Nineteen Facts About Women’s Retirement Outlook…and 10 Steps to Improve It

Select Findings from the 19th Annual Transamerica Retirement Survey of American Workers
Today’s women are better educated and enjoy career opportunities that were unimaginable 50 years ago. Despite this progress, women continue to lag behind men in terms of saving and planning for retirement. A woman’s path to a secure retirement is filled with obstacles, such as lower pay and time out of the workforce for parenting or caregiving, which can negatively impact her long-term financial situation. Statistically, women tend to live longer than men, which implies an even greater need to plan and save.

This marks the 14th consecutive year that nonprofit Transamerica Center for Retirement Studies has published research illustrating how women are at a greater risk of not achieving a financially secure retirement compared with men, and how women can take action to help mitigate that risk.

These 19 facts aim to raise awareness of retirement risks that women face and highlight opportunities for them to improve their retirement outlook:

1. Only 12 percent of women are “very confident” that they will be able to retire with a comfortable lifestyle.
2. Women are dreaming of an active retirement, including traveling (67 percent), spending more time with family and friends (59 percent), pursuing hobbies (44 percent), volunteering (28 percent), and working (26 percent).
3. 55 percent of women expect to retire after age 65 or do not plan to retire.
4. 54 percent plan to work after they retire, either full-time (12 percent) or part-time (42 percent).
5. Among women who plan to work past age 65 and/or in retirement, more cite doing so for financial reasons (84 percent) than healthy-aging related reasons (69 percent).
6. Some women are not being proactive enough to work past age 65. Only 48 percent say they are staying healthy, 44 percent are focused on performing well at their current job, and only 39 percent are keeping their job skills up to date.
7. Slightly more than half of women are taking key steps to protect their long-term health, including eating healthfully (56 percent), exercising regularly, seeking medical attention when needed, and getting plenty of rest (all 53 percent).
8. 31 percent of women are or have been caregivers, and nearly all of them made some work-related adjustments as a result of caregiving, such as using vacation or sick days (38 percent) or missing work (36 percent).
9. Paying off debt is a financial priority for almost two-thirds of women (65 percent). Only 49 percent of women cite saving for retirement as a priority.
10. 32 percent of women expect Social Security to be their primary source of retirement income.
11. 68 percent are saving for retirement through a workplace plan and/or outside of work in an IRA, mutual fund, bank account, etc. Women started saving for retirement at age 27 (median).
12. 61 percent of women are offered a 401(k) or similar employee-funded retirement plan. However, 30 percent of women work part-time so are less likely to have workplace retirement benefits.
13. Among women who are offered a 401(k) or similar plan, 73 percent participate in the plan and they contribute 8 percent (median) of their salary to the plan.
14. Women’s total household retirement savings is $23,000 (estimated median).
15. Women believe that they will need to have saved $500,000 (median) in order to feel financially secure in retirement; among those who estimated their savings needs, 54 percent say they “guessed.”
16. Only 15 percent of women have a written retirement strategy, and 42 percent have an unwritten strategy.
17. 37 percent of women use a professional financial advisor to help manage their retirement savings and investments.
18. Just 29 percent of women are aware of the Saver’s Credit, a tax credit for saving for retirement.
19. Few women (14 percent) frequently discuss saving, investing, and planning for retirement with family and friends.
Ten Steps for Women to Improve Their Retirement Outlook

The good news is that small steps, when taken together, can add up to great strides in retirement preparedness. Retirement will be unique for each woman, but the tools to help achieve retirement readiness are common to all. No matter your age, now is the time for every woman to focus on achieving a financially secure retirement.

Ten specific steps that women can take to improve their retirement readiness:

1. **Create a budget** that includes income, living expenses, paying off debt, and financial goals such as building short-term savings and long-term retirement savings.

2. **Save for retirement and get into the habit of saving on a regular, consistent basis.** Save as much as you can, knowing that both small and large amounts add up and compound over time.

3. **If your employer offers a retirement plan, participate.** Be sure to save enough to take full advantage of employer matching contributions, if available. Learn if you are eligible for the Saver’s Credit, an IRS tax credit for people saving for retirement. Consider making catch-up contributions if you are age 50 or older.

4. **Develop a retirement strategy and write it down.** Envision your future and use an online calculator to estimate your long-term savings needs. Then formulate a goal for how much you will need to save each year (be sure to include employer-sponsored retirement plans and outside savings) – and hold yourself accountable for saving.

5. **If faced with caregiving responsibilities for a parent, spouse or other loved one, carefully consider any changes to your work.** To help mitigate the impact on your long-term financial security, explore options such as shifting to part-time work.

6. **Maintain your ability to continue working as long as you desire.** Keep your job skills up to date and learn new ones. Many employers, community colleges and nonprofits offer classes in the latest technologies and careers. Networking groups offer opportunities to meet more people in particular professions.

7. **Become personally involved in your family finances ranging from daily budgeting to long-term planning.** Discuss retirement saving and planning with family and close friends. An open dialogue with family members about expectations of needing to provide or receive financial support should be part of every woman’s retirement strategy.

8. **Get educated about retirement investing and strategies for drawing down savings in retirement.** Learn about types of retirement accounts, asset allocation, dollar-cost averaging and the risks of early withdrawals. Become knowledgeable about spending your savings in retirement, including the best time to start receiving Social Security and possible ways to make your savings last throughout your retirement. Seek professional assistance if needed.

9. **Have a backup plan in the event of unforeseen circumstances such as separation, divorce, loss of a partner, or being unable to work before your planned retirement.** Consider emergency savings; insurance products such as disability insurance and life insurance; and possible ways to cut costs if needed, such as moving to a smaller home, finding a roommate, scaling back transportation costs, or starting a “side gig.”

10. **Safeguard your health to help make the most of your retirement.** Make a habit of eating healthfully, exercising regularly, getting plenty of rest, and managing stress. Be sure to get routine physicals and recommended health screenings. Seek medical attention when needed.

Learn more about women’s retirement outlook as well as saving and investing for retirement at www.transamericacenter.org.
Catherine Collinson serves as CEO and president of Transamerica Institute®, a nonprofit private foundation that includes Transamerica Center for Retirement Studies®. She is a champion for Americans who are at risk of not achieving a financially secure retirement. In 2015, Catherine was also named executive director of the Aegon Center for Longevity and Retirement.

With more than two decades of retirement services experience, Catherine has become a nationally recognized voice on retirement trends for the industry. She is an expert on women and retirement and has published reports on the topic for 14 years. She has testified before Congress on matters related to employer-sponsored retirement plans among small businesses, which have featured the need to raise awareness of the Saver’s Credit.

In 2018, Catherine was named an Influencer in Aging by PBS Next Avenue. In 2016, she was honored with a Hero Award from the Women’s Institute for a Secure Retirement (WISER) for her tireless efforts in helping improve retirement security among women. Catherine serves on the Advisory board of the Milken Institute’s Center for the Future of Aging. She co-hosts the ClearPath: Your Roadmap to Health & Wealth radio show on Baltimore’s WYPR, an NPR news station.

Catherine is employed by Transamerica Life Insurance Company. Since joining the organization in 1995, she has held a number of positions with responsibilities including in the incorporation of Transamerica Center for Retirement Studies as a nonprofit private foundation in 2007 and its expansion into Transamerica Institute in 2013, as well as the creation of the Aegon Center for Longevity and Retirement in 2015.

Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica Institute®, 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.

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The analysis presented in this Fact Sheet was prepared by the research team at TCRS. The survey was conducted online in the U.S. by The Harris Poll on behalf of TCRS between October 26 and December 11, 2018 among a nationally representative sample of 5,923 workers who met the following criteria: U.S. residents, age 18 or older, full- or part-time workers in a for-profit company with one or more employees, or self-employed. This Fact Sheet is based on 5,168 workers who are not self-employed, including 3,064 women.

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 one (1) or more employees, or self-employed, referencing Census data. The weighting also adjusts 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 respond to surveys versus those who do not.

About This Fact Sheet

This Fact Sheet was derived from the report, Nineteen Facts About Women’s Retirement Outlook, which can be found at www.transamericacenter.org.