



SECURITY BENEFIT

Women and Retirement:

HOW TO OVERCOME OBSTACLES
AND IDENTIFY OPPORTUNITIES
FOR LIFELONG FINANCIAL SECURITY

Agenda

- ✓ Savings Challenges
- ✓ Impact of Taxes and Inflation
- ✓ Income in Retirement





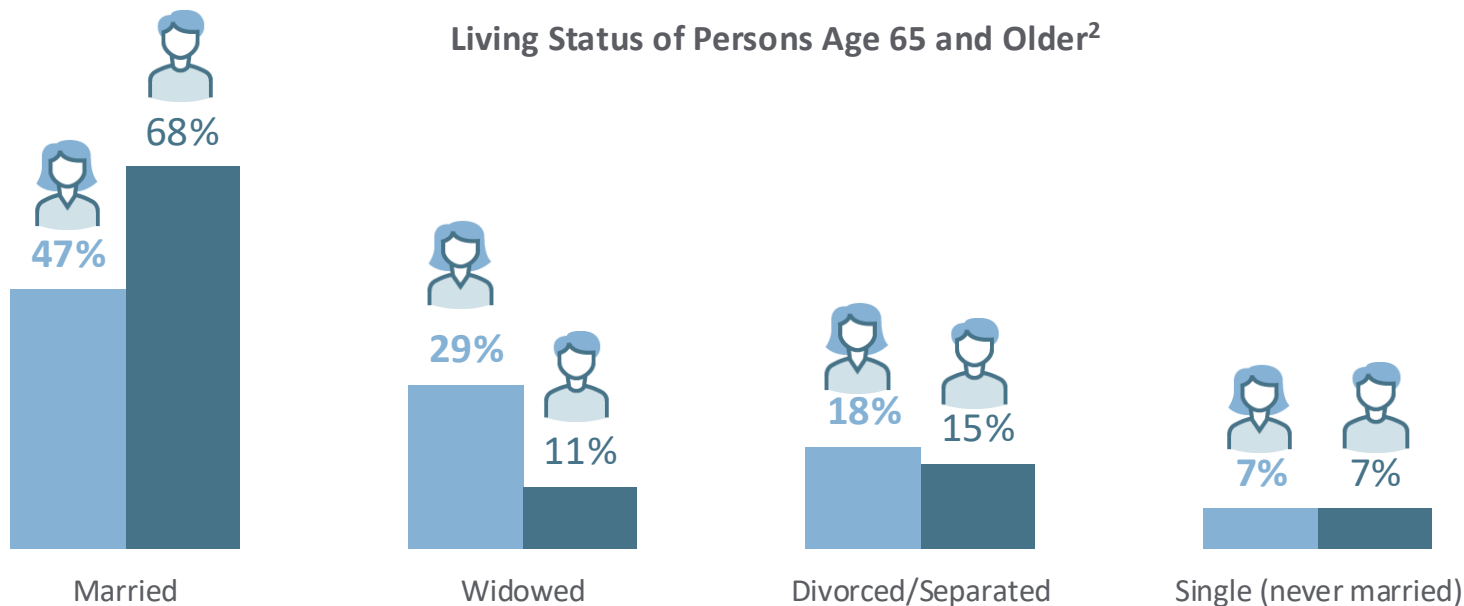
Savings Challenges

- 1 Longer life expectancies on average
- 2 More likely to be living on their own during retirement
- 3 More likely to take career breaks for family caregiving
- 4 Often earn less, have less retirement savings, and receive a lower Social Security benefit

¹ U.S. Department of Health and Human Services, Profile of Older Americans, 2021; SSA Publication No. 05-10127, What Every Woman Should Know, October 2022

Savings Challenges

HIGHER LIKELIHOOD OF WOMEN LIVING ON THEIR OWN



² U.S. Department of Health and Human Services, 2023 Profile of Older Americans

Savings Challenges

WOMEN MORE LIKELY TO TAKE CAREER BREAKS FOR CAREGIVING

- Lost income and employer benefits
- Potentially lower Social Security retirement benefit
- Economic vulnerability in event of divorce or a spouse's job loss
- Possible difficulty finding a comparable job when reentering workforce
- Flexible schedules that can affect salary and career advancement



Savings Challenges

WOMEN GENERALLY EARN LESS

- Women who work full-time earn, on average, about 84% of what men earn.
- Impacts savings, Social Security retirement benefits, and pensions
- Increased vulnerability to unexpected economic obstacles: job loss, divorce, single parenthood, illness, loss of spouse

³ <https://www.dol.gov/newsroom/releases/osec/osec20230314>



Impact of Taxes and Inflation

SO ... HOW MUCH ANNUAL INCOME WILL YOU NEED?

- General guidelines (e.g., you'll need 60% to 90% of pre-retirement income) are easy but often not helpful.
- Think about what expenses will change (e.g., mortgage may decrease, health-care costs may increase).
- Include costs for special retirement pursuits (e.g., travel, hobbies).
- List your expenses and project future spending.

Impact of Taxes and Inflation

Assuming 3% inflation, in 25 years it will cost you over \$100,000 to buy the same goods and services that \$50,000 would purchase today.



This hypothetical example is for illustrative purposes only and assumes a 3% annual rate of inflation without considering taxes. It does not reflect the performance of any particular investment. <https://smartasset.com/investing/inflation-calculator/#6wm4NROuw>

Impact of Taxes and Inflation

- Ordinary income tax (e.g., interest)
- Special tax rates for long-term capital gains and qualifying dividends
- Tax-free income (e.g., certain municipal bonds)⁴
- Special rules for tax-advantaged accounts

⁴ Interest earned on tax-free municipal bonds is generally exempt from state tax if the bond was issued in the state in which you reside; it is also exempt from federal income tax (though earnings on certain private activity bonds may be subject to regular federal income tax or to the alternative minimum tax). But if purchased as part of a tax-exempt municipal money market or bond mutual fund, any capital gains earned by the fund are subject to tax, as are any capital gains from selling an individual bond.



Income in Retirement

HOW LONG WILL IT LAST?

- We're living longer.
- The average 65-year-old woman can expect to live about another 15 years.⁵
- Average life expectancy is likely to continue to increase.
- Retirement may last 25 years or more.

⁵ <https://www.cdc.gov/nchs/fastats/life-expectancy.htm>



Income in Retirement

TOP TRENDING FINANCIAL CONCERNS ACROSS ALL SEGMENTS⁶

What Women Want in Financial Services



MANAGING DEBT
(CREDIT CARDS,
STUDENT LOANS, ETC.)



SAVING FOR
RETIREMENT



COMPENSATING FOR
UNEXPECTED EXPENSES
AND INFLATION



ENSURING MY FAMILY
WILL BE FINANCIALLY
SECURE IF I DIE OR MY
PARTNER DOES



OUTLIVING MY SAVINGS
IN RETIREMENT

Segments

- Affluent (25 to 70)
- Mature (55 to 70)
- Sole Parent (25 to 60)
- Stay-at-Home Mom (25 to 60)
- Young Professional (25 to 45)

Characteristics

- Are ages 25 to 70
- Play a role in making financial decisions for their households
- Have sought or reviewed financial product information within last year
- Have \$35,000 or more in annual income

⁶ Limra Study 2023

Income in Retirement



**POSSIBLE EMPLOYER
PENSION**



SOCIAL SECURITY



**INDIVIDUAL SAVINGS &
INVESTMENTS**

⁷ <https://www.pensionrights.org/publications/statistic/how-many-american-workers-participate-workplace-retirement-plans/>

Income in Retirement

IDENTIFYING THE "GAP"

Annual income from Social Security and/or a pension

—

Expenses in retirement

=

THE GAP

Additional annual income needed

Income in Retirement

EMPLOYER PENSION BASICS

- Understand payout options
 - Single life
 - Qualified joint and survivor (QJSA)
 - Lump sum withdrawal
- QJSA: Reduced benefit to participant, 50-100% continuing to surviving spouse
- May be one of your most important retirement decisions

Income in Retirement

EMPLOYER PENSION BASICS

Example		
Form of Benefit	To Participant	To Surviving Spouse
Normal retirement benefit (single life option)	\$4,000	\$0
50% Qualified joint and survivor	\$3,800	\$1,900
100% Qualified joint and survivor	\$3,600	\$3,600

Income in Retirement

SOCIAL SECURITY BASICS

- Social Security is the major source of guaranteed lifetime income for most Americans.
- To qualify for retirement benefits, you generally need 40 credits (10 years of work), or you can qualify for spousal benefits based on your spouse's work record (maximum spousal benefit = 50%).



90% of U.S. workers are covered by Social Security⁸

⁸ SSA.gov

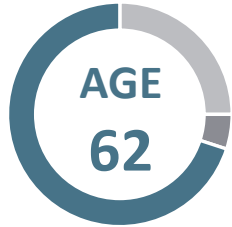
Income in Retirement

SOCIAL SECURITY BASICS

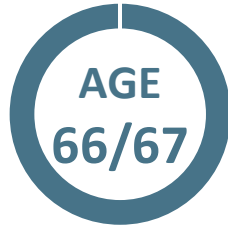
- Your benefit is based on the number of years you've worked and the amount you've earned.
- Get an estimate of your monthly retirement benefit at [SSA.gov](https://www.ssa.gov). Use the Retirement Estimator tool or view your personal statement.

The age at which you start claiming benefits matters:

25% to 30% Less
at Earliest Eligibility Age
\$2,910

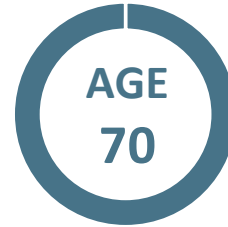


100% Full Benefit
\$4,152



(Full Retirement Age)

32% More
\$5,251 Maximum
Benefit



Income in Retirement

SOCIAL SECURITY BASICS

Benefits for Spouses and Ex-spouses Married 10 Years or More⁹



Current spouses must be 62 and wait until their spouse begins taking Social Security to file for a spousal benefit.



Ex-spouses can file for spousal benefits at 62 even if their ex-spouse has not yet claimed benefits. You can receive up to half of what your ex-spouse would get.



If your spouse dies and you are age 60 or older, you can collect a survivors benefit.

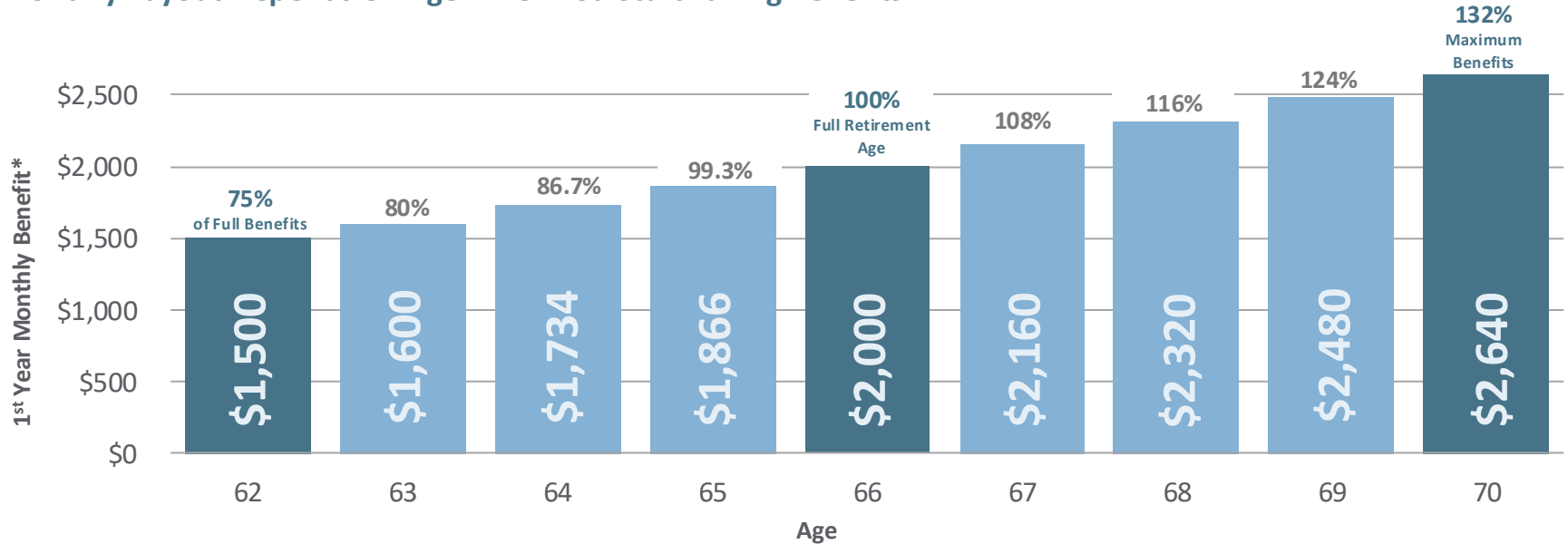
Visit the [Social Security Administration website](https://www.socialsecurity.gov) for additional information.

⁹ <https://www.thebalance.com/how-the-the-social-security-spouse-benefit-works-2388924>

Income in Retirement

SOCIAL SECURITY BASICS

Monthly Payout Depends on Age When You Start Taking Benefits



The above chart is a hypothetical example for individuals claiming Social Security benefits at various ages. Values are based on Full Retirement Age of 66 and a benefit of \$1,800 per month.

Income in Retirement

HEALTH CARE COSTS

- Higher health care expenses in retirement
- Surviving spouse may have to cope with depleted savings
- 7 out of 10 people will require long-term care in their lifetime.
- Average monthly cost of nursing home = \$9,555 for a semi-private room¹⁰

¹⁰<https://www.seniorliving.org/nursing-homes/costs/#:~:text=Key%20Takeaways,this%20necessary%20care%20more%20affordable.>



Income in Retirement

PERSONAL SAVINGS: POTENTIAL FACTORS WORKING AGAINST WOMEN

- Might earn less than men in similar jobs
- More likely to work part-time
- Fewer years in workforce
- May have started saving later and saved less

¹¹ <https://www.bls.gov/opub/reports/womens-databook/2021/home.htm>

Income in Retirement

PERSONAL SAVINGS: WHAT YOU CAN DO

Save more

**Participate in
employer-sponsored
plan; contribute to an
IRA**

**Become educated
about investment
vehicles**

Income in Retirement

PERSONAL SAVINGS: SAVING A LITTLE COULD MEAN A LOT IN RETIREMENT

	Jane	Sally
Salary	\$50,000	\$50,000
Percent Saved	6%	9%
Monthly Savings	\$250	\$375
Years Saved	15	15
Average Earnings	6%	6%
Savings After 15 Years	\$71,728	\$107,592

This hypothetical example assumes contributions are made monthly and continuously over 15 years. This example assumes a hypothetical fixed annual rate of return; the return on your actual investment portfolio will be different and will vary over time, according to actual market performance. The example does not take into account any impact of taxes, investment fees, or inflation; if it had, the results would have been lower. The example is intended as hypothetical and should not be considered financial advice. All investing involves risk, including the possible loss of principal, and there can be no guarantee that any strategy will be successful.



Income in Retirement

TAX-ADVANTAGED SAVINGS VEHICLES

- Tax deferral can help your money grow.
- Take full advantage of 401(k)s and other employer-sponsored retirement plans.
- Contribute to a traditional or Roth IRA if you qualify.
- Beginning at age 50, you can make annual catch-up contributions to your retirement plan (\$8,000 in 2026).

Income in Retirement

DEALING WITH A SHORTFALL

**Spend less during
retirement**

**Delay
retirement**

**Work during
retirement**

**Find other
sources of
retirement
income**

Income in Retirement

DELAYING RETIREMENT TO MINIMIZE A SHORTFALL

- More accumulation years — reduced demand on savings
- Shorter distribution period
- Ability to postpone claiming Social Security benefits
- Continued access to health insurance
- Non-financial benefits(social interaction, structure, sense of purpose)



Income in Retirement

PHASED RETIREMENT PROGRAM

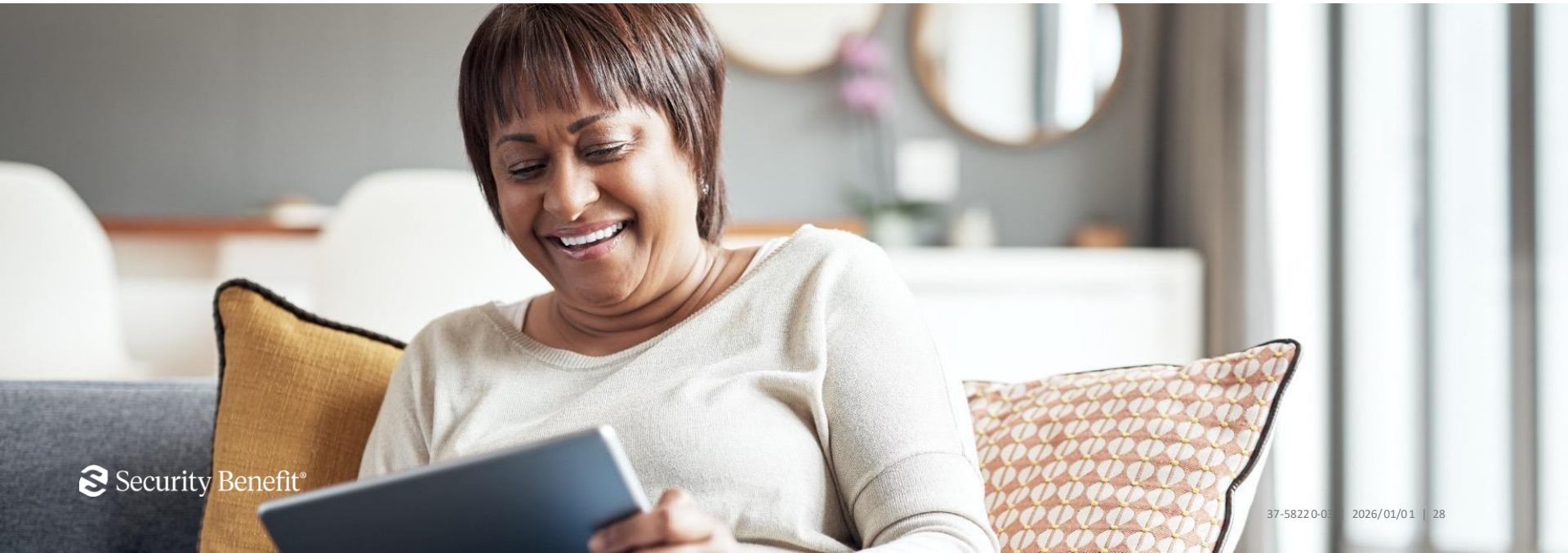
- Increasingly popular
- Allows you to receive all or part of your pension benefit once you've reached retirement age
- Allows you to continue to work on a part-time basis for the same employer



Income in Retirement

FINDING OTHER POTENTIAL SOURCES OF RETIREMENT INCOME

- Your home
- Existing cash value life insurance policies



Key Takeaways

- Understand your saving challenges.
- Be aware of the impact of inflation and taxes on your savings.
- Plan for income sources and potential gaps to safeguard your security.





Thank You

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37-58220-03 | 2026/01/01