



# Checklist for Consumers: Safeguarding Retirement for Women



**Planning for retirement is every bit as much a concern for American working women as it is for working men, and perhaps more so.**

Fifty-seven percent of women participate in the labor force, and among women with children under age 18, that figure rises to 70 percent. More than four in 10 employed women work in management or professional occupations, and 29 percent of married women earn more than their husbands. Yet, on average, women's earnings are 81 percent of men's. At the same time, women face unique retirement saving and planning challenges, such as extended time away from work to bear and raise children or care for family members. Women also have longer lifespans. To help prepare for and manage these and other challenges, review this important information and complete the checklist with your financial professional to ensure your retirement plan meets your needs.

Source: Bureau of Labor Statistics

**WOMEN AND WEALTH TIP:**

**“ Women who are anxious about retirement will take longer to process financial concepts that are critical to creating effective retirement strategies. They could end up making choices that derail their retirement.**

*Catherine J. Weatherford, President and CEO, Insured Retirement Institute, Women and Wealth: Inspiring Stories From Real Women On the Path To Financial Success*



## Understand Your Retirement Risks...



### Longevity

Individual life expectancies are improving, especially among women. One in two women who are in their mid-50s today will live to be 90, as compared to only one in three men. For a couple who are both age 65 today, there is a 45 percent chance the wife will outlive her husband by five or more years, a 31 percent chance she will live 10 or more years longer, and a one in five chance she will still be alive 15 years or more after her husband dies. You may need steady, secure retirement income for many more years than did your parents and grandparents.

Source: Society of Actuaries

#### ACTION ITEM

Make sure your retirement plan considers the possibility that you may live to an advanced age and is set up to provide income for as long as you might live, and if you are married that there is a plan for retirement income and insurance to continue for the surviving spouse.

DONE  TO DO



### Health Care

Health care costs continue to grow, as do Medicare premiums and deductibles. A healthy 30-year-old woman can expect to spend about \$550,000 on health care over the course of her life, almost \$120,000 more than a healthy male of the same age. In 2017, Medicare Part B, which covers medically necessary services such as doctor visits, will cost \$109 per month for most seniors, to as much as \$428.60 per month for those with higher modified adjusted gross income (MAGI).

Source: Healthview Services, Inc., Centers for Medicare and Medicaid Services (CMS)

#### ACTION ITEMS

Consult with your tax or financial professional about strategies to reduce your MAGI, and shop carefully for Medicare supplemental insurance to protect yourself, and your spouse if applicable, against the financial impact of catastrophic illness.

DONE  TO DO



## Long-Term Care

Women are especially vulnerable financially to long-term care costs due to longer life expectancies, and are often left without enough savings or income to pay for care after their spouses pass. More than 70 percent of nursing home residents are women, and a healthy 58-year-old woman living in Boston can expect to live to age 90 and has a 50 percent chance of needing long-term care by age 88. The average length of stay in a nursing home for a woman is two years, at an annual cost of \$123,000.

Source: AARP

### ACTION ITEM

Consult your insurance or financial professional to learn about the options available to help prevent a long-term care event from eroding your savings. Stand-alone long-term care policies are available, as well as “riders” on annuities and life insurance products that can help offset long-term care costs.

DONE  TO DO

## WOMEN AND WEALTH TIP:

“ Long-term care may not be a viable strategy for every woman. [Financial Advisors should] be sure to lead clients through a conversation where they understand what their actual needs might be, and help them choose a strategy that works for their situation.

Catherine J. Weatherford, President and CEO, Insured Retirement Institute, *Women and Wealth: Inspiring Stories From Real Women On the Path To Financial Success*

## ...And Prepare For Them



## Optimize Social Security

Women represent 57 percent of all Social Security beneficiaries age 62 and older, and about 68 percent of beneficiaries age 85 and older. In 2014, the average annual Social Security income received by women 65 and older was \$13,150, 23 percent lower than the \$17,106 received by men. For unmarried women, including widows, who are age 65 and older, Social Security comprises 47 percent of total income, versus 34 percent for unmarried men.

Source: Social Security Administration

### ACTION ITEMS

Use the Social Security Retirement Estimator (<https://www.ssa.gov/retire/estimator.html>) to calculate your expected Social Security retirement benefits, and work with your financial advisor to integrate Social Security into your overall financial plan for retirement.

DONE  TO DO



## Maximize Workplace Retirement Plans

Overall, women have saved less than men, with 401(k) balances of \$73,100, on average, compared with \$108,800 for men. However, among men and women with similar salaries, on average women have more money in their 401(k) plans — a good thing, given women's longer lifespans.

Source: Fidelity

### ACTION ITEMS

Make sure you are contributing as much as you can to your workplace retirement plan, and at least enough to obtain the full amount of any company match. Have your financial advisor calculate the potential income you can expect to receive in retirement from your retirement plan assets, and review methods and financial products that can help you generate that income and ensure it lasts as long as you do.

DONE  TO DO



## Bolster Personal Savings

On average, while men and women participate about equally in Individual Retirement Accounts (IRAs), balances of women's IRAs are 62 percent lower than men.

Source: Employee Benefits Research Institute (EBRI)

### ACTION ITEM

Make sure you are contributing as much as you can to traditional and/or Roth IRAs, and at least the amount that maximizes your tax advantages. Your advisor can help you understand which type of IRA is best for your personal financial situation.

DONE  TO DO



## Plan for the Loss of a Spouse

Seventy-seven percent of widows felt secure about their finances prior to the death of a spouse, but 68 percent reported significant, negative life changes after the death of a spouse.

Source: New York Life

### ACTION ITEM

If you are married, create a "budget for one" and make sure there will be enough income if one of you passes suddenly. If income would fall short, consider purchasing more life insurance. Also, make sure you know how to access all bank and brokerage accounts, mortgage and property deeds, asset ownership papers, and billing accounts (power, water, cable, etc.).

DONE  TO DO



## Insure the Risks You Can't Self-Insure

Declining health, the potential need for long-term care services, and other unplanned expenses can significantly impact your retirement. 40 percent of today's retirees have experienced a major health event, such as a heart attack or stroke, and 25 percent have incurred a significant non-medical expense. Further, while there is a 70 percent probability that someone turning 65 today will need long-term care services, two-thirds of retirees believe their chances are less than one in four.

Source: IRI, Department of Health & Human Services

### ACTION ITEMS

Make sure you understand and assess your personal risk of incurring expenses for long-term care and health events. Due to the potential costs involved, very few people are able to self-insure these risks, so make sure you are adequately insured to preserve your financial assets during retirement.

DONE  TO DO

## WOMEN AND WEALTH TIP:

**“ Unless a financial advisor gets a complete perspective from both spouses in a married couple, that professional cannot be sure that decisions are being made in both parties' best interests.**

*Catherine J. Weatherford, President and CEO, Insured Retirement Institute, Women and Wealth: Inspiring Stories From Real Women On the Path To Financial Success*

Ensuring lifetime income, and protecting against adverse financial events, are the cornerstones of a solid retirement plan, and are especially important for women given longer lifespans and a greater chance of needing long-term care. Reviewing and planning for these common critical areas with a financial professional, as well as addressing special situations such as divorce or the need to care for older children or aging parents, can help you enjoy a more secure retirement.

**Note:** Investing in variable annuities and variable life insurance involves investment risk, including potential loss of principal. Guaranteed income and death benefits provided by annuities and life products are subject to the claims paying ability of the issuers.

**Note:** Insurance products are not a deposit, not FDIC insured, not insured by any Federal Government Agency, not bank guaranteed, and may lose value.

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