

Why retirement planning is so important for women

They often face a considerably tougher time than men

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Published: June 23, 2017



“Two can live as cheaply as one” — or so the saying goes. And the opposite it also true: Living alone can mean considerably higher expenses. No woman wants to think about how her life might change in the event of death or divorce, but the fact is that a third of widows lose their spouses before age 60, and half do so before age 65, according to a study by the Women’s Institute for a Secure Retirement.

In generations past, women tended to rely on their husbands for financial stability. These days, though, a woman’s got to look out for herself.

Here are just two of the reasons retirement planning is so important for women:

- **They start out behind the 8 ball.** Despite advances in gender equality, women still shoulder much of the burden of childcare. Yes, there are those many who

manage to balance home and work life, but a significant number of mothers leave jobs or reduce their hours in order to care for their children. The result is a reduced or nonexistent income, which makes saving for the future difficult.

At the same time, a woman’s absence from the workforce may negatively impact her career, as her skills become outdated and her industry changes. When her diaper duties are finally done, she may find the well-paid positions have dried up. The same thing can happen when caring for an older relative, and the financial implications are staggering: A Society of Actuaries study estimated that caregivers who leave the workforce forfeit an average of \$303,800 in lifetime earnings.

- **They live longer.** According to the World Economic Forum, women outlive men by an average of five to six years. As a result, their financial requirements actually exceed those of men, as they tend to spend more years in retirement. Many retirement tools and calculators, however, do not account for this difference in life expectancy. Furthermore, as the Society of Actuaries noted, the average woman spends more years experiencing some form of disability. Whereas males age 65 are expected to spend 1.5 years in a state of mild or moderate disability and 1.5 years more severely disabled, women age 65 can expect to spend 3 and 2.8 years, respectively. With healthcare costs on a seemingly endless climb, planning for disability care is of paramount importance to women.

So what can you do? The following tips will give you a leg up in planning for retirement:

1. Get organized: Every good retirement plan starts with the basics, so maintain a list of account numbers, logins, balances, etc. That way, in the event of a life-altering event, you'll be able to quickly and easily see where you stand. Take into account how your income might change due to the loss of a spouse, and if you have pension income, review the survivorship payout so you'll know what to expect. By proactively identifying potential income shortfalls, you can explore life insurance options and other strategies to offset the drop.

2. Take control: Whether you're currently single or simply preparing for that possibility, take responsibility for your finances. If you've neglected financial planning in the past, acknowledge the importance of saving for retirement and begin now. If you are not confident in your knowledge then educate yourself. Institute regular 401(k) or IRA contributions and, if possible, automate them. If you already contribute to a 401(k), up the ante at least to the point of receiving your employer's match. But don't stop there. Set up a secondary, earmarking some funds for emergencies. Remember, as a woman, you really can't save too much.

3. Plan your estate: Many a widow has suffered the pain of losing her spouse only to receive another blow when she realizes she doesn't have an estate plan in place. If you leave it up to the courts, you're risking a significant portion of your assets. In addition to an estate plan, establish medical and financial powers of attorney, so loved ones may make decisions for you. Add designated beneficiaries to your accounts and any titled property you own. You may be tempted to procrastinate, but the time to plan your estate is before a crisis, not after.

When it comes to retirement, women face a considerably tougher time than men. But that's no reason to throw up your hands. With a few targeted strategies you can make sure your golden years are as bright as possible. If you are unsure where or how to start planning, seek outside advice which can help set you on the right track.

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