



Women's Institute for a Secure Retirement

National Conference of State Legislatures

The Economics of Retirement for Women
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Why Women??

- At age 65+, there are 6.2 million more women than men
- At 75+, there are 4 million more women than men
- At 85+, there are 1.8 million more women than men: 71% of the 85 and older population
 - The age 85+ numbers are expected to double/triple over the next three decades
 - Women who have never been poor before end up living in poverty

Why Women Need More Retirement Income

- Women live longer than men.
- Women earn less than men.
- Women are more likely to be caregivers.
- Women are likely to be single and not remarry.
(Close link between marital status and economic status for women).

Why Women Need More.....

- Poverty rates are much higher for single older women.
- 30% of single women age 75-79 are poor or near poor.
- Women are more likely to have a chronic illness and need long-term institutional care.
- Women will need at least 100% of pre-retirement income – some say 110%.

What Women Have.....

- Social Security: the average benefit for women was \$10,399 annually(\$867 a month).
- Pensions: median annual pension income was \$6,552 annually (\$546 a month).
- 401(k) median amount for women \$34,000.
- Assets: median income from assets is \$729 annually (\$61 a month).

Minority Women and Poverty

- Single older African-American and Hispanic women face even greater risk of poverty.
 - 36.7% African-American women living alone are poor.
 - 45.7% of Hispanic women who live alone are poor - compared to 17.9% of single white women.
- (In 2007, the poverty threshold for single persons 65 and over was \$10,210.)

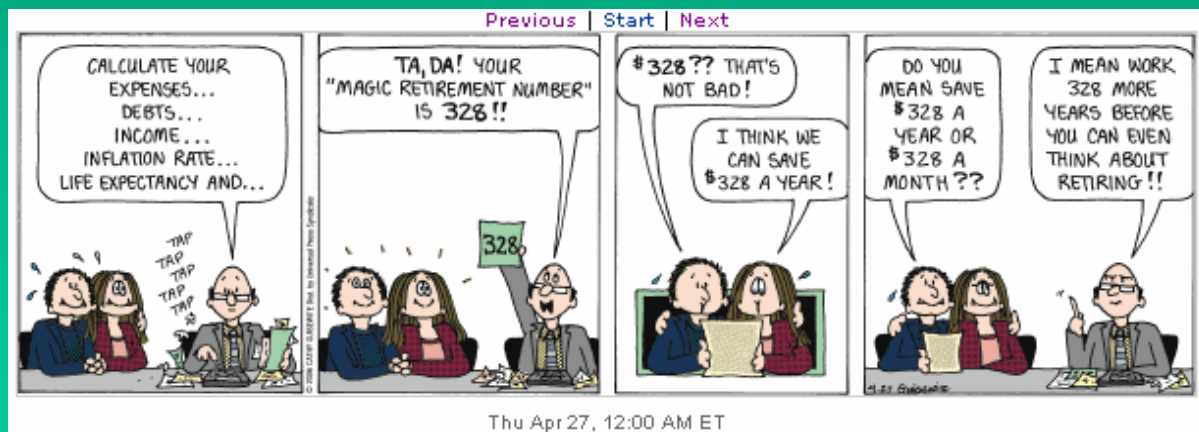
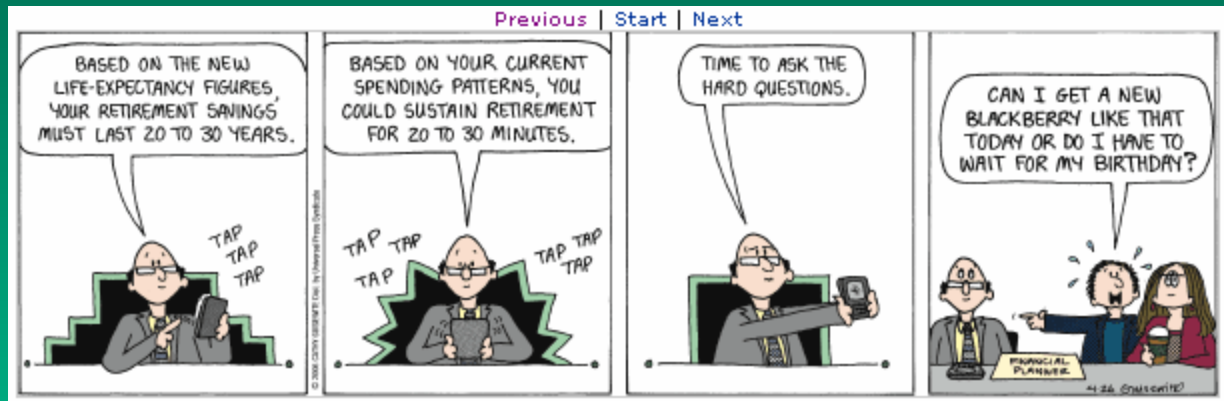
Longevity Risks

- Inflation
- Outliving Assets (financial/investment risks)
- Death of a spouse
- Unexpected healthcare needs and costs – experts project staggering amounts needed.
- Loss of ability to live independently – long term care needs
- Many older women end up in poverty for the first time in their lives

Longevity Planning

- Women need to take control at the earliest possible age.
- Women need more income and they vastly underestimate how much they will need.
- Women need to shift their thinking and recognize what the reality of old age is in the 21st Century.
- The biggest risk for women is outliving savings and that they won't know until it's too late.

Planning for Longevity



Thu Apr 27, 12:00 AM ET

Premature Retirement Risks

“Negative Shocks”

- Not realizing that you cannot always “work until you drop.”
- Many workers will retire before they expect to, and before they’re ready.
- Nearly four in ten people retire due to poor health, caring for a family member, or job loss.

All Americans --particularly women need to learn about retirement income

- Most workers lack basic financial knowledge– great material available – probably too much.
- Workers misunderstand what their primary sources of income will be. 3-legged stool: Need Social Security, pensions, personal savings.
- Social Security is the most important source of income for many people.
- Increase in 401(k)s, means workers are now responsible for managing their investments.

Big Policy Issues

- Congressional Joint Tax Committee's 2007 Report shows the tax expenditure for retirement plans and IRAs was 139 billion. This will become a big issue for tax reform in 2010.
- Kennedy's Class Act provides a better way to get LTC insurance to more people. Controversial and Expensive.
- Savers Tax Credit – needs to be improved by making it refundable, simplified and expanded.

Big Policy Issues

- Develop a national retirement policy.
- Reverse mortgages were thought to be a backbone for the baby boomers but the current crisis has changed that for now.
- Caregiver credits – either in or out of the SS system.
- Older women are working longer – issues about job accessibility for older workers.

Other Policy Issues

- Increase opportunities for low and moderate-income women to build wealth.
- Automatic IRAs should be offered for those without a retirement plan.
- Eliminate retirement accounts from federal and state asset tests for program eligibility.
- Annuitization –increasing ways to help women have guaranteed income for life.

Other Policy Issues

- Annuitization – risk pooling will assist with risk reduction. A U.K. proposal considers shifting the longevity risk after age 85 to the government to improve annuity pricing.
- Longevity insurance – would kick in at a specified age such as 80 or 85.

For More Information

WISER's Web Site:

www.wiserwomen.org

or call 202 393-5452