Retirement Challenges For Women

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As I researched this article, it became more and more apparent that it was not going to be full of good news. I thought that I could possibly look at it this way or that to make things sound better, but that would not help anyone.

A woman worked for an employer for 27 years. She left work to have a child and care for him and never returns to the employer. Come retirement time, she requested her pension, only to find out that her monthly payout is $34.12. If it wasn't for her husband's pension and their social security, she would be in trouble. This is the story of my mother, and there are many more out there just like her.

Many women will live below the poverty level during retirement. The U.S. Census Bureau's *2005 Annual Social and Economic Supplement* approximates that one in five unmarried elderly women is poor. That number jumps to 40.8 percent for single black women. When you consider that 57 percent of women over 65 years of age are single, these statistics are even more alarming.

Social Security makes up a significant portion of women's retirement income. In fact, for about one in four women, it is their only source of income. Without it, the poverty rate for women would exceed 50 percent.

So, what can you do to avoid being one of the above statistics? I've come up with ten suggestions, in no particular order, to help you plan for and enjoy your retirement.

1. Plan Early and Often Take the time to lay out a plan for your retirement. How much money do you need to save to retire, and how much do you need to deposit each month? Has your situation changed? Revisit your plan at least every five years, preferably more as you get closer to retirement.

2. Be Aware of Savings Inhibitors One of the most important factors when planning womens' retirement is caregiving. Most women are care-givers in their families. This takes them away from their jobs for extended periods of time and reduces their ability to save. Caregivers are two and a half times more likely to live in poverty than non-caregivers.

3. Invest Wisely Make sure to have an investment plan. If you have a 401(k), do not load up on your company's stock. In fact, this good advice in any investment account you have. Be well diversified, with an appropriate risk profile for your personality and time horizon.

4. Assume you will Live a Long Time Today, the average woman's life expectancy is 80.1 years, as compared to 74.8 years for a man. When you are planning, don't assume that you will live only to the average, but well past it.

5. Seek Advice Get help from a financial advisor in putting your plan together and implementing it. Your job is to go out and make the money needed to save. Let the professionals plan and invest for you.

6. Weigh the Implications of Long Term Care The costs of long term care are staggering. Consider the advantages of long term care insurance while you are younger, so that it doesn't drain your bank accounts when you are older.

7. Remember Inflation Based on historic figures, you can assume that prices should double every twenty years. So, if you've saved $500,000 for retirement, in 20 years, the real value will only be $250,000. If you live into your nineties, your original nest-egg may be worth less than 25 percent of its original value because of inflation.

8. Be Disciplined Create a plan and stick to it. Use investment accounts that automatically withdraw money from your bank account. Budget your spending and stick to it.

9. Employ Every Savings Opportunity Contribute to your company's retirement plan. Open an IRA. Use every opportunity you can to save money for retirement. The great thing about retirement plans is that the money grows tax-deferred.

10. Be Realistic Don't expect to receive more than you contribute Make sure to project your investment performance using a lower number, say 6-8 percent. It is better to err on the low side than run out of money.

Statistics indicate that 75 percent of baby boomers are not prepared for retirement, with their typical account balance being only $83,000. This is not going to get them very far. It is of the utmost importance to plan, be disciplined, and follow the other recommendations above. Do not allow yourself to become a statistic, take your retirement future in your own hands.

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