

Women Face Additional Challenges in Saving for Retirement

Women need retirement planning more than men, for several reasons.

Women tend to be at a disadvantage in providing for their retirement due to longevity, income disparity, a tendency to save less than men, and the effects of divorce and widowhood. Women also tend to be the first to step up when it comes to taking care of ill family members, which can impact their income and savings.

Let's start with longevity. Women are outliving men by an average five years, according to the Centers for Disease Control and Prevention. On average, women live to age 81 in the United States. But that average life expectancy jumps to 85 once a woman reaches age 65. Those statistics add to the risk that women will outlive their assets, and the primary purpose of retirement planning is to minimize that risk.

Income disparity is another major issue. Women earn 77 cents for every dollar men earn, according to the U.S. Census Bureau. While advocates hotly debate the reasons behind this difference, the fact remains that most women have less income to work with than do most men.

The income gap also puts women at a disadvantage in Social Security benefits, which are based on earnings: Women aged 65 and above receive an average \$12,100 a year, while men 65-plus get an average \$16,000, according to the National Women's Law Center.

Women traditionally save less money than men, mostly because they make less money to save. Women also have historically been more likely to depend on a spouse's earnings to provide savings, and also are more likely to devote their hours or income to helping relatives or others.

Losing a spouse, through divorce or widowhood, tends to have a far more devastating effect on women's income than men's. Again, this traces back to the fact that men out-earn women.

One other factor to think about: The Government Accountability Office has found that women are less likely to be eligible for a company's retirement plan due to eligibility requirements such as having worked 1,000 hours or more during the year. That's because women are more likely than men to opt for part-time work or reduced hours.

If you are a woman, make sure you plan for your golden years. And if you are a man with a woman in your life, support her in her planning efforts: After all, one day she may be facing a future without your support.