

Transamerica Study Reveals Women Don't Talk Enough About Retirement

Transamerica Center for Retirement Studies® Explores Actionable Approaches for Women to Better Engage and Successfully Prepare for Retirement

LOS ANGELES – January 10, 2012 – Women of all ages share dreams of retirement that include traveling, spending time with family and friends, and pursuing hobbies, but only 8 percent strongly agree that they are building a large enough retirement nest egg, according to research released by the non-profit Transamerica Center for Retirement Studies® (“The Center”). As part of its 12th Annual Transamerica Retirement Survey, the Center surveyed over 1,800 American women workers to understand where their outlook stands today and what approaches could help them make their retirement futures brighter.

“Historically, women are more likely than men to take time out of the workforce for parenting and caregiver responsibilities. Over the course of a woman’s career, these factors translate to reduced earnings and lower long-term retirement savings,” says Catherine Collinson, president of The Center. “An important first step toward helping women build retirement confidence is to raise awareness about the issues and then highlight ways that women can take greater control of their financial future.” The Transamerica Center for Retirement Studies research outlines actionable steps women can take to boost their financial security in retirement and old age.

Women Don't Talk Enough About Retirement

Friends and family are the most frequently cited go-to sources of retirement planning and investing information among women (37 percent). The problem is that women aren't talking about it enough; only 8 percent talk about retirement planning “frequently” and 30 percent of women “never” talk about it with family and friends.

Getting Motivated

When asked what would motivate them the most to learn more about saving and investing for retirement, women most frequently said (34 percent): *a good starting point and educational materials that are “easier to understand.”*

A telling example of this need for education relates to women’s expected sources of income when they retire. Over half (53 percent) of women expect to self-fund their retirement through 401(k)s, 403(b)s, or IRAs and/or outside savings and investments; 31 percent expect to rely on Social Security. Of those women who expect to rely on Social Security, only 14 percent have “a great deal” of understanding of the benefits, and nearly as many (12 percent) indicated they have “none.” Additionally, when it comes to retirement investing, the vast majority of women (78 percent) say they do not know as much as they should.

With only 8 percent of women being very confident they will be able to fully retire with a comfortable lifestyle, it’s important to offer access to holistic, easy-to-use and engaging educational materials and tools that can help them create a retirement framework, set forth a plan and achieve their goal.

Conversation Starters

“Women have voiced that they want a good starting point and educational materials that are easier to understand, so it’s up to the retirement industry, employers, media and policy makers to present information in a way that is easily digestible and actionable,” added Collinson. “By tailoring retirement education to increase financial literacy along with offering strategies and tactics to reach savings goals, women should be much better positioned to successfully build their nest eggs. So, let’s get the conversation started and make retirement part of women’s daily dialogue.”

The Survey highlighted opportunities and inspired questions about retirement planning (shown in italics below) for women to start the conversation with family and friends:

- 1. Personal decision-making style:** The majority of women (54 percent) say they seek advice but make their own decisions about saving and investing for retirement. However, only 31 percent indicate that they use a professional financial advisor. Another 29 percent are do-it-yourselfers who prefer to do their own research and make their own decisions
 - *How do you get information about saving for retirement and what is your decision-making process?*
- 2. Goal setting and estimating retirement savings needs:** The majority of women (60 percent) “guessed” their estimated retirement savings goal
 - *Do you know how much money you’ll need to retire at the age you want to retire?*
- 3. The need for a strategy and written plan including a back-up plan:** Few women (7 percent) have a written plan documenting their retirement strategy, while 53 percent have no plan at all; only 16 percent have a back-up plan in the event that they are unable to work before their planned retirement
 - *Do you know how you’ll reach your retirement savings goals? What would happen if you lost your job or got sick before your planned retirement age?*
- 4. Go-to sources for learning about saving and investing for retirement:** The majority of women (37 percent) rely on friends and family, closely followed by a financial planner or broker (29 percent), their retirement plan provider’s website (27 percent), and financial websites (25 percent)
 - *Who do you talk to or where do you go to learn more about saving and investing for retirement? Why?*
- 5. Awareness of opportunities like the Saver’s Credit and Catch-Up Contributions:** Few women (22 percent) are aware of the Saver’s Credit and about half (48 percent) are aware of the ability to make Catch-Up Contributions
 - *Have you ever heard of the Saver’s Credit or Catch-Up Contributions? Do you know if you’re eligible?*

Additional recommendations for the retirement services industry, media, employers and plan sponsors, and policymakers can be found in the ***Women: Let’s Talk About Retirement*** report. For the full survey results and for resources about retirement planning, visit www.transamericainstitute.org.

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About Transamerica Center for Retirement Studies®

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About the 12th Annual Retirement Survey

This survey was conducted online within the United States by Harris Interactive on behalf of Transamerica Center for Retirement Studies® between January 31, 2011 and March 10, 2011 among 4,080 full-time and part-time workers, including 1,811 women. 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 6198-0112