



GRANT ANNOUNCEMENT: AOA PAST ANNOUNCEMENT

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS) Administration on Aging Fiscal Year 1998 Program Announcement (AoA-98-8) and Application Kit

SUMMARY: The Administration on Aging (AoA) announced in the Federal Register of July 20, 1998 that it will hold a competition for a cooperative agreement to support a **National Resource and Education Center on Women and Retirement**, as authorized by Title IV of the Older Americans Act, as amended (Public Law 89-73).

The accompanying set of materials comprises the **application kit** to prepare and submit grant proposals in competition for this Center award.

This program announcement consists of two parts. Part I provides background information and describes the priority area, the **National Resource and Education Center on Women and Retirement**, under which the AoA is inviting applications to be considered for funding. Part II describes, in detail, the process governing the consideration of Center applications for funding and provides guidance on how to prepare and submit an application.

All of the forms (Standard Form 424), Assurances, and Certifications necessary to complete the application are included following Part II. The Cooperative Agreement award to be made under this priority area is subject to the availability of funds.

DATE: The deadline date for the submission of applications is September 9, 1998.

ADDRESS: Application receipt point: U.S. Department of Health and Human Services Administration on Aging Office of Administration and Management 330 Independence Avenue, S.W., Room 4643 Washington, DC 20201 Attn: AoA-98-8

FOR FURTHER INFORMATION CONTACT: U.S. Department of Health and Human Services Administration on Aging Office of Program Development 330 Independence Avenue, S.W., Room 4274 Washington, DC 20201 (202) 619-1058/1269

Part I. Background Information and Priority Area Description

A. Statutory Authority

The statutory authority for awards made under this program announcement area is contained in Title IV of the Older Americans Act, (42 U.S.C. 3001 et seq.), as amended by the Older Americans Act Amendments of 1992, Public Law 102-375, September 30, 1992.

B. Eligible Applicants

Applicant eligibility for the National Resource and Education Center on Women and Retirement is limited to public and private non-profit national organizations with a knowledge base and a proven track record of experience in addressing issues and programs relevant to women, economic security, and retirement.

Any nonprofit organization applying under this program competition that is not now a DHHS grantee should include, with its application, Internal Revenue Service or other legally recognized documentation of its nonprofit status. A nonprofit applicant cannot be funded without proof of its status.

C. Priority Area Description

1. Introduction

The Administration on Aging is soliciting applications under this program announcement to establish a resource and education center which emphasizes how essential it is for women to plan during their adult years for economic security in their later years, whether they be single, married, divorced or widowed. The Center is expected to advance the work accomplished in this area by projects funded as part of the AoA pension information and counseling demonstration program. The Center is also expected to build upon the progress, reports, and recommendations made by the Retirement Savings Summit held in June 1998. This program announcement is designed to capitalize on these previous efforts and target resources specifically on the issues that face women, as they plan for and approach retirement.

2. Background

A. Retirement Issues Faced by Different Cohorts of Women

Women planning for or facing retirement have a complex set of issues with which they must grapple. Furthermore, the issues of women who are currently retired or widowed are different from those in their forties and fifties, and will be different for those women who are under 35 and for succeeding generations. Many of these issues are linked to the changing roles of women in the workforce, and others relate to pension and retirement laws, which do not take into account the patterns of women in the workforce which have evolved over the years.

Social Security and pension systems were largely devised to be responsive to the working patterns of men. Women who have reached retirement age and above frequently did not work outside the home, and therefore, were only eligible to share in the pensions and social security allowances of their husband, which were frequently reduced or terminated after the death of the husband.

Women in the 35- to 60-year-old range today have a different and even more complex set of issues to address. Many of them will have worked before marriage, may leave the workforce for a period of time to raise children, and will return to the workplace where they may often remain, until their spouse retires, or a parent or ailing spouse needs care. Should the spouse die prior to retirement, they may stay longer in the workforce and past retirement age. These women will experience extended longevity, tend to be better educated, earning higher annual incomes, and marrying later in life than their older counterparts. These factors plus the fact that they tended to have fewer children and later in life, a greater probability of divorce and/or remarriage, and less trust in Social Security

provide a set of circumstances which accentuate the demand for careful, long-term care planning for a secure retirement.

Women of all ages in the workforce still experience the affects of age and/or sex discrimination and frequently end up working at lower paying jobs (whether full-time or part-time) than men. In the case of women who enter the workforce for the first time in middle age or reenter after childbirth, even if they have comparable marketable skills, they often face limited opportunities and are unable to build the same formal work history into their resumes.

B. Pensions

Another complicating factor, alluded to previously, is the fact that pension systems require a minimum of 3 to 5 years of employment prior to an employee's participation in the system and vesting rights. Women who enter and leave the workforce or work part-time, for reasons usually tied to family obligations, are not able to remain in one job long enough to become vested. Also, until the 1984 Amendments to the Employment and Retirement Income and Security Act (ERISA), divorced women did not have any entitlement to a portion of their former husband's pension. But now with a Qualified Domestic Relations Order at the time of divorce, women are eligible for a portion of their former husband's retirement benefits. Widow's benefits were not protected prior to ERISA and its 1984 amendments. A husband could elect to take a greater annuity during the remainder of his life, because it would terminate upon his death. Now, he must acquire a signed and witnessed signature from his wife, if he elects this option, rather than a smaller annuity for the rest of his life so that a portion of the annuity will remain with his wife for life after his death.

The shift in defined benefit pension plans to defined contribution plans has also affected women significantly. Again, women in low-wage or part-time jobs earn less than their male equivalents and are usually unable to set aside minimal savings for retirement. Employers may choose not to contribute, until an employee has become vested. An employer may not contribute anything, if the employee works less than full-time. Smaller businesses do not have to participate under these plans, if they choose not to do so. Women, rather than men, tend not be employed with enough time for vesting in a pension plan, work at less than full-time jobs, and often for small businesses.

The U.S. pension system is inherently complex, with components administered by the Department of Labor, the Internal Revenue Service, the Pension Benefit Guaranty Corporation, and with key data and input provided by the Social Security Administration. The Department of Defense and the Veterans Administration also may enter a veteran's calculation of benefits.

The 1992 Amendments to the Older Americans Act enabled AoA to launch a demonstration program designed to provide older Americans with counseling and assistance in navigating the complex process of figuring out what pension benefits they might be entitled to upon retirement. This project has also assisted retirees and their families in preparing to make claims in situations in which they feel that a mistake in benefits has resulted in an unfair payment, in the form of a lump sum or an annuity.

The pension counseling projects, funded through the AoA demonstration program, since 1993, have dealt with a myriad of these issues for both men and women. Many of the issues presented by older women have focused on situations arising from divorce and widowhood. These older women may have built limited Social Security and pension benefits during their working years, or they may not have been employed. Particularly in the latter case, they are dependent on their former husband's annuities to provide income that spells the difference between poverty, minimum subsistence, and moderate income security.

C. The Retirement Challenges Facing Women

When the Social Security System was enacted in 1935, it was based on German Count Otto von Bismarck's 1870 estimate that 65 years of age would be a length of life that few people would attain. The average American lifespan in 1900 was 47.1 years. However, current life expectancy for U.S. males and females is now about 78 years and 83 years respectively.

In view of this greater longevity of the population and the increasing number of people choosing an early retirement (ages 55-62), two conclusions are apparent. First, our Social Security and other public retirement programs are a necessary, but hardly sufficient source of retirement income. Nor was Social Security ever intended to be such. Second, the amount of money a prior generation calculated to be sufficient for their retirement years will be inadequate to cover the number of years people now may live in retirement. Creeping inflation in future years will only compound the problem, since pensions will not keep up with inflation. For baby boomers and younger adults to live comfortably in their senior years, they are well advised to set aside larger and larger portions of their present income to invest in their futures. For baby boomers and younger adults to make that commitment to savings and investments, they must be persuaded by solid arguments about the importance of long range planning and saving for retirement. These challenges faced by men and women, but much more acutely by women, provide the foundation for the establishment of National Resource and Educational Center on Women and Retirement.

3. Purpose and Scope of the Center

The proposed Cooperative Agreement on the National Resource and Education Center on Women and Retirement will have a multiple agenda: (1) to better educate women of all ages about the different resources and materials available to them in planning for and living a secure retirement; (2) to better educate employers on ways of developing retirement programs adapted to the women in their workforce; (3) to develop appropriate training materials for employment and retirement counselors on issues pertinent to working and older women; (4) to conduct and/or synthesize policy-oriented research, resulting in papers and reports that advance debate on the economic, social, and political factors affecting the retirement security of women; and (5) to prepare and disseminate information for the use of women and their families in planning for retirement.

The Center must recognize that it is dealing with a complex and heterogeneous population of older women who have multiple socio-economic backgrounds. The Center should survey and synthesize materials which are already available on financial planning and retirement issues and focus on reaching low income women and women of color. New approaches and techniques must be devised to reach and educate women of all ages

about the importance of planning and saving for their later years. Research and policy reports should be prepared for employers and other decision-makers to assist them in understanding the barriers facing low-income and minority women and what is needed to overcome these barriers. Applicants should plan to hold a national conference which will address women's retirement issues with a special emphasis on reaching low income and women of color.

Other issues which need to be addressed through education, research and policy analysis include educating women and domestic relations attorneys about the importance of considering women's pension rights in the course of any divorce settlement. Husbands and wives need to be clear about the status and disposition of their pensions and annuities, and their understandings of these benefits must necessarily be reached prior to the death of either spouse. Heavy emphasis also needs to be placed on saving for retirement, beginning at a very young age. The perils and pitfalls of borrowing against one's pension plan (especially for 401k's) except in extreme cases of emergency, must be understood. In this regard, the Center should consider the feasibility of developing (or adapting and updating) a user-friendly training program for financial planning for women which could be either used in local communities and revised periodically as women progress through various stages of their lifecycle. This "self-help" financial planning vehicle could be used and stored on one's computer and updated along with other personal and family records.

The Center should build upon recommendations of the National Pension Summit, held in January, 1997, and the Retirement Savings Summit assembled in June, 1998. Familiarity with the AoA pension counseling projects and the 1997 Report to Congress on these projects will also be expected of all applicants.

Eligibility for this Center is limited to nonprofit entities and organizations with a preference given to agencies and organizations which are both knowledgeable and experienced in dealing with issues and programs relevant to women, economic security, and retirement. The AoA intends to fund one Cooperative Agreement award under this announcement with a maximum federal share of \$250,000 per year for a project period duration of approximately three years.