

Should women save more for retirement than men?

By [Mark Terry](#) • Bankrate.com

 [Print](#)  [E-mail](#)

The statistics, if taken alone, can be a little depressing -- for both men and women. In the United States, on average, women live to the age of 80 years and men live to the age of 74. Women earn 73 cents for every dollar earned by men. In addition, during the course of their lives, men will be out of the work force for about 16 months, but women will be on hiatus for 11-plus years on average, because of responsibilities for child rearing and caregiving for elderly parents.

And here's another sinister statistic: According to the Social Security Administration, the average age of widowhood for women is 56.

"We've got quite a few years of living to finance," says Stacy Francis, certified financial planner with Francis Financial in New York.

#### Take charge

Gender issues and roles are complicated, and it's tricky to make across-the-board generalizations about behavior, but there is still a tendency for women to let men take care of the money. It's imperative that women -- and men -- be involved in their financial planning.

"Here's a real call to action," says Francis. "Start now. We have a knight-in-shining-armor syndrome, where we expect men to come along and take care of things for us. And I'm not blaming our parents or society, it's just something that's still there. But women really need to take responsibility for their finances because nobody else will."

Lauren Gadkowski, a certified financial planner with Compass Planning Associates in Boston, agrees. "It tends to be women who are kind of happy to give up the reins financially. I definitely think it's changing, and I'm seeing a lot more couples working together, as opposed to an either/or scenario, but people in retirement or working up to retirement right now I still see with that mind-set."

#### Start saving early

With retirement planning, there are two basic stages: accumulation and spending. The accumulation phase takes a long time and ideally should begin when you're young. The longer your money has to grow, the better.

"I think it's important to make savings important from day one," says Gadkowski. "Everybody, as soon as you get your first job, 10 percent should be automatically invested at the beginning of the month. Pay yourself first rather than waiting to see if you have enough money at the end of the month."

Mark Joseph, a certified financial planner at Sentinel Wealth Investment Inc., in Reston, Va., advocates the same approach to both men and women: Get rich slowly. "If you're

working, maximize your employer plans. Take advantage of matching funds from your employer."

If one or both spouses are lucky enough to have an old-fashioned pension plan (the kind that is fully funded by the employer), be aware that most such plans provide benefits for surviving spouses. In some plans, the employee can elect to take a straight-life annuity, which would provide for the largest monthly payout for the duration of only his or her life, but the spouse would have to agree to this option, signing a waiver before witnesses.

That's not usually a good decision. The better option is a joint-and-survivor annuity, which provides a lower monthly payout for the life of the plan participant, as well as a reduced payout, in the event of death, for the surviving spouse.

- advertisement - "If you have the choice of taking a survivor benefit with your pension, it's a good thing to do," says Cindy Hounsell, executive director of the Women's Institute for a Secure Retirement.

#### Maximize Social Security

It's not likely that Social Security will undergo significant reform this year, despite the Bush administration's push for it. Social Security reform will likely be of concern to the next administration, too. Regardless of what happens, the government pension is probably not something you can depend on completely, especially over the long term. But there are ways -- as of this writing -- to maximize your Social Security benefits.

"If you've been married for 10 years, you are entitled to either your own Social Security benefits or half of your husband's, whichever is greater," says Gadkowski. "And if your husband passes away, you're entitled to his whole Social Security benefits. Even if you haven't been working but have been married for 10 years, that's a benefit."

There might be ways to increase that, says Joseph, who sees most women taking half of their husbands' pension check. Women could work for 10 years to accrue the required 40 credits to increase their Social Security payout. "Making sure they get to that and even trying to maximize that payout as opposed to just defaulting and taking half of their husband's is an option," he says.

#### Prioritize

It's easy to get caught up in day-to-day living and neglect saving for your retirement, no matter how old you are. There always seems to be one more thing you need -- or want. But saving for retirement shouldn't be considered a luxury. "Women need to make sure they're prioritizing their savings," says Gadkowski, "even if they're not working."

For example, she says, spouses who are unemployed or working from home can contribute to a spousal IRA, funding it with money earned by the working spouse if necessary. "A lot of people think if they're not working, they don't have any options to save for retirement, but they do," she says.

If your income requires you to decide which is more important to fund -- your retirement or your children's college educations -- it's always a better option to fund retirement.

"One mistake I see women making a lot more than men," says Gadkowski, "is prioritizing children over their own savings. They worry they're not taking care of their kids. My argument is, if you don't save properly for your retirement there's not a lot you can do about it." Meanwhile, college kids have plenty of other options, she says, including getting grants, scholarships or work-study opportunities.

"Their retirement really needs to be a priority," she says. "It's hard -- you don't want to be selfish, you want to be seen as a good parent, but I think that's one time where it's really, really crucial for them to put themselves first."

Go with a pro

Investing can be a very intimidating prospect and not everybody is equipped to deal with investing on their own. Francis notes that there are excellent resources on the Web to learn about investing, but if you're not inclined to do the work, she says, "Find a trustworthy, ethical money manager."

Mark Rylance, a financial planner at RS Crum Inc., in Newport Beach, Calif., agrees. "People think it's such a daunting task and just don't do it. If they don't want to use the tools that are out there, there are plenty of planners that work on an hourly basis to help them put some of the pieces together.

"It all starts with going from A to B. Where you are right now, where you're going, and sometimes it takes us a lot of time to help people identify their own goals," he says. "Then you build your financial statement, then you build your budget, then you start a savings plan. You run the numbers, then you build a balanced portfolio. That's what people need to do to really determine how big a pot of gold they will need at the end of the rainbow. It's not an exact science. It's a process, not an exact plan."

Although women are statistically likely to live longer than men, this advice applies to men and women alike. Start early, set your goals, create priorities, maximize your savings, get professional help. Nobody sets out wanting to retire in poverty, but many people don't plan at all.

Says Gadkowski, "The people in the best situation for attaining their retirement goals aren't the people who make the most money, but who are the most disciplined in their savings."

