

How to Close the Retirement Gap Between Men and Women

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In the race toward retirement, women are falling far behind.

According to data from insurance company TIAA, women have 30% less saved for retirement than men. Because of factors like the persistent wage gap, along with career breaks for caregiving, these missed savings opportunities can reduce a woman's ability to be financially stable once she leaves the workforce.

And women actually need more money than men in retirement: they live longer, meaning their retirement dollars have to stretch further, and their healthcare costs are upwards of twice as much as men over the course of their lives, TIAA found.

“This causes a lot of additional fear for women — this fear of running out of money to cover their expenses in retirement,” says Shelly Ann Eweka, senior director of financial planning at TIAA. “That impacts the dignity they have in retirement, too. There’s just a lot of stress and challenges around saving enough.”

While employers allocate significant resources toward ensuring their employees are ready for retirement, much of that education and support may be falling short. While 68% of employees have access to a workplace retirement plan, 41% are actually contributing to it, according to the U.S. Census Bureau. But it's not enough: TIAA found that just 19% of women feel they're financially on-track to have enough saved by retirement age.

Employers should get specific with their approach toward education and make sure the content speaks directly to women's experiences, Eweka says. Addressing things like healthcare costs and acknowledging this savings gap exists can highlight the importance of doing something about it now.

"Employers need to develop content and educational experiences that are relevant for women, and have content that is specific to them," Eweka says. "Make sure they understand, what are my options? What steps do I need to take? And how is it impacting me if I don't take those steps?"

Employers can also direct some of the benefits they already have on offer to help women get on top of their finances today. Things like HSAs can help women save, and then pay, for healthcare costs in retirement, Eweka advises. Additionally, women hold a greater student loan debt burden than men, so student loan repayment benefits can be useful for women in particular.

Once women reach retirement age, offering an annuity option, where a 401(k) is paid out in pieces as opposed to a lump sum, can help women manage their expenses and spread out their savings over the long-term, Eweka says.

"Give women the option to convert their savings into a steady income that they can't outlive," she says. "Offering auto-enrollment with that lifetime income option rolled in needs to be the focus."

And employers should be going into overdrive to help women make up for lost time, Eweka says. The challenges of COVID pushed millions of women out of the workforce, and pushed their dreams of a secure retirement back, too.

"A lot of companies and organizations are really putting it out there in the forefront, both an awareness of this savings gap and the challenges, as well as the steps we can all take," Eweka says. "It's so important to look at it from this way that it's not just about retirement. It's really all these different pieces of a woman's life that can play into this."