



Women Retire Too

By James P. Freeman

"The most difficult thing is the decision to act, the rest is merely tenacity."

--Amelia Earhart (American aviator pioneer)

Consider this stunning discovery by the [Women's Institute for a Secure Retirement](#): some 80 percent of men die married but 80 percent of women die single. This, and other relevant [revelations](#) on women and finance and retirement, signals that women must command their own money management.

There is indeed widespread evidence that women have made substantial progress in education, earnings, and wealth over the last several decades. And while that is certainly a positive development, even more progress is needed as more and more women are living longer and living single.

The January 5, 2023 Center for Retirement Research at Boston College (CRR) blog, ["Squared Away,"](#) cites a 2022 CRR brief: ["After 50 Years of Progress, How Prepared Are Women for Retirement?"](#)

The brief documents women's personal and economic progress since the 1970s, and finds that their financial standing, compared with men, has improved.

"What undergirds their personal and financial independence are college degrees and women's growing participation in the labor force over five decades," notes the blog. So how has their robust participation in the workplace bolstered their financial security?

It depends mostly on how it is measured. And progress is not uniform.

As noted in the study, the amount of Social Security and pension wealth, as well as financial assets like 401(k)s, that older workers -- both men and women -- acquired over

their lifetimes has declined, which helps to explain some of the financial insecurities women experience.

But here is a fascinating insight, and it's based on marital status. The study concluded that the decline or erosion has mostly occurred among women who have spent more than half of their adult years married. "Their fortunes," says the blog, "have declined because they are tied to their husbands, who apparently have been hit much harder by economic headwinds, especially the Great Recession." As the researchers in the study determine, "The large decline in median wealth for women who spend their lives mostly married largely reflects declining fortunes for their husbands."

And here's something that, in light of the findings of the study, may not seem so surprising but is still paradoxical for women of the Baby Boom generation: Divorced and never-married women -- who are more educated, worked more, and earned more than their mothers -- have reached one form of parity. They are "as well prepared for retirement as married couples."

Additional research offers even more compelling insights about retirement planning and women. It reflects a growing field of study specifically devoted to and for women.

[The Transamerica Institute](#) is a private foundation dedicated to identifying, researching, and educating the public about health and wellness, employment, financial literacy, longevity, and retirement. The Institute and its Transamerica Center for Retirement Studies (TCRS) conduct extensive research on women and retirement security.

In March 2022, in celebration of International Women's Day, promoting retirement security for women around the world, TCRS and a global collaboration of experts, developed "[Five Fundamentals for Retirement Readiness](#)," based on a decade of research. Designed for women, they constitute "everyday steps that can empower women to build long-term financial security and sustain healthy aging." The five are as follows:

- Start saving early and save habitually.
- Develop a written retirement strategy.
- Create a backup plan for unforeseen events.
- Adopt a healthy lifestyle.
- Embrace lifelong learning.

The results of a [2021 Aegon Retirement Readiness Survey](#) of workers and retirees presented the results of women respondents in 15 countries. It offers another intriguing perspective of women themselves on retirement matters, particularly as it relates to the Five Fundamentals. For example, among American women workers, 55 percent responded favorably to the statement: "I always make sure to save for retirement." Notably, in many countries, fewer than half of women make sure they are always saving for retirement.

More distressingly, however, few women around the world have a written retirement strategy. Only 30 percent of American women responded in the affirmative to this formulation: “I have a written retirement strategy.” For purposes of the survey, people who have a written plan are considered “retirement strategists,” because they have taken the time to game out their strategy for funding retirement. The survey found that countries that have a great proportion of strategists also have higher “Aegon Retirement Readiness Index” (ARRI) scores. This also demonstrates what the survey says is “more financial resilience to the economic shocks caused by the pandemic.”

As the reality of women being a powerful segment of the retirement planning space takes on greater resonance, it is worth exploring how women have fared during the biggest disruptive event in our lifetime –COVID-19.

Momentum was already building prior to the pandemic to bring women to the forefront of retirement planning, even as they were making progress for decades leading up to 2020.

In fact, Aegon (in collaboration with TCRS) released a report, [“The New Social Contract: Achieving retirement equality for women”](#) in February 2020, just before the pandemic gripped its vice across the world. This report acknowledges that “women today are better educated and enjoy more career opportunities than any other time in history.” Still, it cited concerns that, “even now, many struggle to achieve a financially secure retirement.”

Part of those concerns are fueled by women facing difficulty achieving an adequate level of retirement income. The report makes this stark assessment:

“It is the norm for many women to take the primary role in caregiving responsibilities for children, which often results in more career breaks and increased likelihood to work part-time over an extended period. Such realities make it extremely difficult for women to accumulate sufficient savings during their career to achieve a financially secure retirement.”

And by extension, the gender pay gap can be lessened by a greater focus on the Five Fundamentals. Realizing that retirement systems are in need of modernization, a new social contract “should incorporate greater inclusivity and retirement planning models that address the life courses and unique needs of women, while promoting levels of engagement and efficacy, and *not penalizing women for taking on the dual-role of caretaker and breadwinner.*” [emphasis added]

While women have made great strides in the 21st century, how did they fare during the pandemic?

Last November, TCRS addressed this very question in its 2022 report, [“Emerging From the COVID-19 Pandemic: Women’s Health, Money, and Retirement Preparations.”](#)

Given all of the challenges discussed herein, the conclusion reached by TCRS is understandably discouraging. The pandemic intensified the struggle.

“Many women,” TCRS determined, “became stretched beyond their limits, juggling paid employment with home schooling and caregiving for aging loved ones. As these unpaid family responsibilities increased during the pandemic, many women also experienced employment setbacks. Some women gave up their employment and dropped out of the workforce altogether.

The report is impressively comprehensive. It delves into health and happiness, employment, current financial situation, as well as visions and expectations about retirement. Some key findings center on the latter category.

Many women (41 percent) expect to retire after age 70 or do not plan to retire, including 24 percent who expect to retire at age 70 or older, and 17 percent who do not plan to retire. Women and men somewhat similarly expect to retire at age 65 (23 percent, 20 percent). In contrast, men are more likely than women to expect to retire before age 65 (33 percent, 25 percent).

Other results are just as illuminating.

Nearly six in 10 women and men plan to work after they retire (both 58 percent) on a full-time (20 percent, 23 percent) or part-time basis (38 percent, 35 percent). Only 25 percent of women do not plan to work in retirement, compared with 28 percent of men. Eighteen percent of women and 14 percent of men are “not sure” if they plan to work in retirement.

And, finally, the reasons women provided for working in retirement are striking. Among women who plan to work past age 65 and/or in retirement, their reasons for doing so are slightly more often financial (net 81 percent) than healthy-aging related (net 77 percent). Women’s top three financial reasons are wanting the income (51 percent), concern that Social Security will be less than expected (37 percent), and not being able to afford to retire (35 percent). Their top three healthy-aging reasons are being active (47 percent), keeping their brain alert (41 percent), and having a sense of life purpose (39 percent).

Catherine Collinson, CEO and President of Transamerica Institute and TCRS, writes that, “As we emerge from the pandemic, we must spotlight women’s retirement security. Now is the time to implement solutions so that all women can retire with dignity.”

Seeing the highs, lows, struggles, and successes of women retirees firsthand on the ground floor for the last 20 years or so is Kelly Kelly, CEO and President of Kelly Financial Services LLC, an independent registered investment advisor.

Kelly’s new book, [“Retire Your Fear, Plan Your Future.”](#) is a primer on retirement planning. At its core, it is a distillation of retirement planning insights for couples beginning to ponder retirement and those enjoying retirement right now. But it’s Kelly’s personal story that makes it especially captivating.

Her husband Bill Kelly (co-founder of the firm) died suddenly more than five years ago. At the time, he was the CEO and public face of the their company; Kelly's focus was on the operational side of the business.

As she recalls, "In a flash, I became a widow, a single mom, a client, and a CEO, all on the same day. Life can and does change unexpectedly."

With a renewed sense of mission and determination in the wake of Bill's passing, Kelly not only understands issues related to women, she is driven to improve them. The book is peppered with wisdom for women retirees -- for both married women and widowed women. And she features an entire chapter on women.

Kelly attributes her success -- both personally and professionally -- since her late husband's passing to planning.

"We wouldn't be true to our word," she writes, "if we didn't practice what we preached. Bill and I were semi-retired when he died. But we planned in advance should something happen to either of us to ensure that our business continued and that our clients would be served. We shored up our personal affairs, too."

She also appreciates the reluctance of people not wanting to address sensitive, personal matters, like planning for the death of a loved one -- especially when life is good and people are in relatively good health.

Conceptually, then, the all-important planning stage makes sense. And from a more practical perspective, it is crucial -- knowing financial professionals' contact information, warehousing and organizing sensitive financial information and assets, not to mention keeping trust & estate matters current, like beneficiaries.

Kelly is also of the opinion that "much of traditional planning is geared toward men. Male careers, male lifespans, male health care." The bottom line, she says, is that women's career paths often look much different than men's, so why would their retirement planning look the same?

It shouldn't.

But Kelly is also sympathetic to this this notion: While much of the arithmetic and concepts in her book are the same regardless of gender or marital status, retirement planning for women needs to be different because of the special challenges that are unique to them. Her words carry a degree of authority because, simply, "I know this firsthand."

Kelly offers a novel approach given all of these essential facts relating to women in the wide-angle space of retirement planning. She understands that it is a delicate balance for financial professionals, such as financial advisors. The needs of the couple, therefore, must also include the need of the wife. This seems obvious. And perhaps it's overly simplistic. But a plan that meets the needs for both is paramount today.

With a twist of exquisite irony, such a plan "must be separate but equal."

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James P. Freeman is the director of marketing at Kelly Financial Services, LLC, based in Greater Boston. For much of his professional career in financial services he was an officer in the bond administration departments of a number of banks and trust companies. He was also a private wealth advisor for a regional bank. This content is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any interest in any investment vehicles managed by Kelly Financial Services, LLC, its subsidiaries, and affiliates. Kelly Financial Services, LLC does not accept any responsibility or liability arising from the use of this communication. No representation is being made that the information presented is accurate, current, or complete, and such information is at all times subject to change without notice. The opinions expressed in this content and or any attachments are those of the author and not necessarily those of Kelly Financial Services, LLC. Kelly Financial Services, LLC does not provide legal, accounting or tax advice and each person should seek independent legal, accounting and tax advice regarding the matters discussed in this article.

KELLY | FINANCIAL SERVICES LLC

Call us at 888-800-1881

Listen to us on Saturday mornings beginning at 9AM on 680-AM WRKO

Engage us at kellyfinancial.org

Phone: 781.849.3090 | Fax: 781.849.3091 | Email: info@kellyfinancial.org

BRAINTREE 10 Forbes Road, Suite 130, Braintree, MA 02184

BURLINGTON 1 Van de Graaff Drive Suite 404, Burlington, MA 01803