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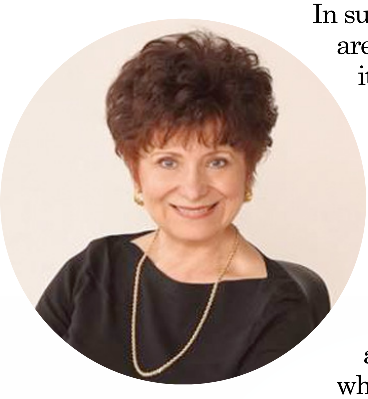
Baby Boomer Women Have a Big Retirement Problem Ahead

A perfect storm of financial factors related to caregiving and careers has created a looming retirement crisis. Why women in or near retirement should be especially worried, and what they need to do now.

By Linda Gardner, Comprehensive Retirement Planner, CPA and Independent Adviser Representative | Blue Heron Capital, LLC



In survey after survey, people who are in retirement — or close to it — say their No. 1 worry is running out of money.

They *should* be worried. Especially women.

A lot of Baby Boomer women, now ages 53 to 71, are in an odd spot. Attitudes and expectations about what they hoped to accomplish with their finances aren't exactly matching up with reality. Sure, *"the times they were a-changin'"* as those little girls were growing up — with better education and career opportunities — but that didn't necessarily work out for everyone quite the way they expected.

And so, here we are today, with a generation of women facing retirement; some without the resources they — and society — likely anticipated.

Among women ages 65 and up, the **poverty rate remains nearly double that of men** in the same age group. And, even though they will statistically live longer than men, many women are **less likely to have planned or saved** enough for retirement.

The reasons are many, and include:

1. Women are typically the primary caregivers for their families.

That's becoming less so today for younger women, perhaps, as more women go to college, get higher-paying jobs and make their careers a priority. But for many women in their 50s, 60s and 70s, it was common to stop working when you started a family and to stay home for years, or perhaps work part time to help make ends meet. Those career interruptions resulted in a loss of income — and savings. Then, just as the kids left home, and they found their way back into the workplace groove, many ended up taking time off again, this time **caring for elderly parents.**

2. Career choices were sometimes limited, and so was the pay.

Because many Baby Boomer women either chose to or had to put family first, the career opportunities that would allow them to do this were often limited. Sure, you heard about "supermoms" in the '70s — those women who could "do it all" — but more often, women were in occupations with lower pay and hours that better suited their family needs. Fast forward through the working years, and those lower-paying, flexible-schedule jobs became a double whammy for retirement planning, because they often resulted in lower savings and Social Security benefits.

3. Participation in retirement programs lags.

Again, this is improving, but for the current wave of female retirees, saving for retirement wasn't always possible. Some women didn't stay in a job long enough to become vested in the retirement plan — and most part-time jobs didn't offer the opportunity to participate in a 401(k) plan or other retirement programs. For many working women, their earnings were considered "fun money," meant to pay for the "extras" the family wanted, like a second car or vacations. And, today, as their children get older and out of school, many moms continue to help them out financially with student loan debts, down payments on houses, child care, cellphones, insurance and a wide variety of other expenses — with Mom often ignoring the need to save for her own retirement. *This can be a difficult transition for a mom:* guiding her children toward financial independence, while learning to focus on her own financial future.

4. Many women don't pay enough attention to financial planning.

Sure, they may take care of the checkbook and the family budget — but traditionally, it has often been the husband who took care of investments, retirement plans and meetings with the financial professional. *Of course, there are always exceptions to that statement!* In today's world, financial professionals should request couples attend investment and planning meetings together where they can discuss spending, savings and investment strategies, pension-survivorship options, Social Security strategies and more. And women should actively engage in the financial and retirement planning meetings — even when it's not what they really want to be doing. Unfortunately, meetings with both spouses in attendance don't always happen, which can mean that when the loss of a spouse occurs, the woman may struggle to understand her financial situation. *It doesn't need to be that way and it's up to you to make sure it isn't!*

5. The average age when women take Social Security remains 62.

(**For men, it's 64.**) That means most women are looking at a **permanent reduction in the benefits** they would have received if they'd only waited until their full retirement age (based on birth year) or even to the maximum age of 70.

Hypothetical example: Let's say Judy's full retirement age is 66, at which time she would receive $1,200 a month. If she files at 62, she'll get only $900, taking a permanent reduction in her Social Security benefits. If she waits and files at 70, she'll receive about $1,584. The difference between taking her Social Security at 62 and waiting until age 70 in this hypothetical example is $684 per month. While these numbers work the same for men and women, they have greater bearing on women, given their generally earlier retirement age.

Note: If you haven't reached your full retirement age, you're working and receiving your Social Security benefits, some of your benefits may be withheld if you have earnings in excess of Social Security limits.

Those men who wait until they're 64? They're taking a smaller reduction in their Social Security benefits. Additionally, by working just two more years, they've likely increased the income calculation for their Social Security benefits and contributed more to their workplace retirement accounts — providing more income and investments to depend on during their retirement years. Every year that anyone continues to work and save past age 62, while delaying the start of Social Security benefits, can potentially enhance future retirement income.

You could live into your 80s, 90s or even 100s — so the decision of when to start your Social Security benefits needs to be made within your comprehensive retirement plan. Considerations in making that decision include: age and health; working or retired; life expectancy; marital status; spouse's Social Security benefits; and other assets or income sources available to depend on during your retirement years.

6. Any woman will likely have sole responsibility for her finances at some point in her life.

Some women remain single forever. Others will be widowed or divorced. And, for women with children, single-mother families in 2016 were **nearly five times more likely to be living in poverty** than married-couple families. The woman who stays married? Well, **statistics say** she'll likely outlive her husband and could lose some or all of her husband's monthly pension payment, if he had one, as well as some of their Social Security benefits. In these scenarios, her income is reduced while the living expenses go on, more rapidly reducing her savings and her retirement lifestyle.

7. Long-term care costs impact women.

Spouses typically take care of each other for as long as they can, and often after one spouse dies the survivor — usually a woman — will eventually need outside care.

For the average woman, a long life is likely, and planning for it is a necessity. Meet with your financial adviser now and ask these important questions:

- How much income will I need in retirement?
- How should I allocate my retirement savings, and how much can I afford to lose?
- If I haven't started taking Social Security yet, how can I maximize my benefits?
- How can I play catch-up in my workplace or other retirement plans?
- How can I prepare for long-term care costs now, so I don't lose my life savings if I need help?
- How can I manage taxes during my retirement?
- How can I be sure that I won't outlive my money?

Don't waste time fretting about past mistakes and lost opportunities. Today's the day to put your comprehensive retirement plan in place.

Linda L. Gardner is the co-founder of Blue Heron Capital LLC (www.YourMoneyYourRetirement.com) and an independent Investment Adviser Representative. She hosts a weekly radio show: "Your Money Your Retirement®." Her focus is on comprehensive retirement planning.

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Kim Franke-Folstad contributed to this article.

Contact information: Telephone: 720-488-8604; email: Linda@YourMoneyYourRetirement.com; website: www.YourMoneyYourRetirement.com