

# WOMEN & RETIREMENT: PENSIONS EMPOWER WOMEN TO OVERCOME UNIQUE RETIREMENT CHALLENGES



## WOMEN FACE UNIQUE CHALLENGES PREPARING FOR RETIREMENT

This is because women typically:

- Earn less than men.
- Live longer than men.
- Take time out of their career to children and/or for caregiving.
- Face higher medical expenses in retirement, especially when it comes to long term care.

## WOMEN HAVE LESS RETIREMENT WEALTH AS COMPARED TO MEN

- Women received 33% less median pension income than men in 2010 — about \$17,800 for men and \$12,000 for women.
- The median income of women age 65 and older is 25 percent lower than the median income of men of the same age in 2013.
- Women accumulated 34% less in defined contribution accounts in 2014 when looking at Vanguard’s three million participants — \$36,875 for men and \$24,446 for women

## WOMEN ARE AT HIGHER RISK OF FALLING INTO POVERTY IN RETIREMENT

- Women between the ages of 75 to 79 are three times more likely than men to live in poverty.
- Women are 80 percent more likely than men to be impoverished at age 65 and older.

## WOMEN CAN HAVE A SECURE RETIREMENT

Women are in the strongest position for retirement when they have access to the “three-legged stool” of retirement security:



- A defined benefit pension,
- An individual savings plan, often called a 401(k) or 403(b), and
- Social Security.



## PENSIONS ENABLE WOMEN TO BE MORE SELF-SUFFICIENT IN RETIREMENT AFTER A LIFETIME OF HARD WORK

In particular, pensions:



Provide a modest lifetime benefit that doesn't run out.



Deliver a regular benefit so retirees have an easier time budgeting each month.



Are stable in that pension checks do not fluctuate with interest rates or the stock market.



Provide automatic enrollment and are professionally managed so that employees don't have to make complicated investment decisions.



Do not allow participants to borrow or withdraw money from the plan before retirement.

## MANY WOMEN WORK IN EDUCATION



The education field is dominated by women. Salaries in education, however, typically are lower than in other fields with comparable educational requirements. On the upside, teachers typically earn retirement benefits, and nearly all K-12 public school educators have access to a defined benefit pension plan with a modest but steady retirement income that lasts.



76%

More than three-fourths of public school teachers are female.



80%

Teachers earn 80 percent of the weekly wages earned by non-teaching women college graduates employed in the private sector. Despite lower salaries, most educators are required to contribute to their defined benefit pension plan throughout their career.

## MANY WOMEN IN PUBLIC EDUCATION DO NOT RECEIVE SOCIAL SECURITY



About 30 percent of public workers, like women in education, do not receive Social Security because they work in the 12 states where public employees do not participate in the program.

This makes their pension income in retirement all the more crucial for their well being.

Sources: Shortchanged in Retirement: Continuing Challenges to Women's Financial Future, National Institute on Retirement Security.  
Retirement Security 2015: Roadmap for Policy Makers, Americans' Views of the Retirement Crisis, National Institute on Retirement Security.

