

# The economic effects of family caregiving on women

The outsized economic effect of family caregiving on women is a societal inequity reinforced by socialization.<sup>1</sup> More than 53 million individuals in the United States identify as family caregivers<sup>2</sup>—i.e., unpaid care providers—61% of whom are women.<sup>3</sup> The majority of family caregivers are primary caregivers (64%),<sup>3</sup> caring either by themselves or as the leading care source. Within communities of color, 66% of African American, 61% of Hispanic, and 58% of Asian American primary caregivers are women.<sup>3,4</sup> In reality, these proportions may be higher due to the “invisible” labor of women cloaked within gendered norms and viewed as an expectation, or by a reluctance to self-identify as “caregiver.”

Family caregivers are on average 49 years old and provide an average of 23 hours of unpaid care per week<sup>3</sup>—the equivalent of part-time employment. Sixty-one percent of family caregivers are working in paid jobs, as well.<sup>3</sup> Persistent gender wage gaps<sup>5</sup> intensify the economic effects of family caregiving on women and exacerbate societal inequities that have only worsened during the pandemic. We highlight three specific economic effects impacting family caregivers—*financial strain*, *diminished savings ability*, and *long-term security risks*—and present policy strategies to lessen their impact on women.

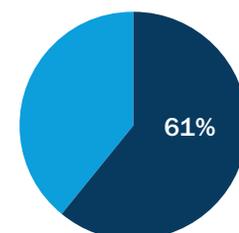
## Economic effects

The first effect is *financial strain*. It is no secret that family caregiving has high out-of-pocket costs,<sup>6</sup> but financial strain and its cascading effects add complexity to an already difficult situation. One in five caregivers report high financial strain, with higher percentages among Hispanic, younger (under 50 years old), and LGBTQ+ caregivers.<sup>3,4</sup> In addition, almost half of caregivers have experienced at least one financial impact as a result of caregiving, such as taking on debt, unpaid or late bills, or having to borrow money from family or friends.<sup>3</sup> (See Figure 1.) Further,

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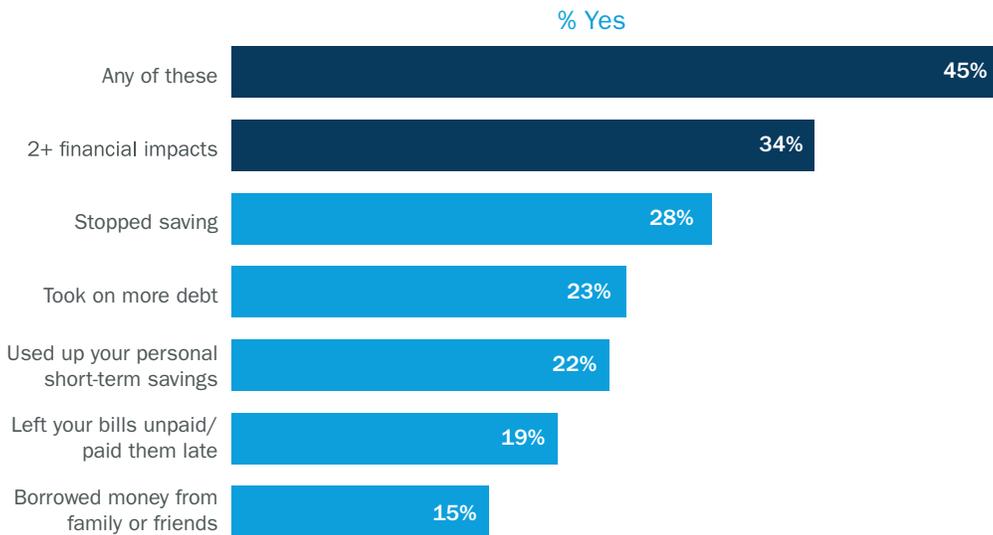
53 million+ are family caregivers; almost 2/3 are women



those who earn less than \$50,000 per year experience more than one financial impact as a result of caregiving, and African American, Hispanic, younger, and LGBTQ+

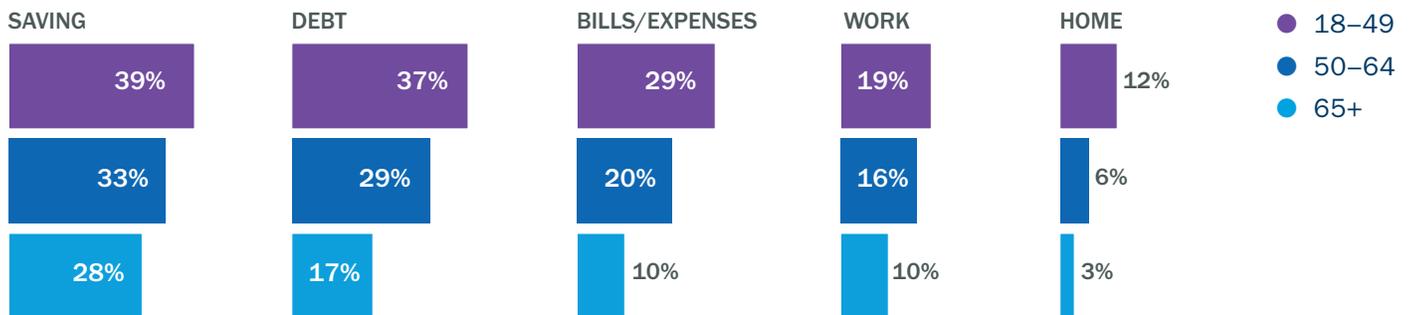
caregivers report more financial impacts.<sup>3,4</sup> (See Figure 2 and Table 1.)

**Figure 1. Top financial impacts as a result of caregiving**



Source: National Alliance for Caregiving and AARP (2020). *Caregiving in the U.S. 2020*.

**Figure 2. Financial impacts as a result of caregiving by caregiver age**



Source: National Alliance for Caregiving and AARP (2020). *Caregiving in the U.S. 2020*.

**Table 1. Mean financial impacts by race/ethnicity of caregiver and caregiver household income**

	Non-Hispanic White (n = 801) A	Asian (n =197) B	African American (n =199) C	Hispanic (n = 205) D
Total	1.4	1.5	2.4	2.0
By caregiver household income				
Less than \$50,000	2.1	1.9	2.4	1.9
\$50,000 or more	1.1	1.1	2.3	2.0

Source: National Alliance for Caregiving and AARP (2020). *Caregiving in the U.S. 2020*.

The next economic effect is on caregivers’ *diminished ability to save*. The diminished capacity to withstand financial strain or absorb financial impacts is compounded by continued gender wage gaps<sup>5</sup> and well-documented wealth gaps in communities of color,<sup>7</sup> and hits hardest among family caregivers of younger adults who are more likely to have lower savings.<sup>3</sup> As a result of caregiving, nearly 30% of family caregivers stopped saving, and more than 20% used up their personal short-term savings. (See Figure 1 above.) An additional 12% used up their long-term savings.<sup>3</sup> Although these data provide important context to the caregiving experience, given that the majority of Americans have less than \$400 saved to cover an emergency expense,<sup>8</sup> the fact is that a large proportion of family caregivers simply do not have the capacity to save, nor to rely on savings.

The final economic effect is on caregivers’ *long-term financial security*. Specific threats to long-term financial security include stopping saving, taking on more debt, long-term caregiving, and a lack of planning for the future. Some threats to financial security—such as stopping savings and taking on more debt—overlap with other economic effects. For example, among family caregivers aged 50-64 (that is, approaching retirement age), one out of three have to tap their savings, jeopardizing their long-term financial security.<sup>3</sup> Further, 15% of family caregivers cut back hours, and another 10% leave their jobs or retire early.<sup>3</sup> Reducing work hours, stopping paid work, or retiring early for caregiving not only perpetuates financial strain and limits savings, but also have long-term ramifications for financial security.<sup>9</sup> Indeed, the unpaid work of caregiving, including child care, is so undervalued by our society that lost Social Security benefits are normalized.

Another threat to financial security is long-term caregiving. While every caregiving journey is unique, the average length of caregiving is 4.5 years.<sup>3</sup> However, an increasing proportion of caregivers are providing care for longer than 5 years, especially in LGBTQ+ communities and communities of color.<sup>3,4</sup> Finally, 54% of caregivers do not have future financial plans, among others, in place.<sup>3</sup> These percentages are higher among Hispanic caregivers (63%) and African American caregivers (61%), which highlights the need for educational measures for caregivers, particularly in these communities.

### The employment factor

The effect of caregivers’ employment circumstances on their financial situation cannot be overlooked. The majority of family caregivers are employed as hourly wage earners (54%),<sup>3</sup> whose vulnerability in the face of daily or unforeseen needs is worsened by caregiving. In the absence of the workplace benefits that often accompany salaried employment, time spent by hourly wage workers on family caregiving may result in lost income due to reduced hours or the inability to work at all.<sup>3</sup> Further, the precarity of hourly wage employment (i.e., high turnover)<sup>3</sup>—often overrepresented in LGBTQ+ communities, communities of color, and among women—compounds financial challenges.<sup>10</sup> Employment stability and the availability of benefits, or the lack thereof, affect family caregivers’ ability to withstand financial strain, absorb financial impacts, establish or rely on savings, and plan for their long-term financial security.

## Lessening the financial Impact of caregiving

The financial challenges of caregiving described above call for at least four policy strategies to lessen the impact of caregiving on financial security:

### **Paid family and medical leave**

- Provide workers with up to 12 weeks of partial income when they take time off to be a caregiver for a child, parent, spouse, or domestic partner who has a serious health condition.
- Status: Federal policy on paid leave for family caregivers, a provision included in the Build Back Better bill, is currently stalled.

### **Tax credits**

- Provide a refundable tax credit for qualified families to help defray the costs of caring for a loved one. This credit should be available to caregivers of persons across the lifespan (adult or for a child with a disability).
- Status: The Credit for Caring Act is a federal legislative proposal and is the family caregiving bill most likely to be passed with bipartisan support. It is currently moving through congressional channels, garnering more bipartisan support as it does.

### **Social Security credits**

- Provide a Social Security credit to be added to a person's total career earnings—used to calculate future Social Security benefits—when they have taken time off from work to be a caregiver.
- Status: President Biden proposed this credit as part of his American Rescue package, but it is not getting much traction in Congress.

### **Preventing workplace discrimination**

- Ensure family caregivers are viewed as a protected class in the workplace.
- Status: Advocated for by Senator Cory Booker (D, NJ), but it is not getting much support in Congress.

## In closing

To be sure, the multidimensional effects of family caregiving are not new, although the pandemic has amplified family caregiving's inequitable effects on women. These inequities demand public attention and policy action. Our society must acknowledge and address the intensifying and negative economic effects of family caregiving on women, particularly within marginalized communities.

## Endnotes

- 1 Dwyer, J.W. & Coward, R. T. (1991). A multivariate comparison of the involvement of adult sons versus daughters in the care of impaired parents. *Journal of Gerontology*, 46, S259-S269. doi:10.1093/geronj/46.5.s259.
- 2 RAISE Family Caregiver Act Initial Report to Congress, 2021, p. 15, available at [https://acl.gov/sites/default/files/RAISE-InitialReportToCongress2021\\_Final.pdf](https://acl.gov/sites/default/files/RAISE-InitialReportToCongress2021_Final.pdf).
- 3 See National Alliance for Caregiving and AARP, *Caregiving in the U.S. 2020*, available at <https://www.caregiving.org/caregiving-in-the-us-2020>.
- 4 See National Alliance for Caregiving, NMQF, and DEC, *Caregiving in a Diverse America: Beginning to Understand the Systemic Challenges Facing Family Caregivers 2021*, available at <https://www.caregiving.org/caregiving-in-a-diverse-america-beginning-to-understand-the-systemic-challenges-facing-family-caregivers/>.
- 5 United States Census Bureau (2022), *Women Consistently Earn Less Than Men*, available at <https://www.census.gov/library/stories/2022/01/gender-pay-gap-widens-as-women-age.html>.
- 6 AARP (2021), *Family Caregivers Spend More Than \$7,200 a Year on Out-of-Pocket Costs*, available at <https://www.aarp.org/caregiving/financial-legal/info-2021/high-out-of-pocket-costs.html>.
- 7 Federal Reserve (2020), *Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances*, available at <https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm>.
- 8 Federal Reserve (2021), *Report on the Economic Well-Being of US Households in 2020* available at <https://www.federalreserve.gov/publications/2021-economic-well-being-of-us-households-in-2020-dealing-with-unexpected-expenses.htm>.
- 9 Jo Ann Jenkins, AARP CEO, has contributed a [commentary](#) to this TIAA Institute WVOEE series focused on the retirement crisis women face as a result of a number of factors, including caregiving.
- 10 Visser, M. A. & Meléndez, E. (2015). Working in the New Low-wage Economy: Understanding Participation in Low-wage employment in the Recessionary Era. *WorkingUSA: Journal of Labor and Society*, 18, 7-29, doi: 10.1163/17434580-01801003.

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