

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

13th Annual Transamerica Retirement Survey  
February 2013

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## About the Author

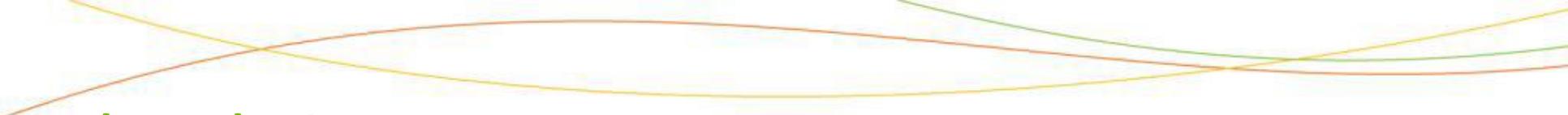
**Catherine Collinson** serves as President of the Transamerica Center for Retirement Studies®, a retirement and market trends expert and champion for Americans who are at risk for not achieving a financially secure retirement. Catherine oversees all research and outreach initiatives, including the Annual Transamerica Retirement Survey.

With over 15 years of retirement services experience, Catherine has become a nationally recognized voice on retirement trends for the industry. She has testified before Congress on matters related to employer-sponsored retirement plans among small businesses, which have featured the need to raise awareness of the Saver's Credit among those who would benefit most from the important tax credit. Catherine is regularly cited by top media outlets on retirement-related topics. Her expert commentary has appeared in major publications, including: The Wall Street Journal, U.S. News & World Report, USA Today, Money, The New York Times, The Huffington Post, Kiplinger's, CBS MoneyWatch, Los Angeles Times, Chicago Tribune, Employee Benefits News and HR Magazine. She has also appeared on PBS' "Nightly Business Report," NPR's "Marketplace" and CBS affiliates throughout the country. Catherine speaks at major industry conferences each year, having appeared at events hosted by organizations including PSCA, LIMRA and PLANSPONSOR. She also authors articles published in leading industry journals, such as ASPPA, SPARK and PSCA.

Catherine is currently employed by Transamerica Retirement Solutions and serves as Senior Vice President of Strategic Planning. Since joining the organization in 1995, she has been instrumental in identifying and evaluating short- and long-term strategic growth initiatives, developing business plans and building infrastructure to support the company's high-growth strategy.

## About the Center

- The Transamerica Center for Retirement Studies® (“The Center”) is a nonprofit, 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 1998, 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 Thirteenth Annual Retirement Survey for Transamerica Center for Retirement Studies. Transamerica Center for Retirement Studies is not affiliated with Harris Interactive.

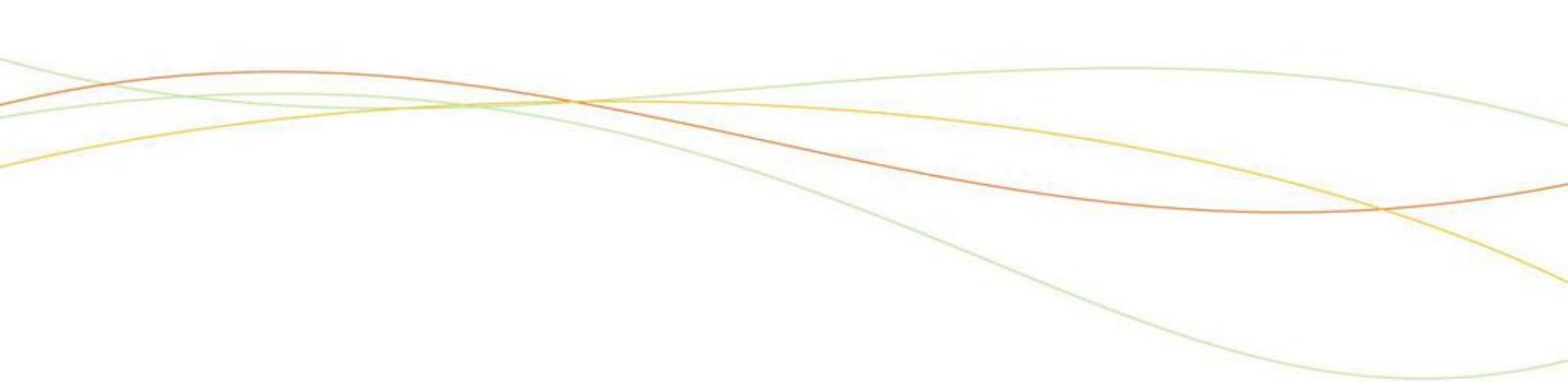
# Methodology

- A 22-minute, online survey was conducted between January 13 – 31, 2012 among a nationally representative sample of 3,609 workers, including 1,818 women and 1,791 men, using the Harris online panel. Respondents met the following criteria:
  - U.S. residents, age 18 or older
  - Full-time or part-time workers in a for-profit company employing 10 or more people
- 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 were rounded to the nearest whole percent. Differences in the sums of combined categories/answers were due to rounding.
- This report focuses on full-time and part-time workers combined.

# Terminology

*This report uses the following terminology:*

- Married (*married or civil union/domestic partnership*)
- Single (*single/never married or divorced/widowed/separated*)
  
- Generation X (*born 1965 to 1978*)
- Baby Boomer (*born 1946 to 1964*)



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

# Foreword

- Women's roles in society has continued to evolve at home and in the workforce over the decades. Women have made great strides in achieving higher levels of education, gaining opportunities in the workforce, and pursuing careers. Women also continue to play a vital role as mothers and caregivers. Although strides have been made, women continue to be at greater risk of not achieving a financially secure retirement than men.
- Key contributing factors why women are at greater risk:
  - Women are more likely than men to be single parents
  - Women are also more likely than men to take time out of the workforce to care for children and/or aging parents. Taking time out of the workforce means forgoing income and employee benefits such as health and retirement benefits
  - A high percentage of women work part-time and therefore do not have access to workplace retirement benefits
  - Women's annual income continues to lag behind men's – which leads to lower lifetime earnings, lower lifetime savings, and reduced Social Security benefits
  - Women have longer life expectancies and, therefore, greater savings needs
- Nearly seven years ago, the Transamerica Center for Retirement Studies® began publishing research reports and pursuing outreach campaigns regarding women as part of its annual retirement survey, with the goal of raising awareness of retirement risks that women face in order to help affect positive change.
- How can today's women juggle current priorities and long-term security? During the careful preparation of this report, it became increasingly clear that women can take charge of what is within their control and improve their retirement outlook – by getting more educated on the topic, discussing with family and close friends, and factoring finances into life's decisions.
- Every woman needs her own retirement strategy.

## Key Highlights

Based on findings from the 13<sup>th</sup> Annual Transamerica Retirement Survey, *Juggling Current Priorities and Long-Term Security: Every Woman Needs Her Own Retirement Strategy* sheds light on the retirement-related risks women face, as well as opportunities for improving their retirement preparedness. In addition, comparisons of women and men are featured in the *Detailed Findings* section of the report beginning on page 17.

### Today's Working Woman: Her Views of Retirement

- Although women's retirement dreams include traveling, spending more time with family and friends, and pursuing hobbies, many (41 percent) plan to work past age 70 or do not plan to retire at all. The majority of women (53 percent) plan to continue working after they retire, including 8 percent who plan to work full-time and 45 percent who plan to work part-time. Most plan to do so for reasons relating to income or health benefits. Only 7 percent of women are "very confident" that they will be able to fully retire with a comfortable lifestyle.
- The majority of women (56 percent) expect to self-fund their retirement through 401(k), 403(b) or similar accounts (42 percent) or other savings and investments (14 percent). One in three women (30 percent) expect to rely on Social Security as their primary source of income in retirement.
- In terms of taking on caregiving responsibilities, more than one in four women (28 percent) expect to take time or have already taken time out of the workforce to act as a caregiver for a child or aging parent and another 20 percent are "not sure." Of these caregivers, 73 percent believe that it will impact their ability to save for retirement and the size of their retirement nest egg.
- Women most frequently (26 percent) cite their single greatest retirement fear as not being able to meet the financial needs of their family. For many, retirement may involve financial caregiving: one in three women (31 percent) expect, when they are retired, that they will need to *provide* financial support for a family member.
- Despite having dreams, expectations, caregiver responsibilities, and fears, only 11 percent of women have a written retirement strategy. More women (41 percent) have a strategy but it is not written down. Nearly half of women (48 percent) do not have any strategy at all.

# Key Highlights

## Juggling Current Priorities and Long-Term Security

- When asked about their greatest financial priority right now, the majority of women (55 percent) are focused on current priorities such as paying off debt (consumer debt, e.g., credit card) or just getting by/covering basic living expenses. Only one in five women (20 percent) said “saving for retirement.”
- Women are far more likely to work part-time (45 percent) than men (24 percent) – often as a result of parental and/or caregiver responsibilities. Working part-time versus full-time translates to lower income and reduced access to benefits including an employer-sponsored retirement plan. Just over half of women who work part-time (58 percent) have access to a 401(k) or similar plan (e.g., SEP, SIMPLE, or other) compared to 83 percent of women who work full-time.
- Among all women who are offered a 401(k) or similar plan, nearly three in four (74 percent) participate in the plan. However, plan participation rates among women who work part-time (61 percent) are significantly lower than those who work full time (81 percent). Women’s annual contribution to their plans, as a percentage of salary, is 6 percent (median).
- From an investment perspective, women most frequently (42 percent) cite a relatively equal mix of stocks and conservative investments as their asset allocation. An alarming 22 percent of women are “not sure” how their savings are invested.
- While working longer and delaying retirement can be an effective way to help bridge a retirement savings shortfall, it’s vitally important to have a backup plan if forced into retirement sooner than expected (for example, due to a job loss, health issues, or family obligations). But among Baby Boomers, an alarmingly low percentage of women (20 percent) have a backup plan if forced into retirement sooner than expected.

# Key Highlights

## Every Woman Needs Her Own Retirement Strategy

- Of the women who have a retirement strategy, whether it is written down or not, when asked about what they've factored into their plans, two out of three (65 percent) factored in ongoing living expenses. All other key ingredients for a plan garnered response rates of less than 60 percent:
  - Relatively few women factored investment returns (39 percent), inflation (35 percent), or tax planning (20 percent).
  - Slightly over half (52 percent) factored healthcare costs and fewer than one in four (24 percent) factored long-term care insurance.
- Because life expectancies are higher for women than men, women need to save more for retirement, but women's estimated savings needs (\$500,000 median) are less than men's (\$750,000 median). More concerning, the majority of women (56 percent) answered they had "guessed" when asked about how they arrived at their retirement savings needs.
- 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 manage their savings on their behalf; however, only 35 percent reported using a professional advisor.
- Three out of four women (75 percent) agree that they do not know as much as they should about retirement investing; family and friends are the most frequently cited go-to source for information about retirement investing among women (40 percent), followed by a financial planner/broker (30 percent).

# Key Highlights

## Every Woman Needs Her Own Retirement Strategy (continued)

- Baby Boomer women need to have a better understanding of government retirement benefits including Social Security, and Medicare. Women of all ages should learn about the Saver's Credit, an important tax credit for eligible low- to moderate-income workers who save for retirement in a 401(k), 403(b), or IRA.
- Retirement impacts families, yet fewer than one in ten women (9 percent) frequently discuss saving and planning with family and friends. An open dialogue with trusted loved ones about expectations of support should be part of every woman's 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.
- When asked what the President and Congress can do to help Americans prepare for a financially secure retirement, fully funding Social Security garnered the most responses from women (58 percent) followed by providing tax credits to workers earning up to \$50,000 annually to make contributions to 401(k) or similar plans (49 percent), and encouraging 401(k) plans to pay benefits that guarantees retirees a set level of income regardless of how long they live (45 percent).

## Final Observation: The Marriage Factor

- How does marriage influence a woman's retirement readiness? The 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's vital that every woman and man have a strategy for retirement.

# Key Highlights

## Seven Tips for Women to Create a Retirement Strategy

How each woman ultimately plans on spending her retirement is unique, but the tools to help attain retirement readiness are common to all. Seven tips for women to create a retirement strategy:

- Develop a retirement strategy and write it down. Envision your future retirement, formulate a goal for how much you will need to save each year (be sure to include employer-sponsored retirement plans and outside savings), and factor in living expenses, healthcare needs, long-term care, and government benefits. In addition, when facing life's important decisions about whether to reduce work hours or take time out of the workforce to be a parent or caregiver, carefully consider the financial trade-offs and options to help mitigate the impact on long-term security.
- Calculate your retirement savings needs – and save at a level to achieve those needs.
- Consider retirement benefits as part of your total compensation. If your employer doesn't offer you a retirement plan, ask for one.
- If your employer offers a retirement plan, participate. Be sure that your annual salary deferral takes full advantage of employer matching contributions, if available. Contribute as much as you can. If you decide against maximizing annual salary deferrals in the plan, be sure to save for retirement outside of work. If age 50 or older, consider making Catch-Up Contributions.
- Get educated about retirement investing. Seek professional assistance if needed. Learn about Social Security and Medicare. Learn about possible ways to help make savings last longer including when to take withdrawals from retirement accounts to minimize taxes and penalties. Take advantage of the Saver's Credit if eligible.
- Have a backup plan in the event you are unable to work before your planned retirement. Identify potential cost-cutting lifestyle changes such as moving to a smaller home or taking on a roommate(s) and consider insurance products such as disability insurance and life insurance.
- Importantly, talk about retirement with family and close friends. An open dialogue with trusted loved ones about expectations of either needing to provide or receive financial support should be part of every woman's retirement strategy.

# Key Highlights

## Recommendations for Women's Outreach

An important starting point for helping women improve their retirement outlook is implementation outreach initiatives among 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. Key elements of outreach campaigns should consider:

- Escalate visibility of the gender-specific issues that many women face – and make it part of a prominent, ongoing conversation among women of all ages. Include factors such as:
  - Taking time out of the workforce to care for children and/or aging parents – which means forgoing income and employee benefits such as health and retirement benefits;
  - Working part-time without access to workplace retirement benefits;
  - Understanding that lower annual income leads to lower lifetime earnings, lower lifetime savings, and reduced Social Security benefits;
  - Living longer, and, therefore, greater savings needs.
- Provide education that's easy to understand – and offer a good starting point (e.g., an on-line calculator to estimate savings needs).
- Find new ways to reach women via channels where they may be most likely to be receptive:
  - Women's media and publications in which they are already engaged (e.g., popular websites, magazines, and talk shows);
  - Family, friends – and potential for social networking.
- Evaluate effectiveness of current positioning and messaging – and align with women's communication and educational needs.
- Promote the importance of evaluating available retirement benefits when considering employment opportunities.
- Promote existing tax incentives including the Saver's Credit.
- Identify and promote reputable, trustworthy go-to sources for women to seek education and advice.

# Key Highlights

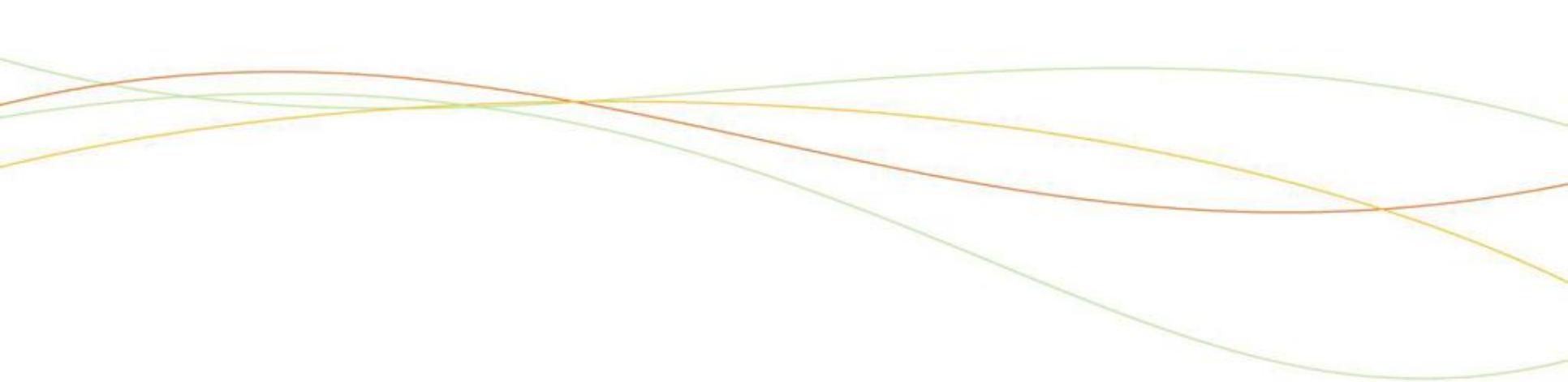
## Recommendations for the Retirement Industry and Policymakers

### *Recommendations for Employers (with their Retirement Plan Advisors and Providers)*

- Offer a retirement plan if not already in place. And, if in place, extend eligibility to all employees, including part-time employees.
- Proactively encourage participation in existing retirement plans. Consider adding automatic enrollment and automatic escalation features to increase participation rates and salary deferral rates.
- Assess educational offerings to determine whether they are meeting the needs of all employees, especially those employees who may find materials and concepts difficult to understand, and make changes accordingly. Ensure content is clear and easy to understand.
- Offer pre-retirees greater levels of assistance in planning their transition into retirement – including the need for a backup plan in case they find themselves retiring sooner than expected due to unforeseen circumstances.
- Promote awareness of the Saver's Credit and Catch-Up Contributions.

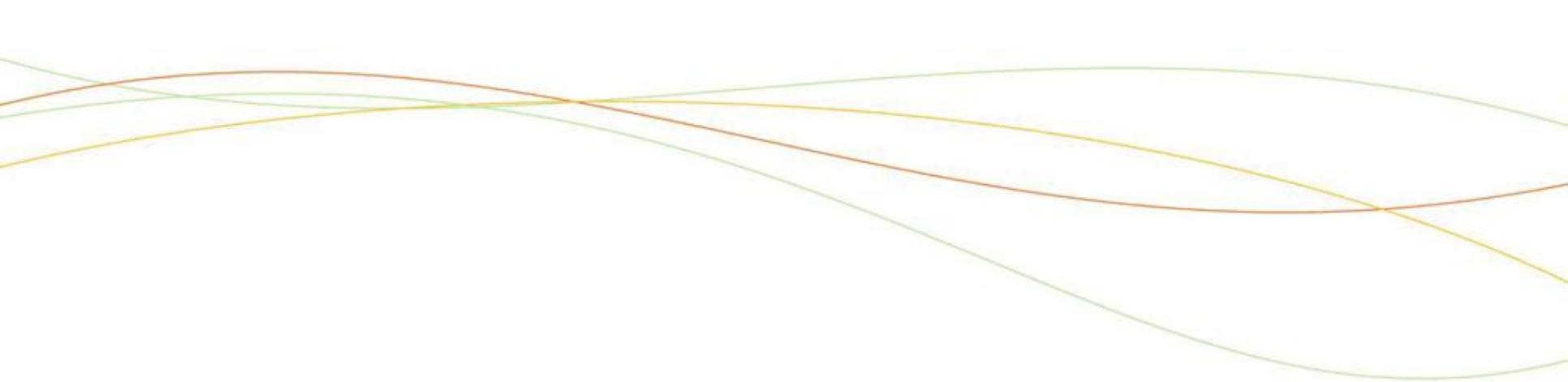
### *Recommendations for Policymakers*

- Pursue legislative and regulatory initiatives to expand qualified retirement plan coverage for all workers including part-time workers:
  - Implement reforms to multiple employer plans to facilitate the opportunity for small business employers to join existing plans to achieve economies of scale similar to large employers;
  - Expand the tax credit for employers to start a plan; and
  - Provide incentives to encourage plan sponsors to cover part-time workers as well as adopt a dual eligibility provision.
- Expand the Saver's Credit by raising the income eligibility requirements so that more tax filers are eligible.
- Increase workers' awareness of and ability to have their account distributed in a lifetime income stream (e.g., requiring plan statements to include estimated retirement income; facilitating the ability of plans to both offer an annuity as a distribution option and to have an in-plan annuity as an investment option).
- Target outreach campaigns to the demographic segments at greatest risk of retiring without adequate savings.
- Help workers ease their transition to retirement by facilitating phased retirement.



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

**Detailed Findings**

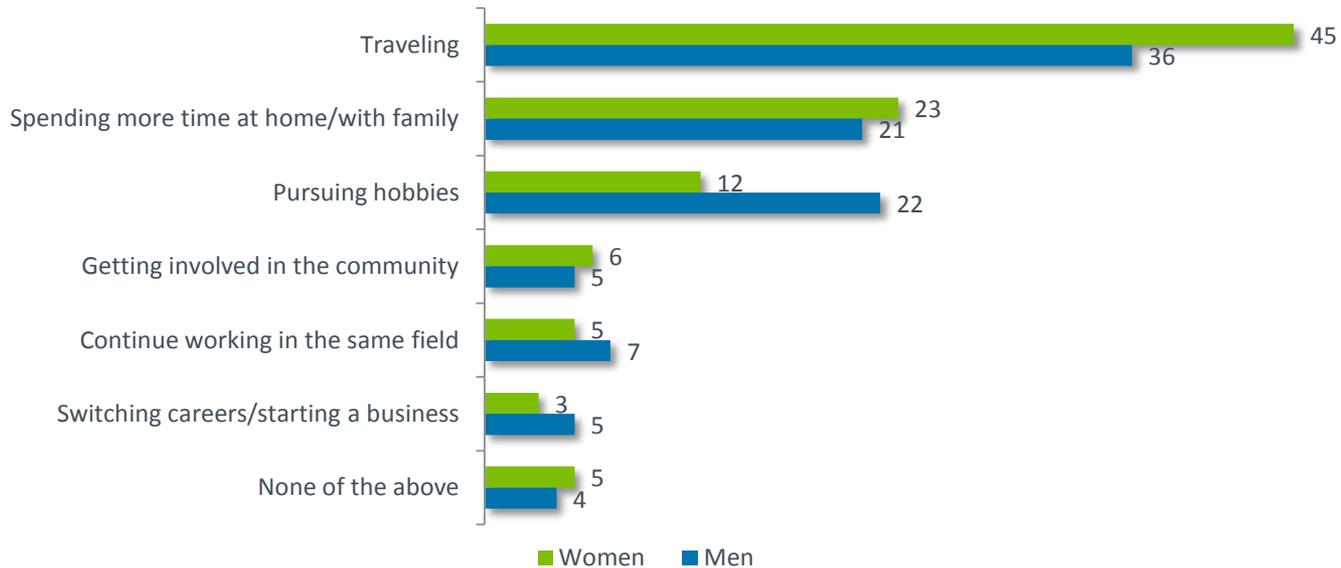


# Today's Working Woman: Her Views of Retirement

# Her Retirement Dreams

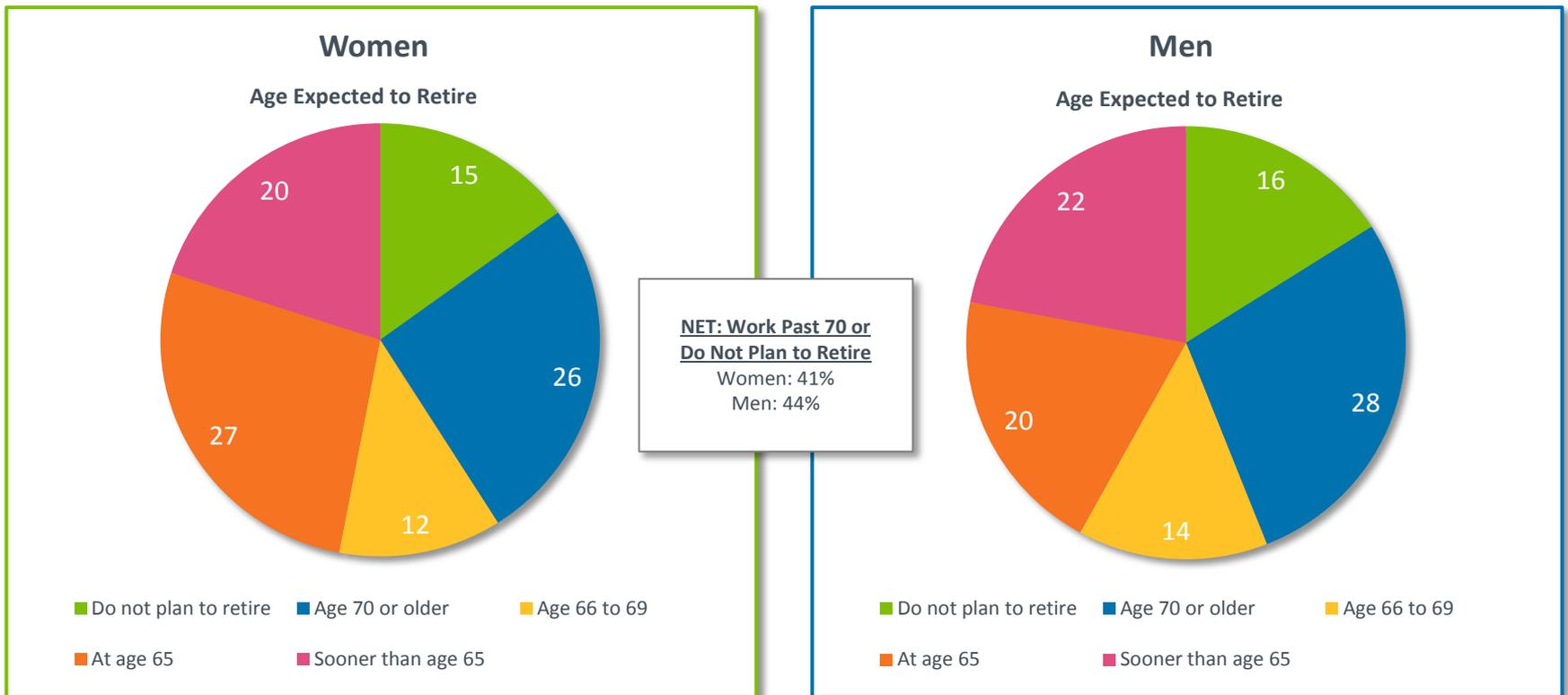
Traveling is the most frequently cited retirement dream for both women and men, but it is notably higher for women (45 percent) compared to men (36 percent). Spending more time at home with family garnered similar responses for both women (23 percent) and men (21 percent).

**How Do You Dream of Spending Your Retirement?**



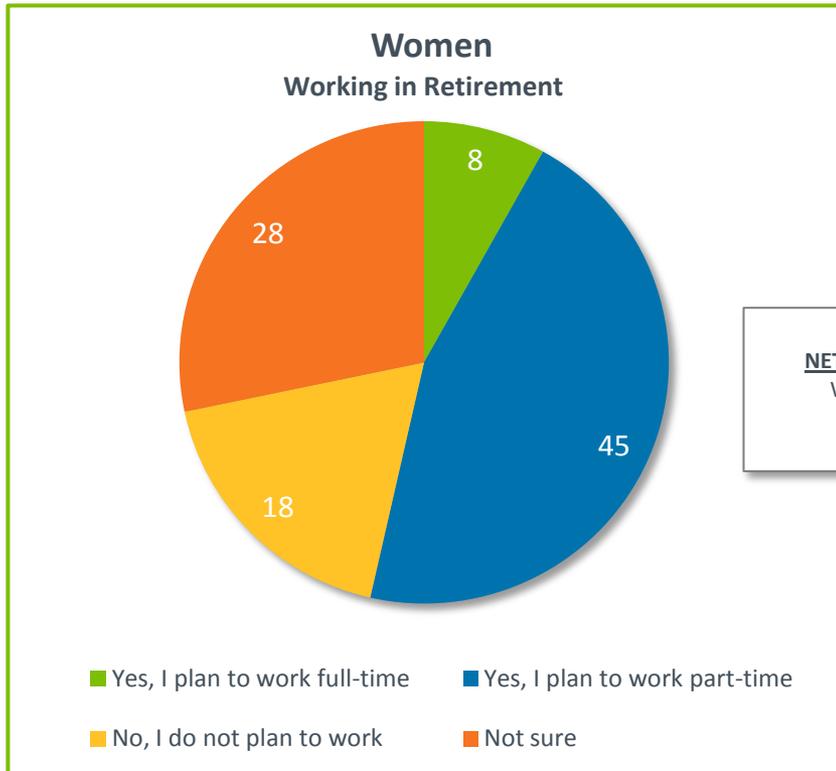
# Her Expected Retirement Age

Four in ten women (41 percent) expect to work past age 70 or do not plan to retire, a slightly smaller percentage than men (44 percent). More than one in four women (27 percent) expect to retire “at age 65.” One fifth women (20 percent) plan to retire before age 65.

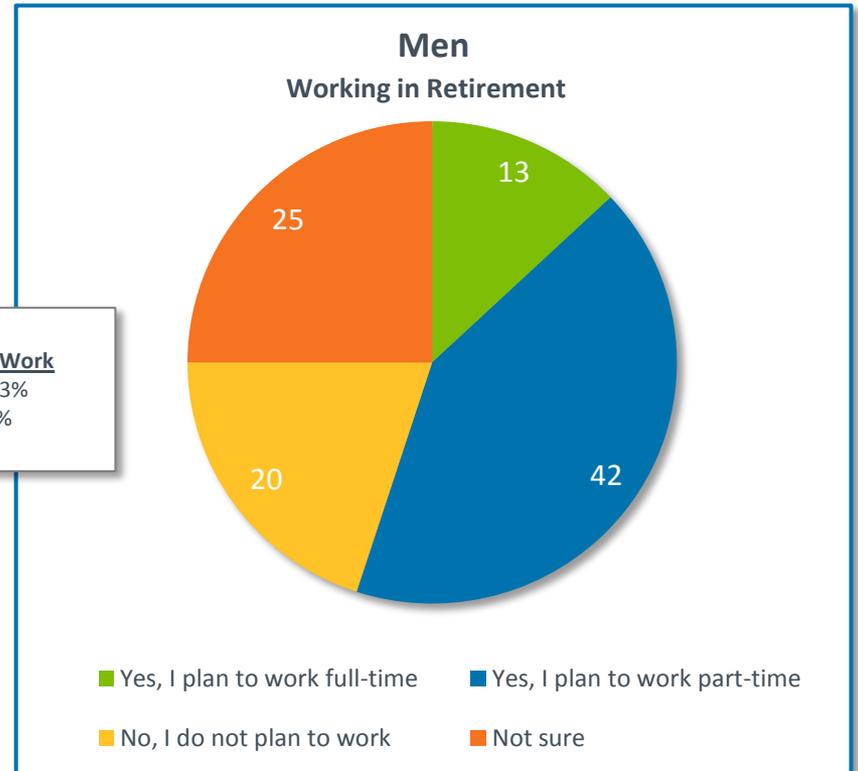


# Her Plans to Continue Working in Retirement

The majority of women (53 percent) plan to work after they retire, including 45 percent who plan to work part-time and 8 percent who plan to work full-time. A slightly higher percentage of men (55 percent) plan to work, including 42 percent who plan to part-time and 13 percent who plan to full-time. Working longer and delaying retirement is an important opportunity to bridge a savings shortfall, however, planning not to retire is a not a viable retirement strategy. It's important to have a backup plan if retirement comes sooner than expected due to life's unforeseen circumstances such as a job loss, health issues, or other family obligations.

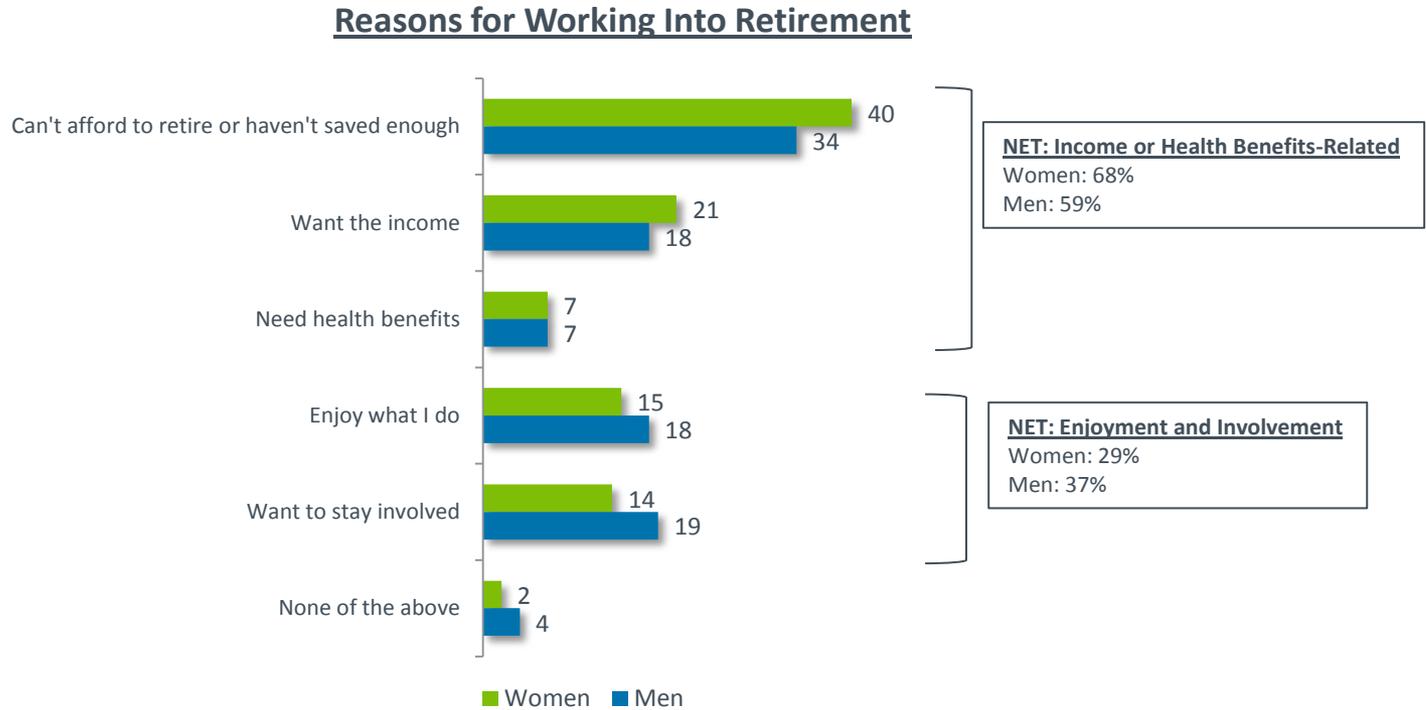


**NET: Plan to Work**  
Women: 53%  
Men: 55%



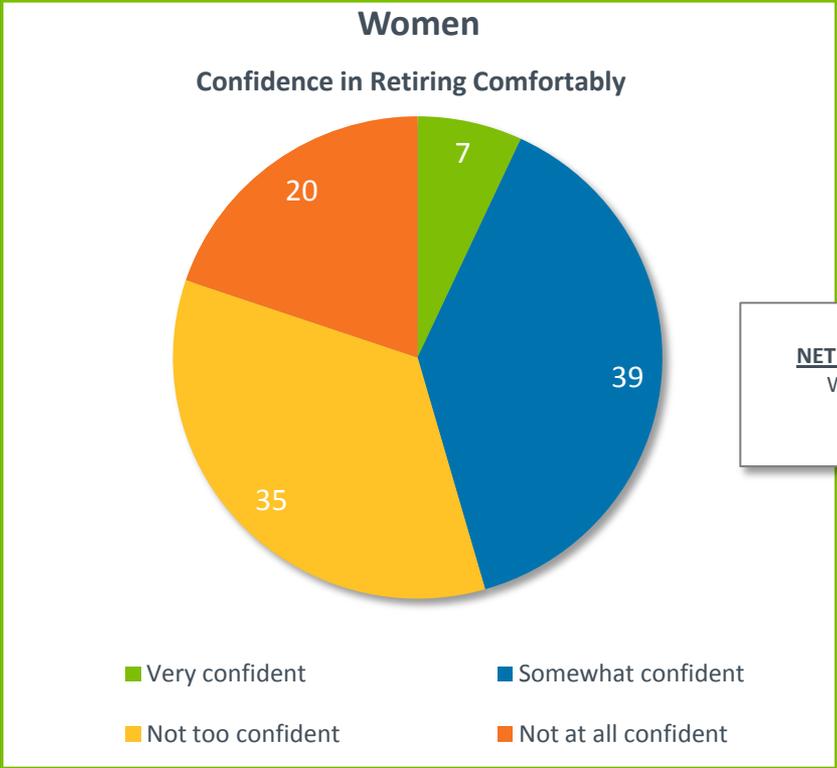
# Her Reasons For Working Into Retirement: Income & Benefits

Women (68 percent) are more likely to work in retirement for health benefits or income compared to men (59 percent). And, men (37 percent) are more likely to do so for enjoyment or professional involvement compared to women (29 percent).

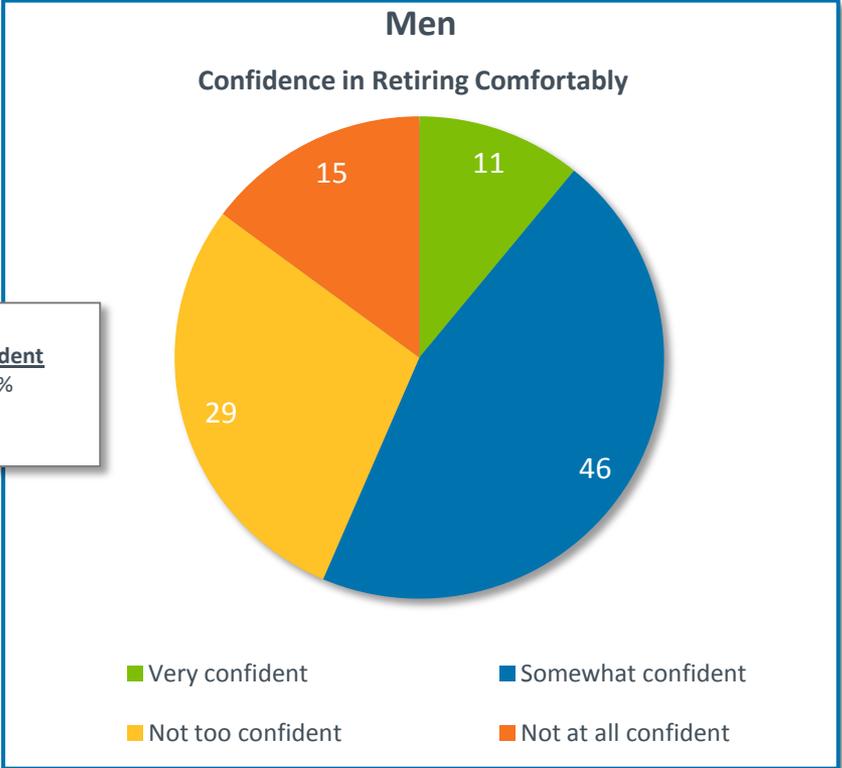


# Her Confidence (or Lack Thereof) in Retiring Comfortably

Only 7 percent of women are “very confident” in their ability to fully retire with a comfortable lifestyle, compared to 11 percent of men. More than half of women (55 percent) are “not too confident” or “not at all confident” compared to only 44 percent of men who share that sentiment.



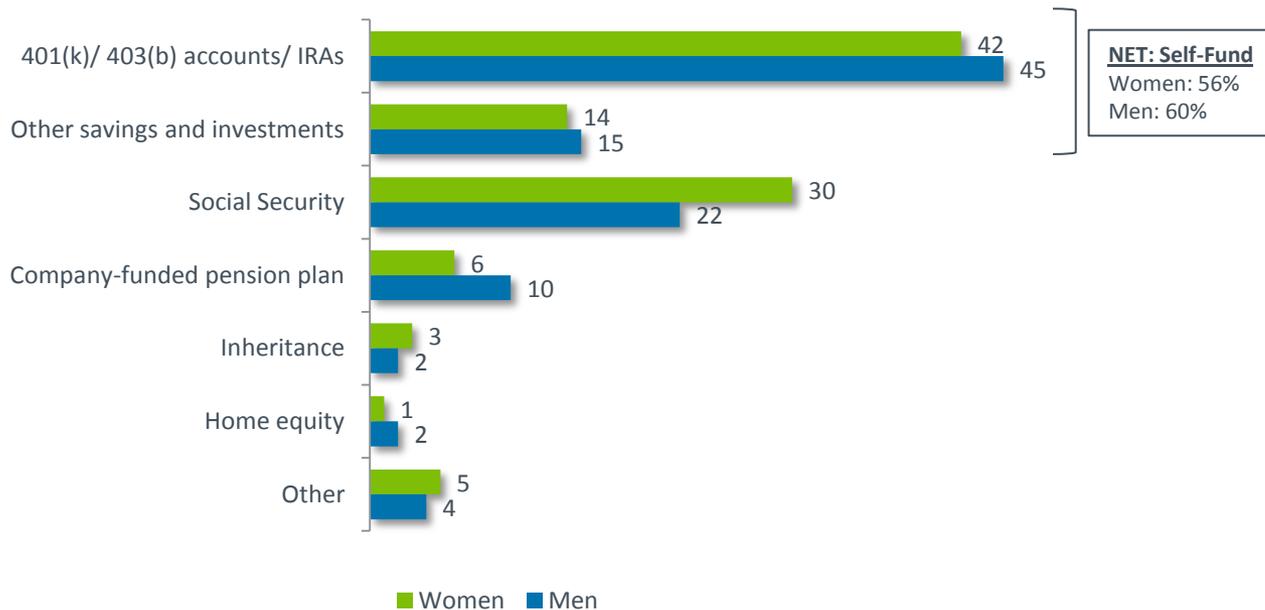
**NET: Not Confident**  
Women: 55%  
Men: 44%



# Her Primary Source of Retirement Income

The majority of women (56 percent) expect to self-fund their retirement through 401(k) or similar accounts (42 percent) or other savings and investments (14 percent). One in three women (30 percent) expect to rely on Social Security compared to only 22 percent of men. Only 6 percent of women expect a company-funded pension plan(s) to be their primary source of income in retirement.

**What Do You Expect to be Your Primary Source of Income in Retirement?**



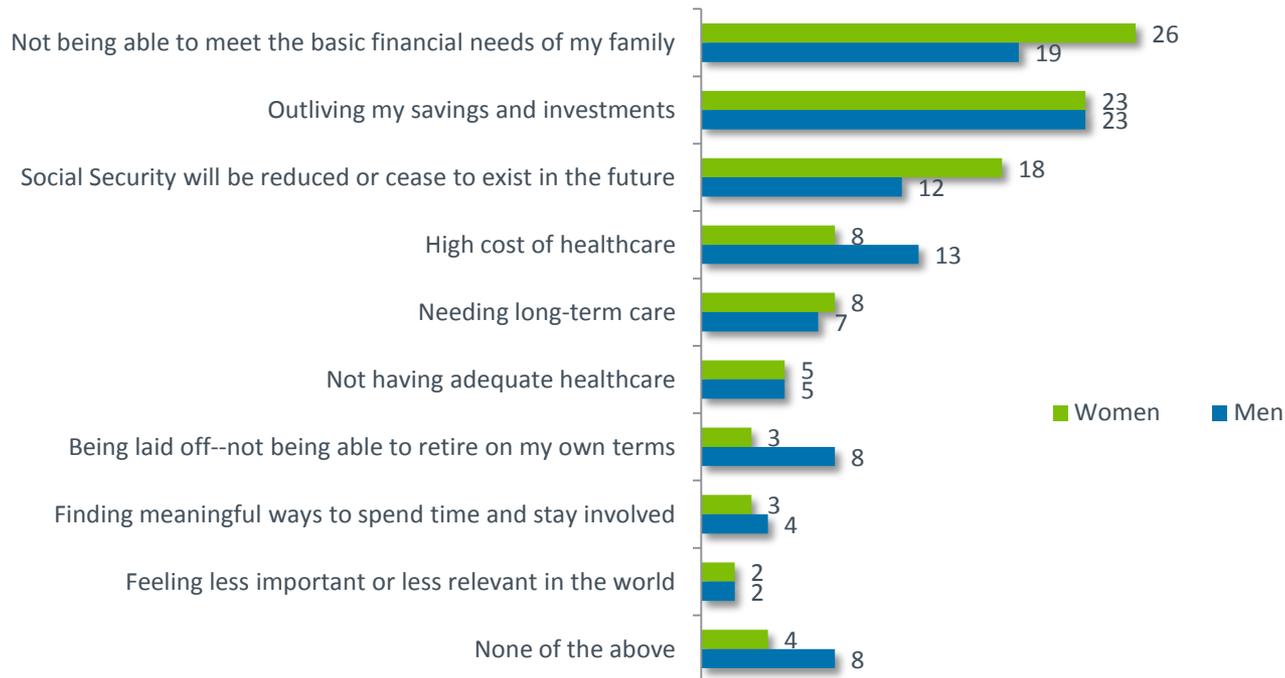
BASE: All Qualified Respondents

Q1150. Which one of the following do you expect to be your primary source of income to cover your living expenses after you retire?

# Her Greatest Fear About Retirement

The most frequently cited single greatest fear about retirement among women (26 percent) was not being able to meet their family’s basic financial needs, which received a lower response rate among men (19 percent). More women (18 percent) than men (12 percent) are afraid that Social Security will be reduced or cease to exist. An equal percentage, 23 percent, of women and men are afraid of outliving their savings and investments. More than twice as many men (8 percent) than women (3 percent) are afraid about losing their job.

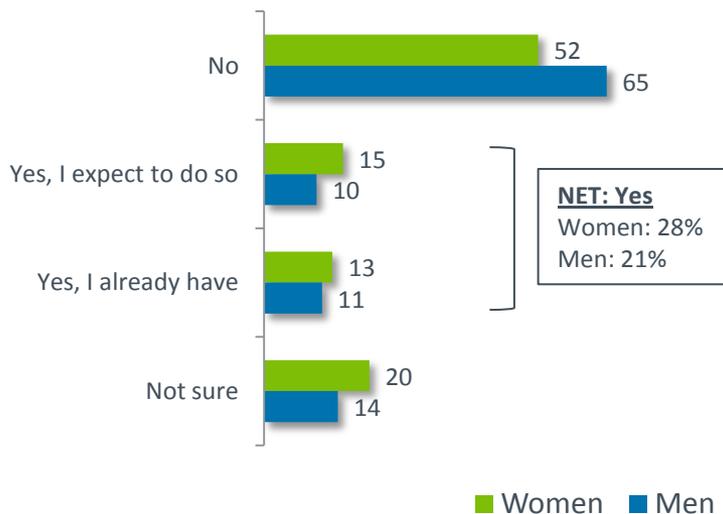
**Single Greatest Fear About Retirement**



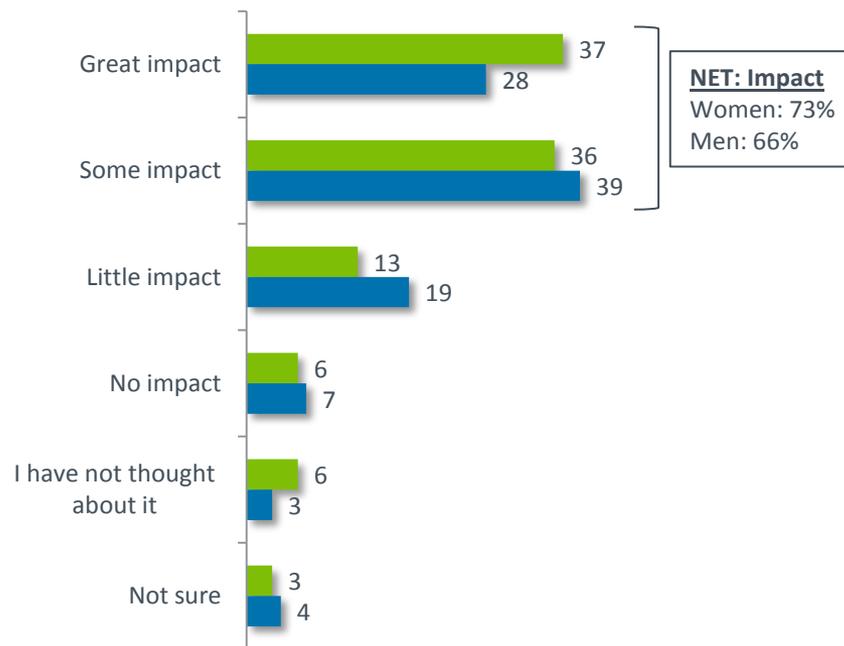
# Time Out for Caregiving Impacts Retirement Nest Eggs

More than one in four women (28 percent) expect to take time out of the workforce to act as a caregiver for a child or aging parent – and another 20 percent are “not sure.” Just over half of women (52 percent) do not plan to do so, a much lower percentage than men (65 percent). Of the women who plan to take time out of the workforce, 73 percent believe that it will negatively impact their ability to save for retirement and, ultimately, the size of their retirement nest egg.

**Taking Time Out of the Workforce to Act as a Caregiver**



**Impact of Time Out on Retirement Nest Egg**



BASE: All Qualified Respondents

Q2500. Have you or do you expect to take time out of the workforce to act as a caregiver, e.g., for a child or an aging parent?

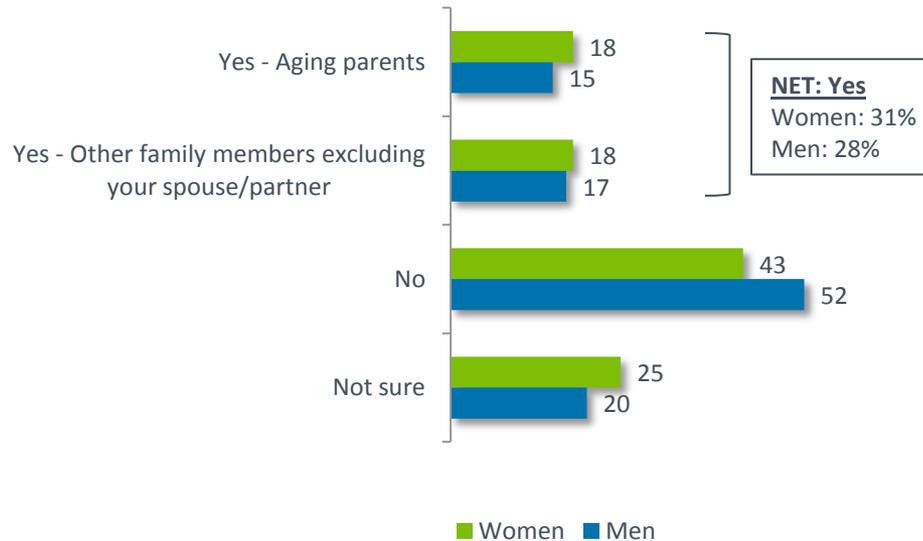
BASE: Expect To Or Have Taken Time Out Of Workforce As Caregiver

Q2505. When deciding to take time out of the workforce, how much do you think it may have on your ability to save for retirement and size of your nest egg at retirement age?

# Women as Financial Caregivers in Retirement

For many women, retirement may involve financial caregiving: one in three women (31 percent) expect to *provide* financial support for aging parents or another family member (other than spouse/partner) and another 25 percent are “not sure.” Fewer than half of women (43 percent) do not expect that they will need to do so, compared to 52 percent of men.

## Provide Financial Support for Family

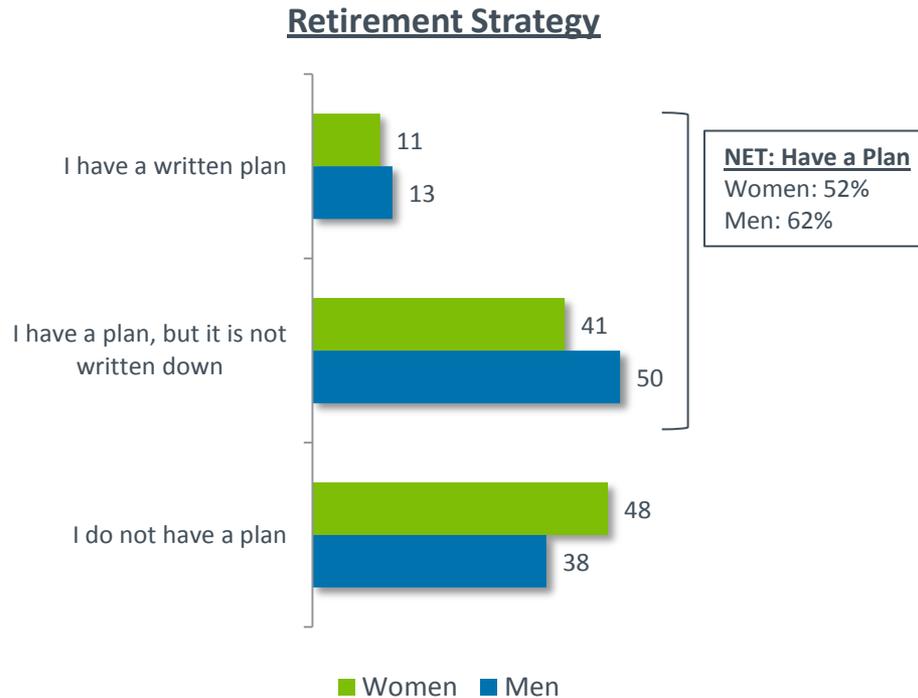


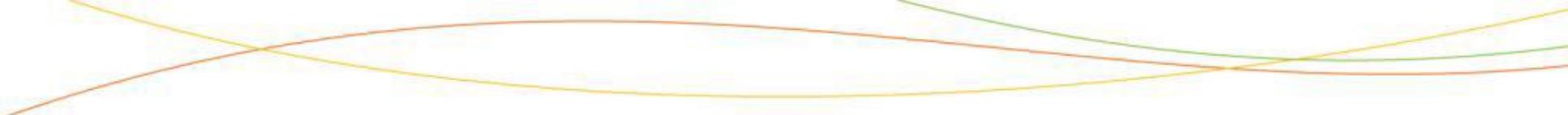
BASE: All Qualified Respondents

Q1506. Do you expect that you will need to provide financial support for your family (other than your spouse/partner) while you are retired?

# Every Woman Needs Her Own Retirement Strategy

Despite having dreams, expectations, caregiver responsibilities, and fears, only 11 percent of women have a written retirement strategy. Another 41 percent of women have a plan but it is not written down. Nearly half of women (48 percent) do not have any strategy at all. Every woman needs her own retirement strategy.

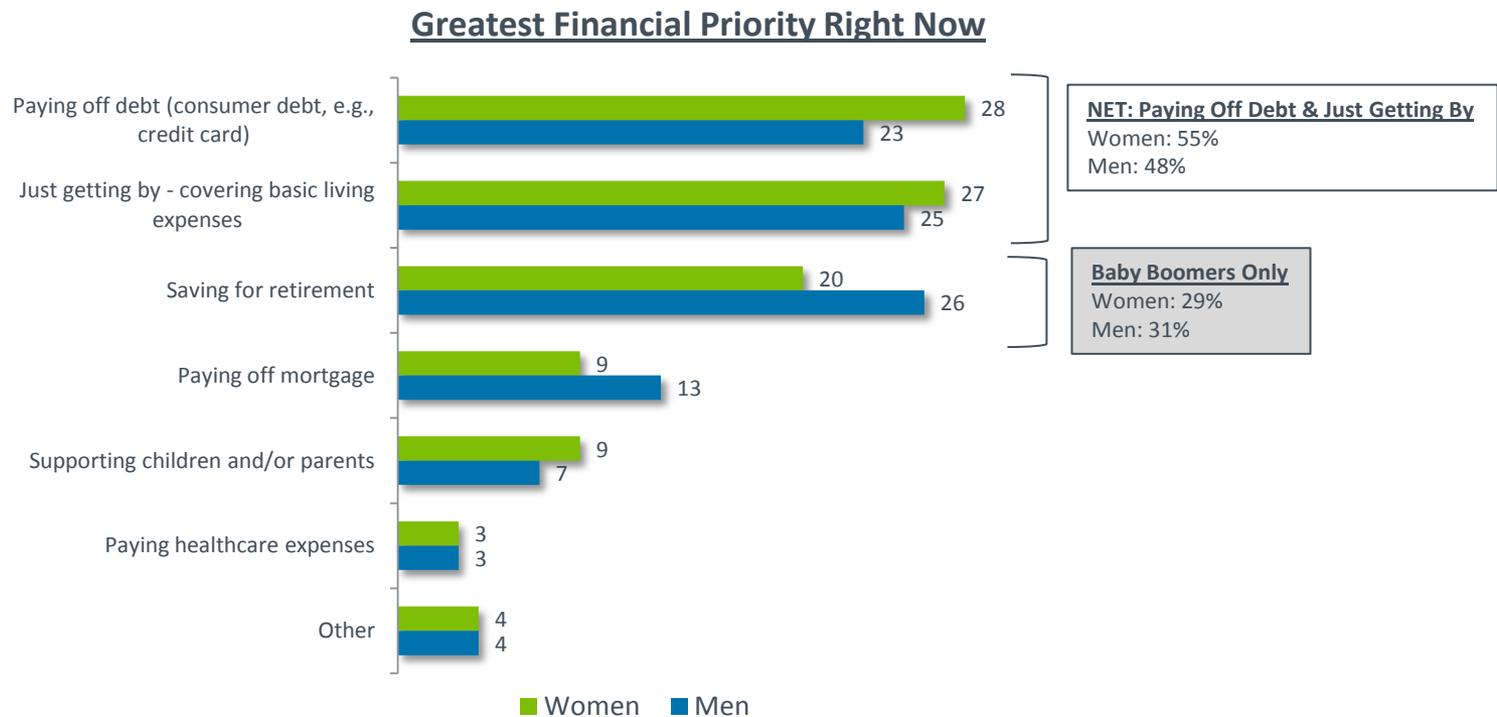




## **Juggling Current Needs and Long-Term Security**

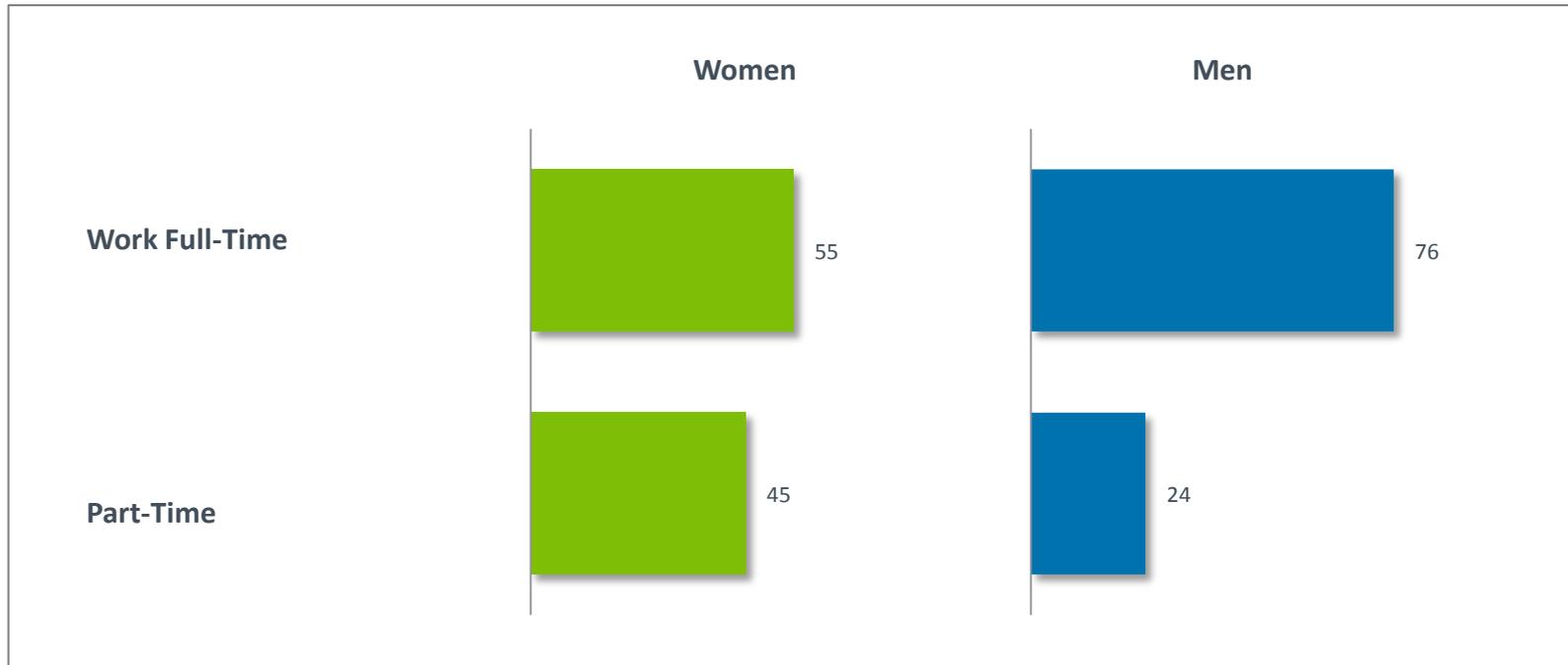
# The Challenge: Current Needs vs. Saving for Retirement

In terms of their greatest financial priority right now, the majority of women (55 percent) are focused on paying off debt (consumer debt, e.g., credit card) or just getting by—covering basic living expenses. Only 20 percent of women cite “saving for retirement” as their greatest financial priority right now; a higher percentage, nearly one in three Baby Boomer women (29 percent) reported this as their top priority.



## Many Women Work Part-Time

It is widely documented that women are more likely to work part-time than men – often because of parental and/or caregiver responsibilities. The 13<sup>th</sup> Annual Transamerica Retirement Survey found that 45 percent of women work part-time compared to only 24 percent of men. The greater prevalence of women part-time workers translates to a lower wage base for them and, moreover, a lesser likelihood of access to important employee benefits such as healthcare and retirement plans.



# Women Less Likely to Be Offered Workplace Retirement Benefits

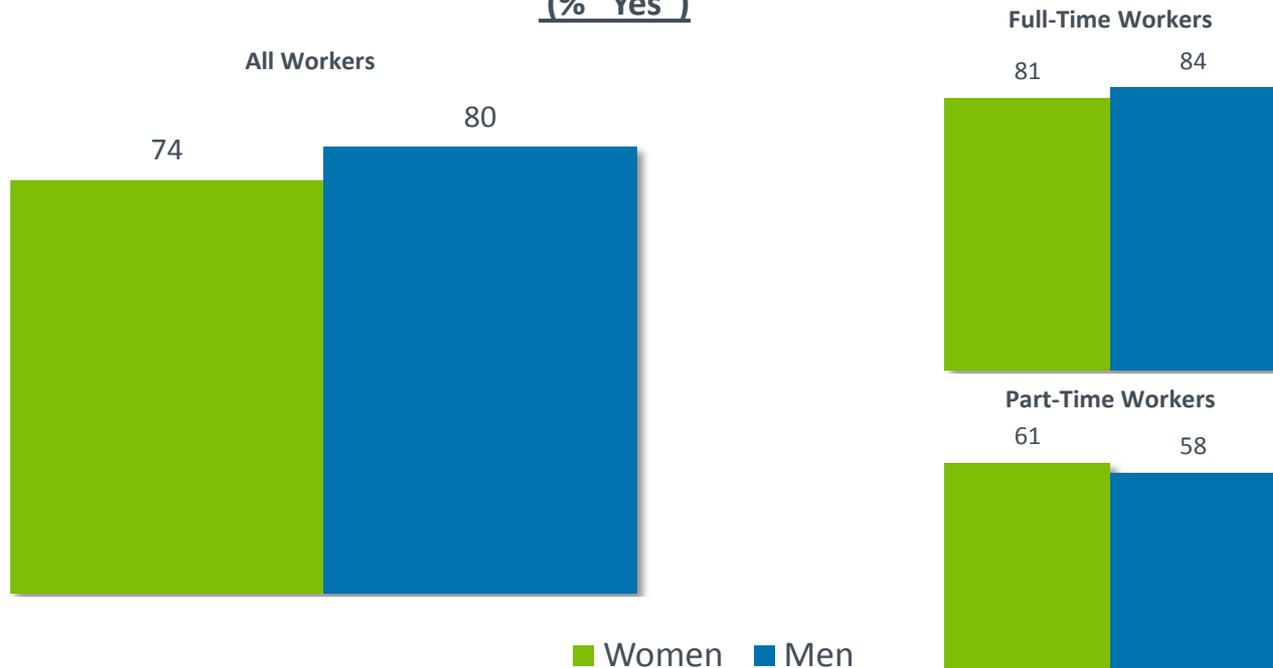
Women are less likely than men to be offered retirement benefits in the workplace, a statistic which is strongly influenced by the high percentage of women who work part-time (page 31). For those who work full-time, access to an employee-funded plan (i.e., 401(k) or other) is similar among women (83 percent) and men (86 percent).



## Participation in 401(k) or Similar Plan

Of the women who are offered a 401(k) or similar plan, nearly three in four participate (74 percent) in the plan, a rate which lags behind that of men (80 percent). A closer look at the statistics by employment status reveals that participation rates between full-time working women (81 percent) are only slightly lower than for men (84 percent) – and part-time working women (61 percent) reported a slightly higher participation rate than that of men (58 percent).

### Participate in Company's Employee-Funded Retirement Savings Plan (% "Yes")

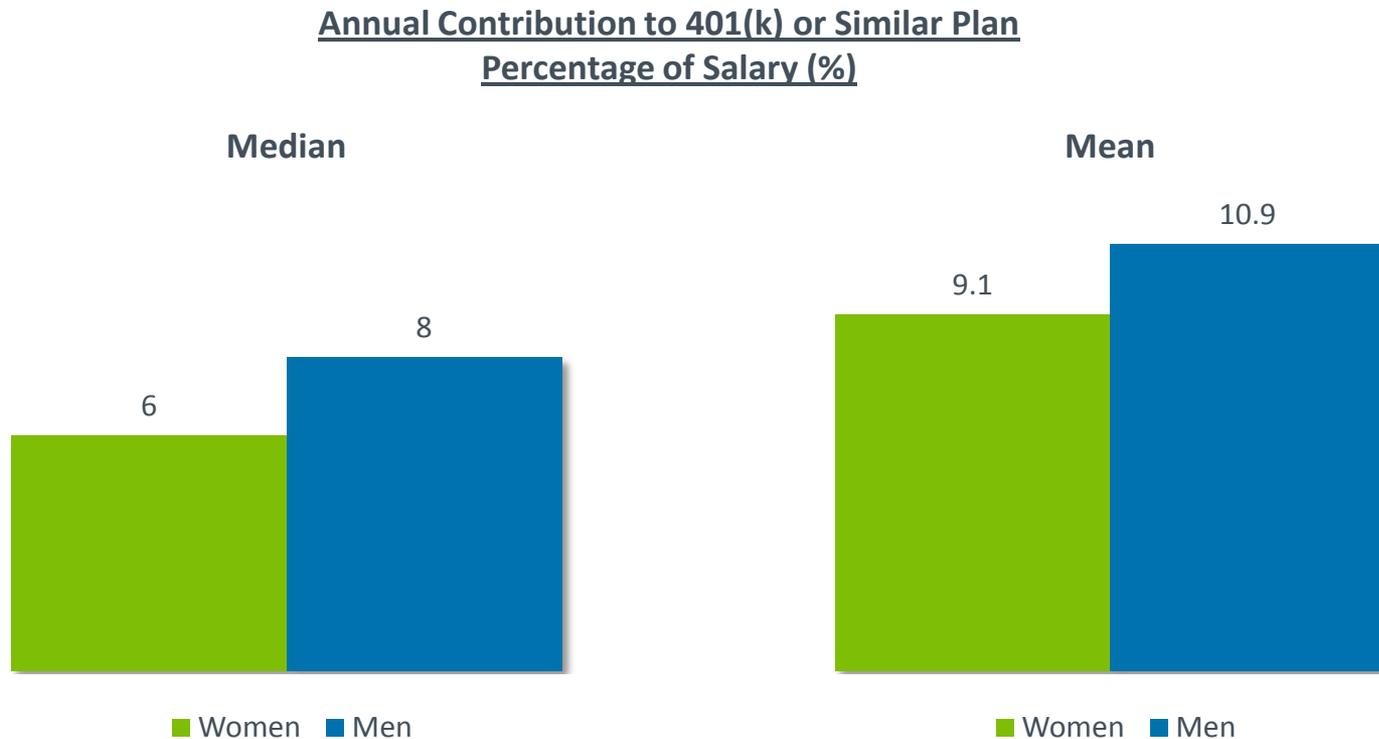


BASE: Those With Qualified Plans Currently Offered To Them

Q1190. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?

## Annual Contributions to 401(k) or Similar Plan

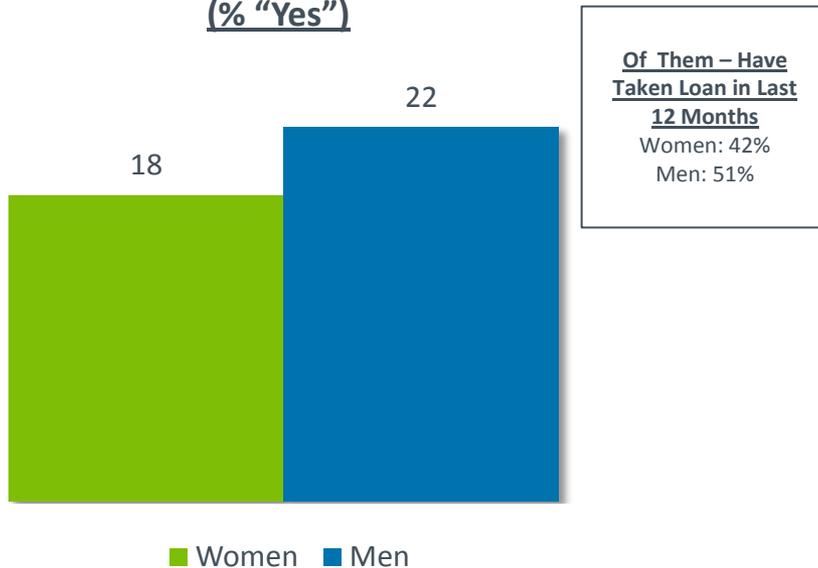
Of those currently participating in their employers' plans, women contribute 6 percent (median) of annual salary, which is lower than men at 8 percent (median). Looking at the average, women contribute 9.1 percent which is less than men at 10.9 percent.



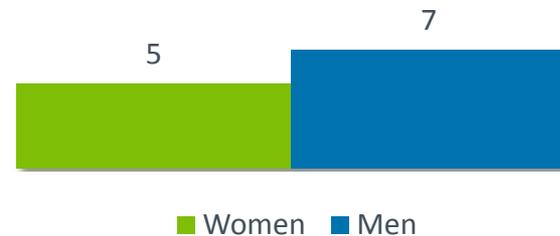
# Retirement Plan Leakage: Loans and Hardship Withdrawals

Nearly one in five women (18 percent) have taken a loan from their retirement plan. Among those who took a loan, 42 percent took one in the last twelve months. Few women (5 percent) have taken a hardship withdrawal in the last twelve months. Women’s most frequently cited reason for taking a loan was “paying off debt” (29 percent) and for taking a hardship withdrawal was “paying off medical expenses” (20 percent).

**Have Taken a Loan from Retirement Plan**  
**(% “Yes”)**



**Have Taken a Hardship Withdrawal in Last 12 Months (% “Yes”)**



BASE: Those Currently Participating In Their Qualified Plan

Q650. Have you taken out a loan from your retirement plan?

BASE: Those Who Have Taken Out A Loan From Their Retirement Plan

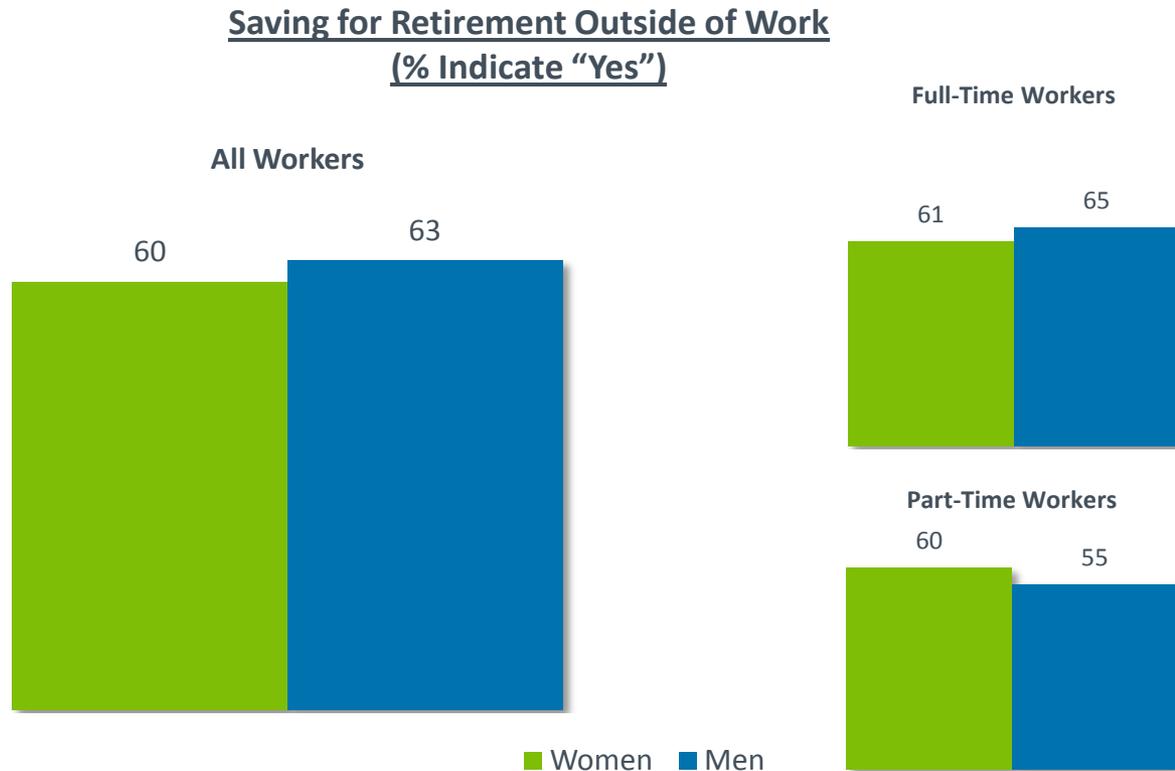
Q1455. Was the loan from your retirement plan taken out in the last 12 months?

BASE: Those With Qualified Plans Currently Offered To Them

Q1460. Have you taken a hardship withdrawal from your employee-funded retirement plan in the last 12 months?

# Saving for Retirement Outside of Work

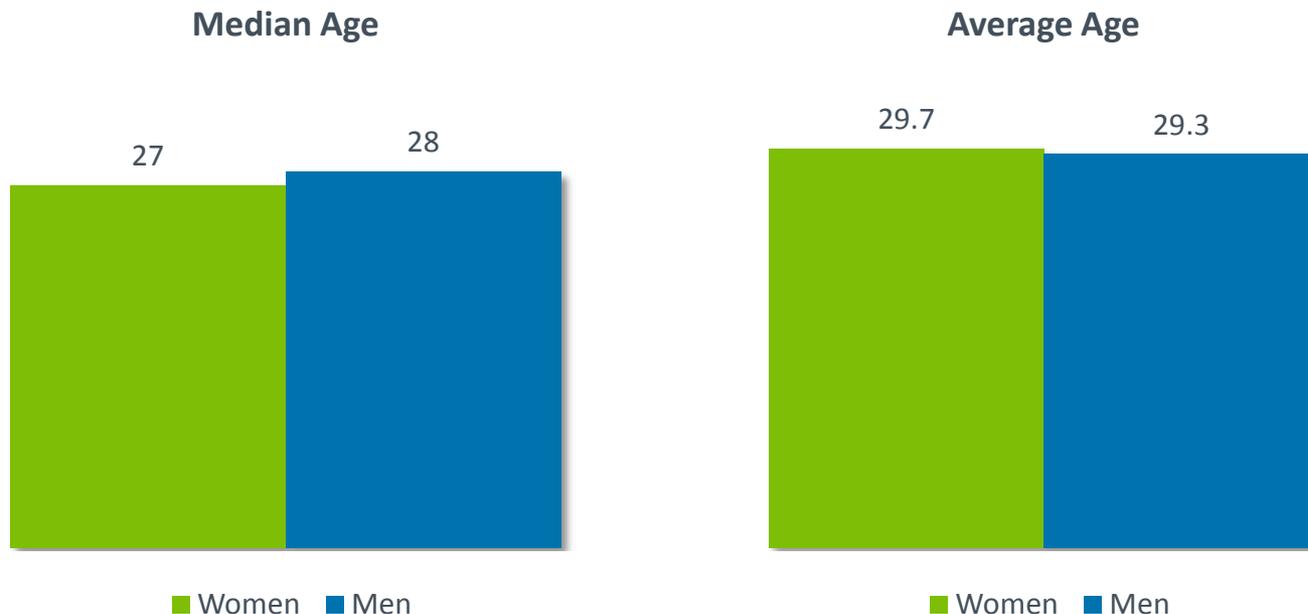
Six in ten women (60 percent) are saving for retirement outside of work, a slightly lower percentage than that of men (63 percent). Savings rates are similar for women who work full-time (61 percent) or part-time (60 percent). However, savings rates are different for men who work full-time (65 percent) or part-time (55 percent).



# When Women Start Saving for Retirement

Among those who are saving for retirement, women reported that they first started saving for retirement at age 27 (median), slightly younger than men at age 28 (median). While late Twenties may seem like a relatively young age to start saving, women and men should start saving even earlier to take advantage of their years to retirement, long investment horizon, and potential benefits of the compounding of investments over time.

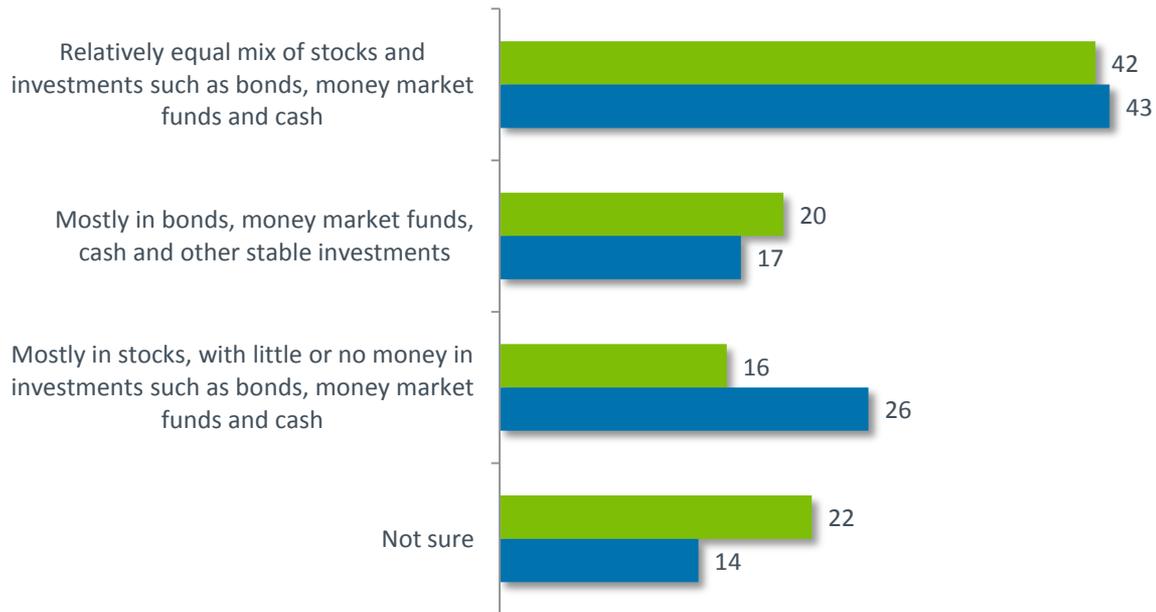
## Age First Started Saving for Retirement



# Retirement Savings Investment Mix

One in five women (22 percent) are “not sure” of how their retirement savings are invested, compared to only 14 percent of men. Of those who know how their savings are invested, women (42 percent) most frequently cite a relatively equal mix of stocks and conservative investments, a response rate similar to men’s (43 percent). Women are slightly more likely than men to invest conservatively in bonds, money market funds, cash and other stable investments. Men are significantly more likely to invest more aggressively in stocks than women.

## Asset Allocation

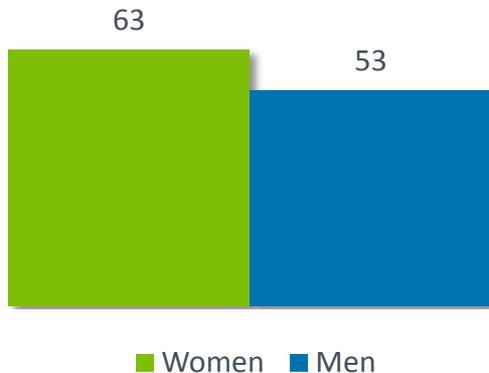


■ Women ■ Men

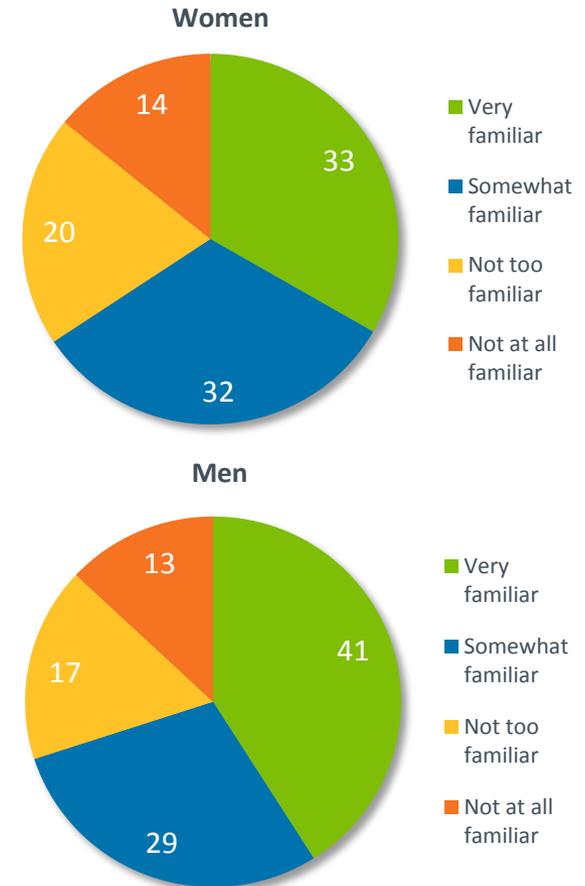
# Family Matters: Spouse's or Partner's Savings

Six in ten women (63 percent) said that their spouse or partner is saving for retirement; however, among them, only 33 percent are very familiar with their spouse or partner's retirement plan and savings. This indicates a lack of communication and discussion around retirement.

**Spouse or Partner Currently Puts Money Into a Retirement Plan of His or Her Own**  
**(% "Yes")**



**How familiar are you with your partner's retirement plan and savings?**



BASE: Married Or In Civil Union

Q850. Is your spouse or partner currently putting money into a retirement plan of his or her own?

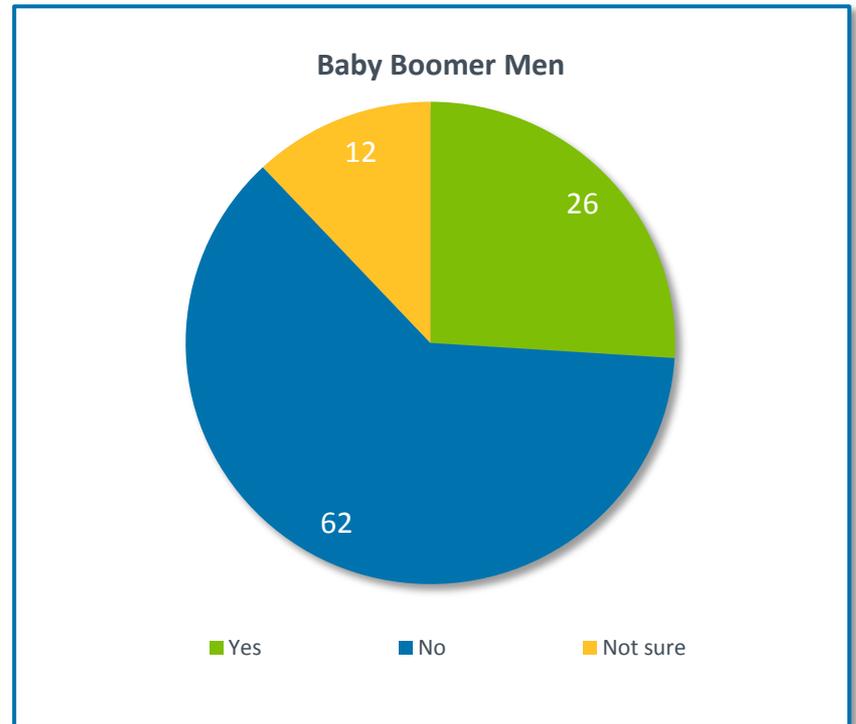
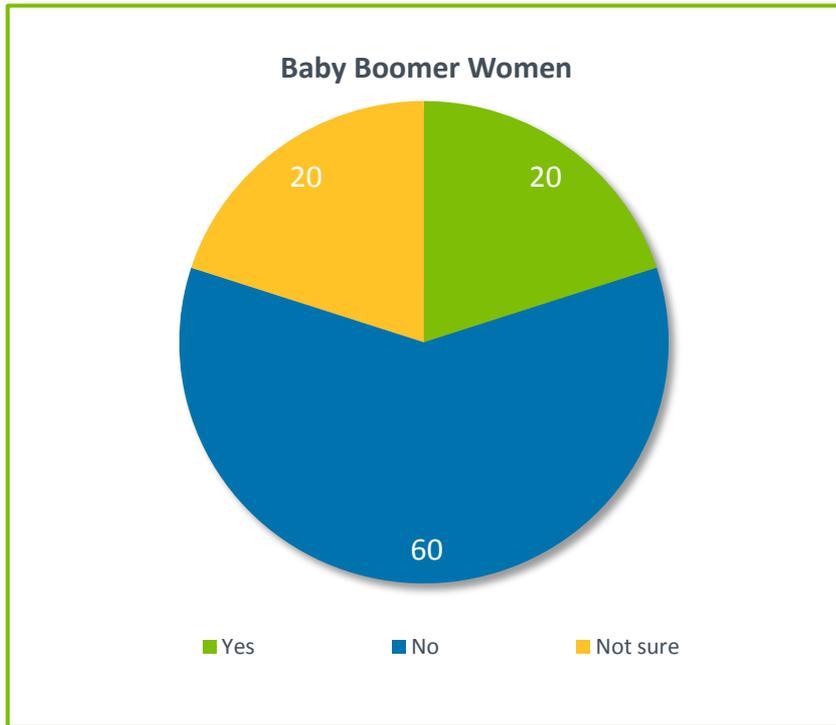
BASE: Married Or In Civil Union

Q1520. How familiar are you with your partner's retirement plan and savings?

# Baby Boomer Women: No Backup Plan for Retirement?

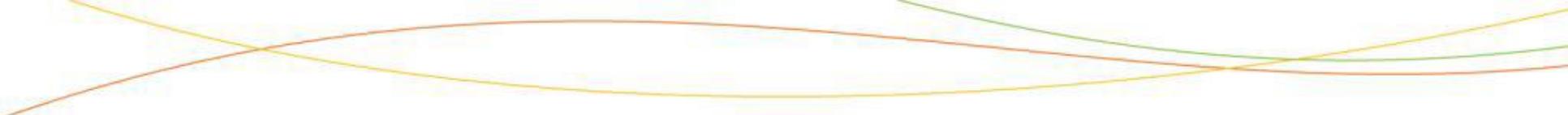
Among Baby Boomers, the demographic tidal wave nearing retirement age, an alarmingly low percentage of women (20 percent) and men (26 percent) have a backup plan if forced into retirement sooner than expected. While working longer and delaying retirement can be an effective way to help bridge a retirement savings shortfall, it's vitally important to have a backup plan if forced into retirement sooner than expected (for example, due to a job loss, health issues, family obligations).

## Have a backup plan in the event unable to work before planned retirement



BASE: All Qualified Respondents/Baby Boomers

Q1535. In the event you are unable to work before your planned retirement, do you have a backup plan for retirement income?



## **Every Woman Needs Her Own Retirement Strategy**

# Key Elements of Retirement Strategy

Every woman needs her own retirement strategy.

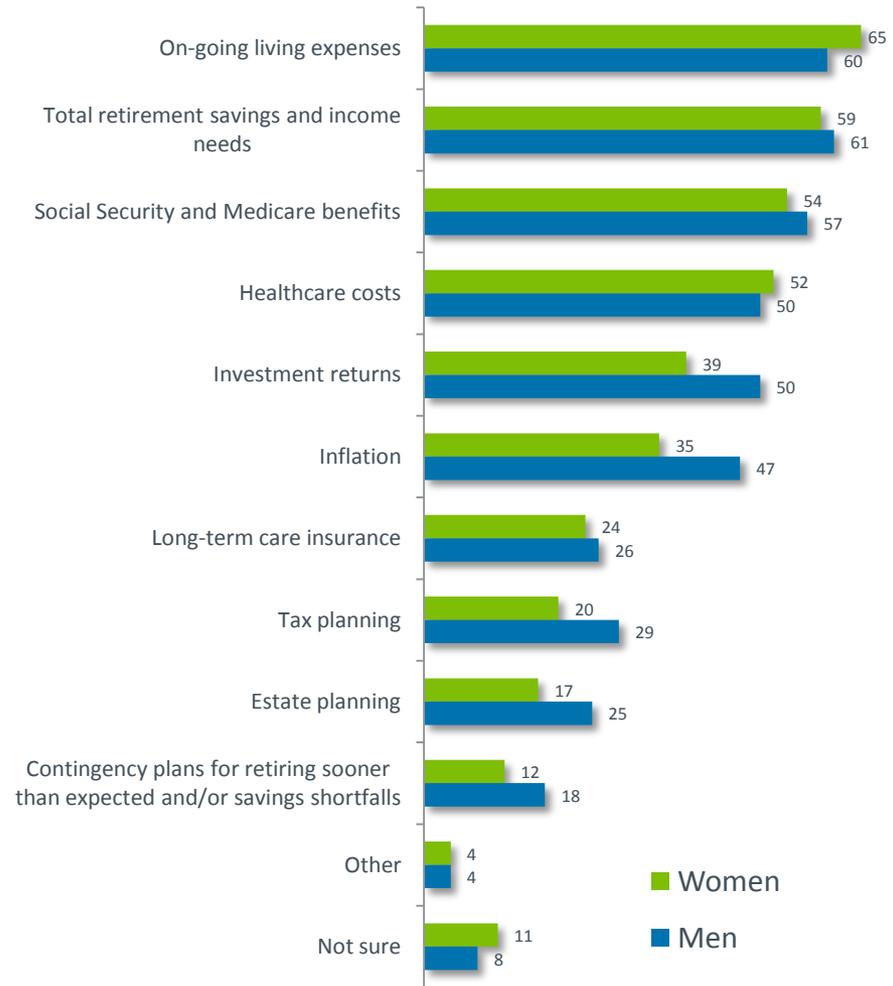
Of the 52 percent of women who have a retirement strategy (page 28), whether it is written down or not, when asked about what they've factored into their plans, two out of three (65 percent) factored in on-going living expenses. All other key elements garnered response rates of less than 60 percent.

Relatively few factored in investment returns (39 percent), inflation (35 percent), or tax planning (20 percent).

Of note, slightly over half (52 percent) factored in healthcare costs and fewer than one in four (24 percent) factored in long-term care insurance.

Only 12 percent said they had contingency plans if retire sooner than expected and/or savings shortfalls.

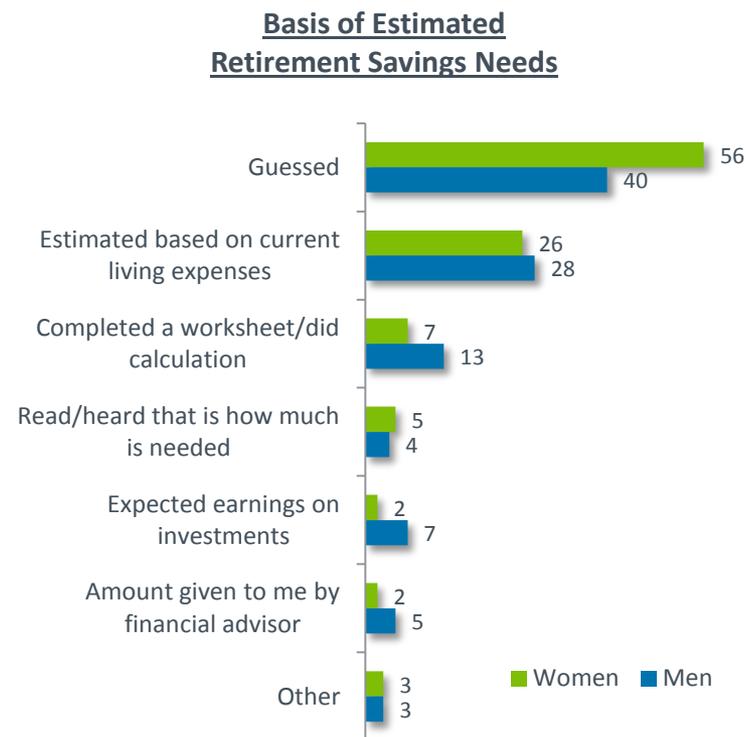
**Retirement Strategy: Components**



## Taking the Guesswork Out of Retirement

Statistically speaking, women live longer than men and, therefore, they need to save more to support their extended post-work, retirement years. However the survey found that women’s estimated retirement savings needs (\$500,000 median) are less than men’s (\$750,000 median). Moreover, the majority, 56 percent, of women answered they had “guessed” when asked about how they arrived at their savings needs. Only 7 percent said they had completed a worksheet/done a calculation. And, only 2 percent had the amount provided by a financial advisor.

Amount Need to Save to Feel Financially Secure in Retirement	Women	Men
Less than \$100k	15%	10%
\$100k to \$499k	28%	24%
\$500k to \$999k	23%	21%
\$1m to \$1.99m	19%	26%
\$2m or more	15%	18%
<b>Median</b>	<b>\$500,000</b>	<b>\$750,000</b>



BASE: All Qualified Respondents

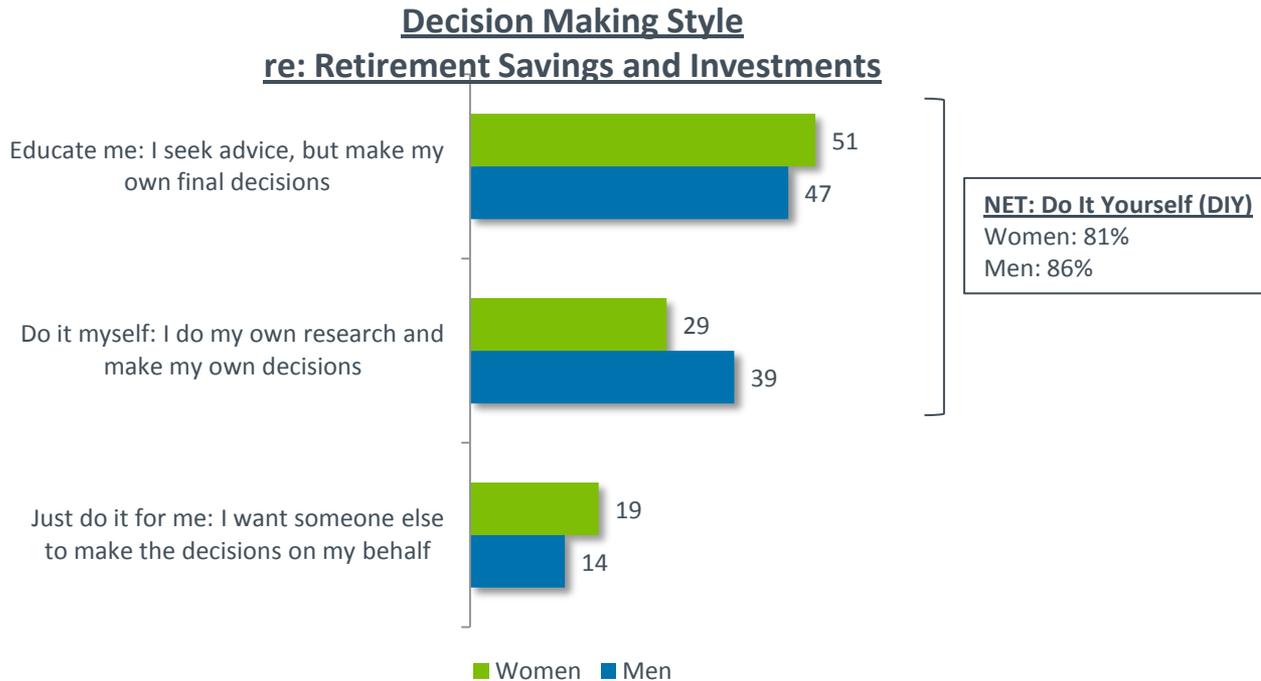
Q890. Thinking in terms of what money can buy today, how much money do you believe you will need to save by the time you retire in order to feel financially secure?

BASE: Provided Estimate Of Money Needed

Q900. How did you arrive at that number?

# Personal Style: Saving and Investing

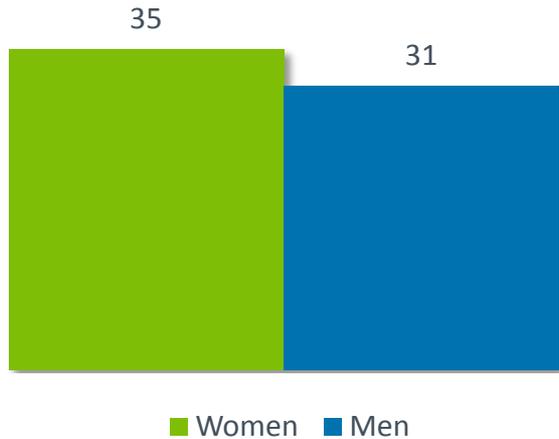
The vast majority of women (81 percent) describe themselves as making their own decisions about savings and investing for retirement. Among them, just over half (51 percent) seek education and advice and nearly one in three (29 percent) prefer to do their own research and make their own decisions.



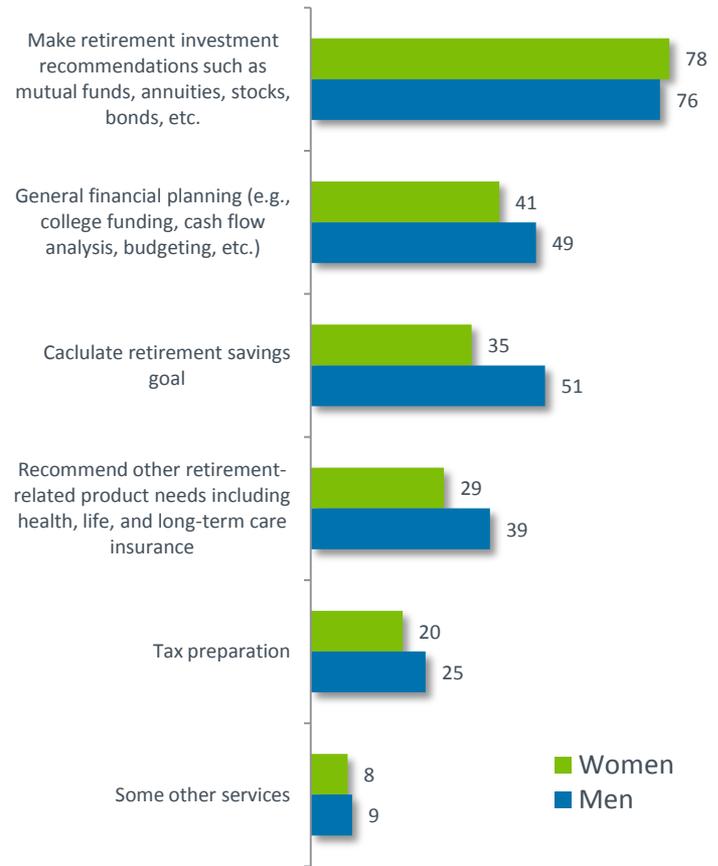
# Professional Financial Advisor Usage

More than half of women (51 percent, page 44) seek advice and/or prefer to rely on outside experts to manage and monitor their retirement savings (56 percent, page 46); however, only 35 percent of women report using a professional financial advisor.

**Use a Professional Financial Advisor**  
 (% Indicate "Yes")



## Advisor Services



BASE: Investing For Retirement

Q860. Do you use a professional financial advisor to help manage your retirement savings or investments?

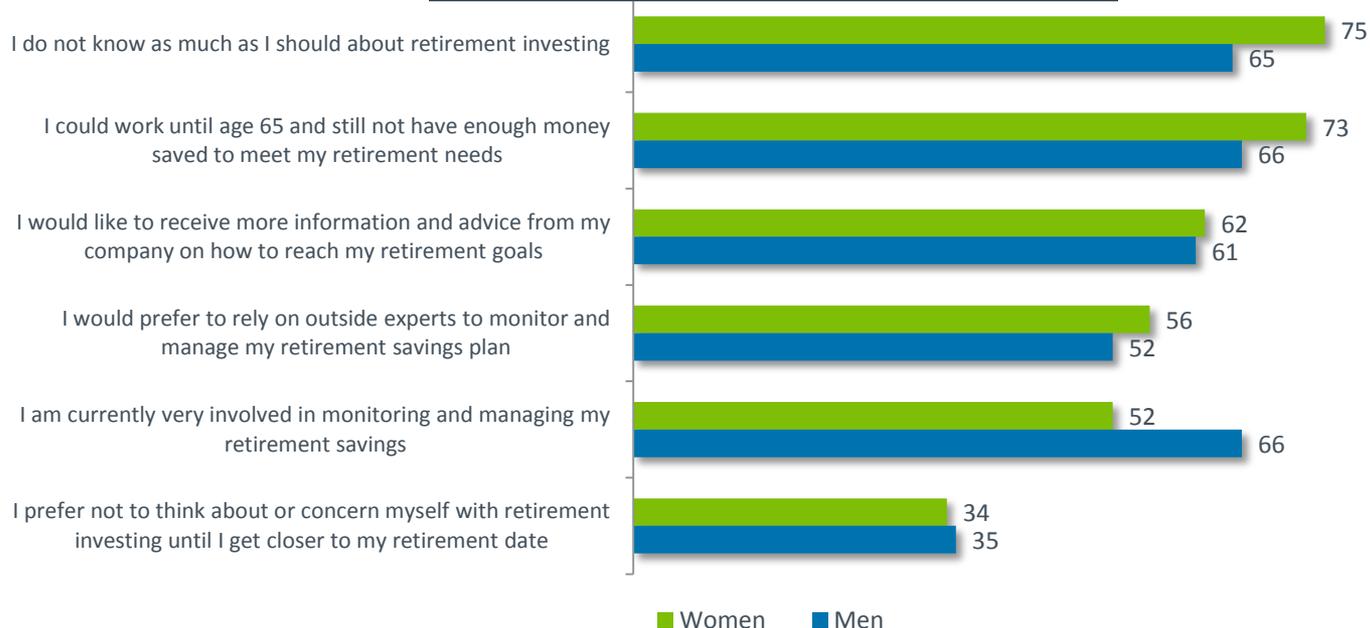
BASE: Use Financial Advisor

Q870. What types of services do you use your professional financial advisor to perform?

# Getting Smart About Retirement

Three out of four women (75 percent) agree that they do not know as much as they should about retirement investing and nearly as many (73 percent) believe they could work until age 65 and not have saved enough to meet their retirement needs. Just over half of women (52 percent) describe themselves as very involved in managing and monitoring their retirement savings and one in three (34 percent) would prefer not to think about retirement investing until later. Men's responses were somewhat more favorable; however, they too have ample opportunity for improvement.

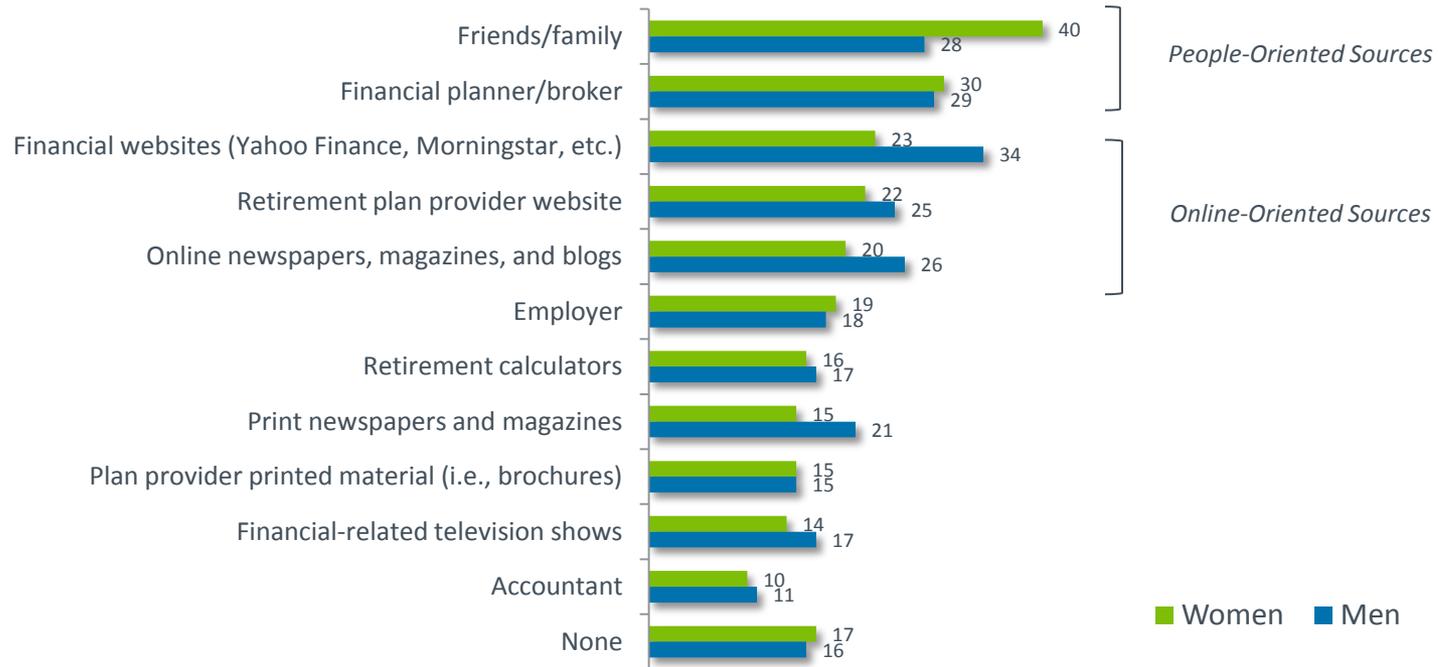
**Know-How and Involvement in Retirement Planning and Investing**  
**Top 2 Box % (Strongly and Somewhat Agree)**



# Go-To Sources: Retirement Planning & Investing

Women most frequently cite family and friends (40 percent) and financial planner/broker (30 percent) as sources of information about retirement planning and investing. Men most frequently cite financial websites (34 percent) as a source of information – compared to only 23 percent of women. A closer look at the data reveals that women rely on people-oriented sources more than men and, in contrast, men are more likely to rely on online resources than women.

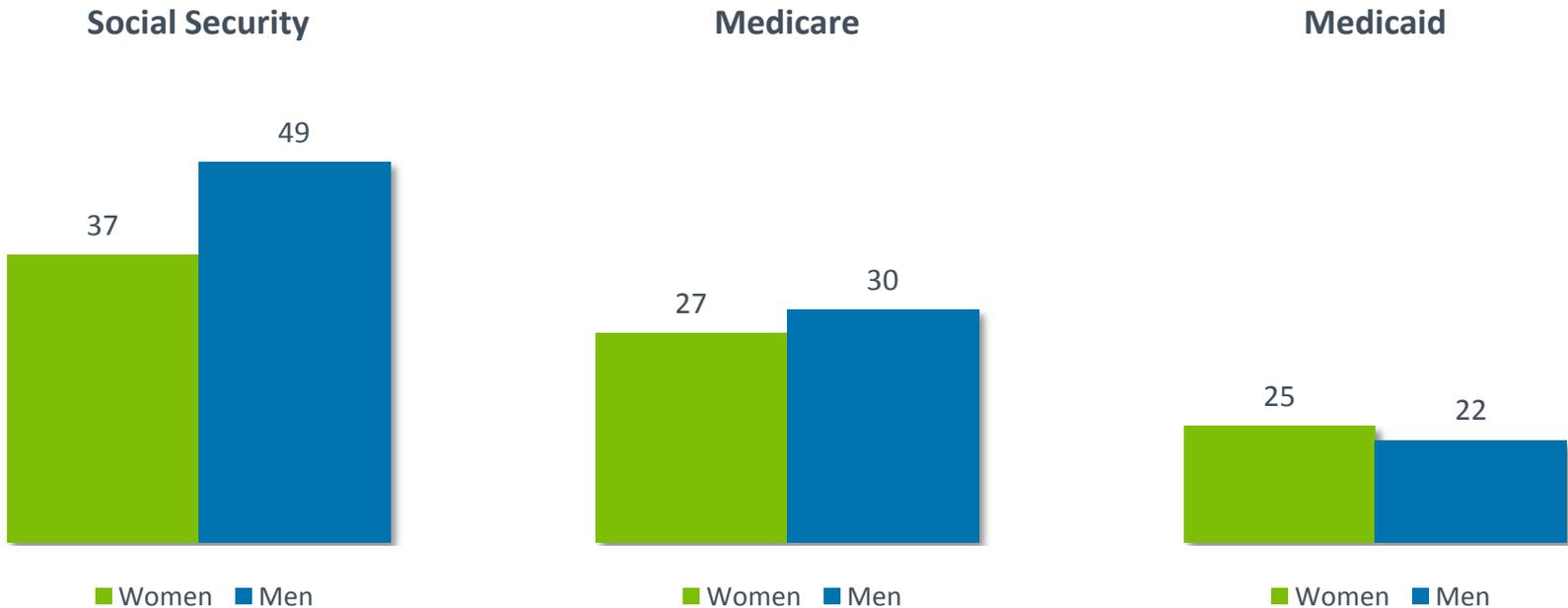
**Sources of Information About Retirement Planning & Investing**



# Learn about Government Benefits

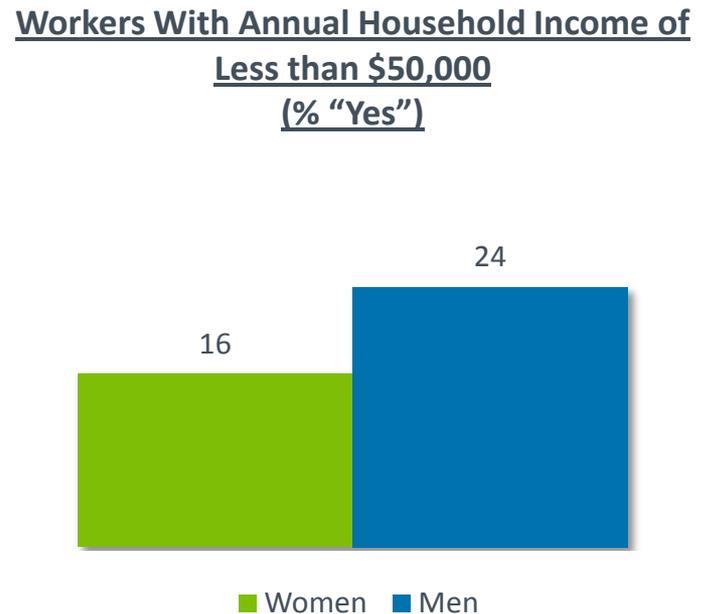
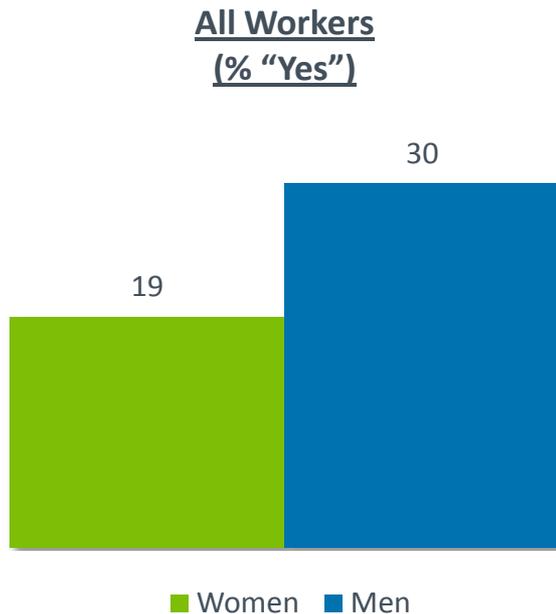
Among Baby Boomers, the generation nearing retirement, only 37 percent of women know a great deal or quite a bit about Social Security benefits. Their the level of knowledge is even lower for Medicare (27 percent) and Medicaid (25 percent).

**Baby Boomers: Level of Knowledge Regarding Government Retirement-Related Programs**  
**Top 2 Box % (Great deal/Quite a bit)**



# The Saver's Credit: A Little Known, Important Opportunity

The Saver's Credit, also known as the Retirement Savings Contributions Credit, is an important tax credit for eligible low- to moderate-income tax filers that helps offset part of the first \$2,000 of a worker's contributions to 401(k) plans and similar workplace retirement programs or IRAs. Just one in five women workers (19 percent) are aware of the Saver's Credit. Moreover, awareness is even lower among workers with an annual household income of less than \$50,000—those most likely to benefit from the credit. Of these low- to moderate- income workers, only 16 percent of women are aware of the Saver's Credit. Many women and men may be missing out on claiming the Saver's Credit on their tax returns simply because they are not aware of it.



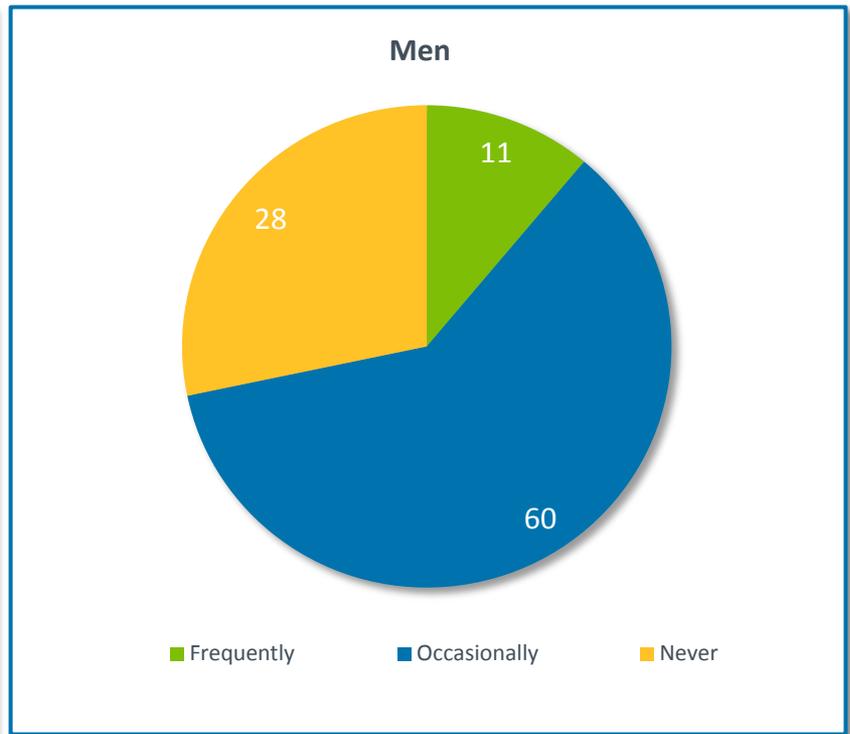
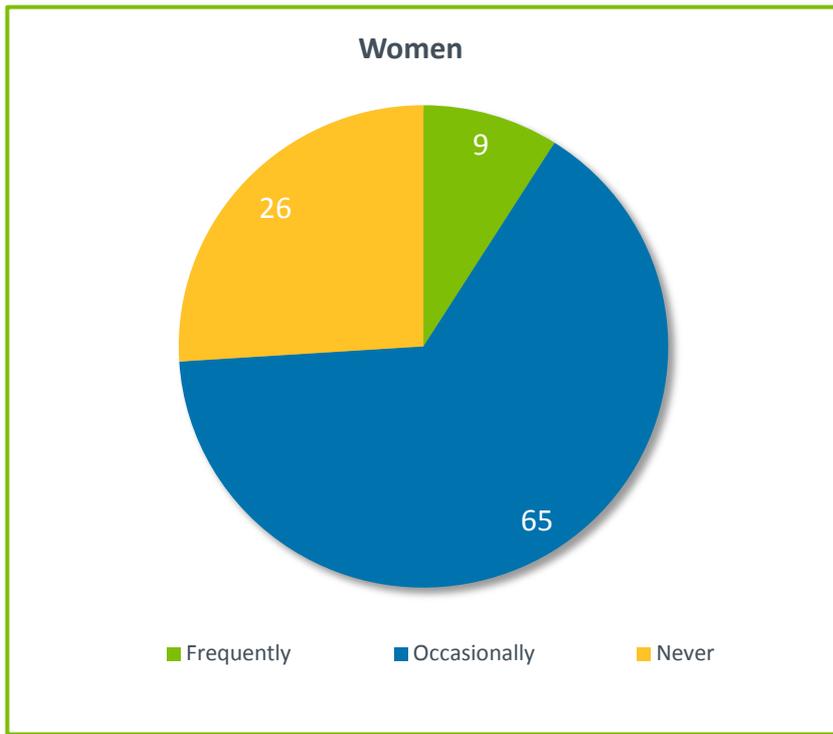
BASE: All Qualified Respondents

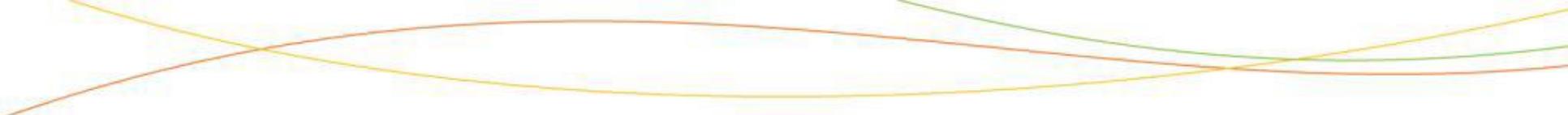
Q1120. Are you aware of a tax credit called the "Saver's Credit," which is available to individuals and households, who meet certain income requirements, for making contributions to an IRA or a company-sponsored retirement plan such as a 401(k) plan or 403(b) plan?

# Women: Let's Talk About Retirement

Retirement impacts families yet fewer than one in ten women (9 percent) frequently discuss saving and planning with family and friends. An open dialogue with trusted loved ones about expectations of either providing or receiving support should be part of every woman's retirement strategy.

## How frequently do you discuss a saving, investing and planning for retirement with family and friends?





## **Helping Women Improve their Retirement Readiness**

# Motivations to Learn More about Retirement Savings

The greatest motivators for women to learn more about saving and investing for retirement: make it easier to understand. 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. While the underlying reasons are unclear why women want educational materials to be easier to understand (compared to men), it highlights a strong need for organizations providing educational materials to assess their effectiveness and, moreover, it identifies an opportunity for women to continue to speak out so their needs are heard.

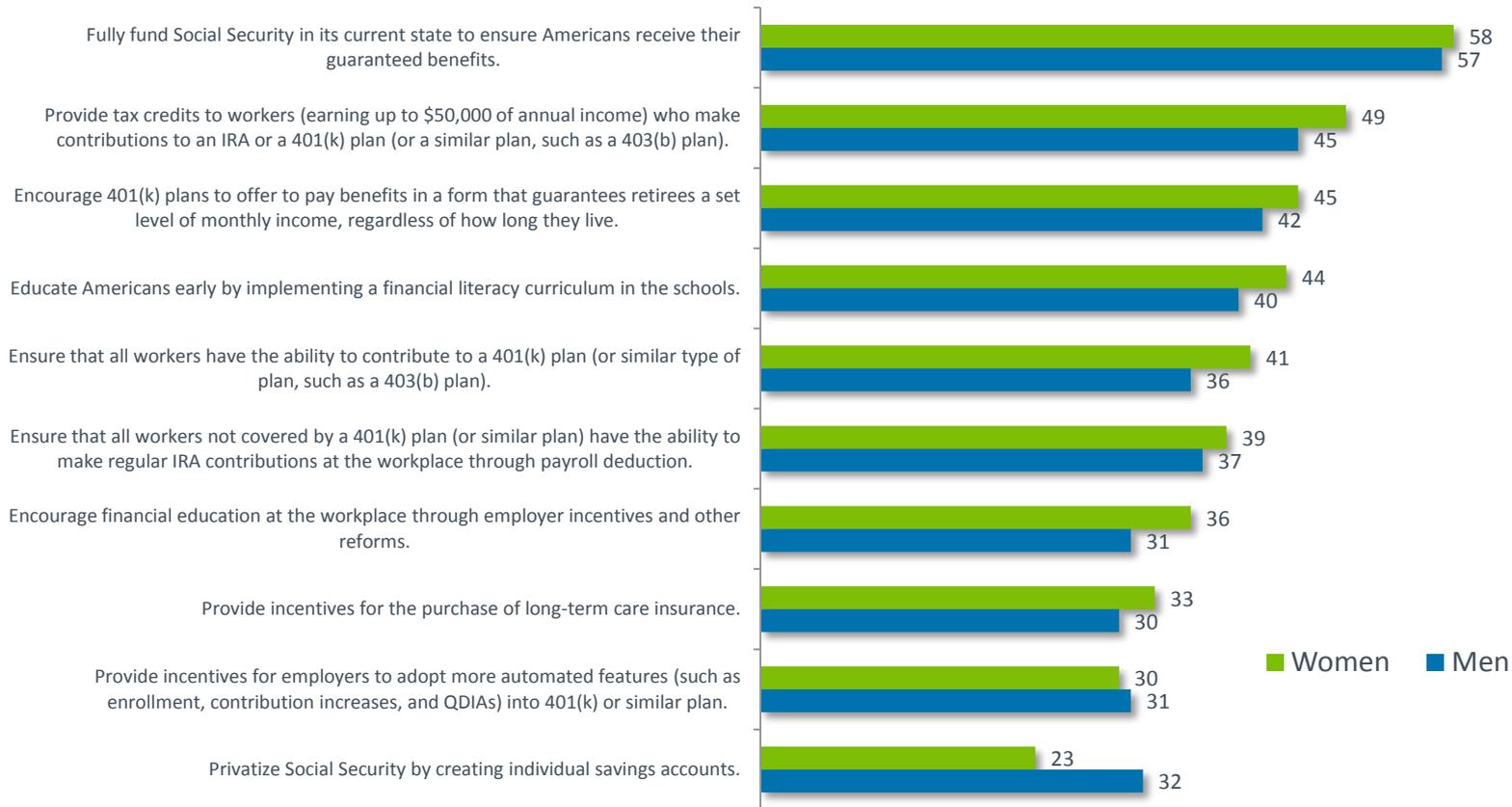
## Motivations to Learn More about Retirement Savings



# Retirement Security Priorities for President & Administration

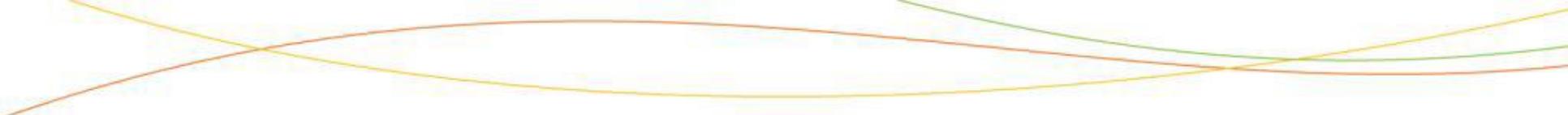
Looking into the future, with an eye toward improving the retirement system, the survey asked about the retirement security-related priorities for the President and Congress. Fully funding Social Security garnered the most cited responses from women (58 percent) and men (57 percent).

**Which of the following should be priorities for the President and Congress to help Americans prepare for a financially secure retirement? % Response**



BASE: All Qualified Respondents

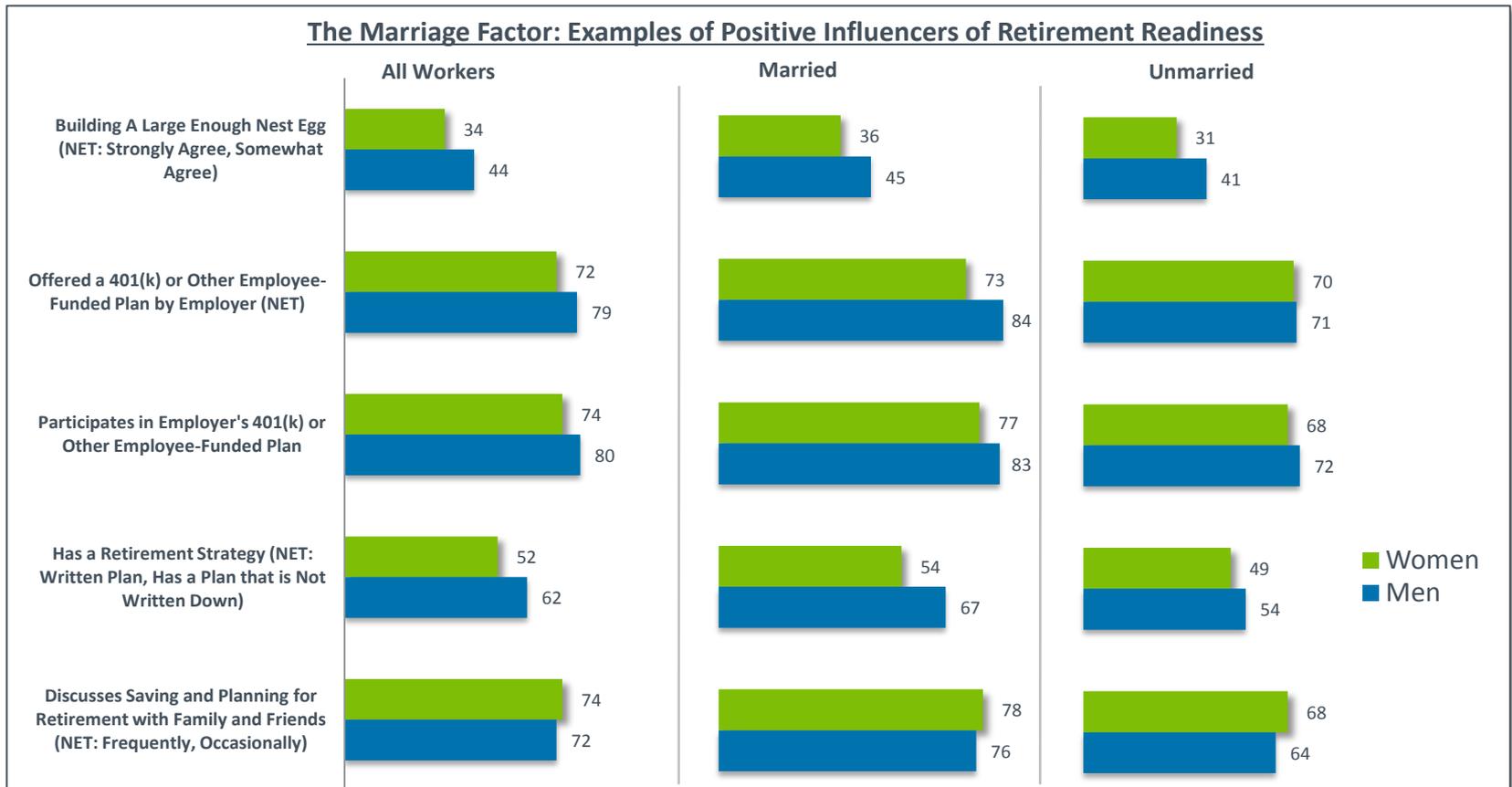
Q1427. With the November 2012 election in mind, which of the following should be priorities for the next President and Congress to help Americans prepare for a financially secure retirement?

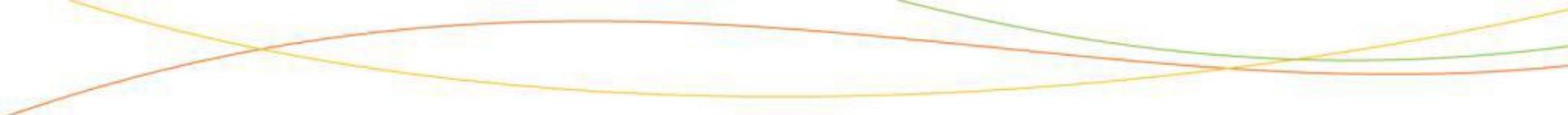


## **Final Observation: The Marriage Factor**

## Final Observation: What About the Marriage Factor?

How does marriage influence a woman's retirement readiness? The survey found that marriage positively influences retirement outlooks for both women and men. Married people tend to be more proactive in terms of saving, planning, and discussing retirement with family and friends. At risk of stating the obvious, it's important to note that marital status is not necessarily a permanent state—so it's vitally important that every woman (and man) have a strategy for retirement.





# Recommendations

# Seven Tips for Women to Create a Retirement Strategy

How each woman ultimately plans on spending her retirement is unique, but the tools to help attain retirement readiness are common to all. Seven tips for women to create a retirement strategy:

1. Develop a retirement strategy and write it down. Envision your future retirement, formulate a goal for how much you will need to save each year (be sure to include employer-sponsored retirement plans and outside savings), and factor in living expenses, healthcare needs, long-term care, and government benefits. In addition, when facing life's important decisions about whether to reduce work hours or take time out of the workforce to be a parent or caregiver, carefully consider the financial trade-offs and options to help mitigate the impact on long-term security.
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 retirement plan, ask for one.
4. If your employer offers a retirement plan, participate. Be sure that your annual salary deferral takes full advantage of employer matching contributions, if available. Contribute as much as you can. If you decide against maximizing annual salary deferrals in the plan, be sure to save for retirement outside of work. If age 50 or older, consider making Catch-Up Contributions.
5. Get educated about retirement investing. Seek professional assistance if needed. Learn about Social Security and Medicare. Learn about possible ways to help make savings last longer including when to take withdrawals from retirement accounts to minimize taxes and penalties. Take advantage of the Saver's Credit if eligible.
6. Have a backup plan in the event you are unable to work before your planned retirement. Identify potential cost-cutting lifestyle changes such as moving to a smaller home or taking on a roommate(s) and consider insurance products such as disability insurance and life insurance.
7. Importantly, talk about retirement with family and close friends. An open dialogue with trusted loved ones about expectations of either needing to provide or receive financial support should be part of every woman's retirement strategy.

# Recommendations for Women's Outreach Initiatives

An important starting point in helping women improve their retirement outlook is through implementing outreach initiatives among 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. Key elements of outreach campaigns should consider the following ...

1. Escalate visibility of the gender-specific issues that many women face – and make it part of a prominent, ongoing conversation among women of all ages. Include factors such as:
  - a. Taking time out of the workforce to care for children and/or aging parents – which means forgoing income and employee benefits such as health and retirement benefits;
  - b. Working part-time without access to workplace retirement benefits;
  - c. Understanding that lower annual income leads to lower lifetime earnings, lower lifetime savings, and reduced Social Security benefits;
  - d. Living longer, and, therefore, greater savings needs;
2. Provide education that's easy to understand – and offer a good starting point (e.g., using an on-line calculator to estimate savings needs).
3. Find new ways to reach women via channels where they may be most likely to be receptive:
  - a. Women's media and publications in which they are already engaged (e.g., popular websites, magazines, and talk shows);
  - b. Family, friends – and potential for social networking.
4. Evaluate effectiveness of current positioning and messaging – and align with women's communication and educational needs.
5. Promote the importance of evaluating available retirement benefits when considering employment opportunities.
6. Promote existing tax incentives including the Saver's Credit.
7. Identify and promote reputable, trustworthy go-to sources for women to seek education and advice.

# Recommendations for Employers Along with Their Retirement Plan Advisors and Providers

Seven opportunities for employers, working with their retirement plan advisors and providers, which can help their women and men employees improve their retirement readiness include:

1. Offer a retirement plan if not already in place. And, if in place, extend eligibility to all employees, including part-time employees.
2. Proactively encourage participation in existing retirement plans. Consider the appropriateness of adding automatic enrollment and automatic escalation features to increase participation rates and salary deferral rates.
3. Add, increase and/or reinstate matching contributions to 401(k) plans. Consider structuring match to promote higher salary deferrals (as a hypothetical example, instead of matching 50 percent on the first 6 percent of deferrals, consider structuring as a 30 match on the first 10 percent of deferrals).
4. Assess educational offerings to determine whether they are meeting the needs of all employees, especially for those employees who may find materials and concepts difficult to understand, and make any necessary changes accordingly. Make them easier to understand.
5. Promote the educational resources offered by the company's retirement plan provider and encourage employees to take advantage of them. Also, consider:
  - a. Implementing an educational campaign to help workers get "back on track" with their retirement – or simply reposition existing educational offerings with messaging about the importance of getting "back on track."
  - b. Establishing an annual 401(k) retirement readiness check-up at the same time of year as healthcare open enrollment.
6. Offer pre-retirees greater levels of assistance in planning their transition into retirement along with the need for a backup plan if they find themselves retiring sooner than expected due to unforeseen circumstances.
7. Promote awareness of the Saver's Credit and Catch-Up Contributions.

# Recommendations for Policymakers

Policymakers also should consider the following to help employers and their employees increase retirement readiness:

1. Pursue legislative and regulatory initiatives to expand qualified retirement plan coverage for all workers including part-time workers:
  - a. Implement reforms to multiple employer plans to facilitate the opportunity for small business employers to join existing plans to achieve economies of scale similar to that of large employers;
  - b. Expand the tax credit for employers to start a plan; and
  - c. Provide incentives to encourage plan sponsors to cover part-time workers as well as adopt a dual eligibility provision.
2. Expand the Saver's Credit by raising the income eligibility requirements so that more tax filers are eligible.
3. Extend the 401(k) loan repayment period for terminated plan participants and eliminate the six-month suspension period following hardship withdrawals.
4. Increase workers' awareness of and ability to have their account distributed in a lifetime income stream (e.g., requiring plan statements to estimate retirement income; facilitating the ability of plans to both offer an annuity as a distribution option and to have an in-plan annuity as an investment option).
5. For automatic enrollment, raise the safe harbor default contribution rate to a level higher than the current 3 percent.
6. Target outreach campaigns to the demographic segments at greatest risk of retiring without adequate savings.
7. Help workers ease their transition to retirement by facilitating phased retirement.

