



Definitions of **bold key terms** are at the end of this article.

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### Authors, Titles and Publication Dates of the Articles Addressed in the Insight

Satish Kumar, Sweta Tomar, and Deepak Verma. 2019  
"Women's Financial Planning for Retirement: Systemic Literature Review and Future Research Agenda." *International Journal of Bank Marketing* 37 (1): 120-41. doi: 10.1108/IJBM-08-2017-0165

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**Who Should Read This Insight:**  
Policymakers, retirement investors, attorneys, research scholars

**Institute Research Agenda Topic:**  
Understanding differences in consumer behavior and decision-making

# FOCUSED RESEARCH SHEDS BETTER LIGHT ON DILEMMAS WOMEN FACE IN SAVING FOR RETIREMENT

## IDEAS IN THIS INSIGHT YOU CAN PUT INTO ACTION

Historically, researchers have paid very little attention to studying how women plan for retirement despite the data showing that, on average, women live longer than men and yet often fail to save enough for retirement. Satish Kumar, Sweta Tomar, and Deepak Verma's 2019 literature review examines nearly four decades of research published worldwide on approaches to retirement planning. What they discovered during their review is a body of knowledge that is disorganized, biased, and incomplete. While women are more vulnerable to poverty, particularly as they age, they also bear more family and care responsibilities that can lead to limited employment choices and low-wage jobs that do not offer pensions. The authors have determined that new areas of study are needed that focus only on women and that measure the combined impact of the unique demographic, psychological, financial, social, economic, and circumstantial factors that influence women when they make their financial decisions about retirement. The authors assert that their work is the first of its kind and should be used as a guide for future research that is more qualitative, holistic, robust, and integrated.

## PRINCIPAL INSIGHTS

In their article, Kumar, Tomar, and Verma define **financial planning** for retirement as making purposeful decisions about saving enough income for the years of retirement. These decisions include how and under what circumstances people choose to reach their goals and manage their money. Making major purchases such as a house or a car, paying for children's education, making investments, and deciding how or when to borrow money are all choices that individuals and families make that have a direct impact on their ability to save for retirement. The authors highlight how these major financial decisions were historically and predominantly made by men. Women's roles, on the other hand, have been traditionally tied to the family structure. As gender roles have evolved over the past decades, women have become a larger part of the workforce: in 2015 women made up 46 percent of the global workforce. Still, women's financial planning for retirement remains an understudied field by researchers who fail to focus on how women plan for retirement in light of the unique circumstances they face.

To underscore women's financial vulnerabilities, the authors cite several international studies that find that women are more likely than men to experience poverty in their lifetimes, especially as they age. In general, women outlive men, but they often spend less time in the workforce due to the heavier responsibilities they have within the family. As a result, the amount of time women are employed can be irregular or part time, forcing them to accept lower-paid jobs. These differences cause women to have less access to resources like

property. In particular, however, when women leave and then reenter the workforce, the disruption can negatively impact their pension plans and other financial resources that they could use for retirement security.

Given women's general conditions, the authors set out to shed more light on women's unique circumstances. In order to better understand the barriers and the enhancements to women's retirement planning, the authors chose to review all the scholarly, peer-reviewed studies published in English from 1980 to 2017. They conducted database searches for every country that published retirement studies and financial planning about three categories: women, women and men, and households. Ultimately, the authors chose 151 articles to review.

What they found in the articles overall was a disorganized body of knowledge that is subjective, incomplete, and tilted toward economically prosperous countries like the United States, where the majority of articles were published. Other countries that published numerous studies include Australia, India, and Malaysia. Interestingly, the number of articles on retirement issues increased after 2010, primarily due to the increasing number of baby boomers who are at or approaching retirement age in the United States, but also because there has been a shift in how retirement plans are structured. Today more of the responsibility for retirement planning lies with the individual than was once the case.

In undertaking this literature review, the authors uncover the barriers and enhancements that women face, and put forth recommendations about further research that is needed in this field. Their review explores the trends and patterns in existing research, reviews how these studies were designed, examines publication data over time and by country, identifies the specific factors that define the behavior of women, and, finally, highlights the gaps where further research should focus.

First, the authors evaluate articles dealing with the demographic influences that impact retirement planning. What they found is that the research done in this area is more mature and developed than in other study areas. The most significant factors impacting retirement planning are age, gender, income, and marital status. Age is the most prominent factor in determining how both men and women behave toward retirement planning, but does not tell the entire story of how it impacts behavior. As the authors discovered, factoring in psychological conditions such as health issues, attitudes toward retirement, and tolerance for risk (**risk tolerance**) can reveal more about retirement planning as adults enter old age.

In addition to age, other significant variables such as gender, income, and marital status also shape behavior toward retirement planning. For example, the authors found that the research on gender is divided along two lines. One category of studies shows that women are less willing than men to take risks in investing their money for retirement. The second category maintains that when men and women are similarly educated and have comparable income, they take similar financial risks. Still, the research measuring these demographic factors does not provide a complete picture of retirement planning, particularly when it comes to women. Given the roles that women have in society and in the family, the authors urge researchers to study women separately, taking into account the unique circumstances they confront as they make significant life decisions, such as deciding whether to pursue a career, choosing a career, entering or exiting the workforce, marrying or remaining single, having children, getting divorced, heading a household, or providing caregiving for family members.

Next, the authors evaluate the research on the psychological factors that impact plans for retirement. Here they found very few studies but a promising opportunity. Examining the emotional impacts of aging and other demographic factors provides a more detailed view of

how both men and women make decisions about retirement planning. Based on the literature, the authors conclude that psychological factors include an individual's outlook on life, risk tolerance, sense of control, and identification of financial goals.

The existing research on psychological factors is limited, but it reveals more than a look at demographics about women's behavior. An area of perceived bias in the research suggests that women might be more emotional and less predictable when it comes to planning their futures. In addition, some research shows that women are more likely to succeed in retirement planning if they set goals, but that they may need the social influence of friends, colleagues, and a spouse in order to be successful. The authors conclude that psychological factors are very important to the study of retirement planning for women, but that the research done so far does not reflect how women's roles have evolved over the years.

After reviewing all 151 articles and summarizing their findings, the authors propose a new way to conduct research that integrates all the potential factors that can impact women's planning for retirement. They base their proposal on the belief that, because women tend to be more financially fragile, especially as they age, new studies in this field must take into consideration all the factors of influence they found in the 38 years of literature that they reviewed. Aside from demographic data and psychological features, the authors recommend measuring financial learning, social and economic factors, and circumstantial material going forward. Restructuring future research studies in this way could likely result in more-complete, less-biased research results leading to a more realistic picture of women's behavior in planning for retirement. The authors suggest that the outcomes of such research will portray women more realistically and provide deeper reasons behind their behavior.

Finally, in the search for better, more-substantial explanations about planning for retirement, the authors conclude that their literature review is only a first step but that it creates an important foundation for learning more about how women behave. In addition to using this literature review and incorporating the authors' proposal, new research could answer the question of why women often fail to save enough for their retirement years.

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To learn more, visit the Retirement Income Institute at  
[www.allianceforlifetimeincome.org/retirement-income-institute](http://www.allianceforlifetimeincome.org/retirement-income-institute)

KEY TERMS ARE SOURCED FROM THE ALLIANCE FOR LIFETIME INCOME'S ANNUITIES LANGUAGE GLOSSARY AND INVESTOPEDIA

**financial planning:** *Making purposeful decisions about how to save enough income for the expected years of retirement.*

**risk tolerance:** *The level of market risk you're comfortable with.*

*For industry use only.*