



Twenty Facts About Women's Retirement Outlook...and 11 Steps to Improve It

Select Findings from the 20th Annual Transamerica Retirement Survey of American Workers

TRANSAMERICA CENTER
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20 Facts About Women's Retirement Outlook

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2020 marks the 100th anniversary of women's right to vote in the U.S. Since then, women have made great strides in educational achievement and career opportunities. Despite this progress, they continue to be at greater risk than men of not achieving a financially secure retirement. *Women and Retirement: Risks and Realities Amid COVID-19* examines women's finances before and during the pandemic, and their expectations about retirement. It is based on findings from the 20th Annual Transamerica Retirement Survey, which comprises a supplemental survey conducted in June 2020 and a broader survey conducted in late 2019.

These 20 facts aim to raise awareness of risks that women face and highlight opportunities for them to improve their retirement outlook:

- 1 Only 17 percent of women are "very confident" that they will be able to retire with a comfortable lifestyle.
- 2 24 percent of women say their confidence in their ability to retire comfortably has declined in light of the coronavirus pandemic.
- 3 18 percent of women have already and/or plan to take a loan and/or withdrawal from their 401(k), 403(b), or similar plan as a result of the coronavirus pandemic.
- 4 Paying off debt is a financial priority for a majority of women (59 percent). Only 50 percent of women cite saving for retirement as a priority.
- 5 70 percent are saving for retirement through their current or former employer's retirement plan and/or outside the workplace.
- 6 Few women (19 percent) have a written retirement strategy, but more (42 percent) have an unwritten strategy.
- 7 Few women (22 percent) frequently discuss saving, investing and planning for retirement with family and friends.
- 8 Some women are not being proactive enough to work past age 65. Only 56 percent say they are staying healthy, 46 percent are focused on performing well at their current job, and only 41 percent are keeping their job skills up to date.
- 9 Slightly more than half of women are taking key steps to protect their long-term health, including eating healthfully (58 percent), seeking medical attention when needed (55 percent), exercising regularly (54 percent), and getting plenty of rest (53 percent).
- 10 Women are dreaming of an active retirement, including traveling (67 percent), spending more time with family and friends (57 percent), pursuing hobbies (44 percent), volunteering (27 percent), and working (27 percent).
- 11 More than half of women (54 percent) expect to retire after age 65 or do not plan to retire, and plan to work after they retire (56 percent), either full-time (15 percent) or part-time (41 percent).
- 12 Among women who plan to work past age 65 and/or in retirement, more cite doing so for financial reasons (81 percent) than healthy-aging related reasons (76 percent).
- 13 38 percent of women are or have been caregivers, and nearly all of the caregivers made some work-related adjustments as a result of caregiving, such as using sick/PTO days (36 percent) and missing work (36 percent).
- 14 40 percent of women use a professional financial advisor to help manage their retirement savings and investments.
- 15 28 percent of women expect Social Security to be their primary source of retirement income.
- 16 64 percent of women are offered a 401(k) or similar employee-funded retirement plan. However, 27 percent of women work part-time so are less likely to have workplace retirement benefits.
- 17 Among women who are offered a 401(k) or similar plan, 75 percent participate in the plan and they contribute 10 percent (median) of their salary to the plan.
- 18 Women's total household retirement savings is only \$28,000 (estimated median).
- 19 Women believe that they will need to save \$300,000 (median) in order to feel financially secure in retirement; among those who estimated their savings needs, 51 percent say they "guessed."
- 20 Just 35 percent of women are aware of the Saver's Credit, a tax credit for saving for retirement.

Eleven Steps for Women to Improve Their Retirement Outlook

Many have been hard hit by the coronavirus and recession, and are experiencing negative employment impacts, including layoffs, furloughs, or reductions in pay. Although short-term priorities may need to take precedence, it is important to keep the future and retirement in mind.

Eleven steps women can take to improve their retirement outlook:

- 1 Assess your current financial situation and create a budget** that includes income, living expenses, paying off debt, and financial goals such as building emergency savings and long-term retirement savings.
- 2 If possible, save for retirement.** By starting early and saving consistently, even small amounts can add up over a decades-long working life. If your employer offers a retirement plan, participate and take advantage of any matching contributions. Learn if you are eligible for the Saver's Credit, an IRS tax credit for saving for retirement.
- 3 Develop a retirement strategy and write it down.** Envision your future and use an online calculator to estimate your retirement income and long-term savings needs. Formulate a goal for how much you need to save – and hold yourself accountable.
- 4 Avoid taking loans and early withdrawals from retirement accounts,** which can severely inhibit their long-term growth. Before tapping into retirement savings, explore all possible alternatives to determine the best option.
- 5 If faced with parenting or caregiving responsibilities, carefully consider any changes to your work.** To help mitigate the impact on your long-term financial security, explore options such as shifting to part-time work.
- 6 Maintain your ability to continue working as long as you desire.** Keep your job skills up to date and learn new ones. Many classes are available online to learn new technologies and obtain career advice. Consider joining online networking groups.
- 7 Become personally involved in your family finances including budgeting and long-term planning.** Discuss retirement planning with family and close friends.
- 8 Get educated about retirement investing and strategies for drawing down savings in retirement.** Learn about types of retirement accounts, asset allocation, and dollar-cost averaging. Become knowledgeable about retirement income, including the best time to start receiving Social Security.
- 9 Have a backup plan in the event of unforeseen circumstances such as separation, divorce, loss of a partner, or being unable to work before your planned retirement.** Consider emergency savings and insurance products.
- 10 Take care of yourself and safeguard your physical and mental health.** Consider health implications when making lifestyle decisions.
- 11 Beware of scams.** Be hypervigilant about suspicious text messages, email, or calls, which are on the rise due to COVID-19.

Learn more about women's retirement outlook as well as saving and investing for retirement at www.transamericacenter.org.

About the Author



Catherine Collinson serves as CEO and President of nonprofit **Transamerica Institute** and its **Transamerica Center for Retirement Studies**, and is a champion for Americans who are at risk of not achieving a financially secure retirement. Catherine oversees all research and outreach initiatives, including the Annual Transamerica Retirement Survey. Catherine also serves as Executive Director of **Aegon Center for Longevity and Retirement**, based in the Netherlands.

With two decades of retirement industry-related experience, Catherine has become a nationally recognized voice on retirement trends. She was named a **2018 Influencer in Aging** by **PBS' Next Avenue**. In 2016, she was honored with a **Hero Award** from the **Women's Institute for a Secure Retirement (WISER)** for her tireless efforts in helping improve retirement security among women. In 2015, Catherine joined the Advisory Board of **Milken Institute's Center for the Future of Aging**. She co-hosts *ClearPath: Your Roadmap to Health & Wealth* on WYPR, Baltimore's NPR news station.

Catherine is employed by Transamerica Corporation. Since joining the organization in 1995, she has held a number of positions and has identified and implemented short- and long-term strategic initiatives, including the founding of nonprofit Transamerica Institute and its Transamerica Center for Retirement Studies.

About Transamerica Center for Retirement Studies®

Transamerica Center for Retirement Studies (TCRS) is a division of **Transamerica Institute®**, a nonprofit, private foundation. TCRS is dedicated to conducting research and educating the American public on trends, issues, and opportunities related to saving, planning for, and achieving financial security in retirement.

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About the 20th Annual Transamerica Retirement Survey (Facts 10–20) and June 2020 Supplemental Survey (Facts 1–9)

The analysis contained in *Women and Retirement: Risks and Realities Amid COVID-19* was prepared internally by the research team at TCRS. This marks the 15th year that TCRS has published research illustrating how women are at a greater risk of not achieving a financially secure retirement compared with men.

The 20th Annual Transamerica Retirement Survey of Workers was conducted online within the U.S. by The Harris Poll on behalf of TCRS from November 6 to December 27, 2019 among a nationally representative sample of 5,277 full- or part-time workers in a for-profit company employing one or more employees, including 2,816 women and 2,418 men.

The June 2020 Supplemental Survey was conducted online within the U.S. by The Harris Poll on behalf of TCRS from June 18 to 22, 2020 among a nationally representative sample of 2,001 U.S. adults. The data in this report are shown for 1,260 people who work full- or part-time and/or who were laid off or furloughed as a result of the coronavirus pandemic, including 618 women and 642 men.

Results for both surveys were weighted where necessary to bring them into line with the population of U.S. residents age 18+, and to adjust for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who respond to surveys versus those who do not.

About this Fact Sheet

This Fact Sheet was derived from the report, *Women and Retirement: Risks and Realities Amid COVID-19*, which can be found at www.transamericacenter.org.