

# What about Women (and Retirement)?

ING's *Retirement Revealed* Study examines retirement attitudes and behaviors of working women







**It's common knowledge that many Americans – of both genders – are at risk of underfunded retirement due to a host of factors.**

**Chief among those factors:** inadequate savings behaviors of individuals. For women, the risk is intensified. Historically lower relative wages, and time taken from the workplace to care for family can mean that women, who generally live longer than men, save less, have less saved, will receive lower Social Security benefits, and are less likely to have any sort of pension.

This paper explores how women save and invest for retirement, what motivates them and how they feel about their own situations, where they look for information and how they save and spend. These insights can help employers, financial professionals, and financial providers offer solutions that might help address the risk women currently face in being prepared to care for themselves in retirement.

#### **IN THIS REPORT...**

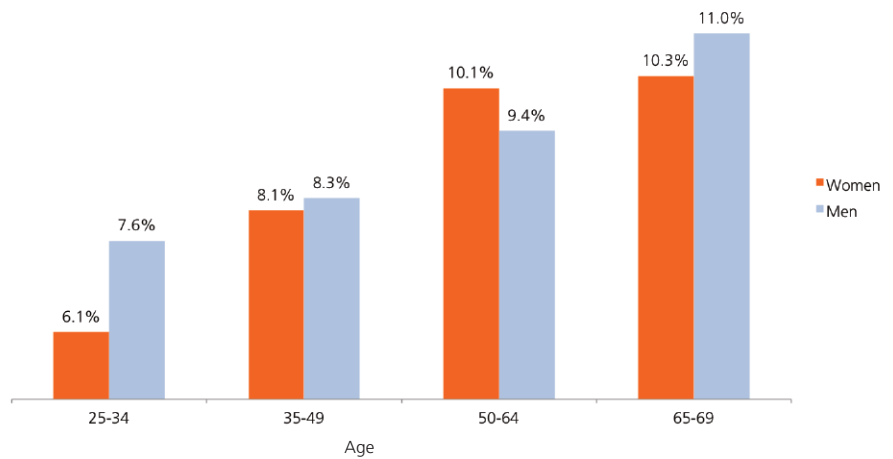
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## Saving for Retirement

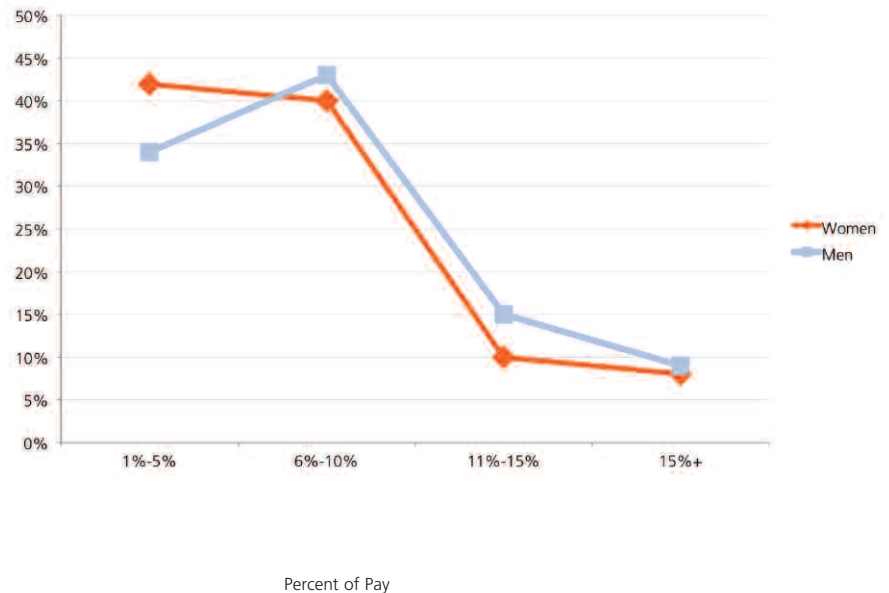
Data from the ING Retirement Research Institute’s Retirement Revealed study demonstrates this gap. Across generations, with the exception of the age 50-64 age range, men tend to contribute higher percentages of pay to employer retirement savings plan. Over time, given lower absolute average incomes for women, these percentage/contribution gaps can lead to significantly lower lifetime retirement savings for women, who will likely need more in savings to fund longer lives in retirement (with a corresponding increase in the likelihood of high medical costs).

**Average Annual Contribution (as a percent of salary)**

42% of women demonstrate retirement savings contributions at the lowest levels—between 1% and 5%, compared to 34% of men.



**Average Annual Contribution (as a percent of salary)**



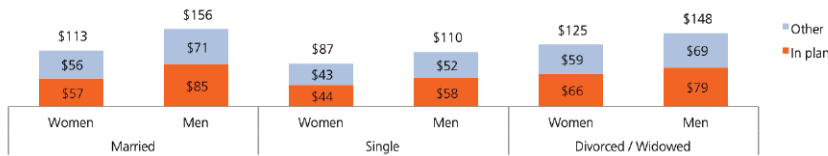
Overall, 73% of women report that they are currently contributing to an employer-sponsored retirement plan (77% of men contribute). Fewer women (55%) than men (61%) report that they are also saving outside of an employer's plan.

Greater percentages of women have employer account balances in the lower ranges; more men have higher account balances. Lower savings amounts and rates can create wider gaps in accumulated savings over time, with correspondingly lower potential for women to use those savings to create income that will also likely need to last longer than men's savings.

The savings gap between women and men widens with age.

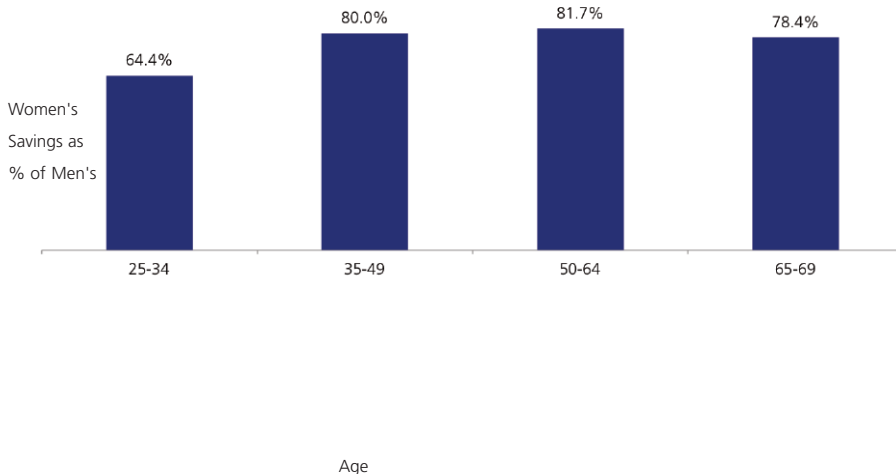
About half of total retirement savings are current employer-plan assets; for older women, in-plan assets represent a rising portion of total retirement savings.

### Retirement Savings within and Outside of an Employer's Plan



In relative terms, at all ages, women have saved significantly less than men. Younger women have saved just two thirds of men at the same age, and women age 65-69, in those critical pre-retirement years, have still saved just 78% of men the same age.

### Women's Total Retirement Relative to Men's In-plan and Other Retirement Savings



### Average Age of Women/Men:

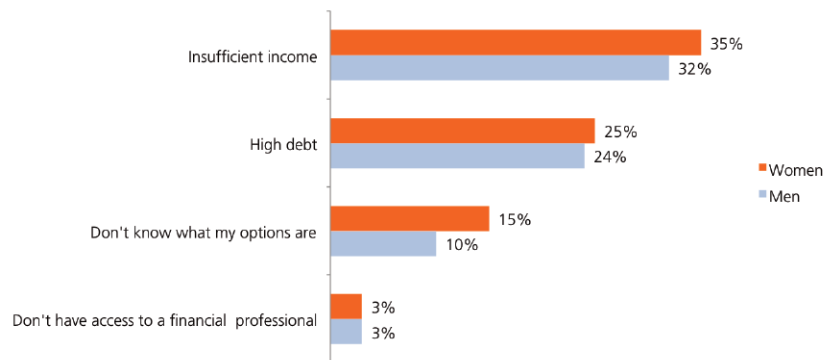
- Married (or living as married): 43.4 / 46.5
- Single, never married: 37.8 / 38.5
- Divorced or widowed: 50.8 / 50.3

Employers can play a key role in helping women understand the need to save more.

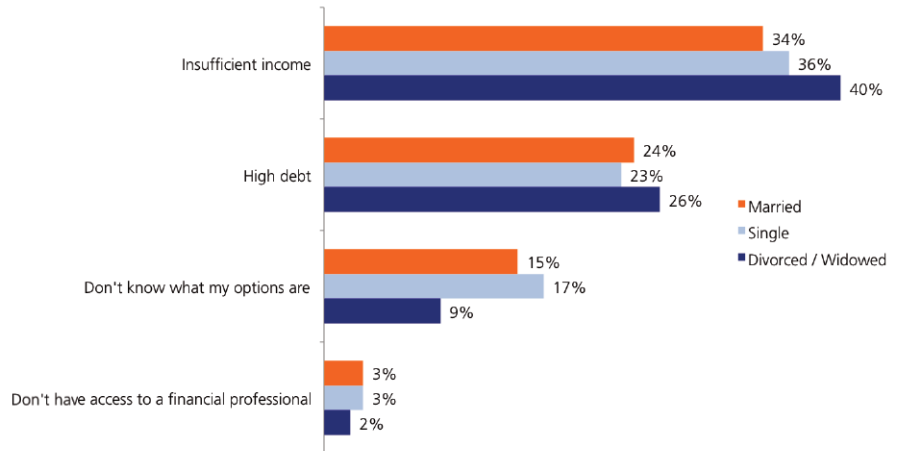
## Getting in the Way of Saving

Women face more barriers to saving for retirement, 78% report that they do have some sort of barrier to saving (vs. 69% of men). For both genders “insufficient income” is the most cited reason, followed by “high level of debt” in roughly similar measures. Women, however, are more likely to report that “not knowing what my options are” is a significant impediment to retirement saving.

### Primary Barriers to Retirement Saving



### Primary Barriers to Retirement Saving by Marital Status



The "insufficient income" and "debt" barriers to saving are strongest for Divorced and Widowed women. At the same time, Divorced and Widowed women are less likely to report uncertainty about their retirement savings options.

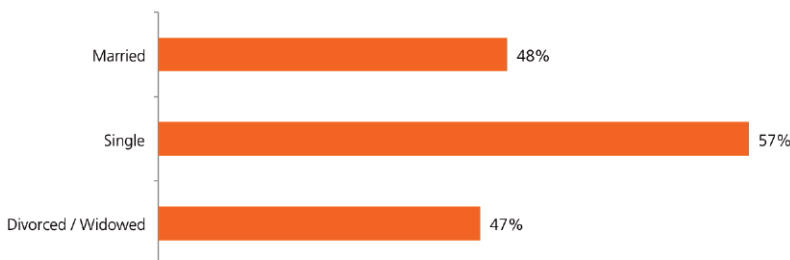
It can also be hard to save for an elusive goal. 42% of women (vs. 31% of men) agree that they "don't know how to reach my retirement goals". Not surprisingly, understanding how to reach retirement goals increases with age. While 45% of women younger than 50 don't understand how to reach retirement goals, that drops to 36% of women age 50-64 and just 23% (but still nearly one quarter!) of working women age 65-69.

And, two thirds of women (64%) have never tried to calculate how much they may need to (hopefully) reach their retirement goals; fully three quarters do not have a formal financial plan in place.

	Women								Men (All)
	All	Married	Single	Divorced/Widowed	25-34	35-49	50-64	65-69	
Ever calculated retirement income needs	36%	38%	28%	41%	26%	34%	46%	62%	49%
Have a formal plan to reach retirement goals	25%	27%	22%	25%	17%	24%	33%	42%	33%

Half of all women expect their employers to help them better understand their retirement goals and how to reach them (vs. just 44% of men). Single women, who are less likely to know how to reach their retirement goals, also have the highest educational expectations of their employers.

**Expect Additional Retirement Education From Employer**



**40%**  
of married women

**45%**  
of single women

**42%**  
of divorced/widowed women

**45%**  
of women younger than 50

**36%**  
of women 50-64

**23%**  
of women 65-69

"I don't know how to reach my retirement goals."

## More Immediate Concerns

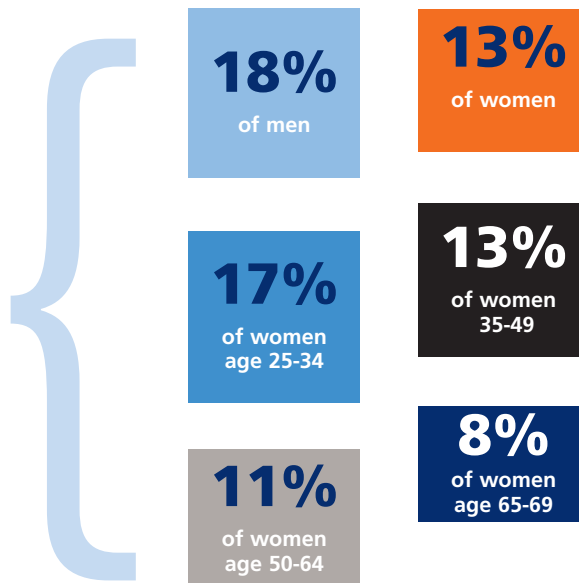
Insufficient income may also be the root of more immediate financial risks for women. Almost one quarter (23%) of women, but just 16% of men, are especially vulnerable to unexpected financial emergencies, and do not have any amount of emergency financial reserve. That jumps to nearly half of women (48%) with one month’s salary or less in reserve (but just 36% of men). Only 28% of women (but 35% of men) have the recommended 6 months salary or more in emergency reserve.

	Women								Men
	All	Married	Single	Divorced/ Widowed	25-34	35-49	50-64	65-69	(All)
Have an emergency reserve	77%	79%	78%	69%	79%	73%	81%	86%	84%
# of months salary in reserve	3.5	3.5	3.5	3.4	3.2	3.4	3.8	3.5	3.8

At the same time, women are less likely to agree that “It is more important to maintain a good lifestyle than to plan and save for retirement.” 18% of men but only 13% of women agree. Conversely, more than half of women (52%) and just 46% of men actively disagree with the statement. Younger women, not surprisingly, are more likely to feel that current lifestyle takes precedence over long-term retirement planning.

### Living for today

“It’s more important to maintain a good lifestyle than to plan and save for retirement.”

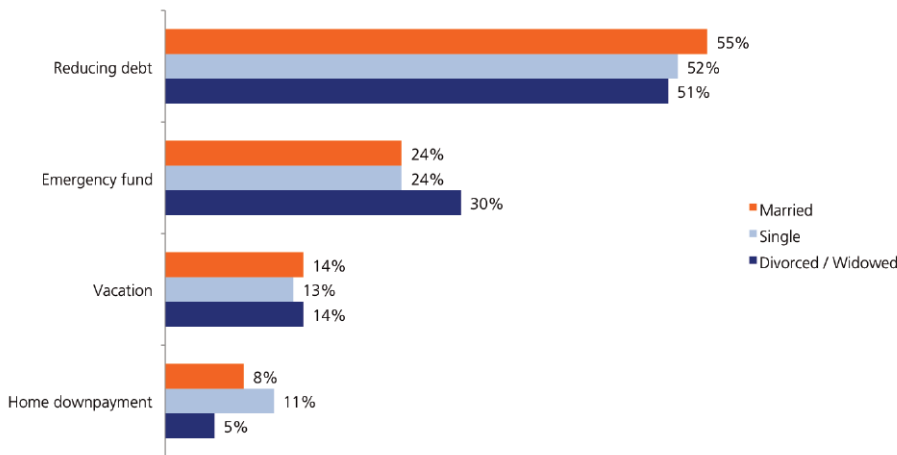




It's reducing debt that's the clear primary short-term focus for 54% of women. Vacations, at 14%, are not the short-term financial priority for today's working women, but slightly gain in importance for older women.

For 25% of women, improving their emergency savings is a #1 short-term financial goal... and that emergency fund is more important to divorced and widowed women (30%) than to those who are married or single.

**#1 Short-term Financial Priorities for Women**



(Short-term and long-term priorities are largely similar for both women and men)

Women are slightly less likely than men to have discretionary income after their regular bills are paid, and slightly less likely to direct those funds to additional savings, retirement or otherwise. On the other hand, they are roughly equally likely to use extra funds for entertainment, "nice things" or vacations. Younger and single women are most likely to use discretionary income for enjoyment.

**Extra Money – Having it and Spending it**

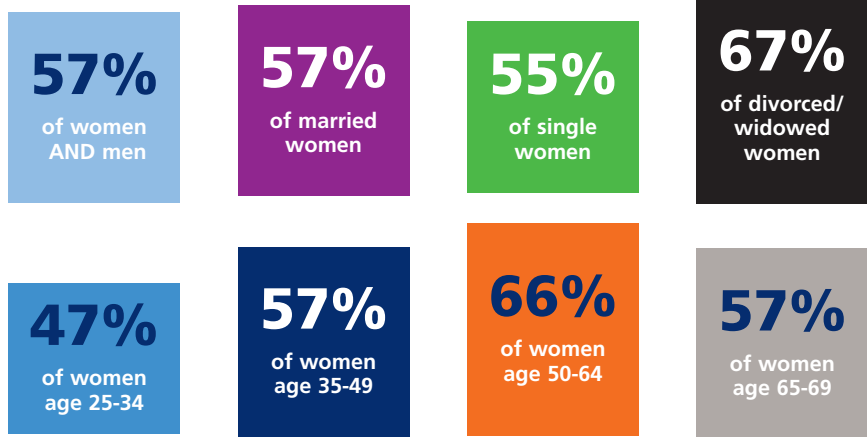
	Women				25-34	35-49	50-64	65-69	Men (All)
	All	Married	Single	Divorced/Widowed					
Have money left after bills are paid	85%	85%	89%	79%	89%	82%	86%	82%	88%
Leftover money to savings	37%	37%	36%	31%	36%	31%	41%	55%	41%
Leftover money to entertainment and fun	39%	37%	46%	35%	47%	41%	30%	23%	38%



## Long Term Goals

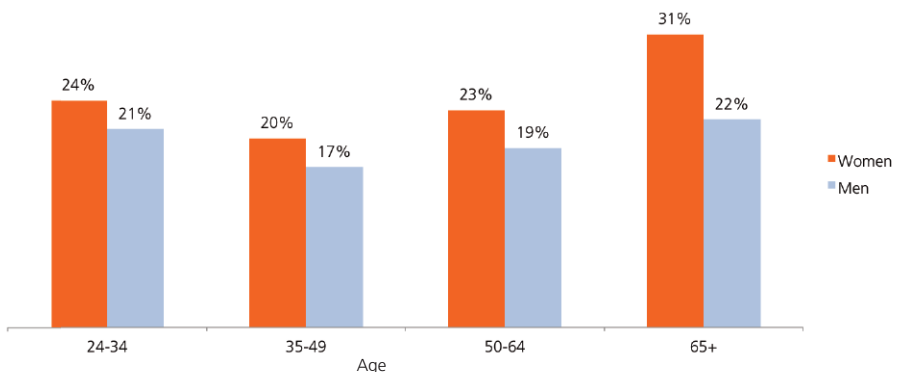
Taking the longer view, retirement is the #1 priority for everyone, regardless of age, marital status or gender. 57% of both men and women overall rank retirement as their primary long-term goal. Not unexpectedly retirement increases in importance with age.

### Retirement is the #1 Long-Term Financial Goal/Priority for:



Still working full time, with a mean retirement savings of \$189,000, women age 65-69 may be especially pessimistic about ultimately being able to leave the workforce. Debt, for these older women, may also get in the way of retirement. 31% of women age 65-69 – more than women in any other age group – say that paying off debt is their most important long-term financial goal; just 22% of men in this age group report the same. Paying off debt, for women, increases in importance as a long-term goal with age. For men, that focus on debt remains more stable, and is lower at every age

### Reducing Debt as Primary Long-Term Financial Goal



## Pulling it Together for Women

As the Defined Contribution system will almost surely evolve, largely in response to the current economic and regulatory environment, additional efforts must be aimed at helping women in particular take firmer and more positive control of their retirement destinies.

For women the burden is greater but the outlook does not have to be bleak.

Savings tied to earnings – savings that come directly from a paycheck – are savings that are put away before daily and immediate financial demands.

The increasing popularity of automatic features in employer plans – including automatic enrollment and contribution escalation – will also help jump start retirement investment and regular contribution increases. These may not result in adequate savings rates, particularly for women, when they are based on a percentage of a lower salary. In addition, women need to accumulate more in terms of real dollars to accommodate longer expected life spans.

Access to education, planning and guidance services via the workplace can be especially powerful for women. These products and tools need to focus on the empowering steps women can take to achieve retirement independence. They must accommodate the many generational and cultural differences that make women more than a single niche market, as they have been historically considered by many marketing efforts. We must also give special consideration to women on their own, divorced, widowed and single, who are at increased risk of underfunded retirement and have greater need for relevant, practical advice and tools to help them overcome the substantial obstacles they may face.

Many of the solutions and messages women need to better prepare for retirement exist today including: Lifecycle funds and managed accounts; varied and multi-media educational platforms, websites, tools and advocacy groups; automatic features in plans; financial advisors and planners; and proposed parameters for advice within Defined Contribution plans.

There's not a single one of these developments that's intrinsically "feminine" or solely benefitting women as opposed to men. Retirement saving and preparation, for women, is not so much a question of what or how, but an issue of more, longer and better.

As consumers, women wield increasing and in many cases overwhelming economic power. All interested parties – employers, advisors, financial product manufacturers – need to help women begin to exercise the same power and control over their own financial futures.

**New approaches to engaging and educating women may be called for in helping women fill their "retirement gap." These may include greater wage equality, as well as increased savings guidelines – recognizing the basic dynamic that women need more so they need to save more, both in terms of real dollars and also in terms of a wage percentage.**

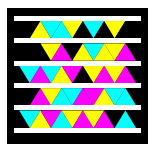
# Study Details

Partnering with ORC International, The ING Retirement Research Institute examined attitudes and activities of 4,050 adults age 25-69 with a household income of \$40,000 or higher, employed full time. Data gathering via an online panel took place in the Fall of 2011.

The total sample was broken down as follows, and data have been weighted to be representative of the U.S. population overall:

**Total** 4,050  
**Total Men** 2,106  
**Total Women** 1,944

Marital Status & Parental Status					
Married		Single		Divorced, Widowed	
Total	2,819	Total	764	Total	425
Total Women	1,244	Total Women	427	Total Women	251
Total Men	1,574	Total Men	337	Total Men	174
Age					
25-34	1,013	Men, 25-34	467	Women, 25-34	546
35-49	1,594	Men, 35-49	834	Women, 35-49	761
50-64	1,201	Men, 50-64	617	Women, 50-64	584
65-69	241	Men, 65-69	188	Women, 65-69	53



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