



SECURITY BENEFIT

Women and Retirement

HOW TO OVERCOME OBSTACLES AND IDENTIFY OPPORTUNITIES FOR LIFELONG FINANCIAL SECURITY

Women face multiple retirement challenges that differ from those of men.



Women will have longer retirements. Women typically live longer (about 5-6 years longer¹) so they may need to plan for more years in retirement and anticipate more years living alone without a potential shared income.



Women have less time to save. Women often leave the workforce or request flexible schedules to care for children and aging parents, which can affect salaries, career advancement, and the ability to qualify for higher Social Security benefits in retirement.



Women continue to face a wage gap. Women earn, on average, about 82% of what men earn if working full-time, according to the Bureau of Labor Statistics.²

Key Considerations for Retirement Planning

A rule of thumb is that you should plan on needing 60% to 90% of your pre-retirement income when you leave the workforce. To plan for a secure retirement, especially in light of the special challenges women face, several factors need to be considered:

- Expenses (mortgage, hobbies)
- Inflation (increased cost of goods and services over time)
- Taxes (what you'll pay to access your assets)
- Health care costs (including insurance premiums, uninsured expenses, long-term care)

¹ <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/28113>

² U.S. Bureau of Labor Statistics, Women in the Labor Force: A Databook, 2022

Career Considerations and Caregiving Disruptions

Moving in and out of the workforce has several significant financial implications:

- Lost income and employer benefits and possibly lower savings
- A potentially lower Social Security benefit since the figure is based on the number of years worked and amount earned
- Economic vulnerability in the event of a divorce, job loss, or a spouse's job loss or death
- Difficulty finding a job or a comparable job in terms of pay and benefits when reentering the workforce

How Will You Pay for Retirement?

Retirement income usually includes traditional employer pension income, Social Security, and individual savings and investments.

Pension

According to the Pension Rights Center, only about 22% of all workers (private sector, state, and local government workers) have a pension, about 137 million full- and part-time employees overall. When you turn 50, contact your state pension system or other pension provider to get your estimated benefits and options for accessing the funds when you retire.

Social Security

For some women, Social Security makes up most, if not all, of the income they have in their later years and is based on:

Number of years you've worked and amount earned

Formula that takes into account your 35 highest earning years

Age at which you claim benefits (earliest age of 62, Full Retirement Age³, or later)

You can get an estimate of what your monthly Social Security retirement benefit will be in the future by visiting [SSA.gov](https://www.ssa.gov) and using the retirement estimator tool for viewing your personalized Social Security statement online.

If you haven't worked long enough to qualify for Social Security on your own, you may qualify for spousal benefits based on your spouse's work record. A spousal benefit claimed at your Full Retirement Age is generally equal to 50% of the primary earner's benefit. If you're divorced and at least 62, you can file for spousal benefits even if your ex-spouse has not yet claimed benefits and receive half of what your ex-spouse would receive. If you are widowed and are age 60 or older, you can collect a survivors benefit.⁴

Personal Savings

Personal savings include funds you have in tax-advantaged accounts like individual retirement accounts and 401(k), 403(b), and 457 plans, as well as any additional investments. A 401(k) plan and other employer-sponsored retirement plans can be powerful savings tools because your contributions are deducted from your salary on a pretax basis, reducing your current taxable income, and will accumulate tax deferred until withdrawn.⁵ And many employers match a portion of the amount you contribute, providing you with free money to put toward your retirement.

³ Full Retirement Age of age 66 or 67, <https://www.ssa.gov/benefits/retirement/planner/agereduction.html>

⁴ <https://www.thebalance.com/how-the-the-social-security-spouse-benefit-works-2388974>

⁵ Refers to traditional accounts (contributions to Roth accounts have different tax treatment). Withdrawals made prior to age 59½ may be subject to an additional 10% penalty tax.

Medicaid

You may be able to rely on Medicaid for long-term care costs, but there's a catch. You will have to use up most of your savings before you even qualify for Medicaid and, aside from a small personal needs allowance, you will have to use all your retirement income, including Social Security and any pension payments, to pay for your care before Medicaid pays anything.

Compensating for a Gap

The best solution for dealing with a potential income gap will depend on the severity of your projected deficit, the length of time remaining before retirement, and how long you need your retirement income to last.

Here are four possibilities to consider:

- Spend less during retirement
- Delay retirement
- Work during retirement
- Find other sources of retirement income

Here are potential benefits of delaying or working in retirement:

- Longer period to contribute toward retirement savings
- Ability to delay taking withdrawals and claiming Social Security benefits
- Continued access to company-sponsored health insurance
- Social interaction, sense of accomplishment, and structure

Here are some other potential sources of retirement income (but proceed with caution):

- Home equity (downsizing or borrowing against your mortgage)
- Existing cash value of life insurance policies

Securing a Confident, Comfortable Retirement

Life is unpredictable — companies downsize, couples divorce, illnesses and injuries arise, adult children need financial help, parents need care, and spouses pass away. But while you can't control these things, you can take steps to secure your retirement regardless of where you are on your savings path. It's one of the best things you can do for your long-term financial, physical, and emotional well-being.

Your path *To and Through Retirement*[®] begins here.

Talk to your financial professional to learn more or contact us at 800.888.2461.

Neither Security Benefit nor its affiliates are fiduciaries and the information provided is not intended to be investment advice. This information is general in nature and intended for use with the general public. For additional information, including any specific advice or recommendations, please visit with your financial professional.

Security Benefit, its affiliates and subsidiaries, and their respective employees and/or representatives do not provide tax, accounting, or legal advice. Any statements contained herein concerning taxes are not intended as and should not be construed as tax advice, nor should they be used for the purpose of avoiding federal, state, or local taxes and/or tax penalties. Please seek independent tax, accounting, or legal advice.

Prepared by Broadridge Advisor Solutions, Copyright 2020.

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, legal, or retirement advice or recommendations.

The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable – we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.

Broadridge and Security Benefit are not affiliated.