



Women in Retirement: Findings from the 2020 Retirement Confidence Survey

EBRI Webinar

June 9, 2020

Speakers



Craig Copeland,
Senior Research
Associate, EBRI



Penelope Wang - Deputy
Editor, Special Projects-
Money - Consumer Reports



Kris Kornemann,
CFP, Financial
Advisor, Financial
Advantage Associates



Moderated by: **S. Katherine
Roy,** Chief Retirement
Strategist, J.P. Morgan Asset
Management, moderator

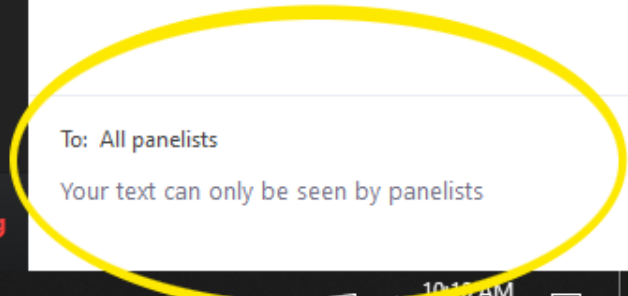
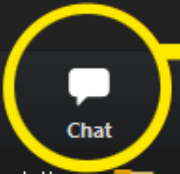
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John Doe

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Retirement Confidence Survey – The Differing Attitudes and Circumstances of Women of Different Marital Statuses

EBRIefing

June 9, 2020

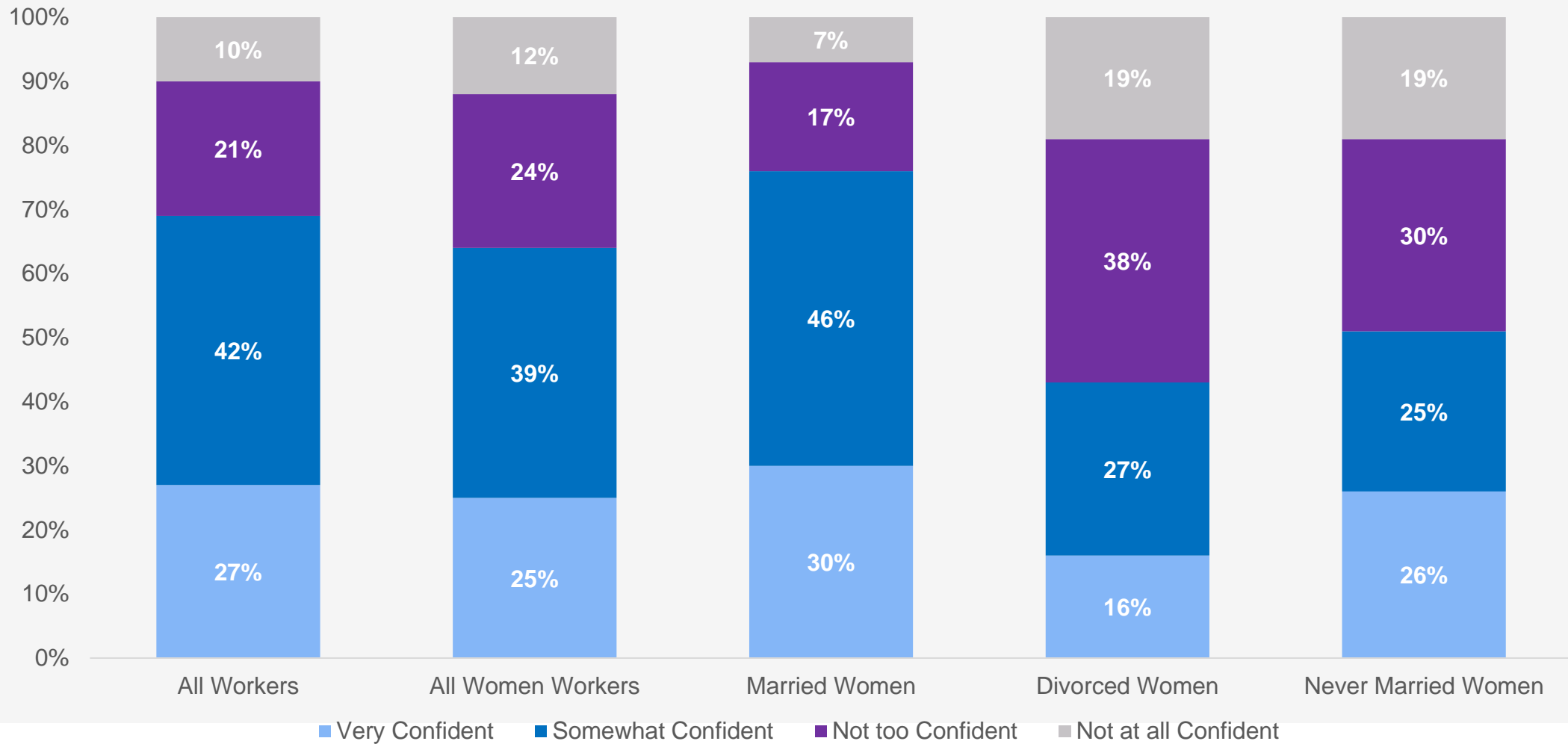
Retirement Confidence Survey (RCS) – 2020

- The RCS, in its 30th year in 2020, is the longest-running survey of its kind, measuring worker and retiree confidence about retirement, and is conducted by EBRI and Greenwald & Associates.
- The 2020 survey of 2,042 Americans, 1,018 workers and 1,024 retirees ages 25 or older, was conducted online January 6 through January 21, 2020.
- Data were weighted by age, gender, education, household income, and race to be nationally representative. The margin of error would be ± 3.13 percentage points for both workers and retirees in a similarly sized random sample.
- Recognizing the impact COVID-19 may likely have had on RCS results and key metrics, a supplemental survey of key questions was refiled from March 20–30, 2020. The supplemental survey included 505 workers and 499 retirees ages 25 or older.
- This presentation focuses on the differing circumstances and attitudes with regard to retirement of women of different marital statuses. The marital statuses of workers are either married, divorced, or never married. For retirees, the statuses are either married, divorced, widowed, or never married.

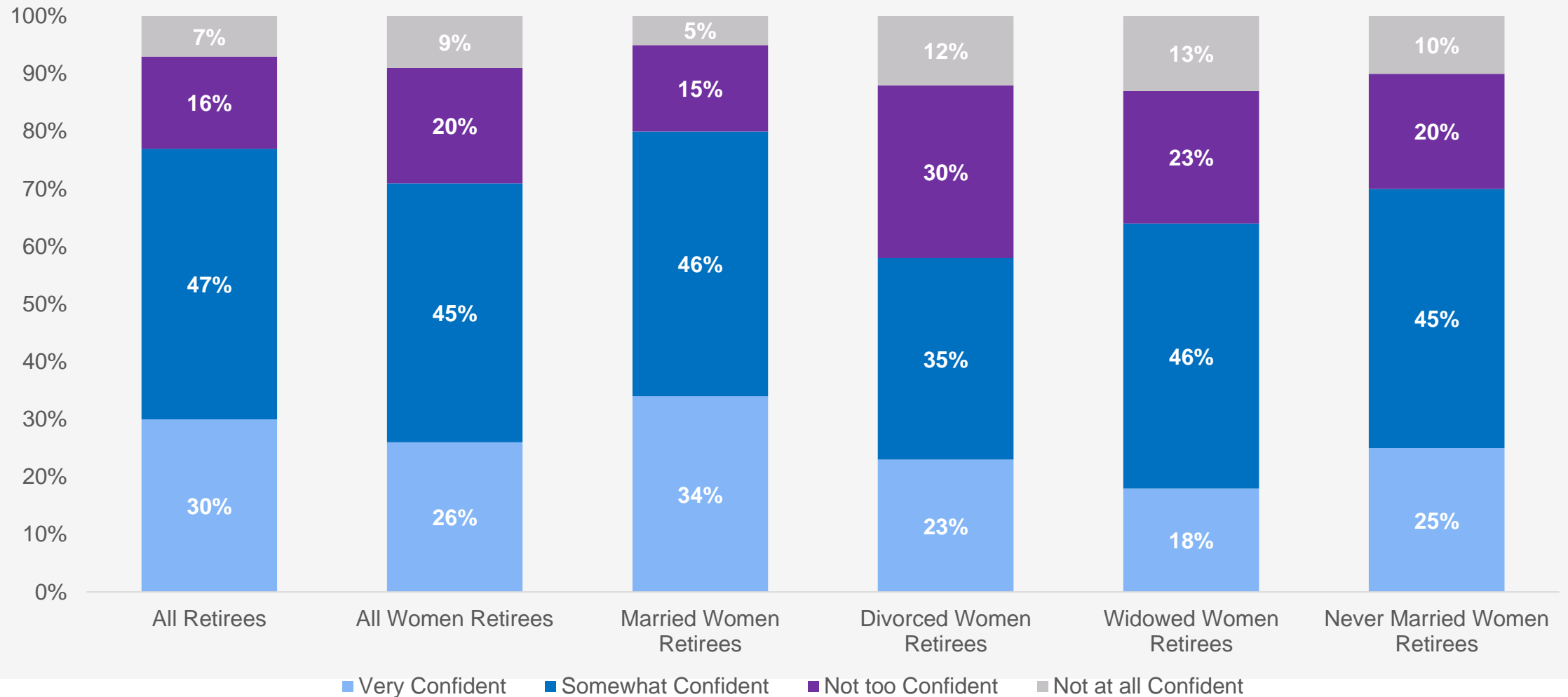
2020 RCS Partners

Capital Group
Columbia Threadneedle
Invesco
J.P. Morgan
LGIMA
(Legal & General Investment
Management America)
Lincoln Financial
Mercer
MetLife
Nationwide Financial
PIMCO
Principal Financial Group
T. Rowe Price
Segal
Vanguard

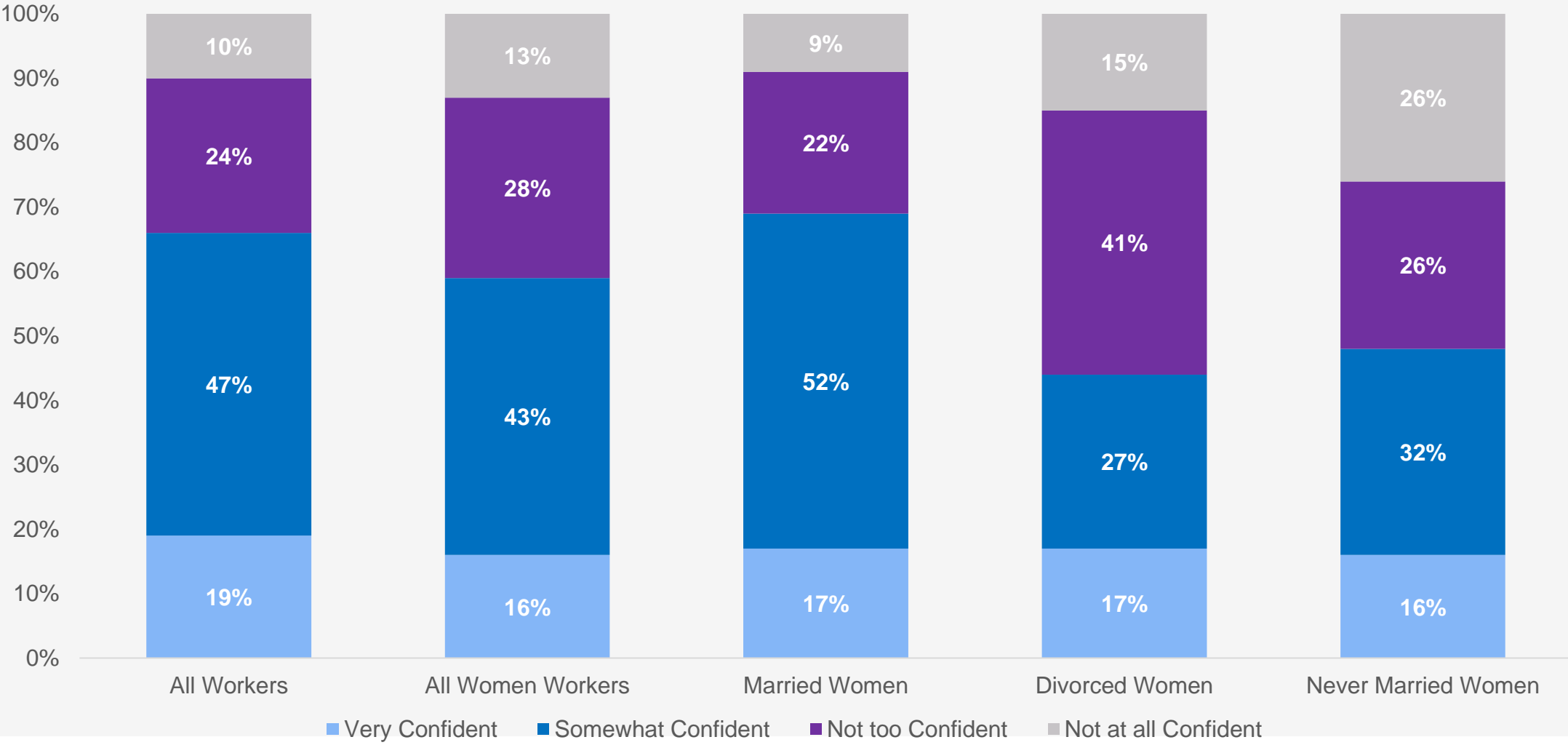
Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years? (Workers-by Marital Status)



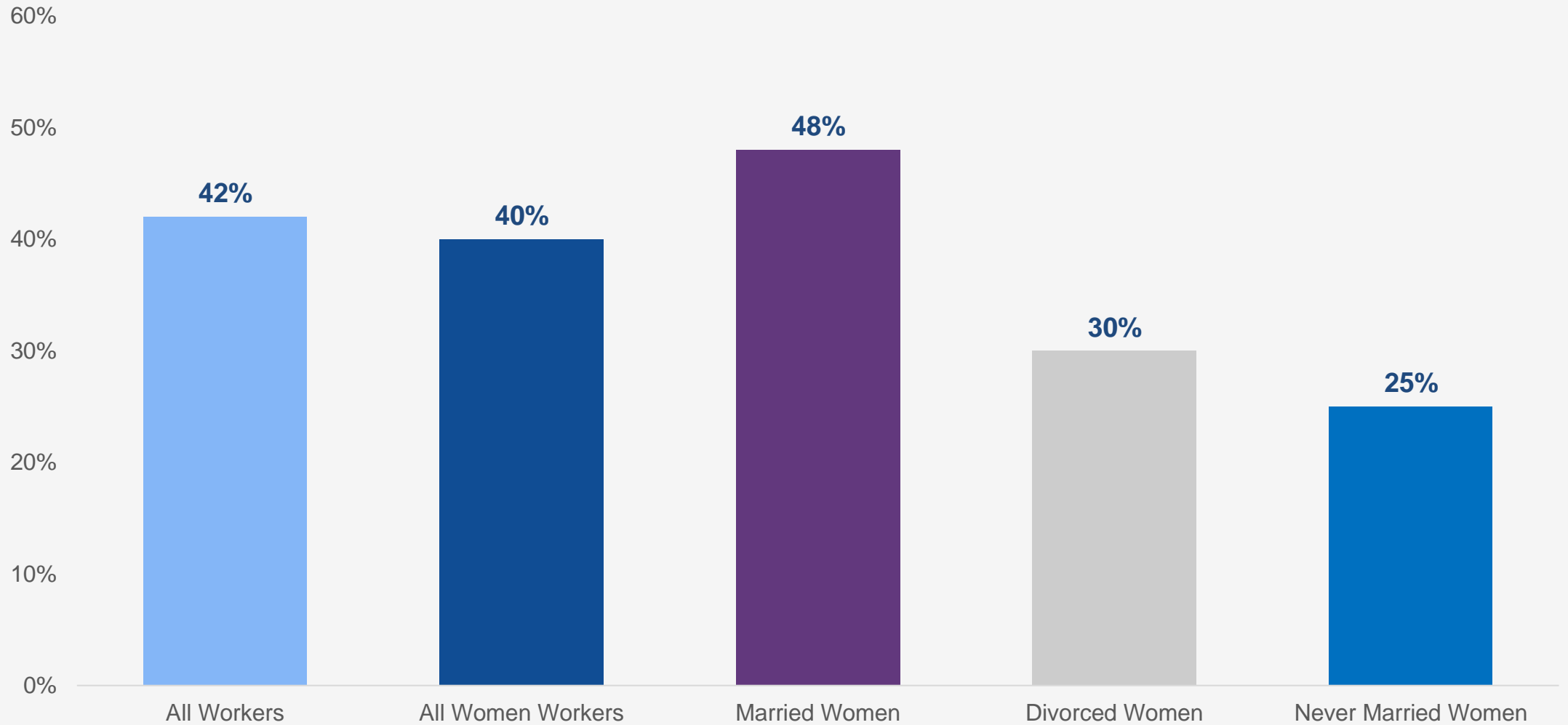
Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years? (Retirees-by Marital Status)



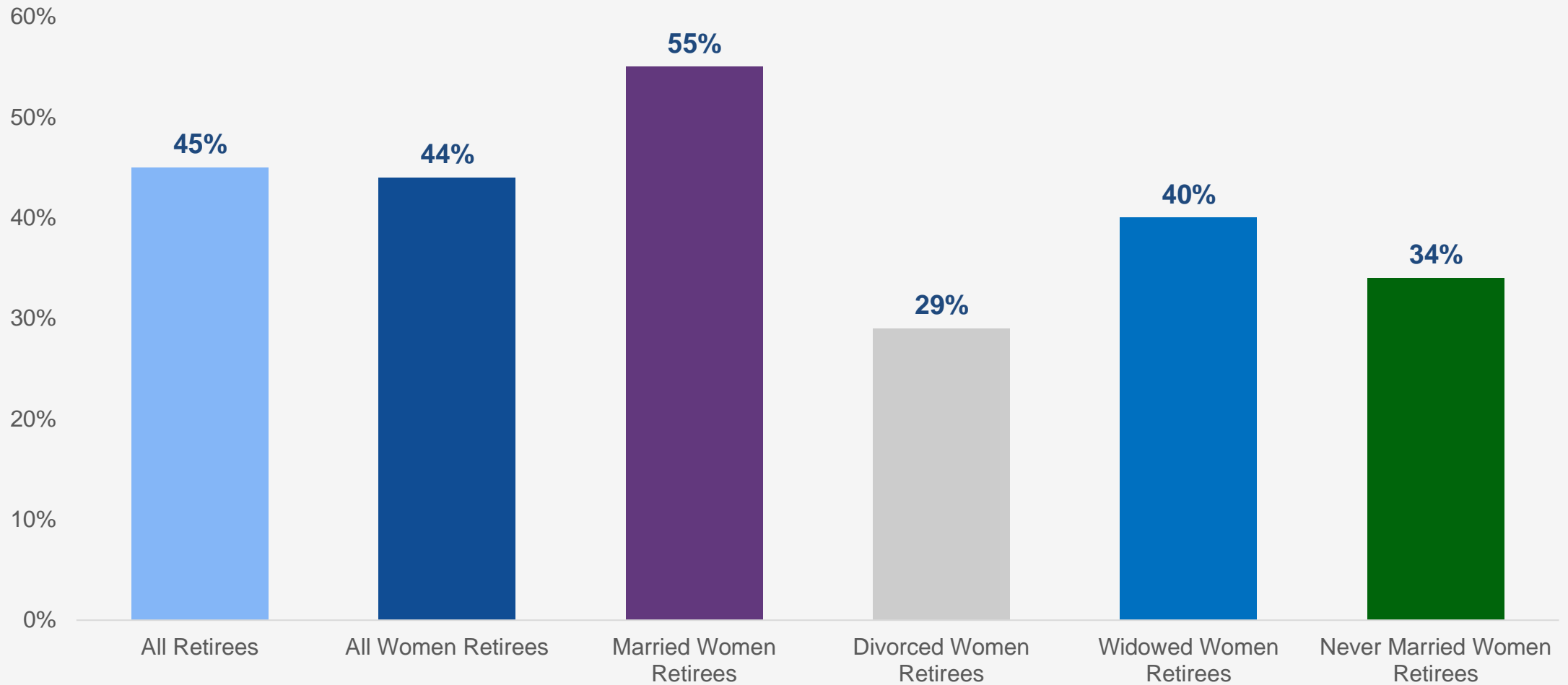
How confident are you (and your spouse) in your ability to choose the right retirement products or investments for your situation? (Workers-by Marital Status)



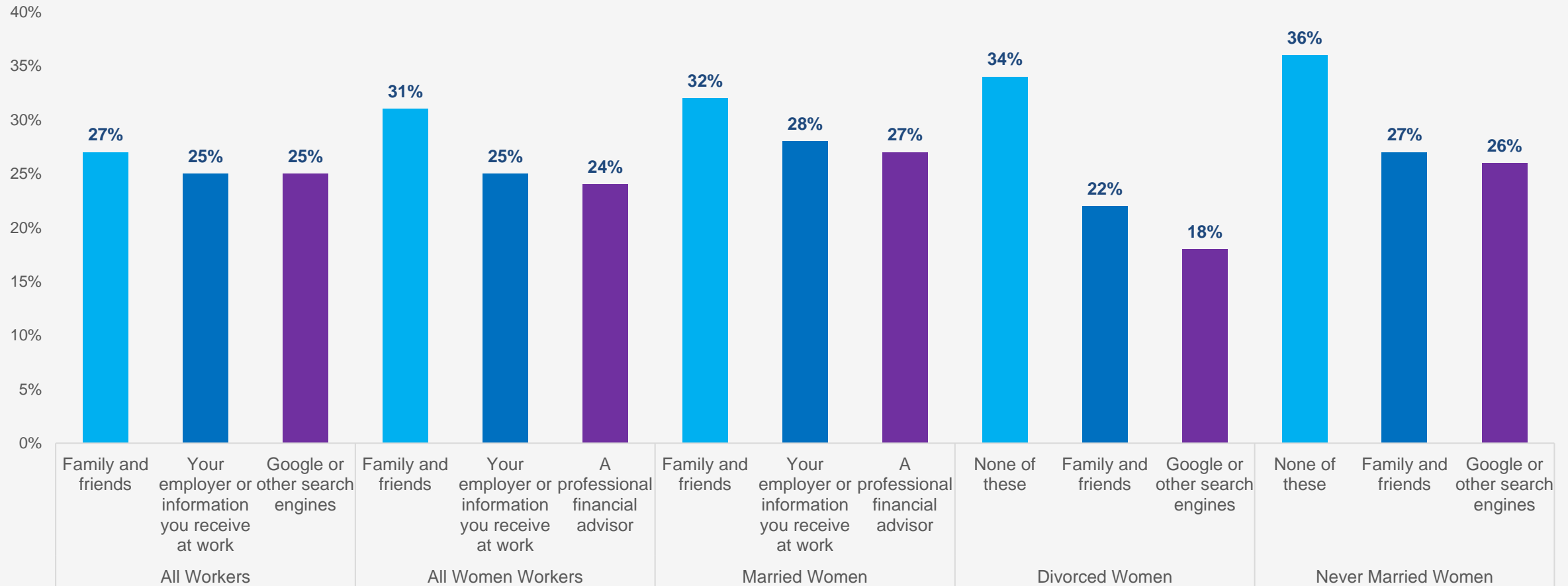
Have you (or your spouse) tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement? (Workers-by Marital Status)



Did you (or your spouse) try to figure out how much money you needed to have saved by the time you retired so that you could live comfortably in retirement? (Retirees-by Marital Status)



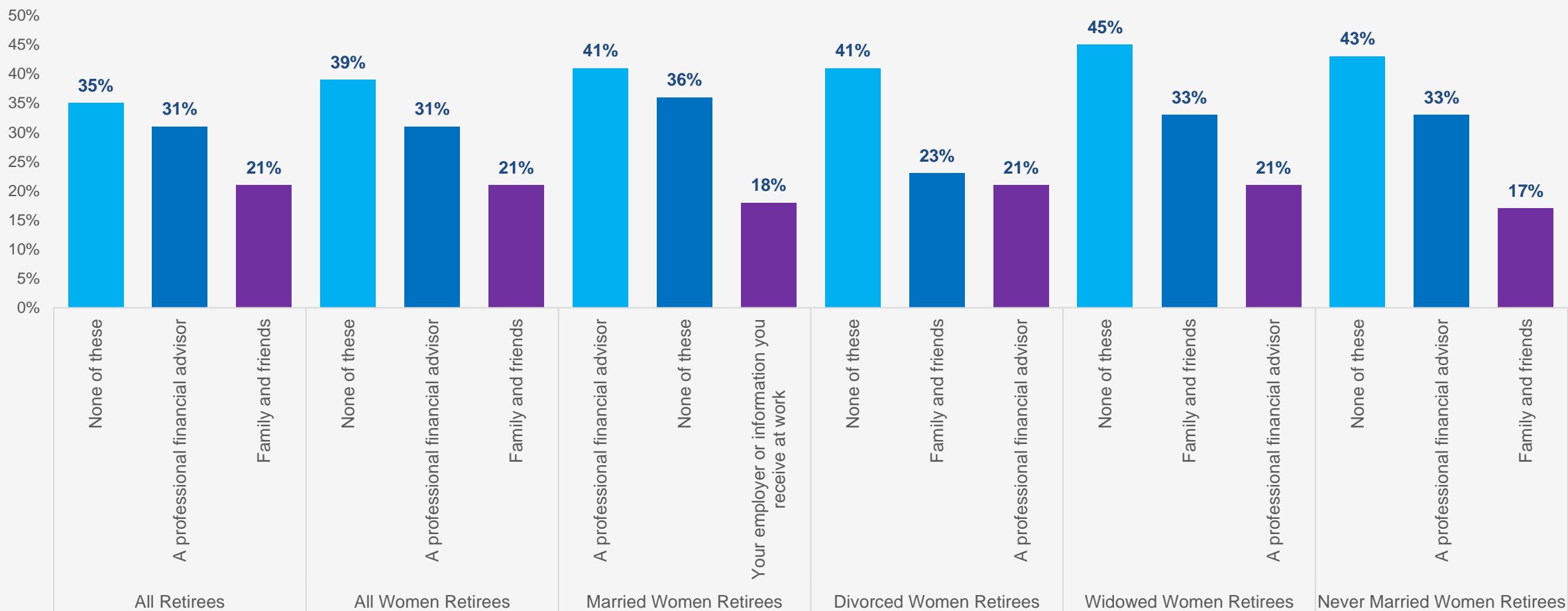
Which of the following do you use as a source of information for retirement planning? *Select all that apply-Top 3 Shown.* (Workers-by Marital Status)



Note: The available choices were: A professional financial advisor, Family and friends, Your employer or information you receive at work, Google or other search engines, Online calculators and planning tools, Online financial advice platforms that offer personalized advice, Hard copy publications, Online publications, Specific financial company websites, Specific government or non-profit websites, Other, and None of these.

Source: 2020 Retirement Confidence Survey, EBRI and Greenwald & Associates.

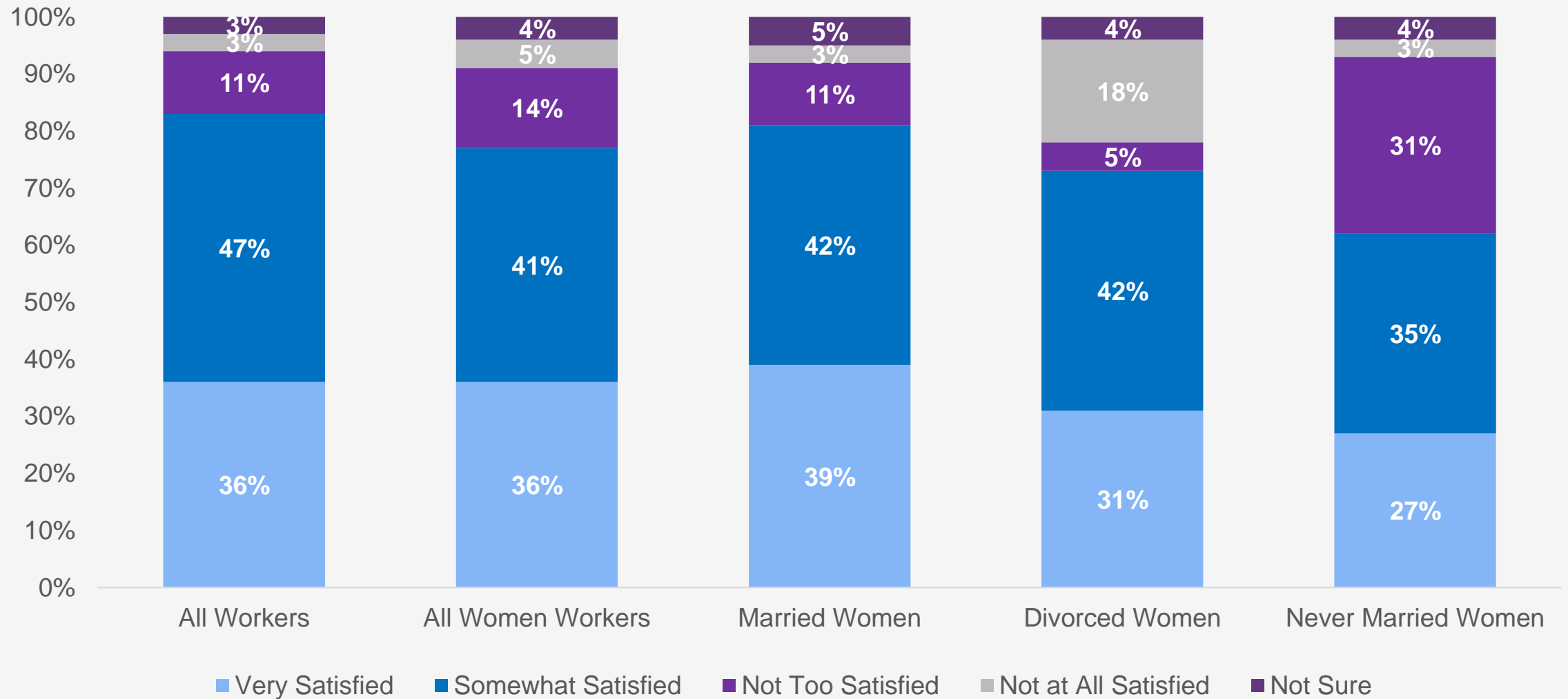
Which of the following do you use as a source of information for retirement planning? *Select all that apply-Top 3 Shown.* (Retirees-by Marital Status)



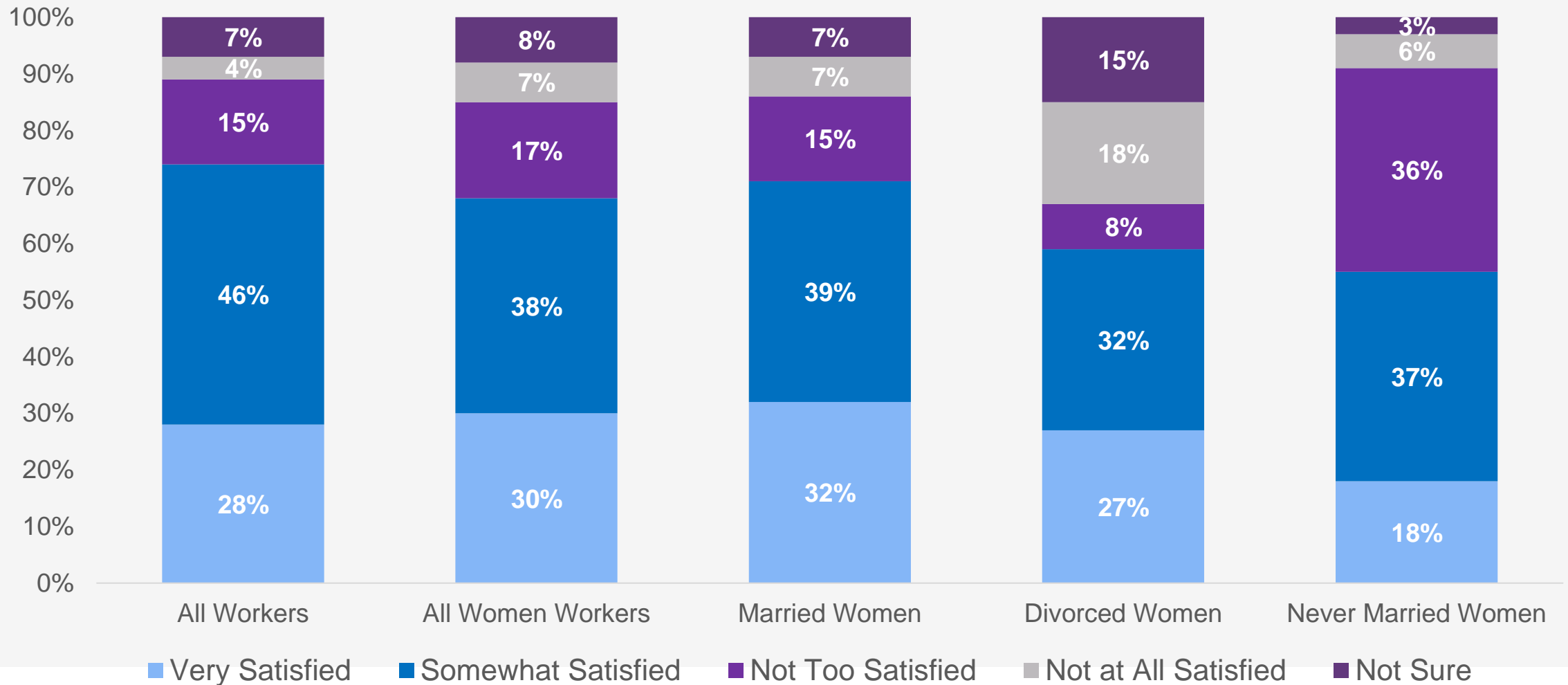
Note: The available choices were: A professional financial advisor, Family and friends, Your employer or information you receive at work, Google or other search engines, Online calculators and planning tools, Online financial advice platforms that offer personalized advice, Hard copy publications, Online publications, Specific financial company websites, Specific government or non-profit websites, Other, and None of these.

Source: 2020 Retirement Confidence Survey, EBRI and Greenwald & Associates.

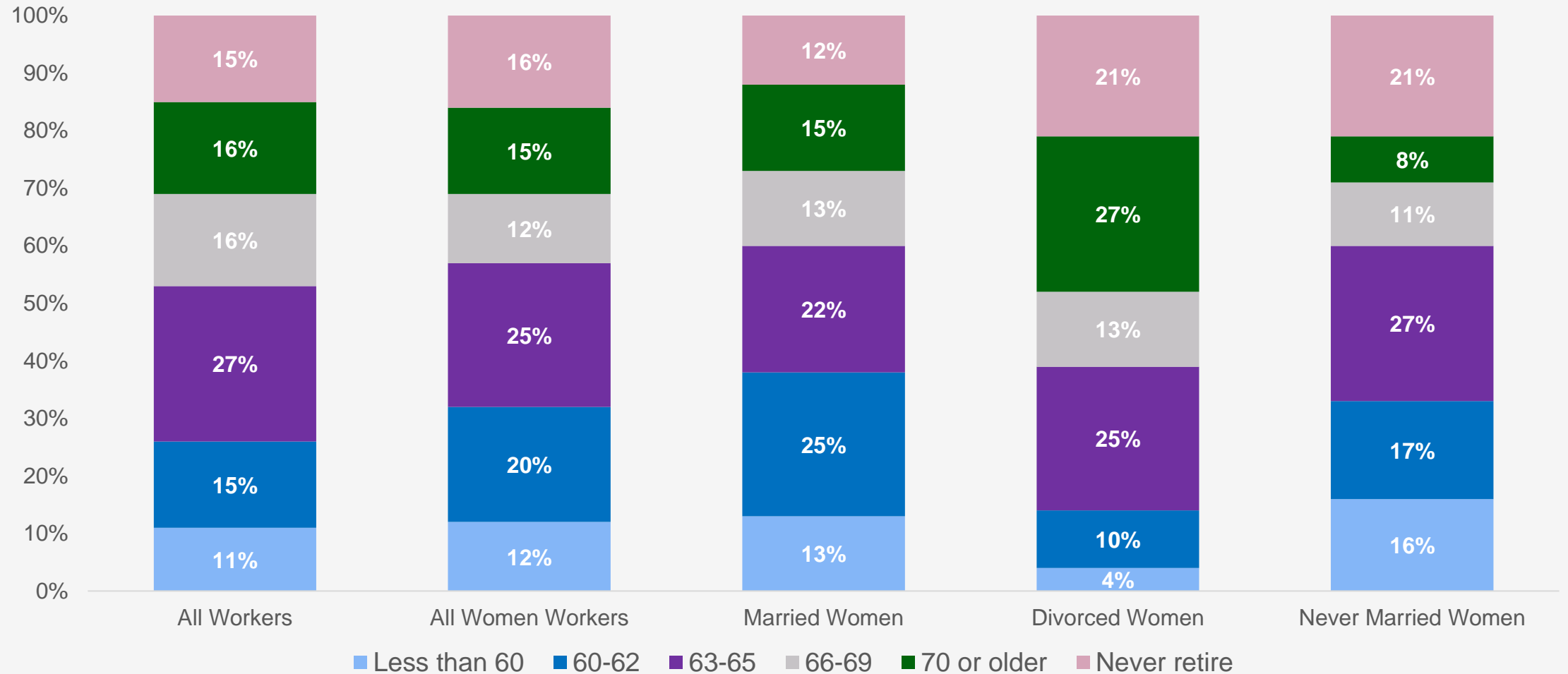
How satisfied are you with the following aspects of your workplace retirement savings plan: Overall? (Workers Offered a Plan-by Marital Status)



How satisfied are you with the following aspects of your workplace retirement savings plan: the Educational Materials You Receive? (Workers Offered a Plan-by Marital Status)

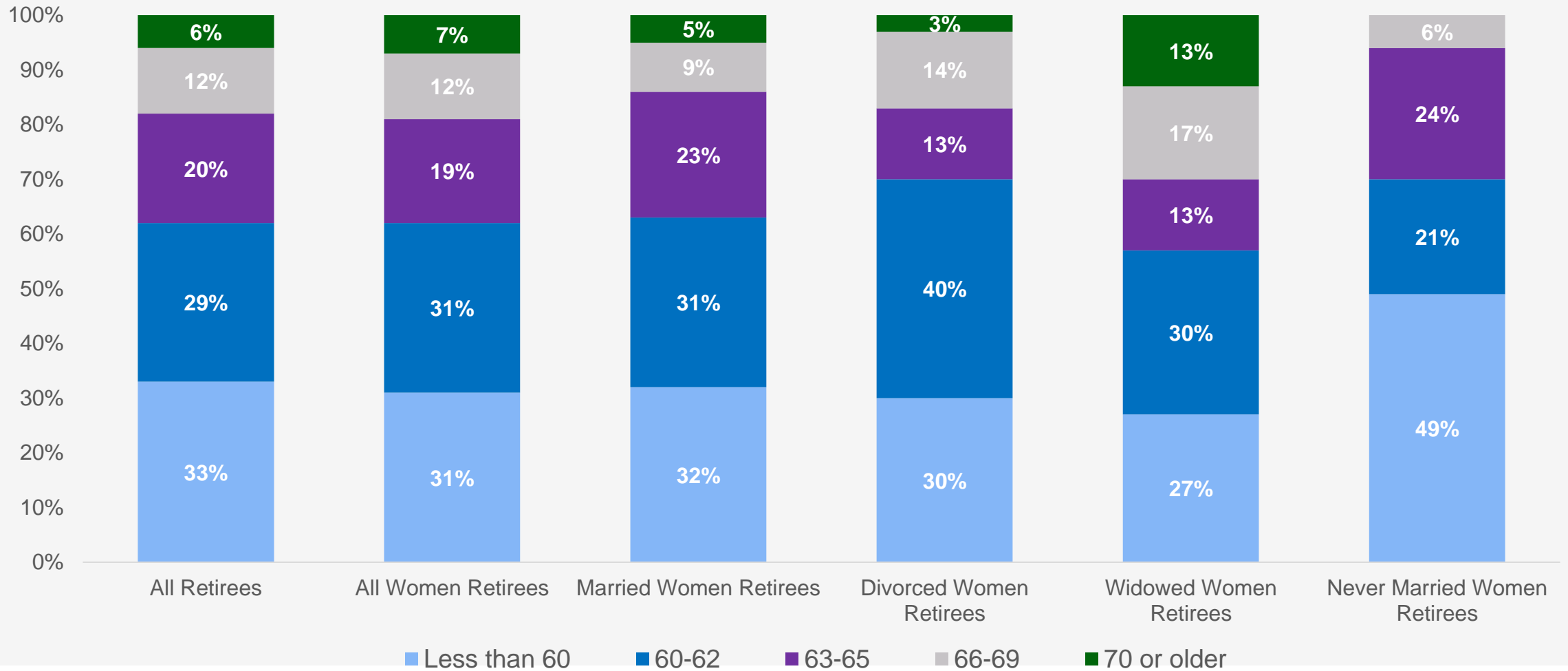


Realistically, at what age do you expect to retire? If you expect to retire gradually, at what age do you expect you will begin to retire? (Workers-by Marital Status)



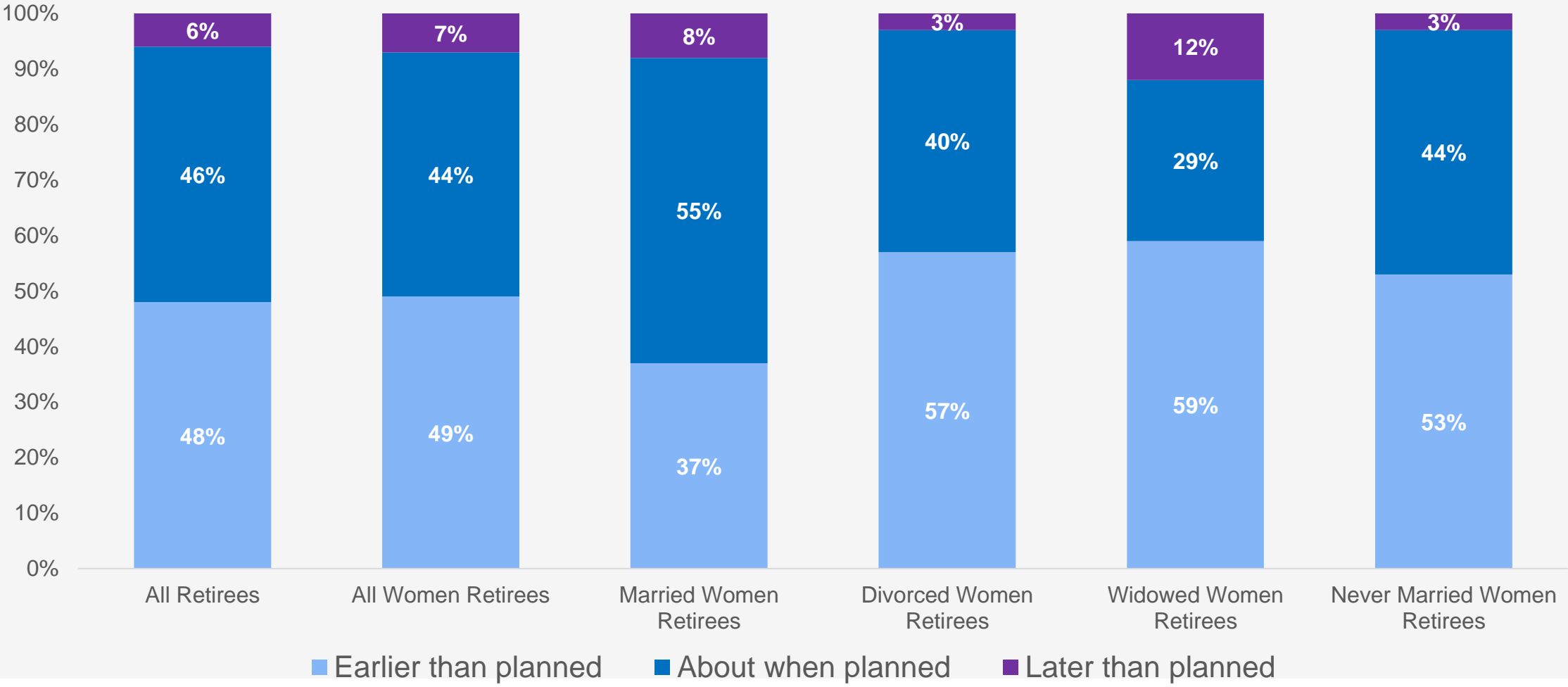
Note: This includes only those who gave an age or said they will never retiree (don't knows were excluded).

How old were you when you retired? If you retired gradually, how old were you when you began to retire? (Retirees-by Marital Status)

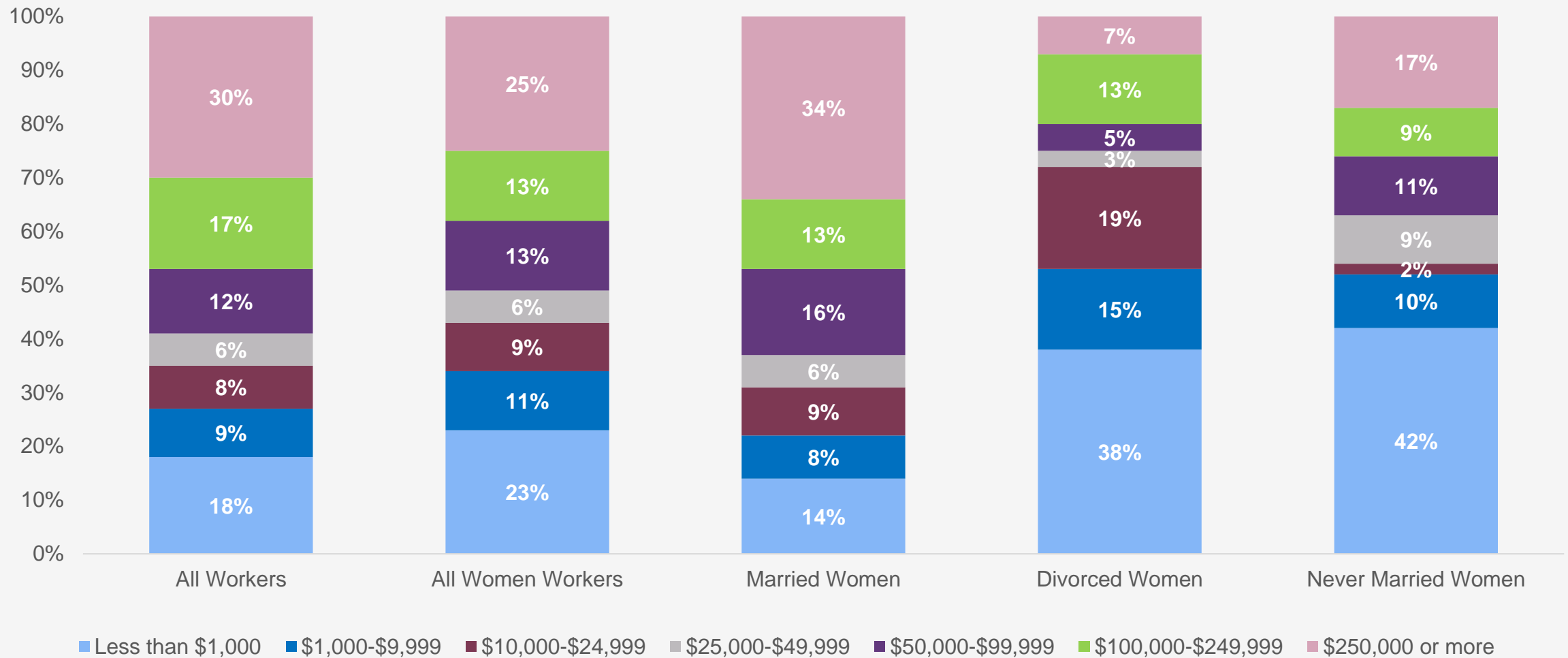


Did you retire...?

(Retirees-by Marital Status)

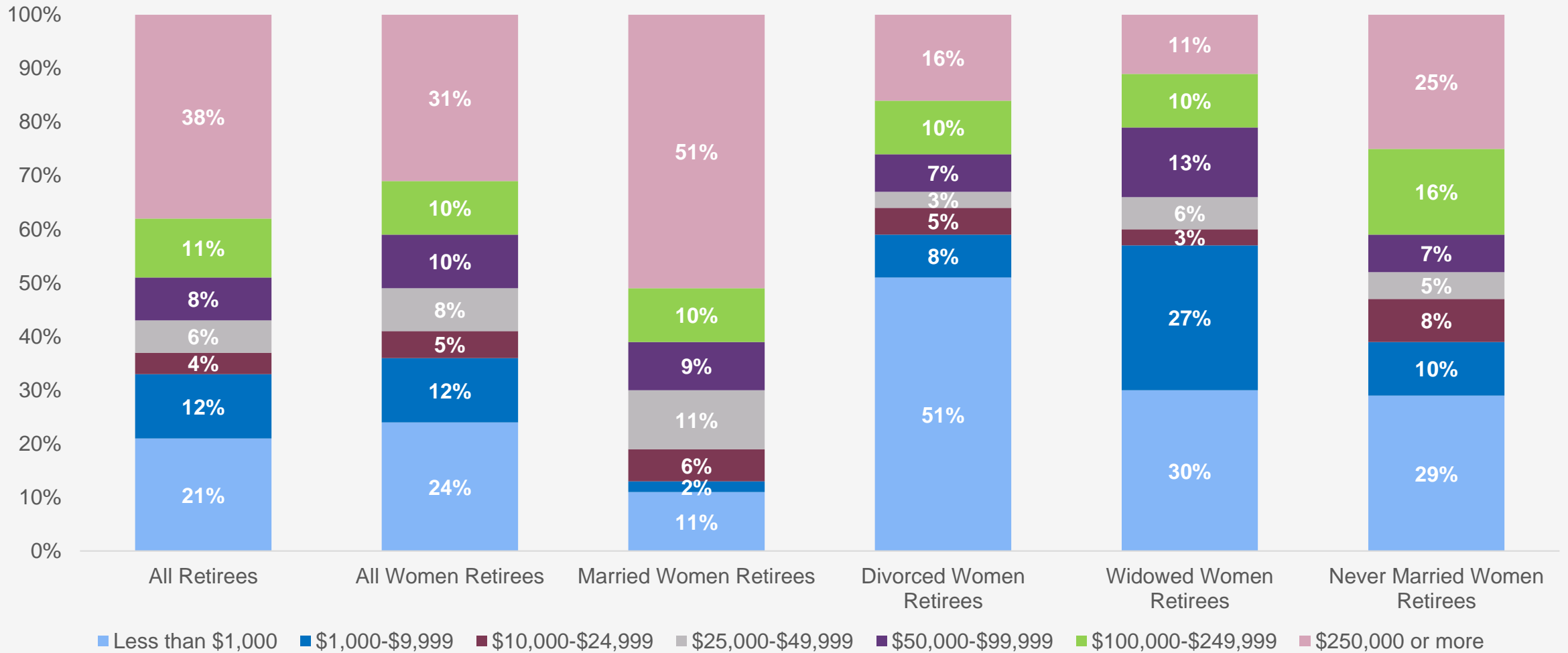


**In total, about how much money would you say you (and your spouse) currently have in savings and investments,* not including the value of your primary residence or defined benefit plan assets?
(Workers-by Marital Status)**



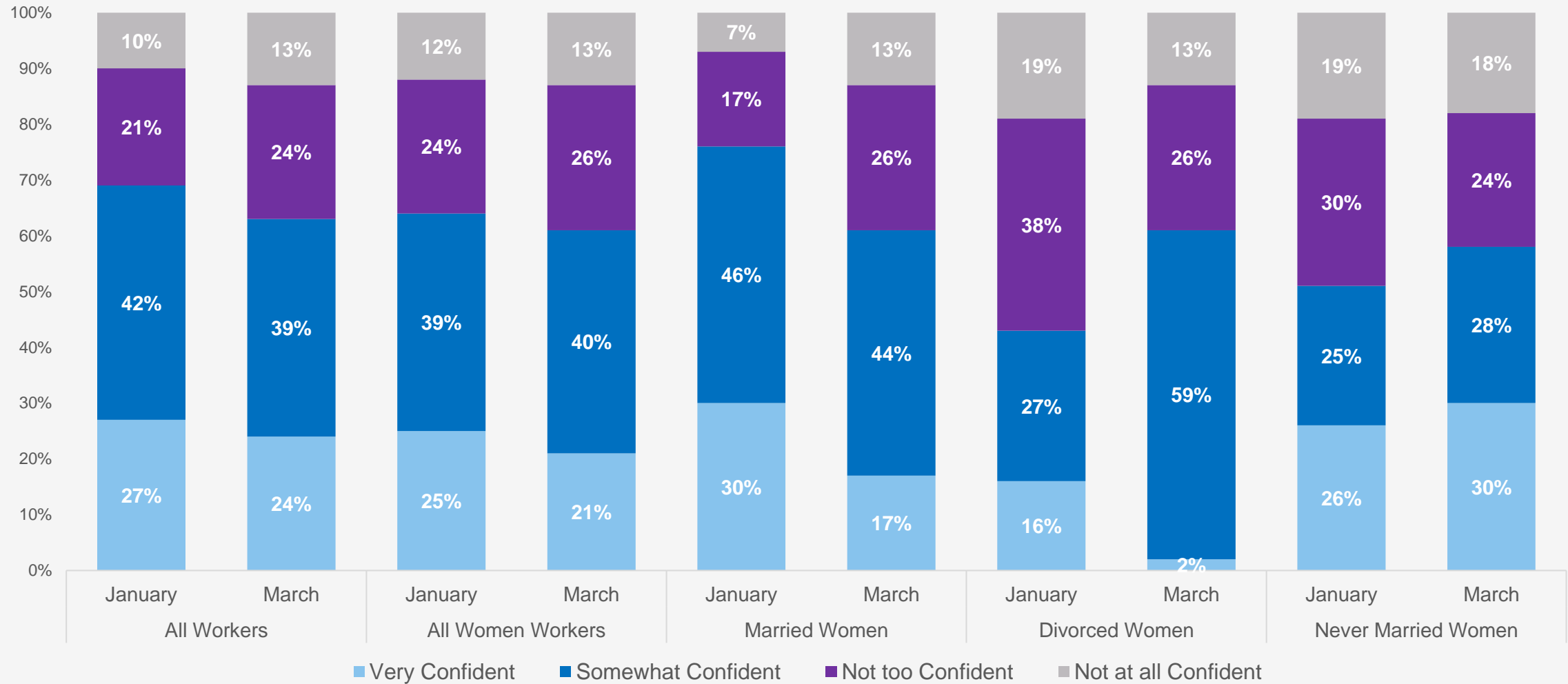
*Of those who gave a response.

**In total, about how much money would you say you (and your spouse) currently have in savings and investments,* not including the value of your primary residence or defined benefit plan assets?
(Retirees-by Marital Status)**

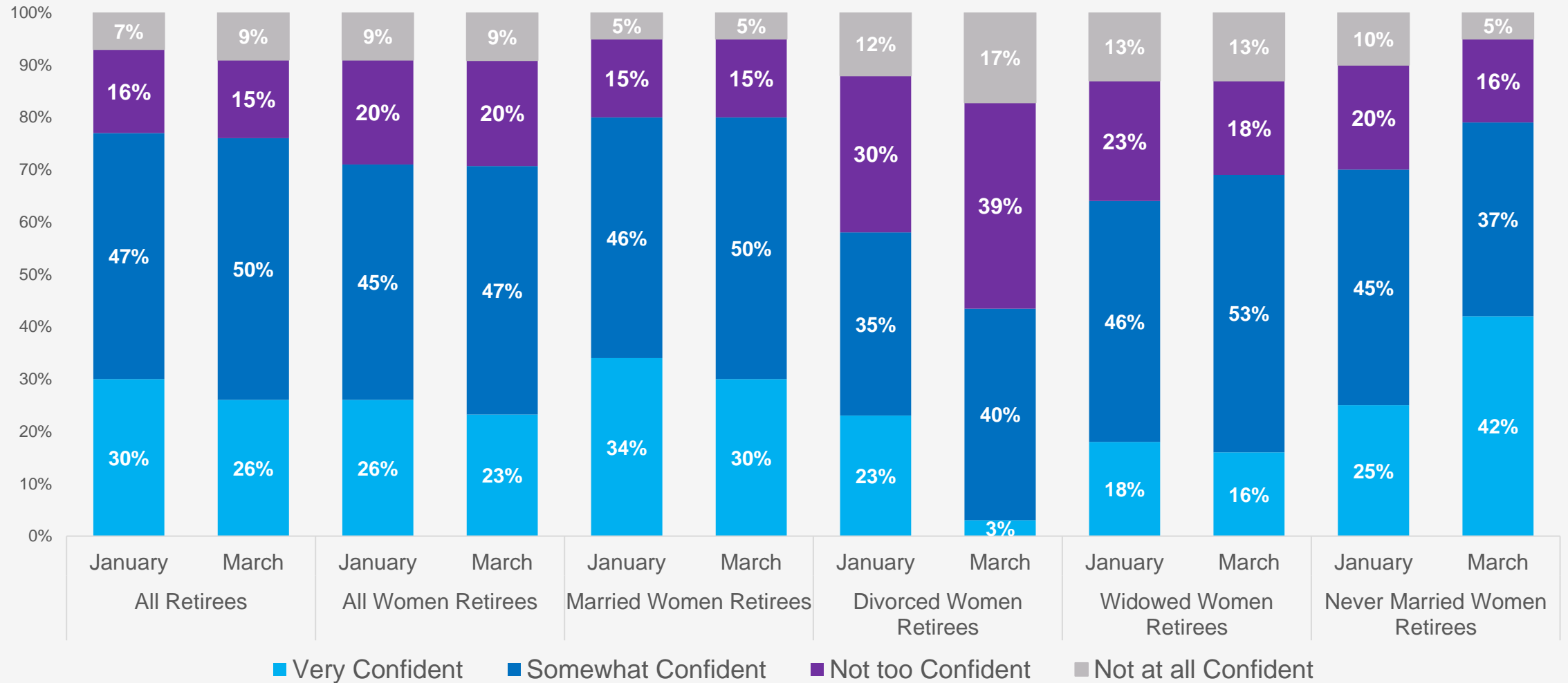


*Of those who gave a response.

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years? (Workers-by Marital Status)



Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years? (Retirees-by Marital Status)



Takeaways

- Unmarried women had lower levels of retirement confidence than married women—both workers and retirees.
- This appears to be influenced by the level of assets they have, as unmarried women, particularly divorced women, have much less in assets outside of their home and pension plans (if any).
- Divorced and never married women workers do not seem to use the more traditional methods of obtaining information on planning for retirement. They are also less likely to be confident in choosing the right investments for their situation.
- Divorced women workers are more likely to expect to retire later than married women workers. However, when looking at when retirees actually retire, divorced women retired at younger ages than planned.
- Unmarried women, particularly those who are divorced, are far more likely to be unprepared for retirement, and the communication methods being used to try to help individuals' retirement preparations do not appear to be reaching unmarried women or are not trusted by, understood by, or appealing to women who are unmarried. Divorced women and to a certain extent others with unmarried marital statuses have less to start with, so retirement preparations could be losing out to day-to-day needs.



WOMEN AND RETIREMENT

Progress and New Challenges

Penny Wang



1. Women generally earn less...

- BUT the pay gap has been closing
- In 2020 women make only \$0.81 for every dollar a man makes
- For women of color, the gap is even wider, with pay as low as \$.75 for each dollar a man makes
- But controlled for job title, experience, and other factors, women make \$0.98 for every \$1 a man makes

» PayScale, State of the Gender Pay Gap 2020

2. Women generally save less for retirement

- Lower salaries mean that women have fewer dollars to put away for retirement.
 - Median salary for women is \$41,002 vs \$51,480 for men (Social Security, 2017)
- Fewer women have a 401(k) or similar retirement plan
 - 68% of women say they have plans vs 81% of men (Transamerica Retirement, 2019)
- BUT when women have access to a plan, they participate at similar rates as men
 - 75% of women participated in a 401(k) vs. 73% of men (Vanguard, 2018)

3. Women rely more on Social Security benefits

- The average benefit for retired women is \$15,564 vs. \$19,524 for retired men
- For unmarried women, including widows, age 65 and older, Social Security comprises 45 percent of their total income
- Social Security benefits comprise only 32 percent of unmarried elderly men's income and only 27 percent of elderly couples' income
- 48 percent of older unmarried females receiving benefits relied on Social Security for 90 percent or more of their income

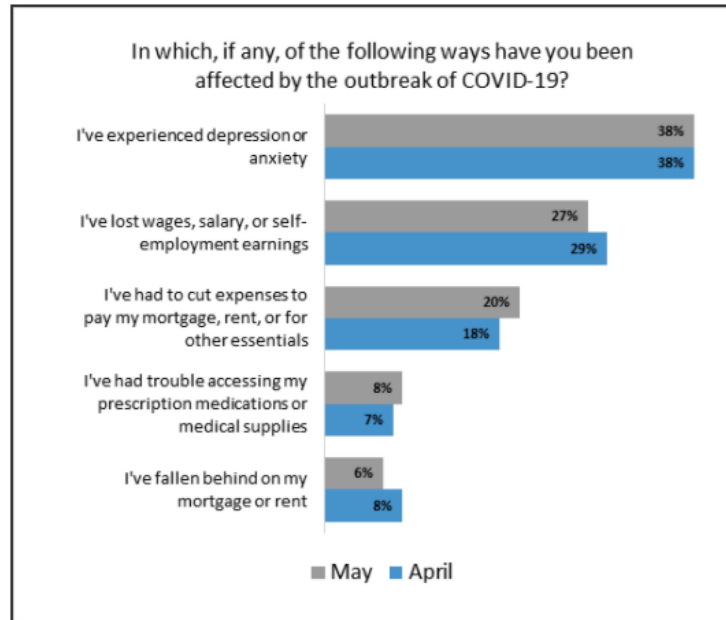
Social Security, 2018 and 2017

4. Women have longer retirements to finance

- Women reaching age 65 in 2018 are expected to live, on average, till age 86.4
- By contrast, men turning 65 in 2018 are expected to live till 83.9 years, on average
 - Office of the Chief Actuary, Social Security
- A higher percentage of women ages 65 and older are likely to need long-term care, 58% vs 47% for men
 - AARP, 2017
- Women comprise 70% of patients in nursing homes
 - American Association for Long-term Care Insurance

5. The coronavirus pandemic makes these challenges even tougher

CR's May AES shows the negative impacts of the COVID outbreak flattening out, consistent with other surveys



CR American Experiences Survey, n=2,085 interviews with a nationally representative sample of US adults conducted from May 8-18 2020.

Overall, there was no significant change between April and May in the percentage of adults reporting anxiety or depression, though reports of depression and anxiety continue to be especially high among women (46%), the lowest income Americans (44%), and adults under age 30 (48%)

Notably, the gap between white, Black and Hispanic adults in reported lost earnings has narrowed somewhat between April and May...

- > In April 38% of Hispanic adults reported lost wages, significantly higher than the 31% of Black adults and 26% of white adults
- > In May, the percentage of Hispanics reporting lost wages has dropped to 31%, bringing Hispanic adults more in line with rates of reported wage loss among Black adults (31%) and white adults (25%)

Women & Retirement Confidence

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Kris Kornemann, CFP®

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Financial Insights for Women

Why don't you have a financial strategy?

- ◆ “I’m confused.”
- ◆ “I don’t know enough.”
- ◆ “I don’t have the money”
- ◆ Time

Women & Retirement Confidence

Confidence Detractors...(Kris' Observations...)

- ▶ Lack of Education/Experience
- ▶ Aversion to Risk
- ▶ Lack of Lifestyle Cost Assessment
 - ▶ (Today & Retirement)
- ▶ Sense of Vulnerability
 - ▶ (Healthcare, Long Term Care Costs, etc.)
- ▶ Fear of the Unknown
 - ▶ Unsure how to prepare for the “Certainty of Uncertainty”

Financial Insights for Women

In a recent survey,*

35% of women surveyed say they're more knowledgeable about investing than they were five years ago

62% who work with a financial advisor feel more confident they'll have enough money for the future

Security and well being are too valuable to ignore!

* Oppenheimer Funds, 2007

Women. Confidence. Retirement. Let's Meet...



Jane

- Single
- High income
- No children

Concerns:

- Taxes
- Long-term investment growth
- Charitable causes
- Funding a long life
- Long-term care expenses



Mary

- Divorced
- Two children
- Full-time job
- Aging parents

Concerns:

- Doing it all
- Where to begin?
- No time to plan
- Not enough money to devote to future needs



Susan

- Married
- Empty nester
- Gaps in employment and savings
- Nearing retirement

Concerns:

- Lack of confidence/knowledge
- Ability to go it alone
- Running out of money

These hypothetical examples are for illustrative purposes only.

Women. Confidence. Retirement. Confidence Builders...

- ▶ Ask the right questions
 - ▶ What type of financial future do you want?
- ▶ Know your options
 - ▶ How can you put your resources to work?
- ▶ Find the right guidance
 - ▶ What you should expect of advisors

Remarks from Successful Women Retirees

- ▶ I'm so joyous this spring as I enjoy the start of my retirement.
 - ▶ I want to bring more women into this club!
- ▶ I feel so much better seeing that I have enough to retire.
 - ▶ Now I know that if I have to eat from a bag, it'll be a Gucci!

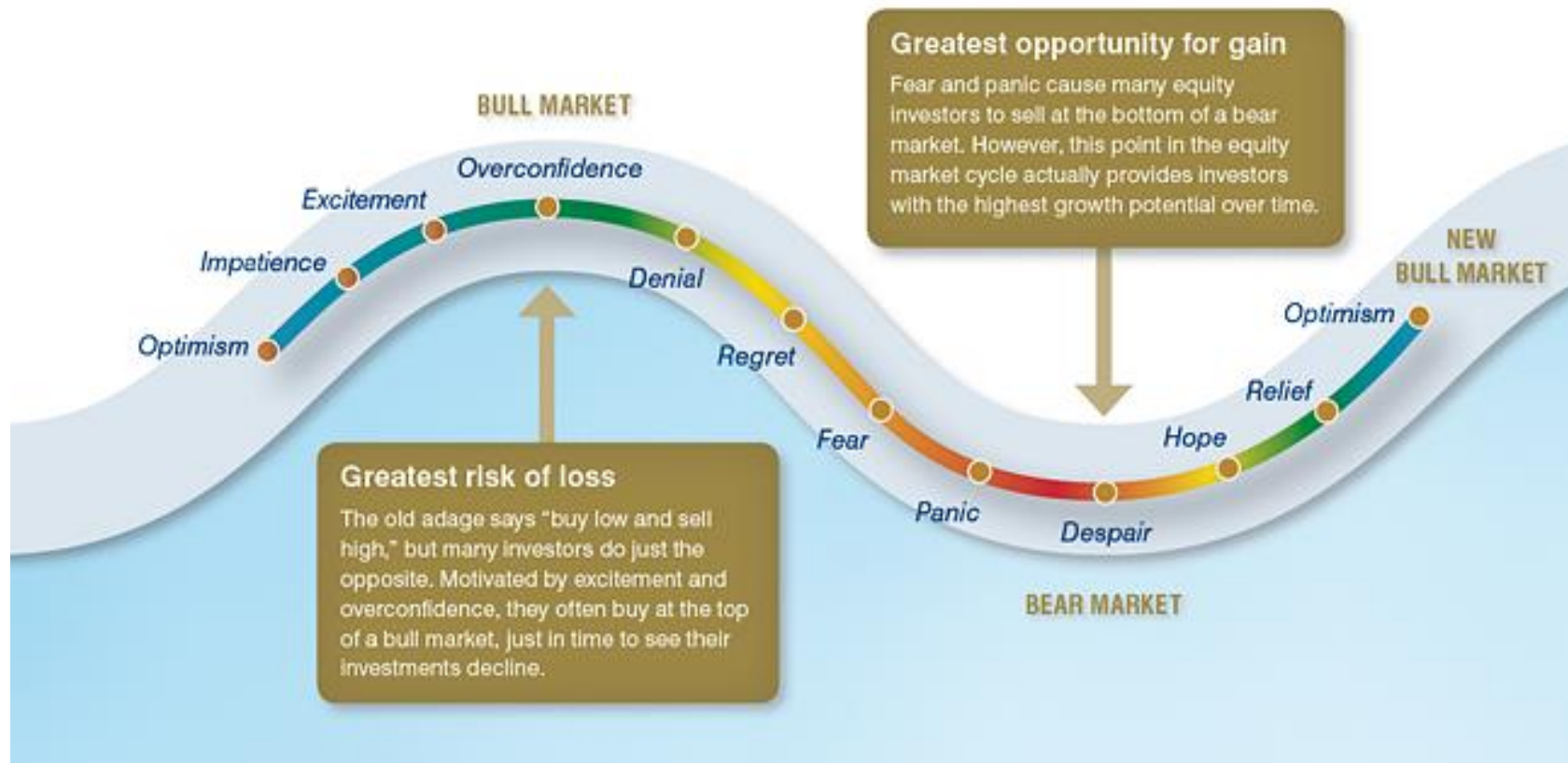
Education, Collaboration, & Context = Confidence!

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Questions ?

Break the Cycle of Emotional Investing

- ▶ Emotions can be a great asset in life, but when it comes to investing, they may be a liability. In volatile times, equity investing can feel a lot like riding an out-of-control roller coaster.
- ▶ These strong emotions can cloud an investor's judgment, resulting in costly mistakes, such as buying at the market's peak or selling just before the market rebounds.



Prioritize health care costs



Before retirement

- Build a retirement budget
- Include Medicare and insurance premiums in the budget
- Anticipate medical surprises
- Manage your health

After retirement

- Understand what's covered by Medicare and supplemental insurance
- Manage your health

Example



55 Yr. Old Woman	Life Expectancy	Average Annual Costs (Age 65-80)	Lifetime Retirement Health Care Costs
Type 2 Diabetic	80	\$16,635	\$266,163
Healthy	89	\$13,165	\$424,875
Difference	9 years	-\$3,470	\$158,711

This hypothetical example is for illustrative purposes only.

Source: HeathView Services report: Why Health Needs to be Part of Retirement Planning, July 2019

Understanding Healthcare Costs

Healthcare can take a healthy bite out of retirement savings.

It is estimated that an average, healthy 65-year-old couple will need

\$220,000

to pay for medical expenses for the remainder of their lives¹

- ▶ 2nd largest expense in retirement*
- ▶ 40% of those in retirement spend more in healthcare than expected**
- ▶ This does not include long-term care costs

¹ Fidelity Benefits Consulting, 2014. Healthcare and nursing home costs may vary by state.

**Addressing the Retirement Health Care Cost Crisis: Cost Management Strategies*, HealthView Insights 2014, HVS Financial

**Employee Benefits Research Institute (EBRI), 2011 Retirement Confidence Survey

What About Long-Term Care Costs?

70% of those turning 65 will need some type of long-term care services*

Basic home care averages \$40,000 per year*

Nursing home care averages \$80,000 per year*

- 40% will need care in a nursing home*
- Men require long-term care for 2.2 years**
- Women require long-term care for 3.7 years**
- 70% of nursing home residents are women***



Sources: *US Department of Health and Human Services; ** Kemper, P., Komisar, H.I., and Alecxih, L. 2005/2006 (Winter). "Long-term care over an uncertain future: What can current retirees expect?" *Inquiry*, 42(4): 335-350.; ***American Association of Long-Term Care Insurance, 2012

What Could Long Term Care Cost Me?

- ▶ **Regional Long Term Care Costs**
 - ▶ **Average Home Health Aide Services**
 - ▶ (Rockville/Frederick): **\$52,349/year**
 - ▶ (Washington-Arlington-Alexandria): **\$46,904/year**
 - ▶ (North Carolina): **\$41,710/year**
 - ▶ (Delaware): **\$50,336/year**
 - ▶ **Average Assisted Living Facility**
 - ▶ (Rockville/Frederick): **\$61,200/year**
 - ▶ (Washington-Arlington-Alexandria): **\$48,120/year**
 - ▶ (North Carolina): **\$36,000/year**
 - ▶ (Delaware): **\$68,940/year**
 - ▶ **Average Nursing Home Facility**
 - ▶ (Rockville/Frederick): **\$121,500/year**
 - ▶ (Washington-Arlington-Alexandria): **\$124,374/year**
 - ▶ (North Carolina): **\$75,000/year**
 - ▶ (Delaware): **\$117,895/year**



Source: Genworth Cost of Care Survey 2015. Median Annual Rates* are calculated based on the following: Home Health Aide Services - hourly rate multiplied by 44 hours per week, multiplied by 52 weeks. Assisted Living Facility - monthly rate multiplied by 12 months. Nursing Home - daily rate multiplied by 365 days.

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Q&A



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Register for our upcoming webinar:

- June 23rd: Investment Implications of COVID-19, hosted jointly with the American Benefits Council

Register for the Virtual EBRI Policy Forum, June 29th – July 2nd

Topics include:

- *CARES Act: Implications for Retirement Security of American Workers – June 29*
- *The New Landscape: Covid-19 Impact on Defined Benefit Plans – June 30*
- *Coming out the Other Side of Covid-19: the Future of the Employer Based Health Care System – July 1*
- *Financial Wellness in Times of Crisis – July 2*

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