

Women & Finance

Why Women Face Unique Retirement Challenges

by *Cindy Hounsell*

(NAPSA)—It's no secret that there are great income inequities between women and men in America. But one rarely discussed part of that equation is how women fare in retirement compared with men. A new study I authored, recently released by Americans for Secure Retirement, called "The Female Factor: Why Women Face Greater Retirement Risk and What Can Be Done To Help Beyond Employer-Based Retirement Programs," shows that, because women on average earn less income, accumulate less retirement benefits and live longer than men, they are at far greater risk than men to experience a drop in living standard after they retire.

Many factors contribute to this. Women's work patterns and salaries are a major source of inequity. For example, over a lifetime, a typical college-educated woman earns approximately \$523,000 less than her male counterpart. That amount alone is a comfortable nest egg.

Work patterns—whether it's taking time out of the workforce to raise children or, later in life, to care for an ailing parent—result in women simply accumulating less retirement benefits. Less time vested in a pension or 401K and a smaller Social Security benefit leave a gaping hole in key sources of retirement income. The average Social Security payment for retired women in 2002 was \$774 a month compared to \$1,006 for men.

It is especially important for women to prepare financially for retirement because they live longer than men. A study shows that if a woman celebrates her 65th birthday, she will likely celebrate her 85th birthday. While that's certainly great news, it also means that she may be widowed and living alone for some of that



THE FEMALE FACTOR

Why women face greater retirement risk and what can be done to help beyond employer-based retirement programs



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A NEW STUDY offers tools to help women achieve retirement security.

time, and will receive significantly less monthly income. It is a troubling fact that 20 percent of women ages 65 and older who live alone live in poverty.

Our study shows that one way to help women plan for retirement is by encouraging women, and all Americans, to invest a portion of their savings in lifetime annuities so they can receive a steady "paycheck for life." Fortunately, there is some movement in Congress to provide incentives for "annuitization" of savings.

America's women—our mothers, daughters, sisters and colleagues—should be informed about and provided with the tools to help them adequately prepare for retirement and manage their savings so they last a lifetime.

Cindy Hounsell, J.D., is Executive Director of the Women's Institute for a Secure Retirement, which is a member of the Americans for Secure Retirement coalition. For more information, visit www.paycheckforlife.org.