

Juggling Current Priorities and Long-Term Security: Every Woman Needs Her Own Retirement Strategy

Transamerica Study Finds Nearly Half of Women Lack Any Sort of Retirement Strategy

LOS ANGELES – March 5, 2013 – The Transamerica Center for Retirement Studies®, as part of its 13th *Annual Retirement Survey*, has uncovered the staggering truth that nearly half of women (48 percent) do not have any retirement strategy at all, despite the fact that 56 percent of women expect to self-fund their retirement through 401(k)s, retirement accounts, or other savings and investments. The Center’s latest study, ***Juggling Current Priorities and Long-Term Security: Every Woman Needs Her Own Retirement Strategy***, sheds light on women’s attitudes and behaviors related to saving and planning for retirement, and offers details about how they compare to their male counterparts.

“There is a striking disconnect among women between how they envision their retirement and how they are preparing to realize that vision,” said Catherine Collinson, president of the Transamerica Center for Retirement Studies. “Women face a number of unique circumstances, such as typically lower wages than men, time out of the workforce to be a parent or caregiver and a longer life expectancy, which present challenges for saving. As a society, we must do more to empower and equip women with the know-how to plan, save, and ultimately achieve a secure retirement.”

Today’s Working Woman: Her Views of Retirement

The study found that women’s retirement dreams include traveling, spending more time with family and friends, and pursuing hobbies; however, the majority of women (53 percent) plan to retire after age 65 or do not plan to retire. And the majority (53 percent) plan to continue working after they retire, including 45 percent of women who plan to work part-time and eight percent who plan to work full-time. Most of these women will do so for reasons related to income or health benefits.

Women’s expectations of delaying retirement and/or working in retirement illustrate a serious crisis of retirement confidence. More than half of women (54 percent) are “not too confident” or “not at all confident,” compared to only 44 percent of men who share that sentiment. Only seven percent of women are “very confident” in their ability to fully retire with a comfortable lifestyle.

Part of what may be fueling this lack of retirement confidence is a lifelong concern about taking care of family. Women most frequently cite their single greatest retirement fear (26 percent) as not being able to meet the financial needs of their family. More than one in four women (28 percent) expect to take time or have already taken time out of the workforce to act as caregiver for a child or aging parent. Of these caregivers, 73 percent believe that this time out will impact their ability to save for retirement. Further, many reported that their retirement may involve financial caregiving; one in three women (31 percent) expects that when they are retired, they will need to provide financial support for a family member other than their spouse.

Juggling Current Priorities and Long-Term Security

The study found that only one in five women (20 percent) said that “saving for retirement” is their greatest financial priority compared to the majority of women (55 percent) who are focused on current priorities such as paying off consumer debt (e.g., credit card) or just getting by to cover basic living expenses.

Often due to family responsibilities, women are far more likely to work part-time (45 percent) than men (24 percent). For women, working part-time translates into lower income and reduced access to benefits, including retirement benefits. Slightly more than half of women (58 percent) who work part-time reported having access to a 401(k) or similar plan, while the vast majority (83 percent) of women who work full-time have access to such a plan.

When women do have access to workplace retirement benefits such as 401(k)s, nearly three in four (74 percent) participate. Women's annual contribution rate, as a percentage of salary, is six percent (median), an amount that is likely insufficient for meeting long-term retirement needs. An alarming 22 percent of women are "not sure" how their savings are invested.

Three out of four women (75 percent) agree that they do not know as much as they should about retirement investing. "Despite unique challenges that women face, there are important opportunities within reach that can help them improve their retirement outlook, such as getting savvy about saving and investing," said Collinson.

Every Woman Needs Her Own Retirement Strategy

Slightly more than half of women (52 percent) said they have some form of retirement strategy. However, only 11 percent have a written strategy. Of the women who have a strategy, whether it is written or not, many are overlooking key elements that should be taken into account. Only two out of three women (65 percent) consider ongoing living expenses as part of this plan. And, fewer than one in four (24 percent) factored in costs associated with long-term care.

Statistically speaking, women live longer than men. This longer life expectancy means women need to save more for retirement to cover expenses ranging from cost of living and healthcare. However, women estimate they will need less savings (\$500,000 median) than men (\$750,000 median). Equally as concerning, the majority of women (56 percent) answered they had "guessed" when asked about how they arrived at their retirement savings needs.

Retirement clearly impacts families. However, fewer than one in 10 women (nine percent) frequently discuss saving and planning with family and friends. An open dialogue with trusted love ones about expectations of support should be part of every woman's strategy.

Among Baby Boomers, an alarmingly low percentage of women (20 percent) have a backup plan if retirement happens sooner than expected. "Life's unforeseen circumstances such as a job loss, health issues, or family obligations can derail the best of intentions," said Collinson. "Especially with so many women planning to delay retirement or continue working part-time in retirement, a backup plan is an essential part of a retirement strategy."

Helping Women Achieve Retirement Readiness

When asked what would motivate them to learn more about saving and investing for retirement, the majority of women (58 percent) would like educational materials that are easier to understand and/or a good starting point that is easy to understand.

Many women would like advice about their retirement savings, including 51 percent who seek advice but want to make their own decisions and 19 percent who want someone else to handle their retirement savings on their behalf; however, only 35 percent reported using a professional advisor.

This survey found that marriage positively influences the retirement outlook of both women and men. Married people tend to be more proactive in terms of saving, planning, and discussing retirement with family and friends. However, it's important to keep in mind that marital status can change – so it is vital that every woman and man have a strategy for retirement.

Seven Tips for Women to Improve Their Retirement Readiness

How each woman ultimately plans on spending her retirement is unique, but the tools to help attain retirement readiness are common to all, including:

1. Develop a retirement strategy and write it down.
2. Calculate your retirement savings needs – and save at a level to achieve those needs.
3. Consider retirement benefits as part of your total compensation. If your employer doesn't offer you a plan, ask for one.
4. If your employer offers a plan, participate and defer as much as you can.
5. Get educated about retirement investing. Seek professional assistance if needed.
6. Have a backup plan in the event you are unable to work before your planned retirement.
7. Talk about retirement with family and close friends. An open dialogue with trusted love ones about expectations of either needing to provide or receive financial support should be part of every woman's retirement strategy.

The study also outlines key steps that can be taken to help women capture a more secure retirement – steps that call for joint outreach efforts from the retirement industry (including retirement plan providers and advisors), employers, the media, policymakers, and other organizations that are dedicated to helping women achieve a financially secure retirement.

####

About Transamerica Center for Retirement Studies®

The Transamerica Center for Retirement Studies® (“The Center”) is a nonprofit, private foundation. The Center is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties. For more information about The Center, please refer to www.transamericainstitute.org.

About the 13th Annual Retirement Survey

This survey was conducted online within the United States by Harris Interactive on behalf of Transamerica Center for Retirement Studies® between January 13, 2012 and January 31, 2012 among 3,609 full-time and part-time workers including 1,818 women and 1,719 men. Potential respondents were targeted based on job title and full-time and part-time status. Respondents met the following criteria: U.S. residents, age 18 or older, full-time workers or part-time workers in for-profit companies, and employer size of 10 or more. Results were weighted as needed for the number of employees at companies in each employee size range. No estimates of theoretical sampling error can be calculated; a full methodology is available at www.transamericainstitute.org.

TCRS 1080-0313