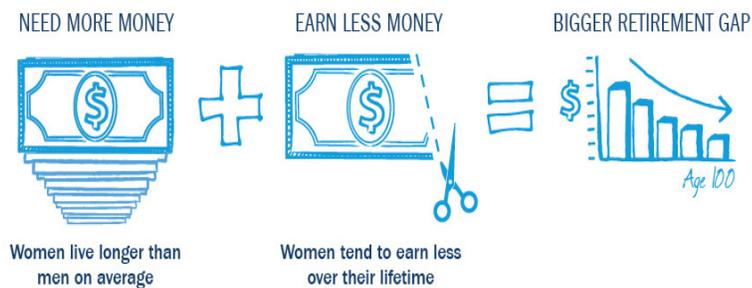


Three things women need to know about planning for retirement

March 8, 2018

For many people, retirement is a top financial goal. But for women, it's particularly important to face the numbers and get invested.

Women face multiple retirement challenges



1. Women are living longer. So their retirement savings needs to last.

People are living longer than ever before — women even more so. Today, the average life expectancy for U.S. women is 81.1 years versus 76.1 years for men.¹ In fact, among Americans age 85 and older, women outnumber men by a 2 to 1 ratio.² Living longer also means funding retirement for an extra five years. What's more, this will likely mean higher health care expenses. A 65-year-old woman today can expect to spend 18% more on health care expenses in retirement compared with a man the same age, due in part to their longer life expectancy.³

How much do you need to save for retirement?

To maintain your standard of living, you will generally need to replace about 80% of your preretirement income. So if you retire after making \$100,000 a year, you need a big enough nest egg to spin off \$80,000 of income each year — for 25 years or more. As a general rule, you'll need to accumulate about 10 times your annual preretirement salary.

2. Lifetime earnings tend to be lower for women, making it harder to save enough for retirement.

Women still make only about 80.5 cents for every dollar a man makes in a similar job.⁴ What's more, women are more likely to take time out from work to raise children or care for other family members. These challenges add up: Smaller paychecks compounded with fewer years in the workforce means less money to set aside for retirement.

Even those fortunate enough to have a defined-benefit pension plan at work may receive lower benefit payments too. Pension benefits tend to be based on earnings and tenure, so if a woman makes less or works fewer years, the company pension will pay less in retirement.

3. Social Security does not provide a comfortable standard of living, and average benefits are lower for women.

Some women may plan to make up for their retirement savings deficits with their Social Security benefits. But the estimated average Social Security benefit is just over \$16K per year. While that may sound low, consider that the average woman receives even less than that.

That maximum benefit is calculated on a worker's highest earnings over 35 years. So again, if a woman earns less than a man *and* if she takes time out from the workforce, the Social Security benefit may very well be smaller than the maximum payout. It will likely be smaller than what many men receive. That explains why the average Social Security retirement benefit for women is \$14,424 per year, compared with \$18,228 for men.⁵

So how do women face the retirement challenge?

What can women do to address these challenges? One solution is to continue working longer and retire later. Unfortunately, research has shown that this plan isn't always possible. In a recent survey, 48% of retirees reported retiring earlier than planned, and a majority of those were not by choice, but because of health problems, disability or loss of employment.⁶

There's no getting around the need to grow a significant nest egg to fund retirement. We always hear about "saving for retirement," but the truth is that *saving* — simply accumulating cash in a savings or money market account — isn't enough. Cash will lose purchasing power over time. That's why it's important to *invest* to build wealth. And although investments like stocks and bonds carry some risks, they also have the potential to provide income and grow in value.

Bottom line

It's more important than ever for women to get invested. Some of these

statistics may feel overwhelming, but they're not meant to intimidate. If you're a woman investor (or want to be), facing the numbers and knowing the facts can very well be the motivation you need to take a more active role in your financial future. All it takes to get started today is a conversation with your financial advisor.

¹ National Center for Health Statistics, Data Brief No. 293, December 2017.

² U.S. Census Bureau, Facts for Features, March 2017.

³ HealthView Services, "The High Cost of Living Longer: Women & Retirement Health Care," 2017.

⁴ U.S. Census Bureau, "Income, Poverty and Health Insurance Coverage in the United States," 2017

⁵ Social Security Administration, average retired worker benefit as of 2017.

⁶ Employee Benefit Research Institute, Retirement Confidence Survey, 2017.



To find out more, call [800.426.3750](tel:800.426.3750)
or visit columbiathreadneedleus.com



Not FDIC insured • No bank guarantee • May lose value

Securities products offered through Columbia Management Investment Distributors, Inc., member FINRA. Advisory services provided by Columbia Management Investment Advisers, LLC.

Columbia Threadneedle Investments (Columbia Threadneedle) is the global brand name of the Columbia and Threadneedle group of companies.

The views expressed are as of the date given, may change as market or other conditions change and may differ from views expressed by other Columbia Management Investment Advisers, LLC (CMIA) associates or affiliates. Actual investments or investment decisions made by CMIA and its affiliates, whether for its own account or on behalf of clients, may not necessarily reflect the views expressed. This information is not intended to provide investment advice and does not take into consideration individual investor circumstances. Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon and risk tolerance. Asset classes described may not be suitable for all investors. Past performance does not guarantee future results, and no forecast should be considered a guarantee either. Since economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that any forecasts are accurate.