

Retirement Readiness

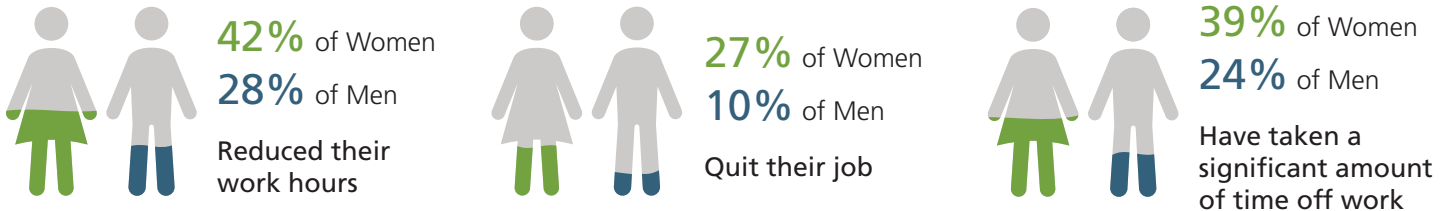
Women Savers



Career Interruptions Affect Women's Retirement Savings

While it's now more common for men to take a "career break" to raise a family or take care of elderly parents, it's still far more likely for a woman to fulfill that role.

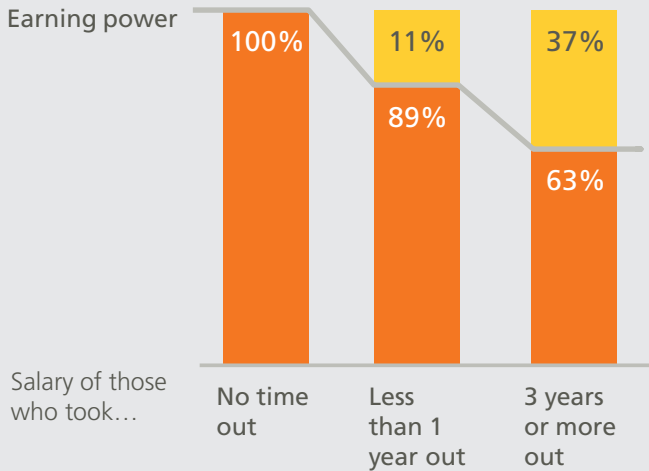
% Taking a Break To Care of a Family Member¹



What Does It Mean?

Leaving the workforce—even for a short period—affects the available income to save for retirement. Reduced savings opportunities means women lag behind men in retirement preparedness.

Reduced Earning Power²



Reduced Lifetime Income⁴

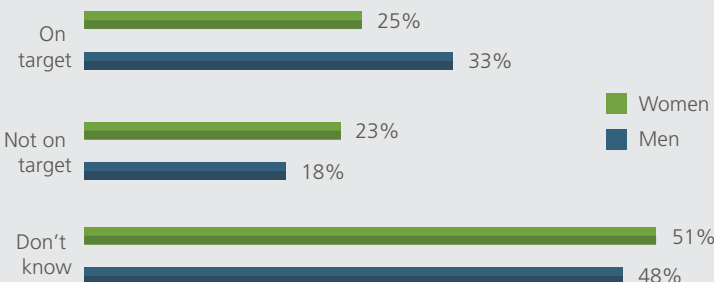


A career break from age 35–45 could result in a \$1.3 million loss in retirement savings



A career break from age 45–55 could result in a \$1.1 million loss in retirement savings

% Saying They Are On-Track for a Comfortable Retirement³




1 in 5 women who returned to the workforce suffered a pay cut of 20% or more

What's the Solution?

Women need to learn about the tools available to help reach retirement savings goals—and use them.

Save in a Spousal IRA

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- A married, non-working woman can make a full IRA contribution of \$6,000 (\$7,000, if age 50 or older) for 2019, funded by her spouse's income
 - Saving \$6,000 yearly from age 30–40, when out of the workforce, and earning 6%, would yield roughly \$84,000
 - Investing \$84,000 from age 40–65, and earning 6%, would yield approximately \$360,000

9 Principles for a Secure Retirement⁶

- 1 Start **saving now**—even a modest amount
- 2 Don't overlook the federal **Saver's Credit**
- 3 Think twice about leaving the workforce entirely—**part-time work** may prevent a major pay cut when resuming a full-time career
- 4 Maintain **skills and health** to be able to work longer
- 5 **Participate fully**—don't leave budgeting, planning, and financial decision-making to a spouse or partner

Contribute to an HSA if Eligible

- ✓ Save on taxes through **tax-deductible** contributions, **tax-free** earnings, and **tax-free** distributions (used for qualified medical expenses)
- ✓ Pay for qualified medical expenses before and during retirement
- ✓ Use for any reason at age 65 or older without penalty

DOL Recommendations⁵

- ✓ **Get educated** on risk and return, growth vs. safety
- ✓ Save enough to get all **"free money"** from employer plans, such as a match
- ✓ Self-employed individuals—consider establishing a **SEP** or **SIMPLE IRA** plan or a **"solo 401(k)"**

- 6 Become **informed** about retirement savings tax benefits and eligibility for Social Security benefits
- 7 Annually **boost** savings rate by 1%
- 8 Save more in a **rainy day** fund
- 9 Seek financial expert **assistance**

What Can Your Financial Organization Do?

Educate women on their savings options, and market your savings opportunities.



Educate
IRA rules, promotions, and importance of saving often and early



Direct Deposit
Offer and promote



Articles
Website and newsletter



Brochures
Lobby and statement stuffers

Sources:

¹"On Pay Gap, Millennial Women Near Parity – For Now: Despite Gains, Many See Roadblocks Ahead. December 11, 2013. Pew Research Center Survey.

²"Off-Ramps and On-Ramps: Keeping Talented Women on the Road to Success," by Sylvia Ann Hewlett and Carolyn Buck Luce. March 2005 Issue. Harvard Business Review.

³"2016 Year in Review," by Cynthia Meter, Gregory A. Ward, and Liz Davidson. March 22, 2017. Financial Finesse Think Tank Research.

⁴"The triple-whammy facing women in retirement," by Aimee Picchi. October 18, 2016. CBS News.

⁵"Women and Retirement Savings". September 2017. U.S. Department of Labor.

⁶Taken in part from "Seventeen Facts About Women's Retirement Outlook," by Catherine Collinson. March 2017. Transamerica Center for Retirement Studies.

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