RRSPs]. I bought some, but I was reinvesting in the house by putting on new roofs and keeping it in shape.

Thus, dislike for RRSP investments may be a reason for a low rate of investment, not necessarily a lack of funds or knowledge. This erroneous assumption is made far too often by quantitative researchers, who fail to consider reasons aside from lack of funds for non-investment.

According to the participants, most of the women who worked continuously were receiving the Canada Pension Plan (CPP), while only half of the women working discontinuously received CPP. A large number of women who worked continuously received income in retirement from both inheritance and life insurance policies, while only a few women who worked discontinuously received income from these sources. The value of life insurance and inheritance received was noted by several women, which may be viewed as planning for the future. According to one woman who worked continuously and one woman who worked discontinuously, respectively:

I had life insurance too, which I guess is a plan for the future.

Then my mother died and I inherited a bit of money ... so I was able to put that into savings.

Half of the women who worked continuously reported that they received Old Age Security (OAS) and none reported that they received the Guaranteed Income Supplement (GIS). Incomes above the GIS

maximum income criteria prevented these women from receiving GIS and high incomes resulted in OAS pensions being completely *clawed back*, causing these women to report that they did not receive OAS. In contrast, the majority of women in the discontinuous group reported that they received OAS and 1 woman reported that she received GIS. This suggests that women who disrupt their careers are in great need of financial assistance from the government, as GIS is given to low-income seniors⁵ and OAS is clawed back from higher-income seniors.

None of the women who worked continuously relied on income from their husbands in retirement (4 of them were never married). Of the women who disrupted their careers, however, 6 cited their husband's company pension, 2 cited their husband's CPP, and 4 cited their husband's RRSPs as a source of income in retirement. With respect to savings and investments, although all of the women were unable to save as much as they had hoped (particularly those who disrupted their careers), the importance of savings and investments were discussed. According to one woman who worked continuously and one who worked discontinuously, respectively,

I try and have as much as I can in my savings and then if I think that it's a good idea I'll buy GICs just for a year ... I call it my Linus blanket; my security blanket. So that's what I do. I keep that and save as much as I can there.

I was born before the Depression and you're always conscious of money. I think all along that you must have it for old age. My father was still saving at 93 for his old age.

Many of the women also made a point of discussing their lack of debt and how important it was to avoid debt. For example, according to two women who disrupted their careers,

My Visa card company hates me because I've had a card since '67 and I've never paid a cent of interest on it. I never buy anything I can't afford ... I think I learned that very early in life because that's how my mother and dad lived. You didn't have what you couldn't afford.

I always believed in paying my bills immediately ... I didn't like to be charged interest on anything so I always avoided that.

The most noteworthy finding was recognized in relation to having an employer pension plan. All of the women who worked continuously received income from a company pension.⁶ According to two of these women,

Teaching is obviously ... a pension's built into it, there's no point speculating about it; it's just there ... whenever I retired. And it's one of the most

secure pensions possible ... and it's indexed. So there is not a lot to speculate about.

Since my 65th birthday I am the happy recipient of three pensions, which is kind of neat. I get the old age pension, I get the Canada pension, and I get my teacher's pension. I've had my teacher's pension since '86 when I retired. I got my Canada pension when I turned 60 ... and then when I was 65, I got my old age pension. So it's nice to have three pensions.

On the other hand, only a few of the women who worked discontinuously received money from a company pension. Furthermore, some of the women who worked discontinuously and reported they received a company pension or CPP did not receive a full pension. For example,

Although I had been with them [her employer] a long time, there had been a break in my pension and neither term [of employment] had brought me up to the 10 years ... I had to accept only what I had put into it, which I can't remember what it was at the time, but had I not had that break I would have had this considerable pension.

This suggests not only that career disruptions may preclude receiving a company pension in retirement but that those women who did receive money from a company pension did not receive the same amount or proportion of income from a pension as did women who worked continuously throughout their careers.

The women in our sample were asked what they considered was their main source of retirement income. The majority of women who did not disrupt their careers cited a company pension as their main source of income, in addition to savings and CPP (for 3 women). Inheritance from a parent was also noted as a main source of income for 1 woman who worked continuously. With respect to women who disrupted their careers, only a small number of them cited a company pension as their main source of income. In addition, 2 of the women who indicated a company pension was their main source of income cited this in addition to savings or OAS and CPP. A few participants referred to some combination of RRSPs, OAS, and CPP as their main source of income. Finally, some of the women relied on savings or investments or their husbands' company pensions as their main source of income.

Investigating these women's life course work patterns in relation to their family- and/or personal-income categories in retirement reveals some results worth

noting.⁷ All women earning CAN\$19,999 or less had experienced disruptions in their paid working careers. Two thirds of the women who experienced disruptions had incomes in the \$19,999 or less or \$20,000-to-\$39,999 income categories, thus the majority of women with paid work disruptions had incomes in the lowest two income brackets. The majority of women who worked for pay continuously throughout their life course had income levels in the \$40,000-to-\$59,999 income category or higher. These findings suggest that disruptions in life course patterns of paid work diminish economic well-being in old age, as a relationship between working discontinuously and having a low family- and/or personal-income level in retirement was established.

In summary, while women in this study were able to save and invest to some degree throughout their careers (whether working continuously or discontinuously), women with disrupted careers did not have sufficient income from RRSPs, CPP, and especially from company pensions in their retirement. All of the women who reported having an employer pension had family and/or personal incomes of CAN\$20,000 or higher in retirement. However, none of the women earning incomes of \$19,999 or less received money from a company pension plan. Thus, the income earned from company pensions is more than likely helping women live above the poverty line. This important finding provides support for the assertion made earlier in this paper regarding poverty in old age. According to McDonald (1997), women without an occupational pension plan are at high risk of being poor in retirement.

It became quite apparent from our findings that the meaning of saving was quite different depending on the financial resources available to women throughout their paid working careers. For women with work disruptions and limited resources, saving money translated into having the ability to pay monthly bills. The financial planning for retirement was often non-existent. Conversely, for the women who worked continuously, planning for retirement seemed much easier, as they had a steadier flow of income, which enabled them to save money (some through RRSPs) throughout their careers. They also had the security of knowing that they would receive full CPP payments and employer pensions—an outlook not possible for women who disrupted their careers.

4. *What financial-planning advice do these retired women provide to future generations of older women?*

In order to assist women in the future with various life course work patterns, we asked our participants what financial-planning advice they would give to future generations of older women. We have grouped the advice given around four central themes: (a) importance of saving, (b) avoidance of debt, (c) financial independence, and (d) planning ahead.

The first theme that the participant's advice centred around was the importance of saving in general. According to two of these women:

Stay healthy and save your money ... it seems to be the bottom line on everything ... It's sort of a vicious circle—if you don't have one you don't have the other.

Never lend your kids money. Never lend your kids money. I've heard so many bad stories ... I'm not as bad as some of them [other seniors]. Some of them have lost places to stay.

Women in our sample also stressed the importance of avoiding debt at all costs in order to be financially prepared for later life. For example,

As far as finances are concerned, move hell on earth not to get into debt. That would be a slippery downward slope wouldn't it? That would worry you to death. At least it would worry me. I guess there are people who don't worry about debt, but I couldn't live in debt.

You shouldn't retire with a mortgage if you can avoid it.

The third theme in our analysis was the significance of maintaining financial independence. Women discussed the importance of not relying on their spouses, staying informed about their finances, and maintaining personal control. According to some of these women,

Make sure that you have your own bank account—not a joint account—your own.

Stand on your own feet ... Use your own head ... Stay independent.

If I knew what was going to happen, maybe I would have done a different life. That's what I told my kids—"You get an education. You be independent. Don't be like your mother." I stayed home and raised my kids. I've got nothing to show ... Don't be like me—left with nothing after [being separated] ... Get your own money. You don't have to depend on your husband and ask him for every penny and then end up with nothing ... Don't do that. Don't do the same mistake I did ... Be independent.

The last theme that advice centred on was the importance of planning ahead. This involved investing early on in life, staying on top of one's finances, and making wills:

Don't do it the way I did it ... Start right away. Financially, start immediately ... Plan, plan, plan ... Start saving.

I'd talk to young people and I'd certainly tell them to plan. Take a hundred dollars and set it aside ... Watch it grow over the next 30 years. You'd be surprised ... Do read up on retirement and look at preparing yourself for it. There are retirement courses around ... Just be aware. Be financially aware.

Try to plan ahead to take the resources you have and use them like seed corn to build up a portfolio of support because you are going to need it in later life. You don't know what's going to be there. Plan that tomorrow is going to exist and put something away for tomorrow—financially.

Encourage people to make wills. We got all the kids to make wills and we gave them that for their birthday present ... Sometimes they need pushing a little bit, you know—"I'm young. I don't need a will"—but I think everybody should make a will.

It is interesting to note that all four of the themes that emerged from the data may be the result of a cohort effect. That is, the importance of saving, avoiding debt, maintaining financial independence, and planning ahead were key areas of significance for this particular cohort of women. As suggested by the life course perspective, the importance of life events experienced by a particular cohort, such as the Great Depression, structure the aging process (Bengtson, Burgess, & Parott, 1997). This became quite apparent from comments made by the women and thus we recognize that these themes may not be as important to younger cohorts of women approaching their retirement.

Implications and Conclusions

The main purpose of our research was to use a life course perspective to determine whether women's life course work patterns influence their financial planning for later life. Interviews with 28 women between the ages of 59 and 92 indicated that the majority of women disrupted their careers at some point in time. The women who disrupted their careers generally did so only once, for an average of 14 years and primarily for the sake of child-rearing responsibilities. While some of the women in our study maintained the same employment status after disrupting their careers, the majority of women who disrupted their careers switched partially or completely to part-time work

once they re-entered the labour force. Both financial knowledge and financial preparedness for retirement were found to vary with life course work patterns.

While all of the women in our sample made some type of financial preparations for their retirement, the extent of financial security in retirement varied, particularly in relation to company pension plans. Only a few of the women with disruptions in their life course work patterns had an employer pension, while all of the women without disruptions in our sample had company pension plans. Further, those women with disrupted careers who did receive a company pension were financially penalized for time out of the labour force. This was not the case for women with continuous life course patterns of paid work. When examining participants' main source of income in retirement, we found that the majority of women who worked continuously referred to their company pension, while only a few of the women who disrupted their careers cited a company pension as their main source of income. Similarly, women with discontinuous life course work patterns had low family- and/or personal-income levels in retirement. Financial-planning advice to future generations of older women focused on the importance of saving, avoiding debt, maintaining financial independence, and planning ahead.

It is clear from our findings that financial preparedness and income security in later life are structured by women's life course work patterns. However, individuals also have the ability to shape their own lives, as the life course perspective suggests, and many of the women took the initiative to acquire financial knowledge irrespective of their work situation. What also emerged from our findings was that more attention needs to be focused on the financial consequences of varying work trajectories in the future. Without examining variations in work trajectories, the processual nature of aging, the importance of social structure, and the anticipated distinctions among cohorts, a complete picture of income inequality in later life will not be achieved. Thus, a more in-depth analysis of life course work patterns will allow us to better understand how work patterns structure income inequality in later life. Further, an inter-cohort analysis could be done to compare how currently retired women and women approaching retirement age vary in their financial planning for later life. In addition, future research involving a larger sample of older women would allow for a more comprehensive understanding of how life course work patterns influence women's financial planning for later life. Quantitative support for our findings could be provided using a national survey that included variables such as life course work patterns and income in retirement (e.g., Survey of Labour and Income Dynamics). Finally, the

life course perspective also highlights the importance of examining dyads (i.e., husband and wife). Thus, future research should examine how married couples plan for later life together, in order to examine the impact of marital status on financial planning for retirement.

With an increasing number of women combining paid work and family roles, the number of career disruptions experienced may rise, while the length of work disruptions may shorten. The current societal norm is to disrupt one's career for shorter intervals of time; the median time women currently spend on maternity leave is 10 months (Marshall, 2003). This emerging trend may benefit women in the future in their financial preparations for later life, as they will have smaller gaps without pension contributions in their life course patterns of paid work than currently retired women. In addition, the benefits given to women on maternity leave today have been substantially improved; thus, in all likelihood, many women who choose to re-enter the workforce after child rearing will have smaller losses to their pension contributions and personal savings.

On the other hand, due to women's persistent paid work disruptions, to their tendency to part-time employment, to pay inequities, and to the ability of employers to implement mandatory retirement in many parts of Canada, there may be only minimal improvements to retirement finances in the future (McDonald, 1997). Women are also healthier than in the past and are living to later ages, resulting in an increase in the number of years they must live on their limited financial resources in retirement (Perkins, 1995). Further, when Rosenthal, Denton, Martin-Matthews, and French (2000) compared today's seniors (born 1917–1926), tomorrow's seniors (born 1927–1936), *pre-boomers* (born 1937–1946), and *early boomers* (born 1947–1956), they found that many of today's and tomorrow's seniors had disruptions in their life course patterns of paid work and that their anticipated income from company pension plans was limited. While pre-boomers and early boomers had less disrupted patterns of paid work and better pension plans than today's and tomorrow's seniors, it was feared that these improvements could be offset by reduced income from government programs.

Despite the fact that speculations about the economic security of older women are varied, what is clear is that the future financial well-being of older women remains an issue of great concern. While the design of our study does not allow for generalizations, the life course work patterns conceptualization and the illustrative findings presented can be used to help educate women on the importance of planning ahead and sug-

gest employer and government policies that are more inclusive of the life course approach concerning the nature of women's work. Further, the stereotypical male continuous-career profile has also changed, and neither men nor women can expect any longer to work in only one job throughout their life course (Naegele, Barkholdt, de Vroom, Goul Anderson, & Kramer, 2003). Thus, the pension system must change to reflect variations in life course work patterns. Work disruptions that are related not only to child rearing but also to unemployment or health problems need to be better incorporated into Canada's Retirement Income System (i.e., Canada Pension Plan, Employer Pension Plans). Improved financial benefits (including pension holidays, where time away from work does not adversely affect pensions accrued), job security upon workforce re-entry for women who disrupt their careers due to child rearing, increased availability and access to day care centres in the workplace, and improved benefits for part-time employees are a few key areas that need to be re-addressed in the future. Employers and governments need to work together to improve the options available to women, especially those who disrupt their careers, in order to allow them to retire with sufficient pensions and savings.

Notes

- 1 Two thirds of the sample were female and three quarters were aged 65 and older. Forty-two per cent of the participants were married, one third of them had family and/or personal incomes less than CAN\$20,000, and over three quarters of the participants were retired. The sample contained an over-representation of certain occupational categories, such as teachers. This may have resulted in a larger proportion of individuals with high educational and income levels than is found in the Canadian population. However, due to the qualitative nature of our study and the inherent inability to generalize findings, our primary goal was to show the utility of personal accounts to create conceptual categories for analysis. For more information on the demographic characteristics of the Preparations for Independence and Financial Security in Later Life sample, please see Denton, French, Gafni, Joshi, Rosenthal et al. (2001).
- 2 Life course charts which extended the work of Stewart (2000) were constructed for each woman in our sample, with the assistance of Sharon Davies.
- 3 Participants in our study were asked to give their best estimate of their total income before taxes and deductions. Both personal-income level and family-income level were recorded for married individuals. Our data analysis uses personal-income level for *unmarried* individuals (i.e., never married, separated, divorced, and widowed) and family-income level for *married and re-married* individuals.
- 4 None of the women who worked continuously were in the married or re-married categories. This finding supports that suggested by Ollenburger, Grana, & Moore (1989)—that older women heading their own households were the most likely to have continuous employment patterns. Because women in these categories do not have a spouse to provide additional income, it is likely that they needed to work continuously to remain financially stable. In addition, women who never married in our sample did not have children—the primary reason for career disruption. None of the 21 women who worked discontinuously were in the never married group. Thus, those disrupting their careers were married, divorced or separated, remarried, or widowed.
- 5 GIS is given to seniors who are receiving OAS and meet the income requirements stipulated by Human Resources Development Canada (HRDC). For example, in April to June of 2004, GIS was paid to individuals up to the maximum income of CAN\$13,224 for a single person.
- 6 The authors recognize that this is not the norm in Canada, as only 40 per cent of workers are covered by a company pension plan (HRDC, 2001). This finding is likely the result of the nature of the sample used in this study (discussed in note 1), which contained an over-representation of certain occupational categories, such as teachers. These occupational categories are more likely to have company pensions than other occupational categories.
- 7 The amount of money saved over a lifetime by our participants likely varied substantially depending on their life course work patterns and their income levels *during* their careers. However, the survey instrument used in this study did not allow us to determine the exact amounts saved by these women or their income levels while in the workforce, only in retirement. Respondents did indicate approximations of when peaks and dips in their income levels occurred (see Figures 1–4); however, it is evident that one woman's subjective opinion of a high period of savings is likely much different than another woman's. What is more than plausible is that women with incomes of CAN\$19,999 or less in retirement were not able to save as much throughout their working careers as those in the higher income categories in retirement.

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