

Transamerica Retirement Survey Identifies Little Known Opportunities to Help Women Better Achieve a Financially Secure Retirement

Transamerica Center for Retirement Studies' Research Illuminates Women's Struggles, Offers Ways to Engage

LOS ANGELES – August 31, 2010 – The retirement forecast for American women may still be gloomy, however new research has identified untapped opportunities that may help brighten it. The study of nearly 1,800 American women workers, released today by the non-profit Transamerica Center for Retirement Studies as part of the 11th Annual Transamerica Retirement Survey, found that while half of women are not confident in their ability to retire comfortably, they know and have voiced what they need in order to improve their chances of financial security.

When asked how they would describe themselves when it comes to saving and investing for retirement, the majority of women (56 percent) say “Educate me: I seek advice, but make my own final decisions.” However, women continue to lack knowledge of savings and investing fundamentals, and are often unaware of key provisions and plan elements that could help them make educated decisions about their retirement:

- Three-quarters of women agree that they do not know as much as they should about retirement investing. Only 3 percent of women indicate they know a great deal about asset allocation.
- Most (82 percent) are unsure or don't know of any fees that may be charged to their employer-sponsored retirement plan
- More than eight out of ten women (84 percent) are completely unaware of the "Saver's Credit" that is available to low-to-middle income workers who are saving for retirement
- When asked if they are aware that people age 50 and older may be allowed to make catch-up contributions to their retirement plan, 57 percent said “no”

“Just 8 percent of women feel they are already educated enough to successfully reach their retirement savings goals,” said Catherine Collinson, president of the Transamerica Center for Retirement Studies. “It's up to everyone to help educate and motivate the other 92 percent. By listening to and embracing what American women want and need to achieve a secure retirement, we can start effecting positive change today. It is critical for the retirement industry, media and policy makers to respond by providing information, tools and resources tailored to women to help them thrive in their golden years.”

While the current lack of knowledge among women may appear discouraging, the survey revealed promising insights into how to help them improve their situation and better prepare for retirement. More than half (57 percent) want to receive more information and advice from their company on how to reach their retirement goals, and 40 percent cited “a good starting point that is easy to understand” as something that would motivate them to learn more about saving and investing for retirement. Forty-four percent cited educational materials that are easier to understand.

When asked to identify which sources of information women rely on for retirement planning and investing, most frequently cited responses included: 34 percent trust the advice they receive from friends and family, 24 percent trust financial websites and 20 percent depend on print newspapers and magazines.

State of Women and Retirement: Room for Improvement

According to the Survey, 70 percent of women say they could work until age 65 and still not have enough saved for their retirement needs, while nearly 60 percent say they are not currently building a large enough nest egg. In fact, women estimate needing a median amount of \$500,000 to achieve a secure retirement, yet almost 40 percent of women have only \$50,000 or less saved in all of their household retirement accounts combined.

While 401(k) plans and IRAs were most frequently cited by women as their expected primary source of income to cover living expenses at retirement (41 percent), almost one-third (29 percent) of the women surveyed still expect Social Security to be their primary source of income. Only 67 percent of women surveyed indicate that they are offered a 401(k) or similar plan by their employers, compared to 74 percent of men. The picture is worse for women who work part-time, with only half offered a plan.

“Women already face a number of unique circumstances, such as typically lower salaries, time out of the workforce and longer life expectancy, that present challenges to effectively saving for retirement,” said Collinson. “Despite recognizing these challenges, many women are still missing opportunities to improve their outlook by adopting more proactive savings habits.”

This general lack of preparedness is illustrated by shortcomings in savings behavior. For instance, at a median age of 30 years old, women typically start saving for retirement two years later than men. Women are also generally less engaged in managing their retirement savings: 54 percent don’t have any kind of strategy for reaching their retirement goals, and when asked how they arrived at their estimated needs in retirement, almost 60 percent of women said they had guessed.

“While retirement plan providers, employers and the media can take extra steps to educate and engage women, it is vital that women take charge and be proactive in order to overcome challenges and ensure they are adequately preparing for their financial future,” said Collinson.

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About Transamerica Center for Retirement Studies®

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About the 11th Annual Retirement Survey

This survey was conducted online within the United States by Harris Interactive on behalf of Transamerica Center for Retirement Studies between December 3, 2009 and January 18, 2010 among

3,598 full-time and part-time workers. 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, and employer size of 10 or more. Results were weighted as needed for the number of employees at companies in each employee size range. No estimates of theoretical sampling error can be calculated; a full methodology is available.

TCRS 1043-0810