



# The MetLife Study of **Women, Retirement, and the Extra-Long Life**

Implications for Planning

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200 Park Avenue  
40th Floor  
New York, NY 10166  
MatureMarketInstitute@MetLife.com

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Scripps Gerontology Center  
scripps@muohio.edu  
(513) 529-2914  
[www.scripps.muohio.edu](http://www.scripps.muohio.edu)

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# Executive Summary

Like the classic news vendor's famous street corner shout of "Extra! Extra! Read all about it!" *The MetLife Study of Women, Retirement, and the Extra-Long Life: Implications for Planning*, produced by the MetLife Mature Market Institute, in conjunction with the Scripps Gerontology Center of Miami University, examines mature women's retirement-related thinking and behaviors in the context of all the "extra" challenges women experience in retirement. It exposes the "perilous paradox" of women's retirement income security needs and their response to them.

Women in the U.S. live extra-long lives (8% longer than men on average), and these "bonus" years may be a blessing of extra living, but also have their costs, including that women's resources must last an extra-long time. Women's lives are also extra-complicated by some very particular susceptibilities and risks. First, they are more likely than men to age solo, that is, to be widowed, divorced, or otherwise live alone, shouldering the costs of retirement on their own. Second, over the life course they have significantly higher health care expenditures and more than half of their higher total expenditures is explained by their longer lives.<sup>1</sup> Third, they have greater health care affordability issues because they are less likely to be insured or to be adequately and reliably insured. Fourth, women are more likely to provide long-term care, with a cost impact in lost wages, and ultimately on Social Security benefits and pensions. Fifth, they are more likely to need long-term care themselves; women's purchased long-term care averages \$124,000, nearly three times the total cost for men (\$44,000).<sup>2</sup> And finally, women have significantly lower annual retirement incomes than men. The average retirement income from all sources for men (age 65+) in 2009 was \$37,509; women's income was just 57% of that amount, or \$21,519.

This study reports additional findings from the 2011 study, *Best-Case Strategies for a Flexible Retirement: The MetLife Study of Thinking About Retirement in Uncertain Times*. This national survey of 1,007 retired and employed men and women ages 50 to 70 explored behaviors and attitudes related to retirement planning with a particular focus on planning for unexpected expenses and life events in retirement. In-depth structured interviews were also conducted with 50 individuals and couples for additional experiences and personal insights. For the current study, data were analyzed to identify the nature and level of women's retirement concerns as well as the characteristics and level of their planning behaviors. Implications for both women and men as well as findings related to couples are included.

What does the survey tell us about women's attitudes and behaviors related to planning? It reveals a paradox that imperils their extra years with extra risks: Women in general have greater concerns about their retirement security yet do less than needed to plan for adequately addressing those concerns. Moreover,

even when they are on par with men in some planning behaviors, women fall short, along with some men, of incorporating basic and important planning principles into their strategy and activity. It seems self-evident that, if anything, in their own self interest, women should actually out-plan men. That is, we should see women taking charge of their futures in a more forceful way that accounts for their unique set of risks. Findings from this study reveal that this is not the case, although they certainly have the capacity to do so.

## Key Findings

### An “Extra-Long” Life Means an “Extra-Long” Retirement As Well

- Women acknowledge their extra-long lives. In fact, two in five women (39%) expect to live to age 90+, an age that exceeds the actual average life expectancy at a comparable age to those surveyed. Men in the study anticipated living to 90+ at half that rate (20%).
- Women expect to retire at about the same age as men. In this study, the women and men have retired or expect to retire at age 62 on average, but with longer life expectancies. Women in the study can expect to have retirements 16% longer than those of the men (22 years vs. 19 years).
- Retirement timing is not always predictable or controllable. Nearly one in four women (23%) experienced a change in their planned retirement age, 16% retiring later than expected and 7% earlier than expected.

### Concerns About the Future

Across the board, women in the study indicate greater concern about their retirement security, particularly in the areas of affording health care, long-term care costs, and the adequacy of their income and assets in retirement.

- **Affording health care.** Seven out of ten women (71% vs. 62% of men) say they are either very or somewhat concerned about being able to afford health care in their retirement years.
- **Long-term care costs.** Seven of ten women (71% vs. 63% of men) report being either very or somewhat concerned about providing for their own or their spouse’s long-term care needs and are nearly twice as likely as men to be very concerned (27% vs. 15%).

- **Adequacy of income and confidence.**
  - More than half of the women (54% vs. 44% of men) report that they are very or somewhat concerned about outliving their retirement resources.
  - Of women who were at least somewhat confident about their ability to live comfortably in retirement, 66% attributed this to having a guaranteed stream of income (70% of men concurred). Of those not confident, 61% of women cited not having sufficient savings to last their anticipated lifetime (58% of men agreed).

### **Planning for Extra Challenges in Retirement: How Do Women Do?**

Women have not matched their concerns about the issues in their extra-long lives with extra attention to retirement planning. Even when they are on par with men in some of their planning behaviors there is considerable room for improvement, especially given their particular financial risks.

- **Taking charge.** Only one in three women (34%) said they are most responsible for financial and retirement planning in their households, compared to six in ten men (61%). Seven percent of women said they were not at all responsible for retirement planning and decisions, and only two men in the entire sample said the same.
- **Planning for contingencies.** More than half of women (53%, and an equal percentage of men) respond to unexpected financial emergencies by dealing with them “if and when they happen” as opposed to planning for possible scenarios and contingencies.
- **Gathering information and using resources.**
  - Almost six in ten women (58%) spend fewer than ten hours in information gathering or planning over a six-month period, compared to 45% of men.
  - There are gender differences in the use of other resources. Women are far more likely than men to consult with their spouses/partners (55% vs. 37%) and/or with other family members (15% vs. 9%). Women are less likely than men to use the Internet or other calculation tools or media publications. More men than women rely on their own calculations (65% vs. 51%).

- **Doing the math.** Women are less likely than men to “do the math” required to calculate retirement income and expenses.
  - Slightly over half of women (55%) have estimated retirement income, compared to two-thirds of men (65%). Less than half of women (44%) have estimated retirement expenses (compared to 58% of men).
  - Only one-quarter of women (25%) and fewer than one-third of men (31%) have estimated long-term care and health costs.
  - Just under one-third of women either have only a vague notion of their retirement income and expenses or have not done any calculations or estimates at all, compared to one-fifth of men.
- **Getting serious.** A few gender differences were found related to when adults start to get serious about retirement planning.
  - More men than women (34% vs. 28%) report getting serious about retirement income and expense decisions/calculations in their 20s and 30s. About one-third of men and women (32% and 36%) got serious in their 40s. One in three men (32%) and over one in four women (28%) did not get serious until their 50s and 60s.
- **Looking back.** There are gender differences in looking back at one’s own planning behaviors.
  - One in three men (32%) and just under one in four women (23%) indicate that they would have started saving sooner.
  - About one in ten men (9%) and one in six women (17%) report that they would have saved/invested/contributed more.

### Couples Findings: The “Three Cs” Pay Off

- An equal and overwhelming number of men and women (91% and 92%) “see eye-to-eye” with their spouses/partners when it comes to retirement financing.
- The vast majority (84% of men and 89% of women) also report that they make retirement financing decisions together.

- The degree of compatibility and communication among couples appears to have some impact on confidence in retirement security:
  - Over half (55%) of the confident vs. just over one-fifth (22%) of the not confident agree strongly that they see eye-to-eye with their spouses or partners.
  - Over half (56%) of the confident vs. under one-third (30%) of the not-confident agree strongly that they make decisions together.
  - The “Three Cs” approach: Communication + Compatibility = Confidence. There appears to be an important association between confidence and couples’ communication and compatibility, with advantages to those who maximize their active planning together.

Findings from this study strongly indicate that women have real concerns about their long lives and their retirement futures yet they do not match these concerns with a corresponding level of engagement in planning activities, creating a “perilous paradox” between their needs and response. The risks and costs of “living long and living female” call for an “affirmative action” in planning on the part of women. Women, in their own interests and for that of their family, need to do a better job to take charge, plan for contingencies, actively gather information, do the math, and get serious about planning.

# Introduction

Baby Boomers and older women in the U.S. have experienced a rapidly changing world of work and retirement over their lifetimes. The last several decades have seen an increase in labor force participation among women, particularly among those age 55 to 61, whose participation rose from 44% in 1963 to 65% in 2008.<sup>3</sup> Women have also enhanced their earning power through strides in access to higher education and to major professions. In 1965, only one in four adults (24%) age 65+ had a high school diploma; that number had tripled by 2008. The number of older adults with a Bachelor's degree or higher actually quadrupled (from 5% to 21%) in the same time period.<sup>4</sup> Between 1983 and 1998, the percent of women in executive and administrative positions rose 12 percentage points, from 34% to 46%.<sup>5</sup> Two-income families — a rarity in the middle of the 20th century — have become the 21st century norm among couples and represent 42% of households overall. At the same time, the timing and meaning of retirement is being revisited. For some, retirement is increasingly characterized by a variety of alternatives including “encore” careers;<sup>6</sup> “bridge” jobs;<sup>7</sup> part-time work;<sup>8</sup> and a focus on civic engagement<sup>9</sup> and “productive aging”<sup>10</sup> in later life. In spite of these trends, many important life circumstances remain basically unchanged for women and these have major implications for their retirement planning.

## An Extra-Long Life

Although the gender gap in life expectancy has narrowed somewhat over the past few decades, women continue to outlive men by about 8%; compared to men, they live an extra-long life. About 60 years ago (1950), life expectancy at birth was 71.1 for women and 65.6 for men, a five-and-a-half-year difference. For those who have survived to age 60 today, the average remaining life expectancy for women is 23.8 years, to about age 84; for men, the remaining life expectancy is 20.6, to about age 81,<sup>11</sup> or a three-year advantage for women. An outcome of this is that today, women age 85+ outnumber their male counterparts by over two (2.16) to one.<sup>12</sup> These bonus years have their costs; women's resources must last an extra-long time. Importantly, women's extra-long lives are also extra-complicated by some very particular risks in later life. These risks include aging solo; extra costs of health care and long-term care, including caregiving demands; and gender-related income disparities in later life.

## Aging Solo

In part because of their longer life expectancy, older women are more likely than men to age solo, that is, to be widowed, divorced, or otherwise live alone. In 2009, only four in ten (42%) women age 65 and older were married, compared to 72% of men. Forty-one percent of all older women are widowed; they outnumber widowers by four to one (8.9 million vs. 2.1 million). Among 65- to 74-year-olds, fewer than six in ten women are married (57%) compared to nearly eight in ten men (79%) the same age. Although a much smaller number is divorced, the divorce rate among women ages 60 to 69 increased 10 percentage points between 1996 and 2009 (from 27% to 37%). Approximately one in seven (14%) women age 65 to 74 is divorced, compared to one in ten (10%) men the same age.<sup>13</sup> In summary, older women are far more likely than men to be shouldering the costs of retirement and later life on their own.

## The Costs of Care

Over the life course women have significantly higher health care expenditures than men (\$361,192 vs. \$268,679).<sup>14</sup> A 2004 Health Services Research study reports that after their childbearing years, “from early middle age onward,” more than half of women’s higher total expenditures is explained by their longer lives, and that explanation increases as the cohort ages.<sup>15</sup> The gender difference in health care costs is best understood in the context of the “affordability gap”<sup>16</sup> in women’s access to health care coverage. According to a 2007 Commonwealth Fund study, among women ages 50 to 64, 3.5 million are uninsured, compared to 3.1 million men. More importantly, even among the insured, the study reports women are relatively disadvantaged: their lower incomes make premiums less affordable; their disproportionate dependency on a spouse’s insurance makes their coverage less stable; and they are more likely to have out-of-pocket expenses and need more health care overall.<sup>17</sup>

The costs of long-term care have a particularly heavy impact on women. Women are more likely than men to both provide and receive long-term care services in later life; this has been true for decades. Two-thirds (67%) of caregivers of adults age 50+ are women,<sup>18</sup> and the economic ripple effects of caregiving can be devastating to retirement security. A 1999 MetLife study found that among older, working caregivers, 33% had decreased their work hours; 29% had

forfeited job promotions or assignments; more than one in five (22%) took a leave of absence; one in five reduced their work status from full- to part-time; approximately one in six (16%) quit their jobs, and over one in eight (13%) retired early in order to provide care to a spouse, parent, or other loved one.<sup>19</sup> Another, more recent MetLife study determined that when women (age 50+) leave the labor force early due to caregiving responsibilities, they suffer a cost impact of \$324,044 in lost wages, Social Security benefits, and pension. For men, the loss is estimated at slightly less: \$283,716.<sup>20</sup>

**Table 1: Estimated Impact of Parental Caregiving on Women’s Lost Wages and Social Security**

	Labor Force Exit
Lost Wages	\$142,693
Lost Social Security Benefits	\$131,351
Lost Private Pension	\$50,000
Total Impact	\$324,044

Source: *The MetLife Study of Caregiving Costs to Working Caregivers: Double Jeopardy for Baby Boomers Caring for Their Parents*, 2011

Women are not only more likely than men to provide long-term care, they are also far more likely to need it themselves. The cost of women’s use of long-term care is significantly greater than it is for men. This is directly, although not solely, related to women’s extra-long life; they have a greater likelihood of surviving into the highest-risk years for disability. According to the Society of Actuaries, after age 65 women spend about 30% of their remaining life in a “state of chronic disability,” as compared to 20% for men (who also live shorter lives). Women are more likely to use formal long-term care services (in part because they are more likely than men to live alone, without a spousal caregiver, at the end of their lives). The outcome of this difference in risk is a huge difference in costs: women’s purchased long-term care averages \$124,000, nearly three times the total cost for men (\$44,000).<sup>21</sup>

## Work Histories and Income Disparities

Arguably, the greatest disadvantage to women's retirement security, relative to men's, is their own work histories and their direct tie to retirement income. The gap between men's and women's labor force participation has narrowed dramatically, although older women still have lower participation rates across the board after age 55. The gap between men and women ages 55 to 61 has narrowed from 46 percentage points in 1963 to 11 percentage points in 2008.<sup>22</sup> Labor force participation tells only part of the story for women, however; they are more likely than men to have worked part-time without retirement benefits and to have interrupted work histories related to childbearing and/or caregiving.<sup>23</sup> And even when they do work full-time, women continue to earn lower incomes than men overall. For all occupations in 2010, women earned 81% of what men earned.<sup>24</sup>

The outcome of these employment patterns is a dramatic difference in men's and women's economic well-being in retirement. The average retirement income from all sources for men age 65+ in 2009 was \$37,509; women's income for the same age group was just 57% of that amount, or \$21,519. Nearly half (49%) of women's retirement income comes from Social Security, compared to just over one-third (36%) for men. And only 17% of women's income comes from pensions, compared to 21% of men's.<sup>25</sup> Fewer than three in ten women (29%) age 65+ receive income from a private pension, compared to 43% of men. Finally, a lower proportion of women have dividend income and interest income as part of their retirement resources.<sup>26</sup> Such differences in income and assets compound the challenges identified earlier; in their retirements, women must cover more expenses, over a longer time, with fewer resources.

Given this set of extra challenges in their extra-long lives, how are women doing when it comes to retirement decisions and planning? What does it mean to plan for an extra-long life?

# Methodology

This study reports additional findings from *Best-Case Strategies for a Flexible Retirement: The MetLife Study of Thinking About Retirement in Uncertain Times*. A total of 1,007 men and women between the ages 50 and 70 with \$50,000 or more in household income, and \$100,000 or more in investable assets were surveyed online by Harris Interactive in November 2010. Data were weighted for age, sex, race/ethnicity, education, region, and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online. The survey explored behaviors and attitudes related to retirement planning with a particular focus on planning for unexpected expenses and life events in retirement.

The average age of surveyed women and men was 59.4 and 60.4, respectively. Reported average annual household income was slightly lower for women (\$115,000) than men (\$120,000). (Individual incomes were not reported.) Household income was clearly related to marital status, with 47% of all single, divorced, separated, or widowed respondents reporting household income in the lowest bracket (\$50,000 to \$74,999) compared to 19% of the married respondents. And 39% of the married or partnered had household incomes of \$125,000 or more compared to 13% of the unmarried or not partnered. Only 32% of surveyed women were working full-time and never retired compared to 51% of the men. More women than men were working part-time and never retired (14% vs. 2%); and more women than men were unemployed and not looking for work (13% vs. less than 1%). Surveyed women and men were fully retired at close to the same rate (26% and 31%).

# Major Findings

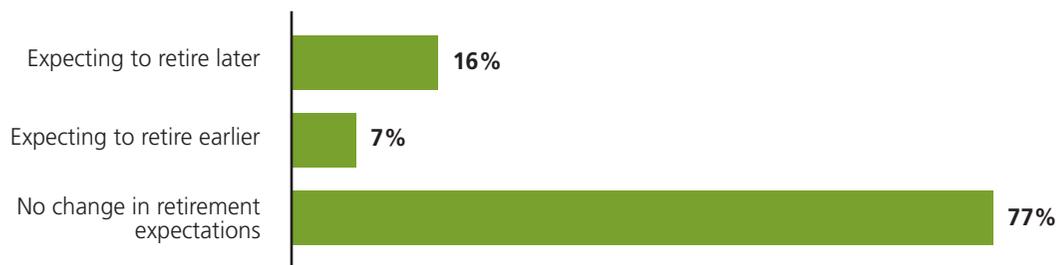
## Anticipating an Extra-Long Life

The women in this study acknowledged their extra-long life expectancies. “Extra” takes on new meaning here: Not only do women expect to live longer than the men expect, but they expect to live unusually long lives. Two in five women (39%) expect to live to age 90+, an age that exceeds the actual average life expectancy of those surveyed. Men in the study anticipated living to 90+ at half that rate (20%). On average, the women surveyed expect to live to age 85.3 and the men expect to live to age 83.3. It is worth noting that in the *Best-Case Strategies for a Flexible Retirement* study,<sup>27</sup> interview participants very commonly used the longevity of their parents and their own health histories and health behaviors in coming to an estimate of their own longevity. Such factors are actually strong indicators of individual longevity and these may be the factors used by survey participants in this case as well.

The anticipation of an extra-long life is made more pertinent by the fact that the women in the study have retired or expect to retire at the same average age as the men in the study: age 62 (close to the average retirement age for women reported by the Bureau of Labor Statistics in the years 1995–2000.)<sup>28</sup> The women therefore anticipate significantly longer retirements than their male counterparts. Given their equal retirement age of about 62, and given their comparative life expectancies, women in the study can expect to be retired for 22 years and men can expect to be retired for 19 years. That is, the women should expect to have retirements approximately 16% longer than the men.

It is important to note that, just as we cannot know with certainty how long we will live, it is not always possible to predict the timing of our retirement. Nearly one in four women surveyed (23%) experienced a change in their planned retirement age, 16% retiring later than expected and 7% earlier than expected. Of those women retiring later than expected, approximately half (54%) reported an actual or anticipated delay of an additional four years or more. On average, the delay is 3.6 years later for men, and 3.9 years later for women. The primary reason for the delay for men is to make up financial losses; for women it is to “ride out” the current economic situation.

**Figure 1: Women's Retirement Timing Expectation Compared to 2 Years Prior**



Of those women retiring earlier than expected, half (50%) reported an actual or anticipated premature retirement of four years or more. For the few who expect to retire earlier than planned, men attribute this to health reasons or being laid off, while women attribute this to job stress and “other” reasons.

It is also important to note that a four-year delay in retirement for women is offset by their longer life expectancy. That is, the best women can do in delaying their retirement by three or four years is to come closer to the number of years that their male counterparts have in retirement. Retirement for women, even when delayed, remains long, and the other issues identified here remain.

## Concerns About the Future

It is clear that women anticipate extra-long lives and, at least implicitly, their extra-long retirements. What, then, are their expectations about the implications of their long retirements? Women indicate multiple concerns about their retirement futures, and, in general, they report concerns at a greater rate and level than their male counterparts. In a nutshell, they are concerned about costs in retirement and about the adequacy of their resources to meet those costs.

### Affording Health Care

Concerns about health care costs top the list overall. Seven out of ten women (71% vs. 62% of men) say they are either very or somewhat concerned about being able to afford health care in their retirement years. Interestingly, the rate of concern is much higher among 50- to 54-year-olds (77%) than it is among 65- to 70-year-olds (52%) a likely result of their enrollment in Medicare. Not surprisingly, that concern is higher among those with relatively lower incomes (\$50,000-\$99,999) than those with incomes of \$150,000 or more (71% vs. 60%).

When asked about their experiences with major unexpected expenses involving health, financial support to friends or family, housing, or “other,” both men and women reported health/medical expenses as the most common of such experiences so far. The dollar value of these reported health expenses differed for men and women. On average, men reported \$7,291 in health expenses in the past two years, while women reported somewhat lower health expenses (\$5,622). However, it bears noting that given the findings in the Health Services Research study (noted earlier), these women should anticipate relatively higher health expenditures in the future.

### **Long-Term Care Costs**

Joining health care costs at the top of the list of concerns are related concerns about the possibility of long-term-care costs. Seven of ten women (71% vs. 63% of men) report being either very or somewhat concerned about providing for their own or their spouse’s long-term care needs (nursing home or in-home care). And women are nearly twice as likely as men to be very concerned (27% vs. 15%). This level of concern may reflect women’s awareness of their greater risks of providing and requiring long-term care.

### **Adequacy of Income and Assets**

The study indicates that women are concerned in general about the adequacy of their resources to support them to the end of their lives. They express greater concern than men overall. More than half of the women (54% vs. 44% of men) report that they are very or somewhat concerned about outliving their retirement resources. And fewer women than men (13% vs. 23%) are “very confident” that they and their spouses/partners will have enough money to live comfortably if they live to age 85+. Importantly, for both men and women, overall confidence appears to stem to a large degree from having a guaranteed stream of income, such as a defined-benefit pension, Social Security, or annuity (66% of women and 70% of men). Those who lack confidence in the adequacy of their retirement resources to support them to age 85+ report not having enough savings as the reason (61% of women and 58% of men).

More than half of the men and women in the study have experienced “trigger” events that have already impacted their financial security. A major financial loss is the most-reported event affecting both men and women. Men acknowledge their own retirement as an impact, while women report their spouse’s retirement followed by their own retirement. An equal percentage of men and women (46% and 45%) report that they have not yet experienced any events that have impacted their retirement security.

Finally, 59% of women and 49% of men report being very or somewhat concerned about having a comprehensive financial plan for retirement that meets their financial needs. Such concerns appear to raise doubts for some about the capacity to stay retired; this is especially true for women. Fully four in ten women (40%) report being very or somewhat concerned that they may have to work full- or part-time to live comfortably in their retirement years, while only three in ten men (31%) say the same.

## Responding to Their Extra-Long Lives: How Do Women Do?

If women live longer lives with more years in retirement, have the greater likelihood of requiring and providing long-term care, and have the greatest expressed concern about the costs of their long lives and the adequacy of their resources to meet them, we might expect women to be especially attentive to their financial planning. Yet, according to this survey, women have not matched concerns about the extra issues in their extra-long lives with extra attention to retirement planning. Instead, as a rule, they fall short in several areas of planning. And importantly, they fall short, along with men, of some important planning principles. Indeed, given women's extra issues, it might be argued that, if anything, in their own interests, they should actually out-plan men. That is, we should see women taking charge of their futures in a forceful way that accounts for their unique set of risks. What, then, do we actually see?

### Taking Charge

When asked about responsibility for making decisions about how to handle their household's finances, savings, and investments, only one in three women (34%) said they are most responsible, compared to six in ten men (61%). Seven percent of women said they were not at all responsible for retirement planning and decisions, and less than 1% of men said the same. This would seem to suggest that men either dominate, or at least perceive that they dominate, household financial decisions in heterosexual households. This can work if the responsible men in the household are accounting for the longer life expectancies of their wives or female partners as well as the other risks associated with being female. It can be argued, however that when women concede decision making about their financial futures to their partners, they also concede the opportunity to take charge of their own futures.

### Elaine: “Taking the Lead”

Elaine, age 64, and her husband Paul, age 66, have recently retired. Their decision to retire included an acute awareness that this means planning for potentially very long retirements. Both are without defined-benefits pension plans, so their assets were accrued through contributions to 401(k) plans, and in Paul’s case, a 403(b). Elaine has always been the “financial manager” in their household, but when it comes to decisions, they “talk, and talk, and talk.” They have also included a trusted financial professional in the major deliberations.



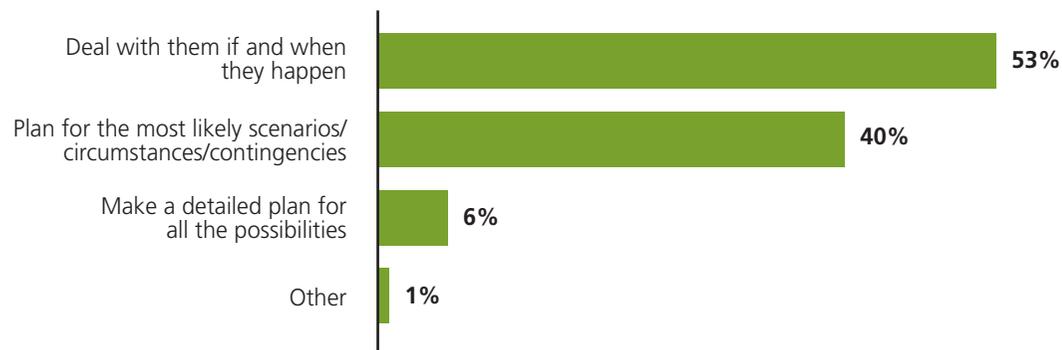
Elaine says, “We worked a great deal with a financial planner, looking at [our decision to retire] from every possible angle. I worked with spreadsheets, doing all the what-ifs, the short-range, the long-range. We did a detailed analysis and a risk assessment, pushing out the figures to age 90 [for both]. We now have a game plan — an action plan to follow. We downsized when we moved, minimizing our debt, and our house will be paid for in less than eight years. We bought long-term care insurance about six years ago, opting in at a younger age to give ourselves a significant price break.”

But coverage takes into account Elaine’s greater statistical risk for requiring long-term care in her lifetime. In describing their planning, Paul says, “Elaine took the lead,” and Elaine observed, “I want to be in control of my finances. We are going to take care of ourselves...and if Paul should go before me, I will be okay.” Elaine’s determination has been inspired and nurtured by her own parents who were “role models” of planning. Moreover, she enjoys the actual strategy involved in imagining and then addressing the uncertainties in life. “We planned as well as we could and made the best decisions we could, but there is a faith component as well. We have to be ready to adjust our plan, hopes, and expectations in midstream.”

## Planning for Contingencies

More than half of women (and men, 53%) respond to unexpected financial emergencies by dealing with them “if and when they happen” as opposed to planning for possible scenarios and contingencies. Four in ten women (40%) and 45% of men plan for the most likely events. This similar response rate between men and women is a good example of women’s falling short along with men in applying important planning principles. However, given women’s additional risks, women should outplan men.

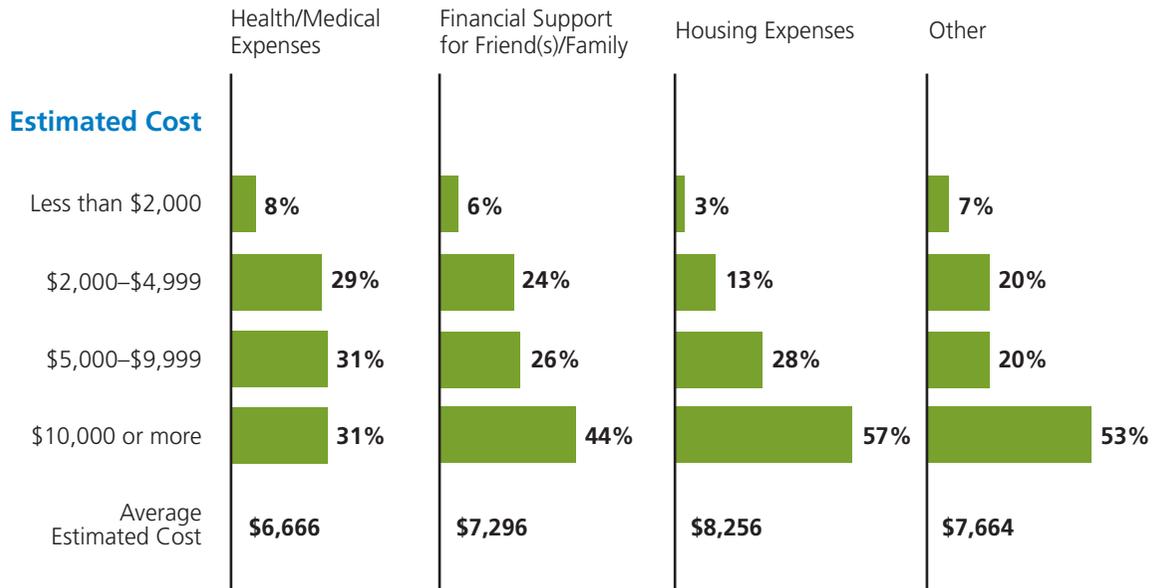
**Figure 2: Responding to Unexpected Financial Emergencies**



Just over half of men and women (51% vs. 56%) have a Plan B in case of unexpected circumstances, and they are equally confident in the execution of their Plan B. Such a Plan B may include drawing cash from other resources: the majority of both men and women would obtain cash if they needed substantial money to cover unexpected expenses (61% vs. 58%). Primarily, they would draw cash from a “rainy day” fund (40%). Some would cash out some or all of their retirement funds that have no early withdrawal penalties (20% vs. 16%). And one in six (17%) would significantly reduce their spending.

The Mature Market Institute study *Best-Case Strategies for a Flexible Retirement* documented these unexpected expenses and found that 35% of respondents had experienced a major unexpected expense within the prior two years, with an average estimated cost of between \$6,666 to \$8,256, and on average lasting seven to eleven months depending on the type of expense.

**Figure 3: Estimated Cost of Major Unexpected Expenses in the Past 2 Years**



Approximately three-quarters of those surveyed, both women and men, regard themselves as either “slow and steady” (37% and 36%) or “bold” (31% and 32%) problem solvers. The remaining — fully one in four women and men — respond to financial problems far less decisively, either “trust[ing] that things will work out somehow,” or with anxiety, a sense of futility, or outright avoidance.

### Gathering Information and Using Resources

Women and men are in equal agreement that they have “all of the information they need” to plan for their retirement (73% and 75%). The disproportionate reporting of primary responsibility among men in household retirement planning may be reflected in time spent gathering information and planning. Nearly six in ten women (58%) spend fewer than ten hours in information gathering or planning over a six-month period, compared to 45% of men. The average number of hours spent in information gathering or planning over a six-month period is 13.3 for women and 16.2 for men.

Both women and men use a number of resources in thinking about retirement decisions, and there are some similarities in rates of use of particular resources. About half of women and men (51% and 49%) use a financial planner; about one in four women and men (23% and 25%) use other professionals (i.e., attorney, accountant); approximately one in six (15% of women and 16% of men) have attended planning lectures or seminars.

There are also differences between men and women in the use of planning resources. Women are far more likely than men to consult with their spouses/partners (55% vs. 37%) and/or slightly so with other family members (15% vs. 9%). And women are less likely than men to use Internet or other calculation tools. Just over one-third of women use these tools compared to half of men. Women are also slightly less likely than men to use popular media publications (17% vs. 22%). Finally, in thinking about retirement decisions, more men than women rely on their own calculations (65% vs. 51%). What do these differences in planning approaches tell us? The overall pattern suggests that men tend to take charge of planning and use a greater diversity of resources than do women. Women, on the other hand, would appear to especially rely on their spouses or others in lieu of their own calculations or the diversity of resources “out there.”

### **Lisette: “On Her Own”**

Lisette, age 60, is not yet retired. Her plan is to retire at age 65 when she becomes eligible for Medicare. After her active 30-year career, she looks forward to retirement. Lisette has no children and was widowed at age 56 when her husband died suddenly. In the few years prior to his death, Lisette had become very involved in the financial details of their household. She was therefore well-prepared for the prospect of “aging solo,” and she took immediate charge of her own future. Lisette saw herself as a “can-do” woman whose first task of widowhood was to gather information and “get organized.” She took stock of plans in place, which she describes as a “mixed bag” of planning. “We’d made some good decisions and some not so good.” She recognized immediately that, although she was “on her own,” she should seek the guidance and support of others as sounding boards and reality checks. She consulted with her sister and with a financial advisor who was recommended to her by a work colleague. She is “playing a little bit of financial catch-up” on the advice of this “support system” and she checks in with them regularly. She finally feels prepared. A big part of that has been to “pay attention” to the math well before her husband’s death; this helped her feel less overwhelmed.

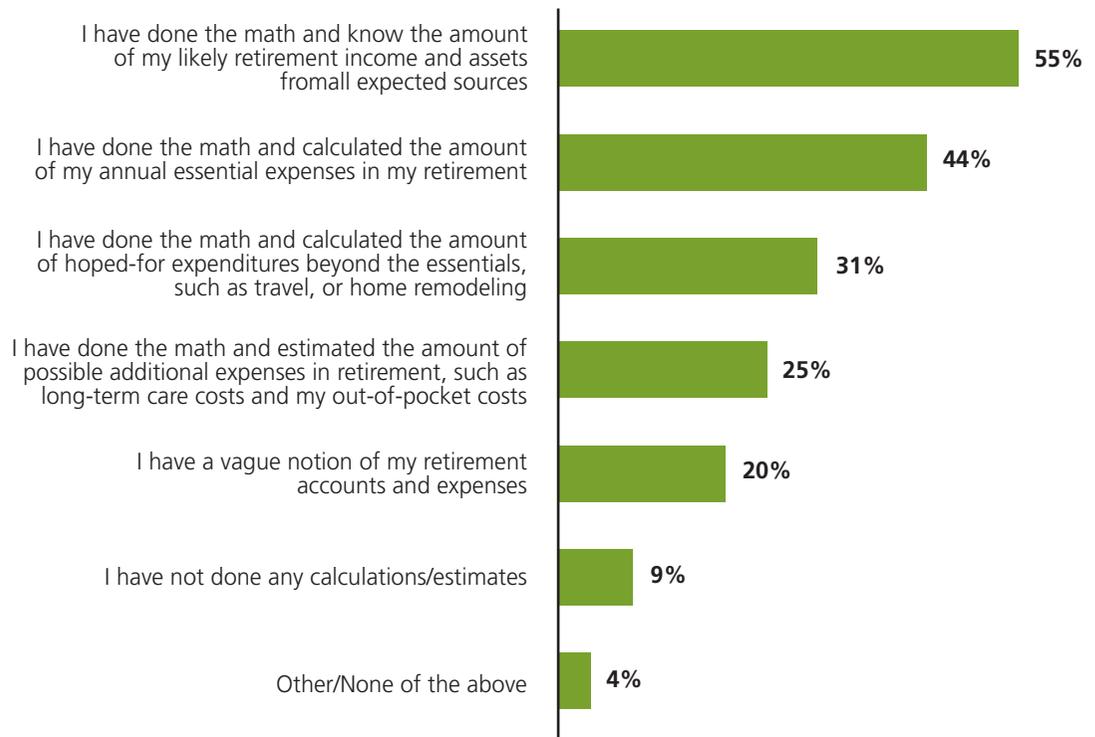
According to Lisette, “It’s more than a comfort level. I feel kind of empowered.” She expects to live until about age 90, and, having already suffered a major crisis with the death of her spouse, Lisette knows that the long life ahead of her won’t always be smooth. “But I think when I turn 65 I’ll be ready. I look forward to the rest of my life.”



## Doing the Math

Women are less likely than men to “do the math” required to calculate retirement income and expenditures. When it comes to actually estimating income and expenses in retirement, both women and men are more likely to have estimated their retirement income than they are to have estimated their expenses in retirement; women do not do as much as men in either area. Slightly over half of women (55%) have estimated income, compared to two-thirds of men (65%). Less than half of women (44%) have estimated expenses (compared to nearly six in ten men (58%). For both men and women, when they do estimate their expenses, they are more likely to estimate only their annual essential expenses than they are to include estimates of either hoped-for or unwanted contingencies beyond the essentials. Given concerns about health care costs and long-term care costs, it is especially important to note how few women and men have estimated long-term care and health costs in retirement. Only one in four women (25%) and fewer than one in three men (31%) have made these calculations. Finally, just under one in three women either have only a vague notion of their retirement income and expenses or have not done any calculations or estimates at all, as compared to one in five men.

**Figure 4: Calculating Retirement Income and Expenses**



## Getting Serious and Looking Back

When do men and women start to “get serious” about planning for retirement? The study indicates no major difference between them, and suggests a wide range of timing. One-third of men (34%) and over one-quarter of women (28%) report getting serious about retirement income and expense decisions/ calculations in their 20s and 30s; about one-third of men and women (32% and 36%) got serious in their 40s; and approximately one-third of men (32%) and over one-quarter of women (28%) did not get serious until their 50s and 60s. Seven percent of women (compared to 2% of men) report that they have not yet gotten serious about planning for retirement.

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This observation suggests a “Three Cs” approach to couples’ retirement planning:  
**Compatibility + Communication = Confidence.**

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When asked if there was one thing they wish they had done differently to prepare for retirement, men and women report some regret about financial planning/investments. One in three men (32%) and just under one in four women (23%) indicate that they would have saved sooner. About one in ten men (9%) and one in six women (17%) report that they would have saved/ invested/contributed more. Only 18% of men and 17% of women responded that, in looking back, they would not do anything differently.

## Couples Findings

A large proportion of the survey respondents (82% of women and 86% of men) are married or partnered. Because retirement planning and decisions generally do not happen in a total vacuum and require some communication about plans, it is important to consider the patterns and impact of couples' compatibility and communication in both heterosexual and same-sex households.

This report has already alluded to retirement planning implications for couples, particularly as they relate to men's apparent assumption of primary responsibility in decision making and women's reliance on spouses as resources in retirement planning. For the most part, an equal and overwhelming number of men and women (91% and 92%) "see eye-to-eye" with their spouses/partners when it comes to retirement financing. The vast majority (84% of men and 89% of women) also report that they make retirement financing decisions together. These figures raise questions about just how dominant men are in decision making and about the nature of women's reliance on their partners as resources in planning; this merits further study.

The degree of compatibility and communication among couples appears to have some impact on confidence in retirement security. Notably, over half (55%) of the confident vs. just over one-fifth (22%) of the not confident agree strongly that they see eye-to-eye with their spouses or partners. Likewise, over half (56%) of the confident vs. under one-third (30%) of the not confident agree strongly that they make decisions together. Of the not confident, 27% either somewhat or strongly disagree that they make decisions together, versus 11% of the confident. When we look closely at the extremes, there appears to be an important association between confidence and couples' communication and compatibility.

Couples would do well to explore and enhance the compatibility of their planning approaches as well as their communication styles and behaviors with an eye toward building confidence in their household retirement plans.

## Peg: “A Circle of Eyes-Wide-Open Trust”

Peg, age 64, and John, age 63, represent a “mixed” household. John has just retired, and Peg plans to retire in one year. Although “more than disappointed” that she was unable to retire “in sync” with her husband, she is sure that, given their hopes and dreams for retirement, that would be a very bad idea. Peg and John describe their retirement decisions as being made within a “circle of trust” — not blind trust, but “eyes-wide-open” trust. Peg has trusted John to gather information, do the “initial” math, and propose a set of planning scenarios. John, in turn, has trusted a financial planner and a substantial set of gathered materials to cover the bases, hold him accountable, and provide a “reality check” of his thinking. Peg completes the circle of trust with her analysis and inquiry; she makes sure the goals are clear; she asks the right questions; she reviews and checks the math; and pays attention to the implications of each scenario for the future she wants and imagines for herself.



Both Peg and John plan for Peg to outlive him by at least 10 years, mainly because of John’s heart disease and a chronic health condition while she has few health problems and a family history of significant longevity. Although Peg was “desperate to retire” along with John this year, in long discussions both with and without the financial planner, Peg “came to terms” with several good reasons to stick it out one more year. For example, she and John can both remain on her employer-provided health care plan and add another year of aggressive saving and investing. Perhaps most importantly, Peg will move into a higher pension bracket that will add to her longer term retirement security. They chose a plan option from John’s pension that fully accounts for the likelihood of some years of widowhood for Peg.

With eyes wide open, Peg said, “It [the math] was sobering. It scared me. I decided I don’t want to retire on a whim just because things are bothering me [at work]. So, I can’t retire [now]. I don’t want to be sorry.” Peg has been a vital, active part of this circle of trust and has protected her future in the process.

# Implications for Women (and a few notes for men)

Findings from this study strongly indicate that women have real concerns about their long lives and their retirement futures yet can do more to address concerns with a corresponding level of engagement in planning activities. The risks and costs of “living long and living female” call for an “affirmative action” attitude about planning on the part of women. Women, in their own self interest, need to take charge, plan for contingencies, actively gather information, do the math, and get serious about planning. At the same time, men in these households can also participate in an affirmative action plan that serves the interests of their spouses/partners and ultimately both partners in the household.

## Address All the Risks

Women who do not take charge of their retirement futures voluntarily add to the risks associated with being women. Some recommendations to reduce these risks are to approach retirement planning from the perspective of being female with additional risks to address and especially be vigilant about gender differences and their implications. Also, avoid making decisions based on generic retirement advice, but seek out gender-specific advice. This is not a time to be gender neutral. It is a time to assertively protect yourselves against the particular risks and costs of being female.

**Note to men:** If your spouse/partner is inclined to assume less responsibility for the retirement planning and decision making in your household (or if you tend to dominate the planning), commit to equal involvement through shared information gathering and calculations. If, for whatever reason, your spouse/partner forfeits decision making to you, it is vital that you pay special attention to the risks and costs of her being female, as discussed in this report.

## Plan for Contingencies

If you say you have a Plan B, then really have a Plan B, including all the calculations and details. Be sure that those details account for contingencies that are more likely to happen to you, such as long-term care and health expenses related to your longer life. Don't wait to deal with emergencies “if and when they happen.” Instead, plan for as many possible scenarios and contingencies as you are able. Consider the implications of “cashing out” resources such as retirement plan benefits, guaranteed income joint-and-survivor options and Social Security benefits prematurely, and the longer term implications of doing so. With an extra-long life, your resources will be needed for an extra-long time.

If you tend to be indecisive, either trusting that “things will work out somehow,” or filled with anxiety, a sense of futility or outright avoidance, seek the help of a trusted financial advisor or friend.

**Note to men:** Be sure that your contingency plan accounts for the particular risks of the woman in your household. Plan your benefits and insurance to take account of your spouse’s or partner’s life expectancy, so that guaranteed income is assured for both your lifetimes.

## Gather Information and Be Personally Resourceful

Be careful not to conclude too quickly that you have “all the information you need.” Consider the source of your information, and scrutinize it for the attention it pays to the particular risks and costs of being female. Seek information with a focus on women’s issues. Spend an amount of time information gathering and planning that truly reflects the added issues you are likely to face in retirement. Seek advice from diverse sources.

**Note to men:** Pay attention to resources that have a focus on the particular planning needs of women. Incorporate this information into your planning considerations. Engage in information gathering with your spouse/partner. Consult together with a financial planner who has expertise in the particular concerns of women.

## Do Your Own Math

Doing the math about what you’ll have and what you’ll need is the key to planning effectively for resources that can last a lifetime. This includes checking your own workplace benefits, and paying attention to not just gathering assets, but having them last throughout the extra-long lifetime you can expect. Pay attention to estimates and calculations that are gender-specific. Don’t do the math without them.

Many retirement income and expense calculators are available on the Internet and noted in the Resources section.

**Note to men:** Do the math together with your spouse/partner. Or, do the math apart, and then come together to consider each other’s take on that math. Pay special attention to estimates and calculations that account for the particular risks of your spouse/partner.

## Act Now

The most affirmative action is timely action. Take a deep breath, consider your particular concerns, and take charge now. Consider a wide variety of possible scenarios and contingencies and start to develop a plan for them. Do this by gathering good information and rising it effectively. Act now, as if your (later) life depends on it. It does.

**Note for men:** Now is the time to assure that, as you consider your retirement planning, you are accounting for what it means for your spouse/partner to live an extra-long life with the additional risks and costs of being female. If this has not been a part of your planning, you and your spouse can't afford to wait any longer to turn that around.

# Conclusion and Resources

The proverbial “bottom line” of this study is that it exposes a “perilous paradox” about women’s extra issues related to retirement security that merit serious attention: When it comes to their retirement futures, women are more at-risk and more concerned, yet they are less actively engaged in planning. Even where they do as well or as much as men, it can be argued that given women’s risks, doing as well may not be doing enough. This is a call for women to take charge of their own retirement futures — in their own interests, and in the interests of their families. It is also a call for men to pay attention to the extra issues faced by the women in their lives and in their communities. To do so is to enhance the possibilities of a secure retirement for all. Resources for retirement planning with a special focus on women abound. The following is a selected list of helpful publications geared toward women:

- **Financial Planning for Women: Retirement Calculator**  
AARP  
[fpwusu.blogspot.com/2010/11/aarp-retirement-calculator\\_08.html](http://fpwusu.blogspot.com/2010/11/aarp-retirement-calculator_08.html)
- **The Women’s Estate Planning Guide: Techniques for Protecting Yourself and Your Family**  
Zoe Hicks, Contemporary Books, 1998
- **What Today’s Woman Needs to Know and Do: The New Retirement Journey**  
MetLife Mature Market Institute and Wiser (Women’s Institute for a Secure Retirement)  
[www.metlife.com/mmi/research/index.html?WT.ac=GN\\_mmi\\_research](http://www.metlife.com/mmi/research/index.html?WT.ac=GN_mmi_research)
- **What Every Woman Should Know**  
Social Security Administration, U.S. Department of Health and Human Services  
SSA Publication No. 05-1012, August 2009  
[www.ssa.gov/pubs/10127.pdf](http://www.ssa.gov/pubs/10127.pdf)
- **Women and Retirement Savings**  
U.S. Department of Labor, 2008  
[www.dol.gov/ebsa/pdf/women.pdf](http://www.dol.gov/ebsa/pdf/women.pdf)
- **WISER’s Financial Planning Workbook: A Collection of Worksheets and Factsheets to Help You Take Control of Your Finances**  
Wiser (Women’s Institute for a Secure Retirement), 2010  
[www.wiserwomen.org/pdf\\_files/wiserFinanPlanWkbk2.23.10.pdf](http://www.wiserwomen.org/pdf_files/wiserFinanPlanWkbk2.23.10.pdf)

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