



Single Women in the U.S.A.: Retirement Dreams v. Financial Realities

**9th Annual Transamerica Retirement Survey
Transamerica Center for Retirement Studies
September 17, 2008**

9th Annual Transamerica Retirement Survey

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Introduction

Transamerica Center for Retirement Studies

The Transamerica Center for Retirement Studies® (“The Center”) is dedicated to educating the American public on trends, issues, and opportunities related to saving and planning for retirement and achieving financial security in retirement. It is a non-profit corporation and private operating foundation and may be funded by contributions from Transamerica Life Insurance Company and its affiliates or other unaffiliated third-parties.

The Center's research focuses on how to educate and effect positive changes among the American workforce in achieving greater levels of financial security in retirement. Its research emphasizes savings trends among American workers and segments within the workforce, trends of employer-sponsored retirement plans and their participating employees, and the implications of legislative and regulatory changes.

For more information about The Center, please refer to www.transamericacenter.org.

Survey Objectives

- For the past 8 years, the Transamerica Center for Retirement Studies has conducted a national survey of U.S. business employers and workers regarding their attitudes toward retirement. The 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.
- To this end, Harris Interactive was commissioned to conduct the 9th Annual Transamerica Retirement Survey. Where appropriate, questions were tracked and some new questions were added to investigate new topics of interest.

Definition

- *Single Women* include:
 - Single, never married
 - Divorced
 - Widowed
 - Separated

Survey Methodology

- An online survey was conducted among a nationally representative sample of 2,011 full-time workers and 1,001 part-time workers using the Harris online panel, Harris Poll Online (HPOL). Potential respondents were targeted based on job title and full-time and part-time status. Respondents met the following criteria:
 - All U.S. residents, age 18 or older
 - Full-time workers or part-time workers in for-profit companies
 - Employer size of 10 or more
- Single women sample population profile
 - Unweighted Base=810 (Full-Time=539, Part-Time=271); Weighted Base=600 (Full-Time=394, Part-Time=206)
 - 57% Never Married, 43% Divorced/Widowed/Separated
 - 66% Full-Time, 34% Part-Time
 - 71% Active in Job Force, 29% Semi-Retired
 - Mean of Respondent Age = 42
- 16 minute online interviews were conducted between October 11 and November 21, 2007.
- Margin of error at the 95% confidence level is +/- 2.19% for full-time workers and +/- 3.1% for part-time workers.
- The study was conducted in past years by telephone using a nationally representative random sample. The 2007 worker portion of the tracker has been transitioned to an online medium. In order to migrate the study from telephone to online, a parallel omnibus phone study with 10 key measures was conducted. The omnibus phone study was fielded October 18 - 22, 2007, and received 958 completed responses. The calibration method, back casting, was used to express the relationship between the current and historical data.
- Data were weighted as follows:
 - To account for differences between the population available via the Internet and the population accessed via telephone in previous years
 - To ensure that each quota group had a representative sample based on the number of employees at companies in each employee size range
- The unweighted online data was comparable to the aggregate omnibus phone study but the accuracy improved as each level of adjustment was added.

About Harris Interactive

Harris Interactive is one of the largest and fastest-growing market research firms in the world. The company provides innovative research, insights and strategic advice to help its clients make more confident decisions which lead to measurable and enduring improvements in performance. Harris Interactive is widely known for The Harris Poll®, one of the longest running, independent public opinion polls, and for pioneering online market research methods. The company has built what it believes to be the world's largest panel of survey respondents, the Harris Poll Online. Harris Interactive serves clients worldwide through its North American, European and Asian offices, and through a global network of independent market research firms.

More information about Harris Interactive may be obtained at www.harrisinteractive.com.



Single Women in the U.S.A.: Retirement Dreams v. Financial Realities

About Women

- **Over the past few decades, women have gained greater financial independence as evidenced by:¹**
 - Higher participation in the workforce
 - Increased wages and strides toward bridging in women/men wage gap
 - Achieving higher level of education
- **Women are also likely to be faced with life priorities, such as being a single parent or a caregiver, which can be disruptive to their ability to earn a living and save for retirement.¹**
- **Research shows that elderly women are more likely to live in poverty. And marital status is one of the critical factors that influences whether elderly women will become or stay poor in retirement.²**

¹ “101 Facts on the Status of Workingwomen.” Business and Professional Women’s Foundation. October 2007. <<http://www.bpwusa.org/files/public/101FactsOct07.pdf>>.

² Lee, Sunhwa. Shaw, Lois B. Institute for Women’s Policy Research. “From Work to Retirement: Tracking Changes in Women’s Poverty Status.” Summary of the AARP Research Paper. February 2008. <<http://www.iwpr.org/pdf/AARPRIB.pdf>>.

Statistically Single in the U.S.A.

- The majority of adult women are now single with 51% indicating that they were living without a spouse in 2005.¹
- **Single women also outnumber single men:**
 - Of 92 million single U.S. residents, 54% were women in 2006²
 - For every 100 single women, there were 86 single men in 2006²
- **10.4 million were single mothers out of a total of 12.9 million single parents.**²
- **Despite a total population increase of 2.9 million, the number of marriages decreased to 2,230,000 marriages in 2005, down from 2,279,000 the previous year.**³
- **Divorce projection: roughly 40% - 50% of marriages will end in divorce.**⁴
- **Among women older than 65, 60% are widowed, divorced, or never married.**⁵
- **While it is uncertain how this trend might evolve in the future, it is clear that single women have emerged as a large demographic segment of the population with a unique set of circumstances and needs.**

¹ Roberts, Sam. "51% of Women Are Now Living Without Spouse." *New York Times*. 16 January 2007.

<<http://query.nytimes.com/gst/fullpage.html?res=9A01E0D91030F935A25752C0A9619C8B63&scp=1&sq=51%25+of+women+are+now+living+without+spouse&st=nyt>>.

² U.S. Census Bureau, Facts for Features. 16 July 2007. <http://www.census.gov/Press-Release/www/releases/archives/facts_for_features_special_editions/010329.html>.

³ "U.S. Divorce Statistics." *Divorce Magazine*. <<http://www.divorcemag.com/statistics/statsUS.shtml>>.

⁴ Divorce Rate: Divorce Rate in America. <<http://www.divorcerate.org/>>.

⁵ "Take Charge of Your Own Security." *Kiplinger's Personal Finance Magazine*. February 2006. <<http://www.kiplinger.com/magazine/archives/2006/02/women.html>>.

Retirement Dreams v. Financial Realities

- **The 9th Annual Transamerica Retirement Survey reveals a significant disconnect between single women's dreams of retirement versus their actions and behaviors when saving and planning for future retirement.**
- **While many single women dream of traveling, pursuing hobbies, and spending more time at home with family and friends, the survey found that many are unlikely to achieve these dreams or financial security in retirement unless they take action – now.**

Overview of 9th Annual Survey Findings

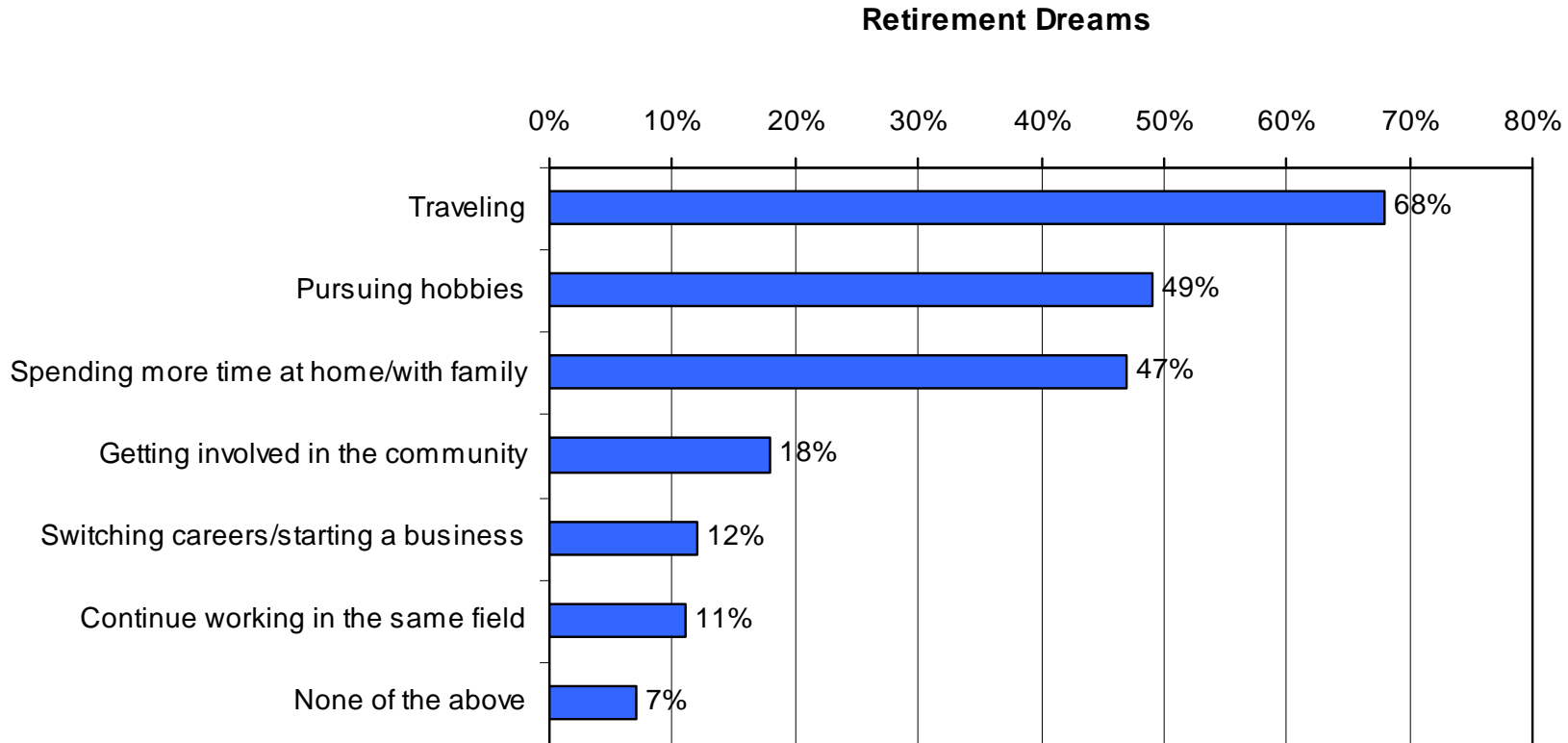
- **Single women most frequently cite self-funded savings -- 401(k) / 403(b) / IRA and similar accounts -- as their expected primary source of income in retirement. (p. 16)**
- **They report retirement savings needs ranging from under \$100,000 to over \$2 million with a median at \$500,000. However, 60% say that they “guessed” when estimating their needs. (pp. 19-20)**
- **Single women face competing financial priorities which impact their ability to save for retirement. (p. 22-23)**
- **The majority of single women indicate that they prefer a job with higher salary over excellent retirement benefits. Only 57% of single women report a 401(k) plan offered to them by their current employer. (p. 24-26)**
- **Of those who have access to a 401(k) or similar plan through their employer, 70% participate with a median contribution rate of 6% (which is inadequate to achieve an 80% income replacement ratio in retirement). (p. 27)**
- **Four-out-of-five single women indicate they don’t know as much about retirement investing as they should. (p. 30)**
- **Over one-third have saved less than \$25,000 for retirement. (p. 32)**
- **Nearly half (46%) cite “outliving their money” as one of their greatest fears about retirement. (p. 33)**

Recommendations for Single Women

- **Single women can make the most of their time and retirement savings horizon to increase the likelihood of achieving their dreams and a financially secure retirement by doing the following:**
- **Get educated**
 - Take advantage of the information and assistance available through employer-sponsored retirement plans and other reputable sources to learn about retirement planning and investing concepts.
 - Take advantage of self-help tools such as online calculators to help assess retirement needs.
- **Assess current financial priorities and long-term savings needs**
 - Assess competing financial priorities and seek a balance between immediate needs and saving for retirement.
 - Calculate a retirement savings needs and a savings plan for achieving them – in the event of shortfalls, seek a balance between saving more, investing more effectively, and working longer.
- **Translate plans into action**
 - Start saving early – as soon as possible.
 - Be sure to consider retirement benefit offerings when assessing future employment opportunities.
 - Make the most of employer-sponsored retirement plans. If possible, save for retirement outside of work as well.
 - Avoid borrowing or withdrawing from account prior to retirement age.

Retirement Dreams

Many single women dream of spending their retirement years traveling, pursuing hobbies and spending more time at home/with family.

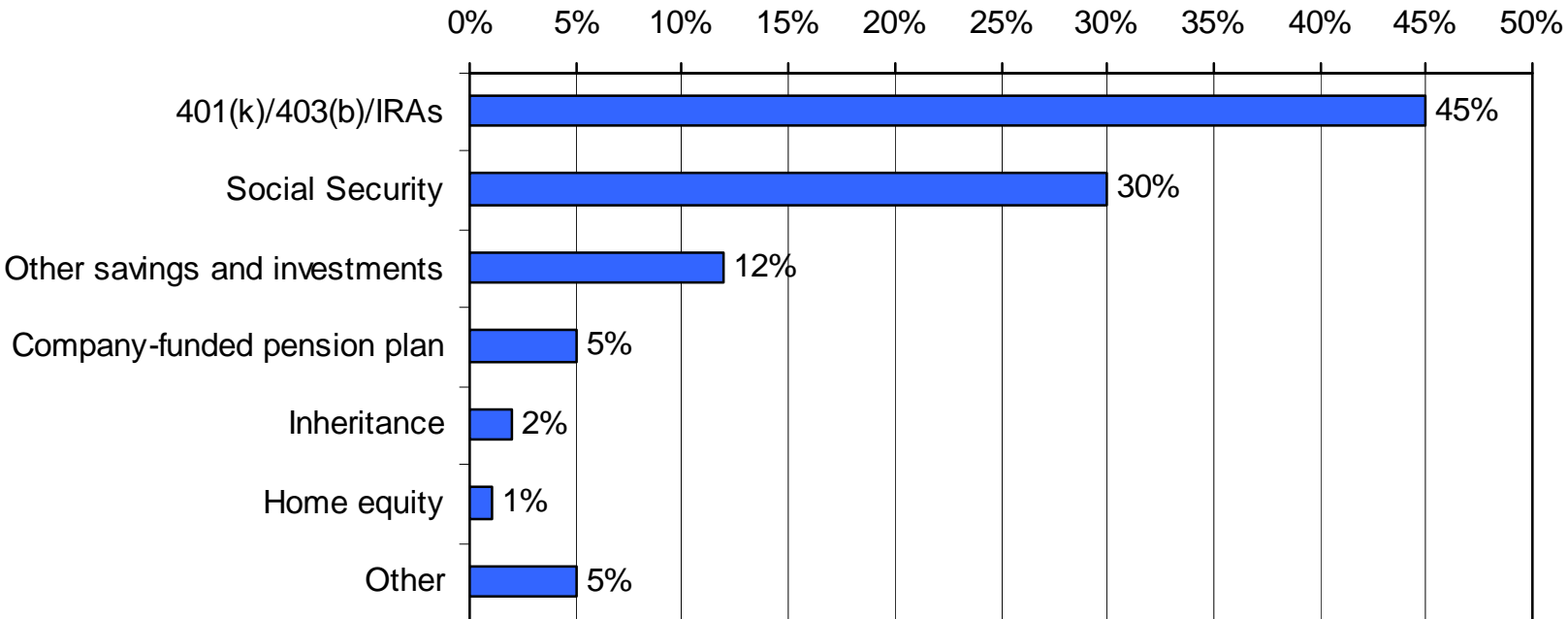


Base: Single Women; Full-Time=394; Part-Time=206
Q505. How do you dream of spending your retirement years?

Primary Source of Income in Retirement

Single women most frequently cite self-funded 401(k) / 403(b) / and IRA accounts as their expected primary source of income in retirement; however, nearly one-third (30%) expect to rely on Social Security benefits.

Primary Source of Income During Retirement



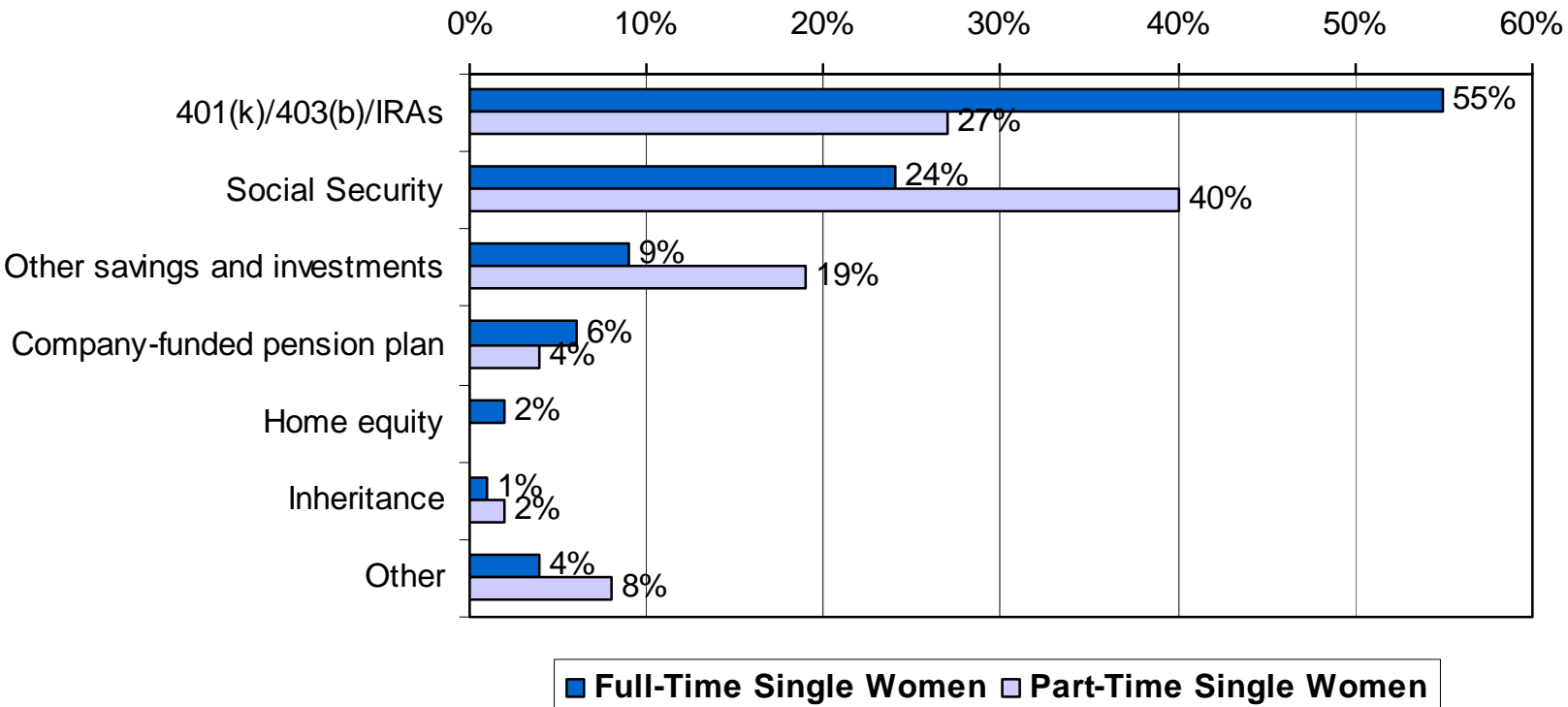
Base: Single Women; Full-Time=394; Part-Time=206

Q550. Which one of the following do you expect to be your primary source of income to cover your living expenses after you retire?

Primary Source of Income: Full-Time v. Part-Time

A closer look at the data reveals significant differences between single women who work full-time versus those who work part-time. Those who work full-time are far more likely to expect to rely on their 401(k)/403(b) and IRAs while those who work part-time are more likely to expect to rely on Social Security benefits.

Primary Source of Income in Retirement



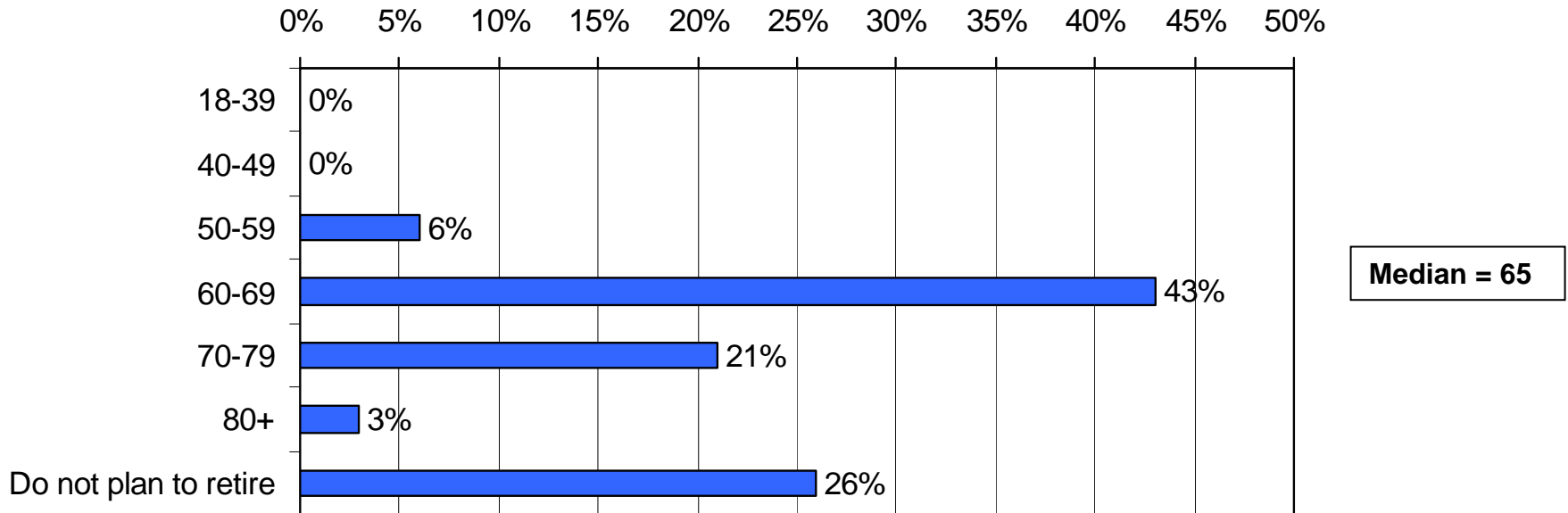
Base: Single Women; Full-Time=394; Part-Time=206

Q550. Which one of the following do you expect to be your primary source of income to cover your living expenses after you retire?

Expected Retirement Age

Half of the single women surveyed expect to work past the age of 70. Most notably, 26% indicated that they do not plan to retire.

Expected Retirement Age

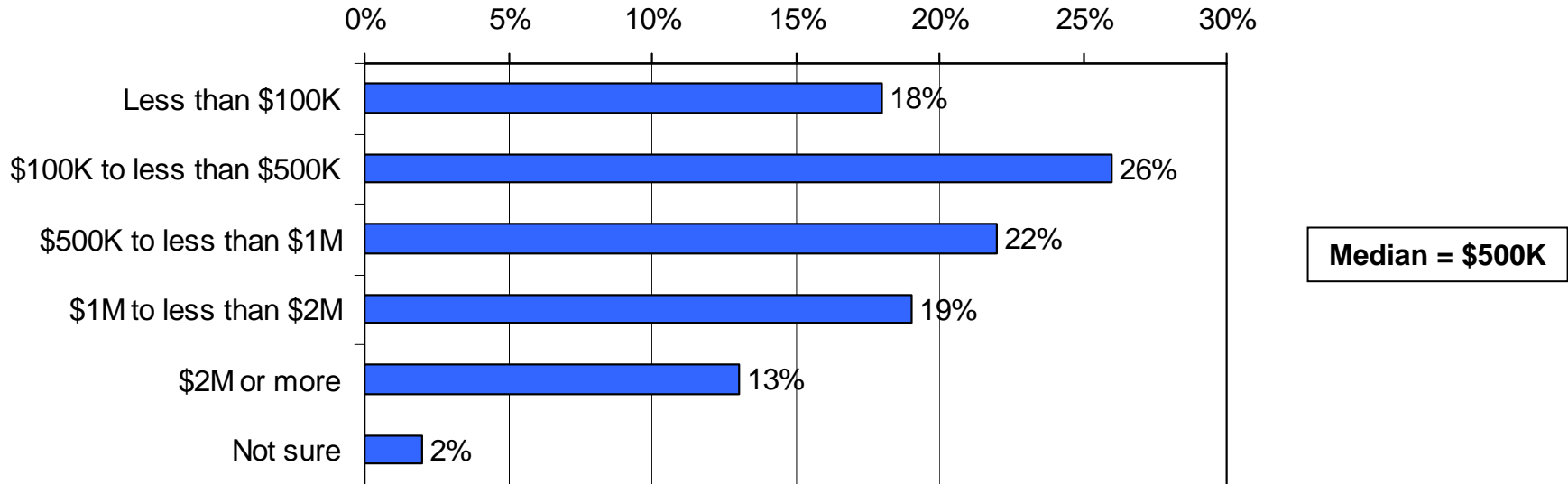


Base: Single Women; Full-Time=394; Part-Time=206
Q910. At what age do you expect to retire?

Estimated Retirement Savings Needs

Single women's reported retirement savings needs range from under \$100,000 to over \$2 million with a median amount of \$500,000.

Amount Needed to Save for Retirement



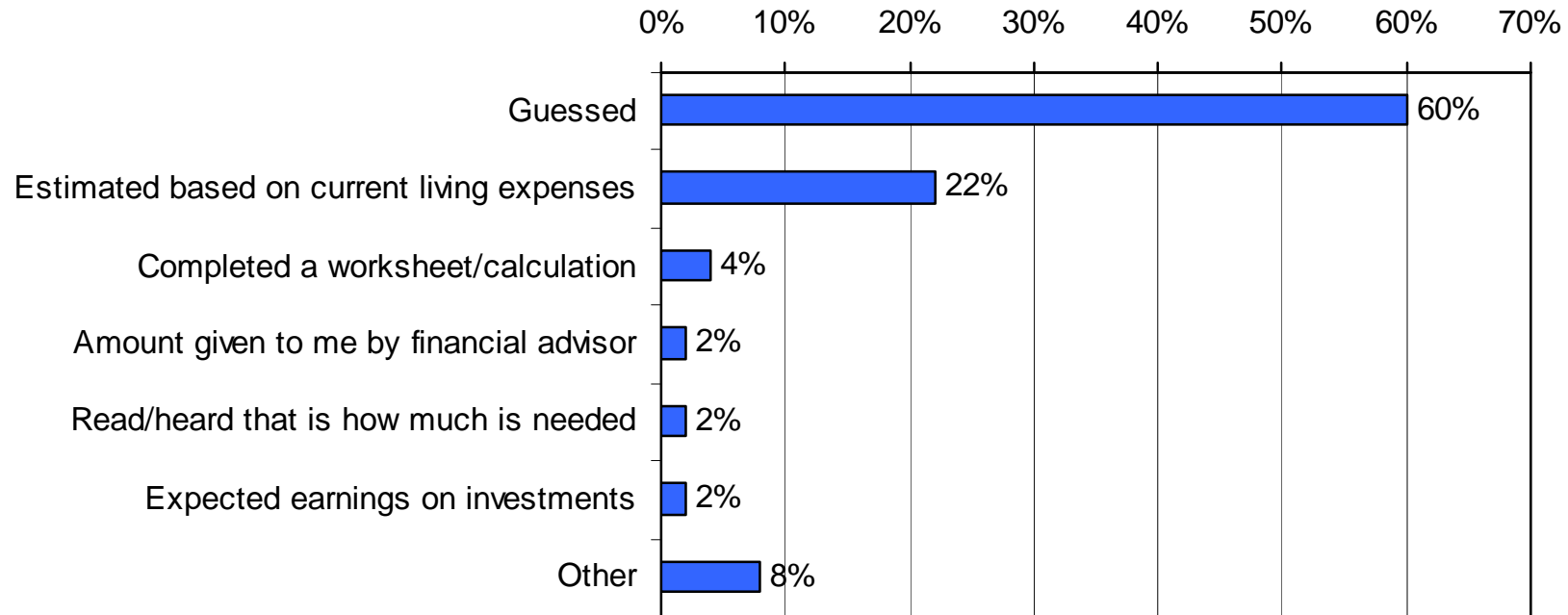
Base: Single Women; Full-Time=394; Part-Time=206

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

Basis of Estimate

When asked how they estimated their retirement savings needs, the majority of single women (60%) indicated that they “guessed.”

How to Estimate Money Needed



Base: Provided Estimate of Money Needed; Full-Time=389; Part-Time=198
Q900. How did you arrive at that number?

Estimated Savings Needs: A Hypothetical Illustration

How much does a single woman need to save for retirement? The answer depends on her years to retirement, desired income replacement ratio, investment return assumptions, whether she expects to receive benefits from Social Security, and other variables. Given the number who “guessed” and the wide ranges of savings needs reported, the survey results raise concerns that single women are misjudging their needs and not saving in line with their true needs.

A Hypothetical Scenario

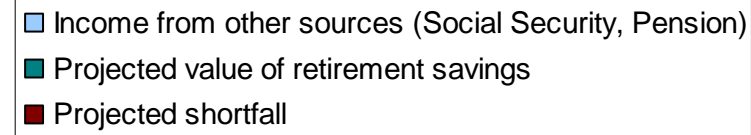
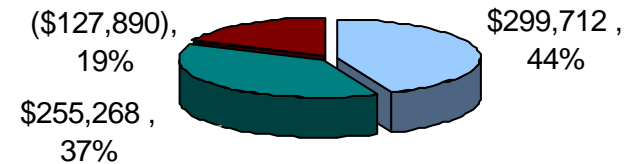
A 30-year old single woman who currently earns \$50,000 a year and expects to retire at age 65 with sufficient savings to achieve a goal of 80% of income replacement ratio will need to save approximately \$683,000 in today’s dollars.

If she consistently saves 6% of her annual salary¹ in her employer’s 401(k) plan over the next 35 years, her retirement savings may grow to approximately \$255,000 – representing approximately a \$428,000 shortfall.

If she expects to receive retirement income from Social Security, based on her current savings and projected Social Security benefits, the shortfall would be less at approximately \$128,000.

Assuming that she receives Social Security benefits, in order to increase the likelihood of achieving her 80% income replacement goal, this 30-year old should consistently increase her savings to over 9%.

**Target Retirement Goal = \$682,870
With Social Security Benefit**



Additional Assumptions

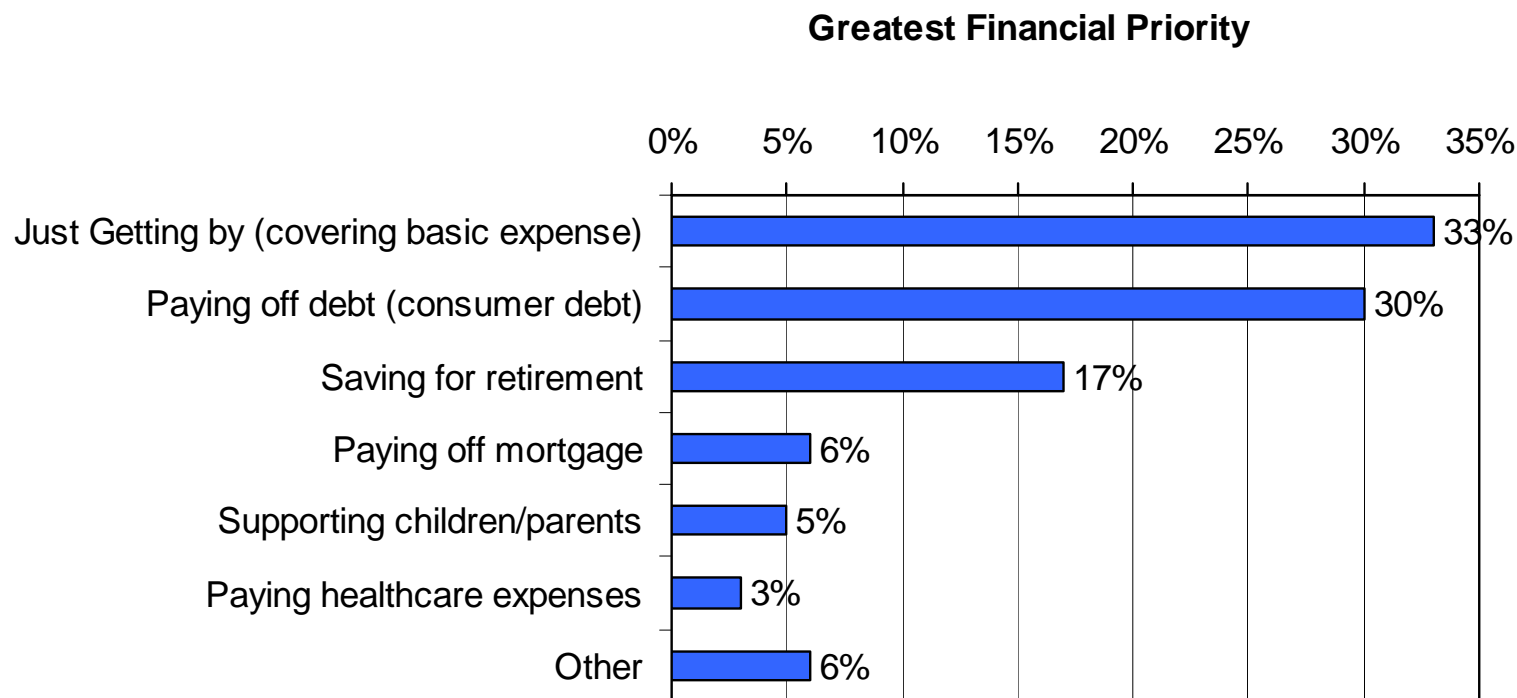
- 3% of annual salary growth
- No company match
- No other asset & income
- 8% rate of return (pre-retirement)
- 6% rate of return (post-retirement)
- 3% of inflation rate
- Life expectancy 90

¹ 6% is the median retirement plan contribution rate reported in the 9th Annual Transamerica Retirement Survey.

This hypothetical scenario was developed for illustration purposes only. While the Transamerica Center has applied care in creating this model, it does not warranty its accuracy.

Greatest Financial Priority

Single women face many competing financial priorities. The survey revealed that the majority of single women's financial priorities are based on immediate needs (i.e., basic living expenses, paying off debt) while only 17% cite saving for retirement as their greatest priority.

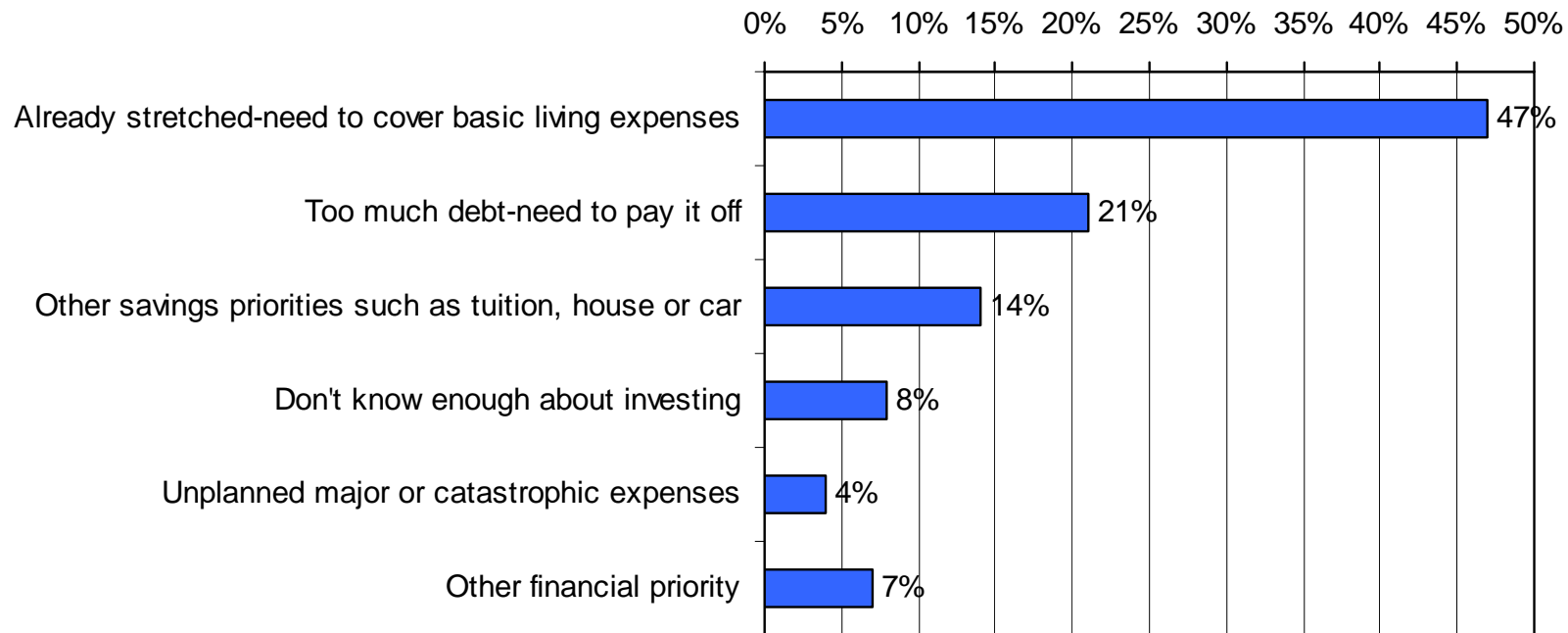


Base: Single Women; Full-Time=394; Part-Time=206
Q500. Which one of the following is your greatest financial priority right now?

Factors that Prevent Saving More

Further, the majority of single women also indicate that immediate needs (i.e., basic living expenses, paying off debt) are preventing them from saving more for retirement.

Financial Priority Most Preventing You From Saving More for Retirement

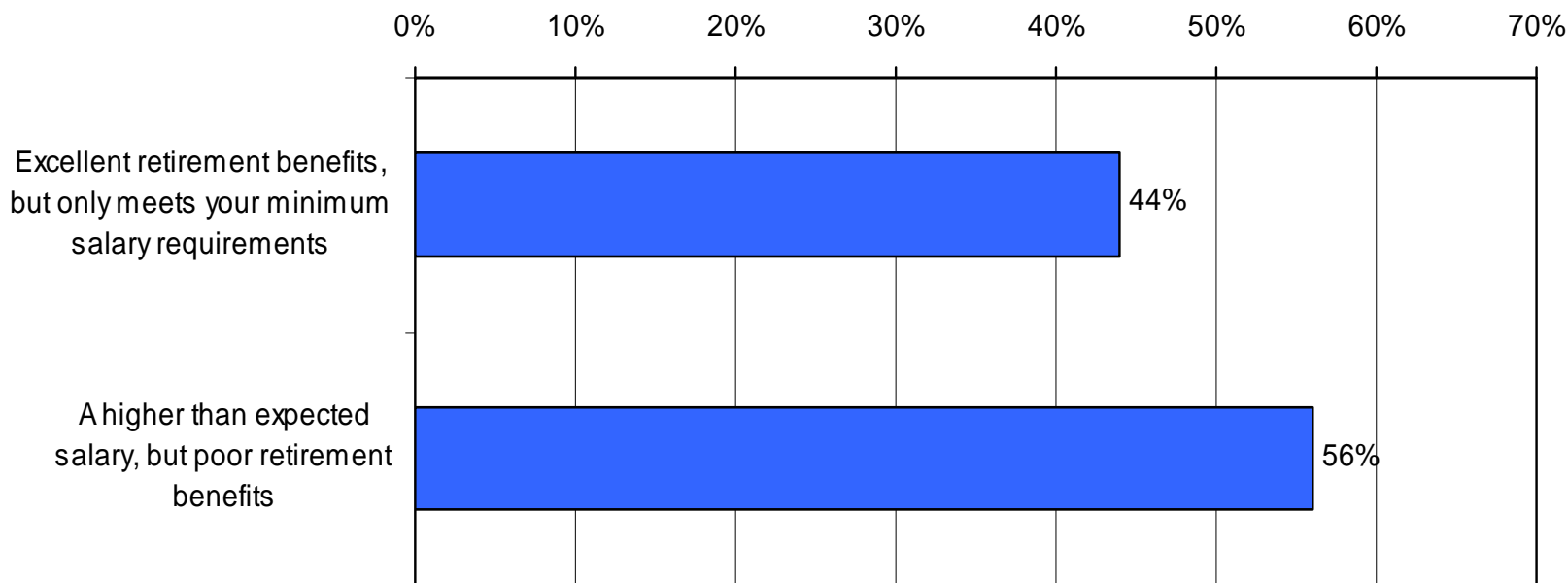


Base: Single Women; Full-Time=394; Part-Time=206
Q810. What one factor or financial priority is most preventing you from saving more for your retirement?

Higher Salary v. Excellent Retirement Benefits

The majority of single women surveyed (56%) indicated they would prefer a higher salary over excellent retirement benefits in a hypothetical job offer.

Preference of Higher Salary v. Excellent Retirement Benefits

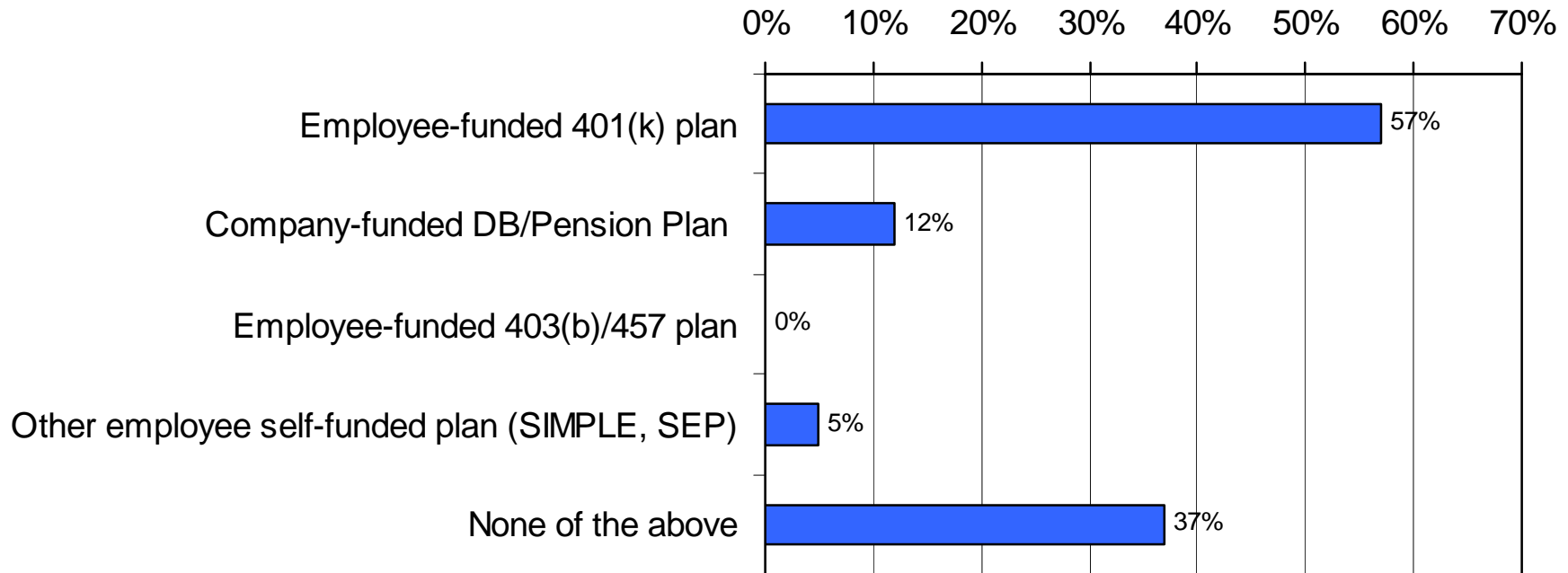


Base: Single Women; Full-Time=394; Part-Time=206
Q830. Suppose that two job offers come your way. Which of the following job offers would you select?

Retirement Benefits Currently Offered

Over half (57%) of single women report having access to 401(k) plan through their current employer. Notably, 37% do not have any retirement benefits currently offered to them.

Retirement Benefits Currently Offered to You

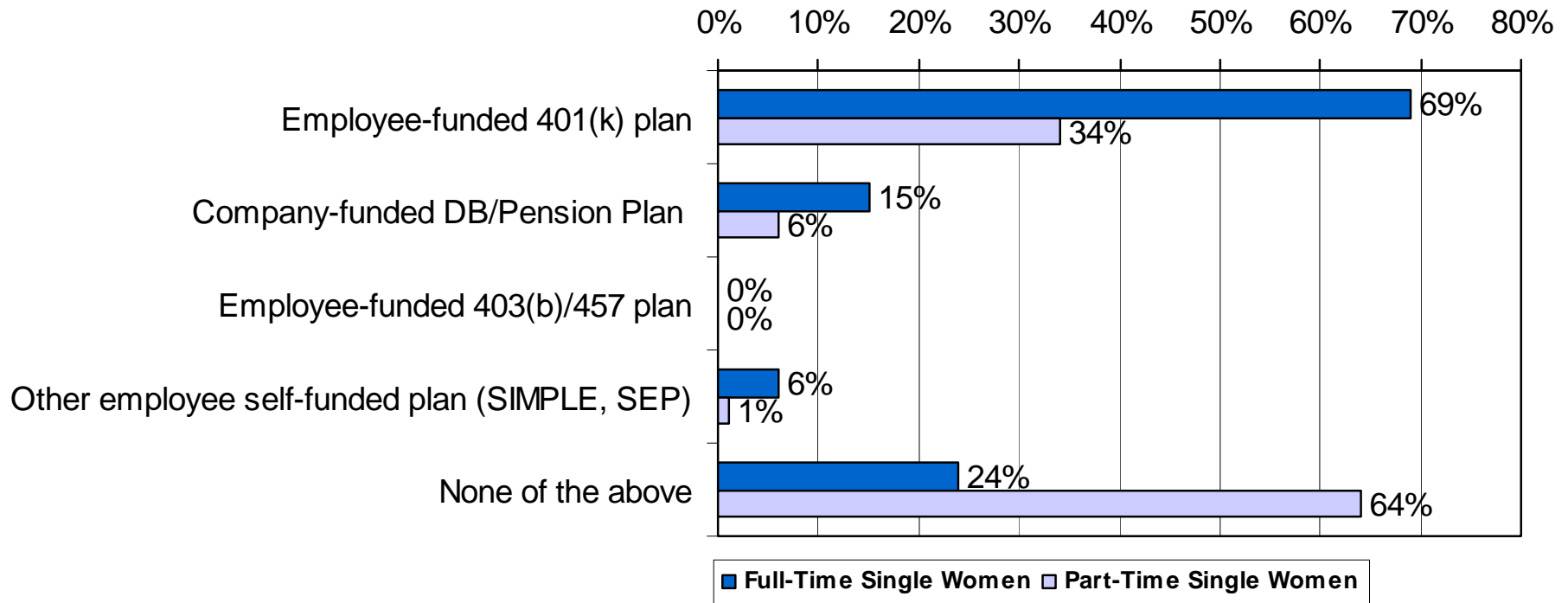


Base: Single Women; Full-Time=394; Part-Time=206
Q580. Which of the following retirement benefits does your company currently offer to you, personally?

Retirement Benefits: Full-Time v. Part-Time

A closer look at the data reveals a substantial gap in retirement benefits between single women who work full-time and those who work part-time. While 69% of single women who work full-time are offered a 401(k) plan, 64% of single women who work part-time have no retirement benefits offered to them by their employer.

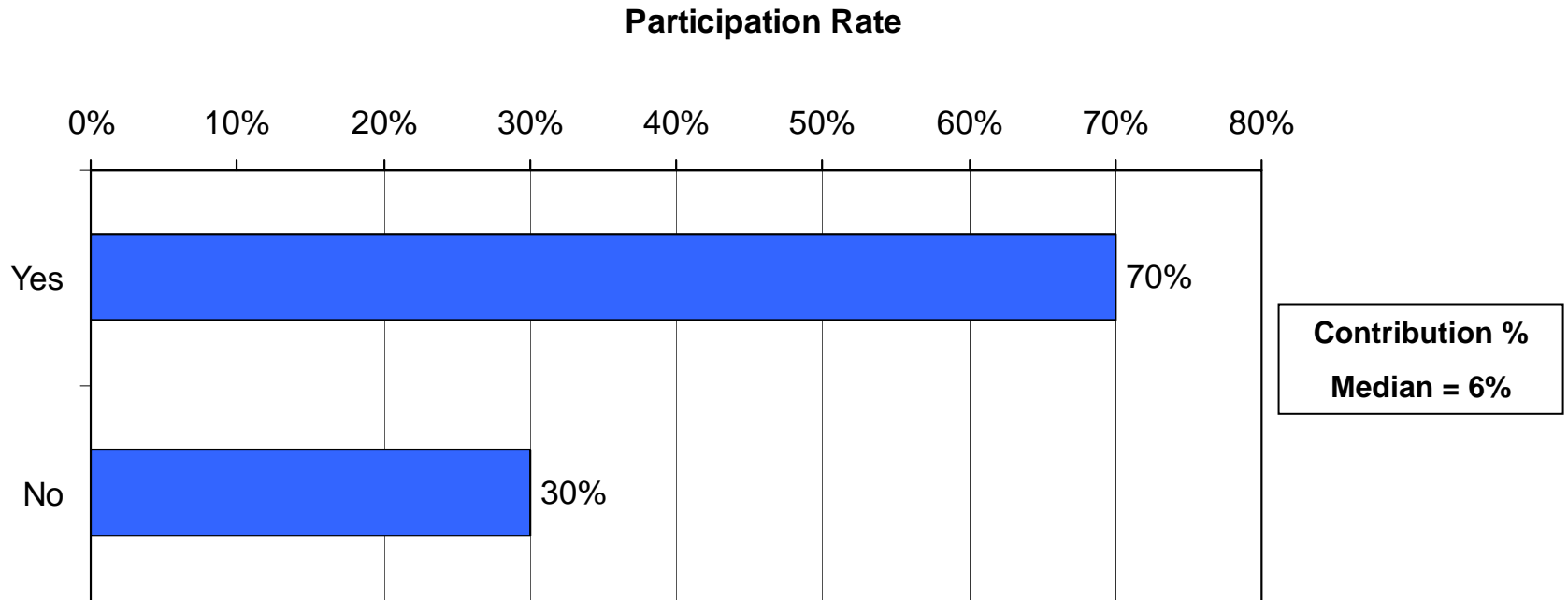
Retirement Benefits Currently Offered to You



Base: Single Women; Full-Time=394; Part-Time=206
Q580. Which of the following retirement benefits does your company currently offer to you, personally?

Participation & Contribution Rate

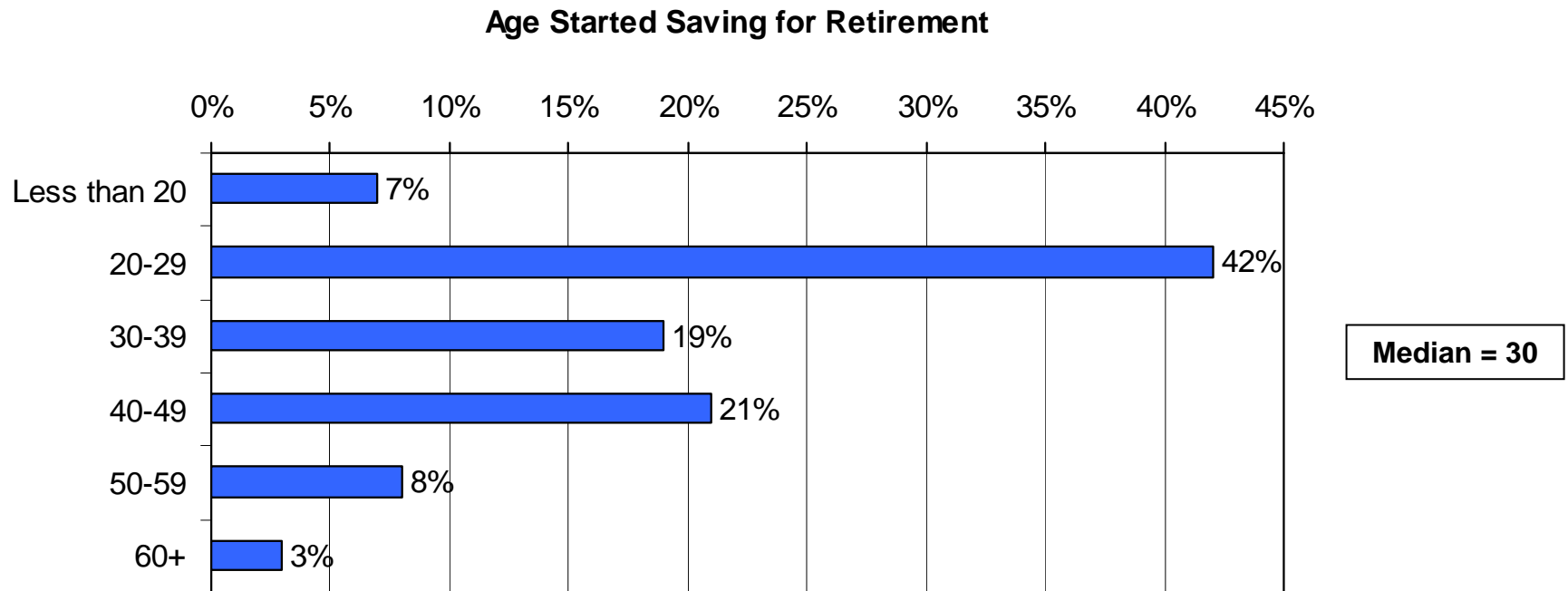
Of the single women who have qualified plans currently offered to them, 70% report they currently participate or have money invested in them. For those who currently participate in qualified plans, the median contribution rate is 6% of annual salary.



Base: Those with Qualified Plans Currently Offered to Them; Full-Time=289; Part-Time=73* (small base)
Q590. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?
Base: Those Currently Participating in Their Qualified Plan; Full-Time=224; Part-Time=30** (small base)
Q600. What percentage of your salary are you saving for retirement through your company-sponsored plan this year?

Age Started Saving

Single women most frequently indicate that they started saving for retirement in their twenties. However, nearly one third (32%) did not start saving until age 40 or later.

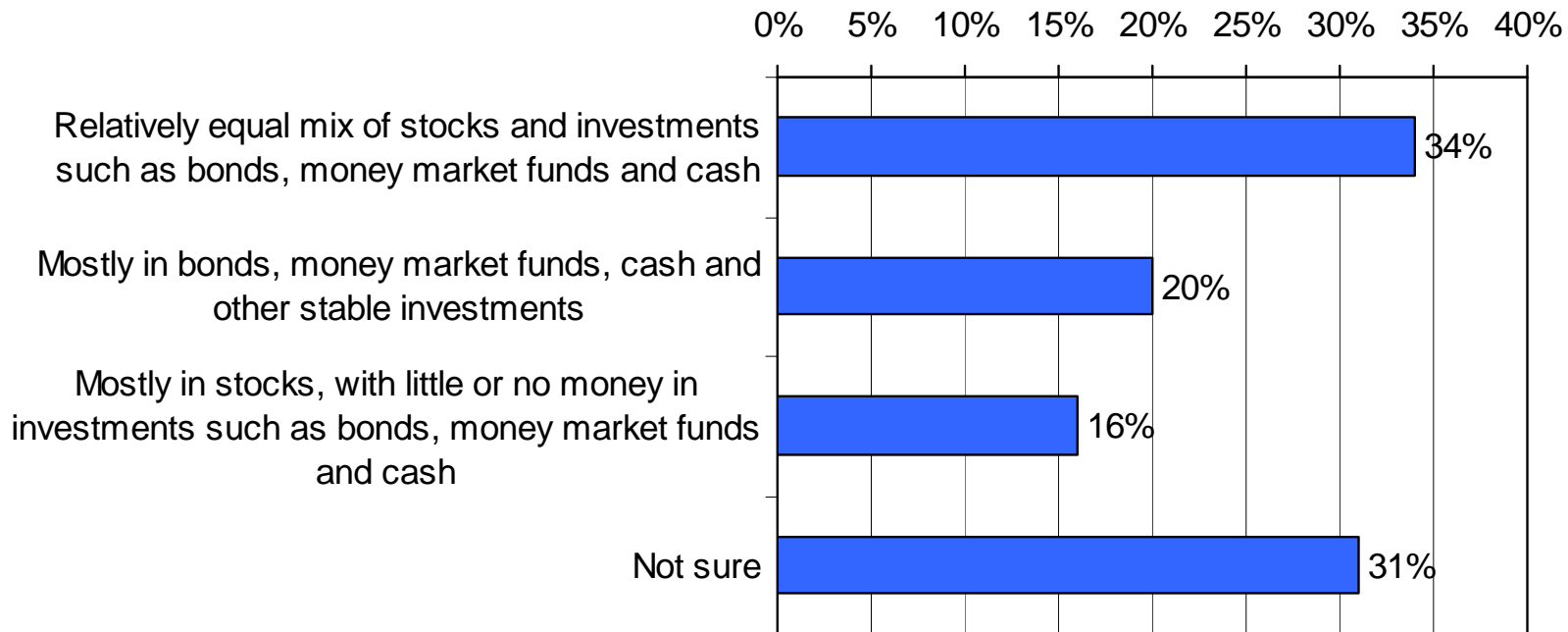


Base: Investing for Retirement, Full-Time=326; Part-Time=114*(small base)
Q790. At what age did you first start saving for retirement?

Retirement Investments

While single women most frequently (34%) indicate that their retirement savings is invested in a relatively equal mix of stocks and bonds, a startling 31% indicate that they are not sure how their savings are invested.

Retirement Savings Allocation

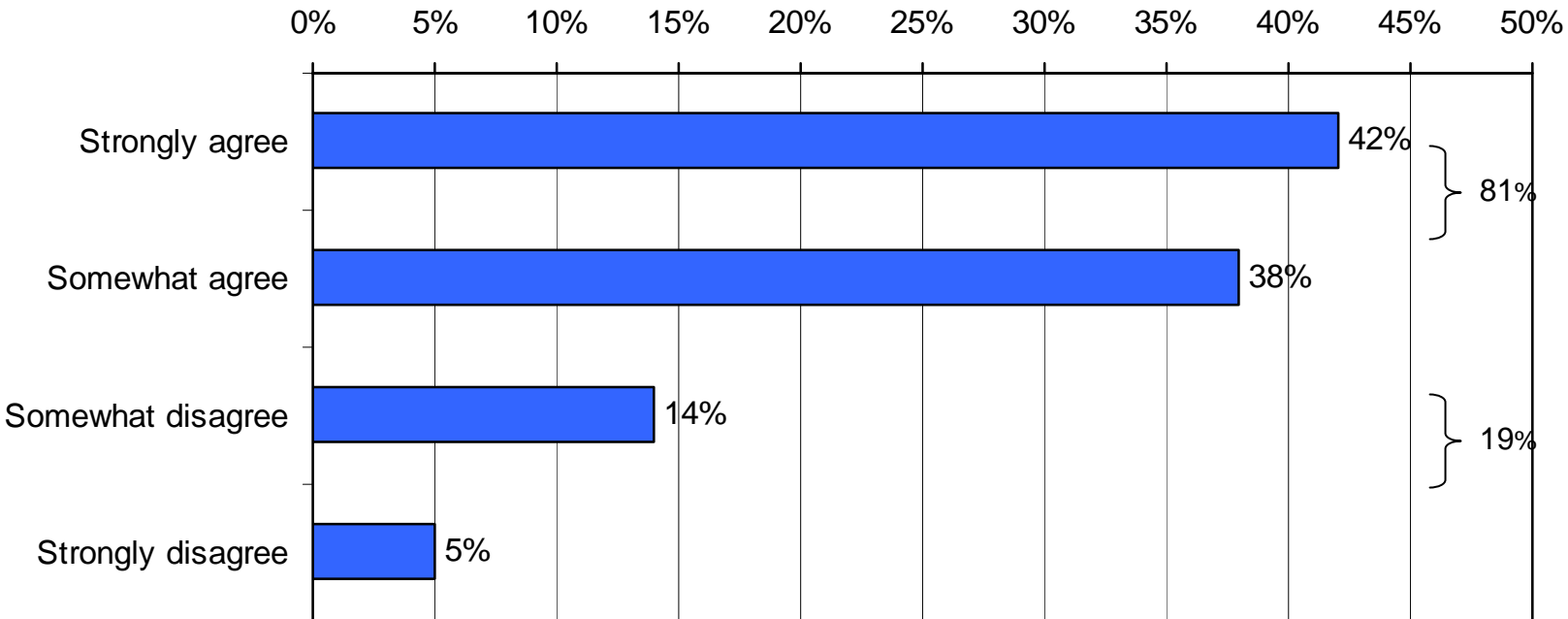


Base: Single Women, Full-Time=326; Part-Time=114*(small base)
Q770. How is your retirement savings invested?

Lack of Knowledge about Retirement Investing

Four-out-of-five (80%) of the single women surveyed indicate that they do not know as much as they should about retirement investing.

Do Not Know as Much as I Should about Retirement Investing



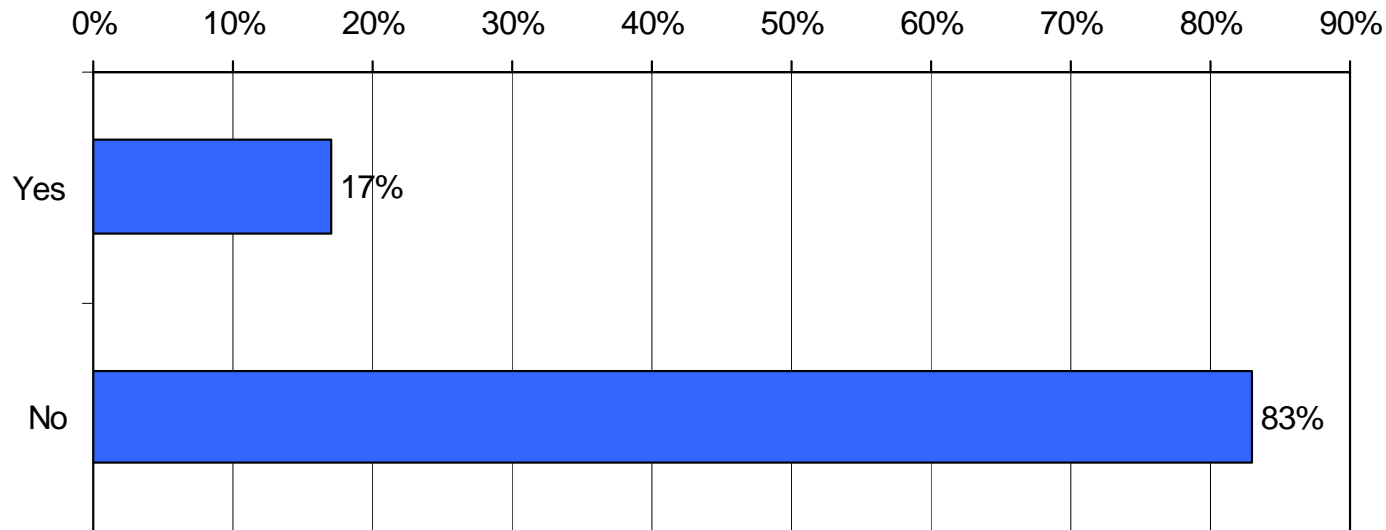
Base: Single Women; Full-Time=394; Part-Time=206

Q931. How much do you agree or disagree with each of the following statements regarding retirement investing? 2. I do not know as much as I should about retirement investing.

Loan Usage

17% of single women retirement plan participants indicated that they have taken out a loan from their plan. The most frequently cited reason for taking a loan (46%) was to “pay off debt.” While taking a loan may seem like a good short-term solution, it also comes with potential risks including negatively impacting the size of one’s nest egg at retirement age as well as tax consequences and penalties (if under age 59 ½) if the loan cannot be repaid.

Have You Taken out a Loan from Retirement Plan

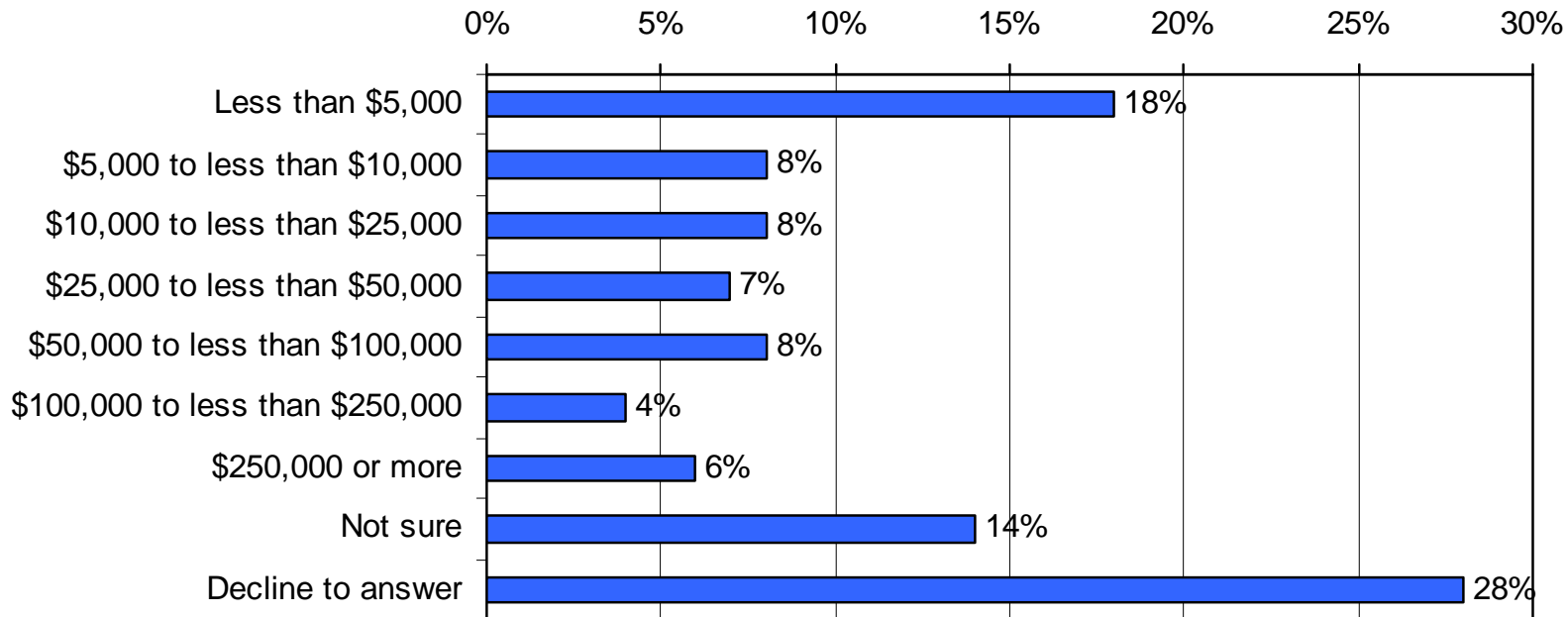


Base: Those Currently Participating In Their Qualified Plan; Full-Time=224; Part-Time=30**(very small base)
Q.650. Have you taken out a loan from your retirement plan?

Total Household Retirement Savings

Single women report surprisingly low levels of total household retirement savings which suggests that they are not saving enough. Over one-third (34%) indicated that they have saved less than \$25,000.

Total Retirement Assets in the Household



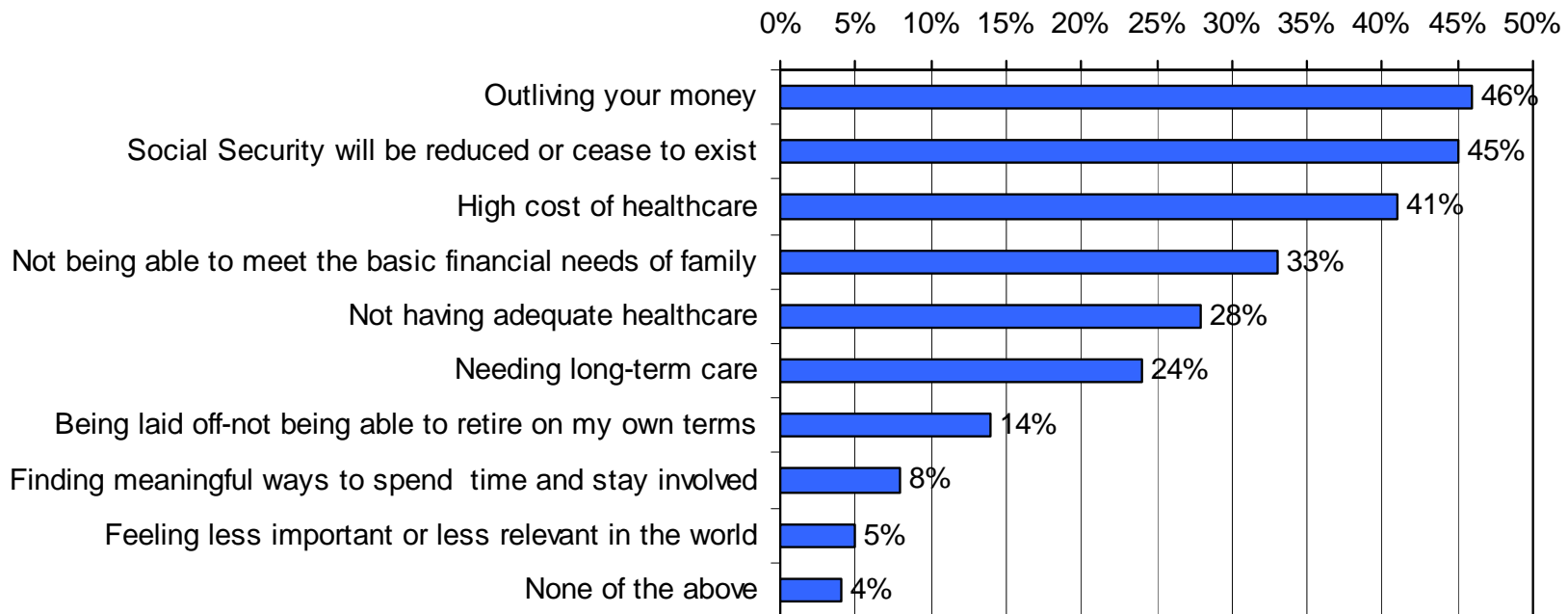
Base: Single Women; Full-Time=394; Part-Time=206

Q1300. Approximately how much money does your household have saved in all of your retirement accounts? Please include IRAs, 401(k)s, 403(b)s, and any other savings for retirement to which you and/or your spouse or partner have contributed funds.

Greatest Fears about Retirement

Single women most frequently cite fears of outliving their money and a reduction or elimination of Social Security benefits. Based on the survey findings in terms of inadequate savings rates and retirement knowledge, these fears, unfortunately, may be well-founded. However, many single women can help improve their chances of a financially secure retirement by taking action – now.

Greatest Fears about Retirement



Base: Single Women; Full-Time=394; Part-Time=206
Q510. What are your greatest fears about retirement?



Appendix

Women in the Job Force

- Women comprised 46% of the total U.S. labor force in 2007.¹ (age 16+)
- 68 million women were employed in the U.S. in 2007 – 75% of them worked on a full-time basis while 25% worked on a part-time basis.¹
- Women earned approximately 80% of what men earned when comparing median weekly earnings of full-time wage and salary workers.¹
- The proportion working year round and full-time has grown over the past several decades. This trend reflects women's movement into occupations that are typified by year-round, full-time work.²
- However, even though women's labor force participation patterns are now more like those of men, women are still more likely than men to work part-time. In 2006, women who worked part-time made up nearly one-fourth of all female wage and salary workers.³

¹ U.S. Department of Labor. Women's Bureau. Quick Stats 2007. <<http://www.dol.gov/wb/stats/main.htm>>.

² U.S. Department of Labor. Bureau of Labor Statistics. Charting the US Labor Market in 2006. <<http://www.bls.gov/cps/labor2006/home.htm>>.

³ U.S. Department of Labor. Bureau of Labor Statistics. Highlights of Women's Earnings in 2006. September 2007. <<http://www.bls.gov/cps/cpswom2006.pdf>>.

Challenges Faced by Women

▪ Gender income gap¹

- In 2006, the median weekly wage/salary of a full-time working woman was 81% (\$600) of men's (\$743).
- Since 1963, the wage gap has narrowed by only one-third of a penny per year. At the current rate of change, the wage gap will not be eliminated until 2039.
- Over the course of her career, the average woman loses approximately \$523,000 due to the wage gap.

▪ Role of Caregiver¹

- Women tend to leave the job force to care for children and aging parents.

▪ Attitude toward savings and investing²

- For every 10 years a person delays starting to save for retirement, she (or he) will need to save three times as much to catch up.
- Lower rates of investment returns may reduce the total amount of savings at retirement.

▪ Longevity²

- On average, a woman retiring at age 55 can expect to live another 27.5 years, four years longer than a man retiring at the same age, and needs to save for these extra years.

¹ "101 Facts on the Status of Workingwomen." Business and Professional Women's Foundation. October 2007. <<http://www.bpwusa.org/files/public/101FactsOct07.pdf>>.

² U.S. Department of Labor, Women's Bureau. Quick Facts on Saving for Retirement and Security. 25 February 2008. <<http://www.dol.gov/wb/factsheets/Qf-Retirement-05.htm>>.

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- U.S. Census Bureau, Facts for Features, 16 July 2007. <http://www.census.gov/Press-Release/www/releases/archives/facts_for_features_special_editions/010329.html>.
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- U.S. Department of Labor. Bureau of Labor Statistics. Highlights of Women’s Earnings in 2006. September 2007 <<http://www.bls.gov/cps/cpswom2006.pdf> >.
- U.S. Department of Labor. Bureau of Labor Statistics. Charting the US Labor Market in 2006. <<http://www.bls.gov/cps/labor2006/home.htm>>.
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