Retirement Planning for Women

Why Living Longer Means You Have to Save That Much Harder

On average, women live longer than men. With a longer life expectancy, you'll most likely have more time to enjoy your retirement. So far, so good. But here's the catch: Living longer means you have a greater chance of outliving your savings. And while gender equality has come along in leaps and bounds statistically, you're still at a disadvantage when it comes to accumulating money for your retirement. The bottom line is that you'll need to save more to live comfortably in retirement.

The Financial Obstacle Course

Research shows that, on average, women earn less than men, which means they have less money to invest. Women are more likely to take time from their careers for family responsibilities, which can mean lower overall career earnings. Lower income and less time working means lower Social Security income. In short, the sooner you create a retirement plan, the more likely you'll be able to overcome some pretty big financial hurdles.

Your Retirement Future Is Bright

There are some obstacles on the path to retirement. But by saving and developing a sound plan, you can overcome these challenges and take control of your financial future. To learn more about how to make the most of your retirement savings, be sure to speak with your financial professional.

The Good News

- Women control 51%, an estimated $22 trillion, of personal wealth in the U.S. and that number is expected to jump by 30% to nearly $29 trillion over the next 40 years.[1]
- Women are the key decision makers: 96% of women have primary or shared responsibility for family financial decisions.[1]
- Women hold almost 52% of all management- and professional-level jobs.[2]

The Bad News

- Women consistently score lower than men on financial literacy measures, and this gender-based gap may negatively impact women's long-term financial well-being.[3]
- Of the 63 million wage-earning and salaried women age 21–64 working in the U.S., only 45%participate in a retirement plan, and they have 50% less in their retirement savings than men.[4]
- In 2015, women earned 80% of what men were paid. Earning less leads to a lower level of future Social Security benefits. In 2012, women 65+ received $12,520 in average Social Security income compared to $16,398 for men.[4]

[1] New York Life Investment Management, 2019
[2] U.S. Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey: Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity," 2018
[3] FINRA Investor Education Foundation, Insights: Financial Capability, 2018
[4] Janus Capital Group, 2017

Five Steps to Get Started on Your Plan

1. Envision Your Future

The longer you delay planning, the greater the chance you won't have enough savings for retirement. Think about how you want to spend each day, where you want to live, how often you'd like to travel. A clear vision of your retirement years will help motivate you to reach your goals.

2. Take Stock of Where You Are

Examine where you are financially. Look at your spending, debt and savings, and ask yourself where you could spend less. Keep in mind that a few small sacrifices now can add up to a lot later.

3. Make It Easier to Save

These simple tips can help you make savings your priority, but not a burden:

- Create attainable sub goals by breaking down massive ones
- Redefine increments to help change your perspective
- Visualize your future self and save for that person
- Automate your savings process — set it and forget it
- Monitor deposits, not balances, to remove market influence and measure as you go

4. Put Your Money to Work

Many employers offer tax-deferred retirement plans, such as 401k, 403b or 457 plans — all are valuable tools for investing in your future. It almost always makes sense to participate in your employer's plan:

5. Plan to Spend Later

Since you'll likely be retired for 20 to 30 years, think about how to maximize your resources. First, create an emergency fund that could cover up to six months' worth of expenses. Then divide your remaining assets into three categories:

	Short-term Money	Mid-term Money	Long-term Money
What it covers:	Necessities such as food, housing, utilities, taxes, health care, insurance and emergencies.	Niceties such as travel, entertainment, house/car repairs and education.	Money you can grow to replenish short-term funds or compensate for inflation.
Potential sources:	Social Security, pension, part-time income and rental income.	Retirement plans, interest/dividends, IRAs, home equity, employment income and bank savings/ CDs.	Long-term stock investments, bonds and other types of assets such as cash value life insurance.

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