



Women and Retirement: Facing Challenges in a Recession

December 8, 2009

TRANSAMERICA CENTER

FOR RETIREMENT STUDIES®

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About The Center

- The Transamerica Center for Retirement Studies® (“The Center”) is a non-profit private foundation dedicated to educating the public on emerging trends surrounding retirement security in the United States. The Center’s research emphasizes employer-sponsored retirement plans, issues faced by small to mid-sized companies and their employees, and the implications of legislative and regulatory changes.
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- Although care has been taken in preparing this material and presenting it accurately, The Center disclaims any express or implied warranty as to the accuracy of any material contained herein and any liability with respect to it.

About The Survey

- Since 1999, the Transamerica Center for Retirement Studies® has conducted a national survey of U.S. business employers and workers regarding their attitudes toward retirement. The overall goals for the study are to illuminate emerging trends, promote awareness, and help educate the public.
- Harris Interactive was commissioned to conduct the Tenth Annual Retirement Survey for Transamerica Center for Retirement Studies®. Transamerica Center for Retirement Studies® is not affiliated with Harris Interactive.

Methodology

- **A 22-minute, online survey was conducted between December 16, 2008 – January 13, 2009 among a nationally representative sample of 3,466 for-profit workers using the Harris online panel. Respondents met the following criteria:**
 - All U.S. residents, age 18 or older
 - Full-time workers or part-time workers
 - Employer size of 10 or more employees
- **Data were weighted as follows:**
 - To account for differences between the population available via the Internet versus by telephone
 - To ensure that each quota group had a representative sample based on the number of employees at companies in each employee size range
- **Percentages are rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding**

Women and Retirement: Facing Challenges in a Recession

Women and Retirement

- Women face a number of life circumstances that present challenges with regards to saving adequately for retirement:
 - A longer life expectancy.¹
 - Different life priorities such as being a single parent or caregiver that may require time away from the workforce or part-time employment.²
 - Lower median salary.²
- The Transamerica Center for Retirement Studies has published reports in the past that have highlighted the differences between women and men regarding their attitudes and behavior towards saving and investing for retirement. Based on these findings:
 - Women tend to be less confident in being able to achieve a comfortable retirement.
 - Women generally estimate needing less money in retirement.
 - Women are less likely to be covered by a retirement plan.

¹ Social Security Administration: <http://www.ssa.gov/history/lifeexpect.html>.

² "101 Facts on the Status of Workingwomen." Business and Professional Women's Foundation. October 2007. <<http://www.bpwusa.org/files/public/101FactsOct07.pdf>>.

The Effects of the Recession

- The 10th annual survey found that the current recession has dampened the retirement outlook for women and men, but in many cases women have fared worse:
 - Women are more likely to feel they are “just getting by.”
 - Participation and contribution rates have dropped.
 - Fewer women report having access to a retirement plan.
 - Retirement confidence has plummeted; only 5 percent of women are “very confident” in their ability to retire with a lifestyle they consider comfortable.

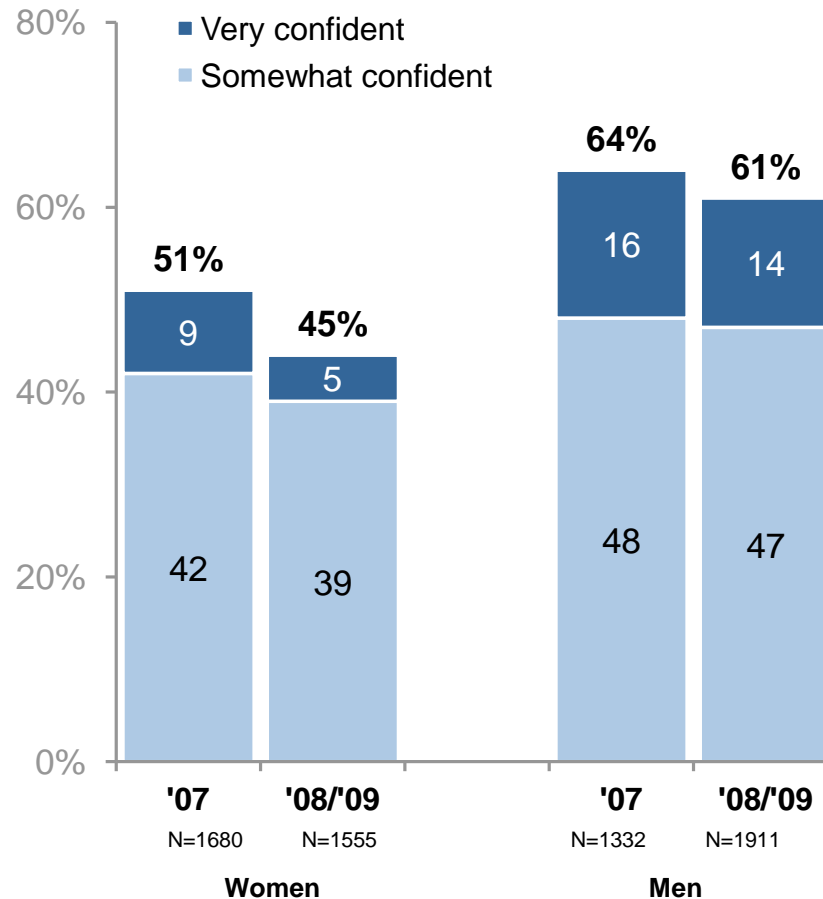
Economic Recovery

- As the economy begins to recover, the Department of Labor, the retirement industry, and employers will have to work together to enhance retirement security for women.
- Final investment advice rules should focus on providing workers more options and easier access to information and planning tools.³
 - 55 percent of women would like to receive more information and advice from their company on how to reach their retirement goals.
 - Only 33 percent of women use a financial advisor to help manage their retirement savings or investments.
- Continue to expand and improve features such as automatic enrollment and automatic contribution rate increases.
 - Retirement plan participation and contribution rates should increase as more companies adopt automatic programs.
- Individuals must also do their part and ensure they are doing all they can to prepare for retirement.
 - Consider the availability of retirement benefits in job searches.
 - Get educated by using the resources made available by their plan provider (brochures, articles, Web sites, etc.)
 - Calculate a retirement savings goal and develop a plan to reach that goal.
 - Seek a professional financial advisor for additional help.

³“US Labor Department Withdraws Rules on Investment Advice.” U.S. Department of Labor, November 2009. <<http://www.dol.gov/ebsa/newsroom/2009/09-1444-NAT.html>>.

Retirement Confidence

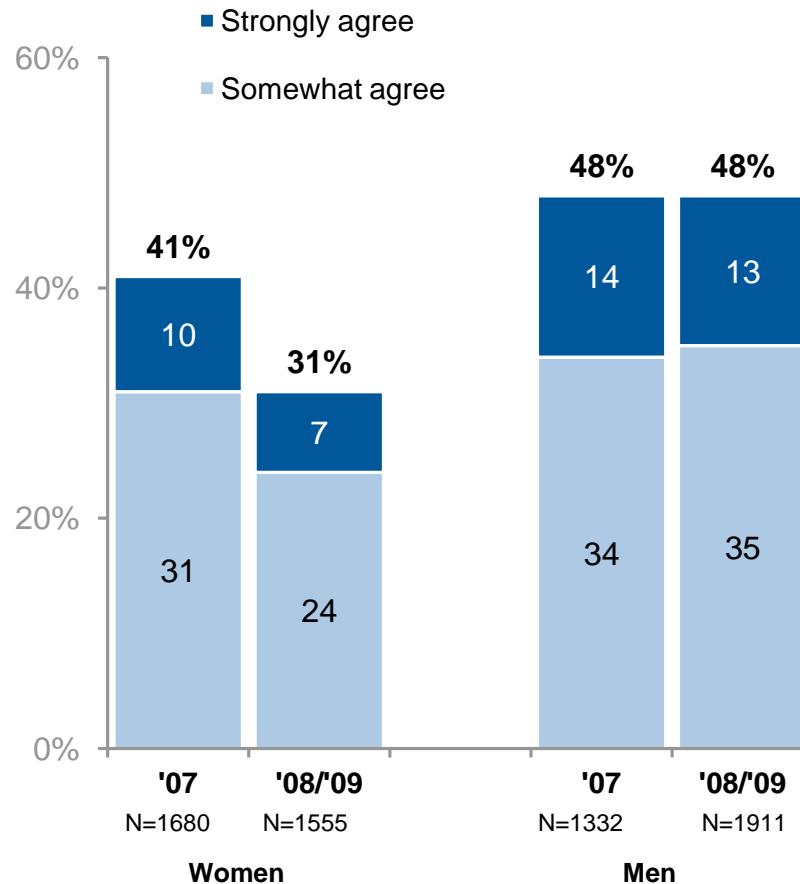
Only five percent of women state being “very confident” in being able to retire with a lifestyle they consider comfortable. Women’s confidence continues to be significantly lower than men’s confidence.



BASE: For Profit – Full and Part-time
Q880. How confident are you that you will be able to fully retire with a lifestyle you consider comfortable?

Building a Retirement Nest Egg

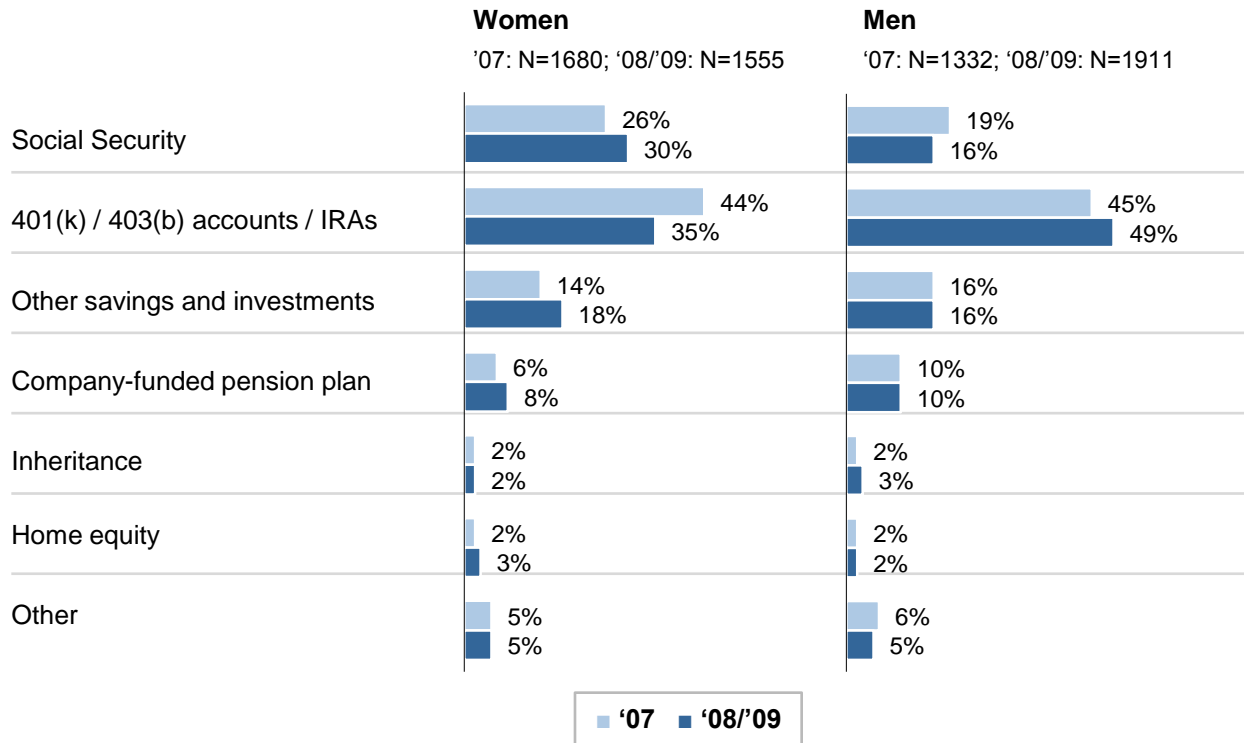
Only seven percent of women strongly agree that they are currently building a large enough retirement nest egg. The overall percentage of women who agree has decreased while the corresponding percentage of men has remained relatively unchanged.



BASE: For Profit – Full and Part-time
Q800. How much do you agree or disagree that you are currently building a large enough retirement nest egg?

Expected Primary Source of Income

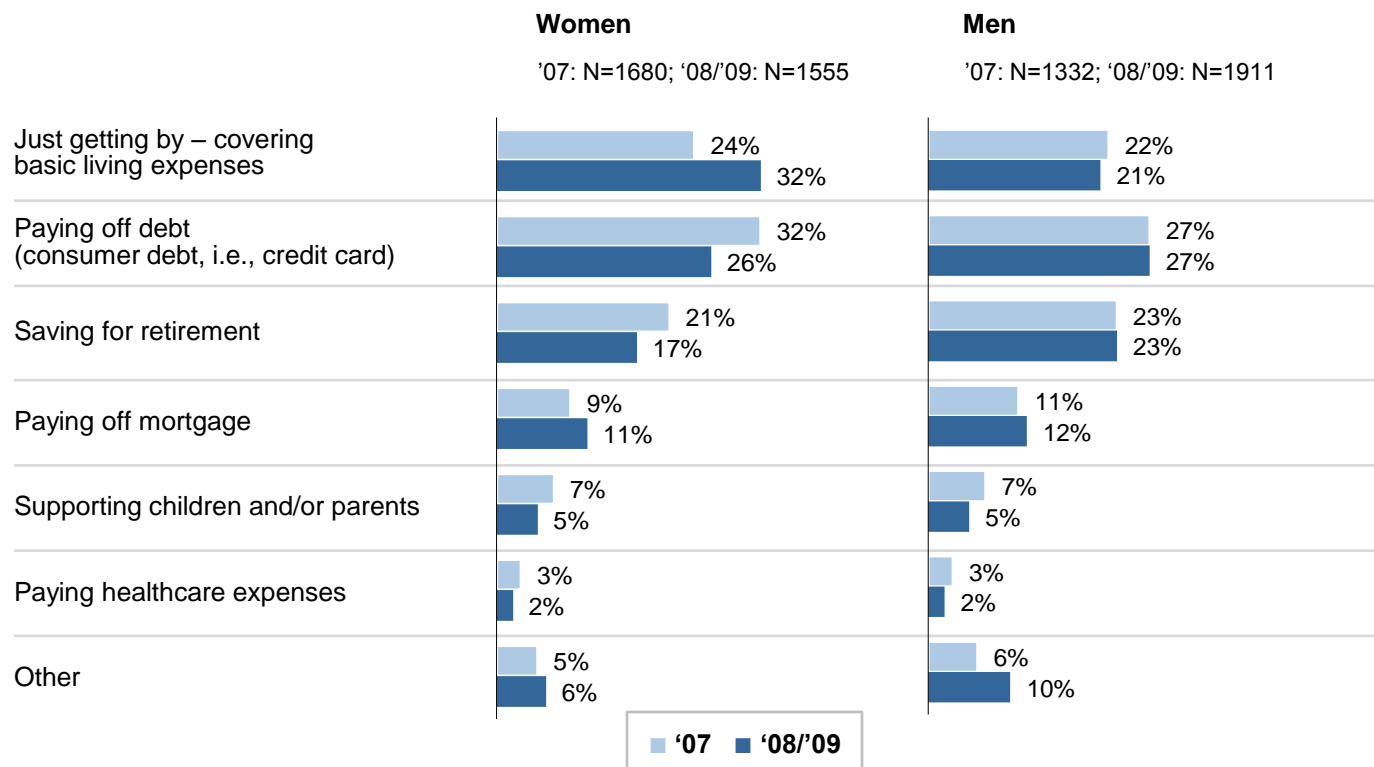
Women are now almost twice as likely as men to expect Social Security to be their primary source of income during retirement. The percentage of women expecting 401(k) and similar retirement plans to be their primary source of income has decreased while the corresponding percentage of men has increased.



BASE: For Profit, Full and Part-time
Q550. Which one of the following do you expect to be your primary source of income to cover your living expenses after you retire?

Greatest Financial Priority

The percentage of women who state their greatest financial priority as “just getting by” has increased and is significantly higher than the percentage of men stating the same priority. In light of these circumstances, the decrease in women stating “saving for retirement” is not surprising.



BASE: For Profit, Full and Part-time Q500. Which one of the following is your greatest financial priority right now?

Retirement Benefits Offered

The gap in retirement plan coverage between women and men has increased.

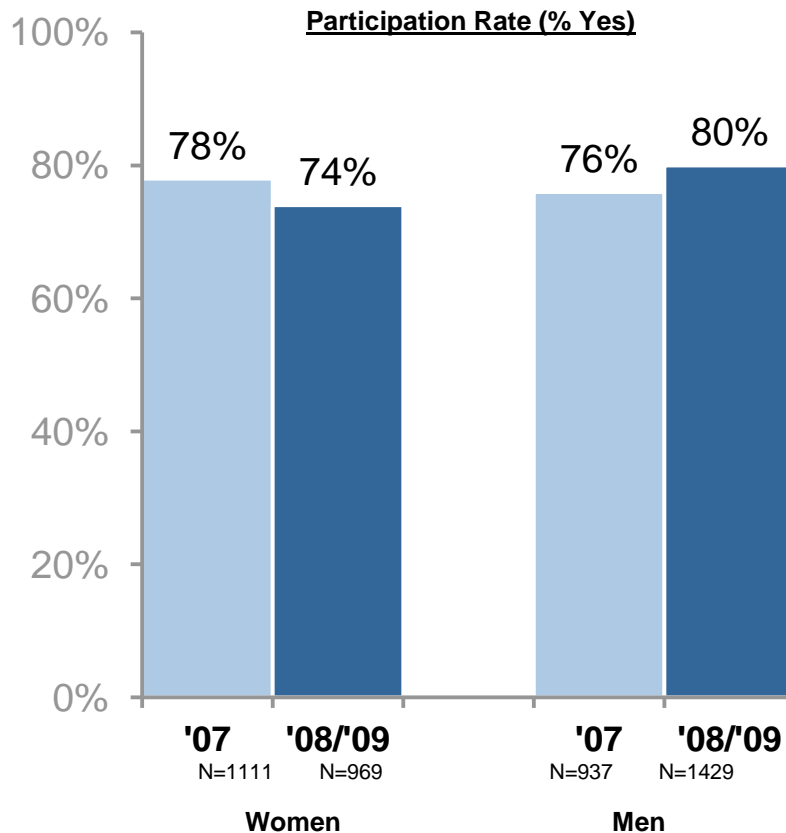
Q580 - Which of the following retirement benefits does your company offer?	WOMEN		MEN	
	2007	2008	2007	2008
	N=1680	N=1555	N=1332	N=1911
An employee-funded plan (net)	64%	63%	71%	75%
An employee-funded 401(k) plan	61%	60%	68%	71%
Other employee self-funded plan, such as SIMPLE, SEP, or other plans except 401(k)s	5%	6%	7%	6%
A company-funded, defined benefit pension plan	14%	13%	21%	20%
None of the above	34%	35%	24%	22%

BASE: For Profit – Full and Part-time

Q580. Which of the following retirement benefits does your company currently offer to you, personally? Select all that apply.

Participation and Contribution Rates

In a reversal from the last survey, the participation rate for women is lower than the corresponding rate for men. The participation rate for men has directionally increased.

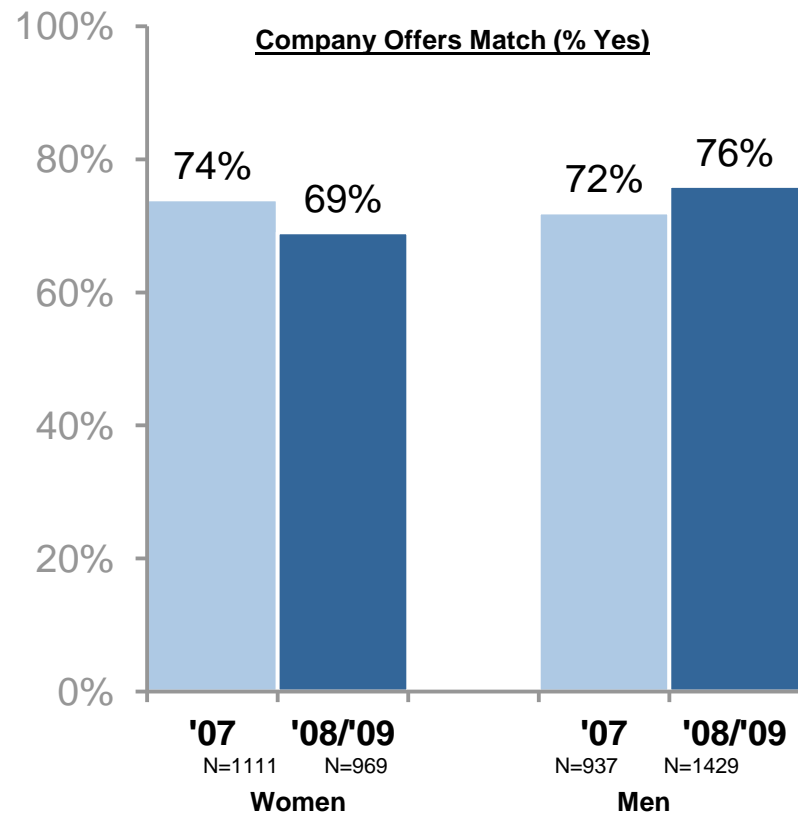


<u>Contribution Rate (Median)</u>		
	<u>2007</u>	<u>2008</u>
Women	8%	6%
Men	10%	8%

BASE: For Profit – Full and Part-time; Those with qualified plans currently offered to them
 Q590. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?

Company Match

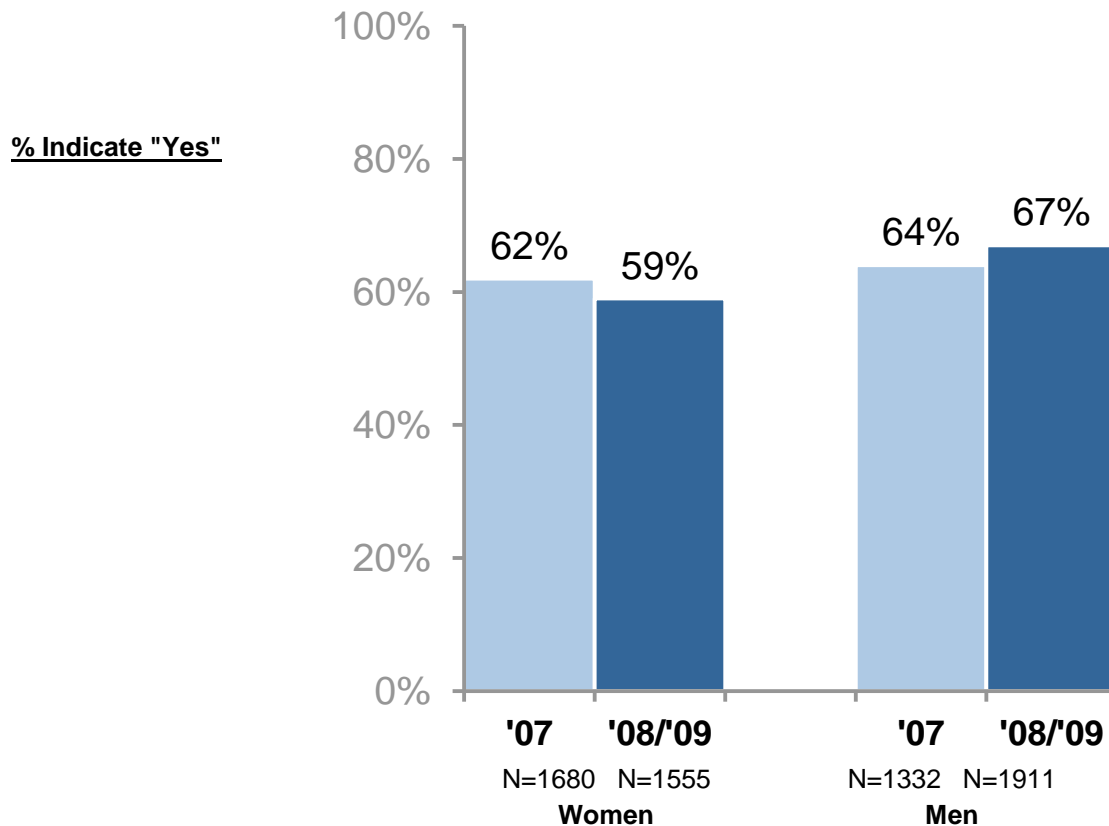
Women are less likely than men to state that their company offers a matching contribution. There is a directional decrease in the percentage of women who report receiving a match and a directional increase in the percentage of men receiving a match.



BASE: For Profit – Full and Part-time; Those with qualified plans currently offered to them
Q630. Does your company offer you, personally, a matching contribution as part of its 401(k)/403(b) or other company-sponsored retirement plan?

Saving for Retirement Outside of Work

The gap between women and men has increased as the percentage of women saving outside of work declined while the percentage of men increased.

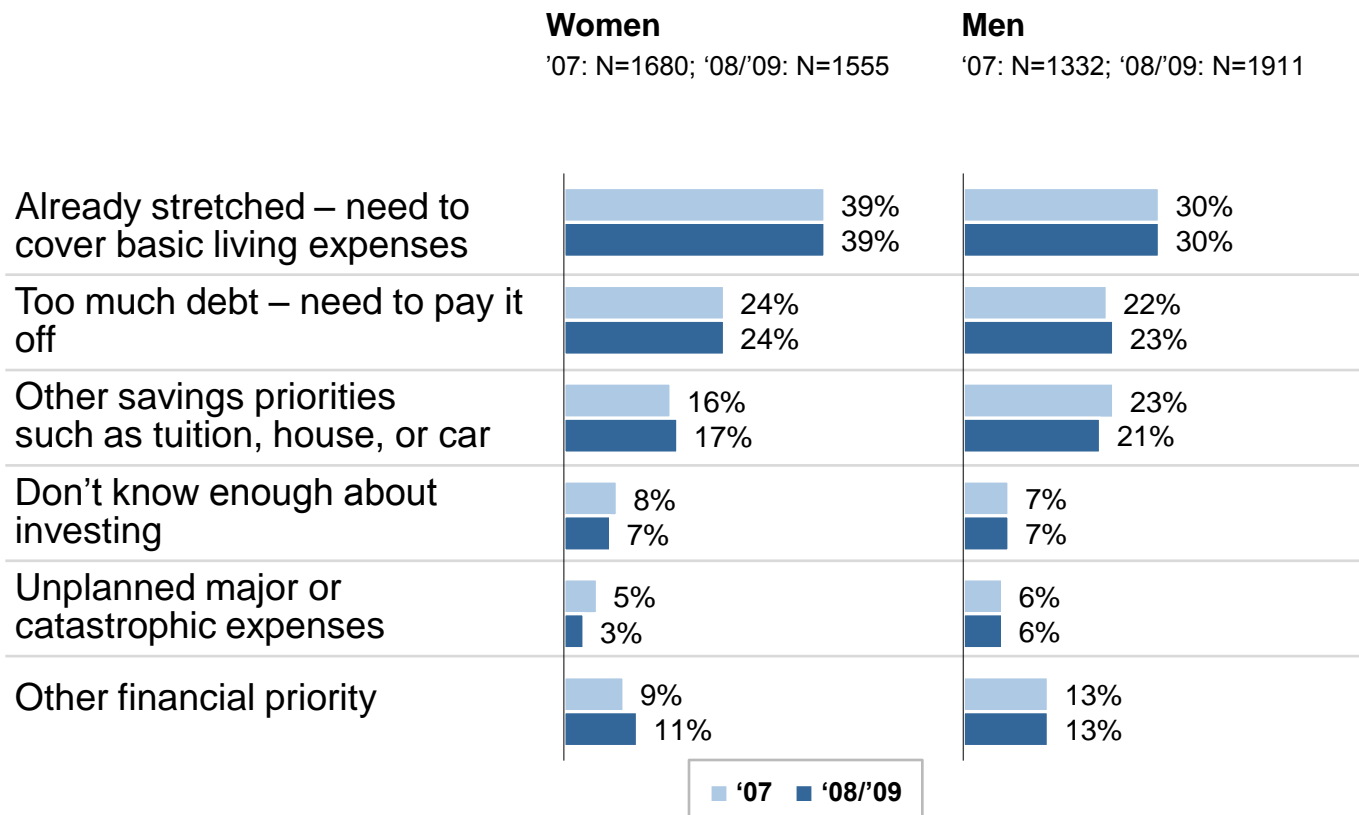


BASE: For Profit, Full and Part-time

Q740. Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.?

What Is Preventing You From Saving More?

Women are more likely than men to state “already stretched” as preventing them from saving more for retirement.



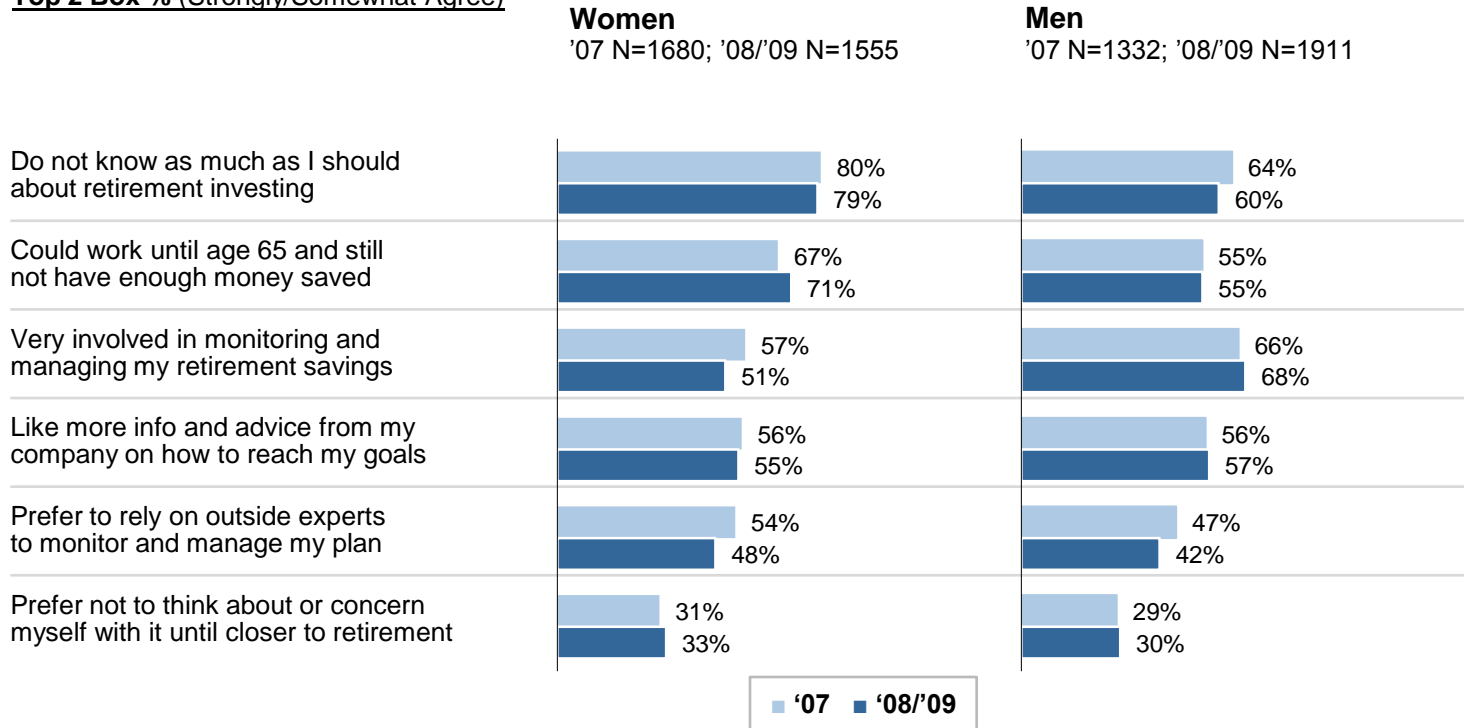
BASE: For Profit, Full and Part-time

Q810. What one factor or financial priority is most preventing you from saving more for your retirement?

Facing Retirement

Women are significantly more likely than men to agree with statements such as “not knowing as much as I should about retirement investing” and “possibly working until age 65 and not having enough money saved.” It is also important to note the decrease in the percentage of women who agree they are “very involved with their retirement savings.”

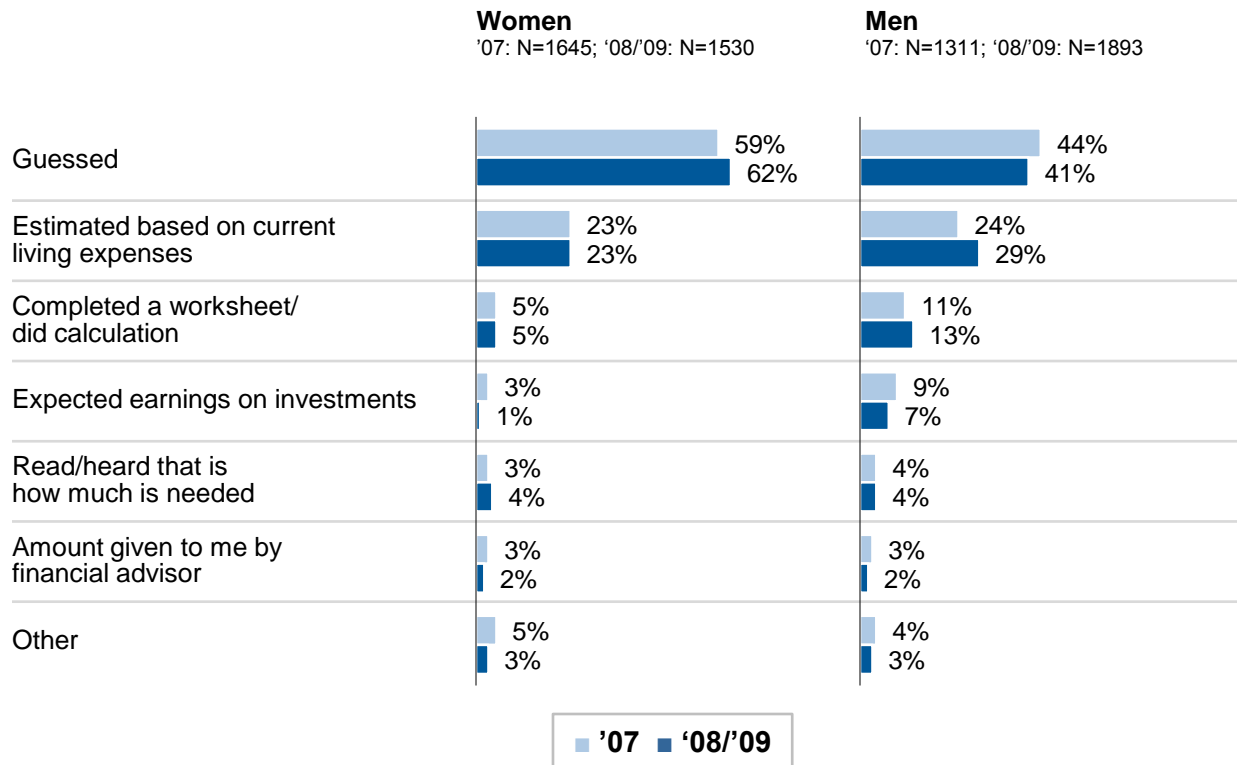
Top 2 Box % (Strongly/Somewhat Agree)



BASE: For Profit, Full and Part-time
 Q930. How much do you agree or disagree with each of the following statements regarding retirement investing?

Estimate of Retirement Savings Need

Women estimated needing only half as much savings as men in order to feel secure during retirement. Women are also more likely than men to guess at how much they think they will need to save for retirement.

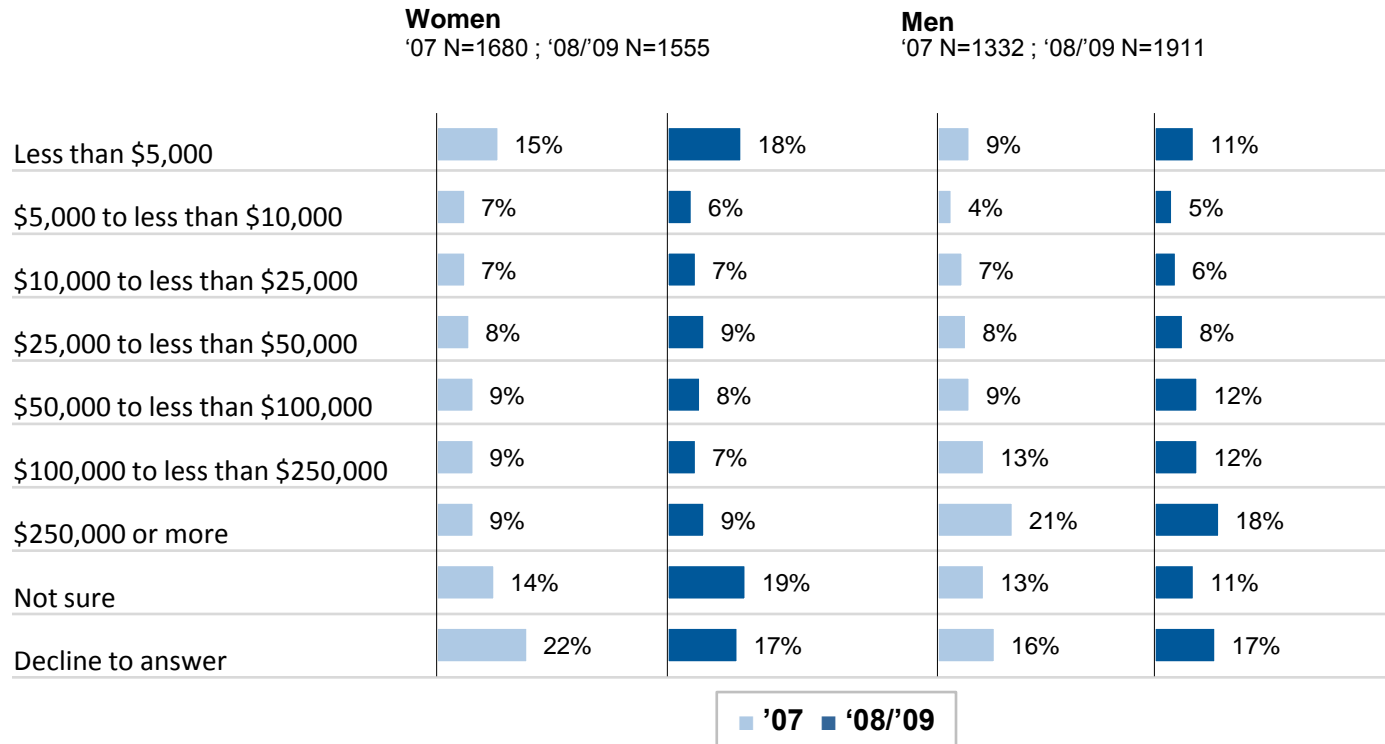


Estimate (Median)		
	2007	2008
Women	\$500K	\$500K
Men	\$1MM	\$1MM

BASE: All Respondents. Q890. Thinking in terms of what money can buy today, how much money do you believe you will need to have saved by the time you retire in order to feel financially secure?
 BASE: For Profit, Full and Part-time: Provided estimate of money needed
 Q900. How did you arrive at that number?

Retirement Account Balances

A new gap has emerged as a higher percentage of women reported being unsure about the balance of their household retirement savings. Women also continue to be more likely to have saved less than \$5,000 while men are twice as likely to report having saved at least \$250,000.

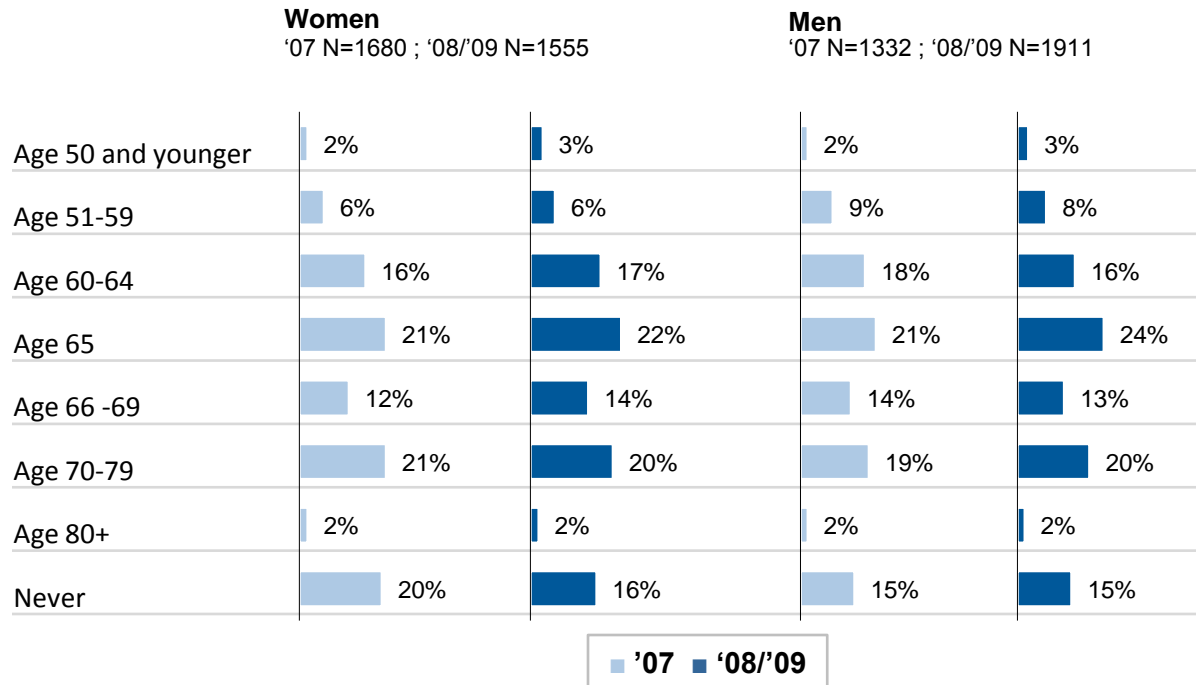


BASE: For Profit – Full & Part-time

Q5030 - Approximately how much money does your household have saved in all of your retirement accounts?

Expected Retirement Age

The median age that both women and men expect to retire remains unchanged at 65. While it may not be statistically significant, the percentage of women planning to retire has directionally increased.



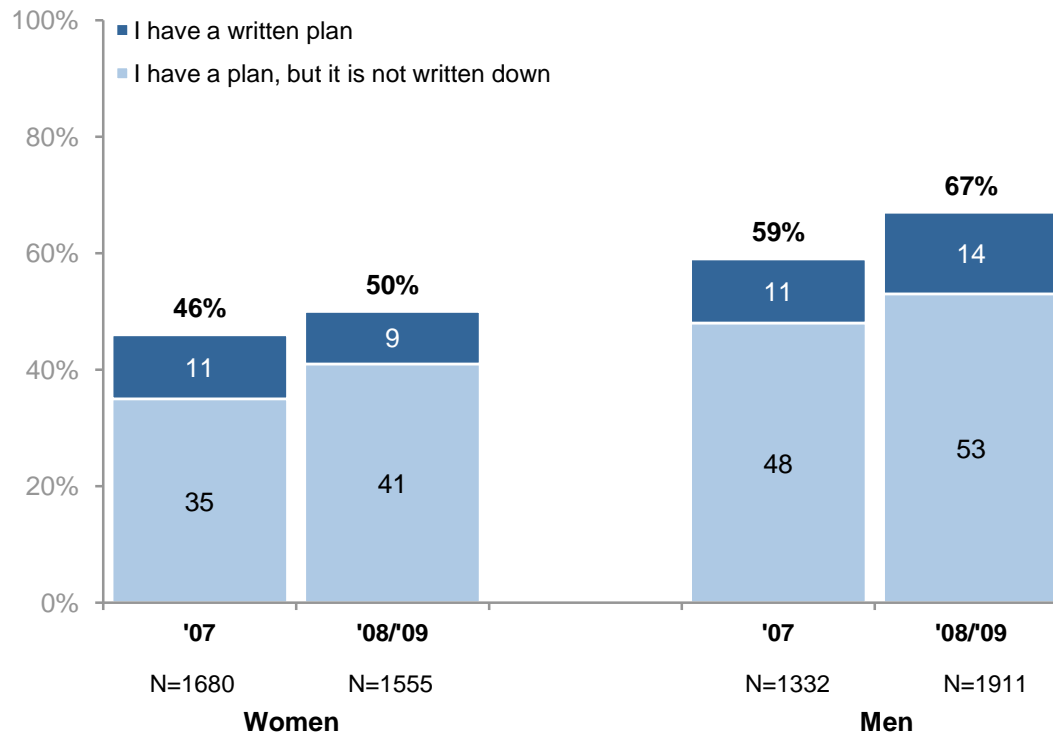
	<u>Median Age</u>	
	<u>2007</u>	<u>2008</u>
Women	65	65
Men	65	65

BASE: For Profit – Full & Part-time
Q0910 - At what age do you expect to retire?

Retirement Strategy

The percentage of women with a written plan decreased slightly. However, the percentage of men with a written plan increased, widening the gap between the groups.

% Indicate "Have Plan"



BASE: For Profit, Full and Part-time
Q555. Which of the following best describes your retirement strategy?

Conclusion

- Women face different life circumstances that present their own unique set of challenges when planning and saving for retirement. The recession has introduced more uncertainty.
 - Women tend to be less confident in being able to achieve a comfortable retirement.
 - Women are more likely to guess at how much they'll need to have saved by the time they retire in order to feel secure.
 - More women are unsure about the amount of their household retirement savings.
- There are plan options currently available that can be implemented in order to improve women's retirement security.
 - More companies should adopt retirement plans with automatic features to help expand coverage and increase participation rates.
 - As the economy improves, employers should consider reintroducing or increasing the company match. This will provide more incentives for women to participate; 71 percent of women believe that a matching contribution is "very important."

Conclusion

- The Department of Labor should ensure that workers have sufficient options and access to investment advice when it reintroduces the new rules in 2010.¹
 - A majority of women would like to receive more information and advice from their company on how to reach their retirement goals.
- Women, and workers in general, must also educate themselves on saving and investing for retirement.
 - A majority of women and workers still feel they “do not know as much as they should about retirement investing.”
- Women should consider the availability of retirement benefits in their job searches.

¹ “US Labor Department Withdraws Rules on Investment Advice.” U.S. Department of Labor, November 2009. <<http://www.dol.gov/ebsa/newsroom/2009/09-1444-NAT.html>>.

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