

## Financial planning for women: It matters

The recent economic crisis threw a wrench into the retirement plans of many people – especially those nearing retirement – and also increased many individuals' fears of outliving their money in retirement. Now consider that, statistically, women outlive men. In fact, women outnumber men four to one over the age of 85.<sup>1</sup> That fact alone should convince women they need to think long-term when it comes to planning for their future income needs. It's also a good idea to gain a thorough understanding of the financial ramifications of living a long life.

### **Longer life spans equal the need for more retirement savings**

While simple mathematics tells us that a longer life span means the need for more retirement income, reality tells a different story. Women's average employer-sponsored retirement plan balances are only 60% of men's average balances.<sup>2</sup> Yet, statistically, women are much more likely to be on their own in their later years. Of women over age 65 living alone, four out of 10 depend solely on Social Security for their income.<sup>1</sup> So, women should not only save more, they should also have a retirement income strategy that factors in longevity.

### **Career gaps and retirement savings shortfall**

Another retirement planning challenge women face is a retirement savings shortfall. Women are more likely than men to interrupt their careers, often for years at a time, to care for their children or aging family members. That can take a toll on retirement savings. To avoid running out of money during retirement, many women may need to look for solutions that can help them close their retirement income gap. Consider that if you withdraw too much money each year to meet essential expenses in retirement, you could increase the risk of outliving your money.

### **Don't overlook the importance of retirement income planning**

Retirement means different things to different people, but few view it as the threshold of a new set of financial challenges – which it is. Think about it this way: Today you're doing more than just saving for retirement, you're also planning for a retirement income that lasts. Many people think they will be able to sustain a 10% annual withdrawal rate in retirement, but the reality has proved to be more like 4% to 5% annually. Everyone – women and men – should have a sustainable withdrawal strategy. That's why retirement income planning is so important. Be sure this important topic is a part of your retirement planning. Learn about guaranteed retirement income solutions, like fixed annuities, that offer a way to receive retirement income that's guaranteed to last, no matter how long you live.

<sup>1</sup> Source: The Society of Actuaries, "The Impact of Retirement Risk on Women," December 2010.

<sup>2</sup> Source: LIMRA, "Gender Matters: Retirement Savings of Working Men and Women," 2011.