

## WHY WOMEN NEED RETIREMENT PLANNING MORE

10.2019

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# HOW WOMEN CAN OVERCOME RETIREMENT PLANNING CHALLENGES

No one is immune to challenges in their retirement planning journey, but women have a unique set of challenges with unique causes.

Several studies have shown that women, on average, have a lower household income and less household assets than men because of the gender pay gap. And their assets are often spread thinner, too, since they are more likely to be single parents and more often feel the pressure of caring for their aging parents and their adult children. The need to do more with less also continues in retirement because women typically live five years longer than men, making longevity risk – the risk of outliving your money in retirement – a greater concern for them.

As a result, only 40 percent of women between the ages 25 to 74 believe their retirement savings and sources of income will last their lifetime, compared to nearly 60 percent of men.<sup>1</sup> This leaves many women feeling unprepared for retirement. A 2019 study found that only 22 percent of men do not have any kind of retirement plan, while 28 percent of women don't have a plan.<sup>1</sup>

And there's plenty to be concerned about in retirement. [A 2019 study by the National Council on Aging](#) found that among women age 60 and older:

- 60 percent worry health care costs will exceed their retirement income.
- 59 percent worry about losing their independence.
- 52 percent worry about becoming a burden to their families, a full 12 percent more than men.

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These stats only emphasize the fact that everyone needs a plan for a secure retirement, especially women. The first step toward creating a plan is to calculate your anticipated monthly expenses and expected monthly income in retirement to see if you're at risk of having a gap between what you'll have and what you'll need.

Social Security income traditionally covers about 30 percent to 40 percent of a retiree's monthly income, according to the government, leaving them to rely on a pension (if they have one) or to draw income from their retirement savings to fund the rest. But there is a way to lock in protected monthly income for life to help with those expenses – by purchasing an annuity. An annuity is a contract between you and an insurance company where you contribute money upfront then receive payments over a period of time. You can receive those payments a variety of ways, including through an income stream that lasts your whole life.

An annuity may be particularly valuable for women who are concerned about outliving their money. Annuities provide guaranteed monthly income for as long as women live, which can help them to feel financially independent and secure. There's no need to fear running out of money, and that allows women to focus less on financial worries and more on the things they love in retirement.

Getting to that point starts with a conversation. Research shows that those who talk a lot about retirement with their spouse or family are much more likely to have a next step in mind when it comes to making a plan.<sup>1</sup> Women who have these conversations know that a secure retirement doesn't happen by accident. They also know that they don't have to make a plan all on their own. By talking with a financial professional about annuities, they'll have a trusted partner on their side to help turn their plan into a secure retirement.

While many of the challenges that women face in securing their retirement are beyond their control, taking a positive course of action is not. Talk to your financial professional about what you need to do to prepare for retirement and to see if an annuity might be right for you.

1. Source: The Alliance for Lifetime Income's 2019 Protected Lifetime Income Index Study