

Women Around the World Share Retirement-Related Aspirations and Anxieties

Although specific circumstances vary by country, many challenges are common to all

LOS ANGELES – November 19, 2014 – New research from nonprofit Transamerica Center for Retirement Studies® (TCRS) in collaboration with Aegon examines the retirement preparedness of women in the workforce in the United States and around the world. ***Women: Balancing Family, Career & Financial Security*** is drawn from a survey of 16,000 workers and retirees (including 7,956 women) in 15 countries spanning Europe, North and South America and Asia.

“Today's women are better educated and enjoy career opportunities that our grandmothers' generation could only dream about,” said Catherine Collinson, president of TCRS. “However, even today, a woman's path to a financially secure retirement is filled with roadblocks and detours, such as lower pay and time out of the workforce for parenting or caregiving, which can negatively impact her long-term retirement preparedness.”

Storm Clouds Darken Women's Retirement Aspirations

“Women around the world share similar dreams of retirement. Globally, our research has found striking similarities in women's retirement aspirations, suggesting that there is a universal ideal which we all hope to enjoy,” said Collinson.

Among women around the world, the survey found that retirement aspirations include travel (64 percent), spending time with friends and family (62 percent), pursuing new hobbies (51 percent), volunteer work (27 percent), and even continuing to work in the same field (14 percent).

In addition, the survey found that, on average, women around the world were more likely to associate retirement with positive words (69 percent), such as leisure and freedom, compared to negative words (53 percent). Among women in 12 of the 15 countries in the survey, positive word associations exceeded negative ones. In the U.S., women have even more favorable responses: 74 percent cited positive words and only 35 percent cited negative words.

“While women globally share positive expectations about their future retirement, our research also found dark storm clouds threatening their retirement readiness,” said Collinson.

Twenty-four percent of women around the world associate retirement with the word “insecurity,” with the highest response rate in Hungary at 56 percent. Overall, 18 percent associate it with “poverty,” with the response rate highest in Poland at 43 percent. American women hold somewhat brighter forecasts for their retirement, with only 15 percent citing “insecurity” and nine percent “poverty.”

Retirement Savings Shortfalls Are Imminent Unless Women Can Start Saving More

“One of the greatest issues facing women globally is an imminent retirement savings shortfall,” said Collinson. Only 20 percent of women believe they are on track to meet their income needs when they retire and 40 percent “don't know.” In the U.S., slightly more women believe that they are on track (24 percent) or don't know (43 percent).

“Most women are saving for retirement; however, they are not saving enough to meet their future retirement income needs,” said Collinson. The survey found that the majority of women (57 percent) are saving for retirement, including 36 percent who always make sure they are saving and 21 percent who only save occasionally. Another 24 percent are not saving but intend to do so. In the U.S., 62 percent are saving and 15 percent intend to start.

While most women are saving, few women globally (10 percent) say that they are saving enough for retirement and almost one in four (23 percent) indicate that they are hardly saving at all. The statistics for women in the U.S. are similar: 15 percent indicate that they are saving enough and 22 percent hardly at all.

“When comparing a woman’s ability to save to that of a man, her life’s circumstances, which may include lower pay and/or time out of the workforce, make it very difficult for her to save consistently and adequately,” said Collinson. Globally, the survey found that women’s annual income is about 27 percent less than what men earn. Fewer women (38 percent) are offered a retirement plan with employer contributions compared to 45 percent of men. In cases where savings plans require full-time employment or an eligibility waiting period, many women may be effectively excluded from participation.

“Given current employment trends, it’s no wonder that women are struggling to adequately save and financially prepare for retirement,” said Collinson. Overall, sixty-seven percent of women say that a lack of money to invest is an obstacle to saving and the response is similar in the U.S. (64 percent).

Recommendations for Helping and Empowering Women to Improve Their Retirement Outlook

“Traditional gender roles continue to place women at a disadvantage in terms of saving and planning for retirement,” said Collinson. “Juggling work and unpaid caregiving responsibilities often results in a woman’s taking time out of the workforce or working part-time. The potential consequences extend far beyond lost income. Doing so can negatively affect her lifetime earnings, savings and compounding of investments, and even employer retirement benefits and Social Security.”

Employers and policymakers can help both women and men achieve a better, more comfortable retirement. Transamerica Center for Retirement Studies® sets forth the following recommendations for consideration:

Employers can and should broaden women’s access to workplace retirement benefits

- Extend workplace retirement plans to cover part-time workers thereby providing more employees, particularly women, the ability to save for retirement by participating in workplace retirement plan.
- Implement automatic enrollment and escalation features in workplace retirement plans. The convenience of automatic enrollment can result in more women, especially those who are busy juggling family and career, joining the plan and starting to save. Auto-escalation automatically increases savings rates as salaries increase, and can particularly help those with lower incomes increase savings rates slowly over time.

Employers and policymakers can foster a more flexible workforce aligned with women’s needs

- Provide for paid maternity and paternity leave, making it easier for men to share in caregiving responsibilities for the birth of a child. In addition, provide the ability for women to take leave from work (paid or unpaid) to care for family members to help women better balance work and caregiver responsibilities without having to necessarily sacrifice one over the other.
- Provide assistance and information on caregiving services. Many employees, including both women and men, will likely be forced to take time off from work or make caregiving arrangements during the workday, which can result in lesser productivity in the workplace.
- Provide opportunities for vocational training and support to help women remain economically active longer into their retirement. This can help many women take a more flexible approach to retirement, and can provide other income opportunities in retirement.

- Implement phased retirement programs, which enable workers to stay in the workforce and transition gradually to retirement. Typically, these programs allow workers either to continue working while receiving retirement benefits or to transition into part-time or less demanding jobs without jeopardizing retirement benefits based on final average salary.

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About the Survey

The *Aegon Retirement Readiness Survey 2014* is collaboration between the Transamerica Center for Retirement Studies and Aegon. The survey encompasses 16,000 employees and retirees, including 7,956 women, in 15 countries: Brazil, Canada, China, France, Germany, Hungary, India, Japan, the Netherlands, Poland, Spain, Sweden, Turkey, the United Kingdom and the United States. These countries were selected on the basis of their distinctive pension systems, as well as their varying demographic and aging trends.

Cicero Consulting, a leading global research firm, was engaged to conduct the survey. Respondents were interviewed using an online panel survey,¹ and interviews were conducted in their local languages in January and February 2014. The range of issues covered include attitudes toward retirement readiness, the role of the government and employers in providing retirement benefits, and the impact of the financial crisis on attitudes regarding investment risk and retirement planning. 14,400 employees and 1,600 retirees were interviewed to provide a broad perspective of mainstream working populations and some comparison of the outlook of current employees to those already in retirement.

About Transamerica Center for Retirement Studies®

The Transamerica Center for Retirement Studies (TCRS) is a division of the Transamerica InstituteSM, a nonprofit, private foundation. TCRS is dedicated to conducting research and educating the American public on trends, issues, and opportunities related to saving, planning for, and achieving financial security in retirement. Transamerica Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties. TCRS and its representatives cannot give ERISA, tax, investment or legal advice. www.transamericainstitute.org

TCRS 1230-1114

¹ As the survey was carried out online, the survey results in China, India, and Brazil are biased toward people living in urban areas. Internet penetration is underrepresented in rural areas and among lower income groups.