

Uniquely Yours

Women face unique financial challenges when planning for retirement

HAVING THE TIME AND freedom to do exactly what you want when you want—together with the peace of mind that comes with financial security—pretty much sums up the retirement dream. But turning that dream into reality can be challenging. This is especially true for women, who often face unique, gender-specific financial challenges to successful retirement planning. The good news for women is that understanding these challenges is the first step to overcoming them.

Recognize the Challenges

In assessing their needs for retirement, women need to take into consideration the additional challenges they face when it comes to saving money. First, women are at a decided disadvantage when it comes to earning power. Current statistics put their earnings at only 76 percent of what men earn (U.S. Department of Labor).

Contributing to this earning power discrepancy is the fact that women's careers are interrupted more often for childbirth, childcare, or elderly parent

care. Even women who have high-paying jobs are subject to these factors. Also, more women than men choose not to work outside the home, and many women who do work have traditionally female, relatively low-paid jobs without pensions. When planning for retirement, lower earnings mean lower contributions to retirement plans and less money for income after retirement.

The second important challenge that

women face is that they live longer than men. Although advances in healthcare have helped life expectancy rise for both sexes, women today outlive men by an average of five and a half years (U.S. Census Bureau). This means women will have to save even more for retirement because they'll have those added years to fund.

Married or single, lower earning power and greater life expectancy are impor-



tant factors that can impact a woman's lifestyle and standard of living in her senior years. According to the Older Women's League, one older woman out of four lives at or near the poverty level. Too many rely on Social Security as their sole source of income. If you're a woman, in all likelihood, you will need more retirement income than you thought.

The traditional three-legged retirement stool consists of Social Security benefits, employer-sponsored retirement plans, and personal savings. Since the stability of these legs is questionable, a fourth leg called "work" has been added. According to the National Women's 2005 Retirement Survey, 52 percent of women expect to continue to work once they reach retirement age. To avoid having to depend on that fourth leg called work, you need to take a closer look at retirement planning today.

Everyday expenses, child-rearing expenses, medical costs, car costs, buying or remodeling a home, and saving for college expenses are reasons given for procrastinating when it comes to planning for retirement. But retirement planning is something you must finance first. It's not something you take care of with what's left over.

Educate Yourself

Find out as much as you can—knowledge is power. Find out about retirement benefits available to you from current and past employers, and check on your Social Security benefit. When you sign tax returns, be sure you understand them. Get assistance from your tax preparer if you don't. If you're married, be sure that you and your husband each understand what you own and what you owe, and use insurance to plan for the possibility of death or disability. Learn

about the laws regarding your rights to a portion of your husband's pension and how divorce and remarriage can affect your Social Security benefit.

The next step is to understand cash management by monitoring your checkbook to determine where your money goes every month. Develop a budget to sort out income from expenses. This will help you determine areas that need to be reduced and will allow you to form a

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savings plan. You also need to take control of your credit card debt and build a good credit record.

Finally, educate yourself about key investment vehicles for retirement planning. There is a wealth of information available in personal financial management books and on the Internet that explain certificates of deposit, money market accounts, mutual funds, and the various insurance products available. Watch for free classes at local schools and seminars on public television. Read magazines and articles on investing for retirement. A woman who understands basic investment concepts will be better equipped to develop a sound plan for retirement.

Determine How Much You'll Need

The retirement planning process involves setting goals, analyzing your

current financial position, developing strategies, choosing specific investment options, and finally evaluating and following up on your plan. To begin setting goals, you need to know how much you are likely to spend in retirement in order to figure out the size of the nest egg you'll need.

Critical steps in successful retirement planning include getting a handle on how much you're spending now and projecting those expenses into the future. As a rule of thumb, many financial experts estimate you'll need approximately 80 percent of your current income (adjusted for inflation) to maintain your current lifestyle when you retire.

Take a close look at your common expenses like housing, essentials (food and clothing), taxes, utilities, transportation, leisure (entertainment and travel), loan and installment payments, insurance (health, auto, etc.), and gifts or charitable contributions. Some expenses may go down, but others, especially health care costs, may go up significantly. Additional factors include investment rates of return and inflation. All of these factors are crucial to determining how much money you will need for the retirement lifestyle you desire.

Once you have an idea of how much you'll want to spend each year in retirement, it's time to estimate for how long you'll need it. Most people underestimate how long they're likely to live and how long retirement funds need to last. In a survey conducted by NFO World Group, only 37 percent of working Americans within five years of retirement knew that a person reaching age 65 has a 50 percent chance of living beyond age 85.

Many people also don't understand the term "average life expectancy." Based

on current actuarial tables, a 60-year-old woman has an average life expectancy of 23 years. What this means is that she has a 50 percent chance of living beyond age 83, as well as a 50 percent chance of dying before 83.

Keeping these statistics in mind, most financial planners advise retirees to assume they will live at least 5 to 10 years beyond their average life expectancy. (Health and family longevity should also be taken into consideration in making this estimate.)

The Department of Labor and the Certified Financial Planner Board of Standards developed an educational financial planning tool to help Americans succeed in setting financial and retirement goals. *Savings Fitness: A Guide to Your Money and Your Financial Future* is an easy-to-follow method for goal-setting and putting retirement high on your list of priorities. To receive a free copy of this 30-page book, call the Department of Labor at 1-800-998-7542 or download a copy from the Certified Financial Planner Board of Standards Web site at www.cfp.net/default.asp (click on Request a Free Kit, then Publications and Resource Library).

Develop Your Plan

Now it's time to develop savings strategies and choose your investment options. Even if you lack confidence in your retirement planning to date, a small change can make a big difference in helping you meet your retirement savings goals. For example, by saving an extra \$100 a month, a 30-year-old working woman could increase the size of her retirement nest egg by over \$200,000 at the age of 65, assuming an 8 percent rate of return.

Because of the tax advantages, financial experts agree that there is no better

place to grow money than at work. The sooner you start, the longer the money will have to grow, and if your employer adds matching contributions, that's free money. If you are over age 50, you can take advantage of "catch-up" provisions that help you save more in your 401(k) and IRA plans. If you are lucky enough to have a traditional, defined benefit plan, make sure you understand why it is a valuable benefit.

Although planning and saving for retirement may seem a daunting task, it can be quite empowering. You have the ability to positively influence your financial destiny.

Employer-sponsored retirement plan carriers generally have retirement professionals available to help you examine your financial situation, suggest how you could improve your financial position, and help you set up a regular system of savings for your retirement. In addition, insurance professionals (like your local NMB district representative) can help you with retirement planning options to supplement your plan at work.

There are other things you can do to build a secure retirement for yourself. The next time you consider a job, make retirement plans a priority. Sacrifice some current salary in return for a good retirement plan.

You might also want to think about working as long as you can at the highest salary you can. The longer you work, the more you can save for retirement.

And the older you are when you retire, the fewer years of retirement you will have to fund. Those extra years of hard work also mean higher Social Security benefits. If you pay into Social Security for at least ten years (or if you qualify for Social Security under your husband's work record), you won't have to pay monthly premiums for Medicare hospital insurance when you retire.

Although planning and saving for retirement may seem a daunting task, it can be quite empowering. You have the ability to positively influence your financial destiny. Taking action today will ultimately enable you to achieve a more comfortable and secure retirement.

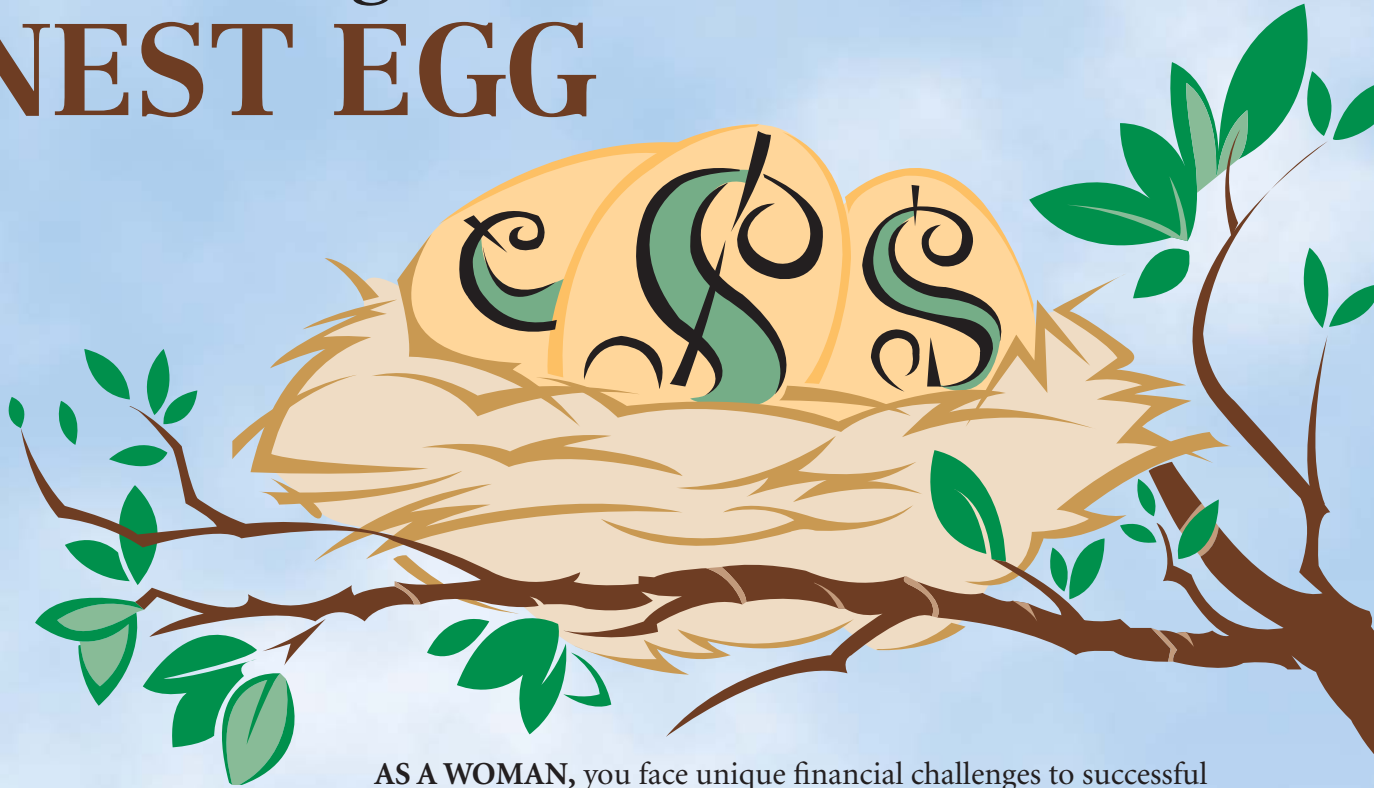
Look Forward to a Long Life

Start planning, start saving, and start now. You could be looking forward to spending a third of your life in retirement. The Social Security Administration has estimated that by 2078, a woman's life expectancy will jump from its current level of 79.9 to 89.2 years.

Beyond Social Security and employer-sponsored retirement plans, National Mutual Benefit has a versatile portfolio of products that can help you achieve your retirement goals. Using these resources, our professional insurance representatives can assist you in developing a sound retirement plan. Get started today by filling out the postage-paid form on the following page. Or you can call your local NMB district representative, the agency office in your area (see directory on page 3), or the Home Office at 1-800-779-1936.

The promise of the retirement dream is having time, freedom, and peace of mind for yourself after decades of hard work. Taking charge of your retirement today will help make your golden years truly golden. ♦

Take Charge of Your Retirement NEST EGG



AS A WOMAN, you face unique financial challenges to successful retirement planning. But it is within your power to achieve your retirement goals by making the most of the financial resources available to you. What you need to do is to start now.

Take that important step today with the assistance of a professional NMB insurance representative. Fill out and return this form to begin building a nest egg that can give you the retirement lifestyle of your dreams.

Yes! I am interested in building my retirement nest egg.

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I would like to:

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