

Here and Now: How Women Can Take Control of Their Retirement

New TCRS survey report illuminates challenges and opportunities faced by women in achieving a secure retirement

LOS ANGELES – March 5, 2018 – Just 12 percent of women in the workforce are “very confident” that they will be able to someday fully retire with a lifestyle they consider comfortable, according to survey findings highlighted in ***Here and Now: How Women Can Take Control of Their Retirement***, a report released today by nonprofit Transamerica Center for Retirement Studies® (“TCRS”).

“Despite the progress made in recent decades in terms of higher levels of educational attainment and career opportunities, women continue to encounter financial risks that put them at a distinct disadvantage compared to men with regard to retirement security,” said Catherine Collinson, president of TCRS. “Women continue to earn less than men and, therefore, have less income available to save. Women are more likely to work part-time and, as a result, are less likely to have access to employer-sponsored benefits including retirement benefits. Women often take time out of the workforce for parenting or caregiving, foregoing income and benefits altogether. Statistically speaking, women live longer than men, thereby necessitating that they save for a longer retirement. In combination, these factors can have a compounding effect that severely impedes a woman’s ability to successfully achieve a secure retirement.”

As part of the 18th Annual Transamerica Retirement Survey, a 2017 survey of more than 6,300 workers including 3,917 women, this new report illustrates that women in the workforce have a strong vision of retirement, yet many face challenges that make it more difficult to adequately save, invest, and prepare than their male counterparts. The research also illuminates opportunities for women to take greater control of their retirement.

Women’s Visions, Dreams, and Fears of Retirement

“Today’s women envision extending their working lives beyond traditional retirement age and an active retirement that balances time for leisure, family and friends, and some form of continued work,” said Collinson. The survey finds that more than half of women (53 percent) expect to work after age 65 or do not plan to retire. Fifty-four percent plan to continue working at least part-time in retirement.

Among women who expect to work past age 65 and/or plan to continue working in retirement, the vast majority (85 percent) cite financial-related reasons for doing so. Interestingly, a strong majority (71 percent) of women cite healthy-aging reasons (e.g., staying active, keeping their brains alert, having a sense of purpose) as reasons to continue working.

The top three most frequently cited retirement dreams among women, according to the survey’s findings, are traveling (71 percent), spending more time with family and friends (61 percent), and pursuing hobbies (48 percent). A noteworthy 28 percent of women dream of doing volunteer work. Twenty-five percent dream of doing some form of paid work, including pursuing an encore career (11 percent), starting a business (9 percent), and/or continuing to work in the same field (9 percent).

“Women’s dreams of retirement are overshadowed by financial and health-related fears. Some of these fears involve factors that women may have a greater ability to influence than they realize,” said Collinson. The top five “greatest” retirement fears cited by women are: Outliving their savings and investments (55 percent), Social Security will be reduced or cease to exist in the future (53 percent), the inability to meet the basic financial needs of their families (48 percent), declining health that requires long-term care (47 percent), and a lack of access to adequate and affordable healthcare (42 percent).

Precarious Financial Prospects for Retirement

“Women face formidable competing financial priorities which make it difficult to save for retirement. The good news is that most women in the workforce are saving for retirement. The bad news is that many are not saving enough,” said Collinson. Among women workers the survey finds:

- ***Shorter-term financial priorities take precedence over saving for retirement.*** Paying off debt is a financial priority for almost seven in ten women (68 percent), including those who are paying off credit card debt (46 percent), mortgage debt (30 percent), student loans (18 percent), and/or other consumer debt (16 percent). Fifty-eight percent of women cite building savings as a financial priority compared to only 51 percent who cite saving for retirement. An alarming four in 10 women (41 percent) cite “just getting by to cover basic living expenses” as a priority.
- ***Many may not be saving enough for retirement.*** Seventy-three percent of women are saving for retirement through an employer-sponsored plan and/or outside of work. They started saving at age 27 (median). Among those saving in a 401(k) or similar plan, women are contributing seven percent (median) of their annual pay. Women’s total household savings in all retirement accounts stands at \$42,000 (estimated median).
- ***Emergency savings are lacking.*** Many women lack emergency savings that could help cover the cost of a major financial setback (e.g., unemployment, medical bills, home repairs, auto repairs, other). Women have saved only \$2,000 (median) for such emergencies. One in four women (27 percent) have saved less than \$1,000 and 26 percent are “not sure.”

“Many women are in a financially precarious situation in which they are stretching their paychecks to cover basic expenses and pay off debt with little left over to save for emergencies or retirement,” said Collinson. “Staying in the workforce as long as possible is a practical solution for bridging retirement savings shortfalls. In pursuing this, women must be ultra-proactive about ensuring their skills are current with the employment market, be prepared to persevere amid the headwinds of ageism, be hypervigilant about their finances, and have a backup plan if forced into retirement sooner than expected. It’s a tall mountain to climb -- but women can do it if they start now.”

How Women Can Take Control of Their Retirement

“Without a doubt, saving and planning for a financially secure retirement can be daunting. However, our survey findings identify opportunities that are within reach and can help women take control of their retirement,” said Collinson. Some of the specific opportunities include:

- ***Start a conversation about retirement.*** Retirement impacts families yet only 13 percent of women “frequently” discuss saving, investing, and planning for retirement with family and friends. An open dialogue with trusted loved ones can inspire new ideas, identify opportunities, encourage action, and set expectations about any need to either provide or receive financial support.
- ***Stop guessing and start calculating retirement savings needs.*** Women estimate they will need to have saved \$500,000 (median) by the time they retire in order to be financially secure – an estimate that 55 percent arrived at by “guessing.” Only seven percent used a retirement calculator or completed a worksheet.
- ***Formulate a written strategy for retirement.*** Only 11 percent of women have a written retirement strategy – and another 44 percent say they have a strategy but it is not written down. Nearly half of women (45 percent) have no strategy at all.
- ***Become familiar with spouse/partner’s retirement savings.*** Among those who are either married or living with their partner, only one in three women (32 percent) are “very familiar” with their spouse/partner’s retirement plan and savings.
- ***Take steps to continue working past 65 or in retirement.*** Many women are taking proactive steps to ensure that they will be able to continue working past age 65 or in retirement, if needed such as performing well at their current job (57 percent) and keeping their job skills up to date (46 percent). Far fewer women are networking and meeting new people (20 percent), scoping out the job market and opportunities available (17 percent), or going back to school and learning new skills (14 percent).

- **Safeguard your health.** Only 22 percent of women are “very concerned” about their health in older age. When asked about health-related activities they are doing on a consistent basis, women’s responses are: Seeking medical attention when needed (58 percent), eating healthfully (57 percent), maintaining a positive outlook (55 percent), avoiding harmful substances (e.g., cigarettes, alcohol, illicit drugs, etc.) (55 percent), getting routine physicals and recommended health screenings (54 percent), getting plenty of rest (52 percent), exercising regularly (50 percent), and managing stress (44 percent). Only one in four women (26 percent) say they consider long-term health when making lifestyle decisions and 23 percent indicate they are practicing mindfulness and meditation. Four percent say they are doing “nothing.”

“Women have made tremendous progress in recent decades. Yet there is more work to be done in terms of overcoming inequalities and helping women achieve long-term financial security. This endeavor must be a shared responsibility among individuals, employers, industry and policymakers. Progress that is made can and will transform lives today and for generations to follow,” said Collinson.

For more than a decade, TCRS has published research each year illustrating that women are at greater risk of not achieving a financially secure retirement compared to men. The goal of this research is to raise awareness of the risks that women face and highlight opportunities in which they can take greater control of their long-term financial security.

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About Transamerica Center for Retirement Studies

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About the 18th Annual Transamerica Retirement Survey

The analysis contained in *Here and Now: How Women Can Take Control of Their Retirement* was prepared internally by the research team at TCRS. The 25-minute online survey was conducted within the U.S. by The Harris Poll on behalf of TCRS between August 9 and October 28, 2017 among a nationally representative sample of 6,372 workers, including 3,917 women and 2,432 men. Potential respondents were targeted based on employment status and company size. Respondents met the following criteria: U.S. residents, age 18 or older, full-time or part-time workers in for-profit companies with five or more employees. Results were weighted where necessary to bring them into line with the population of U.S. residents age 18+, employed full-time or part-time in a for-profit company with 5+ employees, and to adjust for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who responded to this survey versus those who did not. No estimates of theoretical sampling error can be calculated.