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Transamerica Survey Reveals that Women's Retirement Security May Be at Risk

Los Angeles – April 20, 2005 –The sixth annual Transamerica Small Business Retirement Survey of employed adults shows that women in the United States are less prepared for retirement than men and face continuing challenges in planning for a financially secure future.

Despite similar participation rates between men and women in company-sponsored retirement plans, the survey found that female workers are less confident that they will be able to retire in a lifestyle they would consider comfortable and have less money saved for retirement compared to male workers (\$71,800 for female workers versus \$122,700 for male workers).

“Many women are suffering from a confidence crisis. They're much less likely than men to believe that their personal finances or the economy will improve in the next twelve months,” says Catherine Collinson, retirement and market trends expert for the Transamerica Center for Retirement Studies. “More than half of women surveyed believe that they could work until age 65 and still not have saved enough for retirement – and if they don't take action, they may be right.”

Women may be selling themselves short when it comes to retirement

Though women are less prepared for retirement than men, they feel just as strongly that a 401(k) plan is an important benefit. In fact, when asked to choose between excellent retirement benefits or a higher salary, women were more likely to choose the security of excellent retirement benefits.

While recognizing the importance of savings, women may not be taking full advantage of available savings vehicles. Although the survey results show that employed men and women started saving at the same age (27 was the median for both) and both participate in their company retirement plans at similar levels (76 percent of women and 75 percent of men), women lag behind men in several important areas:

- Women report contributing a median of 6 percent of their pay to their company-sponsored retirement account, compared to 7 percent for men.
- Women report spending just five hours per year monitoring and managing their retirement accounts, compared to 10 hours for men.
- Women report lower current retirement savings (\$71,800 for female workers versus \$122,700 for male workers).
- Women report not knowing as much as they should about retirement investing (80 percent for female worker versus 67 percent for male workers).

- Despite having increasingly longer life expectancies, women estimate that they will need to save an average of just \$639,000 to meet their retirement goals – one-third lower than men, who estimated they would need an average of \$941,000.

Unfortunately, in assessing their needs for retirement, women may not be taking into consideration the additional challenges they face when it comes to saving.

“Women statistically live longer than men, are more likely to take time off from their careers or work part-time, and often earn less, said Collinson. “These circumstances create added challenges for women when it comes to saving, planning for retirement and budgeting for post-retirement expenses.”

Small changes can yield big results

The good news for women – as well as men – is that small changes in their savings strategy can make a big difference in helping to meet retirement savings goals. For example, by saving an extra \$100 per month, a 30-year old worker could increase the size of his or her retirement nest egg by over \$200,000 at the age of 65.¹

At the same time, both men and women could benefit from more careful planning. According to the survey, about one-third (31 percent) of both men and women are guilty of basing their estimates on guesswork, rather than through a worksheet or calculator (12 percent) or with the help of an advisor (9 percent).

“Although saving and planning for retirement may seem daunting, it can be quite empowering,” concludes Collinson. “Women have the ability to positively influence their financial destinies. Timely actions taken today will ultimately enable women to achieve a more comfortable and secure retirement.”

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About the Transamerica Center for Retirement Studies

The Transamerica Center for Retirement Studies promotes knowledge and understanding of employer and employee-related retirement issues in the small to mid-size business community, ranging from emerging retirement trends to new legislation. Current and past surveys are available on the Center’s Web site at www.ta-retirement.com/thecenter.

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¹ Assumes 8 percent annual rate of return.

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About the survey

Harris Interactive[®] conducted the telephone survey conducted for the Transamerica Center for Retirement Studies between August 31 and October 6, 2004 among 601 U.S. business employers who have a role in decisions regarding employee benefits; of these employers 365 work for a small business (10-499 employees) and 236 work for a large business (500 or more employees). Also surveyed were 1,201 U.S. full-time business employees ages 18 and over of whom 666 work for a small business and 535 work for a large business. Employer data were weighted based on employee size distributions reported by Dun & Bradstreet within the 10-499 and 500+ employee ranges. The employee data were weighted by gender, age, education, ethnicity, region, household size and number of telephone lines in the household. Results from the employee sample were weighted to reflect the distributions of employees in U.S. firms of the target sizes. With a sample of this size, one can say with 90 percent certainty that the results for the employer sample have a sampling error of plus or minus 3.4 percentage points and plus or minus 2.4 percentage points for the employee sample results. Sampling error for sub-sample results of employed men (654) and women (547) is plus or minus 4 percentage points.