Mothers returning to work after COVID-19 lockdowns face lifelong earnings gap [1]

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EXCERPTS

With in-person school on the near horizon, many women whose careers were sidelined by child-care duties during the pandemic are eyeing a return to work. But even those whose re-entry is smooth will pay for their time away from the workplace in the form of lower lifetime earnings, missed advancement opportunities and lower pensions, researchers say.

Katherine Scott, a senior economist with the Canadian Centre for Policy Alternatives who wrote a paper earlier this year called Women, Work and COVID-19, says even short amounts of time away from work have a long-term impact on women's earnings and their household's prosperity.

"You don't get that time back," she said, adding the wage gap between women and men becomes more pronounced as they age, but is grounded in the choices women make earlier in their careers, such as whether to seek advancement, work full- or part-time, or to take time off to look after kids.

It's typical to see women of child-bearing age reduce their hours, then their wage growth slows, Ms. Scott said, adding that these decisions can leave the family increasingly worse-off financially, over time. "Women typically make up 40 per cent of earnings in a given household," she added, pointing out the long-term impact of time away from work also includes reduced employment insurance entitlement and lower pension contributions, leading to lower payments for women, who live longer and need it more as they age.

A paper released in March by University of British Columbia's Sylvia Fuller and Yue Qian, COVID-19 and The Gender Gap in Employment Among Parents of Young Children in Canada suggests the particularities of COVID-19 may affect mothers' careers even more than maternity leave.

Prof. Qian, an associate professor of sociology, explains that while mothers already face a well-documented wage penalty, there are also significant job protections for mothers around the time of childbirth.

"There is a lot of grey area for how to deal with workers who have caregiving responsibilities during COVID. ... Lacking formal regulations may allow for more room for discrimination to occur," she said, adding it is still very early days in the research of COVID-19's effect on career outcomes.

She also says the pandemic has no clear end point, unlike a maternity leave, for which a business can plan. "If they want to assign very important work tasks, or want to promote someone to positions with greater responsibility, they may prefer workers with less potential disruptions," she said.

Prof. Qian pointed to a Pew Research study from January that found mothers have been more likely to turn down important work than fathers since the pandemic began, likely because of their increased share of household duties.

Electrician apprentice Megan Kinch, 39, is experiencing these effects first-hand. A single mother to a school-age daughter, she couldn't work for 12 of the past 17 months because of school closings and lockdowns, while the virus dramatically exacerbated existing challenges finding child care in Toronto.

That meant she had to forgo raises associated with the number of hours she'd worked, and is a year further from finishing her apprenticeship. In 2019, Ms. Kinch made $60,000, and would have been making about $80,000 by this year if she hadn't taken the time off. Instead, she made $30,000 last year, including payments from the Canada Emergency Response Benefit, and expects to make about $35,000 this year.

"I can barely pay rent," said Ms. Kinch, who recently lost most of her possessions in a fire at her former apartment. She says her odd working hours, either early in the morning or late at night, mean she always has the added financial burden of child-care costs, whether the school is closed or not.

Even before the pandemic, Ms. Kinch says she didn't get much understanding from her bosses, all of them men, when she asked for accommodations related to child care.

“I have actually called in sick and said I was hungover when I actually had to do child care,” she said, adding it was way more acceptable to superiors to say that.

All of the main political parties in the current election have promised to get women back at work through child-care policy – the Liberals and NDP through creating more spaces and $10-a-day daycare, and the Conservatives with a tax credit that increases for lower-income families. However, because the Conservative plan is based on family income, with less money going to families with one high-earning partner, this could incentivize lower-earning women to stay out of work if their income and the cost of child care are comparable, economist Tammy Schirle recently told The Globe and Mail.

Past TD Economics research on the “motherhood gap” shows women lose out on 3 per cent of their lifetime earnings for every year they spend away from work. Economists who spoke with The Globe for this article say they believe a similar penalty would apply to those taking time off to parent during COVID-19.

For Ms. Kinch, that could add up to a lifetime loss of at least $112,200 in today’s dollars (not adjusted for inflation), says Shannon Hickey, a former investment banker who now works helping women and couples structure their finances in Kelowna, B.C. The missed year will also lower Ms. Kinch’s contributions to the Canadian Pension Plan and her union’s pension.

“If I compare myself to my co-workers, I’m doing a lot worse financially, but if I compare myself to other single moms, I’m doing well,” Ms. Kinch said, adding she’s actually not surprised her year off could cost nearly twice her annual salary; she’s used to facing discrimination for her family status. “We are structurally placed in impossible positions and then blamed for it.”

Ms. Hickey says that’s a common refrain she’s heard from her female clients: Whether working while parenting during lockdowns or taking time off to care for kids, women have felt stuck in a position where there’s no good option.

On the financial side, she says one way women can compensate for the losses related to a leave is to increase the risk profile of a small, defined portion of their assets.

“Limit it to … say 10 per cent, and try to boost those,” she said, noting those who choose this strategy have to be willing to play the long game in case of a downturn.
Region: Canada [3]
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